

In the opinion of Kutak Rock LLP, Bond Counsel to the Commission, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Subordinate Series 2019 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Subordinate Series 2019B Bond or Subordinate Series 2019C Bond for any period during which such Subordinate Series 2019B Bond or Subordinate Series 2019C Bond is held by a “substantial user” of the facilities financed or refinanced by the Subordinate Series 2019B Bonds or the Subordinate Series 2019C Bonds, as applicable, or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel is further of the opinion that (a) interest on the Subordinate Series 2019A Bonds and the Subordinate Series 2019C Bonds is not an item of tax preference for purposes of the federal alternative minimum tax, and (b) interest on the Subordinate Series 2019B Bonds constitutes an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that (a) interest on the Subordinate Series 2019 Bonds is not includible in taxable net income of individuals, estates and trusts for State of Minnesota income tax purposes, but is includible in the calculation of taxable income of corporations and financial institutions for State of Minnesota franchise tax purposes, (b) interest on the Subordinate Series 2019A Bonds and the Subordinate Series 2019C Bonds is not an item of tax preference for purposes of the State of Minnesota alternative minimum tax applicable to individuals, estates and trusts, and (c) interest on the Subordinate Series 2019B Bonds is an item of tax preference for purposes of the State of Minnesota alternative minimum tax applicable to individuals, estates and trusts. See “TAX MATTERS” herein.



\$291,970,000		
MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION		
\$96,615,000	\$164,320,000	\$31,035,000
Subordinate Airport Revenue and Revenue Refunding Bonds Series 2019A (Governmental/Non-AMT)	Subordinate Airport Revenue and Revenue Refunding Bonds Series 2019B (Private Activity/AMT)	Subordinate Airport Revenue Refunding Bonds Series 2019C (Private Activity/Non-AMT)

Dated: Date of Delivery

Due: January 1, as shown on the inside cover

The Metropolitan Airports Commission (the “Commission”) is issuing its Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A (the “Subordinate Series 2019A Bonds”), its Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019B (the “Subordinate Series 2019B Bonds”), and its Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2019C (the “Subordinate Series 2019C Bonds,” and collectively with the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds, the “Subordinate Series 2019 Bonds”) to (a) finance certain capital improvements at Minneapolis-St. Paul International Airport (the “Airport”), (b) refund and defease the Refunded Bonds, (c) repay a portion of the outstanding Subordinate Revolving Obligations, (d) make a deposit to the Subordinate Reserve Fund, (e) fund capitalized interest on a portion of the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds, and (f) pay the costs of issuance of the Subordinate Series 2019 Bonds, as described herein. See “PLAN OF FINANCE” herein.

The Subordinate Series 2019 Bonds are limited obligations of the Commission payable solely from and secured by a pledge of (a) Subordinate Revenues, which include certain income and revenue received by the Commission from the operation of the Airport System less all amounts which are required to be used to pay the Maintenance and Operation Expenses of the Airport System, and less all amounts necessary to pay debt service and reserve and replenishment requirements on and relating to the Senior Parity Bonds, (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture, and (c) other amounts payable under the Subordinate Indenture. The Subordinate Series 2019 Bonds will be issued with a pledge of and lien on Subordinate Revenues on parity with the Commission’s Prior Subordinate Bonds (including the Refunded Subordinate Bonds), which, as of August 1, 2019, were outstanding in the aggregate principal amount of \$652,760,000, and the Commission’s Subordinate Revolving Obligations, which are authorized to be outstanding in the aggregate principal amount of \$150,000,000 at any one time.

THE SUBORDINATE SERIES 2019 BONDS ARE NOT GENERAL OBLIGATIONS OF THE COMMISSION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMISSION, THE CITY OF MINNEAPOLIS, THE CITY OF ST. PAUL, THE STATE OF MINNESOTA OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SUBORDINATE SERIES 2019 BONDS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THE SUBORDINATE SERIES 2019 BONDS.

The Subordinate Series 2019 Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. Individual purchases and sales of the Subordinate Series 2019 Bonds will be made in book-entry form only in denominations of \$5,000 and integral multiples thereof. Interest on the Subordinate Series 2019 Bonds will be payable on January 1 and July 1, commencing on July 1, 2020. So long as the Subordinate Series 2019 Bonds are held by DTC, the principal of and interest on the Subordinate Series 2019 Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the Beneficial Owners of the Subordinate Series 2019 Bonds, as more fully described herein.

The Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as more fully described herein. See “DESCRIPTION OF THE SUBORDINATE SERIES 2019 BONDS—Redemption of Subordinate Series 2019A/B Bonds” herein. The Subordinate Series 2019C Bonds are not subject to redemption prior to maturity.

The purchase and ownership of the Subordinate Series 2019 Bonds involve investment risk and may not be suitable for all investors. This cover page is not intended to be a summary of the terms of, or the security for, the Subordinate Series 2019 Bonds. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision, giving particular attention to the matters discussed under “CERTAIN INVESTMENT CONSIDERATIONS” herein. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Subordinate Series 2019 Bonds are offered, when, as and if issued by the Commission, subject to the approval of validity by Kutak Rock LLP, Bond Counsel to the Commission, and to certain other conditions. Certain matters will be passed upon for the Commission by Cameron Boyd, Esq., General Counsel to the Commission, and certain legal matters will be passed upon for the Commission by Kutak Rock LLP, as Disclosure Counsel to the Commission. Certain legal matters will be passed upon for the Underwriters by their counsel, Ballard Spahr LLP. Samuel A. Ramirez & Co., Inc. has served as Municipal Advisor to the Commission. It is expected that the Subordinate Series 2019 Bonds in book-entry form will be available for delivery through the facilities of DTC on or about October 3, 2019.

Piper Jaffray & Co.			Citigroup
Barclays	RBC Capital Markets	US Bancorp	Wells Fargo Securities

MATURITY SCHEDULE

\$96,615,000
Minneapolis-St. Paul Metropolitan Airports Commission
Subordinate Airport Revenue and Revenue Refunding Bonds
Series 2019A
(Governmental/Non-AMT)

Maturity Date (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers¹
2021	\$3,025,000	4.000%	1.050%	103.636	603827A22
2022	765,000	5.000	1.090	108.644	603827A30
2023	1,620,000	5.000	1.110	112.360	603827A48
2024	925,000	5.000	1.140	115.947	603827A55
2025	935,000	5.000	1.160	119.481	603827A63
2026	980,000	5.000	1.220	122.658	603827A71
2027	1,030,000	5.000	1.280	125.657	603827A89
2028	3,815,000	5.000	1.360	128.295	603827A97
2029	6,415,000	5.000	1.420	130.910	603827B21
2030	6,730,000	5.000	1.510	131.511 ^C	603827B39
2031	7,070,000	5.000	1.610	130.457 ^C	603827B47
2032	7,430,000	5.000	1.660	129.933 ^C	603827B54
2033	7,800,000	5.000	1.730	129.204 ^C	603827B62
2034	8,185,000	5.000	1.770	128.790 ^C	603827B70
2035	8,595,000	5.000	1.810	128.377 ^C	603827B88
2036	1,595,000	5.000	1.860	127.863 ^C	603827B96
2037	1,675,000	5.000	1.900	127.454 ^C	603827C20
2038	1,760,000	5.000	1.940	127.047 ^C	603827C38
2039	1,850,000	5.000	1.980	126.640 ^C	603827C46

\$10,725,000 5.000% Subordinate Series 2019A Term Bonds due January 1, 2044;
Yield: 2.110%; Price: 125.331^C; CUSIP Number¹: 603827C53

\$13,690,000 5.000% Subordinate Series 2019A Term Bonds due January 1, 2049;
Yield: 2.160%; Price: 124.832^C; CUSIP Number¹: 603827C61

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^C Priced to the optional redemption date of July 1, 2029 at a redemption price of par.

\$164,320,000
Minneapolis-St. Paul Metropolitan Airports Commission
Subordinate Airport Revenue and Revenue Refunding Bonds
Series 2019B
(Private Activity/AMT)

Maturity Date (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers¹
2021	\$18,075,000	5.000%	1.180%	104.703	603827C79
2022	8,675,000	5.000	1.220	108.341	603827C87
2023	6,840,000	5.000	1.270	111.817	603827C95
2024	3,310,000	5.000	1.330	115.094	603827D29
2025	3,100,000	5.000	1.390	118.195	603827D37
2026	3,245,000	5.000	1.470	120.985	603827D45
2027	3,415,000	5.000	1.540	123.629	603827D52
2028	3,165,000	5.000	1.630	125.896	603827D60
2029	3,210,000	5.000	1.720	127.920	603827D78
2030	3,360,000	5.000	1.790	128.583 ^C	603827D86
2031	3,540,000	5.000	1.860	127.863 ^C	603827D94
2032	3,710,000	5.000	1.910	127.352 ^C	603827E28
2033	3,900,000	5.000	1.980	126.640 ^C	603827E36
2034	4,090,000	5.000	2.030	126.135 ^C	603827E44
2035	4,295,000	5.000	2.070	125.732 ^C	603827E51
2036	4,505,000	5.000	2.110	125.331 ^C	603827E69
2037	4,735,000	5.000	2.130	125.131 ^C	603827E77
2038	4,975,000	5.000	2.150	124.931 ^C	603827E85
2039	5,230,000	5.000	2.180	124.633 ^C	603827E93

\$30,295,000 5.000% Subordinate Series 2019B Term Bonds due January 1, 2044;
Yield: 2.290%; Price: 123.544^C; CUSIP Number¹: 603827F27

\$38,650,000 5.000% Subordinate Series 2019B Term Bonds due January 1, 2049;
Yield: 2.340%; Price: 123.053^C; CUSIP Number¹: 603827F35

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^C Priced to the optional redemption date of July 1, 2029 at a redemption price of par.

\$31,035,000
Minneapolis-St. Paul Metropolitan Airports Commission
Subordinate Airport Revenue Refunding Bonds
Series 2019C
(Private Activity/Non-AMT)

Maturity Date (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers¹
2021	\$3,360,000	5.000%	1.050%	104.869	603827F43
2022	3,905,000	5.000	1.090	108.644	603827F50
2023	4,105,000	5.000	1.110	112.360	603827F68
2024	4,310,000	5.000	1.140	115.947	603827F76
2025	4,520,000	5.000	1.160	119.481	603827F84
2026	4,745,000	5.000	1.220	122.658	603827F92
2027	4,985,000	5.000	1.280	125.657	603827G26
2028	1,105,000	5.000	1.360	128.295	603827G34

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METROPOLITAN AIRPORTS COMMISSION¹

Rick King
Chair

Yodit Bizen	Richard Ginsberg
Katie Clark Sieben	Dixie Hoard
Steve Cramer	Ikram Koliso
Carl Crimmins	Donald Monaco
James Deal	Randy Schubring
Leili Fatehi	Rodney Skoog
Patti Gartland	

MANAGEMENT OF THE COMMISSION

Executive Director/Chief Executive Officer	Brian D. Ryks
Chief Financial Officer	Stephen L. Busch ²
Chief Information Officer	Eduardo Valencia
Chief Operating Officer	Roy R. Fuhrmann
Vice President, Finance and Revenue Development	Atif Saeed
Vice President, Human Resources and Labor Relations	Jim Laurent
Vice President, Management and Operations	Chad Leqve
Vice President, Planning and Development	Bridget Rief
Vice President, Strategy and Stakeholder Engagement	Naomi Pesky
General Counsel	Cameron Boyd
Director of Finance	Robert C. Schauer

BOND COUNSEL AND DISCLOSURE COUNSEL

Kutak Rock LLP

MUNICIPAL ADVISOR

Samuel A. Ramirez & Co., Inc.

SUBORDINATE TRUSTEE

Wells Fargo Bank,
National Association

INDEPENDENT AUDITORS

BKD, LLP

AIRPORT CONSULTANT

Landrum & Brown, Incorporated

VERIFICATION AGENT

Robert Thomas CPA, LLC

¹ One position on the Commission is currently vacant and the Governor of the State of Minnesota is currently in the process of appointing a new member.

² Mr. Busch has announced that he will be retiring on August 31, 2019. The Commission is currently in the process of searching for a replacement for Mr. Busch.

No dealer, broker, salesperson or other person has been authorized by the Commission to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Commission. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Subordinate Series 2019 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Subordinate Series 2019 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. See “INTRODUCTION—Forward-Looking Statements” herein.

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

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Commission since the date hereof. This Official Statement is submitted in connection with the sale of the Subordinate Series 2019 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE SUBORDINATE SERIES 2019 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE SUBORDINATE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE SUBORDINATE SERIES 2019 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SUBORDINATE SERIES 2019 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SUBORDINATE SERIES 2019 BONDS TO CERTAIN DEALERS AND OTHERS AT YIELDS HIGHER OR PRICES LOWER THAN THE PUBLIC OFFERING YIELDS AND/OR PRICES STATED ON THE INSIDE COVER PAGES OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING YIELDS AND/OR PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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OFFICIAL STATEMENT

\$291,970,000

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

\$96,615,000
Subordinate Airport
Revenue and
Revenue Refunding Bonds
Series 2019A
(Governmental/Non-AMT)

\$164,320,000
Subordinate Airport
Revenue and
Revenue Refunding Bonds
Series 2019B
(Private Activity/AMT)

\$31,035,000
Subordinate Airport
Revenue Refunding Bonds
Series 2019C
(Private Activity/Non-AMT)

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, the inside cover pages, the table of contents and the appendices, is to provide certain information concerning the sale and delivery by the Metropolitan Airports Commission (the “Commission”) of its (a) \$96,615,000 Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A (the “Subordinate Series 2019A Bonds”), (b) \$164,320,000 Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019B (the “Subordinate Series 2019B Bonds”), and (c) \$31,035,000 Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2019C (the “Subordinate Series 2019C Bonds,” and collectively with the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds, the “Subordinate Series 2019 Bonds”).

This Introduction is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement. The offering of the Subordinate Series 2019 Bonds to potential investors is made only by means of the entire Official Statement. **Capitalized terms used in this Official Statement have the respective meanings given such terms in Appendix C-1 hereto.**

The 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 (the “State”), promote the efficient, safe and economic 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 potentialities of the Metropolitan Area (as defined below) as an aviation center. The Commission exercises its jurisdiction over any place within 35 miles of the city hall of the City of Minneapolis or the city hall of the City of St. Paul, and over the Minneapolis-St. Paul Metropolitan Area (the “Metropolitan Area”), which includes the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington. See “THE COMMISSION.”

Minneapolis-St. Paul International Airport and the Airport System

The Commission owns and operates seven airports in the Metropolitan Area, including Minneapolis-St. Paul International Airport (the “Airport” or “MSP”), which serves as the primary Air

Carrier (as defined below) facility, and six reliever airports which serve general aviation, including St. Paul Downtown Airport, Flying Cloud Airport, Crystal Airport, Anoka County/Blaine Airport, Lake Elmo Airport and Airlake Airport (collectively, the “Reliever Airports”). For purposes of this Official Statement, “Air Carrier” will mean all major or national commercial airlines, regional or commuter airlines and cargo carriers.

The Airport maintains four air-transport type runways, including two parallel northwest-southeast runways, one north-south runway and one northeast-southwest cross-wind runway. Passenger terminal facilities at the Airport are located in two separate buildings: Terminal 1 (“Terminal 1”) and Terminal 2 (“Terminal 2”). According to United States Department of Transportation statistics, in calendar year 2018, the Airport was ranked as the 16th busiest airport in the country as measured by total number of enplaned passengers. The Airport is classified by the Federal Aviation Administration (the “FAA”) as a large hub airport (an airport that enplanes 1.0% or more of the total number of passenger boardings at all commercial service airports in the United States). See “THE COMMISSION—The Airport System,” and “MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT.”

Delta Air Lines

The Airport serves as a primary hub in the route system of Delta Air Lines, Inc. (“Delta”). Delta, together with its affiliated Air Carriers (including, among others, Endeavor Air (“Endeavor”)), accounted for approximately 71.4% of all passengers enplaned at the Airport in 2018. See “AGREEMENTS WITH AIRLINES AND OTHER CONCESSIONAIRES—Airline Lease Agreements,” “AIRLINE AND AIRLINE INDUSTRY INFORMATION—Delta” and “CERTAIN INVESTMENT CONSIDERATIONS—Dominance of Delta at the Airport.”

Authority for Issuance

The Subordinate Series 2019 Bonds are being issued pursuant to the Master Subordinate Trust Indenture, dated as of October 1, 2000, as amended (the “Master Subordinate Indenture”), by and between the Commission and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association), as trustee (the “Subordinate Trustee”), and the Eighteenth Supplemental Subordinate Trust Indenture, to be dated as of October 1, 2019 (the “Eighteenth Supplemental Subordinate Indenture,” and collectively with the Master Subordinate Indenture and all supplements thereto, the “Subordinate Indenture”), by and between the Commission and the Subordinate Trustee.

The Subordinate Series 2019 Bonds have been authorized by Resolution No. 2338 adopted by the Commission on August 19, 2019. The Subordinate Series 2019 Bonds are being issued under and in accordance with Minnesota Statutes, Sections 473.601, et seq. (the “Act”).

Purpose of the Subordinate Series 2019 Bonds

Proceeds from the sale of the Subordinate Series 2019 Bonds, along with certain other available moneys, will be used to (a) finance certain capital improvements at the Airport, (b) refund and defease the Refunded Bonds (as defined herein), (c) repay a portion of the outstanding Subordinate Revolving Obligations (as defined herein), (d) make a deposit to the Subordinate Reserve Fund (as defined herein), (e) fund capitalized interest on a portion of the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds, and (f) pay the costs of issuance of the Subordinate Series 2019 Bonds.

See “PLAN OF FINANCE” and “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT” for additional information about the use of the proceeds of the Subordinate Series 2019 Bonds.

Security for the Subordinate Series 2019 Bonds

The Subordinate Series 2019 Bonds will be secured by a pledge of and lien on Subordinate Revenues (which includes certain income and revenue received by the Commission from the operation of the Airport System less all amounts which are required to be used to pay the Maintenance and Operation Expenses of the Airport System (as defined herein) less all amounts required to pay debt service and reserve and replenishment requirements on and relating to the Senior Parity Bonds (as defined herein)) on parity with the outstanding Prior Subordinate Bonds (as defined herein), any Subordinate Revolving Obligations (as defined herein) issued and/or incurred by the Commission, and any additional obligations issued or incurred on parity with the Subordinate Series 2019 Bonds under the terms and provisions of the Master Subordinate Indenture (the “Additional Subordinate Obligations”). The Subordinate Series 2019 Bonds, the Prior Subordinate Bonds, the Subordinate Revolving Obligations and any Additional Subordinate Obligations are collectively referred to in this Official Statement as “Subordinate Obligations.” Subordinate Revenues are available for the equal and proportionate benefit of all Subordinate Obligations, except for the timing of payment of such Subordinate Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Flow of Funds,” “—Pledge of Subordinate Revenues” and “—Use of PFCs to Pay Debt Service” and “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Subordinate Obligations.”

The Subordinate Series 2019 Bonds are limited obligations of the Commission payable solely from and secured by a pledge of (a) Subordinate Revenues, (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture, and (c) other amounts payable under the Subordinate Indenture. The Subordinate Series 2019 Bonds are not general obligations of the Commission. 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 is pledged to the payment of the principal of and interest on the Subordinate Series 2019 Bonds. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Subordinate Series 2019 Bonds.

Outstanding Subordinate Obligations

Pursuant to the Master Subordinate Indenture and various Supplemental Subordinate Indentures, the Commission has previously issued, and as of August 1, 2019, there was \$652,760,000 aggregate principal amount outstanding of its Subordinate Airport Revenue Refunding Bonds, Series 2010C (the “Subordinate Series 2010C Bonds”), Subordinate Airport Revenue Refunding Bonds, Series 2010D (the “Subordinate Series 2010D Bonds”), Subordinate Airport Revenue Refunding Bonds, Series 2011A (the “Subordinate Series 2011A Bonds”), Subordinate Airport Revenue Bonds, Series 2012A (the “Subordinate Series 2012A Bonds”), Subordinate Airport Revenue Refunding Bonds, Series 2012B (the “Subordinate Series 2012B Bonds”), Subordinate Airport Revenue Refunding Bonds, Series 2014A (the “Subordinate Series 2014A Bonds”), Subordinate Airport Revenue Refunding Bonds, Series 2014B (the “Subordinate Series 2014B Bonds”), Subordinate Airport Revenue Refunding Bonds, Series 2016B (the “Subordinate Series 2016B Bonds”), Subordinate Airport Revenue Bonds, Series 2016D (the “Subordinate Series 2016D Bonds”), and Subordinate Airport Revenue Bonds, Series 2016E (the “Subordinate Series 2016E Bonds,” and collectively with the Subordinate Series 2010C Bonds, the Subordinate Series 2010D Bonds, the Subordinate Series 2011A Bonds, the Subordinate Series 2012A Bonds, the Subordinate Series 2012B Bonds, the Subordinate Series 2014A Bonds, the Subordinate Series 2014B Bonds, the Subordinate Series 2016B Bonds and the Subordinate Series 2016D Bonds, the

“Prior Subordinate Bonds”). A portion of the proceeds of the Subordinate Series 2019 Bonds, along with certain other available moneys, will be used to refund and defease all of the Subordinate Series 2010C Bonds and the Subordinate Series 2010D Bonds.

Additionally, pursuant to the Master Subordinate Indenture, the Seventeenth Supplemental Subordinate Trust Indenture, dated as of October 1, 2017 (the “Seventeenth Supplemental Subordinate Indenture”), by and between the Commission and the Subordinate Trustee, and the Credit Agreement, dated as of October 1, 2017, as amended (the “Subordinate Revolving Obligations Credit Agreement”), by and between the Commission and Wells Fargo Bank, National Association (the “Subordinate Revolving Obligations Bank”), the Commission is authorized to issue and have outstanding, from time to time, up to \$150,000,000 in aggregate principal amount of its Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Revolving Obligations (collectively, the “Subordinate Revolving Obligations”). As of August 1, 2019, the Commission had \$71,030,500 aggregate principal amount of Subordinate Revolving Obligations outstanding. All Subordinate Revolving Obligations issued by the Commission are purchased by the Subordinate Revolving Obligations Bank in accordance with the terms of the Subordinate Revolving Obligations Credit Agreement. On October 4, 2019, the Commission expects to repay \$20,650,000 of the Subordinate Revolving Obligations with a portion of the proceeds of the Subordinate Series 2019 Bonds and certain other available moneys of the Commission.

Senior Parity Bonds

Pursuant to the Master Trust Indenture, dated as of June 1, 1998, as amended (the “Master Senior Indenture”), by and between the Commission and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association), as trustee (the “Senior Trustee”), and various Supplemental Senior Indentures (collectively with the Master Senior Indenture, the “Senior Indenture”), the Commission has previously issued, and as of August 1, 2019, there was \$680,695,000 aggregate principal amount outstanding of its Senior Airport Revenue Refunding Bonds, Series 2009A (the “Senior Series 2009A Bonds”), Senior Airport Revenue Refunding Bonds, Series 2009B (the “Senior Series 2009B Bonds”), Senior Airport Revenue Bonds, Series 2010A (the “Senior Series 2010A Bonds”), Senior Airport Revenue Bonds, Series 2010B (the “Senior Series 2010B Bonds”), Senior Airport Revenue Refunding Bonds, Series 2016A (the “Senior Series 2016A Bonds”), and Senior Airport Revenue Bonds, Series 2016C (the “Senior Series 2016C Bonds,” and collectively with the Senior Series 2009A Bonds, the Senior Series 2009B Bonds, the Senior Series 2010A Bonds, the Senior Series 2010B Bonds and the Senior Series 2016A Bonds, the “Prior Senior Bonds”). A portion of the proceeds of the Subordinate Series 2019 Bonds, along with certain other available moneys, will be used to refund and defease all of the Senior Series 2009A Bonds, the Senior Series 2009B Bonds, the Senior Series 2010A Bonds and the Senior Series 2010B Bonds.

The Prior Senior Bonds are secured by a pledge of and lien on Net Revenues (as defined herein) on a parity with any additional bonds issued on a parity with the Prior Senior Bonds under the terms and provisions of the Master Senior Indenture (the “Additional Senior Bonds”), any general obligation revenue bonds issued pursuant to Section 473.667 of the Act that are issued on a parity with respect to Net Revenues (the “General Obligation Revenue Bonds”), and any other obligations issued on a parity with respect to Net Revenues pursuant to the terms of laws enacted by the Minnesota State Legislature and the Master Senior Indenture. For purposes of this Official Statement, “Senior Bonds” means the Prior Senior Bonds and any Additional Senior Bonds. The Senior Bonds, any General Obligation Revenue Bonds issued on a parity with respect to Net Revenues, and any other obligations issued on a parity with respect to Net Revenues pursuant to the terms of laws enacted by the Minnesota State Legislature and the Master Senior Indenture are hereinafter collectively referred to as the “Senior Parity Bonds.” As of the date of this Official Statement, the only Senior Parity Bonds the Commission has

outstanding are the Prior Senior Bonds. “Net Revenues” include certain income and revenue received by the Commission from the operation of the Airport System less all amounts which are required to be used to pay the Maintenance and Operation Expenses of the Airport System. Net Revenues are available for the equal and proportionate benefit of all Senior Parity Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Flow of Funds” and “—Use of PFCs to Pay Debt Service” and “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Prior Senior Bonds.”

As described in more detail under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—General Obligation Revenue Bonds,” pursuant to Section 473.667 of the Act, the Commission is authorized to issue up to \$55,051,875 of General Obligation Revenue Bonds without additional statutory authorization and without having to meet the requirements of the additional bonds test set forth in the Master Senior Indenture. As of the date of this Official Statement, the Commission has no General Obligation Revenue Bonds outstanding, and has no plans to issue any of the authorized \$55,051,875 of General Obligation Revenue Bonds.

Agreements with Airlines and Other Concessionaires

As of July 1, 2019, 39 Air Carriers were operating at the Airport, including Delta and its affiliated Air Carriers. Thirty-six of the Air Carriers operate at the Airport pursuant to the provisions of the Airline Lease Agreement (as defined below). In addition to covering the lease of certain portions of the passenger terminal complex, including the apron, the Airline Lease Agreements cover the use of and charging mechanisms for the airfield facilities. The rates and charges under the Airline Lease Agreements are calculated based on a compensatory rate-setting methodology for the passenger terminal complex and a cost-center residual rate-setting methodology for the airfield.

In January 2019, the Commission and the Air Carriers operating at the Airport agreed to a new Airline Operating Agreement and Terminal Building Lease – Minneapolis-St. Paul International Airport, as amended (collectively, the “Airline Lease Agreements”). The terms and provisions of the new Airline Lease Agreements are very similar to the terms of the previous airline lease agreements, except for certain provisions, including among others, the term of the new Airline Lease Agreements is December 31, 2023 or December 31, 2030 (each Air Carrier can select which term they want), and the formula for the calculation of the sharing of certain concession revenues was amended. Ten of the Air Carriers operating at the Airport, including Delta have executed or are expected to execute an Airline Lease Agreement that has an expiration date of December 31, 2030; and 26 Air Carriers operating at the Airport have executed or are expected to execute an Airline Lease Agreement that has an expiration date of December 31, 2023. Pending the execution of a new Airline Lease Agreement, the applicable Air Carrier operates at the Airport pursuant to the terms of the new Airline Lease Agreement. The Commission expects three of the Air Carriers operating at the Airport will not enter into an Airline Lease Agreement and will instead operate at the Airport pursuant to an ordinance adopted by the Commission that sets landing fees and terminal rentals for Air Carriers that are not a signatory to an Airline Lease Agreement. For purposes of this Official Statement, except as otherwise provided herein, those Air Carriers that have signed an Airline Lease Agreement are referred to herein as “Signatory Airlines.” See “AGREEMENTS WITH AIRLINES AND OTHER CONCESSIONAIRES—Airline Lease Agreements” and “APPENDIX D—FORM OF AIRLINE LEASE AGREEMENT.”

The Commission also has entered numerous other agreements with various parties regarding the lease of space and the sale of goods and services in connection with certain activities at the Airport, including, but not limited to, concessions, parking and rental cars. See “AGREEMENTS WITH AIRLINES AND OTHER CONCESSIONAIRES.”

Capital Improvement Program

The Commission has an ongoing capital improvement program (“CIP”) at the Airport and the Reliever Airports, which includes, among other projects, end of life/replacement projects, information technology projects, long-term comprehensive plan projects, maintenance/facility upgrade projects, ongoing maintenance projects and tenant specific projects. Many of the projects in the CIP include one or more distinct phases, each of which will be started and completed at different times. Each year, the Commission adopts a CIP consisting of the distinct phases of various projects that will be started during the next two years. On December 17, 2018, the Commission approved a two-year CIP (the “2019-20 CIP”) that includes certain project phases, the construction of which will begin during calendar years 2019 and 2020. The 2019-20 CIP, as amended, has a total cost of approximately \$643 million.

For longer range funding and planning decisions, in addition to the two-year CIP, the Commission adopts a CIP that covers an additional five-year period. On December 17, 2018, the Commission adopted a CIP for the five-year period between 2021 and 2025 (the “2021-25 CIP”). The 2021-25 CIP includes approximately \$557 million of project phases that are expected to be started during calendar years 2021 through 2025.

The Commission plans to finance the 2019-20 CIP and the 2021-25 CIP with (i) proceeds of the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds (approximately \$178 million), (ii) proceeds of the previously issued Subordinate Series 2016C Bonds, Subordinate Series 2016D Bonds and Subordinate Series 2016E Bonds (approximately \$38 million), (iii) proceeds of Additional Senior Bonds and/or Additional Subordinate Obligations to be issued in the future (approximately \$100 million), (iv) passenger facility charges (approximately \$300 million, on a pay-as-you-go basis), (v) federal and State grants (approximately \$126 million), and (vi) other available moneys of the Commission (approximately \$458 million). See “PLAN OF FINANCE,” “CAPITAL IMPROVEMENT PROGRAM” and “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT” for additional information on the 2019-20 CIP, the 2021-25 CIP and their expected funding sources.

Report of the Airport Consultant

Included as Appendix A to this Official Statement is the Report of the Airport Consultant, dated August 20, 2019 (the “Report of the Airport Consultant”) prepared by Landrum & Brown, Incorporated (the “Airport Consultant”), which, among other things, provides information concerning the Airport System, describes the Commission’s capital improvement program, forecasts future levels of airline activity at and revenues of the Airport System and forecasts future debt service coverage levels. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the airline activity and financial forecasts contained therein. The Report of the Airport Consultant does not reflect the final terms of the Subordinate Series 2019 Bonds or the refunding and defeasance of the Refunded Bonds and the debt service savings associated with such refunding. See “REPORT OF THE AIRPORT CONSULTANT,” “CERTAIN INVESTMENT CONSIDERATIONS—Assumptions in the Report of the Airport Consultant” and “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT.”

Continuing Disclosure

The Commission will covenant for the benefit of the Owners and Beneficial Owners of the Subordinate Series 2019 Bonds to provide, or cause to be provided, annually certain financial information and operating data concerning the Commission and the Airport and certain other obligated persons, including Delta, and to provide, or cause to be provided, notices of certain enumerated events, to assist the Underwriters (as defined herein) in complying with Rule 15c2-12(b)(5)(i) of the Securities and

Exchange Commission (the “SEC”). See “CONTINUING DISCLOSURE” and “APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Forward-Looking Statements

This Official Statement, including the appendices hereto, contains statements relating to future results that are forward-looking statements. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. See “CERTAIN INVESTMENT CONSIDERATIONS—Forward-Looking Statements.”

Additional Information

Brief descriptions of the Subordinate Series 2019 Bonds, the Senior Indenture, the Subordinate Indenture, the Airline Lease Agreements and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument. Information contained herein has been obtained from officers, employees and records of the Commission and from other sources believed to be reliable. The information herein is subject to change without notice, and the delivery of this Official Statement will under no circumstances, create any implication that there has been no change in the affairs of the Commission since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Commission or the Underwriters and the purchasers or Owners of any of the Subordinate Series 2019 Bonds.

The Commission maintains certain websites, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein and should not be relied upon in deciding whether to invest in the Subordinate Series 2019 Bonds.

PLAN OF FINANCE

Proceeds from the sale of the Subordinate Series 2019 Bonds, along with certain other available moneys of the Commission, will be used to (a) finance the design, construction, improvement and equipping of the Series 2019 Projects (as described below), (b) refund and defease the Refunded Bonds, (c) repay a portion of the outstanding Subordinate Revolving Obligations, (d) make a deposit to the Subordinate Reserve Fund, (e) fund capitalized interest on a portion of the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds, and (f) pay the costs of issuance of the Subordinate Series 2019 Bonds.

Financing of Series 2019 Projects; Repayment of Subordinate Revolving Obligations

A portion of the proceeds of the Subordinate Series 2019A Bonds will be used to finance the design, construction, improvement and equipping of certain projects at the Airport, including the construction of a new Safety and Security Center (collectively, the “Series 2019A Projects”). A portion of the proceeds of the Subordinate Series 2019B Bonds will be used to finance the design, construction, improvement and equipping of certain projects at the Airport, including baggage claim and ticket lobby improvements, Federal Inspection Services recheck operational improvements, the Concourse G Delta

Sky Club, G Concourse moving walkways, and South Security Exit and Terminal Improvements (collectively, the “Series 2019B Projects,” and together with the Series 2019A Projects, the “Series 2019 Projects”). See “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT—3.9.2 The Series 2019 Projects” for a description of the Series 2019 Projects.

On October 4, 2019, the Commission expects to repay \$20,650,000 of the Subordinate Revolving Obligations with a portion of the proceeds of the Subordinate Series 2019B Bonds and certain other available moneys of the Commission. The Subordinate Revolving Obligations previously financed certain projects at the Airport.

Refunding of Refunded Bonds

A portion of the proceeds of the Subordinate Series 2019 Bonds, along with certain other available moneys of the Commission will be used to (a) current refund and defease all of the outstanding Senior Series 2009A Bonds (the “Refunded Senior Series 2009A Bonds”), which are currently outstanding in the aggregate principal amount of \$5,125,000 (the Refunded Senior Series 2009A Bonds are described in more detail in the table below), (b) current refund and defease all of the outstanding Senior Series 2009B Bonds (the “Refunded Senior Series 2009B Bonds”), which are currently outstanding in the aggregate principal amount of \$31,955,000 (the Refunded Senior Series 2009B Bonds are described in more detail in the table below), (c) current refund and defease all of the outstanding Senior Series 2010A Bonds (the “Refunded Senior Series 2010A Bonds”), which are currently outstanding in the aggregate principal amount of \$62,210,000 (the Refunded Senior Series 2010A Bonds are described in more detail in the table below), (d) current refund and defease all of the outstanding Senior Series 2010B Bonds (the “Refunded Senior Series 2010B Bonds”), which are currently outstanding in the aggregate principal amount of \$47,115,000 (the Refunded Senior Series 2010B Bonds are described in more detail in the table below), (e) current refund and defease all of the outstanding Subordinate Series 2010C Bonds (the “Refunded Subordinate Series 2010C Bonds”), which are currently outstanding in the aggregate principal amount of \$3,115,000 (the Refunded Subordinate Series 2010C Bonds are described in more detail in the table below), and (f) current refund and defease all of the outstanding Subordinate Series 2010D Bonds (the “Refunded Subordinate Series 2010D Bonds,” and collectively with the Refunded Senior Series 2009A Bonds, the Refunded Senior Series 2009B Bonds, the Refunded Senior Series 2010A Bonds, the Refunded Senior Series 2010B Bonds and the Refunded Subordinate Series 2010C Bonds, the “Refunded Bonds”), which are currently outstanding in the aggregate principal amount of \$22,205,000 (the Refunded Subordinate Series 2010D Bonds are described in more detail in the table below).

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Series	Maturity Date (January 1)	Principal Amount	CUSIP Number²	Payment/Redemption Date	Redemption Price
2009A	2020	\$ 2,400,000	603827RJ7	October 4, 2019	100%
2009A	2021	2,520,000	603827RK4	October 4, 2019	100
2009A	2022	205,000	603827RL2	October 4, 2019	100
2009B	2020	2,000,000	603827RW8	October 4, 2019	100
2009B	2020	11,725,000	603827RX6	October 4, 2019	100
2009B	2022	18,230,000	603827RY4	October 4, 2019	100
2010A	2028	1,460,000	603827SB3	January 1, 2020	100
2010A	2028	3,090,000	603827SF4	January 1, 2020	100
2010A	2029	2,000,000	603827SC1	January 1, 2020	100
2010A	2029	5,155,000	603827SG2	January 1, 2020	100
2010A	2030	2,325,000	603827SD9	January 1, 2020	100
2010A	2030	5,135,000	603827SH0	January 1, 2020	100
2010A	2035	43,045,000	603827SE7	January 1, 2020	100
2010B	2020	4,690,000	603827SP2	January 1, 2020	N/A
2010B	2021	4,925,000	603827SQ0	January 1, 2020	100
2010B	2022	5,175,000	603827SR8	January 1, 2020	100
2010B	2023	5,430,000	603827SS6	January 1, 2020	100
2010B	2024	5,705,000	603827ST4	January 1, 2020	100
2010B	2025	5,990,000	603827SU1	January 1, 2020	100
2010B	2026	6,285,000	603827SV9	January 1, 2020	100
2010B	2027	6,600,000	603827SW7	January 1, 2020	100
2010B	2028	2,315,000	603827SX5	January 1, 2020	100
2010C	2020	715,000	603827TM8	January 1, 2020	N/A
2010C	2021	750,000	603827TN6	January 1, 2020	100
2010C	2022	785,000	603827TP1	January 1, 2020	100
2010C	2023	810,000	603827TQ9	January 1, 2020	100
2010C	2024	55,000	603827TR7	January 1, 2020	100
2010D	2020	4,920,000	603827UA2	January 1, 2020	N/A
2010D	2021	5,165,000	603827UB0	January 1, 2020	100
2010D	2022	5,420,000	603827UC8	January 1, 2020	100
2010D	2023	5,690,000	603827UD6	January 1, 2020	100
2010D	2024	1,010,000	603827UE4	January 1, 2020	100

¹ CUSIP numbers are provided only for the convenience of the reader. Neither the Commission nor the Underwriters undertake any responsibility for the accuracy of such CUSIP numbers or for any changes or errors in the list of CUSIP numbers.

A portion of the proceeds of the Subordinate Series 2019 Bonds, together with certain available moneys of the Commission, will be deposited into (a) redemption accounts with respect to the Refunded Senior Series 2009A Bonds and the Refunded Senior Series 2009B Bonds (the “Senior Series 2009 Redemption Accounts”) established pursuant to the Seventh Supplemental Senior Indenture, and (b) separate escrow funds for the Refunded Senior Series 2010A Bonds, the Refunded Senior Series 2010B Bonds, the Refunded Subordinate Series 2010C Bonds and the Refunded Subordinate Series 2010D Bonds (the “Escrow Funds”) to be established under the terms of separate escrow agreements to

be entered into by the Commission and the Senior Trustee or the Subordinate Trustee, as the case may be. Amounts deposited into the Senior Series 2009 Redemption Accounts will be held uninvested in cash and will be used on October 4, 2019 to pay the redemption price of and interest on the Refunded Senior Series 2009A Bonds and the Refunded Senior Series 2009B Bonds. Certain amounts deposited into the Escrow Funds will be invested in direct, noncallable obligations of the United States Treasury and all remaining amounts deposited into the Escrow Funds will be held uninvested in cash. Amounts on deposit in the Escrow Funds will be used on January 1, 2020 to pay the principal or redemption price of and interest on the Refunded Senior Series 2010A Bonds, the Refunded Senior Series 2010B Bonds, the Refunded Subordinate Series 2010C Bonds and the Refunded Subordinate Series 2010D Bonds.

Upon delivery of the Subordinate Series 2019 Bonds, Robert Thomas CPA, LLC, certified public accountants (the “Verification Agent”), will deliver a report stating that it has verified the mathematical accuracy of the computations contained in the schedules provided by Samuel A. Ramirez & Co., Inc. to determine that the amounts to be held in the Senior Series 2009 Redemption Accounts and the Escrow Funds will be sufficient to pay the principal and redemption price of and interest on the Refunded Bonds on October 4, 2019 and January 1, 2020, as applicable. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

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Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Subordinate Series 2019 Bonds and the plan of finance described above.

	Subordinate Series 2019A Bonds	Subordinate Series 2019B Bonds	Subordinate Series 2019C Bonds	Total¹
Sources				
Par Amount	\$ 96,615,000	\$164,320,000	\$31,035,000	\$291,970,000
Original Issue Premium	25,815,437	33,726,268	5,243,165	64,784,870
Other Available Moneys ²	<u>8,970,313</u>	<u>24,068,252</u>	<u>8,129,091</u>	<u>41,167,656</u>
Total Sources ¹	<u>\$131,400,750</u>	<u>\$222,114,520</u>	<u>\$44,407,256</u>	<u>\$397,922,526</u>
Uses				
Deposit to Subordinate Series 2019A/B Construction Funds ³	\$ 51,000,000	\$125,357,991	\$ –	\$176,357,991
Deposit to Redemption Accounts and Escrow Funds	71,740,235	59,373,502	43,617,965	174,731,701
Repayment of Subordinate Revolving Obligations ⁴	–	20,650,000	–	20,650,000
Deposit to Subordinate Series 2019A Interest Account ⁵	5,966,267	–	–	5,966,267
Deposit to Subordinate Series 2019B Interest Account ⁶	–	12,369,550	–	12,369,550
Deposit to Subordinate Reserve Fund	2,076,522	3,359,030	615,308	6,050,860
Costs of Issuance ⁷	<u>617,727</u>	<u>1,004,447</u>	<u>173,982</u>	<u>1,796,156</u>
Total Uses ¹	<u>\$131,400,750</u>	<u>\$222,114,520</u>	<u>\$44,407,256</u>	<u>\$397,922,526</u>

¹ Totals may not sum due to rounding.

² Includes (i) a release of funds from the debt service funds for the Refunded Bonds and the Senior Reserve Fund and (ii) a contribution of available moneys from the Commission.

³ To be used to pay a portion of the costs of the Series 2019 Projects.

⁴ On October 4, 2019, the Commission expects to repay \$20,650,000 of the Subordinate Revolving Obligations with a portion of the proceeds of the Subordinate Series 2019B Bonds and certain other available moneys of the Commission.

⁵ Represents a portion of the interest accruing on a portion of the Subordinate Series 2019A Bonds through January 1, 2023.

⁶ Represents a portion of the interest accruing on a portion of the Subordinate Series 2019B Bonds through July 1, 2023.

⁷ Includes Underwriters' discount, legal fees, Municipal Advisory fees, Verification Agent fees, rating agency fees and other costs of issuance.

DESCRIPTION OF THE SUBORDINATE SERIES 2019 BONDS

General

The Subordinate Series 2019 Bonds will bear interest at the rates and mature on the dates set forth on the inside front cover pages of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Subordinate Series 2019 Bonds will be dated their initial date of delivery, and will bear interest from that date payable semi-annually on January 1 and July 1 of each year, commencing July 1, 2020 (each an "Interest Payment Date"). Interest due and payable on the Subordinate Series 2019 Bonds on any Interest Payment Date will be paid to the person who is the registered owner as of the Record Date (The Depository Trust Company, New York, New York ("DTC"), so long as the book-entry system with DTC is in effect). Each Subordinate Series 2019 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Subordinate Series 2019 Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such

Subordinate Series 2019 Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before June 15, 2020, in which event such Subordinate Series 2019 Bond will bear interest from its date of delivery. If interest on the Subordinate Series 2019 Bonds is in default, Subordinate Series 2019 Bonds issued in exchange for Subordinate Series 2019 Bonds surrendered for transfer or exchange will bear interest from the last Interest Payment Date to which interest has been paid in full on the Subordinate Series 2019 Bonds surrendered.

The Subordinate Series 2019 Bonds will be issued in denominations of \$5,000 and integral multiples thereof. The Subordinate Series 2019 Bonds will be issued in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Subordinate Series 2019 Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Subordinate Series 2019 Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Subordinate Series 2019 Bonds, references herein to the Bondholders or registered owners means Cede & Co. and does not mean the Beneficial Owners of the Subordinate Series 2019 Bonds.

So long as Cede & Co. is the registered owner of the Subordinate Series 2019 Bonds, the principal of and interest on the Subordinate Series 2019 Bonds will be payable by wire transfer by the Subordinate Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC participants for subsequent disbursement to the Beneficial Owners. See “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.”

Redemption of Subordinate Series 2019A/B Bonds

Optional Redemption.

Subordinate Series 2019A Bonds. The Subordinate Series 2019A Bonds maturing on or before January 1, 2029 are not subject to optional redemption prior to maturity. The Subordinate Series 2019A Bonds maturing on or after January 1, 2030 are redeemable at the option of the Commission on or after July 1, 2029, in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Subordinate Series 2019A Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

Subordinate Series 2019B Bonds. The Subordinate Series 2019B Bonds maturing on or before January 1, 2029 are not subject to optional redemption prior to maturity. The Subordinate Series 2019B Bonds maturing on or after January 1, 2030 are redeemable at the option of the Commission on or after July 1, 2029, in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Subordinate Series 2019B Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Subordinate Series 2019A Bonds maturing on January 1, 2044 (the “Subordinate Series 2019A Term Bonds (2044)”) are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on January 1 of the following years and in the following principal amounts:

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Redemption Date (January 1)	Principal Amount
2040	\$1,940,000
2041	2,040,000
2042	2,140,000
2043	2,245,000
2044*	2,360,000

* Final Maturity.

The Subordinate Series 2019A Bonds maturing on January 1, 2049 (the “Subordinate Series 2019A Term Bonds (2049)”) are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on January 1 of the following years and in the following principal amounts:

Redemption Date (January 1)	Principal Amount
2045	\$2,480,000
2046	2,600,000
2047	2,730,000
2048	2,870,000
2049*	3,010,000

* Final Maturity.

The Subordinate Series 2019B Bonds maturing on January 1, 2044 (the “Subordinate Series 2019B Term Bonds (2044)”) are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on January 1 of the following years and in the following principal amounts:

Redemption Date (January 1)	Principal Amount
2040	\$5,485,000
2041	5,760,000
2042	6,045,000
2043	6,340,000
2044*	6,665,000

* Final Maturity.

The Subordinate Series 2019B Bonds maturing on January 1, 2049 (the “Subordinate Series 2019B Term Bonds (2049),” and collectively with the Subordinate Series 2019A Term Bonds (2044), the Subordinate Series 2019A Term Bonds (2049) and the Subordinate Series 2019B Term Bonds (2044), the “Subordinate Series 2019A/B Term Bonds”) are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date

fixed for redemption, without premium, on January 1 of the following years and in the following principal amounts:

Redemption Date (January 1)	Principal Amount
2045	\$6,995,000
2046	7,345,000
2047	7,710,000
2048	8,095,000
2049*	8,505,000

* Final Maturity.

At the option of the Commission, to be exercised by delivery of a written certificate to the Subordinate Trustee, on or before the 60th day next preceding any mandatory sinking fund redemption date for the applicable Subordinate Series 2019A/B Term Bonds, it may (a) deliver to the Subordinate Trustee for cancellation Subordinate Series 2019A/B Term Bonds, as applicable, or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Commission or (b) specify a principal amount of such Subordinate Series 2019A/B Term Bonds, as applicable, or portions thereof (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Subordinate Trustee at the request of the Commission and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. The Subordinate Series 2019A/B Term Bonds or portion thereof so purchased or otherwise acquired or redeemed and delivered to the Subordinate Trustee for cancellation will be credited by the Subordinate Trustee at 100% of the principal amount thereof against the obligation of the Commission to pay the principal of such applicable Subordinate Series 2019A/B Term Bonds on such mandatory sinking fund redemption date.

Notices of Redemption to Bondholders; Conditional Notice of Optional Redemption. The Subordinate Trustee will give notice of redemption, in the name of the Commission, to Bondholders affected by redemption (or DTC, so long as the book-entry system with DTC is in effect) at least 30 days but not more than 60 days before each redemption date and send such notice of redemption by first class mail (or with respect to Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds (collectively, the “Subordinate Series 2019A/B Bonds”) held by DTC, either via electronic means or by an express delivery service for delivery on the next following Business Day) to each applicable owner of a Subordinate Series 2019A/B Bond to be redeemed; each such notice will be sent to the owner’s registered address.

Each notice of redemption will specify the Series, maturity date, interest rate and CUSIP number of each Subordinate Series 2019A/B Bond to be redeemed (if less than all Subordinate Series 2019A/B Bonds of a Series and maturity date are called for redemption, the numbers assigned to the Subordinate Series 2019A/B Bonds to be redeemed), the principal amount to be redeemed, the date fixed for redemption, the redemption price (or the formula that will be used to calculate the redemption price on the redemption date, provided a supplemental notice of redemption is delivered prior to the redemption date setting forth the actual redemption price), the place or places of payment, the Subordinate Trustee’s name, that payment will be made upon presentation and surrender of the Subordinate Series 2019A/B Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

Failure to give any required notice of redemption as to any particular Subordinate Series 2019A/B Bond will not affect the validity of the call for redemption of any Subordinate Series 2019A/B Bond in

respect of which no failure occurs. Any notice sent as provided in the Subordinate Indenture will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Subordinate Series 2019A/B Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. In the event that funds are deposited with the Subordinate Trustee sufficient for redemption, interest on the applicable Subordinate Series 2019A/B Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

Upon surrender of a Subordinate Series 2019A/B Bond to be redeemed, in part only, the Subordinate Trustee will authenticate for the holder a new Subordinate Series 2019A Bond(s) or Subordinate Series 2019B Bond(s), as applicable, of the same Series, maturity and interest rate equal in principal amount to the unredeemed portion of the applicable Subordinate Series 2019A/B Bond surrendered.

The Commission may provide that if at the time of mailing of notice of an optional redemption there has not been deposited with the Subordinate Trustee moneys sufficient to redeem all the applicable Subordinate Series 2019A/B Bonds called for redemption, such notice may state that it is conditional and subject to the deposit of the redemption moneys with the Subordinate Trustee not later than the opening of business one Business Day prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption will be cancelled and on such cancellation date notice of such cancellation will be mailed to the holders of such applicable Series of Subordinate Series 2019A/B Bonds.

Effect of Redemption. On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Subordinate Indenture and as described above and sufficient moneys for payment of the redemption price being held in trust to pay the redemption price, interest on such applicable Subordinate Series 2019A/B Bonds will cease to accrue from and after such redemption date, such Subordinate Series 2019A/B Bonds will cease to be entitled to any lien, benefit or security under the Subordinate Indenture and the owners of such Subordinate Series 2019A/B Bonds will have no rights in respect thereof except to receive payment of the redemption price. Subordinate Series 2019A/B Bonds which have been duly called for redemption and for the payment of the redemption price of which moneys will be held in trust for the holders of the respective Subordinate Series 2019A/B Bonds to be redeemed, all as provided in the Subordinate Indenture will not be deemed to be Outstanding under the provisions of the Subordinate Indenture.

Selection of Series 2019A/B Bonds for Redemption; Series 2019A/B Bonds Redeemed in Part. Redemption of the Series 2019A/B Bonds will only be in Authorized Denominations. The Series 2019A/B Bonds are subject to redemption in such order of maturity within a Series (except mandatory sinking fund payments on the Series 2019A/B Term Bonds) as the Commission may direct and randomly, within such maturity of such Series, in such manner as the Subordinate Trustee deems fair and appropriate (or DTC, as long as DTC is the securities depository for the Series 2019A/B Bonds).

Except as otherwise provided under the procedures of DTC, on or before the 45th day prior to any mandatory sinking fund redemption date, the Subordinate Trustee will proceed to select for redemption (randomly in such manner as the Subordinate Trustee in its discretion deems fair and appropriate), from all Subordinate Series 2019A/B Term Bonds, as applicable, subject to such redemption, an aggregate principal amount of such Subordinate Series 2019A/B Term Bonds, as applicable, equal to the amount for such year as set forth in the table under “Mandatory Sinking Fund Redemption” above and will call such Subordinate Series 2019A/B Term Bonds, as applicable, or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

No Redemption of Subordinate Series 2019C Bonds

The Subordinate Series 2019C Bonds will not be subject to redemption prior to maturity.

SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS

Flow of Funds

The application of revenues of the Commission is governed by relevant provisions of the Act, internal guidelines of the Commission and applicable provisions of the Master Senior Indenture and the Master Subordinate Indenture.

Pursuant to the internal guidelines of the Commission, all income and revenue from the operation of the Airport System, of whatever kind or nature, and all net income from leases or any other source of income or revenue, are deposited in a special fund established and administered by the Commission and designated as the "Operating Fund." These moneys are held separate and apart from all other moneys of the Commission.

Pursuant to the Act and the Master Senior Indenture, all Revenues in the Operating Fund are set aside for the payment of the following amounts or transferred to the following funds and accounts in the order listed:

(a) *Maintenance and Operation Expenses of the Airport System.* A sufficient amount of Revenues will be set aside from time to time in the Operating Fund to be used to pay the current Maintenance and Operation Expenses of the Airport System.

(b) *Commission Debt Service Fund for General Obligation Revenue Bonds (current principal and interest portion) and Senior Debt Service Funds.* A sufficient amount of Revenues will be transferred by the Commission, without priority and on an equal basis, except as to timing of payment, (i) on or before October 10 of each Fiscal Year to the Commission Debt Service Fund to satisfy the Commission's obligation to have on deposit in such fund an amount equal to the principal and interest required to be paid in the following Fiscal Year on the outstanding General Obligation Revenue Bonds; and (ii) to the Senior Trustee in the amounts, at the times and in the manner provided for in the Senior Indenture, to provide for the payment of principal and interest to become due on the Outstanding Senior Bonds.

(c) *Commission Debt Service Fund for General Obligation Revenue Bonds (reserve portion) and Senior Debt Service Reserve Funds.* A sufficient amount of Revenues will be transferred by the Commission, without priority and on an equal basis, except as to timing of payment, (i) on or before October 10 of each Fiscal Year to the Commission Debt Service Fund to satisfy the Commission's obligation to have on deposit in such fund a reserve sufficient to pay the debt service on its General Obligation Revenue Bonds required to be paid in the second following Fiscal Year; and (ii) to the Senior Trustee for deposit into the respective debt service reserve funds established pursuant to the Senior Indenture, if any, such amounts as required to be used to pay or replenish such debt service reserve funds or reimburse a Credit Provider of a Debt Service Reserve Fund Surety Policy.

(d) *Reimbursement of Commission Debt Service Fund Deficiencies (Repay Property Taxes Used for General Obligation Revenue Bonds Debt Service).* If a Commission Debt Service Fund deficiency tax with respect to the General Obligation Revenue Bonds has been certified in accordance with the Act, a sufficient amount of Revenues will be set aside in the Operating Fund

to make payments of principal and interest to the treasurer of each county which extended a deficiency tax on its tax rolls to make up the deficiency in the Commission Debt Service Fund.

(e) *Subordinate Obligation Debt Service.* To the Subordinate Trustee such amounts and, at such times, as are sufficient to pay the debt service on any indebtedness, including Subordinate Obligations, issued pursuant to the terms of the Subordinate Indenture.

(f) *Subordinate Obligation Debt Service Reserve Funds.* To the Subordinate Trustee for deposit into the respective debt service reserve funds established pursuant to the Subordinate Indenture, if any, such amounts as required to be used to pay or replenish such debt service reserve funds or reimburse a Credit Provider of a Debt Service Reserve Fund Surety Policy.

(g) *Maintenance and Operation Reserve Account.* To the payment of the amount established by the Commission as the minimum amount (currently equal to six months of maintenance and operation expenses) required to be deposited in the Maintenance and Operation Reserve Account (such account to be established within the Operating Fund).

(h) *Commission Construction Fund.* To the Commission Construction Fund (such is fund held and administered by the Commission), such amounts, if any, as the Commission may determine in its discretion to be used in any manner provided by the Commission. Pursuant to the Airline Lease Agreements, the Commission has established the Repair and Replacement Account in the Commission Construction Fund.

(i) *Health Self-Insurance Trust Fund.* To the Health Self-Insurance Trust Fund (such fund is held and administered by the Commission), such amounts, if any, as the Commission may determine in its discretion to be used in the manner provided by the Commission.

(j) *Coverage Account.* To the Coverage Account (such account to be established within the Operating Fund) such amounts, if any, as the Commission may determine from time to time to be used to pay for Maintenance and Operation Expenses of the Airport System, debt service or redemption premiums on Outstanding Senior Bonds or the cost of additions, improvements and repairs to the Airport System.

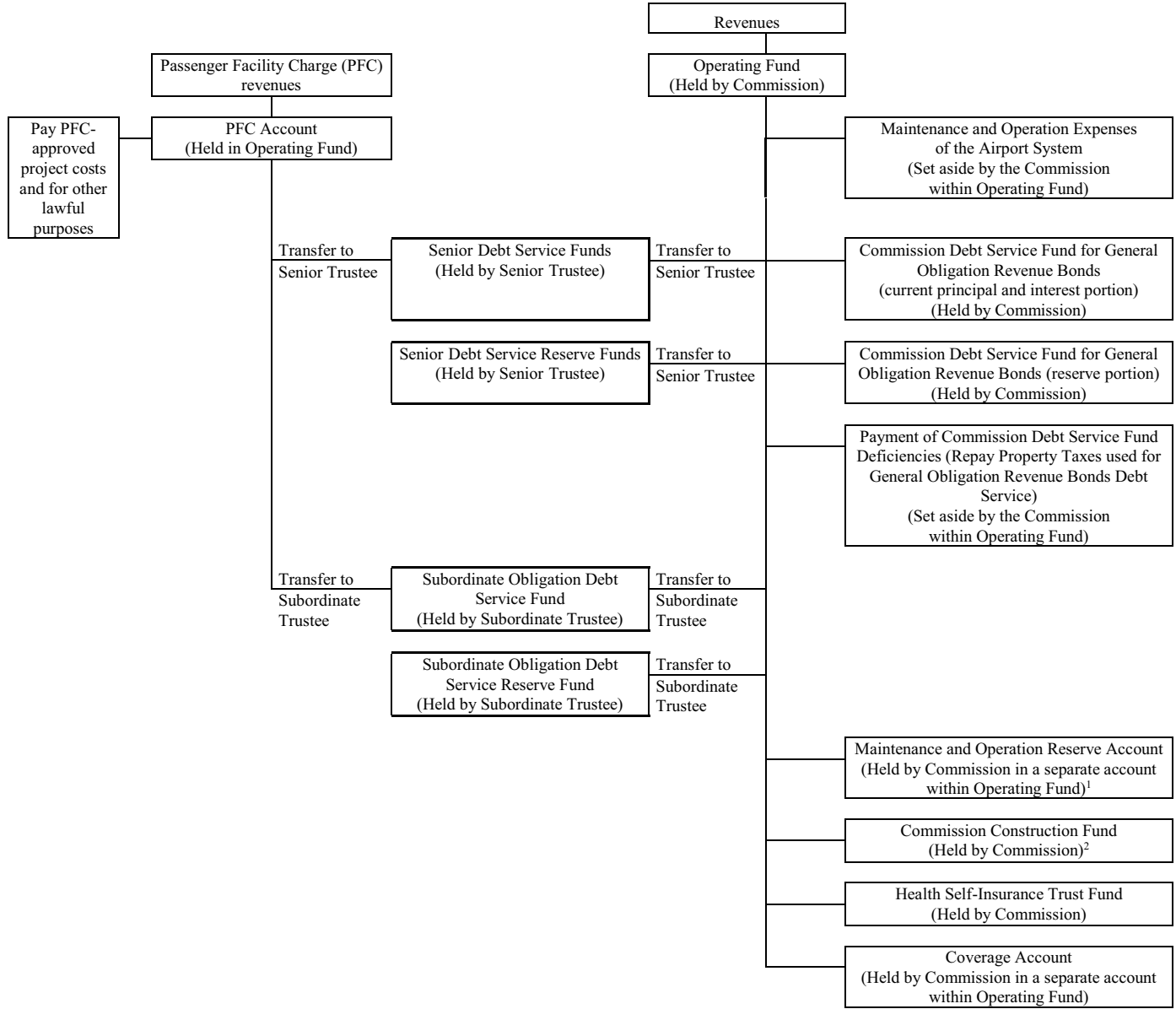
If no General Obligation Revenue Bonds are outstanding, the Commission is not obligated to fund the Commission Debt Service Fund as provided in paragraphs (b)(i) and (c)(i) above and is not required to reimburse any deficiencies as provided in paragraph (d) above. As of the date of this Official Statement, the Commission has no General Obligation Revenue Bonds outstanding.

In addition to depositing all income and revenues from the operation of the Airport System to the Operating Fund, pursuant to Resolution No. 2021 adopted by the Commission on May 19, 2003, as amended by Resolution No. 2037 adopted by the Commission on April 19, 2004 (collectively, the “PFC Resolution”), the Commission is required to deposit all passenger facility charges (“PFCs”) that it receives to the PFC Account established in the Operating Fund. PFCs deposited to the PFC Account are required to be used by the Commission in accordance with the federal rules and regulations governing the use of PFCs, including, but not limited to, paying the principal of and interest on Senior Bonds and Subordinate Obligations the proceeds of which were used to finance PFC eligible projects. See “—Use of PFCs to Pay Debt Service” below.

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The following chart provides a graphic presentation of the flow of funds under the Master Senior Indenture upon the receipt of Revenues and the PFC Resolution upon the receipt of PFCs.

**Metropolitan Airports Commission
Flow of Funds**



¹ The Commission's current policy is to maintain in the Maintenance and Operation Reserve Account an amount equal to six months of maintenance and operation expenses.

² Includes amounts deposited to the Repair and Replacement Account.

Pledged of Subordinate Revenues

The Subordinate Series 2019 Bonds are limited obligations of the Commission payable solely from and secured by a pledge of Subordinate Revenues, certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture, and other amounts payable under the Subordinate Indenture. “Subordinate Revenues” (which is referred to in the Master Subordinate Indenture as “Net Pledged Revenues”) means, for any given period, the Revenues for such period less, for such period, all amounts which are required to be used to pay the Maintenance and Operation Expenses of the Airport System, the Senior Aggregate Annual Debt Service when due on the Senior Bonds and the General Obligation Revenue Bonds and the reserve and replenishment requirements on and relating to the Senior Bonds and the General Obligation Revenue Bonds. See “—Flow of Funds” above. Also see “—Use of PFCs to Pay Debt Service” below.

Revenues include, but are not limited to, except to the extent specifically excluded therefrom: rates, tolls, fees, rentals, charges and other payments made to or owed to the Commission for the use or availability of the Airport System; amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Commission; the principal portion of payments received pursuant to certain self-liquidating lease agreements; and such other amounts that may be designated as Revenues pursuant to a certificate of the Commission or a Supplemental Senior Indenture. PFCs and capitalized interest, among other things, are specifically excluded from Revenues unless otherwise designated as Revenues pursuant to a certificate of the Commission or in a Supplemental Senior Indenture. The Commission has not designated pursuant to a certificate or a Supplemental Senior Indenture, PFCs or capitalized interest, or any additional amounts, as Revenues. However, see “—Use of PFCs to Pay Debt Service” below for a discussion regarding the Commission’s irrevocable commitment of a portion of the PFCs received by the Commission to pay debt service on PFC Eligible Bonds (as defined herein).

The customer facility charges collected by the on-Airport rental car companies from their customers and paid to the Commission (“CFCs”) are included in Revenues; however per the provisions of the Commission ordinance that imposes the CFC (the “CFC Ordinance”), CFCs can only be used to pay debt service on Senior Bonds or Subordinate Obligations issued to finance the construction of the on-Airport rental car facilities, the Maintenance and Operation Expenses of the on-Airport rental car facilities and certain other costs and expenses associated with the on-Airport rental car facilities. CFCs are not available to pay the debt service on any of the Subordinate Series 2019 Bonds, the Prior Senior Bonds, or the Prior Subordinate Bonds (except (i) the Subordinate Series 2012A Bonds (a portion of the proceeds of which financed the construction of the rental car facilities located in the parking garage at Terminal 2) and the Subordinate Series 2016E Bonds (a portion of the proceeds of which are financing the construction of the rental car facilities to be located in the new parking garage located near Terminal 1). See “CAPITAL IMPROVEMENT PROGRAM” for additional information on the new parking garage being constructed at Terminal 1. See “—Use of CFCs to Pay Debt Service and Other Costs” below for a discussion regarding the use of CFCs to pay the debt service on the Subordinate Series 2012A Bonds and the Subordinate Series 2016E Bonds and the and other costs associated with the on-Airport rental car facilities.

Additionally, any federal grants restricted by their terms to purposes inconsistent with the payment of debt service on Senior Bonds and Subordinate Obligations are specifically excluded from Revenues. See “APPENDIX C-1—CERTAIN DEFINITIONS” for a more complete definition of Revenues.

The Subordinate Series 2019 Bonds are limited obligations of the Commission payable solely from and secured by a pledge of (a) Subordinate Revenues, (b) certain funds and accounts

held by the Subordinate Trustee under the Subordinate Indenture, and (c) other amounts payable under the Subordinate Indenture. The Subordinate Series 2019 Bonds are not general obligations of the Commission. 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 is pledged to the payment of the principal of and interest on the Subordinate Series 2019 Bonds. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Subordinate Series 2019 Bonds.

The Subordinate Series 2019 Bonds are secured by a pledge of and lien on Subordinate Revenues on parity with the Prior Subordinate Bonds, the Subordinate Revolving Obligations and any Additional Subordinate Obligations. See “—Additional Subordinate Obligations” and “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Subordinate Obligations.”

Subordinate Rate Covenant

The Commission has covenanted in the Master Subordinate Indenture to fulfill the following requirements:

(a) The Commission will, while any of the Subordinate Obligations remain Outstanding (but subject to all existing contracts and legal obligations of the Commission as of the original date of execution of the Master Subordinate Indenture setting forth restrictions relating thereto), establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Subordinate Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) the Subordinate Aggregate Annual Debt Service on any Outstanding Subordinate Obligations required to be funded by the Commission during such Fiscal Year as required by the Master Subordinate Indenture, any Supplemental Subordinate Indenture, the Master Senior Indenture or any Supplemental Senior Indenture;

(ii) the required deposits to any Subordinate Debt Service Reserve Fund which may be established by a Supplemental Subordinate Indenture;

(iii) the reimbursement owed to any Credit Provider as required by a Supplemental Subordinate Indenture;

(iv) the interest on and principal of any indebtedness required to be funded during such Fiscal Year other than for Special Facility Obligations, General Obligation Revenue Bonds, Senior Bonds and Outstanding Subordinate Obligations, but including obligations issued with a lien on Subordinate Revenues ranking junior and subordinate to the lien of the Subordinate Obligations; and

(v) payments of any reserve requirement for debt service for any indebtedness other than General Obligation Revenue Bonds, Senior Bonds and Outstanding Subordinate Obligations, but including obligations issued with a lien on Subordinate Revenues ranking junior and subordinate to the lien of the Subordinate Obligations.

(b) The Commission has further agreed that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Subordinate

Revenues, together with any Transfer, will be equal to at least 110% of Subordinate Aggregate Annual Debt Service on the Outstanding Subordinate Obligations. For purposes of this subparagraph (b), the amount of any Transfer taken into account may not exceed 10% of Subordinate Aggregate Annual Debt Service on the Outstanding Subordinate Obligations in such Fiscal Year. Notwithstanding anything to the contrary in the Master Subordinate Indenture, for purposes of this subparagraph (b) only, the calculation of Subordinate Aggregate Annual Debt Service with respect to Subordinate Revolving Obligations will include only the principal of and interest on such Subordinate Revolving Obligations paid from Subordinate Revenues during such Fiscal Year.

(c) The Commission has agreed that if Subordinate Revenues, together with any Transfer (only as applied in (b) above), in any Fiscal Year are less than the amount specified in subparagraph (a) or (b) above, the Commission will retain and direct a Consultant to make recommendations as to the revision of the Commission's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Commission in connection with the Airport System and, after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission will take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to produce Subordinate Revenues, together with any Transfer (only as applied in (b) above), in the amount specified in subparagraph (a) or (b) above in the next succeeding Fiscal Year.

(d) In the event that Subordinate Revenues for any Fiscal Year are less than the amount specified in subparagraph (a) or (b) above, but the Commission promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, fees and charges as required by subparagraph (c) above, such deficiency in Subordinate Revenues will not constitute a Subordinate Event of Default associated with the failure to comply to the covenants set forth in the Subordinate Indenture. Notwithstanding the previous sentence, a failure of the Commission at any time to pay the principal of and interest on Subordinate Obligations (including the Subordinate Series 2019 Bonds) will result in a Subordinate Event of Default. Nevertheless, if after taking the measures required by subparagraph (c) above to revise the schedule of rentals, rates, fees and charges, Subordinate Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Commission for such Fiscal Year) are less than the amount specified in subparagraph (a) or (b) above, such deficiency in Subordinate Revenues will constitute a Subordinate Event of Default under the provisions of the Subordinate Indenture.

The definition of Subordinate Aggregate Annual Debt Service specifically excludes debt service on Subordinate Obligations where the payment of such debt service is made from moneys that are not included in Subordinate Revenues (including, but not limited to, PFCs and Subordinate Capitalized Interest). Bond Counsel has advised the Commission that it may exclude from its calculation of Subordinate Aggregate Annual Debt Service, for the purpose of determining compliance with the rate covenant described above, debt service or portions thereof on Subordinate Obligations paid from moneys (including, but not limited to, PFCs and Subordinate Capitalized Interest) not included in Subordinate Revenues. The Commission expects to use PFCs to pay a portion of the debt service on the Subordinate Obligations. If PFCs are used to pay the principal of and/or interest on the Subordinate Obligations, Subordinate Aggregate Annual Debt Service is decreased and debt service coverage is increased for purposes of the rate covenant under the Master Subordinate Indenture. See “—Use of PFCs to Pay Debt Service” below. See also “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Debt Service Coverage.”

See “AGREEMENTS WITH AIRLINES AND OTHER CONCESSIONAIRES—Airline Lease Agreements” for a discussion regarding certain limits on the ability of the Commission to raise fees to be charged to the airlines.

Subordinate Debt Service Deposits

The Subordinate Indenture provides that the Commission will transfer amounts needed to pay debt service on the Outstanding Subordinate Obligations to the Subordinate Trustee five Business Days prior to each Payment Date for the Subordinate Obligations.

Subordinate Reserve Fund

Pursuant to the Master Subordinate Indenture and the Second Supplemental Subordinate Indenture, the Commission established a Subordinate Debt Service Reserve Fund (the “Subordinate Reserve Fund”) with the Subordinate Trustee to secure any Subordinate Obligations the Commission elects to participate in the Subordinate Reserve Fund. At the time of issuance of each Series of the Prior Subordinate Bonds, the Commission elected to have each Series participate in the Subordinate Reserve Fund. Additionally, at the time of issuance of the Subordinate Series 2019 Bonds, the Commission will elect to have the Subordinate Series 2019 Bonds participate in the Subordinate Reserve Fund. The Prior Subordinate Bonds, the Subordinate Series 2019 Bonds and any Additional Subordinate Obligations the Commission elects to have participate in the Subordinate Reserve Fund are collectively referred to in this Official Statement as the “Subordinate Reserve Fund Participating Bonds.”

Moneys and investments held in the Subordinate Reserve Fund may be only used to pay the principal of and interest on the Subordinate Reserve Fund Participating Bonds (including the Subordinate Series 2019 Bonds). Moneys and investments held in the Subordinate Reserve Fund are not available to pay debt service on the Senior Parity Bonds, the Subordinate Revolving Obligations or any Additional Subordinate Obligations the Commission decides will not participate in the Subordinate Reserve Fund. The Subordinate Reserve Fund may be drawn upon if the amounts in the respective Subordinate Debt Service Funds for the Subordinate Reserve Fund Participating Bonds are insufficient to pay in full any principal or interest then due on the Subordinate Reserve Fund Participating Bonds. In the event any amounts are required to be withdrawn from the Subordinate Reserve Fund, such amounts will be withdrawn and deposited pro rata to meet the funding requirements of the Subordinate Reserve Fund Participating Bonds.

Except as otherwise described below, the Subordinate Reserve Fund is required to be funded at all times in an amount equal to the “Subordinate Reserve Requirement.” The “Subordinate Reserve Requirement” is equal the lesser of (a) Subordinate Maximum Aggregate Annual Debt Service for Reserve Requirement for the Subordinate Reserve Fund Participating Bonds, (b) 10% of the principal amount of the Subordinate Reserve Fund Participating Bonds, less the amount of original issue discount with respect to such Subordinate Reserve Fund Participating Bonds if such original issue discount exceeded 2% on such Subordinate Reserve Fund Participating Bonds at the time of their original sale, and (c) 125% of the average Subordinate Aggregate Annual Debt Service for Reserve Requirement for the Subordinate Reserve Fund Participating Bonds. At the time of issuance of any Additional Subordinate Obligations which the Commission elects to have participate in the Subordinate Reserve Fund, the Commission will be required to deposit an amount to the Subordinate Reserve Fund sufficient to cause the amount then on deposit in the Subordinate Reserve Fund to equal the Subordinate Reserve Requirement. Such deposit to the Subordinate Reserve Fund can be made at the time of issuance of such Additional Subordinate Obligations or over a 12-month period following the date of issuance of such Additional Subordinate Obligations. At the time of issuance of the Subordinate Series 2019 Bonds, a portion of the proceeds of the Subordinate Series 2019 Bonds will be deposited to the Subordinate

Reserve Fund in order to satisfy the Subordinate Reserve Requirement, which will be \$57,743,748.36 at the time of issuance of the Subordinate Series 2019 Bonds.

The Commission may fund all or a portion of the Subordinate Reserve Requirement with a Debt Service Reserve Fund Surety Policy. A Debt Service Reserve Fund Surety Policy may be an insurance policy, letter of credit or surety bond deposited in the Subordinate Reserve Fund in lieu of or in partial substitution for cash or securities. Any such Debt Service Reserve Fund Surety Policy must either extend to the final maturity of the Series of Subordinate Obligations for which the Debt Service Reserve Fund Surety Policy was issued or the Commission must agree, by Supplemental Subordinate Indenture, that the Commission will replace such Debt Service Reserve Fund Surety Policy prior to its expiration with another Debt Service Reserve Fund Surety Policy, or with cash, and that the face amount of the Debt Service Reserve Fund Surety Policy, together with amounts on deposit in the Subordinate Reserve Fund, including the face amount of any other Debt Service Reserve Fund Surety Policy, are at least equal to the Subordinate Reserve Requirement. Any Debt Service Reserve Fund Surety Policy deposited to the Subordinate Reserve Fund will be required to secure all of the Subordinate Reserve Fund Participating Bonds.

The Subordinate Reserve Fund is currently, and will be at the time of issuance of the Subordinate Series 2019 Bonds, funded with cash and securities. No portion of the Subordinate Reserve Fund has been, or will be at the time of issuance of the Subordinate Series 2019 Bonds, funded with a Debt Service Reserve Fund Surety Policy.

Additional Subordinate Obligations

The Master Subordinate Indenture provides the Commission with flexibility as to establishing the nature and terms of any Additional Subordinate Obligations. Additional Subordinate Obligations may be issued under the Master Subordinate Indenture provided, among other things, there is delivered to the Subordinate Trustee either:

(a) a certificate prepared by an Authorized Commission Representative showing that the Subordinate Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Obligations or preceding the first issuance of the proposed Subordinate Program Obligations were at least equal to 110% of Subordinate Maximum Aggregate Annual Debt Service with respect to all Outstanding Subordinate Obligations, Unissued Subordinate Program Obligations, and the proposed Series of Subordinate Obligations, calculated as if the proposed Series of Subordinate Obligations and the full Subordinate Authorized Amount of such proposed Subordinate Program Obligations (as applicable) were then Outstanding; or

(b) a certificate, dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (both dates inclusive), prepared by a Consultant showing that:

(i) the Subordinate Revenues, together with any Transfer (as calculated by said Consultant), for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Obligations or the establishment of a Subordinate Program, were at least equal to 110% of the sum of the Subordinate Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations for such applicable period;

(ii) for the period, if any, from and including the first full Fiscal Year following the issuance of such proposed Series of Subordinate Obligations through and including the last Fiscal Year during any part of which interest on such Series of Subordinate Obligations is expected to be paid from the proceeds thereof, the Consultant estimates that the Commission will be in compliance with the Subordinate Obligation rate covenant, as described above under “Subordinate Rate Covenant”; and

(iii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Subordinate Obligations during which no interest on such Series of Subordinate Obligations is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Subordinate Obligations, or (B) the third full Fiscal Year during which no interest on such Series of Subordinate Obligations is expected to be paid from the proceeds thereof, the estimated Subordinate Revenues, together with any estimated Transfer, for each such Fiscal Year, will be at least equal to 110% of the Subordinate Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Subordinate Obligations, Unissued Subordinate Program Obligations and calculated as if the proposed Series of Subordinate Obligations and the full Subordinate Authorized Amount of such proposed Subordinate Program Obligations (as applicable) were then Outstanding.

For purposes of paragraph (a) above, no Transfer may be taken into account in the computation of Revenues by the Authorized Commission Representative. For purposes of paragraph (b) above, the amount of any Transfer taken into account cannot exceed 10% of the Subordinate Aggregate Annual Debt Service on the Outstanding Subordinate Obligations, the Unissued Subordinate Program Obligations, the proposed Series of Subordinate Obligations and the full Subordinate Authorized Amount of such proposed Subordinate Program Obligations (as applicable) in such applicable Fiscal Year.

Additionally, when issuing Additional Subordinate Obligations the Commission may, for purposes of determining compliance with the additional bonds test described in paragraphs (a) and (b) above, exclude the following amounts from its calculation of Subordinate Maximum Aggregate Annual Debt Service or Subordinate Aggregate Annual Debt Service, as the case may be: (i) debt service on Subordinate Obligations which is payable from PFCs specifically and irrevocably committed to the payment of debt service on such Subordinate Obligations, and (ii) debt service on Subordinate Obligations which is payable from moneys, such as federal grants, specifically and irrevocably committed or deposited with the Subordinate Trustee to pay such debt service on such Subordinate Obligations. See “—Use of PFCs to Pay Debt Service” above. See also “CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the 2019-20 CIP and 2021-25 CIP Projects—Passenger Facility Charges.”

For purposes of paragraphs (b)(ii) and (iii) above, in estimating Subordinate Revenues and any applicable Transfer, the Consultant may take into account (1) Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the Commission and will be in effect during the period for which the estimates are provided, (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Maintenance and Operation Expenses of the Airport System, the Consultant may use such assumptions as the Consultant believes to be reasonable, taking into account: (i) historical Maintenance and Operation Expenses of the Airport System, (ii) Maintenance and Operation Expenses associated with the Projects and any other new Airport Facilities, and (iii) such other factors, including inflation and changing operations or policies of the Commission, as the Consultant believes to be appropriate. The Consultant will include in the certificate or in a separate accompanying report a description of the

assumptions used and the calculations made in determining the estimated Subordinate Revenues and any applicable Transfer and will also set forth the calculations of Subordinate Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

At the time of issuance of the Subordinate Series 2019 Bonds, an Authorized Commission Representative will deliver a certificate as described in paragraph (a) above to the Subordinate Trustee.

Neither of the certificates described above under paragraphs (a) or (b) will be required:

(i) if such Subordinate Obligations are being issued for the purpose of refunding then Outstanding Subordinate Obligations and there is delivered to the Subordinate Trustee, instead, a certificate of an Authorized Commission Representative showing that Subordinate Aggregate Annual Debt Service after the issuance of such Refunding Subordinate Obligations will not exceed Subordinate Aggregate Annual Debt Service prior to the issuance of such Refunding Subordinate Obligations, for each Fiscal Year;

(ii) if such Subordinate Obligations constitute Subordinate Notes and there is delivered to the Subordinate Trustee, instead, a certificate prepared by an Authorized Commission Representative showing that the principal amount of the proposed Subordinate Notes being issued, together with the principal amount of any Subordinate Notes then Outstanding, does not exceed 10% of the Subordinate Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Subordinate Notes and there is delivered to the Subordinate Trustee a certificate of an Authorized Commission Representative setting forth calculations showing that for each of the Fiscal Years during which the Subordinate Notes will be Outstanding, and taking into account the debt service becoming due on such Subordinate Notes, the Commission will be in compliance with the rate covenant established by the Master Subordinate Indenture; or

(iii) if such Subordinate Obligations are being issued to pay costs of completing a Project for which Subordinate Obligations have previously been issued and the principal amount of such Subordinate Obligations being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Subordinate Obligations originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of an Authorized Commission Representative and there is delivered to the Subordinate Trustee (A) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (B) a certificate of an Authorized Commission Representative to the effect that (1) all of the proceeds (including investment earnings on amounts in the Subordinate Construction Fund allocable to such Project) of the original Subordinate Obligations issued to finance such Project have been or will be used to pay Costs of the Project and (2) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Subordinate Construction Fund established for the Project (including unspent proceeds of Subordinate Obligations previously issued for such purpose).

In addition to the Subordinate Series 2019 Bonds, the Commission expects to issue Additional Subordinate Obligations in the future to finance the development of the Airport System. See "CAPITAL IMPROVEMENT PROGRAM."

Use of PFCs to Pay Debt Service

The Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), as implemented by the FAA pursuant to published regulations (the "PFC Regulations"), permits public

agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a \$1.00, \$2.00 or \$3.00 PFC with certain qualifying airports permitted to charge a maximum PFC of \$4.50. Under the PFC Act, the proceeds from PFCs are required to be used to finance eligible airport-related projects (including paying the debt service on bonds issued to finance such projects) that serve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among Air Carriers. The Commission currently charges all enplaning passengers at the Airport a PFC of \$4.50. See “CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the 2019-20 CIP and 2021-25 CIP Projects—Passenger Facility Charges” for additional information about PFCs collected by the Commission.

The definition of Revenues does not include PFCs, except to the extent included in Revenues through the execution and delivery of a Supplemental Senior Indenture, which has not occurred to date. However, the definitions of Senior Aggregate Annual Debt Service and Subordinate Aggregate Annual Debt Service provide that, if PFCs have been irrevocably committed or are held by the Senior Trustee or the Subordinate Trustee, as applicable, or another fiduciary and are to be set aside exclusively to be used to pay principal of and/or interest on the Senior Bonds and/or the Subordinate Obligations, as applicable, then such principal and/or interest may be excluded from the calculation of Senior Aggregate Annual Debt Service or Subordinate Aggregate Annual Debt Service, as applicable; thus decreasing Senior Aggregate Annual Debt Service and/or Subordinate Aggregate Annual Debt Service, as applicable, and increasing debt service coverage for purposes of the rate covenants and the additional bonds tests under the Master Senior Indenture and/or the Master Subordinate Indenture.

Pursuant to the PFC Resolution, the Commission has irrevocably committed a portion of the 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:

TABLE 1
Metropolitan Airports Commission
Irrevocably Committed PFCs

<u>Fiscal Year</u>	<u>Irrevocably Committed PFCs</u>	<u>Fiscal Year</u>	<u>Irrevocably Committed PFCs</u>
2019	\$9,337,650	2025	\$9,337,650
2020	9,339,400	2026	9,334,900
2021	9,337,900	2027	9,334,650
2022	9,332,650	2028	9,465,900
2023	9,333,150	2029	9,467,625
2024	9,333,400	2030	9,462,475

Source: Metropolitan Airports Commission.

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, in its sole discretion, use excess PFCs to pay additional debt service on PFC Eligible Bonds. In the past, the Commission has utilized all of the irrevocably committed PFCs and additional PFCs to pay the debt service on the PFC Eligible Bonds; and the Commission expects to continue to do this in the future. In Fiscal Years 2017 and 2018, the Commission used \$8.8 million and \$8.0 million, respectively, of PFCs to pay debt service on the Prior Senior Bonds, and \$18.6 million and \$18.3 million, respectively, of PFCs to pay debt service on the Prior Subordinate Bonds. The Commission expects to use between approximately \$4.2 million and \$13.2 million of PFCs each Fiscal Year between Fiscal Years 2019 and 2025, respectively, to pay debt service on the Senior Bonds. Additionally, the Commission expects to use between approximately \$13.9 million and \$24.8 million of PFCs each Fiscal Year between Fiscal Years 2019 and 2025, respectively, to pay debt service on the Subordinate Obligations. See “AGREEMENTS WITH AIRLINES AND OTHER CONCESSIONAIRES—Airline Lease Agreements” for additional information regarding certain agreements the Commission has made with respect to the use of PFCs.

Use of CFCs to Pay Debt Service and Other Costs

Pursuant to the CFC Ordinance, the on-Airport rental car companies are currently required to collect a CFC of \$5.90 per transaction day from their customers and pay the collected CFCs to the Commission. The Commission’s budget for the year ending December 31, 2019 included CFC collections of approximately \$22 million.

CFCs are included in Revenues, however, per the provisions of the CFC Ordinance, CFCs can only be used to pay debt service on Senior Bonds or Subordinate Obligations issued to finance the construction of on-Airport rental car facilities, the Maintenance and Operation Expenses of the on-Airport rental car facilities and certain other costs and expenses associated with the on-Airport rental car facilities. CFCs are currently used to pay debt service on the Subordinate Series 2012A Bonds (a portion of the proceeds of which financed the construction of the rental car facilities located in the parking garage at Terminal 2), and the Subordinate Series 2016E Bonds (a portion of the proceeds of which are being used to finance the construction of the rental car facilities located in the new parking garage at Terminal 1). CFCs are not available to pay the debt service on any of the Subordinate Series 2019 Bonds, the Prior Senior Bonds or the Prior Subordinate Bonds (except the Subordinate Series 2012A Bonds and the Subordinate Series 2016E Bonds). CFCs also are used to pay the Maintenance and Operation Expenses of the on-Airport rental car facilities and certain other costs and expenses associated with the on-Airport rental car facilities. See “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Additional Senior Bonds and/or Subordinate Obligations” and “CAPITAL IMPROVEMENT PROGRAM.” Also see “AGREEMENT WITH AIRLINES AND OTHER CONCESSIONAIRES—Rental Car Lease Agreements.”

Pursuant to the provisions of the CFC Ordinance, the current per transaction day CFC is \$5.90. In accordance with the provisions of the CFC Ordinance, in November 2019, Commission management expects to ask the Commission to maintain the CFC at \$5.90 per transaction day until January 1, 2025. Commission management has determined that the current per transaction day CFC of \$5.90 is sufficient to recover the capital costs of the on-Airport rental car facilities, the Maintenance and Operation Expenses of the on-Airport rental car facilities and the other costs and expenses associated with the on-Airport rental car facilities that can be paid with CFCs per the CFC Ordinance. Beginning on January 1, 2025, or anytime thereafter, the Commission may increase or decrease the per transaction day CFC to a level that is sufficient to recover the capital costs of the current, additional or new on-Airport rental car facilities, the Maintenance and Operation Expenses of the on-Airport rental car facilities and the other costs and expenses associated with the on-Airport rental car facilities that can be paid with CFCs per the CFC Ordinance. Pursuant to the CFC Ordinance, the CFC can only be adjusted every five years.

Permitted Investments

Moneys and funds held by the Commission will be invested in Permitted Investments, subject to any restrictions set forth in the Senior Indenture and the Subordinate Indenture and subject to restrictions imposed upon the Commission by the Act. Moneys and funds held by the Subordinate Trustee under the Subordinate Indenture, including moneys in the respective Subordinate Debt Service Funds (and the accounts therein) and the Subordinate Reserve Fund, may be invested as directed by the Commission in Permitted Investments, subject to the restrictions set forth in the Subordinate Indenture and subject to restrictions imposed upon the Commission by the Act. The Commission's current investment policy provides that investments cannot exceed a maturity of four years, except for funds designated for the payment of post-retirement medical expenses, which have a 10-year maturity limit. See "FINANCIAL INFORMATION—Investment Policy."

Events of Default and Remedies; No Acceleration

Subordinate Events of Default under the Subordinate Indenture and related remedies are described in "APPENDIX C-3—SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Defaults and Remedies." The occurrence of a Subordinate Event of Default does not grant any right to accelerate payment of the Subordinate Obligations to either the Subordinate Trustee or the Holders of the Subordinate Obligations (including the Subordinate Series 2019 Bonds). The Subordinate Trustee is authorized to take certain actions upon the occurrence of a Subordinate Event of Default, including proceedings to enforce the obligations of the Commission under the Subordinate Indenture. If there is a Subordinate Event of Default, payments, if any, on the Subordinate Obligations will be made after payments of Maintenance and Operation Expenses of the Airport System and after the payment of debt service and reserve and repayment requirements on and relating to the Senior Parity Bonds. Since Subordinate Revenues are Revenues net of all amounts needed to pay Maintenance and Operation Expenses of the Airport System and debt service and reserve and repayment requirements on and relating to the Senior Parity Bonds, and the Commission is not subject to involuntary bankruptcy proceedings, the Commission may be able to continue indefinitely collecting Revenues and applying them to the operation of the Airport System and the payment of debt service and reserve and repayment requirements on and relating to the Senior Parity Bonds even if a Subordinate Event of Default has occurred and no payments are being made on the Subordinate Obligations.

OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE

Prior Senior Bonds

Pursuant to the Senior Indenture, the Commission has previously issued and, as of August 1, 2019, there was outstanding \$680,695,000 aggregate principal amount of its Prior Senior Bonds. The Prior Senior Bonds are secured by a pledge and lien on Net Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Flow of Funds." The following table sets forth certain information about the Prior Senior Bonds as of August 1, 2019.

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TABLE 2
Metropolitan Airports Commission
Prior Senior Bonds
(as of August 1, 2019)

<u>Series</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>	<u>Final Maturity Date</u>
2009A ¹	\$ 23,075,000	\$ 5,125,000	1/1/2022
2009B ¹	128,835,000	31,955,000	1/1/2022
2010A ¹	62,210,000	62,210,000	1/1/2035
2010B ¹	73,475,000	47,115,000	1/1/2028
2016A	330,690,000	330,690,000	1/1/2032
2016C	<u>207,250,000</u>	<u>203,600,000</u>	1/1/2046
Total	<u>\$825,535,000</u>	<u>\$680,695,000</u>	

¹ See “PLAN OF FINANCE—Refunding of Refunded Bonds” for a discussion of the planned refunding and defeasance of the Senior Series 2009A Bonds, the Senior Series 2009B Bonds, the Senior Series 2010A Bonds and the Senior Series 2010B Bonds.

Source: Metropolitan Airports Commission.

Subordinate Obligations

General. The Subordinate Obligations currently consist of the Prior Subordinate Bonds and the Subordinate Revolving Obligations. The Subordinate Obligations are secured by a pledge and lien on Subordinate Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Flow of Funds.”

Prior Subordinate Bonds. Pursuant to the Subordinate Indenture, the Commission has previously issued and, as of August 1, 2019, there was outstanding \$652,760,000 aggregate principal amount of its Prior Subordinate Bonds. The following table sets forth certain information about the Prior Subordinate Bonds as of August 1, 2019.

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TABLE 3
Metropolitan Airports Commission
Prior Subordinate Bonds
(as of August 1, 2019)

Series	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
2010C ¹	\$ 21,600,000	\$ 3,115,000	1/1/2024
2010D ¹	68,790,000	22,205,000	1/1/2024
2011A	52,015,000	34,150,000	1/1/2025
2012A	39,770,000	6,025,000	1/1/2020
2012B	42,015,000	42,015,000	1/1/2031
2014A	217,790,000	203,765,000	1/1/2035
2014B	46,590,000	31,245,000	1/1/2026
2016B	152,190,000	124,790,000	1/1/2024
2016D	23,410,000	22,355,000	1/1/2041
2016E	<u>171,690,000</u>	<u>163,095,000</u>	1/1/2034
Total	<u>\$835,860,000</u>	<u>\$652,760,000</u>	

¹ See “PLAN OF FINANCE—Refunding of Refunded Bonds” for a discussion of the planned refunding and defeasance of the Subordinate Series 2010C Bonds and the Subordinate Series 2010D Bonds.

Source: Metropolitan Airports Commission.

Subordinate Revolving Obligations. Pursuant to the Master Subordinate Indenture, the Seventeenth Supplemental Subordinate Indenture and the Subordinate Revolving Obligations Credit Agreement, the Commission is authorized to issue and have outstanding, from time to time, up to \$150,000,000 in aggregate principal amount of Subordinate Revolving Obligations. As of August 1, 2019, the Commission had \$71,030,500 aggregate principal amount of Subordinate Revolving Obligations outstanding. On October 4, 2019, the Commission expects to repay \$20,650,000 of the Subordinate Revolving Obligations with a portion of the proceeds of the Subordinate Series 2019B Bonds and certain other available moneys of the Commission. All Subordinate Revolving Obligations issued by the Commission are purchased by the Subordinate Revolving Obligations Bank (Wells Fargo Bank, National Association) in accordance with the terms of the Subordinate Revolving Obligations Credit Agreement. Except as otherwise provided in the Subordinate Revolving Obligations Credit Agreement, the principal of all Subordinate Revolving Obligations outstanding pursuant the Master Subordinate Indenture, the Seventeenth Supplemental Subordinate Indenture and the Subordinate Revolving Obligations Credit Agreement are due and payable on October 26, 2020. However, subject to the terms of the Subordinate Revolving Obligations Credit Agreement, on October 26, 2020, the Commission can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable in twelve equal quarterly installments following October 26, 2020.

General Obligation Revenue Bonds

The Commission is authorized to issue up to \$55,051,875 of General Obligation Revenue Bonds without additional statutory authorization and without having to meet the requirements described under “APPENDIX C-2—SUMMARY OF THE MASTER SENIOR INDENTURE—Additional Senior Bonds.” Such General Obligation Revenue Bonds would have a pledge of and lien on Net Revenues on parity, except as to timing of payment, with the Senior Bonds. As of the date of this Official Statement,

the Commission has no General Obligation Revenue Bonds outstanding, and has no plans to issue any of the authorized \$55,051,875 of General Obligation Revenue Bonds.

If the Commission wanted to issue General Obligation Revenue Bonds in excess of \$55,051,875, it would be required to seek authorization from the Minnesota State Legislature and would have to comply with the additional bonds test set forth in the Master Senior Indenture. Any General Obligation Revenue Bonds issued in excess of the \$55,051,875 authorized amount would have a pledge of and lien on Net Revenues on parity, except as to timing of payment, with the Senior Bonds, or with a pledge of and lien on Subordinate Revenues on parity, except as to timing of payment, with the Subordinate Obligations (if such authority was granted by the Minnesota State Legislature). Such General Obligation Revenue Bonds could not have a pledge of and lien on Net Revenues senior to the Senior Bonds. See “— Flow of Funds” above.

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Debt Service Requirements

The following table sets forth the debt service funding requirements for the Prior Senior Bonds, the Prior Subordinate Bonds and the Subordinate Series 2019 Bonds, after the refunding and defeasance of the Refunded Bonds.

TABLE 4
Metropolitan Airports Commission
Debt Service Requirements^{1,2}

Year Ended December 31	Prior Senior Bonds ^{3,4}	Prior Subordinate Bonds ⁵	Subordinate Series 2019A Bonds		Subordinate Series 2019B Bonds		Subordinate Series 2019C Bonds		Total Subordinate Bonds ⁷	Total Senior and Subordinate Bonds
			Principal	Interest ⁶	Principal	Interest ⁶	Principal	Interest		
2019	\$ 33,858,062	\$ 71,106,317	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 71,106,317	\$104,964,379
2020	30,307,300	64,337,146	3,025,000	5,973,956	18,075,000	10,224,356	3,360,000	1,931,067	106,926,525	137,233,825
2021	30,309,500	78,098,030	765,000	4,679,500	8,675,000	7,312,250	3,905,000	1,383,750	104,818,530	135,128,030
2022	30,309,250	82,677,568	1,620,000	4,641,250	6,840,000	6,878,500	4,105,000	1,188,500	107,950,818	138,260,068
2023	30,308,750	88,381,138	925,000	4,560,250	3,310,000	6,536,500	4,310,000	983,250	109,006,138	139,314,888
2024	71,567,500	49,365,698	935,000	4,514,000	3,100,000	6,371,000	4,520,000	767,750	69,573,448	141,140,948
2025	71,580,000	47,941,241	980,000	4,467,250	3,245,000	6,216,000	4,745,000	541,750	68,136,241	139,716,241
2026	71,575,000	49,195,891	1,030,000	4,418,250	3,415,000	6,053,750	4,985,000	304,500	69,402,391	140,977,391
2027	71,574,500	49,204,661	3,815,000	4,366,750	3,165,000	5,883,000	1,105,000	55,250	67,594,661	139,169,161
2028	71,567,500	49,326,475	6,415,000	4,176,000	3,210,000	5,724,750	—	—	68,852,225	140,419,725
2029	71,568,000	49,336,731	6,730,000	3,855,250	3,360,000	5,564,250	—	—	68,846,231	140,414,231
2030	49,554,000	49,325,390	7,070,000	3,518,750	3,540,000	5,396,250	—	—	68,850,390	118,404,390
2031	32,214,250	40,983,081	7,430,000	3,165,250	3,710,000	5,219,250	—	—	60,507,581	92,721,831
2032	13,897,750	28,600,658	7,800,000	2,793,750	3,900,000	5,033,750	—	—	48,128,158	62,025,908
2033	13,896,750	28,604,920	8,185,000	2,403,750	4,090,000	4,838,750	—	—	48,122,420	62,019,170
2034	13,898,250	14,144,000	8,595,000	1,994,500	4,295,000	4,634,250	—	—	33,662,750	47,561,000
2035	13,896,250	1,701,000	1,595,000	1,564,750	4,505,000	4,419,500	—	—	13,785,250	27,681,500
2036	13,895,000	1,697,500	1,675,000	1,485,000	4,735,000	4,194,250	—	—	13,786,750	27,681,750
2037	13,893,500	1,696,000	1,760,000	1,401,250	4,975,000	3,957,500	—	—	13,789,750	27,683,250
2038	13,895,750	1,696,250	1,850,000	1,313,250	5,230,000	3,708,750	—	—	13,798,250	27,694,000
2039	13,895,500	1,698,000	1,940,000	1,220,750	5,485,000	3,447,250	—	—	13,791,000	27,686,500
2040	13,896,750	1,701,000	2,040,000	1,123,750	5,760,000	3,173,000	—	—	13,797,750	27,694,500
2041	13,898,250	—	2,140,000	1,021,750	6,045,000	2,885,000	—	—	12,091,750	25,990,000
2042	13,893,750	—	2,245,000	914,750	6,340,000	2,582,750	—	—	12,082,500	25,976,250
2043	13,897,250	—	2,360,000	802,500	6,665,000	2,265,750	—	—	12,093,250	25,990,500
2044	13,897,000	—	2,480,000	684,500	6,995,000	1,932,500	—	—	12,092,000	25,989,000
2045	13,896,750	—	2,600,000	560,500	7,345,000	1,582,750	—	—	12,088,250	25,985,000
2046	—	—	2,730,000	430,500	7,710,000	1,215,500	—	—	12,086,000	12,086,000
2047	—	—	2,870,000	294,000	8,095,000	830,000	—	—	12,089,000	12,089,000
2048	—	—	3,010,000	150,500	8,505,000	425,250	—	—	12,090,750	12,090,750
Total	\$860,842,112	\$850,818,695	\$96,915,000	\$72,496,206	\$164,320,000	\$128,506,356	\$31,035,000	\$7,155,817	\$1,350,947,074	\$2,211,789,186

¹ Numbers may not total due to rounding to nearest dollar.

² Represents the Commission's debt service funding requirements for each Fiscal Year.

³ Includes debt service on the Prior Senior Bonds after the refunding and defeasance of the Refunded Senior Series 2009A Bonds, the Refunded Senior Series 2009B Bonds, the Refunded Senior Series 2010A Bonds and the Refunded Senior Series 2010B Bonds. See "PLAN OF FINANCE—Refunding of Refunded Bonds."

⁴ The Prior Senior Bonds have a parity lien on Net Revenues.

⁵ Includes debt service on the Prior Subordinate Bonds after the refunding and defeasance of the Refunded Subordinate Series 2010C Bonds and the Refunded Subordinate Series 2010D Bonds. See "PLAN OF FINANCE—Refunding of Refunded Bonds." Debt Service on the Subordinate Revolving Obligations (which may be Outstanding from time to time up to \$150 million aggregate principal amount) is not reflected in the table. As of August 1, 2019, \$71,030,500 aggregate principal amount of Subordinate Revolving Obligations were outstanding. On October 4, 2019, the Commission expects to repay \$20,650,000 of the Subordinate Revolving Obligations with a portion of the proceeds of the Subordinate Series 2019B Bonds and certain other available moneys of the Commission.

⁶ Includes interest to be paid with a portion of the proceeds of the Subordinate Series 2019A Bonds through January 1, 2023 and a portion of the proceeds of the Subordinate Series 2019B Bonds through July 1, 2023.

⁷ The Prior Subordinate Bonds, the Subordinate Revolving Obligations and the Subordinate Series 2019 Bonds have a parity lien on Subordinate Revenues.

Source: Metropolitan Airports Commission and Samuel A. Ramirez & Co., Inc.

Historical Debt Service Coverage

The following table sets forth the historical debt service coverage for Fiscal Years 2014 through 2018 on the Senior Bonds, the Subordinate Bonds and the Subordinate Revolving Obligations.

TABLE 5
Metropolitan Airports Commission
Historical Debt Service Coverage
(Dollars in Thousands)

Fiscal Year	Revenues¹ [a]	Maintenance and Operation Expenses of the Airport System¹ [b]	Net Revenues¹ [c]=[a]-[b]	Debt Service Requirement for Senior Parity Bonds^{1,2} [d]	Senior Debt Service Coverage^{3,4} [c]/[d]	Debt Service Requirement for Subordinate Obligations^{5,6} [e]	Total Debt Service Coverage^{7,4} [c]/([d]+[e])
2014	\$314,563	\$154,096	\$160,467	\$50,413	318%	\$47,480	164%
2015	322,101	158,170	163,931	48,084	341	50,599	166
2016	352,834	168,807	184,027	48,909	376	44,857	196
2017	366,898	177,052	189,846	39,461	481	52,413	207
2018	409,392	192,916	216,476	31,240	693	58,326	242

¹ Calculated per the terms of the Master Senior Indenture.

² Includes Senior Annual Debt Service on the Senior Bonds outstanding during the respective Fiscal Years. Excludes Senior Annual Debt Service on the Senior Bonds paid with PFCs. The Commission applied \$9.6 million, \$11.8 million, \$11.3 million, \$8.8 million and \$8.0 million of PFCs to the payment of Senior Annual Debt Service on the Senior Bonds during Fiscal Years 2014, 2015, 2016, 2017 and 2018, respectively. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Use of PFCs to Pay Debt Service.”

³ Equals the debt service coverage on the Senior Bonds outstanding during the respective Fiscal Years. Senior Debt Service Coverage is not being provided to show compliance with the provisions of the rate covenant set forth in the Master Senior Indenture and as described under “APPENDIX C-2—SUMMARY OF THE MASTER SENIOR INDENTURE—Senior Rate Covenant.”

⁴ Does not include Transfer.

⁵ For Fiscal Years 2014 through 2017, the annual debt service requirement for the Subordinate Obligations was calculated based on the actual payment dates of the principal of and interest on the Subordinate Obligations, and for Fiscal Year 2018, the annual debt service requirement for the Subordinate Obligations was calculated based on the dates that deposits were made to the applicable debt service funds established and maintained for the Subordinate Obligations.

⁶ Includes Subordinate Annual Debt Service on the Subordinate Bonds and the Subordinate Revolving Obligations outstanding during the respective Fiscal Years. Excludes Subordinate Annual Debt Service on the Subordinate Bonds paid with PFCs. The Commission applied \$16.2 million, \$16.3 million, \$17.6 million, \$18.6 million and \$18.3 million of PFCs to the payment of Subordinate Annual Debt Service on the Subordinate Bonds during Fiscal Years 2014, 2015, 2016, 2017 and 2018, respectively. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Use of PFCs to Pay Debt Service.”

⁷ Equals the debt service coverage on the Senior Bonds, the Subordinate Bonds and the Subordinate Revolving Obligations outstanding during the respective Fiscal Years. Total Debt Service Coverage is not being provided to show compliance with the provisions of the rate covenants set forth in the Master Senior Indenture and the Master Subordinate Indenture. See “APPENDIX C-2—SUMMARY OF THE MASTER SENIOR INDENTURE—Senior Rate Covenant” and “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Subordinate Obligations—Subordinate Rate Covenant.”

Source: Metropolitan Airports Commission.

The definitions of Senior Aggregate Annual Debt Service and Subordinate Aggregate Annual Debt Service provide that, if PFCs have been irrevocably committed or are held by the Senior Trustee or the Subordinate Trustee or another fiduciary, as applicable, and are to be set aside exclusively to be used to pay principal of and/or interest on the Senior Bonds or the Subordinate Obligations, as applicable, then such principal and/or interest may be excluded from the calculation of Senior Aggregate Annual Debt Service and Subordinate Aggregate Annual Debt Service, as applicable; thus decreasing Senior Aggregate Annual Debt Service and Subordinate Aggregate Annual Debt Service, as applicable, and increasing debt service coverage for purposes of the rate covenants and the additional bonds tests under the Master Senior Indenture and the Master Subordinate Indenture. Pursuant to the PFC Resolution, the Commission irrevocably committed approximately \$9.3 million of PFCs to the payment of debt service on PFC Eligible Bonds in each Fiscal Year between Fiscal Years 2019 and 2030. While there is no assurance that the Commission will continue to do so in the future, in addition to the PFCs irrevocably committed to pay

debt service on PFC Eligible Bonds, the Commission has applied other PFCs to the payment of debt service on PFC Eligible Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Use of PFCs to Pay Debt Service.” See also “AGREEMENTS WITH AIRLINES AND OTHER CONCESSIONAIRES—Airline Lease Agreements” for additional information regarding certain agreements the Commission has made with respect to the use of PFCs.

Senior and Subordinate Repayment Obligations

Under certain circumstances, the obligation of the Commission, pursuant to a written agreement, to reimburse the provider of a Credit Facility or a Liquidity Facility (a “Repayment Obligation”) may be secured by a pledge of and lien on Net Revenues on parity with the Senior Bonds or secured by a pledge of and lien on the Subordinate Revenues on parity with the Subordinate Obligations (including the Subordinate Series 2019 Bonds). If a Credit Provider or Liquidity Provider advances funds to pay principal of or purchase Senior Bonds, all or a portion of the Commission’s Senior Repayment Obligation may be afforded the status of a Senior Bond under the Senior Indenture. If a Credit Provider or Liquidity Provider advances funds to pay principal of or purchase Subordinate Obligations, all or a portion of the Commission’s Subordinate Repayment Obligation may be afforded the status of a Subordinate Obligation under the Subordinate Indenture. The Commission currently does not have any Senior Repayment Obligations or Subordinate Repayment Obligations outstanding. See “APPENDIX C-2—SUMMARY OF THE MASTER SENIOR INDENTURE—Senior Repayment Obligations Afforded Status of Senior Bonds” and “APPENDIX C-3—SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Subordinate Repayment Obligations Afforded Status of Subordinate Obligations.”

Special Facility Obligations

The Commission may designate an existing facility or a planned facility as a “Special Facility” and may incur indebtedness in order to acquire, construct, renovate or improve such facility or to finance the acquisition, construction, renovation or improvement thereof by a third party. Additionally, the Commission may provide that certain contractual payments derived from or related to such Special Facility, together with other income and revenues available therefrom, will constitute “Special Facilities Revenue” and will not be included as Revenues, Net Revenues or Subordinate Revenues. Such indebtedness will constitute a “Special Facility Obligation” and will be payable solely from the Special Facilities Revenue. When Special Facility Obligations issued for a Special Facility are fully paid or otherwise discharged, all revenues received by the Commission from such facility will be included as Revenues. Special Facility Revenues that exceed the amount required to pay the principal of and interest on Special Facility Obligations when due, unless otherwise encumbered, may constitute Revenues as determined by the Commission. The Commission does not currently have any outstanding Special Facility Obligations. See “APPENDIX C-2—SUMMARY OF THE MASTER SENIOR INDENTURE—Special Facilities and Special Facility Obligations.”

Additional Senior Bonds and/or Subordinate Obligations

The 2021-25 CIP (which include phases of projects, the construction of which will begin during calendar years 2021 through 2025) contemplates the issuance of Additional Senior Bonds and/or Additional Subordinate Obligations in the approximate principal amount of \$140 million in 2022. See “CAPITAL IMPROVEMENT PROGRAM” for additional information on the Commission’s current capital improvement program. Additionally, the Commission continuously evaluates refunding opportunities and may refund one or more series of its Senior Bonds or Subordinate Obligations in the future.

THE COMMISSION

General

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 economic 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 potentialities of the Metropolitan Area as an aviation center. The Commission exercises its jurisdiction over any place within 35 miles of the city hall of the City of Minneapolis or the city hall of the City of St. Paul and over the Metropolitan Area. It has the responsibility to assure residents of the Metropolitan Area of the minimal 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 Commission may, under the Act, borrow money and issue bonds for the purpose of acquiring property, constructing and equipping new airports, acquiring existing airports, equipping, improving and making additions to such existing airports and making capital improvements to any airport constructed or acquired by the Commission. The Commission may contract with any person for the use by such person of any properties or facilities under the control of the Commission for purposes which will further the interests of aeronautics in the State, including, but not limited to, the right to lease any such properties or facilities, or any part thereof, to any person, the national government, or any foreign government, or any department of either, or to the State or any municipality. Other powers delegated to the Commission include the power to levy taxes against property in the Metropolitan Area required to pay debt service on any General Obligation Revenue Bonds issued by the Commission, to the extent debt service is not paid from Net Revenues, and to levy taxes not in excess of 0.00806% in each year upon the taxable market value of all property in the Metropolitan Area to pay costs of operation and maintenance of airport facilities. As of the date of this Official Statement, the Commission does not have any General Obligation Revenue Bonds outstanding, and the Commission does not currently levy taxes to pay Maintenance and Operation Expenses of the Airport System.

Certain capital projects of the Commission at the Airport requiring the expenditure of more than \$5,000,000, and other projects at the Reliever Airports requiring an expenditure of \$2,000,000, are required by law to be submitted for approval to the Metropolitan Council, a public agency established by law with powers of regulation over the development of the Metropolitan Area.

The Airport System

General. The Commission owns and operates seven airports within the Metropolitan Area including the Airport and the six Reliever Airports, which are used mainly for general aviation.

Minneapolis-St. Paul Airport. The Airport has been designated as the major scheduled passenger airport for the Metropolitan Area, located south and equidistant from the downtown areas of Minneapolis and St. Paul. See "MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT" for further discussion of the Airport.

Reliever Airports. In addition to the Airport, the Commission owns and operates the six Reliever Airports which mainly serve general aviation and constitute part of the Airport System. The six Reliever Airports include St. Paul Downtown Airport, Flying Cloud Airport, Crystal Airport, Anoka County/Blaine Airport, Lake Elmo Airport and Airlake Airport. The facilities at Airlake, Anoka County/Blaine, Crystal and Lake Elmo function as general aviation airports and are also used for pilot and

flight training. In addition, a control tower is operational at Crystal Airport and Anoka County/Blaine. Flying Cloud Airport functions as a general aviation field and is also served by a control tower operated by the FAA. The St. Paul Downtown Airport serves as a corporate reliever and an all-purpose general aviation field and is served by an FAA control tower.

Revenues from the Airport are used to cover certain shortfalls incurred by the Reliever Airports. However, in 2007, the Commission revised the Reliever Airport rental rate ordinance with the long-term goal to make the Reliever Airports as financially self-sustaining as possible. As a result of the revision of the Reliever Airport rental rate ordinance and certain agreements made with the Signatory Airlines, beginning with calendar year 2006, the Commission's annual subsidy from Airport revenues to the Reliever Airports is limited to \$300,000 per year, escalated annually by 3% (\$403,175 in 2016 dollars). However, there can be no assurance that unanticipated events will not occur with respect to one or more of the Reliever Airports which would require a substantial transfer of Revenues to such airports. In Fiscal Years 2017 and 2018, the Reliever Airports had a combined net operating loss (including depreciation and interest for projects financed at the Reliever Airports) of \$2,837,000 and \$3,632,000, respectively.

Organization of the Commission

Commissioners. The Commission is governed by 15 Commissioners, 12 of whom are appointed by the Governor of the State of Minnesota (the "Governor") for four-year terms and one of whom is appointed by the Governor as chair of the Commission and serves at the pleasure of the Governor. The remaining two Commissioners are the mayors of St. Paul and Minneapolis, or their designees, who serve a term equal to the term of office of such mayor. Of the 12 Commissioners that are appointed by the Governor for terms of four years, eight are appointed from designated districts within the Metropolitan Area and four are appointed from outside of the Metropolitan Area. From time to time, there have been bills introduced in the Minnesota State Legislature that proposed changes to the membership of the Commission. To date, none of these bills has been passed by the Minnesota State Legislature and signed by the Governor; however, the Commission cannot predict if additional bills will be introduced in the future to change the membership of the Commission or, if introduced and ultimately adopted by the Minnesota State Legislature and signed by the Governor, what effect, if any, such changes might have on the Commission.

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The present Commissioners, their occupations and term expirations dates are set forth in the following table:

TABLE 6
Metropolitan Airports Commission
Commissioners¹

<u>Name</u>	<u>Position</u>	<u>Occupation</u>	<u>Term Expires</u>
Rick King	Chair	Executive Vice President, Thomson Reuters	N/A ²
Yodit Bizen	Commissioner	Certified Occupational Therapy Assistant, Home Services Server, HMS Host and MidField Concessions	January 2023
Katie Clark Sieben	Commissioners	Director, Cargill Foundation	January 2021
Steve Cramer	Commissioner	President and CEO, Minneapolis Downtown Council and Downtown Improvement District	January 2021
Carl Crimmins	Commissioner	Retired; Current President of Minnesota Pipes Trades Association	January 2023
James Deal	Commissioner	Retired; Former Owner and Chairman of the Board of NAU	January 2021
Leili Fatehi ³	Commissioner	Owner and Principal, Apparatus	Term of Office
Patti Gartland	Commissioner	President, Greater St. Cloud Development Corporation	January 2022
Richard Ginsberg	Commissioners	Owner, The Rotunda Group	January 2021
Dixie Hoard	Commissioner	Realtor; Retired Flight Attendant	January 2023
Ikram Koliso ⁴	Commissioner	Policy Associate, Mayor Carter's Administration	Term of Office
Donald Monaco	Commissioner	Owner, Monaco Air Duluth, LLC	January 2021
Randy Schubring	Commissioner	Director, State Govt. Relations & Policy Development, Mayo Clinic	January 2020
Rodney Skoog	Commissioner	Administrator/Fund Coordinator, Minnesota Laborers Fringe Benefit Funds	January 2023

¹ One position on the Commission is currently vacant and the Governor of the State of Minnesota is currently in the process of appointing a new member.

² Serves at the pleasure of the Governor of the State of Minnesota.

³ Representative of the Mayor of the City of Minneapolis. Term expires when the Mayor's term in office expires.

⁴ Representative of the Mayor of the City of St. Paul. Term expires when the Mayor's term in office expires.

Administration. Management and operation of the Commission are accomplished by the Executive Director/Chief Executive Officer through his staff. The Commission is organized into five divisions which include Executive; Finance and Revenue Development; Planning, Development and

Environment; Management and Operations; and Strategy and Community/Stakeholder Engagement. The following table sets forth the responsibilities of the five divisions.

TABLE 7
Metropolitan Airports Commission
Organization

Division	Responsibilities
Executive Division	Internal Audit, Legal Affairs, Governmental Affairs, and Information Technology
Finance and Revenue Development Division	Finance, Purchasing and Risk/Insurance/Safety, Human Resources and Labor Relations, Commercial Management and Airline Affairs
Planning, Development and Environmental Division	Airport Development and Environment
Management and Operations Division	MSP Airport Operations, Fire, Police, and Reliever Airports
Strategy and Community/Stakeholder Engagement Division	Corporation Communications and Creative Services, Strategic Marketing, Stakeholder Engagement, and Community Relations

Chair and Administrative Staff.

Rick King, Chair. Governor Walz appointed Mr. King to serve as Chair of the Commission in June 2019. He was first appointed to the Commission in 2011 and reappointed in 2015. Mr. King is the past chair of the Commission’s Management and Operations Committee and the Planning, Development and Environment Committee. He has been with Thomson Reuters since 2000 and currently serves as its Executive Vice President, Operations. Prior to Thomson Reuters, Mr. King held executive-level positions at Ceridian Employer Services, Jostens Learning and WICAT Systems Inc. He began his career as a teacher and coach in Vermont. Mr. King was elected to the board of directors of TCF Financial Corporation in 2014. He serves on the board of trustees for Minnesota Public Radio, Minneapolis Institute of Art, Greater MSP (the regional economic development council), and Minnesota Business Partnership. Mr. King was named by Governor Walz to chair the Governor’s Blue Ribbon Council on Information Technology in February 2019, and he chaired Minnesota’s Ultra High-Speed Broadband Task Force between 2008 and 2009. In 2012, Mr. King was named one of the “200 People to Watch” by Twin Cities Business and won the CIO Career Achievement Award from the Minneapolis St Paul Business Journal. Previously, he was honored as Minnesota’s 2008 Technology Executive of the Year by the Minnesota High Tech Association and was named to Computerworld’s Top 100 Leaders in IT in 2007. Mr. King earned bachelor’s and master’s degrees from the University of Vermont.

Brian D. Ryks, Executive Director/Chief Executive Officer. Mr. 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-North America (“ACI-NA”), is the Chairman of the ACI Audit Committee, represents ACI-NA on its World Governing Board and is a member of the AA AE Policy Review Committee. He also holds a professional affiliation with the Great Lakes Chapter of AA AE (“GL-AAAE”) and is Past President of GL-AAAE.

*Stephen L. Busch, Chief Financial Officer/Treasurer.*¹ Mr. Busch was appointed Vice President, Finance and Administration in June 2008. He also serves as Treasurer of the Commission. Prior to his current appointment he served as Director of Finance of the Commission for 12 years. Mr. Busch has worked for the Commission since 1981. He received his Bachelor of Science degree from St. Johns University and holds a Masters of Business Administration degree from the University of St. Thomas. Prior to his employment with the Commission, he worked for three years at Control Data Corporation and Emmer Distribution Centers, a lumber wholesaler, for one year. In addition, he is a member of the Government Finance Officers Association and is involved with ACI Economic Committee and ACI CFO Committee issues.

Eduardo Valencia, Chief Information Officer. Mr. Valencia was appointed Chief Information Officer in June 2016. He is responsible for overseeing the Commission’s Information Technology Division. Mr. Valencia previously held positions with the State of Minnesota’s Office of Enterprise Technology, where he started in 2008 as the State’s Chief Technology Officer. In 2011, he was appointed deputy commissioner of the Minnesota Information Technology organization (MN.IT). Prior to his role at MN.IT, Mr. Valencia served as chief information officer for the Minnesota Department of Employment and Economic Development, where he led the implementation of projects such as the unemployment insurance integrated technology initiative, the Minnesota Works premier job bank rebuild, and the development of cross-agency, cross-public sector customer relationship management solutions for economic and labor development purposes. Mr. Valencia holds a B.A. in economics and Spanish from the University of North Dakota and a masters in Management of Technology from the University of Minnesota.

Roy R. Fuhrmann, Chief Operating Officer. Mr. Fuhrmann was appointed Chief Operating Officer in January 2018. He is responsible for overseeing the Management and Operations Division, Planning Development and Environment Division, Public Safety Division, Safety Management Systems and Customer Data and Analytics. He also serves as the Chair of the Customer Service Action Council at the Airport and as the Commission representative to the South Metro Public Safety Training Facility. Mr. Fuhrmann previously served as the Vice President of Management and Operations for six years, Director of Environment for 11 years and has worked for the Commission at various organizational levels since 1991. Mr. Fuhrmann holds a Bachelor of Arts degree in Airport Administration from the University of North Dakota. He also served for over 22 years in the military as an Aviation Commander and in staff and flying positions during multiple deployments. Mr. Fuhrmann is Vice Chair of ACI’s Operations and Technical Affairs Committee and previously served as the Chair of the ACI Environmental Affairs Committee. He is an active commercial, instrument pilot and aircraft owner

¹ Mr. Busch has announced that he will be retiring on August 31, 2019. The Commission is currently in the process of searching for a replacement for Mr. Busch.

Atif Saeed, Vice President, Finance and Revenue Development. Mr. Saeed was appointed Vice President, Finance and Revenue Development in October 2017. He oversees the Finance, Commercial Management, Airline Affairs, and Risk and Insurance functions. Mr. Saeed joined the Commission in June 2015 and served as Assistant Director, MSP Operations/Landside before being appointed to his current role. Mr. Saeed previously held positions with the City of Atlanta at Hartsfield Jackson International Airport and the City of Minneapolis Public Works Department with a focus on the management of revenue-generating enterprises. Mr. Saeed received his Bachelor of Science in Business Management from University of Phoenix and holds a Master of Business Administration from Arizona State University's W.P. Carey School of Business. He is also a graduate of the Senior Executives in State and Local Government program at the Harvard Kennedy School of Government. Mr. Saeed holds and maintains a number of certifications, including Accredited Airport Executive from AAAE, International Airport Professional from ACI-NA and Certified Administrator of Public Parking from International Parking and Mobility Institute.

James J Laurent, Vice President Human Resources and Labor Relations. Mr. Laurent was appointed Vice President, Human Resources and Labor Relations in March 2012. In addition to human resources and labor relations functions, Mr. Laurent's department is responsible for diversity, equity and inclusion including certification and management of disadvantaged business enterprise/targeted group businesses compliance. His department also is responsible for employee engagement and training. Prior to his current appointment, Mr. Laurent served for more than 11 years as the Labor Relations Manager with the Commission. Prior to his employment with the Commission, he practiced for more than six years in the employment and labor relations field with Northwest Airlines and approximately four years with Hennepin County. Mr. Laurent is a licensed attorney who holds a Bachelor of Arts Degree in Political Science from the University of Minnesota, Duluth and a Juris Doctorate from William Mitchell College of Law.

Chad E. Leqve, Vice President – Management and Operations. Mr. Leqve was appointed Vice President, Management and Operations in June 2018. He is responsible for the facility, landside, airside and field maintenance operations at the Airport, management and operation of the Reliever Airport system and customer service programs at all of the airports in the Airport System. Prior to his current appointment, Mr. Leqve served as the Director of Environment for 5 years and has worked at the Commission at various organizational levels since 1996. Mr. Leqve holds a Bachelor of Science degree in Aviation Management from Saint Cloud State University and is a certified pilot. He has served in numerous leadership roles as an ongoing member of ACI-NA. Mr. Leqve has served on numerous national teams addressing industry challenges related to airport/aircraft operations, airspace optimization and safety, efficiency, environmental performance, planning, regulatory compliance, and operation optimization through technology development/integration.

Bridget Rief, Vice President, Planning and Development. Ms. Rief was appointed Vice President, Planning and Development in July, 2017. She is responsible for overseeing the planning, design, construction and environmental compliance at the Airport and the Reliever Airports. Ms. Rief also leads the effort in developing and implementing the Commission's annual CIP. She plays a key role in coordinating projects with other departments of the Commission, as well as completing planning documents and environmental reviews. Ms. Rief has been involved with public works and aviation for 26 years, with the last 21 of them at the Commission. She graduated from the University of Minnesota with a Civil Engineering degree. She is also a graduate of the Hamline University Public Works Leadership Academy.

Naomi Pesky, Vice President, Strategy and Stakeholder Engagement. Ms. Pesky was appointed Vice President, Strategy and Stakeholder Engagement in April 2018. She oversees an in-house team of professions who serve as stewards of strategy, develop strategic communications and create stakeholder

champions to ensure the Commission delivers on its mission, vision and strategic plan. Specific functions that are in her division include corporate communications, creative services, stakeholder engagement, marketing, air service development, strategic planning and sustainability. Ms. Pesky has held leadership roles in corporate and nonprofit organizations. Before joining the Commission, she was vice president of external relations at Hennepin Theatre Trust, a performing arts organization in Minneapolis. Prior to that, Ms. Pesky held leadership roles at The Saint Paul and Minnesota Foundations and General Mills. Ms. Pesky is an active leader in the community and serves on the board of Temple Israel in Minneapolis. She has a Bachelor of Arts from Northwestern University and a master's degree in business administration from the Ross School of Business at the University of Michigan. She also was a 2012-2013 policy fellow at the Humphrey School of Public Affairs at the University of Minnesota.

Cameron Boyd, General Counsel. Mr. Boyd was appointed General Counsel in October 2017. Mr. Boyd has served as in-house counsel at the Commission since 2004. He is responsible for overseeing the Commission's Legal Affairs department and advises the Commission and its staff regarding legal matters. Prior to joining the Commission, Mr. Boyd was a commercial litigation associate with the law firm of Lindquist & Vennum, P.L.L.P. (since merged with and known as Ballard Spahr LLP). Mr. Boyd received his juris doctorate from the University of Minnesota and his Bachelor of Arts degree in behavioral science and law from the University of Wisconsin – Madison. Mr. Boyd is a member of various trade organizations and sits on the steering group of the Legal Committee for ACI-NA.

Robert C. Schauer, Director of Finance. Mr. Schauer was appointed Director of Finance in August 2008. Prior to his current appointment, he served as Assistant Director of Finance and Manager of Accounting and Finance of the Commission for 20 years. Mr. Schauer has worked for the Commission since 1983. He received his Bachelor of Arts degree and Masters of Business Administration degree from the University of St. Thomas. Mr. Schauer is a Certified Public Accountant and Certified Treasury Professional. Prior to his employment with the Commission, he worked for St. Joseph's Hospital in St. Paul, Minnesota. In addition, he is a member of the Government Finance Officers Association and the Association for Finance Professionals.

Employees. As of July 1, 2019, approximately 655 full-time employees, including maintenance personnel, police officers, firefighters, clerical and professional persons, were employed by the Commission. Commission management believes its relationship with the employees is satisfactory. Certain employees of the Commission are unionized. The number of employees of the Commission represented by unions, the representative union and the date of expiration of respective union contracts are set forth in the following table.

[Remainder of page intentionally left blank.]

TABLE 8
Metropolitan Airports Commission
Union Representation of Employees

Union	Number of Employees	Expiration Date of Union Contracts
International Association of Fire Fighters, Local S-6 (representing fire fighters)	40	December 31, 2019
International Association of Fire Fighters, Local S-6 (representing fire captains)	9	December 31, 2019
International Brotherhood of Electrical Workers, Local 292	19	April 30, 2020
International Union of Operating Engineers, Local 49	20	December 31, 2019
International Union of Operating Engineers, Local 70	18	December 31, 2019
Lakes & Plains Regional Council of Carpenters	10	April 30, 2020
Law Enforcement Labor Services, Local 302 (Police Officers)	70	December 31, 2019
Law Enforcement Labor Services, Local 307 (Police Sergeants)	12	December 31, 2019
Law Enforcement Labor Services, Local 358	13	December 31, 2019
Law Enforcement Labor Services, Local 395 (Police Lieutenants)	5	December 31, 2019
Minnesota Teamsters Public and Law Enforcement Employees Union, Local 320	93	June 30, 2020
Painter's and Allied Trades, Local 386	10	April 30, 2020
United Association Plumbers, Local 34	<u>10</u>	April 30, 2020
Total	329	

Source: Metropolitan Airports Commission.

MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT

General

The Airport was opened in 1927 as Wold-Chamberlain Field, and was operated by the Minneapolis Park Board until 1943, when it was transferred by State law to the Commission. In 1946, the Commission designated the field as the primary Air Carrier airport for the Metropolitan Area and renamed the Airport the Minneapolis-St. Paul International Airport-Wold-Chamberlain Field.

The Airport is primarily located within Hennepin County which is within the Minneapolis-St. Paul-Bloomington Metropolitan Statistical Area (the "MSA"). The MSA is composed of 16 counties located in the east-central region of the State and the western portion of Wisconsin. The Minnesota counties include Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Le Sueur, Mille Lacs, Ramsey, Scott, Sherburne, Sibley, Washington and Wright; and the Wisconsin counties include Pierce and St. Croix. The population of the MSA for 2018 was estimated by the U.S. Department of Commerce to be 3.6 million. See "APPENDIX A—REPORT OF AIRPORT CONSULTANT" for further discussion of the MSA.

Current Airport Facilities

Runways. The Airport maintains four air-transport-type runways, including two parallel northwest-southeast runways, one north-south runway and one northeast-southwest cross-wind runway. The runways provide operational facilities to cover varying wind conditions and are connected by a system of taxiways and aprons. In addition, all eight of the runway approach directions are equipped with high-intensity runway lighting and instrument landing systems which permit continuous operation under almost all weather conditions. The northerly northwest-southeast runway (Runway 12L/30R) is 8,200 feet long and 150 feet wide. The parallel northwest-southeast runway (Runway 12R/30L) is 10,000 feet

long and 200 feet wide. The north-south runway (Runway 17/35) is 8,000 feet long and 150 feet wide. The northeast-southwest runway (Runway 4/22), which is provided to cover other wind conditions, is 11,000 feet long and 150 feet wide. The runways, in the opinion of the Commission's engineers, have sufficient capacity and are of sufficient strength to permit the operation of the largest existing commercial aircraft. The boundaries of the Airport provide sufficient clear area for runway approaches to meet the requirements of the FAA. However, see "CERTAIN INVESTMENT CONSIDERATIONS—Regulations and Restrictions Affecting the Airport—Restrictions on Use of Runway 17/35."

Terminal Facilities. Passenger terminal facilities at the Airport are located in two separate buildings: Terminal 1 and Terminal 2. International arrivals facilities ("IAF") at the Airport are located in both of the passenger terminal facilities. Terminal 1 and Terminal 2 are connected by the light rail system that runs between downtown Minneapolis and the Mall of America (the "Light Rail System"). The Light Rail System includes stations at Terminal 1 and Terminal 2. Passengers are allowed to ride the Light Rail System between Terminal 1 and Terminal 2 free of charge. During peak traffic times during the year, a shuttle bus also provides transportation between Terminal 1 and Terminal 2, which are approximately 3.5 miles apart.

Terminal 1 is a three level structure consisting of approximately 2.8 million square feet of space, of which approximately 1.3 million square feet are considered rentable. Terminal 1 currently consists of one terminal (the "Main Building") and seven concourses designated as the A, B, C, D, E, F and G Concourses. Terminal 1 also includes the principal IAF; the ground transportation center; and a valet parking garage, which is located beneath the terminal. The seven concourses, which extend from the Main Building, provide a total of 104 aircraft gates, of which 103 utilize passenger loading bridges and one of which supports three hard-stand positions used for ground boarding small aircraft. Concourses A and B are comprised of 11 and 8 gates, respectively, and are leased to Delta which utilizes them for regional airline operations. Additionally, a hold room on Concourse B accommodates three hard stand positions.

Within Terminal 1 are ticketing facilities on the second level in the Main Building; security checkpoint locations on the second level in the Main Building and at the entrance to the G Concourse from the parking garage skyway; passenger boarding facilities on the second level in each of the seven concourses; baggage claim and the international arrivals waiting area on the ground or first level; and the ground transportation center, which contains covered space for shuttle and taxi pickup on the ground level. Concessions are located throughout Terminal 1, the majority of which are located past the security checkpoints. A coffee shop is located outside of the secure areas of Terminal 1 and is available to all visitors to the Airport, ticketed passengers and non-ticketed passengers.

The majority of international arrivals and departures at the Airport are conducted from the IAF on the G Concourse. The facility contains dual-purpose domestic-international gates that provide ten aircraft loading positions (at nine gates) with international arrival capability. The total processing capacity of this IAF is estimated to be approximately 800 passengers per hour.

Terminal 2 is a three-story structure consisting of approximately 639,000 square feet of space and 14 gates. Four of the 14 gates consist of international arrival facility gates. The Commission has designated Terminal 2 as a common use facility. There are five airlines with regularly scheduled service at Terminal 2. Typical utilization of the Terminal 2 gates consists of Sun Country primarily operating out of six gates, Southwest out of four gates and JetBlue out of one gate. Currently due to demand, the majority of the remaining Terminal 2 gate availability is used by Condor, Icelandair, Sun Country and Southwest on a common use basis.

Parking Facilities. The parking facilities located at the Airport currently provide approximately 23,425 public parking spaces. The on-Airport parking options include a valet garage, short-term and long-term parking located adjacent to and below Terminal 1, a “Quick Ride” parking ramp located approximately one mile from Terminal 1, and short-term and long-term parking located adjacent to Terminal 2.

The public parking facilities located adjacent to and below Terminal 1 contain 13,453 public parking spaces. The valet garage located beneath Terminal 1 provides 389 parking spaces, with the remaining 13,064 parking spaces contained in two seven-level parking garages and two nine-level parking garages that are connected to Terminal 1 and the G Concourse via an enclosed skyway and a surface parking lot located adjacent to the parking garages. The parking garages also can be accessed via the ground transportation center. Thirty percent of the two nine-level parking garages are utilized by the ten on-Airport rental car brands and the remaining 70% is utilized for public parking. See “CAPITAL IMPROVEMENT PROGRAM” for information regarding the construction of the new parking garage adjacent to Terminal 1, which is expected to open in 2020 and contain approximately 3,300 public parking spaces. Upon completion of the new parking garage, the rental car companies will move most of their operations to the new garage which will free-up approximately 1,700 parking spaces in the other parking garages at Terminal 1 that will be used for public parking.

The “Quick Ride” parking ramp was opened in March 2015 with 1,302 spaces and located approximately one mile from Terminal 1 on Northwest Drive. The facility is mainly used as an overflow parking garage for the parking facilities located adjacent to and below Terminal 1 during peak demand times.

The public parking facilities located adjacent to Terminal 2 currently provide approximately 8,670 public parking spaces that are contained in two nine-level parking garages. Two levels of one of the parking garages are used by the ten on-Airport rental car brands. Approximately 2,203 of the 8,670 public parking spaces are used for employee parking. If the parking garages near capacity, the employees are required to park in two surface parking lots located near Terminal 2, thereby freeing up the spaces for the public.

Four off-Airport private parking facilities serve passengers of the Airport and provide an estimated additional 5,450 automobile parking spaces.

Other Facilities. In addition to the facilities described above, the following facilities also are located at the Airport:

- Several Air Carriers have maintenance facilities located on the Airport, including Delta, Endeavor and Sun Country. Delta occupies two large hangar facilities (Delta Building B and Delta Building C) that include support functions such as office space, shops, engine-testing cells, computer facilities and storage. Delta Building B, can accommodate either three narrowbody or two 747-sized aircraft. Delta Building C has capacity to accommodate six narrowbody, two widebody, and two 747-400 aircraft simultaneously. Endeavor occupies a large hangar facility that was previously used by Delta for maintenance on 747 aircraft.

Sun Country is in the process of converting a hangar, that it leases from the Commission, into office space. Once completed, Sun Country will move its corporate headquarters to this space. The leased premises includes approximately 440,000 square feet.

- The Airport rescue and firefighting facility is located between the west end of Runways 12R/30L and 12L/30R. The facility is operated by the Commission and staffed with Commission employees.
- The Commission houses a portion of its administrative offices and buildings for maintenance facilities and equipment on the west side of the Airport along 28th Avenue.
- Various buildings and areas are used for cargo operations, including facilities for FedEx and UPS.
- The military occupies land along 34th Avenue between Runways 12R/30L and 12L/30R and a second area, located on the northeast side of the Airport; while not located on Airport property, the land contains taxiway connectors and a small section of apron area.

Aviation Activity

Airport Enplanements. The Airport is classified by the FAA as one of the large hub airports in the United States. According to ACI statistics, in calendar year 2017 (the latest available information), the Airport was the 17th busiest airport in the nation in terms of passenger volume and the 25th busiest airport in the nation in terms of total cargo. The following table sets forth total enplaned and deplaned passengers and cargo information for 2017 as reported by ACI for the Airport as compared to other airports in the United States.

TABLE 9
2017 Ranking of U.S. Airports
(for the 12 months ended December 31, 2017)

Total Passengers ¹			Total Cargo ¹		
(in thousands)			(freight and mail, in thousands of metric tons)		
Rank	Airport	Passengers	Rank	Airport	Cargo
1	Atlanta	103,903	1	Memphis	4,336.8
2	Los Angeles	84,558	2	Anchorage	2,713.2
3	Chicago	79,828	3	Louisville	2,602.7
-	-		-	-	
-	-		-	-	
13	Phoenix	43,922	21	Boston	321.4
14	Newark	43,234	22	Washington, D.C. (Dulles)	299.5
15	Houston	40,696	23	Denver	265.2
16	Boston	38,455	24	Portland	236.8
17	Minneapolis-St. Paul	38,034	25	Minneapolis-St. Paul	229.4
18	Detroit	34,701	26	Orlando	220.0
19	Ft. Lauderdale	32,511	27	Detroit	216.2
20	Philadelphia	29,586	28	Rockford, IL	195.6
21	New York (LaGuardia)	29,568	29	Charlotte	191.6

¹ Sum of enplaned and deplaned volume.

Source: ACI, 2017 North American Traffic Report.

The following table sets forth historical enplanement information for the Airport for the years ended December 31, 2008 through 2018 and for the first six months of 2018 and 2019. The table categorizes enplanement information into origin and destination (“O&D”) enplanements and connecting enplanements.

TABLE 10
Minneapolis-St. Paul International Airport
O&D and Connecting Passengers¹

Year²	O&D		Connecting		Total	% Change from Previous Year
	Enplaned Passengers	% of Total	Enplaned Passengers	% of Total		
2008	8,356,000	51.0%	8,028,000	49.0%	16,384,000	(3.5)%
2009	8,319,000	53.5	7,233,000	46.5	15,552,000	(5.1)
2010	8,347,000	53.1	7,368,000	46.9	15,715,000	1.0
2011	8,419,000	52.7	7,553,000	47.3	15,972,000	1.6
2012	8,441,000	52.7	7,579,000	47.3	16,020,000	0.3
2013	8,681,000	53.0	7,690,000	47.0	16,371,000	2.2
2014	9,069,000	53.3	7,939,000	46.7	17,008,000	3.9
2015	9,580,000	54.0	8,155,000	46.0	17,735,000	4.3
2016	10,282,000	56.6	7,879,000	43.4	18,161,000	2.4
2017	10,770,000	58.6	7,616,000	41.4	18,386,000	1.2
2018	11,256,000	61.2	7,126,000	38.8	18,382,000	0.0
First 6 Months³						
2018	5,718,000	64.0%	3,218,000	36.0%	8,936,000	—
2019	5,919,000	64.4	3,275,000	35.6	9,194,000	2.9%

¹ Passenger figures are rounded to the nearest thousand.

² Year ended December 31.

³ January 1 through June 30. Results for the first six months of Fiscal Year 2019 may not be indicative of results for the full Fiscal Year 2019.

Sources: Metropolitan Airports Commission.

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Airport Operations. The following table sets forth information regarding aircraft operations at the Airport for the years ended December 31, 2008 through 2018 and for the first six months of 2018 and 2019.

TABLE 11
Minneapolis-St. Paul International Airport
Aircraft Operations

Year¹	Air Carrier Operations	Commuter Operations	Cargo Operations	Total Commercial Operations³	Percent Commercial Operations³	General Aviation Operations	Military Operations	Total Operations
2008	226,646	176,237	14,361	417,244	92.71%	30,685	2,115	450,044
2009	211,114	183,911	11,426	406,451	93.93	24,361	1,892	432,704
2010	191,341	203,169	12,449	406,959	93.11	27,921	2,145	437,075
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	193,679	203,106	11,701	408,486	94.68	21,747	1,185	431,418
2014	189,851	185,664	12,199	387,714	93.97	23,793	1,079	412,586
2015	205,715	162,779	12,789	381,283	94.23	22,077	1,252	404,612
2016	213,682	161,427	14,400	389,509	94.25	22,455	1,315	413,279
2017	228,393	149,924	14,911	393,228	94.48	22,226	759	416,213
2018	221,558	149,108	15,455	386,121	94.76	20,229	1,126	407,476
First 6 Months²								
2018	107,259	75,149	7,364	189,772	94.64%	10,133	610	200,515
2019 ⁴	110,332	70,514	6,995	187,841	94.83	9,801	450	198,092

¹ Year ended December 31.

² January 1 through June 30. Results for the first six months of Fiscal Year 2019 may not be indicative of results for the full Fiscal Year 2019.

³ Total Commercial Operations equal Air Carrier Operations (including charters), Commuter Operations and Cargo Operations.

⁴ On March 13, 2019, the FAA ordered the temporary grounding of the Boeing 737 MAX aircraft operated by U.S. airlines or foreign flag carriers operating in U.S. territory. Southwest Airlines and Icelandair are the only airlines that had scheduled flights using this aircraft at the Airport. Prior to the temporary grounding in March 2019, the aircraft was operated on approximately 0.20% and 0.27% of the Airport's total scheduled flights and seats, respectively.

Source: Metropolitan Airports Commission.

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Landed Weight. The following table sets forth landed weight information for the Airport for the years ended December 31, 2008 through 2018 and for the first six months of 2018 and 2019.

TABLE 12
Minneapolis-St. Paul International Airport
Aircraft Landed Weight
(in thousands of pounds)

Year¹	Type of Air Carrier		Total Landed Weight
	Passenger	All Cargo	
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	21,178,343	996,424	22,174,767
2017	21,571,010	985,077	22,556,087
2018 ²	21,499,942	1,025,400	22,525,342
First 6 Months³			
2018	10,543,575	476,428	11,020,003
2019	10,650,187	578,371	11,228,558

¹ Year ended December 31.

² During 2018, Delta's operations represented 68.3% of Total Landed Weight of Signatory Airlines at the Airport.

³ January 1 through June 30. Results for the first six months of Fiscal Year 2019 may not be indicative of results for the full Fiscal Year 2019.

Source: Metropolitan Airports Commission.

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Air Carriers Serving the Airport

General. As of July 1, 2019, the Airport was served by 39 Air Carriers, including 21 U.S.-flag carriers providing scheduled service, 7 foreign-flag carriers providing scheduled service and 11 all-cargo service carriers. The following table sets forth the Air Carriers providing service at the Airport as of July 1, 2019.

TABLE 13
Minneapolis-St. Paul International Airport
Air Carriers Serving the Airport¹
(As of July 1, 2019)

U.S.-Flag Carriers		
Air Choice One	Envoy ²	PSA ²
Air Wisconsin ²	Express Jet ^{3,4}	Republic Airlines ^{2,3,4}
Alaska	Frontier	SkyWest ^{3,4,6}
American	Go Jet ^{3,4}	Southwest
Boutique Air	Horizon Air ⁵	Spirit
Delta	JetBlue	Sun Country
Endeavor ³	Mesa ⁴	United
Foreign-Flag Carriers		
Aer Lingus	Condor	KLM
Air Canada	Icelandair	Sky Regional ⁷
Air France		
All-Cargo Service		
ABX Air	CSA Air	Kalitta ⁸
Air Transport International	Encore Air Cargo	Mountain Air Cargo
Atlas Air Cargo ^{8,9}	FedEx	UPS
Bemidji ¹⁰	IFL Group ¹¹	

¹ Excludes carriers reporting fewer than 1,000 enplaned passengers per annum. Does not indicate which major air carriers codeshare with each other.

² Codeshare with American.

³ Codeshare with Delta.

⁴ Codeshare with United.

⁵ Doing business as Alaska Airlines. Alaska Airlines and Horizon Air are separately certified airlines owned by Alaska Air Group, Inc.

⁶ Codeshare with Alaska.

⁷ Codeshare with Air Canada.

⁸ Provides air service to DHL.

⁹ Provides air service to Amazon.

¹⁰ Provides air service to UPS.

¹¹ Provides air service to FedEx.

Source: Metropolitan Airports Commission.

Three branches of the United States Armed Forces are represented at the Airport: the Air Force Reserve 934th Tactical Airlift Group, the Marine Air Reserve Training Detachment, and the Naval Air Reserve-Twin Cities Center. Also located at the Airport is the Minnesota Air National Guard 133rd Tactical Airlift Group. At the St. Paul Downtown Airport, the Army maintains a dozen support

helicopters and the National Guard bases its Fixed Wing Squadron. Training flights, servicing and simulated emergencies are conducted on a regular basis.

Enplanements by Air Carriers. Enplanements (departing passengers) for the largest Air Carriers operating at the Airport for the years ended December 31, 2014 through 2018 are shown in the following table.

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TABLE 14
Minneapolis-St. Paul International Airport
Air Carrier Market Share
Total Enplaned Passengers ¹
(for the 12 months ended December 31)
(Ranked on 2018 results)

Air Carrier	2014	% of 2014 Total ²	2015	% of 2015 Total ²	2016	% of 2016 Total ²	2017	% of 2017 Total ²	2018	% of 2018 Total ²
Delta	12,600,000	74.1%	12,910,000	72.8%	12,908,000	71.1%	12,992,000	70.7%	13,126,000	71.4%
<i>Mainline</i>	8,595,000	50.5	9,139,000	51.5	9,321,000	51.3	9,787,000	53.2	9,885,000	53.8
<i>Regional Affiliates</i>	4,005,000	23.6	3,771,000	21.3	3,587,000	19.8	3,205,000	17.4	3,241,000	17.6
Sun Country	815,000	4.8	1,029,000	5.8	1,111,000	6.1	1,213,000	6.6	1,181,000	6.4
American ³	1,092,000	6.4	1,118,000	6.3	1,190,000	6.6	1,170,000	6.4	1,041,000	5.7
Southwest	948,000	5.6	942,000	5.3	1,0543,000	5.8	1,028,000	5.6	971,000	5.3
United	643,000	3.8	779,000	4.4	867,000	4.8	841,000	4.6	793,000	4.3
Spirit	495,000	2.9	518,000	2.9	607,000	3.3	622,000	3.4	579,000	3.2
Frontier	229,000	1.3	227,000	1.3	164,000	0.9	175,000	1.0	246,000	1.3
Alaska	92,000	0.5	96,000	0.5	138,000	0.8	160,000	0.9	175,000	0.9
JetBlue	—	—	—	—	—	—	—	—	77,000	0.4
Air Canada	38,000	0.2	41,000	0.2	43,000	0.2	50,000	0.3	58,000	0.3
Icelandair	20,000	0.1	29,000	0.2	40,000	0.2	50,000	0.3	46,000	0.2
Other	33,000	0.2	42,000	0.2	40,000	0.2	83,000	0.4	90,000	0.5
Total ⁴	<u>17,008,000</u>	<u>100.0%</u>	<u>17,732,000</u>	<u>100.0%</u>	<u>18,161,000</u>	<u>100.0%</u>	<u>18,385,000</u>	<u>100.0%</u>	<u>18,382,000</u>	<u>100.0%</u>

¹ Passenger figures are rounded to the nearest thousand.

² Percentages may not sum to totals due to rounding.

³ Effective December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc. American Airlines and US Airways began operating as a single airline (under the American brand) in October 2015. Enplanements are for both American and US Airways.

⁴ Total may not sum to totals due to rounding.

Source: Metropolitan Airports Commission

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Enplanements (departing passengers) for the largest Air Carriers operating at the Airport for the first six months of 2018 and 2019 are shown in the following table.

TABLE 15
Minneapolis-St. Paul International Airport
Air Carrier Market Share
Total Enplaned Passengers¹
(for the 6 months ended June 30)
(Ranked on 2019 results)

<u>Air Carrier</u>	<u>2018</u>	<u>% of 2018 Total¹</u>	<u>2019²</u>	<u>% of 2018 Total^{1,2}</u>
Delta	6,298,000	70.5%	6,509,000	70.8%
<i>Mainline</i>	4,713,000	52.7	4,924,000	53.6
<i>Regional Affiliates</i>	1,585,000	17.7	1,585,000	17.2
Sun Country	639,000	7.2	715,000	7.8
American	510,000	5.7	505,000	5.5
Southwest	469,000	5.2	457,000	5.0
United	375,000	4.2	365,000	4.0
Spirit	287,000	3.2	295,000	3.2
Frontier	121,000	1.4	120,000	1.3
Alaska	90,000	1.0	80,000	0.9
JetBlue	21,000	0.2	56,000	0.6
Air Canada	27,000	0.3	28,000	0.3
Icelandair	19,000	0.2	19,000	0.2
Air France	10,000	0.1	14,000	0.2
Other	70,000	0.8	31,000	0.3
Total ⁴	<u>8,936,000</u>	<u>100.0%</u>	<u>9,194,000</u>	<u>100.0%</u>

¹ Percentages may not sum to totals due to rounding.

² Results for the first six months of Fiscal Year 2019 may not be indicative of results for the full Fiscal Year 2019.

³ Total may not sum due to rounding.

Source: Metropolitan Airports Commission.

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Cargo Handled by Air Carriers. The following table presents the total cargo handled (enplaned and deplaned) by the largest Air Carriers operating at the Airport for the years ended December 31, 2014 through 2018.

TABLE 16
Minneapolis-St. Paul International Airport
Air Carrier Market Share
Total Cargo Handled (tons in thousands) ¹
(for the 12 months ended December 31)
(Ranked on 2018 results)

<u>Airline</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>% of 2018 Total</u>
FedEx	87.9	85.2	99.7	101.9	101.9	38.6%
UPS	61.1	58.7	58.1	63.9	69.8	26.5
Delta	53.5	55.6	45.7	60.3	60.9	23.1
Atlas Air Cargo ^{2,3}	–	–	–	–	9.8	3.7
Kalitta Air ²	–	–	–	–	5.5	2.1
Sun Country	2.9	5.0	7.3	7.9	5.2	2.0
KLM	–	–	–	2.0	3.1	1.2
Southwest	1.8	2.1	2.8	1.8	1.7	0.6
Air France	0.3	0.3	0.3	0.4	1.1	0.5
Mountain Cargo	1.1	0.9	1.1	1.1	1.1	0.4
United	1.8	2.8	2.5	1.9	1.0	0.4
American ⁴	1.2	0.8	1.2	1.1	0.9	0.3
ASTAR Air Cargo ²	6.2	6.8	3.9	7.7	–	0.0
All Other	<u>1.1</u>	<u>1.5</u>	<u>5.5</u>	<u>2.9</u>	<u>1.8</u>	<u>0.6</u>
Total	<u>218.9</u>	<u>219.7</u>	<u>228.1</u>	<u>252.9</u>	<u>263.8</u>	<u>100.0%</u>

¹ Sum of enplaned and deplaned cargo. Tonnages and percentages may not sum to totals due to rounding.

² Provides air service to DHL.

³ Provides air service to Amazon.

³ Effective December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc. American Airlines and US Airways began operating as a single airline (under the American brand) in October 2015. Cargo numbers are for both American and US Airways.

Source: Metropolitan Airports Commission.

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The following table presents the total cargo handled (enplaned and deplaned) by the largest Air Carriers operating at the Airport for the first six months of 2018 and 2019.

TABLE 17
Minneapolis-St. Paul International Airport
Air Carrier Market Share
Total Cargo Handled (tons in thousands) ¹
(for the 6 months ended June 30)
(Ranked on 2019 Results)

<u>Airline</u>	<u>2018 (tons)</u>	<u>% of 2018 Total</u>	<u>2019² (tons)</u>	<u>% of 2019 Total²</u>
FedEx	50.6	40.2%	43.3	35.0%
UPS	32.9	26.1	34.5	27.9
Delta	30.4	24.1	28.2	22.8
Atlas Air Cargo ^{3,4}	3.2	2.5	6.5	5.3
Kalitta Air ³	1.3	1.0	3.9	3.2
Sun Country	2.9	2.3	2.3	1.9
KLM	1.6	1.3	1.8	1.5
Southwest	0.8	0.6	1.0	0.8
United	0.4	0.3	0.4	0.3
American	0.5	0.4	0.4	0.3
All Other	<u>1.3</u>	<u>1.0</u>	<u>1.5</u>	<u>1.2</u>
Total	<u>125.9</u>	<u>100.0%</u>	<u>123.8</u>	<u>100.0%</u>

¹ Sum of enplaned and deplaned cargo. Tonnages and percentages may not sum to totals due to rounding.

² Results for the first six months of Fiscal Year 2019 may not be indicative of results for the full Fiscal Year 2019.

³ Provides air service to DHL.

⁴ Provides air service to Amazon.

Source: Metropolitan Airports Commission.

AGREEMENTS WITH AIRLINES AND OTHER CONCESSIONAIRES

General

The Commission has entered into, and receives payments under, several different agreements with various airlines and other parties, including lease agreements relating to landing fees and the leasing of space in terminal buildings, leases with Delta, leases relating to cargo and miscellaneous hangar facilities, concession agreements relating to the sale of goods and services at the Airport, and other leases relating to the construction of buildings and facilities for specific tenants.

Airline Lease Agreements

General. In January 2019, the Commission and the Air Carriers operating at the Airport agreed to the new Airline Lease Agreements. The terms and provisions of the new Airline Lease Agreements are very similar to the terms of the previous airline lease agreements, except for certain provisions, including among others, the term of the new Airline Lease Agreements is December 31, 2023 or December 31, 2030 (each Air Carrier can select which term they want), and the formula for the calculation of the sharing of certain concession revenues was amended. Ten of the Air Carriers operating at the Airport, including Delta have executed or are expected to execute an Airline Lease Agreement that has an expiration date of December 31, 2030; and 26 Air Carriers operating at the Airport have executed or are expected to execute an Airline Lease Agreement that has an expiration date of December 31, 2023.

Pending the execution of a new Airline Lease Agreement, the applicable Air Carrier operates at the Airport pursuant to the terms of the new Airline Lease Agreement. The Commission expects three of the Air Carriers operating at the Airport will not enter into an Airline Lease Agreement and will instead operate at the Airport pursuant to an ordinance adopted by the Commission that sets landing fees and terminal rentals for Air Carriers that are not a signatory to an Airline Lease Agreement.

Any airline that does not execute an Airline Lease Agreement and continues to operate at the Airport is charged landing fees and terminal rentals as set by ordinances adopted by the Commission. The landing fees and terminal rentals charged pursuant to ordinance are generally higher than the landing fees and terminal rentals charged under the Airline Lease Agreements, but are subject to the FAA rules and regulations with respect to rates and charges imposed by airports.

The Airline Lease Agreements provide for, among other things, the use of the airfield and apron areas of the Airport and the lease of certain space in the terminal buildings. The Airline Lease Agreements also establish, among other things, procedures for the annual calculation of rents, fees and charges for the use of the Airport. Included in the rates and charges under the Airline Lease Agreements are the required deposits under the Senior Indenture and the Subordinate Indenture, including deposits to any debt service reserve funds established for the Senior Bonds and the Subordinate Obligations. The Airline Lease Agreements do not allow the Commission to include required deposits to the Maintenance and Operation Reserve Account or the Coverage Account, in the calculation of rates, fees and charges, except for such amounts which are necessary to be deposited to the Coverage Account in order to meet the rate covenant requirements under the Senior Indenture and the Subordinate Indenture.

For the year ended December 31, 2018, the Commission reported revenues of \$110,563,000 collected from the Signatory Airlines pursuant to the terms of the Airline Lease Agreements.

Rates, Fees and Charges. Following is a brief discussion of certain provisions with respect to the rates, fees and charges set forth in the Airline Lease Agreements. See “APPENDIX D—FORM OF AIRLINE LEASE AGREEMENT” for additional information on the Airline Lease Agreements.

The rates, fees and charges under the Airline Lease Agreements are calculated on a compensatory rate-setting methodology for the passenger terminal buildings and a cost-center residual rate-setting methodology for the airfield. The Airline Lease Agreements define 12 cost centers (including, but not limited to, the airfield, Terminal 1, Terminal 2, terminal aprons and ramps, the IAF, landside, equipment buildings and administration) to be used in accounting for revenues and expenses and for calculating rents, fees and charges. The Signatory Airlines are charged “Recoverable Costs” for each of the cost centers, which include: direct and indirect operation and maintenance expenses; annual debt service costs (net of amounts paid with PFCs or grants); and the required deposits pursuant to the Senior Indenture and the Subordinate Indenture, including amounts required to be deposited to any debt service reserve funds established for the Senior Bonds and the Subordinate Obligations, but excluding amounts which may be deposited in the Coverage Account and the Maintenance and Operation Reserve Account outlined in the Senior Indenture, except for such amounts which are necessary to be deposited in the Coverage Account in order for the Commission to meet the rate covenant requirements of the Senior Indenture and the Subordinate Indenture.

In addition to Recoverable Costs, the Signatory Airlines are charged annually, among certain airline cost centers, \$22.8 million (in 2019 dollars, escalated by 3% per year beginning in 2020) which is deposited to a repair and replacement account (the “Repair and Replacement Account”) within the Commission Construction Fund for major maintenance and minor (less than \$5 million) capital projects, except for parking facilities and roadways.

Following is a summary of several of the rate setting methodologies provided for in the Airline Lease Agreements. See also “APPENDIX D—FORM OF AIRLINE LEASE AGREEMENT—RENTS, FEES, AND CHARGES” for further information on the rate setting methodology. Pursuant to the Airline Lease Agreements, the landing fee rates at the Airport per 1,000 pounds of aircraft weight are calculated by dividing the net airfield cost by the total landed weight of the Signatory Airlines. The net airfield cost is calculated as Recoverable Costs, plus, (a) the landing fee repair and replacement amount (65.6% of the amount deposited to the Repair and Replacement Account each year), (b) \$79,535.16 annually (representing the costs of Runway 17/35 not yet charged to the Signatory Airlines), and (c) certain fines, assessments, judgments, settlements or extraordinary charges, less certain revenues including: service fees from the military; general aviation and nonsignatory landing fees; and debt service on capital costs, if any, disapproved by a Majority-In-Interest of the Signatory Airlines.

Air Carriers that are not Signatory Airlines are charged a landing fee rate as established pursuant to an ordinance adopted by the Commission. Pursuant to the provisions of the ordinance, for Fiscal Year 2016, the Commission charges Air Carriers that are not Signatory Airlines a landing fee rate equal to the greater of (i) 125% of the Signatory Airline landing fee rate and (ii) \$70.

Rental rates at Terminal 1 are calculated on the basis of dividing the net terminal building cost by total rentable space. The net terminal building cost is calculated as Recoverable Costs, plus \$2,910,547.40 annually (representing the costs of Concourses A, B, C and D not yet charged to the Signatory Airlines), less certain reimbursed expenses for carrousel and conveyor debt service and maintenance and operation costs, ground power, porter service, loading dock and consortium utilities, and janitorial operation and maintenance expenses.

The IAF use fee is charged for use of the IAF on the G Concourse and is calculated as the sum of certain costs associated with the IAF divided by total international passengers arriving at the IAF. A gate use fee per aircraft operation is also charged for the use of gates, ramps and loading bridges on the IAF. The gate use fee per operation is \$400, \$800 and \$1,200 for propeller aircraft, narrowbody jet aircraft, and widebody jet aircraft, respectively. The Commission imposes certain other fees and charges for the use of the Airport, including, among others, the terminal apron fees and a carrousel and conveyor charge.

Rates for the use and occupancy of Terminal 2 are not set by the Airline Lease Agreements. The Commission establishes the rents, fees and charges and the terms for the common-use of Terminal 2 by ordinance.

The Airline Lease Agreements provide that: (a) except as otherwise provided in the Airline Lease Agreements, no capital projects are subject to approval by a Majority-in-Interest of the Signatory Airlines except for airfield projects costing in excess of \$5 million; and (b) the Commission cannot charge the airlines for the cost of improvements to the airfield if a Majority-in-Interest of the Signatory Airlines have disapproved the project, provided that such improvements are subject to the approval of a Majority-in-Interest of the Signatory Airlines. The Airline Lease Agreements allow the Commission to establish a Contingency Fund in the amount of \$72 million per year beginning in 2019 to be funded from excess revenues and used for capital projects, including projects in the airfield cost center, to be determined by the Commission. Any projects funded from the Contingency Fund will not require Majority-in-Interest approval. The Airline Lease Agreements define “Majority-in-Interest” as the Signatory Airlines who (a) represent no less than 50% in number of the Signatory Airlines operating at the time of the voting action and (b) paid no less than 40% of landing fees incurred by Signatory Airlines during the preceding Fiscal Year. Included in such rates and charges would be amounts sufficient to cover the Commission’s costs of the capital improvements to the airfield, terminal and runways at the Airport.

If, during the course of the year, the Commission believes significant variances exist in budgeted or estimated expense amounts that were used to calculate rents, fees, and charges for the then current Fiscal Year, the Commission may after notice to the Signatory Airlines adjust the rents, fees, and charges for future monthly billing to reflect current estimated expenditure amounts.

As soon as practical following the close of each Fiscal Year, but in no event later than July 1, the Commission is required to furnish to each Signatory Airline an accounting of the costs actually incurred and revenues and credits actually realized during the previous Fiscal Year with respect to each of the components of the calculation of the rents, fees, and charges broken down by rate making cost center. In the event a Signatory Airline's rents, fees, and charges billed during the previous Fiscal Year exceed the amount of such Signatory Airline's rents, fees, and charges required (as recalculated based on actual costs and revenues), such excess is refunded or credited to the Signatory Airline. In the event such Signatory Airline's rents, fees, and charges billed during the previous Fiscal Year are less than the amount of such Signatory Airline's rents, fees, and charges required (as recalculated based on actual costs and revenues), such deficiency is charged to the Signatory Airline in a supplemental billing. For Fiscal Year 2017, collections from the Signatory Airlines were in excess by approximately \$1.7 million, which excess was returned to the Signatory Airlines during Fiscal Year 2018. For Fiscal Year 2018, collections from the Signatory Airlines were deficient by approximately \$4.9 million, which deficiency was billed to the Signatory Airlines during Fiscal Year 2019.

Food and beverage, merchandise and on-Airport auto-rental annual gross concession revenues (not including any CFCs) ("Selected Concession Revenues") are shared with the Signatory Airlines that provide passenger service at the Airport (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). The amount of Selected Concession Revenues that is shared with the Signatory Airlines each Fiscal Year (the "Revenue Sharing") is based on the following formula:

(1) For Fiscal Years 2019 and 2020, if the Enplaned Passenger Growth Percentage for the most recent Fiscal Year is one percent or less, the Revenue Sharing percentage for that Fiscal Year shall be 31.00%. For Fiscal Years after 2020, if the Enplaned Passenger Growth Percentage for the most recent Fiscal Year is one percent or less, the Revenue Sharing percentage for that Fiscal Year shall be 33.00%.

(2) For Fiscal Years 2019 and 2020, if the Enplaned Passenger Growth Percentage for the most recent Fiscal Year is more than one percent, the Revenue Sharing percentage for that Fiscal Year shall be the sum of (i) 31.00% and (ii) one-half of the Enplaned Passenger Growth Percentage. For Fiscal Years after 2020, if the Enplaned Passenger Growth Percentage for the most recent Fiscal Year is more than one percent, the Revenue Sharing percentage for that Fiscal Year shall be the sum of (i) 33.00% and (ii) one-half of the Enplaned Passenger Growth Percentage.

"Enplaned Passenger Growth Percentage" means the percentage change of enplaned passengers comparing the current Fiscal Year to the previous Fiscal Year, rounded to the nearest hundredth of a percent.

The total amount of Revenue Sharing is structured as a post-year-end rebate to the Signatory Airlines issued by the Commission no later than 240 days following each Fiscal Year. Notwithstanding the agreement to share a portion of the Selected Concession Revenues, the amount of Revenue Sharing will be reduced to the extent necessary so that Net Revenues, after subtracting the Revenue Sharing, will not be less than 1.25 times the total annual debt service on Senior Parity Bonds, Subordinate Obligations and other debt obligations of the Commission. In the event that the Revenue Sharing is 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 Revenue Sharing, are not less than 1.25 times the total annual debt service on Senior Parity Bonds, Subordinate Obligations and other debt obligations of the Commission.

The Airline Lease Agreements provide that, in the event any Signatory Airline is not in compliance with its payment obligations under any agreement with the Commission, during the period following any applicable notice and cure period under such agreement and continuing until payment of any such amounts (the “Payment Default Period”), the Commission would have the right, upon written notice to such Signatory Airline (provided that if such Signatory Airline is in bankruptcy, no notice would be required for the effectiveness of the following although invoices would reference the additional amounts due and the applicable rate that applies), to: (i) have such Signatory Airline’s payment obligations under their applicable Airline Lease Agreement during the Payment Default Period revert to an alternate rate structure, and (ii) apply the amount of any accrued and unpaid Revenue Sharing credits, if any, due to such Signatory Airline for such period against any amounts owed by such Signatory Airline to the Commission to the extent necessary to cure such payment defaults.

Delta Lease Agreement. In addition to the terms of the Airline Lease Agreements discussed above, the Airline Lease Agreement entered into by Delta (the “Delta Lease Agreement”) contains the following additional terms, (i) Delta will make available one wide-body gate on an as-needed basis; (ii) Delta has preferential use of gates on the G Concourse, with the exception of gates 1-10 which constitute the IAF; and (iii) Delta will operate and maintain the outbound and inbound baggage handling systems at Terminal 1 (the Commission reimburses Delta for its actual costs of operating and maintaining the baggage handling systems). Additionally, prior to January 1, 2016, Delta had exclusive control over all concessions on Concourse G. As of January 1, 2016, the Commission assumed control over all of the concessions on Concourse G. In order to address the economic impact to Delta as a result of the transition of control over all concession on Concourse G to the Commission, pursuant to the Delta Lease Agreement, the Commission will credit to Delta \$150,000 per month, through December 31, 2020, via an offset to Delta’s monthly Terminal 1 building rent payment to the Commission. See also “AIRLINE AND AIRLINE INDUSTRY INFORMATION—Delta—Role at the Airport.”

Pursuant to the Delta Lease Agreement, Delta also has covenanted that it and its regional affiliate airlines will maintain an annual average of at least 90% of 370 daily departing flights from the Airport (not less than 231 of such daily flights being serviced with jet aircraft with 70 or more passenger seats) and that at least 30% of enplaned passengers of Delta and its regional affiliate airlines at the Airport will be connecting passengers (the “Hubbing Covenant”). Delta will be allowed to reduce the daily flights below the limits set forth in the Hubbing Covenant, without violating the Hubbing Covenant, if such reduction is in connection with a system-wide reduction of flights by Delta. Delta (and its predecessor, Northwest) have always complied with the terms of the Hubbing Covenant.

In the event Delta violates the Hubbing Covenant, Delta’s credit from the Revenue Sharing would be eliminated for such year the Hubbing Covenant is violated and if violation of the Hubbing Covenant continues for three consecutive years, or if the Hubbing Covenant is determined to be unenforceable, Delta’s credit from the Revenue Sharing would be eliminated permanently. See “AIRLINE AND AIRLINE INDUSTRY INFORMATION—Delta.”

Additional Leases with Delta

The Commission and Delta also have entered into additional leases for certain facilities utilized by Delta for maintenance and overhaul and a facility utilized by Delta as an operational headquarters.

Other Building and Miscellaneous Leases

The Commission and certain parties have entered into certain leases which relate to rentals and other fees associated with Terminal 2, miscellaneous hangar facilities, office rentals for tenants located in the west terminal area, non-airline tenants in Terminal 1, cargo facilities and military facilities. For the year ended December 31, 2018, the aggregate annual rentals under these leases were approximately \$35,277,000.

Self-Liquidating Leases

The Commission has constructed various buildings and facilities for specific tenants including a fueling facility for Swissport Fueling Inc., hangars and office space for Sun Country and cargo facilities for FedEx. As part of its agreement to construct these facilities, the Commission entered into certain leases (“Self-Liquidating Leases”) which relate to the use of these buildings and facilities. For the year ended December 31, 2018, the aggregate lease payments paid to the Commission under Self-Liquidating Leases were approximately \$27,360,000. During 2018, Delta prepaid all of the Self-Liquidating Leases it had entered into with the Commission. Those Self-Liquidating Leases required Delta to make lease payments of approximately \$3.6 million per year to the Commission. The receipt of payments of imputed interest with respect to the Self-Liquidating Leases is treated as non-operating revenues of the Commission.

Debt Financed Self-Liquidating Leases. If the construction of a facility subject to a self-liquidating lease is financed with bonds issued by the Commission, the lessee is required to pay annual lease payments equal to the debt service requirements due in the following year on the bonds issued to construct such facility. The lease remains in effect until the total debt service on the bonds has been paid. Proceeds from the issuance of certain bonds were used to finance certain facilities subject to self-liquidating leases for FedEx.

Commission Funded Self-Liquidating Leases. If the construction of a facility subject to a self-liquidating lease 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. Commission funds were used to finance certain facilities subject to a self-liquidating lease for a fueling facility for Swissport Fueling Inc.

Concession Agreements - Terminal Buildings

The Commission has entered into separate concession agreements with various firms to operate concessions inside the terminal buildings at the Airport, including, among others, food and beverage services, retail, newsstands, advertising, vending, insurance and personal service shops. The Commission selected the various concessionaires through a competitive bid process. The Airport is currently undergoing a reconstruction and redevelopment of its concessions. Phase 1 of this process is complete and phase 2 is expected to be completed at the end of 2019. The term of each of the concession agreements ranges from 8 to 15 years, with options to extend. Each of the agreements also contain provisions for rental payments, which are for a certain percentage of the revenues generated by such concession, and minimum annual guarantees. For the year ended December 31, 2018, revenues from concessions totaled approximately \$42,932,000. See “—Airline Lease Agreement—Rates, Fees and Charges” above. Also see “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT—4.7.1 Terminal Concessions” for additional information on the concession program in the terminals at the Airport.

Parking Agreement

The public automobile parking facilities at the Airport are operated for the Commission by ABM Parking Services (“ABM”) under a parking management services agreement (the “ABM Parking Agreement”). The Commission receives all revenues and pays all costs of operation and maintenance of the facilities plus a management fee. The on-Airport parking options include a valet garage, short-term and long-term parking located at Terminal 1, short-term and long-term parking at the “Quick Ride” parking ramp located approximately one mile from Terminal 1, and short-term and long-term parking at the parking garages located adjacent to Terminal 2. See “MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT—Current Airport Facilities—Parking Facilities.” The ABM Parking Agreement became effective on July 1, 2015 and had an original expiration date of December 31, 2017. The ABM Parking Agreement includes three 2-year extensions at the option of the Commission. The Commission has approved two of these 2-year extensions. The current expiration date of the ABM Parking Agreement is December 31, 2021. For the year ended December 31, 2018, revenues from parking totaled approximately \$93,887,000.

Rental Car Lease Agreements

The Commission has entered into lease agreements and supplemental lease agreements (the “Existing Rental Car Lease Agreements”) with three on-Airport rental car companies, representing ten rental car brands, including: Avis (includes Avis, Budget, Payless and Zipcar brands), Enterprise (includes Enterprise, Alamo and National brands), and Hertz (includes Hertz, Dollar and Thrifty brands). The Commission also has issued a permit authorizing an off-Airport rental car company (Sixt) to operate at the Airport. Pursuant to an ordinance of the Commission, the off-Airport company operates through a permit only, while the on-Airport companies operate through the Existing Rental Car Lease Agreements for terminal counter space, ready/return parking positions in the parking garages located adjacent to Terminal 1 and Terminal 2 and the quick-turnaround facilities located at the Airport (facilities for washing, vacuuming, fueling and general servicing of the rental cars). The Existing Rental Car Lease Agreements have terms of five years (beginning January 1, 2014) with 2 one-year extension options at the Commission’s discretion. The extensions automatically occur unless the Commission provides notice to the applicable on-Airport rental car company that it will not be extending the term. All of the Existing Rental Car Lease Agreements were automatically extended in January 2019 and are expected to be extended again in January 2020. Pursuant to the terms of the Existing Rental Car Agreements, the on-Airport companies pay the Commission a concession fee equal to 10% of their gross revenues collected at the Airport, and the on-Airport rental car companies have guaranteed a minimum payment to the Commission on an annual basis, which equals the greater of 85% of the previous year’s concession fee paid to the Commission by the applicable rental car company or the minimum annual guaranteed amount for 2014 as set forth in the applicable Existing Rental Car Lease Agreements. The on-Airport rental car companies also pay rent for exclusive-use space in Terminal 1 and Terminal 2 and rent for the use of ready/return car parking positions and the quick-turnaround facilities. The Existing Rental Car Lease Agreements will terminate upon the opening of the new rental car facility being constructed as part of the new parking garage adjacent to Terminal 1 (expected to open in April 2020) and the Future Rental Car Lease Agreements (as defined below) will become effective.

In connection with the new rental car facility being constructed as part of the new parking garage adjacent to Terminal 1 (see “CAPITAL IMPROVEMENT PROGRAM”), the Commission and the current on-Airport rental car companies and Sixt have entered into On-Airport Rental Auto General Terms and Conditions Lease Agreements and supplemental lease agreements (collectively, the “Future Rental Car Lease Agreements”). The Future Rental Car Lease Agreements will become effective on the first day of the month following the date of beneficial occupancy of the new rental car facility (such effective date is expected to occur on May 1, 2020) and will have a term of ten years from such effective

date. Upon mutual agreement between the Commission and the applicable on-Airport rental car company, the Future Rental Car Lease Agreements can be extended for up to 2 five year periods. Pursuant to the terms of the Future Rental Car Agreements, the on-Airport companies will pay the Commission a concession fee equal to 10% of their gross revenues collected at the Airport, and the on-Airport rental car companies have guaranteed a minimum payment to the Commission on an annual basis, which equals the greater of 85% of the previous year's concession fee paid to the Commission by the applicable rental car company or the minimum annual guaranteed amount for 2020 as set forth in the applicable Existing Rental Car Lease Agreements. The on-Airport rental car companies also will pay rent for exclusive-use space in Terminal 1 and Terminal 2 and rent for the use of ready/return car parking positions and the quick-turnaround facilities.

As described under "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Use of CFCs to Pay Debt Service and Other Costs" above, the on-Airport rental car companies also are required to collect a CFC from each of their customers and pay the collected CFCs over to the Commission. For 2019, the CFC is \$5.90 per transaction day. The Commission also expects the CFC to be \$5.90 per transaction day between January 2020 and January 2025.

The off-Airport rental car companies operate under a permit, which is renewed on an annual basis and requires the off-Airport rental car companies to pay a privilege fee equal to 10% of gross receipts for rentals derived from customers using the Airport. The percentage with respect to the privilege fee is the same as the percentage charged to the on-Airport rental car companies and can be adjusted at such time as the percentage charged to on-Airport rental car companies is adjusted. As of the date of this Official Statement, only Sixt operates at the Airport as an off-Airport rental car company. Upon the opening of the new rental car facility, Sixt will become an on-Airport rental car company. Once Sixt moves to the new rental car facility, the Commission expects another rental car company will move into Sixt's current location and begin operating as an off-Airport rental car company.

For the year ended December 31, 2018, revenues from on-Airport and off-Airport rental car companies, including CFCs of approximately \$22,398,000, totaled approximately \$44,115,000.

Reliever Airport Leases and Agreements

In addition to the above agreements, the Commission has entered into various other leases and agreements with tenants at the Reliever Airports. These include reliever airport tenant leases, fuel flowage fees, hangar rentals, storage lots, commercial fees and other miscellaneous amounts. For the year ended December 31, 2018, the revenues from these agreements totaled approximately \$8,386,000.

Miscellaneous—Off-Airport Concession Leases and Ground Transportation Fees

The Commission has entered into certain leases with off-Airport concessionaires which provide off-Airport advertising and auto services (gas stations operated on Airport property). Additionally, the Commission charges fees for permits and licenses to operate shuttles, vans, buses and taxis at the Airport. The Commission also charges fees to ridesharing companies, such as Uber and Lyft, to drop-off and pick-up passengers at the Airport. Such fees are set by Commission ordinances. For the year ended December 31, 2018, the Commission received approximately \$14,487,000 in off-Airport leases and ground transportation fees.

Miscellaneous Revenues

In addition to the above agreements, the Commission has entered into various other leases and agreements and collects certain miscellaneous revenues, including, among other things, ground space rentals, office rentals for commuter airlines and concessionaires, commuter and general aviation fees, and other miscellaneous amounts. For the year ended December 31, 2018, the Commission collected approximately \$13,805,000 in other miscellaneous revenues.

FINANCIAL INFORMATION

General Information

The Commission maintains its financial records on a calendar year basis, using the accrual method of accounting. Financial statements are audited annually by a firm of independent auditors. Financial statements for the years ended December 31, 2018 and 2017 are included in this Official Statement as set forth in Appendix B.

Summary of Financial Operations

The Commission's financial report, attached as Appendix B, includes three financial statements: the Balance Sheets, the Statement of Revenues and Expenses and Changes in Net Position and the Statement 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"). The following table summarizes the financial results from operations for the Commission for the years ended December 31, 2014 through 2018.

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TABLE 18
Metropolitan Airports Commission
Summary of Statements of Revenues, Expenses
and Changes in Net Position
(\$000s)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating Revenues					
Airline rates and charges – gross	\$ 111,005	\$ 107,805	\$ 112,653	\$ 113,056	\$ 123,631
Concessions	136,445	146,893	160,691	172,476	177,375
Rentals/fees	34,117	36,086	48,473	49,970	52,241
Utilities and other revenues	<u>16,768</u>	<u>16,637</u>	<u>17,115</u>	<u>18,442</u>	<u>20,011</u>
Total Operating Revenues	<u>\$ 298,335</u>	<u>\$ 307,421</u>	<u>\$ 338,932</u>	<u>\$ 353,944</u>	<u>\$ 373,258</u>
Operating Expenses					
Personnel	\$ 72,358	\$ 81,728	\$ 94,425	\$ 87,993	\$ 86,151
Administrative	1,610	1,521	1,723	1,993	2,058
Professional services	4,972	5,574	6,217	6,151	6,210
Utilities	20,873	18,304	18,816	19,619	19,930
Operating services	19,583	21,230	23,389	26,073	28,280
Maintenance	31,377	32,089	36,319	36,293	42,576
Depreciation and amortization	131,069	134,419	139,226	142,970	147,299
Other	<u>3,323</u>	<u>3,454</u>	<u>4,411</u>	<u>5,611</u>	<u>4,531</u>
Total Operating Expenses	<u>\$ 285,165</u>	<u>\$ 298,319</u>	<u>\$ 324,526</u>	<u>\$326,703</u>	<u>\$337,035</u>
Operating Income (Loss)	\$ 13,170	\$ 9,102	\$ 14,406	\$ 27,241	\$ 36,223
Nonoperating Revenues (Expenses)					
Investment income	\$ 8,746	\$ 9,241	\$ 12,634	\$ 12,306	\$ 18,739
Federal interest rate subsidies	–	599	914	978	940
Passenger facility charges	67,106	70,471	72,273	73,390	73,734
Gain/(Loss) on disposal of assets	(16,387)	60	2,029	(6,513)	(3,841)
Bond interest expense	<u>(67,734)</u>	<u>(57,614)</u>	<u>(62,238)</u>	<u>(48,949)</u>	<u>(42,810)</u>
Total Nonoperating Revenues/ (Expenses)	<u>\$ (8,269)</u>	<u>\$ 22,757</u>	<u>\$ 25,612</u>	<u>\$ 31,212</u>	<u>\$ 46,762</u>
Income Before Capital Contributions and Grants	4,901	31,859	40,018	58,453	82,985
Capital contributions and grants	<u>20,498</u>	<u>14,686</u>	<u>4,003</u>	<u>1,427</u>	<u>8,042</u>
Change in Net Position	25,399	46,545	44,021	59,880	91,027
Net Position – Beginning of Year	1,693,949	1,719,348	1,716,774	1,760,795	1,820,675
Change in Accounting Principle	–	<u>(49,119)</u> ¹	–	–	<u>(34,929)</u> ²
Net Position – Beginning of Year, as restated	–	<u>1,670,229</u>	<u>1,716,774</u>	<u>1,760,795</u>	<u>1,785,746</u>
Net Position – End of Year	<u>\$1,719,348</u>	<u>\$1,716,774</u>	<u>\$1,760,795</u>	<u>\$1,820,675</u>	<u>\$1,876,773</u>

¹ During 2015, the Commission implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 (“GASB 68”). With the implementation of GASB 68, the Commission recorded a net pension liability of \$68,428,000 as of December 31, 2015, which was not previously included on the balance sheet. This amount represents the Commission’s proportionate share of the net pension liability of the General Employees Retirement Plan and the Public Employees Police and Fire Fund. Adoption of GASB 68 resulted in a decrease of \$49,119,000 in the beginning net position as of January 1, 2015. See “—Pension and Retirement Plans.”

² During 2018, the Commission implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) (“GASB 75”). GASB 75 requires governments to recognize their unfunded accrued OPEB obligation on the face of their financial statements along with incorporating more extensive note disclosures and required supplementary information about their OPEB liabilities. The adoption of GASB 75 resulted in a \$34,929,000 decrease in beginning net position as of January 1, 2018.

Source: Basic Financial statements of the Metropolitan Airports Commission.

Management Discussion of Airport Finances

2018 vs. 2017. Change in net position for the year ended December 31, 2018 was \$91,027,000 (before the change in accounting principal (GASB 75)) as compared to \$59,880,000 for the year ended December 31, 2017. Operating income for the year ended December 31, 2018 increased by \$8,982,000. Operating revenues increased by \$19,314,000. Factors affecting operating revenues included: (a) a \$10,575,000 increase in airline rates and charges attributed to higher levels of snow, which was partially offset by an increase in the amount of concessions shared with the signatory airlines; (b) concessions increased \$4,899,000 primarily as a result of (i) an increase in food and beverage revenues due to passenger growth and the opening of many new concessions, (ii) an increase in ground transportation due to the growth of Transportation Network Companies, such as Uber and Lyft (“TNCs”) activity, (iii) an increase in auto rental revenues due to passenger growth; (c) rental revenue increased by \$2,271,000 due to increased CFC collections and a new hanger lease at the Airport; and (d) utilities and other revenues increased by \$1,569,000 due to an increase in reimbursed expenses for additional security at the Airport paid by airlines. Operating expenses increased by \$10,332,000. Factors affecting operating expenses included: (a) personnel expense decreased by \$1,842,000 due to a reduction in pension expense related to an increase in the fair value of plan assets and due to a reduction in post-retirement benefits expense related to establishing an irrevocable trust for post-retirement plan assets; (b) utilities expense increased by \$311,000 as a result of higher rates and increased usage of electricity; (c) operating services increased by \$2,207,000 due to an increase in service agreements for expanding technology agreements and from additional security staffing at several field gate locations around Terminal 1; (d) maintenance expense increased by \$6,283,000 primarily as a result of: (i) higher snow removal expenses (gasoline, parts, equipment, repairs and materials), (ii) higher building maintenance costs due to new contracts and additional baggage handling system maintenance, (iii) higher cleaning service expense from a continued focus on the cleanliness throughout Terminal 1 and Terminal 2; (e) depreciation expense increased by \$4,329,000 due to new projects placed into service in 2017 and 2018; and (f) other expenses decreased by \$1,080,000 due to fewer airlines meeting the Commission’s Air Service Incentive Program in 2018 than in 2017. Nonoperating revenues increased by \$9,411,000 primarily due to: (i) a loss on the 2018 sale of several parcels of land near the Airport and at Anoka Airport, and (ii) higher interest rates earned on investments. Nonoperating expenses decreased by \$6,139,000 due to higher capitalized interest cost in 2018.

2017 vs. 2016. Change in net position for the year ended December 31, 2017 was \$59,880,000 as compared to \$44,021,000 for the year ended December 31, 2016. Operating income for the year ended December 31, 2017 increased by \$12,835,000. Operating revenues increased by \$15,012,000. Factors affecting operating revenues included: (a) concessions increased \$11,785,000 primarily as a result of (i) an increase in food and beverage revenues due to passenger growth and the opening of many new concessions, (ii) an increase in ground transportation due to the growth of TNC activity, (iii) an increase in parking revenues due to a parking rate increase; (b) rental revenue increased by \$1,497,000 due to new ground rental rates for non-airline tenants implemented in 2017; and (c) utilities and other revenues increased by \$1,327,000 due to an increase in consortium fees from an increase in the lease rate and the increase in food and beverage sales. Operating expenses increased by \$2,177,000. Factors affecting operating expenses included: (a) personnel expense decreased by \$6,432,000 due to a decrease in pension expense related to an increase in the fair value of plan assets; (b) utilities expense increased by \$803,000 as a result of higher rates and increased usage of natural gas, sewer and water services; (c) operating services increased by \$2,684,000 due to an increase in service agreements for expanding technology agreements and from additional security staffing at several field gate locations around Terminal 1; (d) depreciation expense increased by \$3,744,000 due to new projects placed into service in 2016 and 2017; and (e) other expenses increased by \$1,200,000 due to two airlines meeting the Commission’s Air Service Incentive Program in 2017 compared to none in 2016. Nonoperating revenues decreased by

\$7,689,000 primarily due to a loss on the 2017 sale of several parcels of land near the Airport. Nonoperating expenses decreased by \$13,289,000 due to the refunding of several bond issues in 2016.

2016 vs. 2015. Change in net position for the year ended December 31, 2016 was \$44,021,000 as compared to \$46,545,000 for the year ended December 31, 2015. Operating income for the year ended December 31, 2016 increased by \$5,304,000. Operating revenues increased by \$31,511,000. Factors affecting operating revenues included: (a) a \$4,848,000 increase in airline rates and charges attributed to higher debt service costs and cost associated with the Commission regaining responsibility for the G Concourse in 2016; (b) concessions increased \$13,798,000 primarily as a result of (i) an increase in food and beverage revenues due to the addition of the G Concourse concession program, passenger growth, and increased spending on a per passenger basis, (ii) an increase in ground transportation due to the addition of TNCs, (iii) an increase in parking revenues due to higher volume and longer length of stays, (iv) an increase in auto rental activity due to passenger growth; and (c) rental revenue increased by \$12,387,000 due to an increase of the CFC rate in 2016. Operating expenses increased by \$26,207,000. Factors affecting operating expenses included: (a) personnel expense increased by \$12,697,000 due to the implementation of GASB 68 in 2015, which resulted in a significant increase in pension expense adjustment in 2016; (b) utilities expense increased by \$512,000 due to the addition of the G Concourse utilities in 2016; (c) operating services increased by \$2,159,000 primarily as the result of: (i) the Commission entering into a funding agreement with the Airport Foundation to replace the lost income from its two stores, (ii) providing a full year of queue line management services compared to a partial year in 2015, (iii) providing a full year of shuttle service from the Quick Ride parking ramp to Terminal 1 compared to a partial year in 2015; (d) maintenance expense increased \$4,230,000 due to the addition of the cleaning and maintenance costs related to the G Concourse; (e) depreciation expense increased by \$4,807,000 due to new projects placed into service in 2015 and 2016; and (f) other expenses increased by \$957,000 due to an increase in computer and radio equipment purchases. Nonoperating revenues increased by \$7,479,000 primarily due to: (i) a gain on the 2016 sale of a parcel of land at the Anoka Airport, and (ii) higher interest rates earned on investments, (iii) receiving a 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. Nonoperating expenses increased by \$4,624,000 due to: (i) interest on the new solar project financing, and (ii) bond issuance costs related to the bond issues completed in 2016.

2015 vs. 2014. Change in net position for the year ended December 31, 2015 was \$46,545,000 as compared to \$25,399,000 for the year ended December 31, 2014. Operating income for the year ended December 31, 2015 decreased by \$4,068,000. Operating revenues increased by \$9,086,000. Factors affecting operating revenues included: (a) a \$3,200,000 decrease in airline rates and charges attributed to lower levels of snow and an increase in the amount of concessions shared with the signatory airlines; (b) concessions increased \$10,448,000 primarily as a result of (i) an increase in public parking revenue due to a parking rate increase on January 1, 2015, (ii) an increase in food and beverage revenues due to passenger growth and an increase in spending per passenger, (iii) an increase in auto rental revenues due to passenger growth and, (iv) a full years' revenue from outdoor advertising; (c) rentals increased by \$1,969,000 due to higher activity of auto rental customer facility charges and higher terminal building rental rates for non-airline tenants; (d) utilities and other revenues decreased by \$131,000 as a result of a warmer winter resulting in lower utility revenues. Operating expenses increased by \$13,154,000. Factors affecting operating expenses included: (a) personnel expenses increased by \$9,370,000 primarily due to annual wage adjustments and the implementation of GASB Statement No. 68 (Accounting and Financial Reporting for Pensions) which resulted in a significant pension expense adjustment in 2015; (b) administrative expenses decreased by \$89,000 due to the decreased use of computer supplies; (c) professional services increased by \$602,000 due to capital improvement projects that were expensed due to the project becoming inactive or will not be going forward and an increase in spending in information technology related services; (d) utilities decreased by \$2,569,000 due to lower natural gas and heating fuel consumption due to a warmer than average winter and less electrical consumption due to replacing

the lighting fixtures in the parking ramps at Terminal-1 Lindbergh with more energy efficient lighting and the Commission received an electricity credit rate adjustment; (e) operating services increased by \$1,647,000 due to the shuttling of passengers from the newly opened quick ride parking ramp to Terminal-1 Lindbergh; and (f) maintenance increased by \$712,000 due to an increased focus on the cleanliness throughout the Terminal 1 and Terminal 2 and an increase in maintaining the in-line baggage screening system (these increases were partially offset by lower snow removal expenses due to a milder winter in 2015); (g) depreciation expense increased by \$3,350,000 due to new projects placed into service in 2014 and 2015; and (h) other expenses increased by \$131,000 due to higher general insurance claims and premiums. Nonoperating revenues increased by \$20,906,000 primarily due to: (i) a loss on the 2014 sale of land that the Commission acquired during the construction of Runway 17/35, (ii) higher interest rates earned on investments, (iii) an increase in PFCs due to increased passenger counts, and (iv) receipt of a rebate in connection with the solar panel financing at the Terminal-1 Lindbergh parking ramps. Nonoperating expenses decreased \$10,120,000 primarily due from the debt service savings from the issuance of the Subordinate Series 2014A Bonds and the Subordinate Series 2014B Bonds.

Airline Revenues

During 2018, operations of Delta and its affiliated Air Carriers represented approximately 66.9% of the total takeoffs and landings at the Airport. The following table sets forth total operating revenues of the Commission and total revenues of the Air Carriers and that portion of each derived from payments made by Delta (and its affiliated Air Carriers).

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TABLE 19
Minneapolis-St. Paul International Airport
Airline Revenue (Unaudited)
(\$000s)

	Year Ended December 31				
	2014	2015	2016	2017	2018
Commission Revenues Attributable to Delta					
Total Commission Operating Revenue	\$298,335	\$307,421	\$338,932	\$353,944	\$373,258
Commission Funded & Bond Funded					
Self-Liquidating Revenue (Principal & Interest)	12,084	10,227	8,488	8,394	27,360
Interest Income – Commission Funds ¹	<u>3,461</u>	<u>3,838</u>	<u>4,915</u>	<u>6,282</u>	<u>12,362</u>
Total Adjusted Commission Operating Revenue	\$313,880	\$321,486	\$352,335	\$368,620	\$412,980
Delta’s Portion of Operating Revenue	\$78,301	\$74,078	78,793	74,856	81,856
Delta’s Portion of Commission Funded Bond &					
Self-Liquidating Revenue (Principal & Interest) ¹	<u>7,687</u>	<u>5,780</u>	<u>3,789</u>	<u>3,635</u>	<u>22,234</u>
Total Delta Revenue	\$85,988	\$79,858	\$82,582	\$78,491	\$104,090
Delta’s Percentage of Total Adjusted Commission Operating Revenue	27.40%	24.84%	23.44%	21.29%	25.20%
Total Airline Revenues Attributable to Delta					
Total Airline Rates and Charges Revenue	\$111,005	\$107,805	\$112,653	\$113,056	\$123,631
Total Air Carrier Commission Funded					
Self-Liquidating Revenue	<u>10,077</u>	<u>8,227</u>	<u>6,519</u>	<u>6,425</u>	<u>25,391</u>
Total Air Carrier Revenue	121,082	116,032	119,172	119,481	149,022
Total Delta Revenue	85,988	79,858	82,582	78,491	104,090
Delta’s Percentage of Total Air Carrier Revenue	71.02%	68.82%	69.30%	65.69%	69.85%

¹ Does not include interest income earned on PFCs.
Source: Metropolitan Airports Commission.

The following table sets forth the airline’s cost per enplaned passenger for the years ended December 31, 2014 through 2018.

TABLE 20
Minneapolis-St. Paul International Airport
Airline Cost Per Enplaned Passenger
(for the year ended December 31)

	2014	2015	2016	2017	2018
Total Cost ¹	\$115,708,000	\$114,253,000	\$114,811,000	\$115,214,000	\$124,370,000
Enplaned Passengers	17,000,000	17,730,000	18,161,000	18,385,000	18,382,000
Airline Cost per Enplaned Passenger	\$6.81	\$6.44	\$6.32	\$6.27	\$6.77

¹ Total Cost includes airline payments made to the Commission for expenses incurred in the airfield, Terminal 1 and Terminal 2.
Source: Metropolitan Airports Commission

The following table sets forth the landing fee rates at the Airport for the Signatory Airlines for the years ended December 31, 2014 through 2018.

TABLE 21
Minneapolis-St. Paul International Airport
Landing Fee Rates for Signatory Airlines
(for the year ended December 31)

Year	Landing Fee Per 1,000 lbs. ¹
2014	\$2.68
2015	2.64
2016	2.68
2017	2.73
2018	3.05

¹ Landing fee rates for Signatory Airlines. Non-Signatory Airlines are charged a landing fee established pursuant to an ordinance adopted by the Commission.

Source: Metropolitan Airports Commission

Operating Revenue Diversity

The following tables set forth the top ten operating revenue providers and top ten revenue sources for the Commission for the years ended December 31, 2017 and 2018.

TABLE 22
Metropolitan Airports Commission
Top Ten Operating Revenue Providers
(for the years ended December 31, 2017 and 2018)
(ranked on 2018 results)

	2017	2018
1.	Delta	Delta
2.	Enterprise	Enterprise
3.	Hertz	Hertz
4.	HMS Host	HMS Host
5.	Sun Country	Sun Country
6.	Avis	Avis
7.	American	Southwest
8.	Southwest	Delaware North
9.	United	American
10.	Delaware North	United

Source: Metropolitan Airports Commission.

TABLE 23
Metropolitan Airports Commission
Top Ten Operating Revenue Sources
(for the years ended December 31, 2017 and 2018)

2017		2018	
Source	Revenue	Source	Revenue
1. Parking	\$95,231,435	Parking	\$93,886,670
2. Landing Fees	62,624,007	Landing Fees	69,761,979
3. General Building R&R	44,449,261	General Building R&R	47,543,849
4. Other Building Rent	25,788,486	Other Building Rent	28,011,597
5. Food and Beverage ¹	23,136,949	Food and Beverage ¹	24,241,244
6. Auto Rental (on- and off-Airport) ^{1,2}	20,584,230	Auto Rental (on- and off-Airport) ^{1,2}	21,716,921
7. Ground Rent ¹	10,886,646	Ground Transportation Fees	12,620,712
8. Ground Transportation Fees	10,322,990	News and Retail Stores	11,056,131
9. News and Retail Stores	10,170,400	Ground Rent ²	10,877,453
10. Ramp Fees	7,136,821	Ramp Fees	8,069,572

¹ See “AGREEMENTS WITH AIRLINES AND OTHER CONCESSIONAIRES—Airline Lease Agreements” for a discussion of certain concession revenues that are shared with the Signatory Airlines that provide passenger service at the Airport.

² Excludes the CFC collected by the on-Airport rental car companies and paid to the Commission, of which the Commission received \$21,524,770 in 2017 and \$22,398,079 in 2018. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Use of CFCs to Pay Debt Service and Other Costs” and “AGREEMENTS WITH AIRLINES AND OTHER CONCESSIONAIRES—Rental Car Agreements.”

Source: Metropolitan Airports Commission.

Budgeting Process

Operating Budget. The budget for the Commission is prepared on an accrual basis. Work on the budget begins in April of each Fiscal Year. During April, the Finance Department prepares historical information for each service center. In late May, the Finance and Administration Committee provides direction to staff regarding growth and allocation of funds and budget targets. These targets are typically focused around revenue growth, expense growth, debt coverage and airline rates and charges. The direction provided by the Finance and Administration Committee is communicated to staff at various informational meetings and included in their budget packages.

Budget packages are distributed to each service center in June. All service centers have four weeks to complete their budget. The Finance Department reviews all packages and summarizes information. The staffing matrix is the first item reviewed by senior staff. The Executive Director/Chief Executive Officer requests preliminary approval for additional positions, if any, from the Finance and Administration Committee. This preliminary approval provides the basis for more accurate projections.

During August, staff compiles summary reports and completes, on a preliminary basis, the revenue budget, the expense budget and the schedule of airline rates and charges. During September, presentations and supporting documents are prepared for the Finance and Administration Committee, senior staff and the Air Carriers. A draft of the budget is also provided to the Minnesota State Legislature. The month of October is reserved for presentations to the Finance and Administration Committee and revisions prior to requesting final approval.

The Finance and Administration Committee receives updates from staff during October and November. The recommendation from the Finance and Administration Committee for final approval is typically requested at the December Commission meeting. Final approval of the operating budget is

given at the December Commission meeting. Rate changes are provided at the beginning of December based upon final draft information.

For the year ended December 31, 2019, the Commission has budgeted operating revenues of approximately \$380,717,000 and total operating expenses of approximately \$358,434,000 (including approximately \$155,000,000 of depreciation and amortization). For the six months ended June 30, 2019, the Commission's operating revenues were approximately 2.6% over budget and the Commission's operating expenses, not including depreciation and amortization, were approximately 0.9% over budget. Results for the first six months of Fiscal Year 2019 may not be indicative of results for the full Fiscal Year. Actual results for the full Fiscal Year may vary from budgeted figures and such variations may be material.

Capital Budget. Each year, the Commission reviews, revises and approves capital projects that will start within the next 12 months, and adopts a CIP which covers all projects which are to be started during the second calendar year. In addition, a CIP which covers an additional five years is adopted. These serve as a basis for determining funding requirements and other operational planning decisions. The Commission's policy is to include in the CIP projects which enable the Commission to maximize federal aid and enhance safety and those that are customer service oriented. Certain projects which have a metropolitan significance are also submitted to the Metropolitan Council for review and approval. The Metropolitan Council is a regional planning agency responsible for coordinating and planning certain governmental services for the metropolitan area.

Commission staff has developed a set of project priority categories to use as a guide in determining the projects to be included in the CIP. Commission approval authorizes staff to proceed with plans and specifications and to obtain bids for contract award by the Commission. These priority categories in order of importance include (a) projects which the Commission has made a commitment to complete; (b) projects that enhance or ensure continued safety at each of the airports in the Airport System; (c) projects that cannot be accomplished by Commission maintenance crews, but are essential for reasons of economics or continued operation; (d) projects that are necessitated by regulatory requirements, such as FAA regulations and local, state or federal laws; (e) projects which address various environmental issues ranging from asbestos abatement to wetland mitigation; (f) projects constituting preventative maintenance; (g) projects which improve customer service and/or convenience; and (h) projects which have been identified as improving various operational aspects of the Airport System, whether applicable to aircraft, tenants, Commission staff or off-airport service providers.

On December 17, 2018, the Commission approved the 2019-20 CIP that includes projects, the construction of which will occur and/or begin during calendar years 2019 and 2020. On May 20, 2019, the Commission approved an amendment to the 2019-20 CIP, that included an additional \$765,000 of projects. The amended 2019-20 CIP has a total cost of approximately \$643 million. On December 17, 2018, the Commission also approved the 2021-25 CIP that includes projects, the construction of which will occur and/or begin during calendar years 2021 through 2025. The 2021-25 CIP has a total cost of approximately \$557 million. See "CAPITAL IMPROVEMENT PROGRAM" for additional information about the 2019-20 CIP and the 2021-25 CIP.

Pension and Retirement Plans

GERF and PEPFF. All full-time and certain part-time employees of the Commission hired after June 30, 1978 are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota ("PERA"). PERA administers the General Employees Retirement Plan (previously known as the Public Employees Retirement Fund) ("GERF") and the Public Employees Police and Fire Fund ("PEPFF") which are cost-sharing, multiple-employer retirement plans. All police

officers, fire fighters and peace officers who qualify for membership by statute are covered by PEPFF. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. GERF members belong to the Coordinated Plan, which incorporates Social Security. PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon the death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member’s average salary for any five successive years of allowable service, age and years of credit at termination of service.

All full-time and certain part-time employees of the Commission hired before July 1, 1978 were previously covered by the Minnesota Employees Retirement Fund (“MERF”), a defined benefit pension plan administered by PERA. MERF was fully merged into GERF on January 1, 2015. There are no active employees of the Commission that are part of MERF.

See “APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE METROPOLITAN AIRPORTS COMMISSION FOR THE FISCAL YEARS ENDED DECEMBER 31, 2018 AND 2017—NOTES TO THE FINANCIAL STATEMENTS—NOTE K: PENSION AND RETIREMENT PLANS” and “—Required Supplementary Information” for additional information on GERF and PEPFF.

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. The Commission makes annual contributions to GERF and PEPFF equal to the amounts required by State law.

The following table sets forth the statutorily required contributions made by the Commission and the employees of the Commission to GERF and PEPFF for Fiscal Years 2014 through, and including, 2018, and the budgeted contributions for Fiscal Year 2019. The Commission and the employees of the Commission have always made their full statutorily required contributions to GERF and PEPFF. The Commission cannot predict the levels of funding that will be required in the future.

TABLE 24
Metropolitan Airports Commission
Contributions to GERF and PEPFF

Fiscal Year	GERF				PEPFF			
	Commission Contribution		Commission Employees’ Contribution		Commission Contribution		Commission Employees’ Contribution	
	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll
2014	\$2,553,000	7.25%	\$2,201,000	6.25%	\$1,763,000	15.30%	\$1,175,000	10.20%
2015	4,770,000 ¹	13.04 ¹	2,392,000 ¹	6.54 ¹	1,920,000	16.20	1,280,000	10.80
2016	4,085,000	10.14	2,490,000	6.18	2,055,000	16.20	1,280,000	10.09
2017	4,198,000	10.02	2,599,000	6.20	2,040,000	16.20	1,390,000	11.04
2018	5,096,000	11.07	2,867,000	6.23	2,307,000	16.20	1,500,000	10.53
2019 ³	5,229,000 ²	9.76 ²	3,483,000 ²	6.50 ²	2,398,000	16.20	1,673,000	11.30

¹ MERF was fully merged into GERF on January 1, 2015. Includes an Employer Supplemental Contribution of \$2,016,000 relating to MERF.

² Includes an Employer Supplemental Contribution of \$1,209,000 relating to MERF.

³ Budgeted.

Source: Metropolitan Airports Commission

The following tables set forth certain information about the funding status of GERF and PEPFF that has been extracted from the comprehensive annual financial reports of PERA for the fiscal years ended June 30, 2014 through, and including, 2018 (collectively, the “PERA CAFRs (2014-2018)”), and the actuarial valuation reports provided to PERA by GRS Retirement Consulting (collectively, the

“PERA Actuarial Reports (2014-2018)”). Complete copies of the PERA CAFRs (2014-2018) and the PERA Actuarial Reports (2014-2018) can be obtained from PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088. According to PERA, there are more than 2,000 separate units of government (including the Commission) that participate in PERA’s various funds, including GERF and PEPFF.

TABLE 25
Funding Status of GERF
(Dollars in thousands)

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[c-a]/[d]]
7/1/2014	\$15,644,540	\$17,404,822	\$21,282,504	\$5,637,964	73.5%	\$3,877,682	81.8%	\$5,351,920	105.3%
7/1/2015	17,974,439	18,581,795	23,560,951	5,586,512	76.3	4,979,156	78.9	5,549,255	100.7
7/1/2016	18,765,863	17,994,909	24,848,409	6,082,546	75.5	6,853,500	72.4	5,773,708	105.3
7/1/2017	19,916,322	20,100,579	25,615,722	5,699,400	77.8	5,515,143	78.5	6,156,985	92.6
7/1/2018	21,129,746	21,553,477	27,101,067	5,971,321	78.0	5,547,590	79.5	6,298,815	94.8

Source: PERA CAFRs (2014-2018) and PERA Actuarial Reports (2014-2018).

TABLE 26
Funding Status of PEPFF
(Dollars in thousands)

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[c-a]/[d]]
7/1/2014	\$6,525,019	\$7,273,100	\$8,151,328	\$1,626,309	80.1%	\$ 878,228	89.2%	\$820,333	198.25%
7/1/2015	7,076,271	7,348,704	8,460,477	1,384,206	83.6	1,111,773	86.9	845,076	163.80
7/1/2016	7,385,777	7,098,090	8,417,621	1,031,844	87.7	1,319,531	84.3	881,222	117.1
7/1/2017	7,840,549	7,918,879	9,199,208	1,358,658	85.2	1,280,329	86.1	944,296	143.9
7/1/2018	8,320,094	8,486,907	9,552,804	1,232,710	87.1	1,065,897	88.8	976,657	126.2

Source: PERA CAFRs (2014-2018) and PERA Actuarial Reports (2014-2018).

When calculating the funding status of GERF and PEPFF for the fiscal year ended June 30, 2018, PERA and GRS Retirement Consulting, the actuary of PERA (the “PERA Actuary”), used the following assumptions, among others: (1) assets are valued on a five-year moving average of expected and market values so that investment gains and losses for a fiscal year are recognized over five years at 20% per year; (2) the amortization period is 30 years beginning on July 1, 2018; (3) the rate of return on investments is assumed to be 7.50%; (4) salaries are projected to increase 3.25-11.25% for GERF and 3.25-12.25% for PEPFF; (5) the rate of inflation is assumed to be 2.50%; (6) payrolls are projected to increase 3.25% per year; and (7) cost of living adjustments for GERF are assumed to be 1.25% per year.

Based on information provided to the Commission by PERA, approximately \$49.8 million of the unfunded actuarial accrued liability of GERF and approximately \$13.9 million of the unfunded actuarial accrued liability of PEPFF is allocable to the Commission.

Post-Retirement Health Benefits. In addition to the contributions to GERF and PEPFF, the Commission contributes to a single-employer defined benefit other postemployment benefit plan (the “OPEB Plan”). The OPEB Plan is administered by the Commission and the “Metropolitan Airports Commission Other than Pension Employee Benefit Trust” (the “OPEB Trust”) established by the Commission in November 2018 pursuant to an irrevocable trust agreement. The board of trustees of the OPEB Trust consist of the Commissioners of the Commission. The OPEB Plan provides health insurance benefits for certain of the Commission’s retired employees. All non-union employees (hired before August 17, 2006) who retire from the Commission at age 55 or later, have three years of service and who are receiving benefits from PERA, and who do not participate in any other health benefits program providing coverage similar to that offered by the Commission, are eligible to continue receiving coverage with respect to both themselves and their eligible dependents under the OPEB Plan. Union employees require ten years of service to be eligible for benefits. Employees of the Commission hired after August 17, 2006 are not eligible to participate in the OPEB Plan. At the time of the establishment of the OPEB Trust, the Commission contributed approximately \$69,847,000 to the OPEB Trust. This contribution consisted of \$66,146,000 of funds previously designated by the Commission to pay for the health insurance benefits of the eligible retirees of the Commission, and certain available moneys of the Commission. The Commission’s post-retirement health benefits expense for Fiscal Year 2018 was \$(1,301,000) and is expected to be \$2,235,000 in 2019. See “APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE METROPOLITAN AIRPORTS COMMISSION FOR THE FISCAL YEARS ENDED DECEMBER 31, 2018 AND 2017—NOTES TO THE FINANCIAL STATEMENTS—NOTE L: Single-Employer Defined Benefit Other Postemployment Benefit Plan” and “—Required Supplementary Information” for additional information on the post-retirement benefits offered by the Commission to its employees.

An actuarial valuation of the OPEB Plan was completed by Van Iwaarden Associates in February 2019 (the “OPEB Actuarial Report”). According to the OPEB Actuarial Report, as of December 31, 2018, the OPEB Plan had an actuarial accrued liability of \$25,354,000 and a funded ratio of 72.3%. The OPEB Actuarial Report assumed a rate of return on investments of 4.0%, a rate of inflation of 2.5%, and an annual health care cost trend of 6.4% in 2019 and decreasing to an ultimate rate of 4.0% in 2076 and later years. The OPEB Actuarial Report was completed in accordance with GASB 75, which was implemented by the Commission during 2018.

[Remainder of page intentionally left blank.]

Risk Management and Insurance

The Senior Indenture and the Subordinate Indenture do not specify any minimum amount of insurance coverage. Instead, the Senior Indenture requires the Commission to maintain insurance or qualified self-insurance against such risks at the Airport as are usually insured at other major airports.

As of August 1, 2019, the Commission maintained the following insurance coverages:

<u>Insurer</u>	<u>Expiration</u>	<u>Coverage</u>	<u>Policy Limits</u>
Chubb ¹	1/1/20	General aviation liability including personal injury	\$750,000,000
Alliant	7/1/20	Blanket fire & extended peril coverage on property, contents, business interruption, boiler and machinery, and terrorism ²	\$1,000,000,000
Alliant	7/1/20	Cyber liability, including first and third party liability, breach, response, notified individuals and cyber forensics	\$5,000,000
Self-insured ³	1/1/20	Workers' compensation	Excess of \$500,000
Zurich	6/1/20	Crime and employee dishonesty	\$5,000,000
Minnesota Risk Management Fund	7/1/20	Auto liability, inland marine, auto physical damage, garage keepers and fine arts	ACV – autos, replacement cost – inland marine

¹ Includes a “War, Hijacking and Other Perils Endorsement” with coverage of up to \$100 million. Coverage under this endorsement may be terminated at any time by the underwriters and terminates automatically upon the outbreak of war (whether there has been a declaration of war or not) between any two or more of the following: France, the People’s Republic of China, the Russian Federation, the United Kingdom or the United States, and certain provisions of the endorsement are terminated upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

² The Commission’s terrorism coverage under the Alliant Public Entity Property Insurance Program is part of a pool with six medium and small airports located across the United States. The insurance provides primary terrorism coverage of \$100 million and excess coverage (if the primary coverage level is exceeded) of \$600 million. However, the terrorism coverage for the Commission and the other six airports is subject to a combined cap of \$1.1 billion. The terrorism insurance does not cover damage caused by hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

³ Funded from current operating revenues of the Commission. Reinsured by Workers’ Compensation Reinsurance Association.

Investment Policy

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. For 2018, 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.

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 Minnesota and 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.

See "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE METROPOLITAN AIRPORTS COMMISSION FOR THE FISCAL YEARS ENDED DECEMBER 31, 2018 AND 2017—NOTES TO FINANCIAL STATEMENTS—NOTE B: DEPOSITS AND INVESTMENTS—Investments" for additional discussion on the Commission's investment policies and the Commission's investments as of December 31, 2018.

Derivatives Policy

In November 2003, the Commission adopted a derivatives policy which provides guidelines to be used by the Commission when entering into derivative financial products, including, but not limited to, interest rate swaps, swaptions, municipal warrants and interest rate caps. As of the date of this Official Statement, the Commission has not entered into any derivative financial products.

CAPITAL IMPROVEMENT PROGRAM

General

The Commission has an ongoing capital improvement program at the Airport and the Reliever Airports, which includes, among other projects, end of life/replacement projects, information technology projects, long-term comprehensive plan projects, maintenance/facility upgrade projects, ongoing maintenance projects, noise mitigation projects and tenant specific projects. Many of the projects in the CIP include one or more distinct phases, each of which will be started and completed at different times.

Each year, the Commission adopts a CIP consisting of the distinct phases of various projects that are to be started during the next two years. On December 17, 2018, the Commission approved the 2019-20 CIP that includes certain project phases, the construction of which will begin during calendar years 2019 and 2020. The 2019-20 CIP, as amended, has a total cost of approximately \$643 million. For longer range funding and planning decisions, in addition to the two-year CIP, the Commission adopts a capital improvement plan that covers an additional five-year period. On December 17, 2018, the Commission adopted the 2021-25 CIP. The 2021-25 CIP includes approximately \$557 million of project phases that are expected to be started during calendar years 2021 through 2025. See "FINANCIAL INFORMATION—Budgeting Process—Capital Budget."

In connection with the 2019-20 CIP and 2021-25 CIP projects and certain other long-term projects at the Airport, the Commission prepared the "MSP 2020 Improvements Project Environmental

Assessment/ Environmental Assessment Worksheet (the “2020 EA/EAW”) to evaluate the environmental effects of the proposed improvements to the Airport. The environmental review process was completed in March 2013 with the issuance by the FAA of a Finding of No Significant Impact/Record of Decision (the “2020 FONSI/ROD”). Additionally, in April 2013, the FAA stated (through a Negative Declaration) that there was no need for the Commission to prepare an Environmental Impact Statement. See “AIRPORT SYSTEM ENVIRONMENTAL MATTERS—Airport Noise Control Program—60 to 64 DNL Noise Contours—Consent Decree—First Amendment to Consent Decree.”

2019-20 CIP Projects

The 2019-20 CIP includes approximately \$643 million of projects phases, as set forth in the following table. The major projects in the 2019-20 CIP included improvements to baggage claim and the ticket lobby in Terminal 1, various other improvements to Terminal 1 and construction of the new Safety and Security Center. See PLAN OF FINANCE.” Future two-year CIPs could reflect revisions to the 2019-20 CIP and/or additional projects. The Commission does not need approval, and does not plan to seek approval, from the Majority-In-Interest of the Signatory Airlines to construct the projects in the 2019-20 CIP.

TABLE 27
Metropolitan Airports Commission
2019-20 CIP Projects

Projects	2019	2020	Total
Terminal 1 - Baggage Claim/Ticket Lobby Operational Improvements ¹	\$ 98,000,000	\$ 61,900,000	\$159,900,000
Terminal 1 – Maintenance and Improvements	73,036,000	75,055,000	148,091,000
Safety and Security Center ¹	–	77,500,000	77,500,000
Terminal 1 – Concourse G Delta Skyclub ¹	–	50,000,000	50,000,000
Airfield and Runway	19,500,000	22,450,000	41,950,000
South Security Exit/Terminal Expansion ¹	41,500,000	–	41,500,000
Environmental ²	18,800,000	9,850,000	28,650,000
Reliever Airports	15,300,000	11,950,000	27,250,000
Parking Improvements	19,500,000	3,500,000	23,000,000
Police and Fire Projects	3,500,000	7,200,000	10,700,000
Terminal 1 - FIS Recheck Operational Improvements ¹	–	8,400,000	8,400,000
Utilities	1,500,000	6,210,000	7,710,000
Roadway Projects	1,950,000	4,190,000	6,140,000
Concourse G Moving Walkways ¹	1,550,000	3,195,000	4,745,000
Hangars and Other Buildings	600,000	2,800,000	3,400,000
Terminal 2 – Maintenance and Improvements	3,200,000	200,000	3,400,000
Other	–	500,000	500,000
Total	<u>\$297,936,000</u>	<u>\$344,900,000</u>	<u>\$642,836,000</u>

¹ See “PLAN OF FINANCE.” Project is one of the Series 2019 Projects.

² Includes expenditures on the Commission’s noise mitigation program. See “AIRPORT SYSTEM ENVIRONMENTAL MATTERS—Airport Noise Control Program.”

Source: Metropolitan Airports Commission.

2021-25 CIP Projects

The 2021-25 CIP includes approximately \$557 million of projects, as set forth in the following table. The major projects in the 2021-25 CIP are various maintenance and improvements to Terminal 1 and the airfield and runways. Future CIPs could reflect revisions to the 2021-25 CIP and/or additional projects. The Commission does not need approval, and does not plan to seek approval, from the Majority-In-Interest of the Signatory Airlines to construct the projects in the 2021-25 CIP.

TABLE 28
Metropolitan Airports Commission
2021-25 Capital Improvement Program Projects

Projects	2021	2022	2023	2024	2025	Total
Terminal 1 – Maintenance and Improvements	\$ 47,505,000	\$ 60,360,000	\$ 59,365,000	\$ 62,600,000	\$ 56,400,000	\$286,230,000
Airfield and Runway	7,150,000	23,650,000	5,750,000	23,800,000	6,000,000	66,350,000
Reliever Airports	5,420,000	12,750,000	12,100,000	9,250,000	8,250,000	47,770,000
Roadway Projects	6,000,000	13,970,000	22,100,000	1,650,000	3,420,000	47,140,000
Terminal 1 – Baggage Claim/Ticket Lobby						
Operational Improvements ¹	32,500,000	–	–	–	–	32,500,000
Hangars and Other Buildings	2,800,000	15,450,000	3,550,000	2,500,000	1,000,000	25,300,000
Parking Improvements	4,000,000	9,500,000	3,000,000	3,000,000	–	19,500,000
Utilities	3,250,000	4,050,000	2,750,000	2,750,000	3,500,000	16,300,000
Environmental ²	2,000,000	3,000,000	4,000,000	1,000,000	–	10,000,000
Terminal 2 – Maintenance and Improvements	700,000	1,300,000	1,000,000	500,000	–	3,500,000
Police and Fire Projects	500,000	–	1,500,000	500,000	–	2,500,000
Total	<u>\$111,825,000</u>	<u>\$144,030,000</u>	<u>\$115,115,000</u>	<u>\$107,550,000</u>	<u>\$78,570,000</u>	<u>\$557,090,000</u>

¹ See “PLAN OF FINANCE.” Project is one of the Series 2019 Projects.

² Includes expenditures on the Commission’s noise mitigation program. See “AIRPORT SYSTEM ENVIRONMENTAL MATTERS—Airport Noise Control Program.”

Source: Metropolitan Airports Commission.

Funding Sources for the 2019-20 CIP and 2021-25 CIP Projects

General. The Commission anticipates financing the 2019-20 CIP and the 2021-25 CIP with a combination of (a) proceeds of the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds (approximately \$178 million), (b) proceeds of the previously issued Subordinate Series 2016C Bonds, Subordinate Series 2016D Bonds and Subordinate Series 2016E Bonds (approximately \$38 million), (c) proceeds of Additional Senior Bonds and/or Additional Subordinate Bonds (approximately \$100 million); (d) PFCs (approximately \$300 million, on a pay-as-you-go basis); (e) federal and State grants (approximately \$126 million); and (f) and other available revenues of the Commission (approximately \$458 million, including \$162 million from the Repair and Replacement Account).

Senior/Subordinate Bond Proceeds. The Commission expects to use approximately \$178 million of the proceeds of the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds, approximately \$38 million of the proceeds of the previously issued Subordinate Series 2016C Bonds, Subordinate Series 2016D Bonds and Subordinate Series 2016E Bonds, and approximately \$100 million of the proceeds of Additional Senior Bonds and/or Additional Subordinate Bonds expected to be issued during 2022 to finance a portion of the costs of the 2019-20 CIP and the 2021-25 CIP projects. See “PLAN OF FINANCE.”

Passenger Facility Charges. The Commission expects to use approximately \$300 million of PFCs (on a pay-as-you-go basis) to finance a portion of the costs of the projects in the 2019-20 CIP and the 2021-25 CIP.

The PFC Act and the PFC Regulations permit public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a \$1.00, \$2.00 or \$3.00 PFC with certain qualifying airports permitted to charge a maximum PFC of \$4.50. Regardless of the number of PFC applications which have been approved by the FAA, an airport can only collect a maximum of \$4.50 on each enplaning passenger. Public agencies wishing to impose and use these PFCs must apply to the FAA for such authority and satisfy the requirements of the PFC Act. In addition, an application for the imposition of PFCs by certain public agencies (including the Commission) will not be approved by the FAA after October 1, 2000, unless such applying public agency has submitted a competition plan acceptable to the FAA. See “—Competition Plan” below.

The purpose of the PFC is to develop an additional capital funding source to provide for the expansion of the national airport system. Under the PFC Act, the proceeds from PFCs are required to be used to finance eligible airport-related projects that serve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among Air Carriers. See “CERTAIN INVESTMENT CONSIDERATIONS—Availability of Funding for the Capital Improvement Program.”

The Commission has received approval from the FAA, pursuant to fifteen separate applications (ten of which were later amended by the Commission, with the approval of the FAA), to collect a PFC on each enplaning passenger at the Airport totaling approximately \$2.08 billion. The Commission has closed PFC Applications 1 through 5 and 9. These applications have been fully funded and the projects they financed have been completed. By the end of 2019, the Commission expects to file amendments to the 10th, 11th and 12th PFC Applications with the FAA. The 10th PFC Application will be amended to reduce the authorized collection amount from \$101,472,000 to \$80,577,000; the 11th PFC Application will be amended to reduce the authorized collection amount from \$52,827,000 to \$52,722,000; and the 12th PFC Application will be amended to increase the authorized collection amount from \$40,796,000 to \$55,397,000.

The Commission first began collecting a \$3.00 PFC in 1992. In 2001 the Commission received approval from the FAA to collect an additional \$1.50 on each enplaning passenger resulting in a \$4.50 PFC now being collected on each enplaning passenger at the Airport. Such PFCs have been approved by the FAA to be used to finance all or a portion of certain capital improvements at the Airport, including, among other things, the automated people mover system which was constructed as part of the auto rental/public parking garage located adjacent to Terminal 1, noise mitigation projects, primarily the Part 150 Residential Insulation Program which applied to homes within the FAA-certified 65 or greater Day Night Level (“DNL”) noise contours, Terminal 2, portions of Runway 17/35, Concourses A and B of Terminal 1, and expansion of Concourse C of Terminal 1. See also “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Use of PFCs to Pay Debt Service.”

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The following table sets forth a summary of the Commission's approved PFC applications and the total amount of PFCs received by the Commission under each application through June 30, 2019.

TABLE 29
Metropolitan Airports Commission
Approved PFC Applications¹

PFC Application	Initial Approval Date	Initial Approval Amount	Amended Approval Amount	Total Amount Received as of June 30, 2019²
1	June 1992	\$ 66,356,000	\$ 92,714,000	\$ 92,714,000
2	August 1994	113,064,000	140,717,000	140,717,000
3	December 1995	32,700,000	36,377,000	36,377,000
4	December 1998	55,460,000	47,801,000	47,801,000
5	January 2000	106,874,000	112,533,000	112,533,000
6	January 2003	1,161,479,000	759,735,000	589,345,000
7	June 2005	0	14,479,000	14,479,000
8	May 2005	191,380,000	147,986,000	138,977,000
9	November 2005	7,316,000	8,659,000	8,659,000
10	May 2008	128,448,000	101,472,000 ³	80,577,000
11	March 2014	52,827,000	52,827,000 ⁴	52,056,000
12	September 2015	40,796,000	40,796,000 ⁵	40,075,000
13	January 2017	65,212,000	65,212,000	21,647,000
14	September 2017	126,557,000	126,557,000	116,872,000
15	January 2019	<u>334,177,000</u>	<u>334,177,000</u>	<u>91,989,000</u>
Total		<u>\$2,482,646,000</u>	<u>\$2,082,042,000</u>	<u>\$1,584,818,000</u>

¹ PFC Applications 1 through 5 were originally approved for the collection of a \$3.00 PFC on each enplaning passenger. The Commission subsequently amended its PFC Application 5, which was subsequently approved by the FAA, authorizing the Commission to collect an additional \$1.50 PFC per enplaning passenger. PFC Applications 6 through 15 have been approved at the collection rate of \$4.50 per enplaning passenger.

² Authorization to collect PFCs under all of the applications and amendments expires in May 2026, however, such authorization to collect PFCs could expire earlier if the total authorized amount is collected prior to May 2026.

³ By the end of 2019, the Commission expects to file an amendment to the 10th PFC application with the FAA for the purpose of reducing the authorized PFC collection amount to \$80,577,000.

⁴ By the end of 2019, the Commission expects to file an amendment to the 11th PFC application with the FAA for the purpose of reducing the authorized PFC collection amount to \$52,722,000.

⁵ By the end of 2019, the Commission expects to file an amendment to the 12th PFC application with the FAA for the purpose of increasing the authorized PFC collection amount to \$55,397,000.

Source: Metropolitan Airports Commission.

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The following table sets forth the amount of PFCs collected in 2014 through 2018.

TABLE 30
Metropolitan Airports Commission
Annual Collections of PFCs¹

<u>Year</u>	<u>PFCs Collected</u>
2014	\$67,106,000
2015	70,471,000
2016	72,273,000
2017	73,390,000
2018	73,734,000

¹ The information in this table is presented on a cash basis, and, therefore, will not match the accrual accounting presentation set forth in the Commission’s audited financial statements for the years ended December 31, 2018 and 2017 that are included in Appendix B to this Official Statement.

Source: Metropolitan Airports Commission.

Federal and State Grants. The Commission expects to use approximately \$125 million of federal and State grants to finance a portion of the costs of the 2019-20 CIP and the 2021-25 CIP projects.

Airport Improvement Program Grants. The Commission receives federal grant money from the FAA each year. The Airport and Airway Improvement Act of 1982, as amended, created the Airport Improvement Program (“AIP”), which is administered by the FAA. Grants are available to airport operators in the form of entitlement funds and discretionary funds and are payable on a reimbursement basis. Entitlement funds are apportioned annually based upon the number of enplaned passengers and the aggregate landed weight of all-cargo aircraft; discretionary funds are available at the discretion of the FAA based upon a national priority system.

The Commission expects to receive approximately \$103 million of AIP entitlement/discretionary and reliever non-primary grants to finance projects in the 2019-20 CIP and the 2021-25 CIP. There can be no assurance as to the amount of such funding to the Commission in the future. See “CERTAIN INVESTMENT CONSIDERATIONS—Availability of Funding for the Capital Improvement Program.” Additionally, pursuant to the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century (“AIR 21”), no AIP grants will be approved by the FAA after October 1, 2000 for certain airports (including the Airport), unless such applying airport has submitted a competition plan acceptable to the FAA. See “—Competition Plan” below.

As described above, the FAA has granted the Commission approval to collect PFCs at the Airport. In accordance with the PFC Act and the PFC Regulations, since the Commission collects a \$4.50 PFC the amount of AIP entitlement grants which the Commission is permitted to receive annually may be reduced up to 75%. However, as a result of the increased funding of AIP entitlement grants pursuant to AIR 21, the Commission has not experienced a material reduction from its previous level of AIP entitlement grants since it began collecting a \$4.50 PFC.

The Commission’s financial plan for funding projects in the 2019-20 CIP and the 2021-25 CIP assumes that AIP entitlement and discretionary grant funds will be available to fund the grant-eligible

portion of certain of these projects. In the event that AIP grants to the Airport are lower than those made in recent years, the Commission would either elect to delay or not undertake certain projects or seek alternative sources of funding, including the possible issuance of additional debt. See “CERTAIN INVESTMENT CONSIDERATIONS—Availability of Funding for the Capital Improvement Program.”

Transportation Security Administration Grants. The Commission has applied for, and expects to receive, approximately \$12 million in grants from the Transportation Security Administration (“TSA”) in 2019, which will be used to finance upgrades to the checked-baggage inspection system.

MNDOT Grants. In the past, the Commission has received grants from the Minnesota Department of Transportation (“MNDOT”) that are used to fund projects at the Airport. The Commission currently expects to receive approximately \$10.5 million of MNDOT grants between 2019 and 2025.

Internally Generated Commission Funds. The Commission also intends to use certain amounts it generates from operations after the payment of all of its operating expenses, debt service and other payment obligations to pay for costs of the projects in the 2019-20 CIP and the 2021-25 CIP. The Commission expects that approximately \$468 million of such funds (including \$162 million to come from the Repair and Replacement Account) will be available to fund projects in the 2019-20 CIP and the 2021-25 CIP.

Long-Term Comprehensive Plan

In addition to its CIPs, the Commission develops a long-term comprehensive plan (“LTCP”) for the Airport, which is an infrastructure planning tool based on projected passenger demand and aircraft operations levels. It is forward-looking and does not authorize actual construction or serve as a basis for noise mitigation. The Commission approved the current LTCP (the “2030 LTCP”) in 2010. The 2030 LTCP includes a forecast of Airport activity levels as of 2030 (passenger enplanements and aircraft operations) and the facilities needed to support those activity levels. The 2030 LTCP includes approximately \$2.4 billion (in 2009 dollars) of improvements to the Airport, including among others, expansion of Terminal 2, modernization and expansion of Terminal 1, construction of additional parking garages at Terminal 1 (which began in 2016) and Terminal 2, and certain airfield project. No changes to the existing runways were proposed. Certain of the projects set forth in the 2030 LTCP are included in the 2019-20 CIP and/or the 2021-25 CIP, including the rehabilitation, repair and upgrade of various parts of Terminal 1. In 2014, the Commission began developing the 2035 LTCP. However, due to certain conditions and timing of events, development of the 2035 LTCP was halted. At the start of 2019, the Commission began developing the 2040 LTCP, which is expected to be completed during 2020.

Competition Plan

Pursuant to the AIR 21, certain covered airports, including the Airport, are required to file a competition plan with the FAA in order to receive further AIP entitlement grants after October 1, 2000 and in order to receive approval of PFC applications submitted after October 1, 2000. The airports that are required to comply with these provisions of AIR 21, include airports that board more than 0.25% of all passengers throughout the United States and at which one or two Air Carriers control more than 50% of the passenger boardings at such airport. The Airport meets both of these criteria and therefore must comply. AIR 21 states that the competition plan should include information on the availability of airport gates and related facilities, leasing and sub-leasing arrangements, gate-use requirements, patterns of air service, gate-assignment policy, financial constraints, airport controls over air- and ground-side capacity, whether the airport intends to build or acquire gates that would be used as common facilities, and airfare levels compared to other large airports.

The Commission is in compliance with the FAA’s competition plan requirements for the Airport. The Commission originally submitted its competition plan for the Airport in 2000, and subsequently filed updates in 2001, 2004, 2008 and 2016. In 2012 and 2015, the Commission also filed letters with the FAA informing it of minor changes to its competition plan for the Airport. The FAA has responded to each submission confirming the Commission’s compliance with the FAA’s competition plan requirements. The Commission expects to submit an update to its competition plan for the Airport once all of the Signatory Airlines have executed the new Airline Lease Agreement.

AIRLINE AND AIRLINE INDUSTRY INFORMATION

Availability of Information Concerning Individual Airlines

Certain of the airlines or their parent corporations operating at the Airport are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and, as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements can be inspected and copies obtained at prescribed rates in the Public Reference Room of the SEC at 100 F Street, NE, Room 1580, Washington, DC 20549. The SEC maintains a website at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the DOT. Such reports can be inspected at the following location: Bureau of Transportation Statistics, Research and Innovation Technology Administration, Department of Transportation, 1200 New Jersey Avenue, SE, Washington, DC 20590, and copies of such reports can be obtained from the DOT at prescribed rates.

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

Neither the Commission nor the Underwriters undertake any responsibility for and make no representations as to the accuracy or completeness of the content of information available from the SEC or the DOT as discussed in the preceding paragraphs, including, but not limited to, updates of such information on the SEC’s website or links to other Internet sites accessed through the SEC’s website.

See also “CERTAIN INVESTMENT CONSIDERATIONS” for discussions regarding the financial condition of the airlines and the effects of airline bankruptcies on the Commission.

Delta

General. Delta Air Lines Inc.’s SEC filings provide comprehensive financial, operational and other information concerning Delta and prospective investors are encouraged to review such filings prior to making an investment decision.

Role at the Airport. The Airport serves as a domestic hub in the route system of Delta. Delta also maintains domestic hubs at Atlanta, Detroit, New York-JFK, Salt Lake City, Los Angeles, New York (LaGuardia) and Seattle. Delta is the dominant Air Carrier operating at the Airport. Delta, together with its affiliated Air Carriers (including, among others, Endeavor), accounted for approximately 71.4% of passenger enplanements at the Airport in 2018 and approximately 70% of the airline rentals, fees and charges component of the Airport System’s operating revenues. Additionally, Delta leases 87 of the 103 full service jet gates in Terminal 1. See “CERTAIN INVESTMENT CONSIDERATIONS—Dominance of Delta at the Airport” and “—Factors Affecting the Airline Industry.”

AIRPORT SYSTEM ENVIRONMENTAL MATTERS

There are several significant environmental matters which have direct and indirect impacts on the Commission and the Airport. These include aircraft noise reduction and the discharge of storm water runoff.

Airport Noise Control Program

65 or Greater DNL Noise Contours. Over the past 27 years, the Commission's plans for mitigating noise in homes near the Airport have varied. The Commission's previously approved Part 150 Residential Insulation Program, which applied only to homes within the FAA-certified DNL noise contours of 65 decibels or greater, was designed to provide an interior noise level of 45 decibels or less through the application of a five decibel noise reduction mitigation package. Once a home in the 65 or greater DNL noise contours was designated for sound insulation, its degree of sound insulation modifications depended on the existing conditions of the home's windows, doors, insulation levels, and mechanical systems. Residents within the 65 or greater DNL noise contours received a five decibel reduction package, which included some, or all, of the following items: reconditioning or replacement of existing windows; addition of exterior acoustical storm windows; reconditioning or replacement of existing prime doors; addition of exterior acoustical storm doors; baffling of attic and roof vents; addition of wall and attic insulation; and addition of central air conditioning (if not existing). Sound insulation modification to the 7,846 homes eligible to receive such modifications within the 65 or greater DNL noise contours have been completed at a total cost of approximately \$229.5 million.

60 to 64 DNL Noise Contours. In addition to insulating homes within the 65 or greater DNL noise contours, the Commission has received Majority-In-Interest approval from the Signatory Airlines to spend up to \$150 million for noise mitigation within the 60 to 64 DNL noise contours (the "60 to 64 DNL Noise Contours"). In early 2001, the Commission planned to spend the \$150 million on noise mitigation for homes within the 60 to 64 DNL Noise Contours. It had been estimated in 2001 that providing the five decibel reduction mitigation package to all of the homes located in the 60 to 64 DNL Noise Contours would cost approximately \$450 million (in the 2004 update to the Commission's 150 Residential Insulation Program the cost was estimated to be approximately \$331.5 million), and therefore, the Commission's plan to spend \$150 million would not have been sufficient. In November 2001, the Commission submitted a proposal to the FAA regarding, among other things, noise mitigation in the 60 to 64 DNL Noise Contours. On December 17, 2001, the Commission decided to reevaluate the best and most efficient use of the \$150 million for noise mitigation within the 60 to 64 DNL Noise Contours. Additionally, in 2002 the Commission withdrew its November 2001 submittal to the FAA in order to develop revised noise contours for 2007. The Commission submitted revised noise contours to the FAA in November 2004 for review and approval. These revised noise contours took into account recent changes in the aviation industry but did not represent current conditions.

In 2004, the Commission proposed a \$48 million noise mitigation plan for the 60 to 64 DNL Noise Contours, whereby the Commission would spend \$28 million (down from the \$150 million plan) and the homeowners would spend \$20 million of their own money. The plan would include the installation of a mechanical package (including, among other things air conditioning) to the affected homes.

On April 6, 2005, 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") filed a lawsuit in Minnesota State District Court, Fourth Judicial District (the "District Court"), against the Commission, alleging, among other things, that the Commission had violated and will likely continue to violate certain noise pollution provisions of the Minnesota Environmental Rights Act ("MERA") and

other laws of the State. The Noise Plaintiffs requested the court, among other things, to order the Commission to cease violating the noise pollution provisions of MERA and other laws of the State and to provide a five decibel reduction package to all homes within the 60 to 64 DNL Noise Contours, at no cost to the homeowners. The Commission estimated that the cost of providing a five decibel reduction package to all homes within the 60 to 64 DNL Noise Contours would be approximately \$331.5 million; however, the Commission estimated that the cost could be approximately \$450 million if it was required to provide the five decibel reduction mitigation package to all of the homes located in the 60 to 64 DNL Noise Contours in effect in 2001. On January 25, 2007, the court granted the Noise Plaintiffs' motion for summary judgment, holding that the Commission created an environmental quality standard under MERA that required the Commission to provide a five decibel reduction package to all homes within the 60 to 64 DNL Noise Contours and that the Commission violated that standard. In February 2007, the District Court held a five-day trial on the issue of whether the Commission's failure to provide a five decibel reduction package violated MERA by materially adversely affecting the environment, and on the issue of an appropriate remedy under MERA.

On September 1, 2005, David B. Wiencke, et. al., on behalf of themselves and all others similarly situated, filed a lawsuit with the District Court against the Commission seeking a declaratory judgment and monetary relief for the Commission's failure to implement a five decibel reduction package to all homes within the 60 to 64 DNL Noise Contours. On August 3, 2006, the District Court issued an order certifying a class action of all individuals owning homes or other buildings within the boundaries of the City of Minneapolis and the City of Richfield within the 60 to 64 DNL Noise Contours as projected for 2005 by the Commission in its 1996 DNL Noise Contour Maps. The complaint, as amended, alleged breach of express contract, breach of implied contract, breach of contract on the grounds of promissory estoppel and sought declaratory relief. Although the legal claims were different than those raised by the Noise Plaintiffs discussed in the previous paragraph, the underlying facts and general claims for relief were substantially similar.

Consent Decree.

Original Consent Decree. On October 19, 2007, the District Court approved a Consent Decree (the "Original Consent Decree") negotiated by the Commission, the Noise Plaintiffs and David B. Wiencke, et. al. Under the Original Consent Decree, the Commission was required to provide mitigation to homes in the 60 to 64 DNL Noise Contours. Mitigation activities varied based on the applicable 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) received less extensive mitigation than single-family homes. The noise mitigation program under the Original Consent Decree was substantially completed on July 31, 2014 at a total cost of approximately \$95 million.

First Amendment to Consent Decree. As a result of past mitigation activities, the terms of the Original Consent Decree, and local land use compatibility guidelines defined by the Metropolitan Council, the Commission included a noise mitigation plan in the draft 2020 EA/EAW (see "CAPITAL IMPROVEMENT PROGRAM—General" above for additional information on the 2020 EA/EAW). In response to comments received by various communities surrounding the Airport on the draft 2020 EA/EAW, the Commission included a revised noise mitigation plan in the final 2020 EA/EAW. When the FAA issued its 2020 FONSI/ROD in March 2013, it concluded that there were no areas of sensitive land uses that would experience a 1.5 decibel or greater increase in the 65 DNL noise contour if the Commission were to move forward with its capital improvement program. The FAA concluded that noise mitigation would not be part of the 2020 FONSI/ROD, nor did it constitute a condition of approval by the FAA. However, the FAA included a letter with the 2020 FONSI/ROD that addressed using Commission revenues for the noise mitigation plan included in the 2020 EA/EAW. The FAA stated that

“As a matter of general principal mitigation measures imposed by a state court as part of a consent decree are eligible for use of airport revenue. Conceptually the MAC could use airport revenues if it were to amend the [Original Consent Decree] to include the proposed mitigation.”

Based on the FAA’s position, the Commission initiated discussions with the other parties to the Original Consent Decree in order to include the modified noise mitigation plan that was included in the final 2020 EA/EAW in the Original Consent Decree. On September 25, 2013, the District Court approved an amendment to the Original Consent Decree (the “First Amendment to Consent Decree”), which included the modified noise mitigation program. Eligibility under the modified noise mitigation program included in the First Amendment to Consent Decree became effective in 2014 and will expire on December 31, 2024.

Under the First Amendment to Consent Decree, eligibility of single-family and multi-family homes will be determined based upon actual noise contours that are developed by the Commission on an annual basis. A single-family or multi-family home will be considered eligible for noise mitigation when the following criteria are met:

(a) the community in which the home is located has adopted local land use controls and building performance standards that prohibit new residential construction or remodeling on the block in which the home is located, unless the construction or remodeling materials and practices are consistent with the noise impact levels and consistent with noise mitigation provided by this program, and

(b) the home is located, for a period of three consecutive years (the first of the three years cannot be later than calendar year 2020) in the actual 60-64 DNL noise contour, and, within a higher noise impact mitigation area when compared to the single-family home’s status under the noise mitigation program that was included in the Original Consent Decree.

Noise mitigation will be provided to eligible properties in the year following the determination of eligibility. Single-family and multi-family homes that were opted out of mitigation previously are not eligible to participate in the modified mitigation program.

The Commission’s 2018 Annual Noise Contour Report was completed on March 1, 2019 (the “2018 Noise Contour Report”). The Commission continues to implement the noise mitigation commitments it made in the First Amendment to Consent Decree. As described previously, a home must meet the eligibility standards for three consecutive years in order to be eligible to receive noise mitigation. Two hundred forty-three single-family homes have met the eligibility standards for three consecutive years and are eligible to receive noise mitigation beginning in 2020. Sixteen single-family homes have met the eligibility standards for two consecutive years, and, if they meet the standards again in 2019, they will be eligible to receive noise mitigation beginning in 2021. Three hundred thirteen single-family homes and 515 multi-family units have met the eligibility standards for one year and, if they meet the standards again in 2019 and 2020, they will be eligible to receive noise mitigation beginning in 2022. As described in “CAPITAL IMPROVEMENT PROGRAM—2019-20 CIP” and “—2021-25 CIP”, the Commission is currently programing a total of \$26 million for noise mitigation to be provided under the First Amendment to Consent Decree, beginning in 2019.

In 2017, a second amendment to the Consent Decree was entered into by the parties. The second amendment includes, among other things, allowing the use of an updated computer model for determining and analyzing noise exposure and land use compatibility issues around the Airport.

Throughout the history of its noise mitigation program, the Commission has provided sound attenuation improvements to over 15,000 homes, 3,300 multi-family units and 18 schools.

State Legislation. From time to time, there have been bills introduced in the Minnesota State Legislature that addressed noise mitigation with respect to communities surrounding the Airport. To date, none of these bills has been passed by the Minnesota State Legislature and signed by the Governor; however, the Commission cannot predict if additional bills will be introduced in the future that may impose restrictions or obligations on the Commission with respect to noise mitigation or, if introduced and ultimately adopted by the Minnesota State Legislature and signed by the Governor, what effect, if any, such restrictions or obligations might have on the Commission.

Discharge Permit

Under the Clean Water Act and Environmental Protection Agency Regulations, the Airport is required to obtain a National Pollutant Discharge Elimination System (“NPDES”)/State Disposal System permit from the Minnesota Pollution Control Agency (“MPCA”). The permit authorizes the discharge of the Airport’s storm water runoff, subject to certain requirements and conditions. The Airport’s storm water discharge is impacted primarily from the use of aircraft deicing chemicals. The permit contains limitations on the total amount of a pollutant, known as biological oxygen demand (“BOD”), that the Airport may discharge on an annual basis. BOD is associated mainly with the use of deicing chemicals at the Airport and is carried by storm water to the points of discharge regulated by the permit.

The Commission’s current NPDES permit expired in March 2018. As required by the permit, the Commission submitted an application for reissuance of the permit in October 2017. Pending reissuance of a new permit by MPCA, the Commission continues to operate under the expired permit. The current NPDES permit includes new limits for oil and grease, phosphorus, and suspended solids, new compliance schedule requirements, and a requirement for mercury and phosphorus minimization plans. Most notably, the permit incorporates a co-permittee structure that includes the Commission, the airlines and operators conducting activities that have the potential to impact stormwater at the Airport. This structure provides shared responsibility for reducing impacts.

In April 2019, the Commission and the co-permittees under the NPDES permit informed MPCA of an anticipated exceedance of the 2019 annual mass limit for five-day carbonaceous biological oxygen demand as set forth in the NPDES permit. The exceedance occurred as a result of the record-breaking snowfall in February 2019, followed by an unprecedented two-day snowmelt event in mid-March 2019. The Commission is currently awaiting a response from the MPCA. At this time, the Commission cannot predict if MPCA will take any action or impose any fines on the Commission for the exceedance. Based on past actions of the MPCA, the Commission does not expect any fine to have any material effect on the revenues of the Commission. Any fine imposed on the Commission would be reimbursable to the Commission by the Air Carriers through rates and charges included in the airfield cost center.

REPORT OF THE AIRPORT CONSULTANT

General

The Commission has retained Landrum & Brown, Incorporated (the “Airport Consultant”), which is recognized as an expert in its field, to prepare a report in connection with the anticipated issuance of the Subordinate Series 2019 Bonds. The Report of the Airport Consultant is included as Appendix A hereto, with the Airport Consultant’s consent. The information regarding the analyses and conclusions contained in the Report of the Airport Consultant is included in the Official Statement in reliance upon the expertise of the Airport Consultant. The Report of the Airport Consultant should be read in its entirety for an

understanding of the assumptions and rationale underlying the financial forecasts contained therein and the key factors impacting such forecasts.

The financial forecasts in the Report of the Airport Consultant are based on certain information and assumptions that were provided by, or reviewed and agreed to by, the Commission's management. In the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts.

The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Report of the Airport Consultant will occur. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also "INTRODUCTION—Forward-Looking Statements," and "CERTAIN INVESTMENT CONSIDERATIONS—Assumptions in the Report of the Airport Consultant."

Forecast of Debt Service Coverage

The following table sets forth the projected Net Revenues, debt service requirements for the Senior Bonds and the Subordinate Obligations (including the new money portion of the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds, and the Additional Subordinate Obligations expected to be issued in 2022), and the coverage of such debt service requirements based upon the Net Revenues, as forecast by the Airport Consultant, for the years 2020 through 2025. Neither the Report of the Airport Consultant nor the following table (a) reflect the final terms of the Subordinate Series 2019 Bonds or (b) take into consideration the issuance of the refunding portions of the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds, the issuance of the Subordinate Series 2019C Bonds or any savings associated with the refunding of the Refunded Bonds.

The Debt Service Requirement numbers in the following table exclude the debt service on the Senior Bonds and the Subordinate Obligations to be paid with PFCs. For a discussion of the calculation of debt service on the Senior Bonds and Subordinate Obligations paid with PFCs, see "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Use of PFCs to Pay Debt Service."

The forecasted financial information in the following table was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to forecasted financial information, but, in the view of the Commission's management, was prepared on a reasonable basis, to reflect the best currently available estimates and judgments and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Commission. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the forecasted financial information.

Neither the Commission's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted financial information contained herein, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted financial information.

The assumptions and estimates underlying the forecasted financial information are inherently uncertain and, though considered reasonable by the management of the Commission as of the date hereof,

are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the forecasted financial information, including, among others, the risks and uncertainties described under “CERTAIN INVESTMENT CONSIDERATIONS” above. Accordingly, there can be no assurance that the forecasted results are indicative of the future performance of the Commission or that actual results will not be materially higher or lower than those contained in the forecasted financial information. Inclusion of the forecasted financial information in this Official Statement should not be regarded as a representation by any person that the results contained in the forecasted financial information will be achieved.

TABLE 31
Metropolitan Airports Commission
Projected Debt Service Coverage
(dollars in thousands)¹

Year	Net Revenues	Senior Debt Service Requirement ^{2,3}	Senior Debt Service Coverage	Subordinate Debt Service Requirement ^{4,5}	Total Debt Service Coverage ⁶
2020	\$190,031	\$50,248	378%	\$57,592	176%
2021	188,923	39,484	478	68,426	175
2022	203,259	36,064	564	83,403	170
2023	203,250	36,066	564	83,405	170
2024	204,234	68,318	299	53,751	167
2025	215,181	68,324	315	62,310	165

¹ Does not include Transfer.

² Includes Senior Annual Debt Service on the Senior Bonds. Does not take into consideration any savings associated with the refunding of the Refunded Senior Series 2009A Bonds, the Refunded Senior Series 2009B Bonds, the Refunded Senior Series 2010A Bonds or the Refunded Senior Series 2010B Bonds.

³ Excludes Senior Annual Debt Service on Senior Bonds which the Commission expects to pay with Capitalized Interest and PFCs. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Use of PFCs to Pay Debt Service.”

⁴ Includes Subordinate Annual Debt Service on the Subordinate Obligations, including projected Subordinate Annual Debt Service on (i) the new money portion of the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds, and (ii) the Additional Subordinate Obligations expected to be issued in 2022. Does not take into consideration any savings associated with the refunding of the Refunded Subordinate Series 2010C Bonds or the Refunded Subordinate Series 2010D Bonds. For purposes of the table only, the Subordinate Revolving Obligations are assumed to be outstanding in the aggregate principal amount of \$50.4 million, that will be amortized through January 1, 2030, and bear interest at a rate of 3.00%.

⁵ Excludes Subordinate Annual Debt Service on Subordinate Obligations which the Commission expects to pay with Capitalized Interest and PFCs. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Use of PFCs to Pay Debt Service.”

⁶ Calculated by dividing Net Revenues by the sum of Senior Debt Service Requirement and Subordinate Debt Service Requirement.

Source: Landrum & Brown, Incorporated

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Subordinate Series 2019 Bonds involve investment risk and may not be suitable for all investors. The factors set forth below, among others, may affect the security of the Subordinate Series 2019 Bonds. Prospective investors are urged to read this Official Statement, including its appendices, in its entirety. The factors set forth in this Official Statement, among others, may affect the security for and/or trading value of the Subordinate Series 2019 Bonds. The information contained in this Official Statement relates solely to the Subordinate Series 2019 Bonds and speaks only as of the date of this Official Statement. The information in this Official Statement does not purport to be a comprehensive or complete discussion of all risks or other considerations that may be relevant to an

investment in the Subordinate Series 2019 Bonds. Other factors may exist which may be material to investors based on their respective individual characteristics. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. Additional risk factors relating to the purchase of Subordinate Series 2019 Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors. Additional risks and uncertainties not presently known, or currently believed to be immaterial, may also materially and adversely affect, among other things, Revenues, Net Revenues or Subordinate Revenues or individual investors. In addition, although the various risks discussed in this Official Statement are generally described separately, prospective investors of the Subordinate Series 2019 Bonds should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased. There can be no assurance that other risks or considerations not discussed in this Official Statement are or will not become material in the future.

The Subordinate Series 2019 Bonds are Limited Obligations

The Subordinate Series 2019 Bonds are limited obligations of the Commission payable solely from and secured by a pledge of (a) Subordinate Revenues, (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture, and (c) other amounts payable under the Subordinate Indenture. The Subordinate Series 2019 Bonds are not general obligations of the Commission. 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 is pledged to the payment of the principal of and interest on the Subordinate Series 2019 Bonds. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Subordinate Series 2019 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS.”

The Subordinate Series 2019 Bonds are payable from Revenues only after, and subordinate to, the prior payment of the Maintenance and Operation Expenses of the Airport System and the payment of debt service when due on the Senior Parity Bonds and the funding of the reserve and replenishment requirements on and relating to the Senior Parity Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Flow of Funds.”

Dominance of Delta at the Airport

Delta is the dominant Air Carrier operating at the Airport, which serves as a primary hub in Delta’s route system. Delta currently leases 87 of the existing 103 full service jet gates in Terminal 1. In 2018, Delta, together with its affiliated Air Carriers, accounted for approximately 71.4% of passenger enplanements at the Airport, and approximately 70% of the airline rentals, fees and charges component of the Airport System’s operating revenues. No other airline accounted for more than 6.4% of passenger enplanements at the Airport in 2018 or accounted for over 8.9% of the airline rentals, fees and charges component of the Airport System’s operating revenues in 2018.

The Commission has no information regarding the financial condition of Delta other than from SEC filings and press releases made by Delta. See “AIRLINE AND AIRLINE INDUSTRY INFORMATION—Delta.” No assurances can be given concerning the present or future financial viability of Delta.

Although the Commission assumes that, as a result of the Airport’s geographic location, facilities and capabilities and Delta’s investment in the Airport, the Airport is likely to remain a system hub for Delta, no assurance can be given that the Airport will continue as a system hub for Delta, regardless of

Delta's financial condition. In the event Delta discontinues or reduces its hubbing operations at the Airport, Delta's current level of activity may not be replaced by other carriers, thereby resulting in reduced revenue collections by the Commission.

Additionally, any significant financial or operational difficulties incurred by Delta may have a material adverse effect on the Commission's revenues and the Airport, although financial or operational difficulties by any of the other Air Carriers also may, whether directly or indirectly, have an adverse impact on the Commission's revenues and the Airport, the effect of which may be material.

Factors Affecting the Airline Industry

General. Key factors that affect airline traffic at the Airport and the financial condition of the airlines, and, therefore, the amount of Revenues available for payment of the Subordinate Series 2019 Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; accidents involving commercial passenger aircraft; changes in law, local, State and federal regulations and the application thereof; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); regional, national and international environmental regulations; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of the Airport and competition from other airports for connecting traffic; and business travel substitutes, including teleconferencing, videoconferencing and web-casting.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the terrorist attacks of September 11, 2001 and the economic recession that occurred between 2008 and 2009. Other business decisions by airlines, such as the reduction, or elimination, of service to unprofitable markets, increasing the use of smaller, regional jets and changing hubbing strategies have also affected air traffic at the Airport and could have a more pronounced effect in the future.

In addition to revenues received from the airlines, the Commission derives a substantial portion of its revenues from concessionaires including parking operations, food and beverage concessions, retail concessions, car rental companies, and others. See "AGREEMENTS WITH AIRLINES AND OTHER CONCESSIONAIRES" and "FINANCIAL INFORMATION." Declines in passenger traffic at the Airport may adversely affect the commercial operations of many of these concessionaires. While the Commission's agreements with concessionaires require the concessionaires to pay a minimum annual guarantee, severe financial difficulties could lead to a failure by a concessionaire to make the required payments or could lead to the cessation of operations of such concessionaire.

Many of these factors are outside the Commission's control. Changes in demand, decreases in aviation activity and their potential effect on enplaned passenger traffic at the Airport may result in reduced Revenues and PFCs. Following are just a few of the factors affecting the airline industry including, regional and national economic conditions, threats of terrorism, costs of aviation fuel, and airline concentration. See also "—Aviation Security Concerns" below for additional discussion on the costs of security.

Economic Conditions. Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. See “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT—2.3 Key Factors Affecting Air Traffic Demand.”

Threats of Terrorism. Recent and ongoing terrorist attacks and threats of terrorism have had, and may continue to have, a negative impact on air travel. The Commission cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001 or the terrorist attacks that occurred in Nice, Munich, Paris, Brussels and Istanbul in 2015 and 2016, the likelihood of future air transportation disruptions or the impact on the Commission or the airlines operating at the Airport from such incidents or disruptions.

Cost of Aviation Fuel. Airline earnings are significantly affected by changes in the price of aviation fuel. According to Airlines for America, fuel, along with labor costs, is one of the largest cost components of airline operations, and continues to be an important and uncertain determinate of an air carrier’s operating economics. There has been no shortage of aviation fuel since the “fuel crisis” of 1974, but any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world (particularly in the oil-producing nations in the Middle East and North Africa), Organization of Petroleum Exporting Countries policy, the growth of economies around the world, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather. According to Airlines for America, for the first quarter of 2019, jet fuel accounted for approximately 17.7% of the airline industry’s operating expenses. The price of aviation fuel rose to an all-time high of approximately \$3.75 per gallon in July 2008. According to the U.S. Bureau of Transportation Statistics, the price of aviation fuel averaged approximately \$2.02 per gallon during the first 6 months of 2019. Significant and prolonged increases in the cost of aviation fuel are likely to have an adverse impact on air transportation industry profitability and hamper the recovery plans and cost-cutting efforts of certain airlines.

Airline Concentration; Effect of Airline Industry Consolidation. The airline industry continues to evolve as a result of competition and changing demand patterns and it is possible the airlines serving the Airport could consolidate operations through acquisition, merger, alliances and code share sales strategies. Examples of airlines mergers occurring over the last several years include: (a) in 2008, Delta acquired Northwest and its affiliated Air Carriers, Mesaba, Pinnacle (now known as Endeavor) and Compass Airlines; (b) on October 1, 2010, United Airlines and Continental Airlines merged and United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012; (c) on May 2, 2011, Southwest acquired Air Tran, and Southwest and Air Tran began operating as a single airline (under the Southwest brand) in March 2012; (d) on December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc., and American and US Airways began operating as a single airline (under the American brand) in October 2015; and (e) in December 2016, Alaska Air Group acquired Virgin America. To date none of these mergers have had any material impact on airline service or enplanements at the Airport. While these prior mergers have not had any material impact on airline service or enplanements at the Airport or on Revenues, future mergers or alliances among airlines operating at the Airport may result in fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Revenues, reduced PFC collections and/or increased costs for the other airlines serving the Airport.

Pilot and Mechanics Shortage. Beginning in June of 2017, a shortage of pilots for Horizon Air’s Bombardier Q400 aircraft resulted in impacts to Horizon Air’s schedule. In the month of June 2017, the airline had to cancel more than 300 flights systemwide because it did not have enough pilots. Horizon Air had to curtail its flight schedule for the following fall. The lost routes were ultimately operated by the mainline carrier Alaska Airlines or SkyWest. In an effort to address this, Horizon Air has increased

compensation and decreased the amount of time required for its pilots to advance their careers and has increased its hiring.

Pilot shortage is an industry-wide issue, and especially so for smaller regional airlines. There are several causes for the pilot shortage that affect all airlines. Congress changed duty time rules in 2010 to mitigate pilot fatigue, which required airlines to increase pilot staff. Beginning in 2013, first officers flying for commercial airlines were required to have at least 1,500 hours of flight time, instead of the 250 hours previously required. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Further, as passenger demand increases, the major air carriers are anticipated to need additional pilots, and are generally able to hire pilots away from regional airlines. As a result, small regional airlines have a particularly difficult time hiring qualified new pilots, despite increased incentives. The shortage of pilots available to regional airlines may result in reduced service to some smaller U.S. markets.

In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is as a result of an aging pool of mechanics, a large portion of which are expected to retire in the next decade, and a lack of younger people joining the ranks of the mechanics. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

Effect of Airline Bankruptcies

General. Since December 2000, numerous airlines have filed for bankruptcy protection including, among others, Northwest, Delta, including its subsidiary Comair, Mesaba, Sun Country (which filed for protection twice), US Airways (which filed for protection twice), UAL Corporation, the parent of United, AMR Corporation, the parent of American Airlines and American Eagle, Air Canada, Frontier and Republic Airlines. Each of these airlines has emerged from bankruptcy and, except for Comair and Mesaba, continue to operate at the Airport.

Assumption or Rejection of Agreements. An airline that has executed an Airline Lease Agreement or other executory contract with the Commission and seeks protection under the U.S. bankruptcy laws must assume or reject (a) its Airline Lease Agreement within 120 days after the bankruptcy filing (subject to court approval, a one-time 90-day extension is allowed (further extensions are subject to the consent of the Commission)), and (b) its other executory contracts with the Commission prior to the confirmation of a plan of reorganization.

In the event of assumption and/or assignment of any agreement to a third party, the airline would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable Airline Lease Agreement or other agreements.

Rejection of an Airline Lease Agreement or other agreement or executory contract will give rise to an unsecured claim of the Commission for damages, the amount of which in the case of an Airline Lease Agreement or other agreement is limited by the United States Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (i) one year of rent or (ii) 15% of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of an Airline Lease Agreement or other agreement could be considerably less than the maximum amounts allowed under the United States Bankruptcy Code. Certain amounts unpaid as a result of a rejection of an Airline Lease Agreement or other agreement in connection with an airline in bankruptcy, such as airfield, terminal, concourse and ramp costs would be passed on to the remaining airlines under their respective Airline Lease Agreements, thereby increasing such airlines' cost per enplanement, although there can be no assurance that such other airlines would be financially able to

absorb the additional costs. In addition, payments made by an airline in bankruptcy (or by its surety) within 90 days of filing a bankruptcy case could be deemed to be an “avoidable preference” under the United States Bankruptcy Code and thus subject to recapture by the debtor or its trustee in bankruptcy, in particular if the debtor posts collateral with its surety. In general, risks associated with bankruptcy include risks of substantial delay in payment or of non-payment and the risk that the Commission may not be able to enforce any of its remedies under the agreements with a bankrupt airline

Northwest, Delta, Comair, Mesaba, Sun Country, US Airways, United, American, Air Canada, Frontier and Republic were each operating at the Airport under an Airline Lease Agreement at the time of their respective filings for bankruptcy protection. Northwest, Delta, Comair, Mesaba, US Airways, United, American, Air Canada, Frontier and Republic each assumed their respective Airline Lease Agreements when they emerged from bankruptcy protection. During its first bankruptcy proceedings, Sun Country rejected its Airline Lease Agreement, however the investor group that purchased the assets of the defunct Sun Country signed a new Airline Lease Agreement. During its second bankruptcy proceedings, Sun Country assumed its Airline Lease Agreement. See also “AGREEMENTS WITH AIRLINES AND OTHER CONCESSIONAIRES.”

With respect to an airline in bankruptcy proceedings in a foreign country, the Commission is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States.

Pre-Petition Obligations. During the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the Commission on account of goods and services provided prior to the bankruptcy. Thus, the Commission’s stream of payments from a debtor airline would be interrupted to the extent of pre-petition goods and services, including accrued rent and landing fees. All of the pre-petition obligations of Northwest, Delta, Comair, Mesaba, Sun Country (with respect to its second bankruptcy filing), US Airways, United, American, Air Canada and Frontier were paid in full. A portion of Mesaba’s pre-petition obligations were paid from Mesaba’s security deposit made to the Commission. At the time of Sun Country’s first bankruptcy filing, it owed the Commission approximately \$570,000 in pre-petition obligations; approximately \$72,000 of such obligations was recovered from the other Air Carriers operating at the Airport through increased landing fees, approximately \$46,000 of such obligations was recovered from an Air Carrier which leased a hangar previously leased by Sun Country, and \$451,392 of such obligations was written off as bad debt and was not recoverable. At the time of its bankruptcy filing, Republic Airlines did not owe the Commission anything.

PFCs. Pursuant to the PFC Act, the FAA has approved the Commission’s applications to require the airlines to collect and remit to the Commission a \$4.50 PFC on each enplaning revenue passenger at the Airport. See “CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the 2019-20 CIP and 2021-25 CIP Projects.”

The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Commission) imposing the PFCs, except for any handling fee (which currently is \$0.11 per PFC) or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in their respective financial statements. However, the airlines, provided they are not under bankruptcy protection, are permitted to commingle PFC collections with other revenues. The bankruptcy courts have not fully addressed such trust arrangements. Therefore, the Commission cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by one of the airlines operating at the Airport. The PFC Act requires an airline in bankruptcy protection to segregate PFC collections from all of its other revenues.

It is possible that the Commission could be held to be an unsecured creditor with respect to unremitted PFCs held by an airline that has filed for bankruptcy protection. Additionally, the Commission cannot predict whether an airline operating at the Airport that files for bankruptcy protection would have properly accounted for the PFCs owed to the Commission or whether the bankruptcy estate would have sufficient moneys to pay the Commission in full for the PFCs owed by such airline. All of the airlines that were operating at the Airport at the time of their respective filings for bankruptcy protection and during the time they operated at the Airport while under bankruptcy protection submitted to the Commission all of the PFCs collected by them. PFCs are not pledged to the repayment of the Senior Parity Bonds or the Subordinate Obligations (including the Subordinate Series 2019 Bonds), however, see “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Use of PFCs to Pay Debt Service” for a discussion of the Commission’s irrevocable commitment of a portion of PFCs received by the Commission to pay debt service on the Eligible PFC Bonds.

Aviation Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and continue to occur in the Middle East), terrorist attacks (see “—Factors Affecting the Airline Industry—Threats of Terrorism” above), increased threat levels declared by the Department of Homeland Security and world health concerns such as the Severe Acute Respiratory Syndrome (“SARS”) outbreak in 2003, the H1N1 influenza (“swine flu”) outbreak in 2009 and 2010 and the Zika virus outbreak that began in South America in 2015 and has spread to certain parts of southern Florida, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

The Commission cannot predict whether the Airport or any of the Reliever Airports will be targets of terrorists in the future. Additionally, the Commission cannot predict the effect of any future government-required security measures on passenger activity at the Airport.

Regulations and Restrictions Affecting the Airport

General. The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Airline Lease Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the terrorist attacks of September 11, 2001, the Airport also has been required to implement enhanced security measures mandated by the FAA, the Department of Homeland Security and Airport management.

It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the Commission, or whether such restrictions or legislation or regulations would adversely affect Revenues. See “—Aviation Security Concerns” above, “CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the 2019-20 CIP and 2021-25 CIP Projects—Passenger Facility Charges” and “—Federal and State Grants.”

Restrictions on Use of Runway 17/35. In July 2015, the FAA temporarily suspended the use of Runway 17/35 to planes arriving from the south when flights are taking off from Runway 12R/30L, which

approaches the northern end of Runway 17/35 from the southeast. The suspension was not the result of a specific event. It was based on a National Transportation Safety Board recommendation to modify arrival and departure procedures at airports with runway configurations that create intersecting flight paths. These intersecting paths pose potential risks if a landing aircraft discontinues its approach and must go around, crossing the departure flight path for the other runway. The suspension reduced the Airport's capacity to receive arriving aircraft when flights are landing and departing in a northerly direction. Arriving aircraft rarely use Runway 17/35, but when in use for landings, the maximum hourly arrival rate could be reduced to between 60 and 64 aircraft, down from a previous maximum of 90 aircraft.

On August 28, 2015, the FAA ended the temporary suspension and began allowing limited arrivals on Runway 17/35. To comply with the new safety requirements, arrivals on Runway 17/35 and departures on Runway 12R/30L must be coordinated. Subsequently, the FAA also determined that Runway 12L/30R does not meet the new converging runway separation requirements for Runway 17/35 aborted landings. On February 29, 2016, the FAA instituted additional procedures requiring arrivals on Runway 17/35 and departures on Runway 12L/30R be coordinated. The resumption of arrivals to Runway 17/35 could result in an increase to the hourly arrival capacity of between 82 to 84 aircraft under optimum conditions. These changes will enable the Airport to safely accommodate more arriving aircraft. The Commission cannot predict if the FAA will impose additional limitations on the use of the runways at the Airport and what affect those restrictions may have on operations at the Airport or on Revenues.

Ability to Meet Subordinate Rate Covenant

As discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Subordinate Rate Covenant" the Commission has covenanted in the Master Subordinate Indenture to establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the rate covenant set forth in the Master Subordinate Indenture is met. In addition to Subordinate Revenues, the Commission expects to use certain PFCs to pay the debt service on the Subordinate Obligations. See "—Availability of PFCs" below. If PFCs have been irrevocably committed or are otherwise used to pay principal of and/or interest on the Subordinate Obligations, the principal and/or interest on such Subordinate Obligations is excluded from the calculation of Subordinate Aggregate Annual Debt Service; thus decreasing Subordinate Aggregate Annual Debt Service and increasing debt service coverage for purposes of the rate covenant under the Master Subordinate Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Use of PFCs to Pay Debt Service."

If Subordinate Revenues (and PFCs expected to be used to pay debt service) were to fall below the levels necessary to meet the rate covenant, the Master Subordinate Indenture provide for procedures under which the Commission would retain and direct a Consultant to make recommendations as to the revision of the Commission's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Commission in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission is required to take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to meet the rate covenant. Increasing the schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Commission in connection with the Airport System is subject to contractual, statutory and regulatory restrictions (see "—Regulations and Restrictions Affecting the Airport" above). Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Airport could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport unattractive to airlines (including using the Airport for hubbing activities), concessionaires and others in comparison to other airports, or by reducing the operating efficiency of the Airport. Notwithstanding this

potential detrimental impact, the Airline Lease Agreements acknowledge the existence of the rate covenant under the Senior Indenture (which includes the payment of debt service on the Subordinate Obligations, but does not include the requirement that Subordinate Revenues must equal 110% of Subordinate Annual Debt Service on the Subordinate Obligations) and include an agreement by the Signatory Airlines to pay such rentals, rates, fees and charges. The Airline Lease Agreements do not address the rate covenant under the Master Subordinate Indenture.

Availability of PFCs

In addition to the use of Net Revenues, the Commission expects to use between approximately \$4.2 million and \$13.2 million of PFCs each Fiscal Year between Fiscal Years 2019 and 2025, respectively, to pay a portion (approximately 14%) of the debt service on the Senior Bonds. In addition to the use of Subordinate Revenues, the Commission expects to use between approximately \$13.9 million and \$24.8 million of PFCs each Fiscal Year between Fiscal Years 2019 and 2025, respectively, to pay a portion (approximately 25%) of the debt service on the Subordinate Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Use of PFCs to Pay Debt Service” and “—Ability to Meet Subordinate Rate Covenant” above. Additionally, the Commission expects to use approximately \$300 million of PFCs to finance a portion of the costs of the 2019-20 CIP and the 2021-25 CIP projects.

The amount of PFC revenue received by the Commission in future years will vary based upon the actual number of PFC-eligible passenger enplanements at the Airport. No assurance can be given that any level of enplanements will be realized. See “—Factors Affecting the Airline Industry” above. See also “CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the 2019-20 CIP and the 2021-25 CIP Projects—Passenger Facility Charges” and “—Ability to Meet Rate Covenants” above. Additionally, the FAA may terminate the Commission’s authority to impose the PFC, subject to informal and formal procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Act or the PFC Regulations, or (b) the Commission otherwise violates the PFC Act or the PFC Regulations. The Commission’s authority to impose a PFC may also be terminated if the Commission violates certain provisions of the Airport Noise and Capacity Act of 1990 (the “ANCA”) and its implementing regulations relating to the implementation of noise and access restrictions for certain types of aircraft. The regulations under ANCA also contain procedural safeguards to ensure that the Commission’s authority to impose a PFC would not be summarily terminated. No assurance can be given that the Commission’s authority to impose a PFC will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Commission or that the Commission will not seek to decrease the amount of PFCs to be collected, provided such decrease does not violate the Commission’s covenant in the PFC Resolution. A shortfall in PFC revenues may cause the Commission to increase rates and charges at the Airport to meet the debt service requirements on the Senior Bonds and the Subordinate Obligations that the Commission plans to pay from PFCs, and/or require the Commission to identify other sources of funding for its capital program, including issuing Additional Senior Bonds and/or Additional Subordinate Obligations, to finance the pay-as-you-go projects currently expected to be paid with PFC revenues.

The PFC Act also provides that for certain classes of airports, including the Airport, federal AIP entitlement funds will be reduced by 50% following the imposition of a PFC of \$3.00 or less and will be reduced by 75% following the imposition of a PFC greater than \$3.00. The Commission currently collects a PFC of \$4.50.

Cyber and Data Security

Commission. The Commission, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Commission faces multiple cyber threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computers and other sensitive digital networks and systems (collectively, “Systems Technology”). There have been many cyber-attack attempts on the Commission’s computer system, but not any resulting in a material compromise of the system, data loss or breach that the Commission has identified.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Commission’s Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

The Commission’s Information Security Program is centered around the National Institute of Standards and Technology (“NIST”) Cybersecurity Framework (“CSF”), with significant investments being made in each of the NIST functions: Identify, Protect, Detect, Respond and Recover. The Commission’s Information Security Program includes an internal policy framework that details security controls and safeguards that supports the NIST CSF and industry cybersecurity best practices. The Commission engages with outside firms to periodically provide independent assessments of progress against objectives. These assessments enable the Commission to understand its risk and security posture and to prioritize its investments accordingly.

No assurances can be given that the Commission’s security and operational control measures will ensure against any and all cybersecurity threats and attacks. A cybersecurity incident or breach could damage the Commission’s Systems Technology and cause disruption to Commission and/or Airport System services, operations and finances. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Commission to material litigation and other legal risks, which could cause the Commission to incur material costs related to such legal claims or proceedings. The Commission will continue to assess cyber threats and protect its data and systems, with a conscious effort to prioritize based on potential impact of issues and the likelihood of those issues manifesting into an incident.

Airlines, Concessionaires and Other Entities Operating at the Airport System. Computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including the airlines, the FAA, the TSA, the concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of the air travel industry, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the air travel industry, which could ultimately adversely affect the airline industry and operations at the Airport System.

Availability of Funding for the Capital Improvement Program

The Commission's plan of finance assumes that proceeds of Additional Senior Bonds and/or Additional Subordinate Obligations, PFC revenues on a pay-as-you-go basis, federal and State grants, and other available revenues of the Commission (including certain amounts to be on deposit in the Repair and Replacement Account), will be received by the Commission in certain amounts and at certain times to pay the costs of the 2019-20 CIP and the 2021-25 CIP projects. See "CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the 2019-20 CIP and the 2021-25 CIP Projects." No assurance can be given that these sources of funding will be available in the amounts or on the schedule assumed. See "—Availability of PFCs" above.

To the extent that any portion of the funding assumed in the plan of finance for the 2019-20 CIP and the 2021-25 CIP projects is not available as anticipated, the Commission may be required to defer or remove certain of the 2019-20 CIP and the 2021-25 CIP projects or issue Additional Senior Bonds and/or Additional Subordinate Obligations to pay the costs of such projects.

Federal Funding

The Commission receives certain federal funds including from the AIP fund. Additionally, certain operations at the Airport are supported by federal agencies including, flight traffic controllers, FAA, TSA, FBI, Customs and Border Security, among others. Federal agencies also have regulatory and review authority over, among other things, certain Airport operations, construction at the Airport and the airlines operating at the Airport.

From time to time, the federal government has, and may in the future, come to an impasse regarding, among other things, reauthorization of the FAA (which has historically included funding for AIP) and other federal appropriations and spending.

Failure to adopt such legislation may have a material, adverse impact on, among other things, (i) federal funding received by the Commission, including under the AIP; (ii) federal agency budgets, hiring, furloughs, operations and availability of Federal employees to support certain operations at the Airport, provide regulatory and other oversight, review and provide required approvals, in each case at the Airport and over the airlines serving the Airport; (iii) flight schedules, consumer confidence, operational efficiency at the Airport and in the air transportation system generally. In addition, the anticipated federal spending could be affected by, among other things, the automatic across-the-board spending cuts, known as sequestration.

There can be no assurance that the Congress will enact and the President will sign federal appropriation legislation or future FAA reauthorization which may require the Commission to fund capital expenditures forecast to come from such federal funds and from other sources (including operating revenues, Additional Senior Bonds and/or Additional Subordinate Obligations), result in decreases to the CIP or extend the timing for completion of certain projects and the Commission is also unable to predict future impact of any federal spending cuts or appropriation impasses or the impact of such actions on airline traffic at the Airport or the Commission's revenues.

Between 2014 and 2018, the Commission received, on average, approximately \$12 million of grants per year from the FAA and the TSA. Additionally, in 2015, the Commission entered into a taxable equipment lease/purchase agreement in the principal amount of \$11,737,000. A portion of the interest payable by the Commission under the agreement is eligible for a direct interest rate subsidy from the U.S. government. As a result of the ongoing sequestration, the subsidy receivable by the Commission in 2018 has been reduced by 6.8% or approximately \$25,000.

Technological Innovations in Ground Transportation

One significant category of non-airline revenues for the Commission is generated from ground transportation activity, including use of on-Airport parking garages; fees paid by taxi, limousine and TNCs, such as Uber and Lyft; and rental car transactions by Airport passengers. While passenger levels are increasing, the relative market share of these sources of revenue is shifting. As one example, the popularity of TNCs has increased because of the increasing number of cities where TNCs operate, convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing. In Fiscal Year 2018, TNCs recorded nearly 2.4 million (estimated) Airport pick-ups/drop-offs resulting in \$7.3 million in fee revenue for the Commission, compared to nearly 1.6 million Airport pickups/drop-offs and \$5.0 million in fee revenue in Fiscal Year 2017.

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

Potential Limitation of Tax Exemption of Interest on Subordinate Series 2019 Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Subordinate Series 2019 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may also cause interest on the Subordinate Series 2019 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code of 1986, as amended, or court decisions may also affect the market price for, or marketability of, the Subordinate Series 2019 Bonds. Prospective purchasers of the Subordinate Series 2019 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. See "TAX MATTERS—Changes in Federal and State Tax Law."

No Acceleration

Senior Events of Default under the Senior Indenture and related remedies are described herein under "APPENDIX C-2—SUMMARY OF THE MASTER SENIOR INDENTURE—Defaults and Remedies," and Subordinate Events of Default under the Subordinate Indenture and related remedies are described herein under "APPENDIX C-3—SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Defaults and Remedies." The occurrence of a Senior Event of Default and/or Subordinate Event of Default does not grant any right to accelerate payment of the Subordinate Series 2019 Bonds. Since Net Revenues are Revenues net of all amounts needed to pay Maintenance and Operation Expenses, and the Commission is not subject to involuntary bankruptcy proceedings, the Commission may be able to continue indefinitely collecting Revenues and applying them to the operation

of the Airport even if a Senior Event of Default and/or Subordinate Event of Default has occurred and no payments are being made on the Subordinate Series 2019 Bonds.

Assumptions in the Report of the Airport Consultant

The Report of the Airport Consultant incorporates numerous assumptions as to the utilization of the Airport and other matters and states that any forecast is subject to uncertainties. The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that the assumptions contained in the Report of the Airport Consultant will occur. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material. Additionally, the Report of the Airport Consultant does not reflect the final terms of the Subordinate Series 2019 Bonds or the refunding and defeasance of the Refunded Bonds and the debt service savings associated with such refunding. See “REPORT OF AIRPORT CONSULTANT” and “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT.” For a discussion of the key factors affecting future airline traffic at the Airport as discussed in the Report of the Airport Consultant see “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT—2.3 Key Factors Affecting Air Traffic Demand.”

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward looking statements”. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See “INTRODUCTION—Forward-Looking Statements.”

Any financial projections set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to the prospective financial information. The Commission’s independent auditors have not compiled, examined, or performed any procedures with respect to the prospective financial information contained in this Official Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The Commission’s independent auditors have not been consulted in connection with the preparation of any financial projections contained in this Official Statement and the Commission’s independent auditors assume no responsibility for its content.

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel to the Commission, under existing laws, regulations, rulings and judicial decisions, interest on the Subordinate Series 2019 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Subordinate Series 2019B Bond or Subordinate Series 2019C Bond for any period during which such Subordinate Series 2019B Bond or Subordinate Series 2019C Bond, as applicable, is held by a “substantial user” of the facilities financed or refinanced by the Subordinate Series 2019B Bonds or the Subordinate Series 2019C Bonds, as applicable, or by a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that (a) interest on the Subordinate Series 2019A Bonds and the Subordinate Series 2019C Bonds is not an item of tax preference for purposes of the federal alternative minimum tax, and (b) interest on the Subordinate Series 2019B Bonds constitutes an item of tax preference for purposes

of the federal alternative minimum tax imposed on individuals. The opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the Commission with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Subordinate Series 2019 Bonds. Failure to comply with such requirements could cause interest on the Subordinate Series 2019 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Subordinate Series 2019 Bonds. The Commission will covenant to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Subordinate Series 2019 Bonds.

Bond Counsel is further of the opinion that (a) interest on the Subordinate Series 2019 Bonds is not includible in taxable net income of individuals, estates and trusts for State of Minnesota income tax purposes, but is includible in the calculation of taxable income of corporations and financial institutions for State of Minnesota franchise tax purposes, (b) interest on the Subordinate Series 2019A Bonds and the Subordinate Series 2019C Bonds is not an item of tax preference for purposes of the State of Minnesota alternative minimum tax applicable to individuals, estates and trusts, and (c) interest on the Subordinate Series 2019B Bonds is an item of tax preference for purposes of the State of Minnesota alternative minimum tax applicable to individuals, estates and trusts.

Special Considerations With Respect to the Subordinate Series 2019 Bonds

The accrual or receipt of interest on the Subordinate Series 2019 Bonds may otherwise affect the federal income tax liability of the owners of the Subordinate Series 2019 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Subordinate Series 2019 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Subordinate Series 2019 Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Subordinate Series 2019 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Subordinate Series 2019 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Subordinate Series 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and

litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Subordinate Series 2019 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Subordinate Series 2019 Bonds or the market value thereof would be impacted thereby. Purchasers of the Subordinate Series 2019 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Subordinate Series 2019 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Tax Treatment of Original Issue Premium

The Subordinate Series 2019 Bonds are being sold at a premium. An amount equal to the excess of the issue price of a Subordinate Series 2019 Bond over its stated redemption price at maturity constitutes premium on such Subordinate Series 2019 Bond. An initial purchaser of a Subordinate Series 2019 Bond must amortize any premium over such Subordinate Series 2019 Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Subordinate Series 2019 Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Subordinate Series 2019 Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Subordinate Series 2019 Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Subordinate Series 2019 Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Subordinate Series 2019 Bond.

LITIGATION

No Litigation Relating to the Subordinate Series 2019 Bonds

There is no litigation now pending or, to the best of the Commission's knowledge, threatened which seeks to restrain or enjoin the sale, execution, issuance or delivery of the Subordinate Series 2019 Bonds or in any way contests the validity of the Subordinate Series 2019 Bonds or any proceedings of the Commission taken with respect to the authorization, sale or issuance of the Subordinate Series 2019 Bonds, or the pledge or application of any moneys provided for the payment of or security for the Subordinate Series 2019 Bonds.

Litigation Relating to the Commission and the Airport System

The Commission is typically involved in a number of potential litigation matters that involve incidents within the Airport System. These claims and suits generally consist of employment matters or matters incident to the operation of the Airport System. In the opinion of Airport management, based upon the advice of the General Counsel of the Commission, and his designees, there are no claims, now pending, that will have a material adverse effect on the Net Revenues or financial condition of the Airport System. It should be noted that a portion of the claims relating to personal injuries and property damage are covered by a comprehensive insurance program maintained by the Commission.

There are no material claims or litigation arising out of or challenging any federal grants held by the Commission to date.

RATINGS

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), and Fitch Ratings ("Fitch") have assigned ratings of "A+" (stable outlook) and "A+" (stable outlook), respectively, to the Subordinate Series 2019 Bonds.

Such ratings reflect only the views of such organizations and any explanation of the meaning and significance of such ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, New York, NY 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The respective ratings are not a recommendation to buy, sell or hold the Subordinate Series 2019 Bonds. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Subordinate Series 2019 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC, the Verification Agent, will verify the mathematical accuracy of the computations contained in the schedules provided by Samuel A. Ramirez & Co., Inc. to determine that the amounts to be held in the Senior Series 2009 Redemption Accounts and the Escrow Funds will be sufficient to pay the principal and redemption price of and interest on the applicable Series of the Refunded Bonds on October 4, 2019 and January 1, 2020.

LEGAL MATTERS

The validity of the Subordinate Series 2019 Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Bond Counsel to the Commission. A complete copy of the proposed form of Bond Counsel's opinion is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain matters will be passed upon for the Commission by Cameron Boyd, Esq., General Counsel to the Commission. Certain legal matters will be passed upon for the Commission by Kutak Rock LLP, as Disclosure Counsel to the Commission. Certain legal matters will be passed upon for the Underwriters by Ballard Spahr LLP. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel with regard to the issuance of the Subordinate Series 2019 Bonds are contingent upon the issuance and delivery of the Subordinate Series 2019 Bonds.

MUNICIPAL ADVISOR

The Commission has retained the services of Samuel A. Ramirez & Co., Inc., as municipal advisor (the "Municipal Advisor"), in connection with the issuance of the Subordinate Series 2019 Bonds. The Municipal Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Fees of the Municipal Advisor with regard to the issuance of the Subordinate Series 2019 Bonds are contingent upon the issuance and delivery of the Subordinate Series 2019 Bonds.

CONTINUING DISCLOSURE

The Commission will covenant to provide such annual financial statements and other information in the manner required by Rule 15c2-12 of the SEC (17 C.F.R. § 240.15c2-12) (“Rule 15c2-12”). The Commission will enter into an undertaking (the “Undertaking”) for the benefit of the holders of the Subordinate Series 2019 Bonds to provide certain financial information and operating data concerning the Commission, the Airport and certain other obligated persons, including Delta, and notices of certain enumerated events to the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the requirements of section (b)(5)(i) of Rule 15c2-12. See “APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein for a description of the Undertaking. A failure by the Commission to provide any information required thereunder will not constitute a Subordinate Event of Default under the Subordinate Indenture.

During the last five years, the Commission has not failed to comply, in all material respects, with any of its undertakings under Rule 15c2-12. Although the Commission has complied in all material respect with its undertakings under Rule 15c2-12, a notice of rating upgrade associated with S&P’s March 2014 rating upgrade of National Public Finance Guaranty Corporation (which provided bond insurance on the previously outstanding Subordinate Airport Revenue Refunding Bonds, Series 2007B (the “Subordinate Series 2007B Bonds”) through a reinsurance of the original Financial Guaranty Insurance Company insurance policies) was filed with the MSRB, but not properly linked to each of the applicable CUSIP numbers for the previously outstanding Subordinate Series 2007B Bonds. However, the rating upgrade was provided under the ratings section of the MSRB’s Electronic Municipal Market Access system with respect to the previously outstanding Subordinate Series 2007B Bonds.

The Commission has entered into an engagement letter with Digital Assurance Certification, L.L.C. (“DAC”), pursuant to which the Commission has engaged DAC to file and disseminate information provided by the Commission in connection with the Commission’s continuing disclosure obligations under Rule 15c2-12.

UNDERWRITING

The Subordinate Series 2019A Bonds will be purchased by Piper Jaffray & Co., Citigroup Global Markets Inc., Barclays Capital Inc., RBC Capital Markets, LLC, U.S. Bancorp Investments, Inc., and Wells Fargo Bank, National Association (collectively, the “Underwriters”), from the Commission at a price of \$122,089,450.21 (which represents the par amount of the Subordinate Series 2019A Bonds, plus an original issue premium of \$25,815,436.80, less an underwriters’ discount of \$340,986.59), subject to the terms of the Bond Purchase Agreement, dated August 28, 2019 (the “Bond Purchase Agreement”), between Piper Jaffray & Co., as representative of the Underwriters, and the Commission.

The Subordinate Series 2019B Bonds will be purchased by the Underwriters from the Commission at a price of \$197,491,675.55 (which represents the par amount of the Subordinate Series 2019B Bonds, plus an original issue premium of \$33,726,268.15, less an underwriters’ discount of \$554,592.60), subject to the terms of the Bond Purchase Agreement.

The Subordinate Series 2019C Bonds will be purchased by the Underwriters from the Commission at a price of \$36,187,357.71 (which represents the par amount of the Subordinate Series 2019C Bonds, plus an original issue premium of \$5,243,164.80, less an underwriters’ discount of \$90,807.09), subject to the terms of the Bond Purchase Agreement.

The Bond Purchase Agreement provides that the Underwriters will purchase all of the Subordinate Series 2019 Bonds if any are purchased, and that the obligation to make such purchase is

subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices of the Subordinate Series 2019 Bonds set forth on the inside front cover hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Subordinate Series 2019 Bonds into unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside front cover hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Commission, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Commission.

The following paragraph has been provided by Piper Jaffray & Co. for inclusion in this Official Statement and the Commission does not make any representation as to its accuracy or completeness.

Piper Jaffray & Co., one of the Underwriters of the Subordinate Series 2019 Bonds, has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Subordinate Series 2019 Bonds from Piper Jaffray & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Subordinate Series 2019 Bonds that CS&Co. sells.

The following paragraph has been provided by Citigroup Global Markets Inc. for inclusion in this Official Statement and the Commission does not make any representation as to its accuracy or completeness.

Citigroup Global Markets Inc., an underwriter of the Subordinate Series 2019 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

The following two paragraphs have been provided by Wells Fargo Bank, National Association for inclusion in this Official Statement and the Commission does not make any representation as to their accuracy or completeness.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange

Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group (“WFBNA”), one of the underwriters of the Subordinate Series 2019 Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Subordinate Series 2019 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Subordinate Series 2019 Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Subordinate Series 2019 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The following sentence has been provided by U.S. Bancorp Investments, Inc. for inclusion in this Official Statement and the Commission does not make any representation as to its accuracy or completeness.

US Bancorp is the marketing name for U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc., which is serving as an Underwriter of the Subordinate Series 2019 Bonds.

INDEPENDENT AUDITORS

The audited financial statements of the Commission for the fiscal years ended December 31, 2018 and 2017 (the “Audited Financial Statements”) are included as Appendix B attached hereto. The Audited Financial Statements were audited by BKD, LLP, independent auditors, whose report with respect thereto also appears in Appendix B hereto. The Commission has not requested, nor did the Commission obtain, permission from BKD, LLP to include the Audited Financial Statements as an appendix to this Official Statement. BKD, LLP has not been engaged to perform and has not performed, since the date of its report included in Appendix B, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement.

RELATED PARTIES

Wells Fargo Bank, National Association, acting through its Municipal Products Group, is serving as one of the underwriters of the Subordinate Series 2019 Bonds. Wells Fargo Bank, National Association also is serving as Senior Trustee, Senior Paying Agent, Senior Registrar, escrow agent for the Refunded Senior Series 2010A Bonds and the Refunded Senior Series 2010B Bonds, Subordinate Trustee, Subordinate Paying Agent, Subordinate Registrar and escrow agent for the Refunded Subordinate Series 2010C Bonds and the Refunded Subordinate Series 2010D Bonds, and will be separately compensated for serving in each capacity. Wells Fargo Bank, National Association also is the purchaser of any Subordinate Revolving Obligations issued and/or incurred by the Commission. A portion of the proceeds of the Subordinate Series 2019 Bonds will be used to repay a portion of the outstanding Subordinate Revolving Obligations.

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APPENDIX A
REPORT OF THE AIRPORT CONSULTANT

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Appendix A: Report of the Airport Consultant

Minneapolis-Saint Paul International Airport

Subordinate Airport Revenue and Revenue Refunding Bonds,
Series 2019AB
Subordinate Airport Revenue Refunding Bonds, Series 2019C

August 20, 2019

PREPARED FOR
Metropolitan Airports Commission

PREPARED BY
Landrum & Brown, Incorporated



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August 20, 2019

Mr. Rick King
Chair
Metropolitan Airports Commission
Minneapolis-Saint Paul International Airport
6040 28th Avenue South
Minneapolis, Minnesota 55450

Re: Report of the Airport Consultant, Minneapolis-Saint Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A and B; and Minneapolis-Saint Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2019C

Dear Mr. King:

Landrum and Brown, Incorporated (L&B) is pleased to submit this Report of the Airport Consultant (Report) for the proposed issuance of the Minneapolis-Saint Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A (Series 2019A Bonds), the Minneapolis-Saint Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019B (Series 2019B Bonds), and the Minneapolis-Saint Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2019C (Series 2019C Bonds). The Series 2019A Bonds, Series 2019B Bonds, and Series 2019C Bonds are collectively referred to in this Report as the Series 2019 Bonds. This independent Report has been prepared for the Minneapolis-Saint Paul Metropolitan Airports Commission (Commission) to support its planned issuance of the Series 2019 Bonds and is intended to be included in the Official Statement for the Series 2019 Bonds as Appendix A, Report of the Airport Consultant. All capitalized terms in this Report are used as defined in the Official Statement, the Master Senior Indenture, the Master Subordinate Indenture, and the Eighteenth Supplemental Subordinate Indenture relating to the Series 2019 Bonds, except as otherwise defined herein.

The Commission has sole and exclusive operational jurisdiction of seven airports, including the Minneapolis-Saint Paul International Airport (MSP or the Airport), as well as six reliever airports - Saint Paul Downtown Airport, Flying Cloud Airport, Crystal Airport, Anoka County-Blaine Airport, Lake Elmo Airport, and Airlake Airport. Collectively, these airports form the Airport System.

Senior Indenture and Senior Bonds

As of August 1, 2019, the Commission had Outstanding \$680,695,000 of Senior Airport Revenue Bonds (including the Senior Airport Revenue Bonds, Series 2009A/B and Series 2010A/B, that are expected to be refunded with a portion of the proceeds of the Series 2019 Bonds). The Senior Airport Revenue Bonds (the Senior Bonds) were issued pursuant to the Master Trust Indenture, dated as of June 1, 1998, as amended (the Master Senior Indenture), by and between the Commission and Wells Fargo Bank, National Association, as trustee (the Senior Trustee), and various Supplemental Senior Trust Indentures (the Supplemental Senior Trust Indenture, and together with the Master Senior Indenture, the Senior Indenture), by and between the Commission and the Senior Trustee.

Pursuant to the Master Senior Indenture, the Outstanding Senior Bonds are secured by a pledge of and lien on Net Revenues. Net Revenues, for any given period, are Revenues for such period less, for such period, all amounts which are required to be used to pay the M&O Expenses of the Airport System. Revenues include all rates, tolls, fees, rentals, charges and other payments received by the Commission from the operation and ownership of the Airport System, except where specifically excluded.

The Commission has covenanted in Section 5.04 of the Master Senior Indenture, that so long as any Senior Bonds or General Obligation Revenue Bonds are Outstanding, the Commission will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System, so that:

- i) Net Revenues in each Fiscal Year (FY) are sufficient to fund the deposits required to be made pursuant to Section 5.04(a) of the Master Senior Indenture, and
- ii) During each FY, Net Revenues, together with any Transfer (as defined in the Master Senior Indenture), will be at least equal to 125% of Senior Aggregate Annual Debt Service (as defined in the Master Senior Indenture) on Outstanding Senior Bonds.

For the purposes of this calculation, the amount of any Transfer shall not exceed 25% of Senior Aggregate Annual Debt Service on Outstanding Senior Bonds in such FY.

Subordinate Indenture and Subordinate Obligations

The Series 2019 Bonds are being issued pursuant to the Master Subordinate Trust Indenture, dated as of October 1, 2000, as amended (the Master Subordinate Indenture), by and between the Commission and Wells Fargo Bank, National Association, as trustee (the Subordinate Trustee), and the Eighteenth Supplemental Subordinate Trust Indenture, to be dated as of October 1, 2019 (the Eighteenth Supplemental Subordinate Indenture), by and between the Commission and the Subordinate Trustee. Together, the Master Subordinate Indenture and the Eighteenth Supplemental Subordinate Indenture are referred to in this Report as the Subordinate Indenture.

As of August 1, 2019, the Commission had Outstanding \$652,760,000 of Subordinate Airport Revenue Bonds (including the Subordinate Airport Revenue Bonds, Series 2010C/D, that are expected to be refunded with a portion of the proceeds of the Series 2019 Bonds). The Commission also can issue and have Outstanding, up to \$150 million of Subordinate Revolving Obligations, \$71,030,500 million of which were Outstanding on August 1, 2019. On November 1, 2019, the Commission expects to repay \$20,650,000 of the Subordinate Revolving Obligations with a portion of the proceeds of the Subordinate Series 2019B Bonds and certain other available moneys of the Commission.

Pursuant to the Subordinate Indenture, the Series 2019 Bonds will be secured by a pledge of and lien on Subordinate Revenues on parity with the Outstanding Subordinate Obligations (as defined in the Master Subordinate Indenture). Subordinate Revenues include Net Revenues less all amounts required to pay debt service and reserve and replenish requirements on and related to the Senior Bonds and the General Obligation Revenue Bonds.

The Commission has covenanted in Section 5.04 of the Master Subordinate Indenture, that so long as any Subordinate Obligations remain Outstanding, the Commission will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System, so that:

- i) Subordinate Revenues in each FY are sufficient to fund the deposits required to be made pursuant to Section 5.04(a) of the Master Subordinate Indenture, and

- ii) During each FY, Subordinate Revenues, together with any Transfer (as defined in the Master Subordinate Indenture), will be at least equal to 110% of Subordinate Aggregate Annual Debt Service (as defined in the Master Subordinate Indenture) on the Outstanding Subordinate Obligations.

For the purposes of this calculation, the amount of any Transfer shall not exceed 10% of Subordinate Aggregate Annual Debt Service on Outstanding Subordinate Obligations in such FY.

The Series 2019 Bonds

Proceeds of the Series 2019 Bonds are anticipated to be used, along with other available funds, to:

1. Pay portions of the costs of acquiring, constructing and installing the Series 2019 Projects (defined herein),
2. Fund capitalized interest on a portion of the Series 2019A and the Series 2019B Bonds during construction of the Series 2019 Projects,
3. Refund and defease the Senior Airport Revenue Bonds Series 2009A, 2009B, 2010A, and 2010B and the Subordinate Airport Revenue Bonds Series 2010C and 2010D,
4. Make a deposit to the Subordinate Reserve Fund,
5. Repay a portion of the outstanding Subordinate Revolving Obligations, and
6. Pay the costs of issuance of the Series 2019 Bonds.

The Commission expects to use Passenger Facility Charge (PFC) revenues to pay a portion of the debt service on the Series 2019 Bonds. PFC revenues are excluded from the definition of Revenues, and therefore, are not pledged to the payment of debt service unless otherwise designated as Revenues pursuant to a Supplemental Senior Indenture, which has not occurred. However, the Commission has irrevocably committed a portion of the PFC revenues it receives to the payment and funding of debt service on Senior Bonds and Subordinate Obligations issued to finance projects authorized to be financed with PFCs through December 31, 2030. In addition to PFC revenues irrevocably committed, the Commission can, at its sole discretion, use excess PFCs to pay additional debt service on PFC-Eligible Bonds and has done so in the past and expects to do so in the future.

Airline Operating Agreement and Terminal Building Lease

The Commission has executed Airline Operating Agreement and Terminal Building Leases (Airline Agreements) with certain airlines operating at the Airport (the Signatory Airlines). The term of the new Airline Lease Agreements is December 31, 2023 or December 31, 2030 (each Air Carrier can select which term they want). The Airline Agreements establish, among other things, procedures for setting and adjusting Signatory Airline rentals, fees and charges to be collected for the use of Airport facilities. The Airline Agreements also govern airline use of certain Airport facilities, including the airfield, aircraft aprons, Terminal 1, including baggage claim, ticket counters and gate areas and permits the Signatory Airlines to lease space on an Exclusive Use, Preferential Use, Joint Use, and Common Use basis. Exclusive Use Premises generally include office space, storage areas, airline club lounges, and employee break rooms leased to a Signatory Airline and to which the Signatory Airline has an exclusive right of use over all other air carriers. Preferential Use Premises generally include holdroom areas and gates, ticket counters, and aircraft parking positions on the apron leased to a Signatory Airline and to which the Signatory Airline has a preferential right of use over all other air carriers. Joint Use Premises are space and facilities at the Airport used jointly or in common by air carriers and generally includes baggage claim areas, inbound baggage areas, and International Arrivals Facility (IAF) areas. Common Use Space includes certain ticket counter, holdroom, and ramp areas to be available to all carriers on common use basis.

Terminal 2, which primarily serves low-cost carriers (LCCs), ultra low-cost carriers (ULCCs), and charter operators, is operated by the Commission on a common use basis and the rents, fees, and charges for its use

is established by ordinance. Certain carriers operating from Terminal 2 have executed Airline Agreements; however, terminal rentals are set pursuant to the ordinance.

Report of the Airport Consultant

The purpose of this Report is to evaluate the ability of the Commission to generate sufficient Net Revenues and Subordinate Revenues from operation of the Airport System to meet the funding requirements and obligations established by the Senior Indenture and the Subordinate Indenture from FY 2019 through FY 2025 (Forecast Period). The Commission's FY ends December 31. The following provides an overview of the primary findings and conclusions contained in the Report.

Role of the Airport

The Airport serves two distinct roles for passenger air transportation: as an origin and destination (O&D) airport, for passengers beginning or ending their trip at the Airport, and as a major connecting hub for Delta. The Airport occupies approximately 3,100 acres approximately nine miles south and southwest of the central Minneapolis and Saint Paul business districts, respectively. The Airport maintains four air-transport type runways, including two parallel northwest-southeast runways, one north-south runway, and one northeast-southwest cross-wind runway. Passenger terminal facilities at the Airport are located in two separate buildings: Terminal 1 and Terminal 2. According to United States Department of Transportation statistics, in calendar year 2018, the Airport was ranked as the 16th busiest airport in the country as measured by total number of enplaned passengers. The Airport is classified by the Federal Aviation Administration (FAA) as a large hub airport (an airport that enplanes 1.0% or more of the total number of passenger boardings at all commercial service airports in the United States).

The Airport serves as the primary commercial service airport for the Minneapolis-Saint Paul metropolitan area and surrounding region, including parts of Minnesota, Iowa, Wisconsin, North Dakota, and South Dakota. The share of O&D passenger traffic at the Airport has increased in recent years from approximately 53% in 2013 to approximately 61% in 2018.¹ Delta is the Airport's largest carrier and operates an important connecting hub at the Airport. In 2018, approximately 48% of Delta's passengers at the Airport were considered O&D passengers who either started or ended their trips at the Airport. The other 52% of passengers on Delta are passengers who connected through the Airport on the way to their final destinations.

Economic Base for Air Traffic

The Airport is the largest airport in the region and, as a result, has little competition for air service. Only two commercial service airports, Rochester (RST) and St. Cloud (STC), offer limited scheduled airline service within a 100-mile driving radius from the Airport. Enplaned passenger levels at these airports generally ranged from approximately 20,000 to 178,000 in 2018, which is a small fraction of the 18.4 million enplaned passengers at the Airport during that time. The geographic region that serves as an airport's primary catchment area is referred to as its "Air Service Area". For the purposes of this Report, the Airport's primary Air Service Area is defined as the Minneapolis-Saint Paul Metropolitan Statistical Area (MSA), which consists of the following 16 counties: Hennepin, Ramsey, Dakota, Anoka, Washington, Scott, Wright, Carver, Sherburne, St. Croix (Wisconsin), Chisago, Pierce (Wisconsin), Isanti, Le Sueur, Mille Lacs, and Sibley. In addition to the MSA, several other counties within the Combined Statistical Area (CSA) are included in the Airport's secondary service area, including McLeod, Rice and

¹ Data used to estimate an airport's share of O&D passengers is from the USDOT. These data are a random 10% sample of tickets either ticketed by a U.S. carrier or where a U.S. carrier operated at least one flight in the ticket's itinerary. Therefore, the calculation of the Airport's share of O&D passengers is an estimate based on this data, which is generally accepted in the industry as the best publicly available data source for such purposes.

Goodhue counties. For 2018, the Minneapolis-Saint Paul MSA population was estimated at 3.6 million, while the CSA population was estimated at 3.95 million.

The Air Service Area's economic strength is evaluated in Chapter 1 of this Report. Since 2006, the population in the Minneapolis-Saint Paul MSA has increased at a compound annual growth rate (CAGR) of 0.9%, which is slightly above the national CAGR of 0.8%. Population in the Minneapolis-Saint Paul MSA is forecast to increase from 3.6 million in 2018 to 3.9 million in 2025, representing a CAGR of 1.1%. During that same period, the nation's population is forecast to increase at a CAGR of 0.9%. Since 2010, employment in the Minneapolis-Saint Paul MSA has increased at a CAGR of 2.0%, compared to 2.0% in the United States. Through 2025, employment is forecast to increase at a CAGR of 1.6% compared to 1.4% for the United States. Employment growth in the Minneapolis-Saint Paul MSA since 2010 is more than double the rate of population growth over the same period, resulting in decreasing unemployment rates.

Visitors, both leisure- and business-oriented, are a key contributor to the Minneapolis-Saint Paul MSA's economy. Total visitors to the Minneapolis-Saint Paul MSA have increased at a CAGR of 4.0% since 2010, with approximately 33.3 million visitors in 2017 spending an estimated \$7.8 billion.² The share of leisure to business visitors has remained relatively consistent since 2010, with 72.7% of total visitors traveling to the Minneapolis-Saint Paul MSA for leisure and the remaining 27.3% visiting for business purposes in 2017.

Economic and demographic indicators for the Air Service Area are forecast to continue to exceed growth rates for the U.S. This level of growth indicates the ongoing capacity of the Air Service Area to generate demand for air travel services during the Forecast Period evaluated in this Report.

Air Service and Air Traffic Analysis

Total enplaned passengers at the Airport increased in nearly every year since 2008, from approximately 16.4 million in 2008 to approximately 18.4 million in 2018, reflecting an overall CAGR of approximately 1.2% for this period. Driven by strong growth from LCCs and ULCCs, domestic O&D enplaned passengers increased from approximately 7.6 million to 10.6 million in 2018, at a CAGR of 3.3%. Overall, domestic connecting enplaned passengers have decreased from approximately 7.4 million to approximately 6.3 million, reflecting a CAGR of -1.6%, due to Delta's shifting of connecting capacity.

For the first six months of 2019, total enplaned passengers are up approximately 2.9% as compared to the same period in 2018. It is important to note that the growth figures for the first six months of 2019 and 2018 are impacted somewhat by additional demand generated from the Super Bowl that was held in Minneapolis in February 2018, and the men's NCAA Final Four basketball championship tournament that was held in Minneapolis in April 2019.

The Airport is an integral component in Delta's overall route network serving as a major connecting hub in the eastern U.S. The following factors, as analyzed in Chapter 2, further describe the Airport's importance to Delta's network.

- Delta's passenger mix at the Airport for 2018 was approximately 48% O&D and 52% connecting. This composition of O&D and connecting traffic is similar to other Delta connecting hubs, with the exception of Hartsfield-Jackson Atlanta International Airport (ATL). Therefore, Delta appears to serve O&D traffic at the Airport at levels which provide solid support for its operation as a hub.

² Meet Minneapolis, Visitor Counts & Spending 2010-2017.

- The Airport's geographic position allows Delta to operate it as an efficient transfer point for traffic in the western half of the U.S., particularly in the Upper Midwest and central U.S. region. It also allows Delta to augment east-west connecting traffic flows in conjunction with its other hubs.
- Although the Airport and Detroit Metropolitan Wayne County Airport (DTW) are relatively close in geographical proximity to each other in the upper Midwest, both airports are operated by Delta in such a way that they work together to augment each other and better serve separate regions of the U.S. DTW predominately serves eastern region markets, with an emphasis in the Great Lakes region, to the rest of the U.S.
- The Airport appears to be a profitable operation for Delta as described in the Report. The profitability of Delta and a majority of the other airlines operating at the Airport also appears to have improved significantly in 2018 as compared to before the recession in 2008.

L&B prepared air traffic activity forecasts for the Airport for use as the basis for the financial analysis performed later in this Report. L&B's analysis consisted of two primary steps: a short-term forecast (2019 and 2020) and a long-term forecast (2021 through 2025).

Forecasts of air traffic activity were developed based on an analysis of the underlying economic conditions of the Air Service Area, airline traffic trends, and an assessment of Delta's continued operation of hubbing activity at the Airport. In general, it was assumed that in the long-term, growth in O&D passenger traffic at the Airport will occur as a function of growth in population and the economy of the Air Service Area. The growth in U.S. population and gross domestic product (GDP), along with Delta's network strategy, are assumed to be the primary drivers of future connecting passenger traffic. In addition, several other assumptions are incorporated into the long-term forecast including the following:

- The airlines will continue to add capacity that is in line with demand and GDP growth.
- Delta will continue to operate the Airport as a hub. Total connecting passengers are forecast to increase modestly over the Projection Period to approximately 6.5 million. Delta's connecting passengers are expected to decrease from approximately 52% to 49% of its total passengers at the Airport, as growth in O&D passengers is forecast to outpace connecting passenger growth.
- The domestic airlines other than Delta and the Delta Connection carriers currently serving the Airport will continue to provide air service to support local long-term demand primarily to and from their hub airports, key focus cities, and larger O&D markets, and the Airport will continue as a key city for Sun Country.
- Delta and other airlines will continue to provide trans-oceanic service to markets in Europe and Asia, as well as other international markets such as Canada, Mexico, and the Caribbean. Service to other international markets will also be provided as demand dictates.
- Long-term nationwide growth in air travel will occur over the Forecast Period consistent with forecast growth in the economy.
- Aviation fuel prices over the Forecast Period are anticipated to be higher relative to historical levels, but lower than the record prices reached in mid-2008.
- There will be no major disruption of airline service or airline travel behavior.

Many of the factors that may affect air travel demand are not necessarily quantifiable. As a result, all forecasts of aviation activity are subject to various uncertainties. Therefore, this forecast, as with any forecast, should be viewed as a general indication of future aviation activity as opposed to a precise prediction. Actual future traffic may vary from these forecasts and such variances could be material.

Table 1 presents the forecast for O&D, connecting and total enplaned passengers for the Airport through 2025. As shown, total enplaned passengers at the Airport are projected to increase to approximately 20.0 million in 2025, representing a CAGR of 1.2% from 2018 to 2025.

Table 1 Enplaned Passenger Forecast (000's)

Year	O&D	% Change	Connecting	% Change	Total	% Change
Historical						
2008	8,356	-	8,028	-	16,384	-
2009	8,319	(0.4%)	7,232	(9.9%)	15,551	(5.1%)
2010	8,347	0.3%	7,368	1.9%	15,715	1.1%
2011	8,419	0.9%	7,553	2.5%	15,972	1.6%
2012	8,441	0.3%	7,579	0.3%	16,020	0.3%
2013	8,680	2.8%	7,690	1.5%	16,370	2.2%
2014	9,069	4.5%	7,939	3.2%	17,008	3.9%
2015	9,579	5.6%	8,153	2.7%	17,732	4.3%
2016	10,282	7.3%	7,879	(3.4%)	18,161	2.4%
2017	10,770	4.7%	7,616	(3.3%)	18,385	1.2%
2018	11,256	4.5%	7,127	(6.4%)	18,382	0.0%
YTD 18 ¹					8,936	-
YTD 19 ¹					9,194	2.9%
Forecast						
2019	11,427	1.5%	7,162	0.5%	18,589	1.1%
2020	11,604	1.5%	7,206	0.6%	18,810	1.2%
2021	11,784	1.5%	7,251	0.6%	19,035	1.2%
2022	11,966	1.5%	7,303	0.7%	19,269	1.2%
2023	12,151	1.5%	7,355	0.7%	19,507	1.2%
2024	12,340	1.5%	7,408	0.7%	19,747	1.2%
2025	12,530	1.5%	7,460	0.7%	19,991	1.2%
CAGR ²						
2008-2018	3.0%		(1.2%)		1.2%	
2018-2025	1.5%		0.7%		1.2%	

Note: Amounts may not add because of rounding.

¹ Enplaned passengers for year-to-date period includes the six months of January through June.

² CAGR = Compounded annual growth rate

Source: Metropolitan Airports Commission (historical total); USDOT via Diio (historical O&D); Landrum & Brown (forecast)

Airport Capital Improvement Program

The Commission manages Airport capital projects through an on-going Capital Improvement Program (CIP). The CIP is an important tool used for formulating future project financing plans, maximizing federal and state grant opportunities and pro-actively planning for the replacement or reconstruction of essential infrastructure components that are nearing the end of their useful or service life. The CIP also provides a framework for

scheduling and coordinating execution of multiple projects to minimize operational impact. The majority of the capital projects in the current CIP tend to be routine projects for a major airport, including reconstruction or rehabilitation of runways, taxiways, parking decks, roadways and environmental or planning studies.

The Commission's CIP consists of an approved two-year CIP (the "2019-20 CIP") for construction projects expected to begin during calendar years 2019 and 2020 as well as a longer-term CIP that covers project phases expected to be started over an additional five-year period between 2021 and 2025 (the "2021-25 CIP"). The amended 2019-20 CIP, approved by the Commission on December 17, 2018 and amended May 20, 2019, has a total cost of approximately \$642.8 million. The 2021-25 CIP was approved on December 17, 2018 and has a total cost of approximately \$557.1 million.

The major projects in the 2019-20 CIP include improvements to baggage claim and the ticket lobby in Terminal 1, various other improvements to Terminal 1 and construction of the new Safety and Security Center. The major projects in the 2021-25 CIP are various maintenance and improvements to Terminal 1 and the airfield and runways. Future CIPs could reflect project revisions and additional projects could be added to the 2019-20 CIP and/or the 2021-25 CIP. Per the Airline Agreements, the Commission does not need approval, and does not plan to seek approval, from the Majority-In-Interest of the Signatory Airlines to construct the projects in the 2019-20 CIP or the 2021-25 CIP.

The Commission anticipates that the CIP projects will be funded from a combination of pay-as-you-go PFCs, federal grants, other Commission funds, proceeds from existing bonds, proceeds from the Series 2019 Bonds, and proceeds from future bonds. **Table 2** presents the anticipated funding sources for the Commission's 2019-20 CIP and 2021-25 CIP.

Table 2 CIP Funding Plan by Category (Dollars in Thousands)

CIP Category	PFC	Federal and State	Previous GARBs	Series 2019 Bonds ¹	Future GARBs	Commission Funds	TOTAL
2019-2020 CIP	\$214,600	\$63,455	\$37,800	\$172,408	--	\$154,573	\$642,836
2021-2025 CIP	\$85,600	\$62,475	--	\$5,500	\$100,000	\$303,515	\$557,090
Total	\$300,200	\$125,930	\$37,800	\$177,908	\$100,000	\$458,088	\$1,199,926

Note: Amounts may not add because of rounding.

¹ Proceeds of the Series 2019 Bonds are also expected to be used to retire portions of Subordinate Revolving Obligations used to fund certain projects included in the Commission's 2017-2018 CIP. These projects are not included in the 2019-2020 CIP or 2021-2025 CIP.

Source: Metropolitan Airports Commission

Debt service associated with the Series 2019 Bonds and any future bonds, as well as any anticipated Operating Expenses associated with the Commission's 2019-20 CIP and 2021-25 CIP are included in the financial analysis contained in Chapter 4 of this Report. Proceeds of the Series 2019 Bonds are also expected to be used to retire portions of the Subordinate Revolving Obligations used to fund certain projects included in the Commission's 2017-2018 CIP. These projects are not included in the 2019-20 CIP or the 2021-25 CIP. CIP projects funded in whole or in part with proceeds of the Series 2019 Bonds are herein referred to as the Series 2019 Projects.

Financial Analysis

The financial analysis in this Report evaluates the ability of the Commission to generate Net Revenues sufficient to meet the funding requirements and obligations established by the Senior Indenture and the Subordinate Indenture during the Forecast Period. As presented herein, Net Revenues generated from the operation of the Airport System, not including Transfers available from the Coverage Account, are forecast to be equal to at least 125% of Senior Aggregate Annual Debt Service on Outstanding Senior Bonds and planned future Senior Bonds through the Forecast Period (see Section 4.5 of this Report for a discussion of the financing assumptions used for the Series 2019 Bonds). Additionally, Subordinate Revenues generated from the operation of the Airport System, not including Transfers available from the Coverage Account, are forecast to be equal to at least 110% of Subordinate Aggregate Annual Debt Service on the Outstanding Subordinate Obligations, the Series 2019 Bonds, and planned future Subordinate Obligations through the Forecast Period.

This Report does not take into consideration any savings associated with the refunding of the Senior Series 2009A, 2009B, 2010A, and 2010B Bonds and the Subordinate Series 2010C and 2010D Bonds from proceeds of the Series 2019 Bonds.

The Commission is forecast to meet its requirements and obligations established in the Senior Indenture and the Subordinate Indenture and to maintain reasonable levels of airline cost per enplaned passenger (CPE). **Table 3** below presents forecast debt service coverage ratios and airline CPE.

Table 3 Debt Service Coverage Forecast and Passenger Airline CPE Forecast (Dollars in Thousands, Except for CPE)

Fiscal Year	Net Revenues ¹	Total Senior Net Debt Service	Senior Debt Service Coverage Ratio	Net Subordinate Revenues ¹	Total Subordinate Net Debt Service	Subordinate Debt Service Coverage Ratio	Senior and Subordinate Debt Service Coverage Ratio	Airline CPE
2019	\$190,663	\$50,255	3.79x	\$140,407	\$63,215	2.22x	1.68x	\$6.77
2020	\$190,031	\$50,248	3.78x	\$139,783	\$57,592	2.43x	1.76x	\$7.26
2021	\$188,923	\$39,484	4.78x	\$149,439	\$68,426	2.18x	1.75x	\$7.40
2022	\$203,259	\$36,064	5.64x	\$167,195	\$83,403	2.00x	1.70x	\$7.91
2023	\$203,250	\$36,066	5.64x	\$167,184	\$83,405	2.00x	1.70x	\$8.05
2024	\$204,234	\$68,318	2.99x	\$135,916	\$53,751	2.53x	1.67x	\$8.24
2025	\$215,181	\$68,324	3.15x	\$146,858	\$62,310	2.36x	1.65x	\$8.66

¹ Does not include available Transfer.

Source: Landrum & Brown

L&B prepared the aviation activity and financial forecasts included in this Report and developed the underlying assumptions. In preparing our findings and conclusions, L&B has relied upon the accuracy and completeness of financial and other data provided to it by the referenced sources, without independent verification; however, L&B has no reason to believe such data are materially incorrect.

The techniques and methodologies used in preparing this Report are consistent with industry practices for similar studies in connection with airport revenue bond sales. Although L&B believes that the approach and assumptions used are reasonable and provide an appropriate basis for the financial forecasts, any forecast is subject to uncertainties. Inevitably, some assumptions used to derive the forecast contained herein will not be realized, and unforeseeable events may occur. The actual financial results achieved will vary from those forecast in the Report, and such variations could be material. We have no responsibility to update this Report for events and/or circumstances occurring after the date of this Report.

L&B appreciates this opportunity to serve as the Commission's Airport Consultant for this proposed financing.

Sincerely,

A handwritten signature in cursive script that reads "Landrum & Brown, Incorporated". The signature is written in black ink and is positioned above the printed name of the company.

Landrum & Brown, Incorporated

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1 Role of the Airport and Economic Base for Air Traffic

This Chapter summarizes the role that the Minneapolis-Saint Paul International Airport (Airport or MSP) serves in accommodating air traffic for the nation, the region, and as an important connecting hub in the network of Delta Air Lines, Inc. (Delta). This Chapter also describes the Minneapolis-Saint Paul region's economic base and its ability to continue to generate demand for air transportation.

1.1 Role of the Airport

The Minneapolis-Saint Paul Metropolitan Airports Commission (Commission or MAC) has sole and exclusive operational jurisdiction over seven airports, including the Airport, as well as six reliever airports, including Saint Paul Downtown Airport, Flying Cloud Airport, Crystal Airport, Anoka County-Blaine Airport, Lake Elmo Airport, and Airlake Airport. Collectively, these airports form the Airport System. The Airport occupies approximately 3,100 acres and is located approximately nine miles south and southwest of the central Minneapolis and Saint Paul business districts, respectively. The Airport maintains four runways, including two parallel northwest-southeast runways, one north-south runway, and one northeast-southwest cross-wind runway. Passenger terminal facilities at the Airport are located in two separate buildings: Terminal 1 and Terminal 2.

1.1.1 National Role

The Airport is classified by the Federal Aviation Administration (FAA) as a Large Hub facility based upon its share of nationwide enplaned passengers.³ Based on preliminary data from the FAA, approximately 18.1 million enplaned passengers boarded aircraft at the Airport in 2018, ranking it as the 16th busiest in the U.S (see **Table 1-1**). This was an increase of approximately 1.6% as compared to FAA data for 2017.

The current U.S. passenger airline industry generally consists of three primary business models: network carriers, low-cost carriers (LCCs), and ultra-low-cost carriers (ULCCs). Network carriers are generally considered the major airline brands that have existed, in one form or another, since the deregulation of the airline industry in the late 1970s. Network airlines have extensive route networks and can operate with a "hub and spoke" system or maintain significant market share at focus cities, and generally cater more towards the business traveler segment. LCCs are generally defined as passenger airlines that focus on lower operating costs to be able to provide customers lower fares while still providing some amenities within the cost of the ticket. LCCs typically focus upon carrying point-to-point traffic at relatively lower air fares, while offering comparable (to network carriers) air fares for connecting passengers. However, as compared to network airlines, LCCs do not have as extensive route networks. ULCCs are somewhat similar to LCCs, but generally focus on the leisure traveler, offer the lowest airfares, and do not provide any amenities within the cost of the ticket. Thus, ULCCs will typically charge for everything outside of the ticket cost such as checked baggage, carry-on baggage, seat selection, etc.

³ The FAA classifies Large Hub airports as those serving at least 1.0% of annual U.S. passenger boardings.

Table 1-1 U.S. Airport Enplaned Passenger Rankings (Large Hub Airports) - 2018

Rank	City	Airport	Code	Enplaned Passengers
1	Atlanta	Hartsfield - Jackson Atlanta International	ATL	50,476,272
2	Los Angeles	Los Angeles International	LAX	39,635,691
3	Chicago	Chicago O'Hare International	ORD	37,499,201
4	Fort Worth	Dallas-Fort Worth International	DFW	31,274,875
5	New York	John F Kennedy International	JFK	29,224,554
6	Denver	Denver International	DEN	28,246,269
7	San Francisco	San Francisco International	SFO	25,706,994
8	Las Vegas	McCarran International	LAS	22,665,289
9	Seattle	Seattle-Tacoma International	SEA	21,887,110
10	Charlotte	Charlotte/Douglas International	CLT	21,455,996
11	Phoenix	Phoenix Sky Harbor International	PHX	20,896,229
12	Miami	Miami International	MIA	20,796,994
13	Orlando	Orlando International	MCO	20,283,479
14	Houston	George Bush Intercontinental/Houston	IAH	20,027,073
15	Newark	Newark Liberty International	EWR	19,834,792
16	Minneapolis	Minneapolis-St Paul International	MSP	18,109,982
17	Boston	General Edward Lawrence Logan International	BOS	17,749,202
18	Detroit	Detroit Metropolitan Wayne County	DTW	16,826,287
19	New York	LaGuardia	LGA	14,706,123
20	Philadelphia	Philadelphia International	PHL	14,521,408
21	Fort Lauderdale	Fort Lauderdale/Hollywood International	FLL	14,263,202
22	Glen Burnie	Baltimore/Washington International Thurgood Marshall	BWI	12,340,183
23	Arlington	Ronald Reagan Washington National	DCA	11,372,460
24	Salt Lake City	Salt Lake City International	SLC	11,141,970
25	Chicago	Chicago Midway International	MDW	11,044,353
26	Dulles	Washington Dulles International	IAD	10,596,883
27	San Diego	San Diego International	SAN	10,340,164
28	Honolulu	Honolulu International	HNL	9,656,340
29	Tampa	Tampa International	TPA	9,194,576
30	Portland	Portland International	PDX	9,071,154

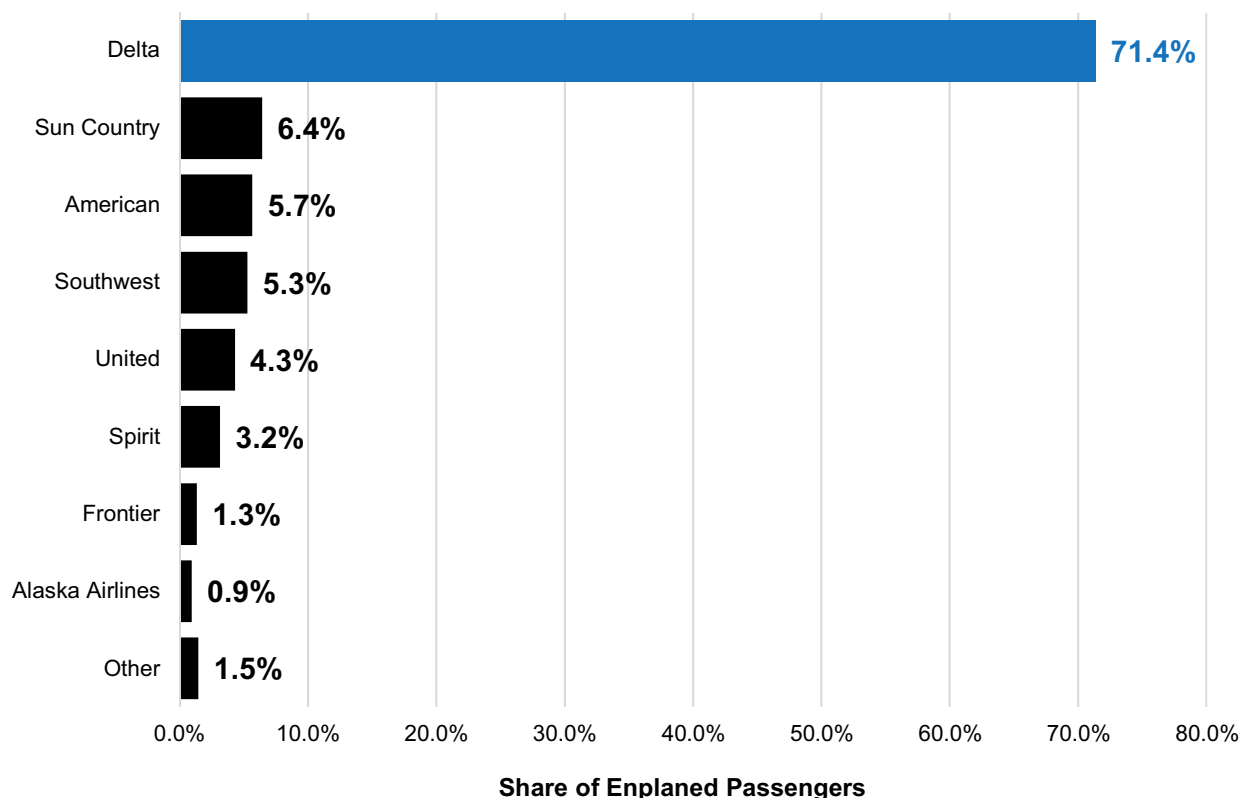
Source: Federal Aviation Administration, preliminary Air Carrier Activity Information for 2018, June 30, 2017 (accessed April 2019)

Compiled by Landrum & Brown

The Airport has a diverse, stable base of air carriers. Four U.S. network airlines,⁴ two LCCs⁵, three ULCCs⁶, and six foreign flag airlines, among others, currently operate at the Airport. The Airport's leading carrier, Delta, operates a major connecting hub at the Airport. Delta's enplaned passenger market share, including the Delta Connection Carriers, comprised approximately 71.4% of enplaned passengers at the Airport in 2018 (a decrease from Delta's 72.8% share in 2014). The Airport predominantly serves domestic traffic, which comprised approximately 92.0% of the Airport's enplaned passenger traffic in 2018. International enplaned passengers accounted for approximately 8.0% of the Airport's passengers.

Exhibit 1-1 presents the Airport's enplaned passenger market share by airline for 2018.

Exhibit 1-1 Enplaned Passenger Market Share at the Airport - 2018



Notes: Regional affiliates, as applicable, have been included with their appropriate network partner. Amounts may not add because of rounding.

Source: Metropolitan Airports Commission

Compiled by Landrum & Brown

⁴ For the purposes of this Report, Alaska Airlines, American Airlines, Delta Air Lines and United Airlines are considered network airlines.

⁵ For the purposes of this Report, Southwest Airlines and JetBlue Airways are considered low-cost carriers.

⁶ For the purposes of this Report, Frontier Airlines, Spirit Airlines, and Sun Country are considered ultra-low-cost-carriers.

In addition to passenger operations, there is a significant amount of air cargo processed at the Airport. According to the Airports Council International–North America (ACI-NA), 229,440 metric tons of air cargo, including both freight and mail, were loaded and unloaded at the Airport in 2017. Based on this data from ACI-NA, the Airport ranked as the 25th busiest cargo airport in the U.S. for this period.

ACI-NA data indicated that the Airport had 416,213 aircraft operations⁷ in 2017 (including all-cargo carrier operations), which ranked the Airport as the 13th busiest airport in the U.S. **Table 1-2** provides the ACI-NA's ranking for cargo and aircraft operations for 2017 (the latest date available at the time of this report).

1.1.2 Regional Role

The Airport serves as the primary commercial service airport for the Minneapolis-Saint Paul metropolitan area and surrounding region, including parts of Minnesota, Iowa, Wisconsin, North Dakota, and South Dakota. Origin and destination (O&D) passenger traffic at the Airport increased from approximately 53% in 2013 to approximately 61% in 2018.⁸

The geographic region that serves as an airport's primary catchment area is referred to as its "Air Service Area". For the purposes of this Report, the Airport's primary Air Service Area is defined as the Minneapolis-Saint Paul Metropolitan Statistical Area (MSA), which consists of 16 counties including Hennepin, Ramsey, Dakota, Anoka, Washington, Scott, Wright, Carver, Sherburne, St. Croix (Wisconsin), Chisago, Pierce (Wisconsin), Isanti, Le Sueur, Mille Lacs, Sibley. In addition to the MSA, three other counties within the Combined Statistical Area (CSA) are included in the Airport's secondary service area: McLeod, Rice, and Goodhue counties. For 2018, the Minneapolis-Saint Paul MSA population was estimated at 3.6 million, while the CSA population is estimated at 3.95 million.

In many cases, an airport's air service area can extend beyond its primary air service area depending on the location of other population centers and availability of other commercial service airports. This is particularly true for MSP. For example, there were an estimated 362 million one-way O&D passengers in the U.S. in 2018, on a population base estimated at 327 million, which equates to 1.1 trips per capita in the U.S. At MSP, there were 11.26 million one-way O&D passengers in 2018. With the Minneapolis CSA population of 3.95 million people, this equates to approximately 2.9 trips per capita, or about 2½ times the U.S. average.

The Airport's higher volume of traffic per capita is primarily due to its large Air Service Area and minimal competition from other regional airports. The Airport is the largest airport in the region and, as a result, has little competition for air service. **Exhibit 1-2** illustrates the Air Service Area and other commercial service airports within 100 miles from the Airport. As shown, there are only two commercial service airports (Rochester (RST) and St. Cloud (STC)) that offer limited scheduled airline service within a 100-mile driving radius from the Airport. Passenger levels at these airports generally ranged from approximately 20,000 to 178,000, which is a small fraction of that experienced at the Airport for 2018. There are no other comparable facilities to the Airport within the State of Minnesota in terms of air service. Chicago O'Hare International Airport (ORD) is the nearest Large Hub U.S. airport, and is approximately 396 driving miles from the Airport. The nearest competing Medium Hub airport is General Mitchell International Airport (MKE) in Milwaukee, approximately 344 miles away. The Airport also has limited competition for air traffic in parts of Wisconsin and northern Iowa (Des Moines (DSM)).

⁷ An aircraft operation includes the landing, takeoff, or touch-and-go procedure by an aircraft on the runway at an airport.

⁸ Data used to estimate an airport's share of O&D passengers is from the USDOT. These data are a random 10% sample of tickets either ticketed by a U.S. carrier or where a U.S. carrier operated at least one flight in the ticket's itinerary. Therefore, the calculation of the Airport's share of O&D passengers is an estimate based on this data, which is generally accepted in the industry as the best publicly available data source for such purposes.

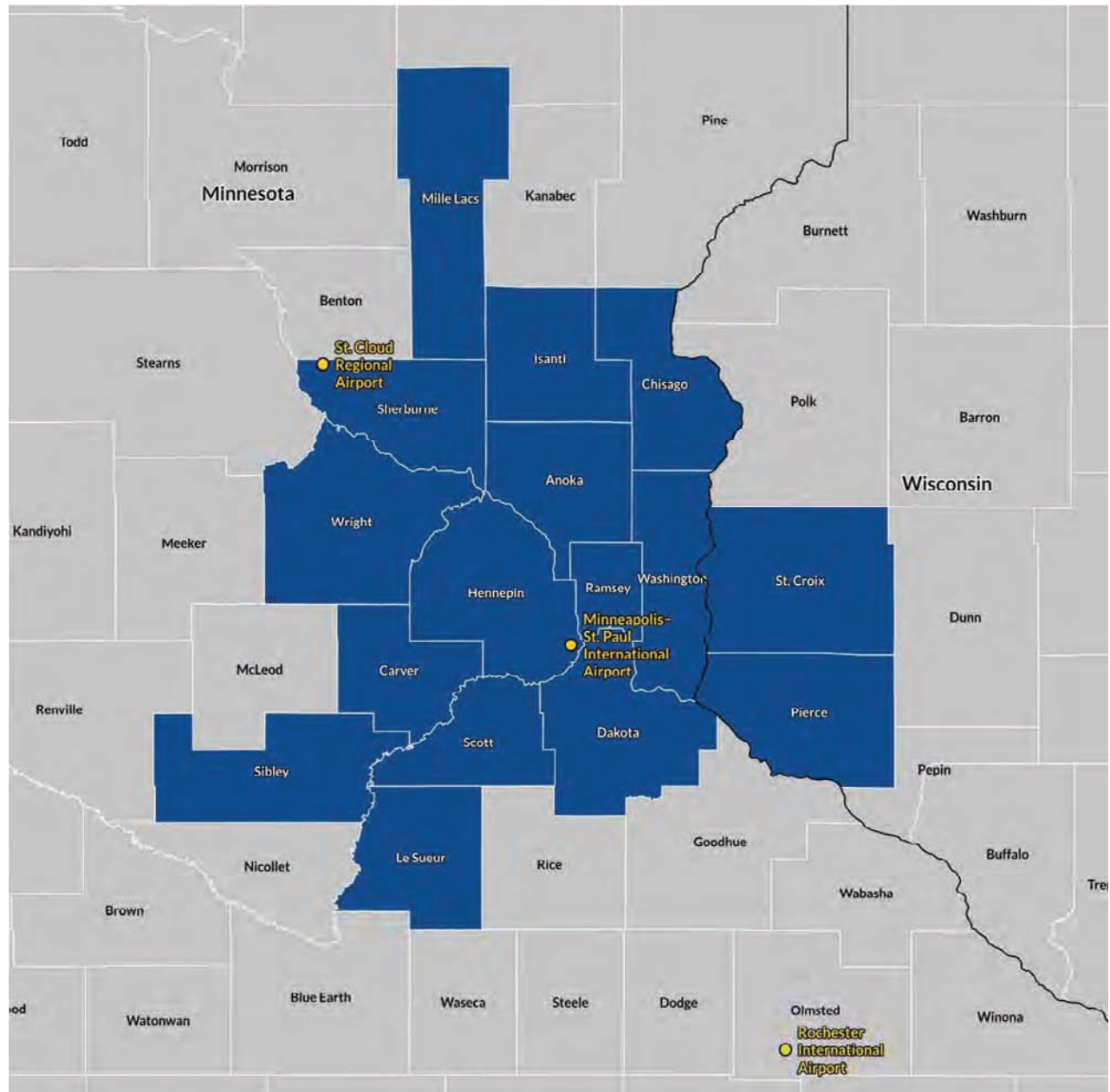
Table 1-2 U.S. Airport Cargo and Aircraft Operations Rankings (Top 30) – 2017

Rank	Code	City	Aircraft Operations	Rank	Code	City	Cargo Metric Tons
1	ATL	Atlanta GA	879,560	1	MEM	Memphis TN	4,336,752
2	ORD	Chicago IL	867,049	2	ANC	Anchorage AK	2,713,230
3	LAX	Los Angeles CA	700,362	3	SDF	Louisville KY	2,602,695
4	DFW	Dallas/Fort Worth TX	654,344	4	LAX	Los Angeles CA	2,158,324
5	DEN	Denver CO	574,966	5	MIA	Miami FL	2,071,722
6	CLT	Charlotte NC	553,817	6	ORD	Chicago IL	1,721,807
7	LAS	Las Vegas NV	542,994	7	JFK	New York NY	1,350,599
8	SFO	San Francisco CA	460,343	8	IND	Indianapolis IN	1,038,620
9	IAH	Houston TX	450,383	9	CVG	Cincinnati OH	944,995
10	JFK	New York NY	446,459	10	DFW	Dallas/Fort Worth TX	809,929
11	EWR	Newark NJ	443,249	11	EWR	Newark NJ	800,000
12	PHX	Phoenix AZ	430,968	12	ATL	Atlanta GA	685,338
13	MSP	Minneapolis MN	416,213	13	ONT	Ontario CA	593,947
14	SEA	Seattle WA	416,124	14	OAK	Oakland CA	567,354
15	MIA	Miami FL	413,287	15	SFO	San Francisco CA	561,805
16	BOS	Boston MA	401,371	16	HNL	Honolulu HI	517,361
17	DTW	Detroit MI	395,357	17	IAH	Houston TX	450,842
18	LGA	New York NY	379,911	18	SEA	Seattle WA	425,856
19	DVT	Phoenix AZ	378,777	19	PHL	Philadelphia PA	419,785
20	PHL	Philadelphia PA	369,928	20	PHX	Phoenix AZ	339,822
21	GFK	Grand Forks ND	331,881	21	BOS	Boston MA	321,397
22	MCO	Orlando FL	330,866	22	IAD	Washington DC	299,455
23	SLC	Salt Lake City UT	327,292	23	DEN	Denver CO	265,240
24	LGB	Long Beach CA	321,797	24	PDX	Portland OR	236,822
25	FLL	Fort Lauderdale FL	312,763	25	MSP	Minneapolis MN	229,440
26	HNL	Honolulu HI	311,903	26	MCO	Orlando FL	220,025
27	DAB	Daytona Beach FL	307,976	27	DTW	Detroit MI	216,183
28	SFB	Sanford FL	307,064	28	RFD	Rockford IL	195,606
29	SNA	Santa Ana CA	293,649	29	CLT	Charlotte NC	191,613
30	DCA	Washington DC	293,097	30	SLC	Salt Lake City UT	190,158

Source: Airports Council International-North America, <http://www.aci-na.org/content/airport-traffic-reports> (accessed April 2019)

Compiled by Landrum & Brown

Exhibit 1-2 Air Service Area and Proximity to Other Airports



Airport	Code	Airport Category	Distance from MSP	CY 2017 Enplaned Passengers
Minneapolis-St. Paul International Airport	MSP	Large	-	18,123,844
Rochester International Airport	RST	Non	62 miles	112,864
St. Cloud Regional Airport	STC	Non	76 miles	15,615

Source: Federal Aviation Administration, Air Carrier Activity Information System (ACIAS), accessed May 2019.
Prepared by Landrum & Brown

The Airport also serves as Delta’s primary regional hub to markets in the North Central region of the U.S. Approximately 15.5% of the Airport’s total enplaned passengers in 2018 either originated from or were destined for markets in North Dakota, South Dakota, Wisconsin, or Iowa. To further illustrate the Airport’s function as a regional hub, **Table 1-3** presents the top 10 states where passengers connect through the Airport as well as other competing hub airports located in the upper Midwest and Mountain regions (including Detroit Metropolitan Wayne County Airport [DTW], Chicago O’Hare International Airport [ORD], Denver International Airport [DEN], and Salt Lake International Airport [SLC]). As shown, the Airport serves as the top connecting airport for both North Dakota and South Dakota and is also one of the top connecting hubs serving passengers from Wisconsin, Montana, Nebraska, and Iowa. It is important to note that while the Airport is currently second behind ORD for connecting passengers that originate from Minnesota, this is primarily due to the fact that the Airport currently serves as the point of origin for approximately 96% of all passengers flying from the State of Minnesota; thus only 4% of the passengers that originate from the State of Minnesota are connecting passengers that use either the Airport or another connecting airport.

Table 1-3 Percentage of Connecting Passengers by Hub by State of Origin (2018)

Rank	State of Origin	MSP	DTW	ORD	DEN	SLC
1	North Dakota	51.7%	1.4%	9.6%	21.1%	0.7%
2	South Dakota	33.9%	0.9%	16.2%	23.1%	2.6%
3	Wisconsin	18.8%	14.0%	26.8%	6.5%	1.0%
4	Montana	18.0%	1.0%	5.8%	23.4%	26.2%
5	Nebraska	11.8%	4.3%	17.8%	19.4%	2.3%
6	Iowa	10.2%	6.5%	31.6%	13.3%	1.1%
7	Michigan	9.9%	15.5%	23.4%	4.8%	2.3%
8	Minnesota	9.3%	6.8%	19.4%	8.8%	3.2%
9	Washington	7.7%	3.8%	8.5%	11.6%	8.2%
10	Idaho	7.2%	0.8%	4.6%	19.3%	32.7%

Note: Top connecting hub airports serving each of the top 10 states are shown in bold.

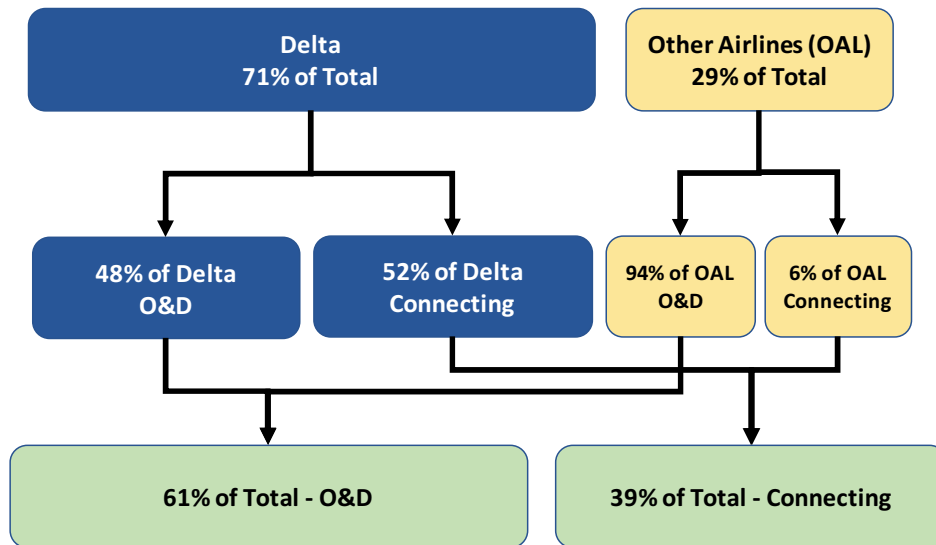
Source: Diio, accessed June 2019

Compiled by Landrum & Brown, June 2019

1.1.3 Role as a Hub for Delta

Delta is the Airport’s largest carrier and operates an important connecting hub at the Airport. In 2018, approximately 48% of Delta’s passengers at the Airport were considered O&D passengers who either started or ended their trips at the Airport. The other 52% of passengers on Delta are passengers who connected through the Airport on the way to their final destinations. **Exhibit 1-3** illustrates the estimated mix of O&D versus connecting passengers for Delta, including the Delta Connection Carriers, at the Airport in 2018. In 2018, Delta accounted for approximately 71% of the total traffic at the Airport, consisting of approximately 56% of total O&D passengers and more than 95% of total connecting passengers. Delta also accounted for approximately 78% of international enplaned passenger traffic at the Airport in 2018. SkyTeam partners KLM and Air France accounted for another 3% of the remaining international passengers in 2018. Delta’s air service at the Airport is described in more detail in Chapter 2 of this Report.

Exhibit 1-3 Delta’s Share of O&D and Connecting Passengers at the Airport (2018)



Source: Metropolitan Airports Commission
Compiled by Landrum & Brown

1.2 Socioeconomic Base for Air Travel

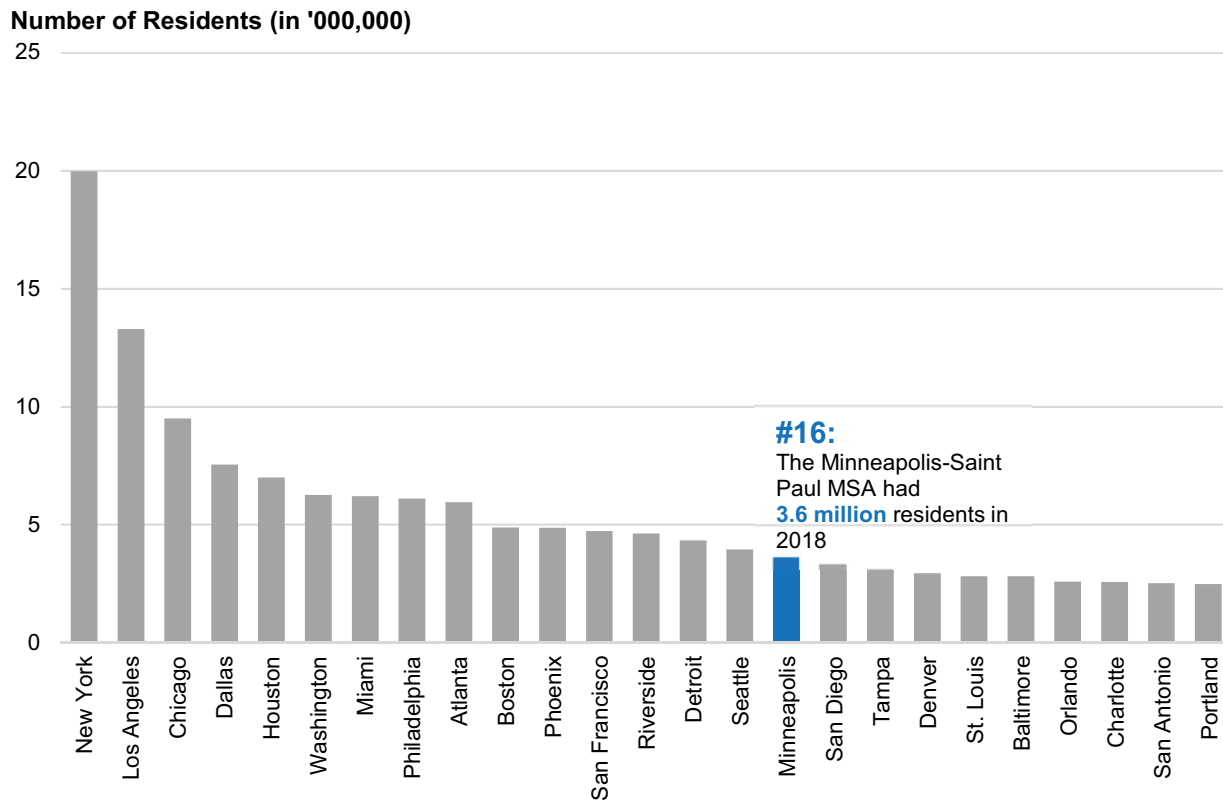
Air travel demand at an airport is largely correlated with the demographic and economic characteristics of the surrounding region. The economic strength of the Air Service Area has a major impact on the aviation activity at the Airport given that approximately 61% of the Airport's passenger traffic is O&D. The next sections review current economic trends and conditions of the Airport's Air Service Area, and present data indicative of the Air Service Area's capability to generate a growing demand for air transportation throughout the next several years.⁹

1.2.1 Population

Exhibit 1-4 presents the estimated 2018 population of each of the top 25 MSAs in the United States. According to the United States Census Bureau, the Minneapolis-Saint Paul MSA was ranked as the 16th most populated MSA in the United States in 2018 with approximately 3.6 million residents.

⁹ The Minneapolis-Saint Paul MSA accounted for nearly two-thirds of the population and employment in the state of Minnesota and 73.8% of the state's economic activity as defined by gross regional product (GRP). Therefore, demographic and economic comparisons presented in this Report are made between the Minneapolis-Saint Paul MSA and United States only and do not include comparisons with state-wide Minnesota data.

Exhibit 1-4 Population of Top 25 Largest MSA's in the United States (2018)

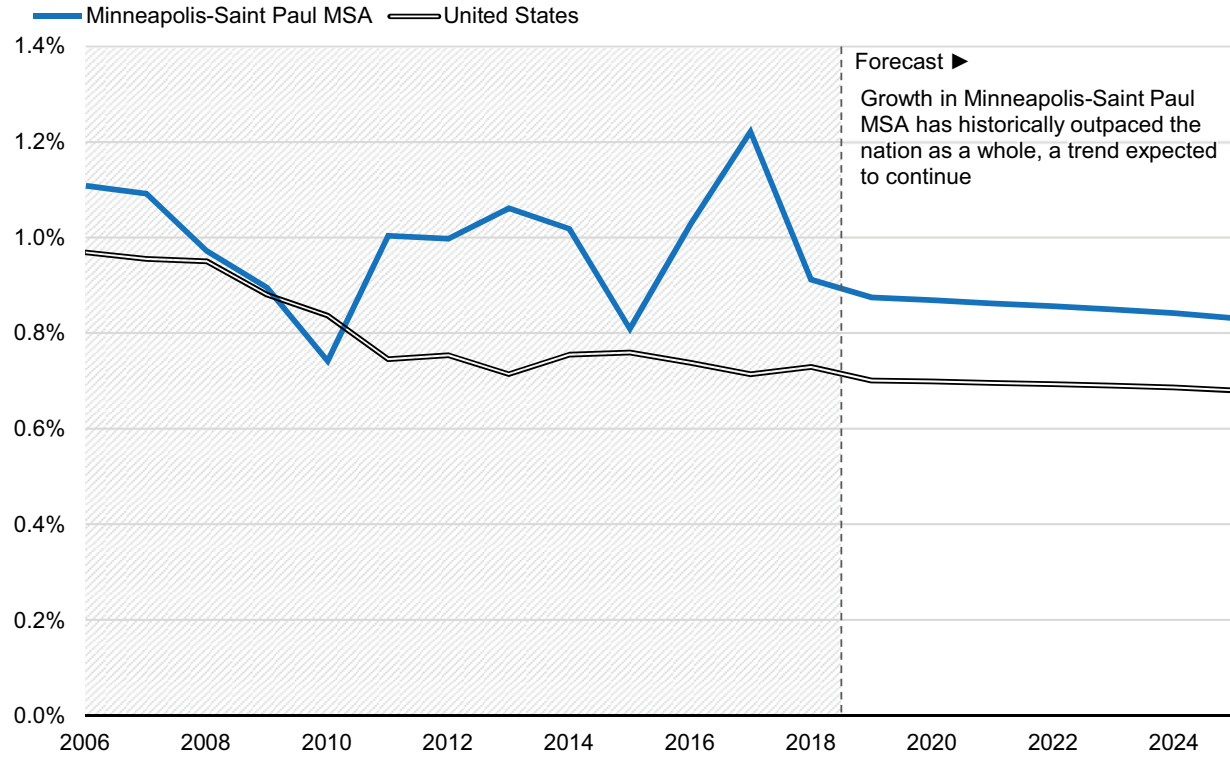


Source: United States Census Bureau, Annual Estimates of Resident Population, accessed via American FactFinder.

Since 2006, the population in the Minneapolis-Saint Paul MSA has increased at a compound annual growth rate (CAGR) of 1.0%, which is slightly above the national CAGR of 0.7%. **Exhibit 1-5** depicts the historical and forecast year-over-year growth of the population of the Minneapolis-Saint Paul MSA and the United States as a whole. Population in the Minneapolis-Saint Paul MSA is forecast to increase from 3.6 million in 2018 to 3.9 million in 2025, representing a CAGR of 0.9%. During that same period, the nation's population is forecast to increase at a CAGR of 0.7%.

Exhibit 1-5 Historical and Forecast Population Trends (2006-2025)

Population Year-Over-Year Growth Rates



Source: Woods & Poole Economics, Inc., 2019 Complete Economic and Demographic Data Source, April 2019.

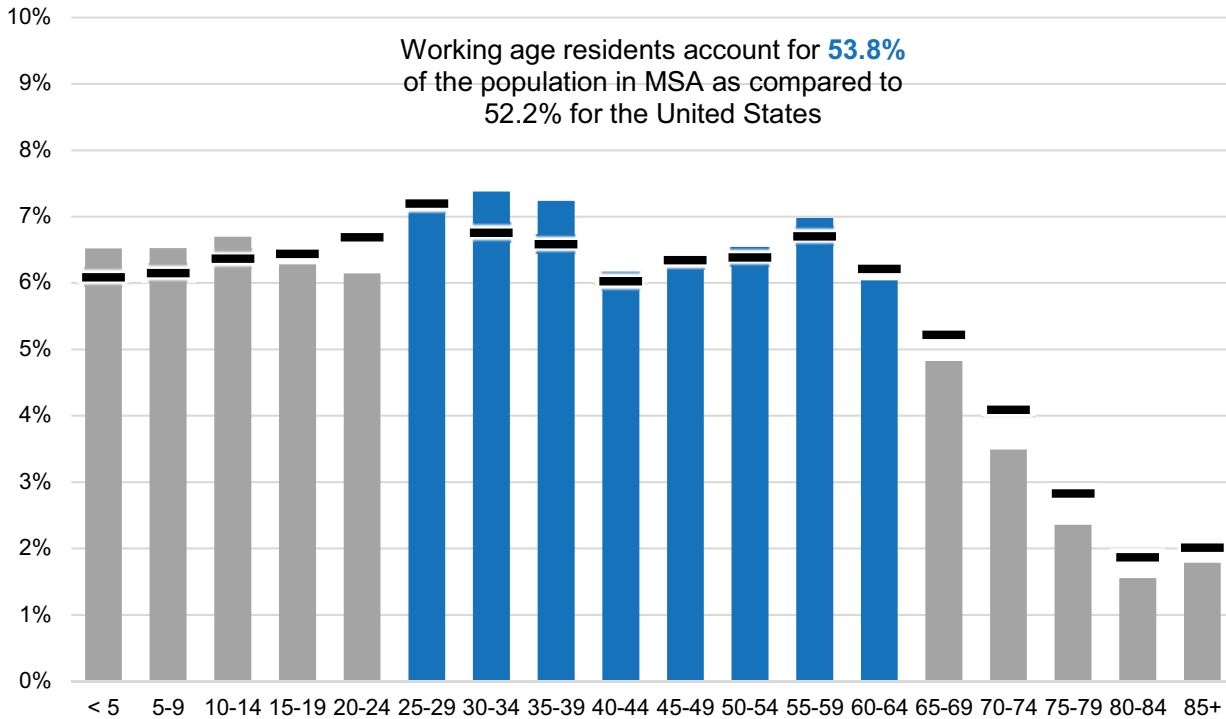
1.2.1.1 Age Distribution

Demand for air travel varies by age group. People of working ages generally account for a higher share of air travel than older or younger people as they often travel for business purposes and have more disposable income available for leisure trips. **Exhibit 1-6** presents the distribution of age groups among the population of the MSA and the United States. Overall, the median age of the population for the Minneapolis-Saint Paul MSA is 38.1 which is slightly below the nation as a whole at 38.2. The share of the population in the MSA within the working ages of 25 and 64 is higher than that of the U.S. Persons within the MSA between the ages of 25 and 64 accounted for 53.8% of the population as compared to 52.2% for the United States.

Exhibit 1-6 Age Distribution (2018)

Share of Persons Per Age Group

■ Minneapolis-Saint Paul MSA – United States



Source: Woods & Poole Economics, Inc., 2019 Complete Economic and Demographic Data Source, April 2019.

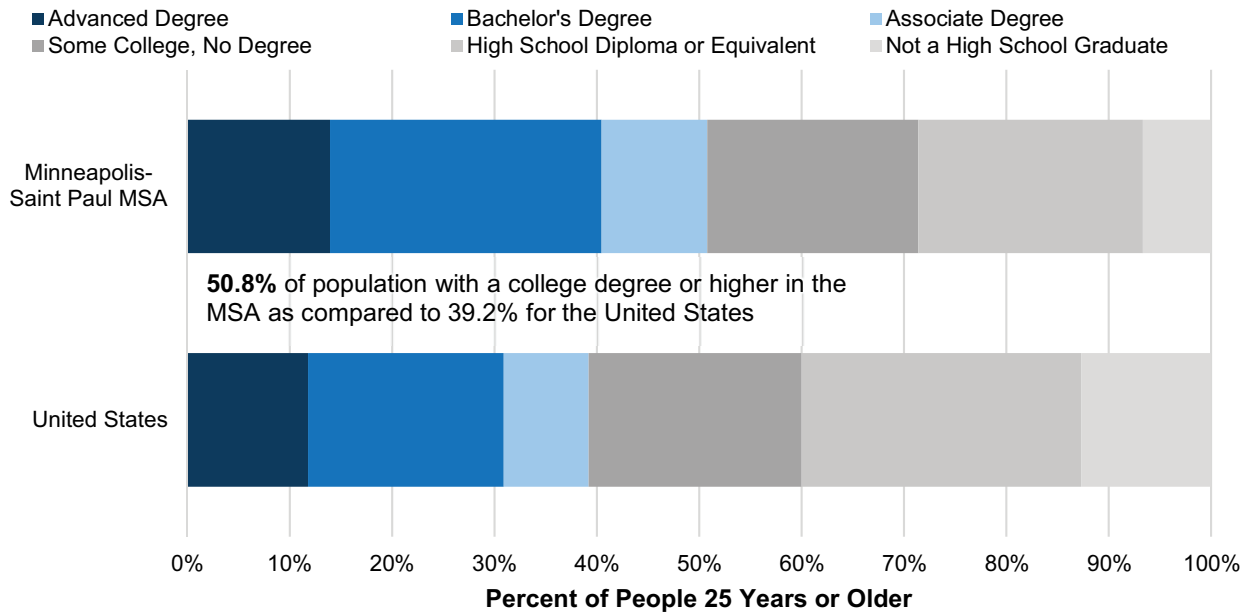
1.2.1.2 Educational Attainment

People with a college degree generate a higher percentage of expenditures on air travel. **Exhibit 1-7** presents the share of educational attainment for persons aged 25 or older within the Minneapolis-Saint Paul MSA and the United States. According to the United States Census Bureau, 1.2 million or 50.8% of the population aged 25 or older in the Minneapolis-Saint Paul MSA have a college degree or higher. By comparison, only 39.2% of the population aged 25 or older in the United States have a college degree or higher.

In addition to having a highly-educated population, the Air Service Area is also home to more than 34 colleges and universities such as the University of Minnesota, University of Saint Thomas, Minneapolis Community & Technical College, Metropolitan State University, and others. Educational institutions in the Air Service Area have a total enrollment of approximately 140,000 students and generate demand for air travel through academic conferences, visiting professorships, study abroad programs, and individual student and faculty travel.¹⁰

¹⁰ Minnesota Monthly, New Residents: Education Directory.

Exhibit 1-7 Educational Attainment (2017)



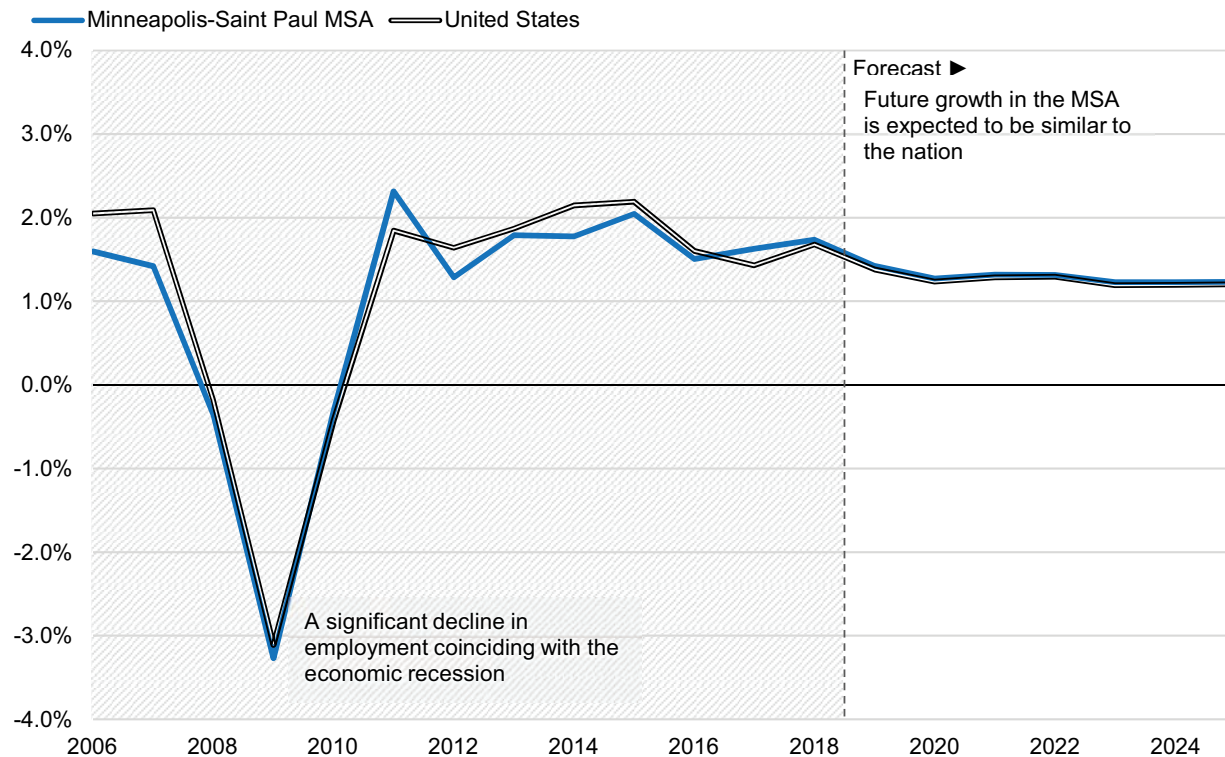
Source: United States Census Bureau, American Community 5-Year Estimates: Educational Attainment, obtained via American Fact Finder, March 2019.

1.2.2 Employment

Growth in employment is an important indicator of the overall health of the local economy. Changes in population and employment tend to be closely correlated as people migrate in and out of areas largely depending on their ability to find work. **Exhibit 1-8** presents the year-over-year growth rates for employment in the Minneapolis-Saint Paul MSA and in the United States through 2025. Between December 2007 and June 2009, the worst financial crisis to affect the United States since the Great Depression occurred. The recession, often referred to as the Great Recession, was the longest recession since the airline industry was deregulated. As shown, from 2008 through 2010 there was a sharp decline in employment in both the Minneapolis-Saint Paul MSA and United States resulting from the Great Recession. Since 2010, employment in the Minneapolis-Saint Paul MSA has increased at a CAGR of 1.8%, compared to 1.8% in the United States. Through 2025, employment is forecast to increase at a CAGR of 1.3% compared to 1.3% for the United States. Employment growth in the Minneapolis-Saint Paul MSA since 2010 is almost double the rate of population growth over the same period, resulting in decreasing unemployment rates.

Exhibit 1-8 Historical and Forecast Employment Trends (2006-2025)

Employment Year-Over-Year Growth Rates



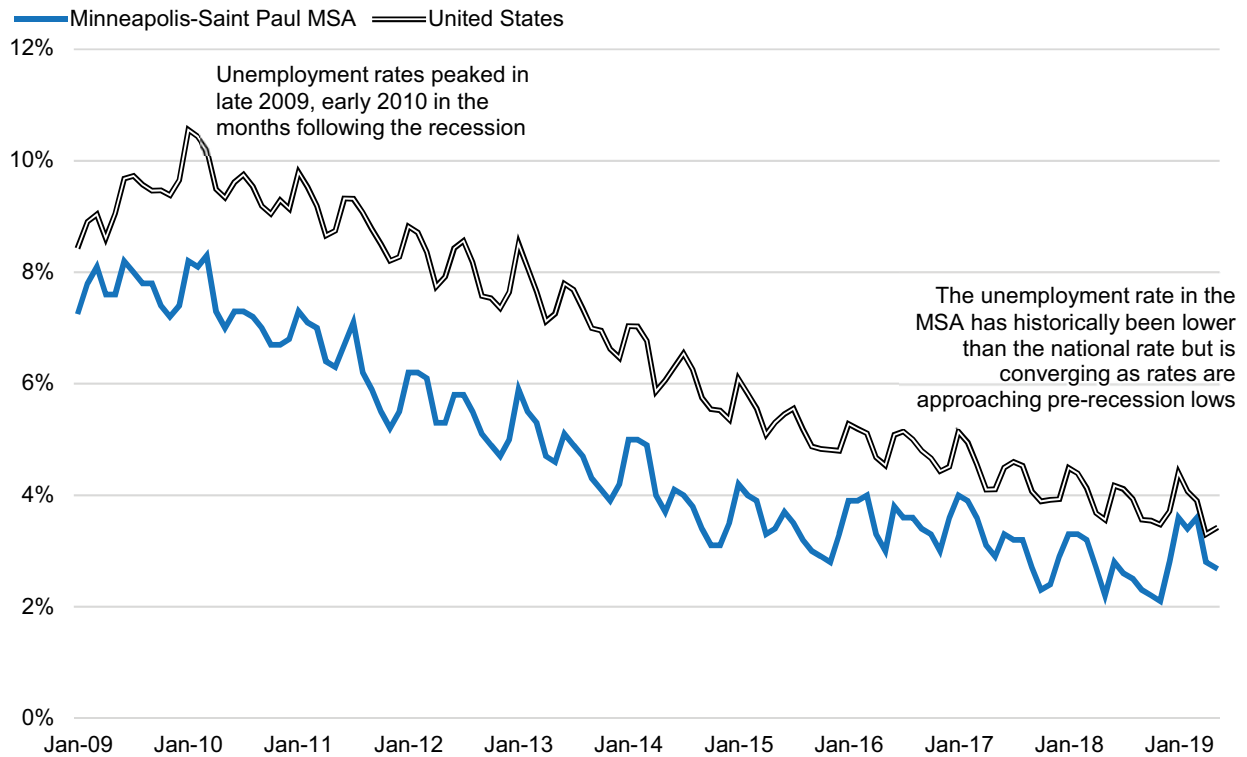
Source: Woods & Poole Economics, Inc., 2019 Complete Economic and Demographic Data Source, April 2019.

1.2.2.1 Labor Force & Unemployment Rates

Unemployment rates are also an indicator of economic health as rates usually decrease as economic activity in the region grows. **Exhibit 1-9** presents the historical unemployment rates for the Minneapolis-Saint Paul MSA and the United States. As shown, since 2009, unemployment rates in the Minneapolis-Saint Paul MSA have been lower than the national average. Unemployment in the Minneapolis-Saint Paul MSA peaked in March 2010 at 8.3% as recovery from the Great Recession began, compared to a national unemployment rate of 10.2% at that time, slightly below the national unemployment peak of 10.6% in January of 2010. As indicated above, total employment has increased at a faster rate than population, within the Minneapolis-Saint Paul MSA and nationally, since the end of the Great Recession, resulting in significant declines in unemployment rates during that time. As of May 2019, unemployment in the Minneapolis-Saint Paul MSA was 2.7% compared to 3.4% nationally.

Exhibit 1-9 Unemployment Rates (January 2009 – May 2019)

Percent of Labor Force Unemployed



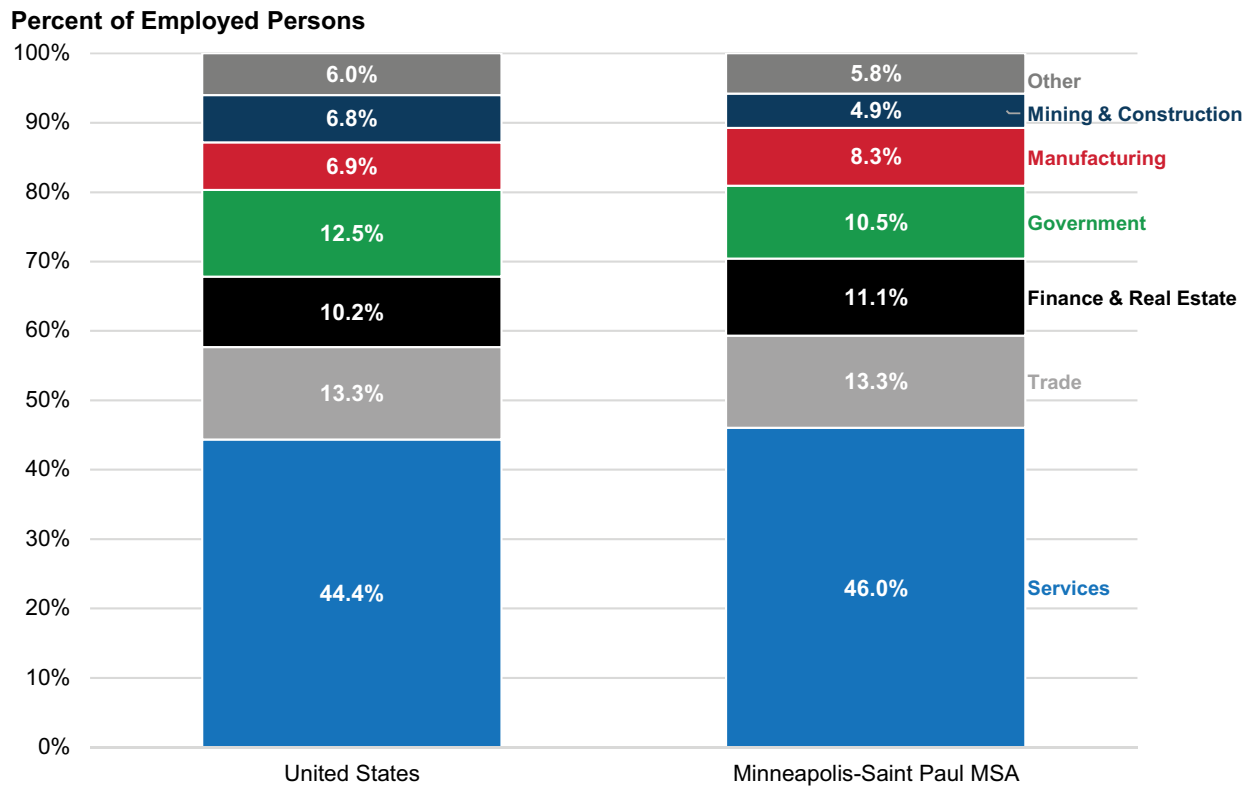
Note: Unemployment rates are not seasonally adjusted.

Source: United States Department of Labor: Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, June 2019.

1.2.2.2 Industry Sectors

Exhibit 1-10 presents a comparison of employment by industry sector between the Minneapolis-Saint Paul MSA and the United States. In 2018, 46.0% of all employed persons within the Minneapolis-Saint Paul MSA worked in the service sector compared to 44.4% nationally. The Minneapolis-Saint Paul MSA also has a higher proportion of employed persons in the finance and real estate and manufacturing sectors than the United States.

Exhibit 1-10 Employment by Industry Sector (2018)



Source: Woods & Poole Economics, Inc., 2019 Complete Economic and Demographic Data Source, April 2019.

1.2.2.3 Major Employers

Table 1-4 provides a list of the largest 25 employers in the State of Minnesota. These employers center on the services sector with a number of health care providers. However, there is diversification with major retailers, banking institutions, and a number of manufacturers.

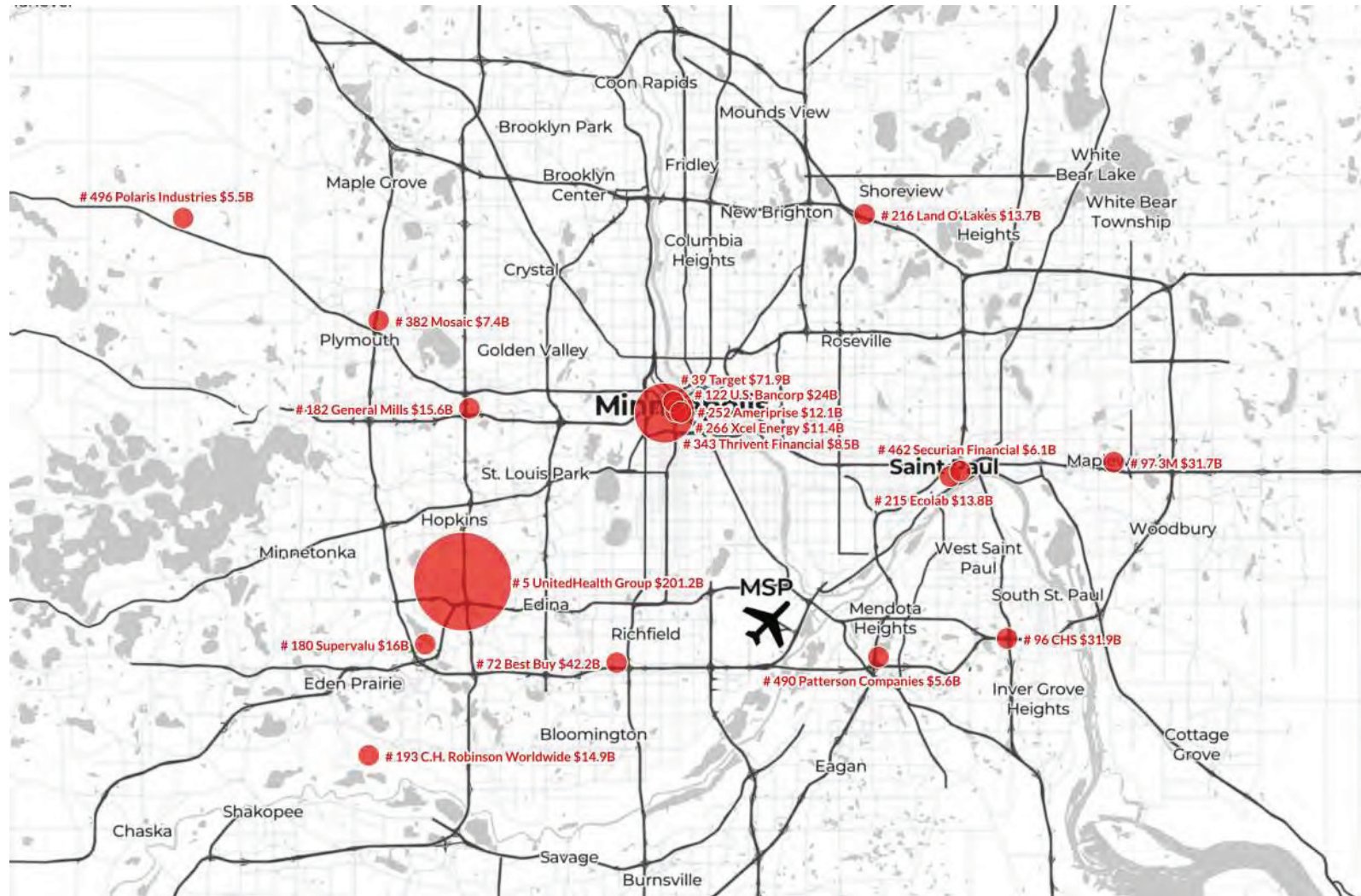
Annually, Fortune magazine publishes a listing of the largest companies in the United States as defined by revenue. **Exhibit 1-11** presents the location of the Fortune 500® Companies within the Minneapolis-Saint Paul MSA and their relationship to the Airport. As shown, there are 18 Fortune 500 Companies headquartered in the Minneapolis-Saint Paul MSA, the fifth most of any city and the highest per capita.

Table 1-4 Minneapolis-Saint Paul MSA Largest 25 Employers

Company	Industry	Employees in Air Service Area
Mayo Clinic	Medical Care	41,691
State of Minnesota	State Government	40,293
United States Federal Government	Federal Government	34,427
Fairview Health Services	Health Systems	33,350
Allina Health System	Health Care	28,465
Target	Retailer	27,000
University of Minnesota	Public University	26,900
HealthPartners	Health Care	24,310
Wells Fargo Bank Minnesota	Banking	19,000
UnitedHealth Group, Inc.	Health Care	18,000
Minnesota State	Public Colleges and Universities	16,184
3M	Technology Manufacturer	15,000
United States Postal Service	Federal Government	13,320
U.S. Bancorp	Multistate Bank Holding Company	13,000
CentraCare Health System	Health Care	12,523
Essentia Health	Health Care	10,998
Medtronic, Inc.	Medical Technology	10,000
Supervalu Inc.	Grocery Retailer	9,385
Hennepin County	County Government	9,139
Hormel Foods Corp.	Food Manufacturer	8,831
Best Buy	Electronic Retailer	8,000
Delta Air Lines Inc.	Commercial Airline	8,000
Hennepin Healthcare	Health Care	7,125
Boston Scientific	Medical Technology	7,000
Thomson Reuters	Financial Information	7,000

Source: Minnesota: Employment and Economic Development, Minnesota Companies: Largest Employers.

Exhibit 1-11 Map of Fortune 500 Company Headquarters



Note: Size of circles reflect 2017 revenue.
 Source: Fortune 500, Fortune 500 Companies 2018.

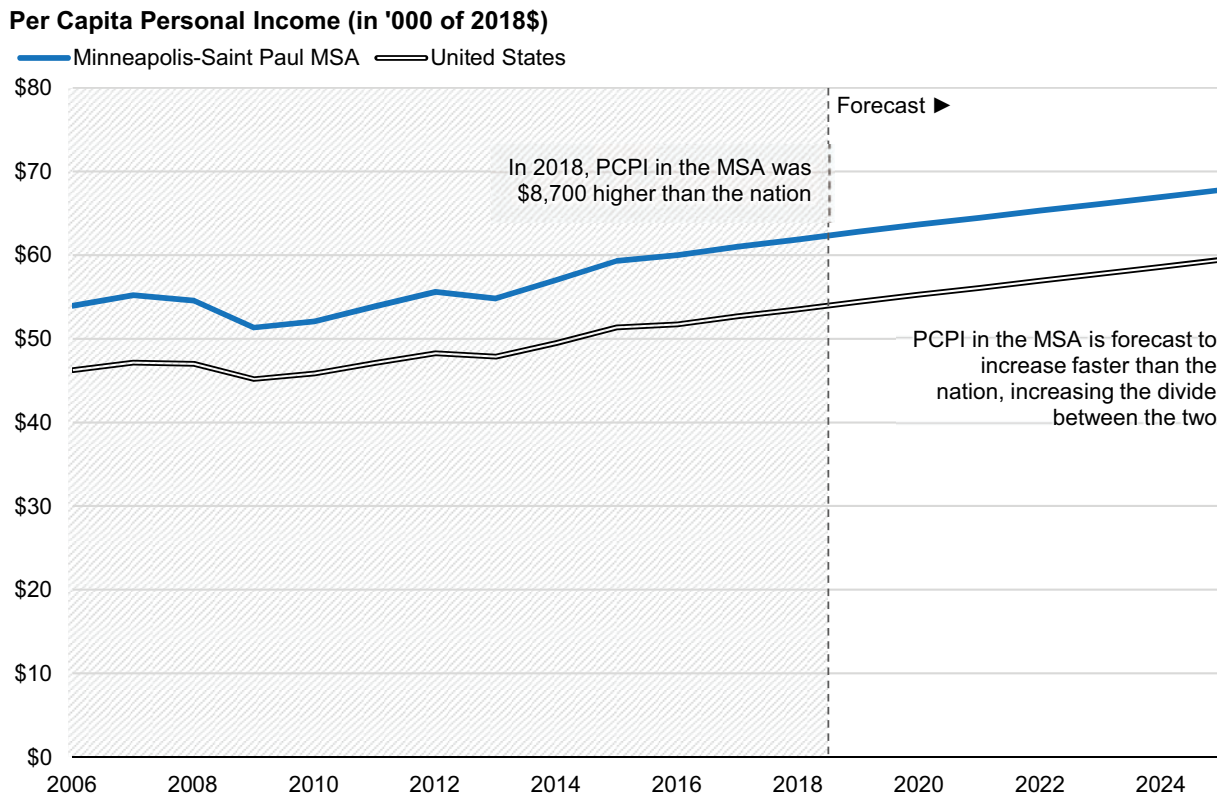
1.2.3 Income

Income statistics are broad indicators of the relative earning power and wealth of an area and provide a measure of the relative affluence of a region’s residents and, consequently, of their ability to afford air travel.

1.2.3.1 Per Capita Personal Income

Per Capita Personal Income (PCPI) corresponds to the income per resident (total income divided by total population). **Exhibit 1-12** provides the historical and forecast PCPI for the Minneapolis-Saint Paul MSA and the United States through 2025. In 2006, PCPI in the Minneapolis-Saint Paul MSA was \$53,941, which was higher than the national average of \$46,260. PCPI for the nation, including the Minneapolis-Saint Paul MSA, declined in 2008 and 2009 during the Great Recession, recovered between 2010 and 2012, then decreased slightly in 2013. Since 2013, PCPI in the Minneapolis-Saint Paul MSA has increased at a CAGR of 2.5% as compared to a 2.3% CAGR for the United States. As a result, the PCPI in the Minneapolis-Saint Paul MSA reached \$61,875 in 2018, \$8,358 (or 15.6%) more than the national average.

Exhibit 1-12 Historical and Forecast Per Capita Personal Income Trends (2006-2025)



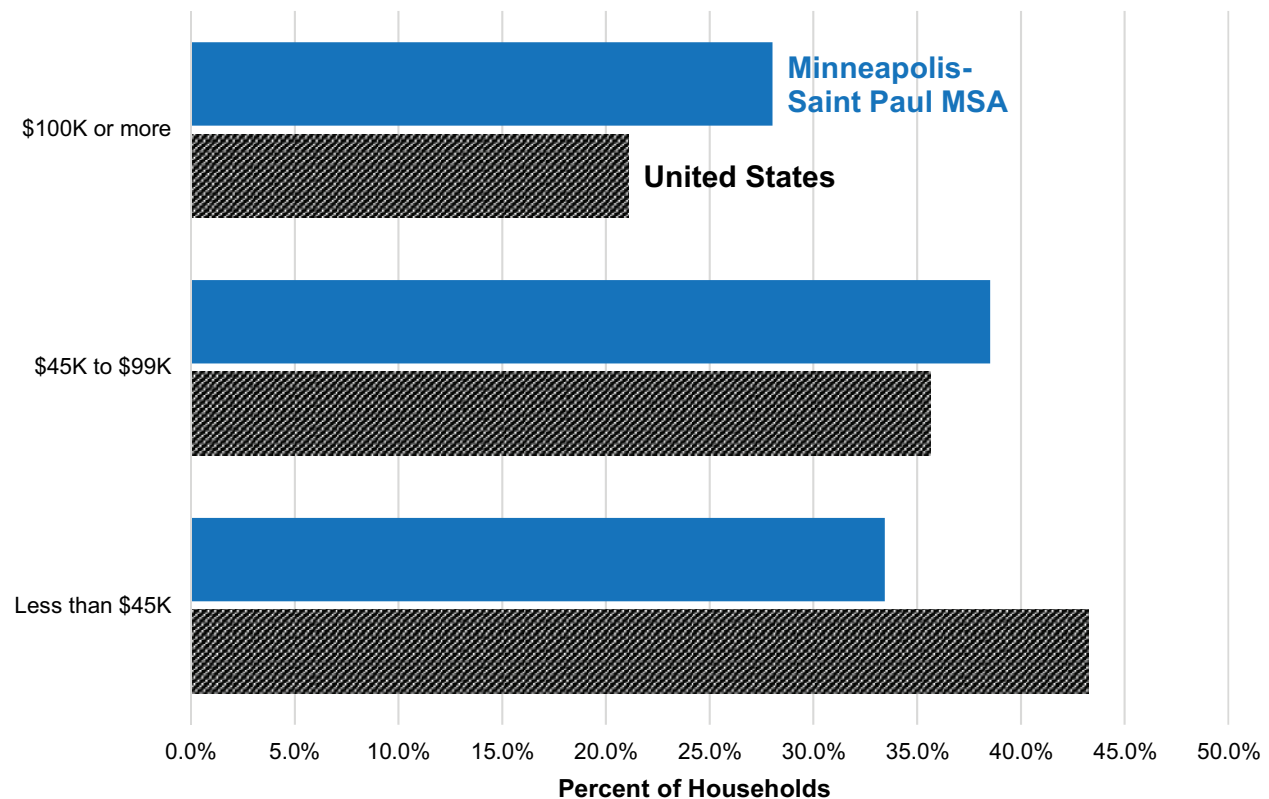
Source: Woods & Poole Economics, Inc., 2019 Complete Economic and Demographic Data Source, April 2019.

1.2.3.2 Household Income

To better understand the distribution of income within the region, households within the Minneapolis-Saint Paul MSA were segmented into three categories: higher-income households (those earning \$100,000 or more per year), middle-income households (those earning \$45,000 or more but less than \$100,000 per year), and lower-income households (those earning less than \$45,000 per year). Households in the middle and higher-income brackets typically have members whose jobs require travel when compared to lower-income households. Additionally, higher-income households generally have more disposable income and can therefore afford more leisure travel than households in other income brackets.

Exhibit 1-13 presents the percentage of households within each income bracket for the Minneapolis-Saint Paul MSA as compared to the United States for 2018. As shown, 28.0% of households in the Minneapolis-Saint Paul MSA were higher-income, which is above the national average of 21.1%. The Minneapolis-Saint Paul MSA also has a higher proportion of middle-income households (38.5% compared to 35.7%). For purposes of this Report, it is assumed that the distribution of households within each income bracket will remain relatively consistent through 2025.

Exhibit 1-13 Distribution of Household Income (2018)

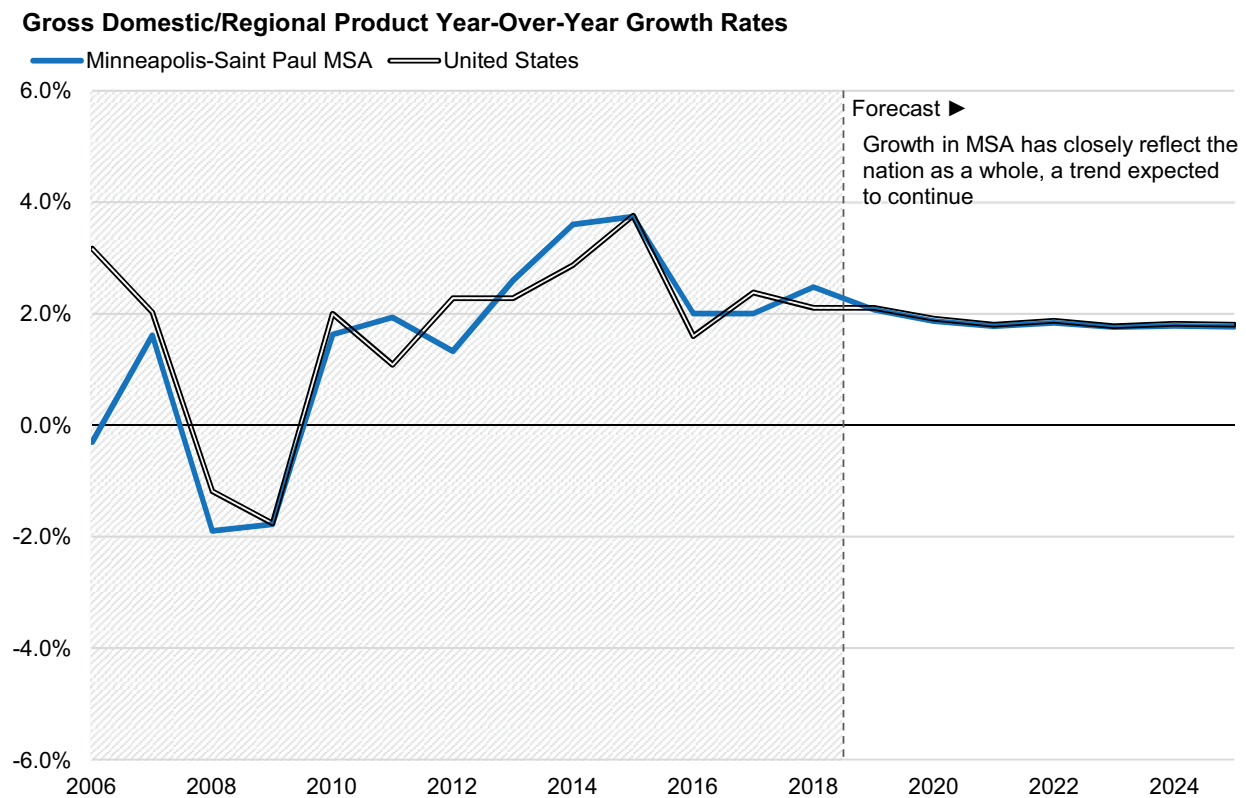


Source: Woods & Poole Economics, Inc., 2019 Complete Economic and Demographic Data Source, April 2019.

1.2.4 Gross Domestic and Regional Product

Exhibit 1-14 presents the historical and forecast year-over-year growth rates of the United States' gross domestic product (GDP) and the Minneapolis-Saint Paul MSA gross regional product (GRP) through 2025. During the Great Recession, the national economy contracted for three consecutive years. Over the period shown, GRP growth of the Minneapolis-Saint Paul MSA has generally mirrored that of the GDP of the United States, including the contraction resulting from the Great Recession and the subsequent recovery. Through 2025, the Minneapolis-Saint Paul MSA's GRP is forecast to increase at a CAGR of 1.8%, which is slightly below the 1.9% CAGR forecast for the national GDP.

Exhibit 1-14 Historical and Forecast Gross Domestic/Regional Product Trends (2006-2025)

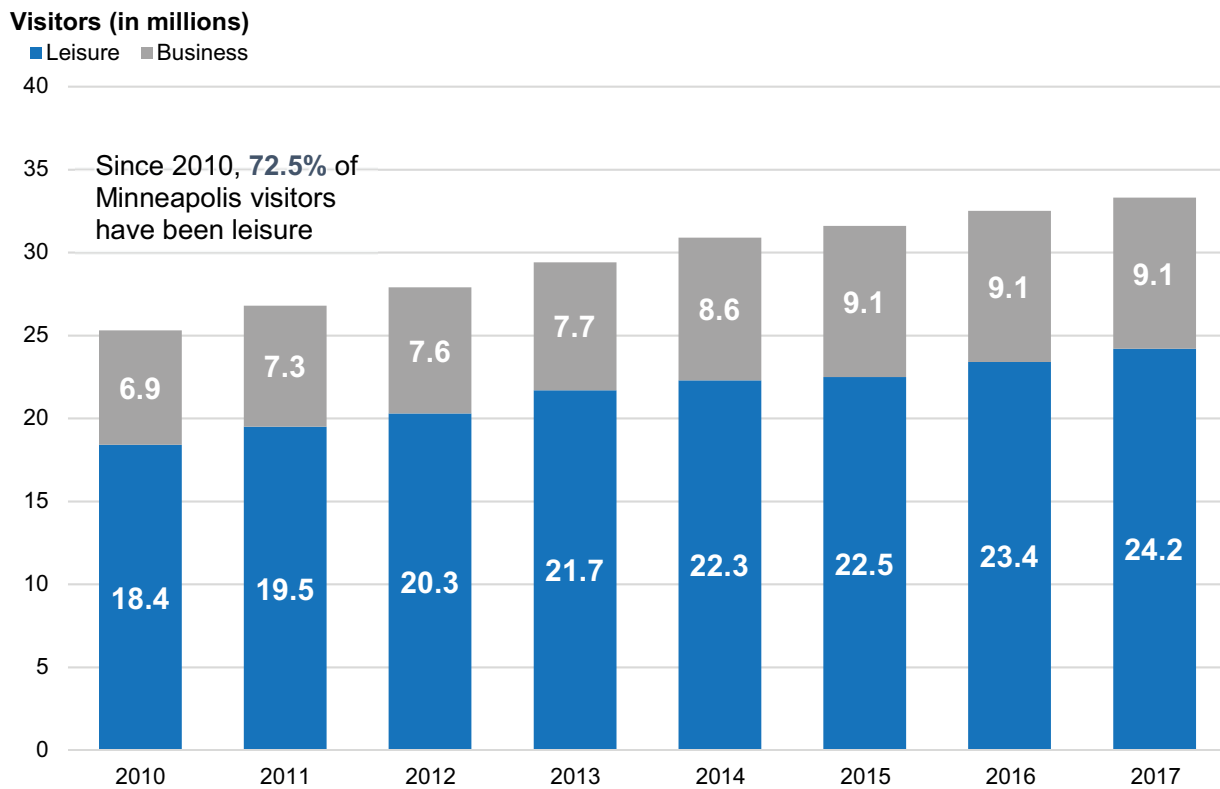


Source: Woods & Poole Economics, Inc., 2019 Complete Economic and Demographic Data Source, April 2019.

1.2.5 Regional Tourism and Visitors

Tourism, from both leisure and business visitors, is a key contributor to the Minneapolis-Saint Paul MSA’s economy. **Exhibit 1-15** presents the number of visitors to the Minneapolis-Saint Paul MSA by classification since 2010. As shown, total visitors to the Minneapolis-Saint Paul MSA have increased at a CAGR of 4.0% since 2010, with approximately 33.3 million visitors in 2017 spending an estimated \$7.8 billion.¹¹ The share of leisure to business visitors has remained relatively consistent since 2010, with 72.7% of total visitors traveling to the Minneapolis-Saint Paul MSA for leisure and the remaining 27.3% visiting for business purposes in 2017.

Exhibit 1-15 Historical Visitors (2010-2017)



Source: Meet Minneapolis, Research: Visitor Count.

1.2.5.1 Business

In 2017, 9.1 million business travelers visited the Minneapolis-Saint Paul MSA. These visitors are drawn to the region primarily due to the major companies headquartered within the region, including the 18 Fortune 500 Companies described above. In addition, a number of business travelers visit the region to attend conventions held for various industries at the Minneapolis Convention Center (MCC), located in downtown Minneapolis, which

¹¹ Meet Minneapolis, Visitor Counts & Spending 2010-2017.
Landrum & Brown

provides two ballrooms, 87 meeting rooms, a 3,400-square-foot auditorium, and 475,000 square feet of exhibition space.

1.2.5.2 Leisure

The Air Service Area is home to a rich variety of cultural, educational, and entertainment attractions. The Mall of America is the nation's largest shopping and entertainment destination. The mall includes over 520 stores, 60 restaurants, and the largest indoor theme park. Approximately 40 million people from around the world visit the mall each year.

The Minneapolis-Saint Paul MSA provides access to a number of cultural activities. The region has 55 museums including the Science Museum of Minnesota, Walker Art Center, Mill City Museum, and the Minnesota History Center. The Minneapolis Theater District, which includes the Pantages, State, and Orpheum Theatres, hosts the most popular touring Broadway musicals, plays, concerts, and comedy shows. The Ordway Theater in Saint Paul is recognized as one of the U.S.'s leading not-for-profit performing arts centers, providing a wide variety of musical theater, world music, dance, and vocal artist performances throughout the year.

The Minneapolis-Saint Paul MSA is home to six professional sports teams: Minnesota Vikings (football), Minnesota Twins (baseball), Minnesota Timberwolves (men's basketball), Minnesota Lynx (women's basketball), Minnesota Wild (hockey), and Minnesota United FC (soccer). The region is also home to the University of Minnesota Golden Gopher sport teams. Minneapolis is one of the rotating hosts for the NCAA basketball tournament, and in April 2019, it hosted the men's NCAA Final Four basketball championship tournament.

1.2.6 Economic Overview

Table 1-5 presents historical data and forecasts for population, employment, PCPI, and GDP/GRP for the Minneapolis-Saint Paul MSA and the United States. These factors have been shown to have significant correlation with demand for air travel and were used in developing the forecast for aviation activity. Growth forecasts for these variables are all positive for the Air Service Area. With the minor exception of PCPI, economic and demographic indicators for the Air Service Area are forecast to continue to exceed growth rates for the U.S. This level of growth indicates the ongoing capacity of the Air Service Area to generate demand for air travel services during the Forecast Period evaluated in this Report, fiscal year (FY) 2019 through FY 2025.

Table 1-5 Key Socioeconomic Trends and Projections

Time Frame	Population (in '000)		Employment (in '000 of jobs)		Per Capita Personal Income (2017\$)		Gross Domestic/Regional Product (‘000,000 of 2017\$)	
	Minneapolis- Saint Paul MSA	United States	Minneapolis- Saint Paul MSA	United States	Minneapolis- Saint Paul MSA	United States	Minneapolis- Saint Paul MSA	United States
Historical								
1990	2,592	249,623	1,716	138,331	38,599	33,519	125,000	9,921,564
1995	2,804	266,278	1,905	147,916	41,784	35,580	147,426	11,301,530
2000	3,029	282,162	2,145	165,371	50,960	42,411	195,496	14,091,869
2005	3,184	295,517	2,236	172,338	52,943	44,694	225,267	16,154,133
2010	3,340	309,338	2,214	172,902	52,102	45,851	223,487	16,836,563
2015	3,506	321,042	2,425	190,318	59,339	51,362	254,542	19,003,558
2016	3,542	323,411	2,462	193,369	60,019	51,740	259,635	19,306,979
2017	3,586	325,719	2,502	196,132	61,011	52,691	264,840	19,766,162
2018	3,618	328,094	2,545	199,426	61,875	53,518	271,399	20,182,118
Forecast								
2020	3,682	332,702	2,614	204,675	63,688	55,299	282,201	21,000,743
2025	3,841	344,322	2,784	217,625	67,796	59,457	308,270	22,978,701
	Average Annual Growth Rate							
1990-2000	1.6%	1.2%	2.3%	1.8%	2.8%	2.4%	4.6%	3.6%
2000-2010	1.0%	0.9%	0.3%	0.4%	0.2%	0.8%	1.3%	1.8%
2010-2018	1.0%	0.7%	1.8%	1.8%	2.2%	2.0%	2.5%	2.3%
2018-2025	0.9%	0.7%	1.3%	1.3%	1.3%	1.5%	1.8%	1.9%

Source: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source, April 2018.

2 Air Service and Traffic Analysis

This Chapter evaluates and describes the current state of air service at the Airport, analyzes historical trends in air traffic, identifies key factors that generally affect demand for air travel, and provides forecasts of air traffic activity through 2025.

2.1 Air Service at the Airport

The following sections review the Airport's current air service and operating performance for the passenger airlines serving the Airport. Airline performance is evaluated in this Report from an economic perspective, by evaluating airline revenue, yield and load factors generated at the Airport and, in some cases, generated at the route level to generally ascertain current airline profitability. Because of its significant presence, Delta's air service at the Airport has been evaluated in greater detail. The Airport's overall O&D market is also assessed at the market level, comparing current performance with prior years.

2.1.1 Airlines Operating at the Airport

The Airport has historically been served by the largest U.S. airlines in the industry. In addition, several foreign flag airlines also provide international service at the Airport. As of July 2019, the Airport had scheduled passenger service by nine domestic mainline carriers (Alaska Airlines [Alaska], American Airlines [American], Delta, Frontier Airlines [Frontier], JetBlue Airways [JetBlue], Southwest Airlines [Southwest], Spirit Airlines [Spirit], Sun Country Airlines [Sun Country], and United Airlines [United]), 12 U.S. regional carriers, and seven foreign flag carriers. In addition, cargo service is provided by 11 all-cargo airlines. **Table 2-1** lists the scheduled passenger and all-cargo airlines that served the Airport as of July 2019.

Table 2-2 presents enplaned passenger market share at the Airport from 2014 through 2018. Factoring in airline mergers, of the nine domestic mainline carriers currently serving the Airport, six (American, Delta, Frontier, Southwest, Sun Country, and United) have served the Airport continuously for at least the last 15 years. Three airlines (JetBlue, KLM, and Aer Lingus) have started service in the last three years. As shown, Delta, including its regional partners, has the largest passenger market share at the Airport with approximately 71.4% of enplaned passengers in 2018. Sun Country is the second largest carrier at the Airport having an enplaned passenger market share of approximately 6.4% in 2018. Over the last five years, Sun Country saw the largest gain, increasing share from 4.8% in 2014 to 6.4% in 2018, most of which occurred during the past two years after Sun Country transitioned to an ultra-low cost carrier (ULCC). For 2018, the ULCCs (Frontier, Spirit, and Sun Country) accounted for 10.9% of enplaned passengers at the Airport. When including the low cost carriers (LCC) Southwest and JetBlue, the total combined LCC and ULCC share at the Airport was 16.6% in 2018.

Table 2-1 Airlines Operating at the Airport as of July 2019

U.S. Scheduled Airlines (21)		Foreign Flag Airlines (7)	All-Cargo Airlines (11)
<u>Mainline Carriers</u>	<u>Regional Carriers</u>	Aer Lingus	ABX Air ⁹
Alaska Airlines	Air Choice One	Air Canada	Air Transport International
American Airlines	Air Wisconsin ¹	Air France	Atlas Air ¹⁰
Delta Air Lines	Boutique Air Inc.	Condor	Bemidji ¹¹
Frontier Airlines	Endeavor Air ²	Icelandair	CSA Air
JetBlue Airways	Envoy Air Inc. ¹	KLM Royal Dutch Airlines	Encore Air Cargo
Southwest Airlines	ExpressJet ³	Sky Regional Airlines Inc ⁸	Federal Express
Spirit Airlines	GoJet Airlines LLC ³		IFL Group ¹²
Sun Country	Horizon Air ⁴		<u>Kalitta</u> ¹⁰
United Airlines	Mesa Airlines ⁵		Mountain Air Cargo
	PSA ¹		United Parcel Service
	Republic Airlines ⁶		
	SkyWest Airlines ⁷		

¹ Operating as an affiliate of American Airlines.

² Operating as an affiliate of Delta Air Lines.

³ Operating as an affiliate of Delta Air Lines and United Airlines.

⁴ Doing business as Alaska Airlines. Alaska Airlines and Horizon Air are separately certified airlines owned by Alaska Air Group, Inc.

⁵ Operating as an affiliate of United Airlines.

⁶ Operating as an affiliate of American Airlines, Delta Air Lines, and United Airlines.

⁷ Operating as an affiliate of Alaska Airlines, Delta Air Lines, and United Airlines.

⁸ Operating as an affiliate of Air Canada.

⁹ Operates cargo flights for DHL Aviation.

¹⁰ Operates cargo flights for Amazon.

¹¹ Operates cargo flights for UPS.

¹² Operates cargo flights for Federal Express.

Source: Metropolitan Airports Commission

Table 2-2 Enplaned Passenger Market Share at the Airport ¹

Airline	Enplaned Passengers					Market Share				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Delta	12,600,206	12,909,981	12,908,445	12,992,106	13,125,764	74.1%	72.8%	71.1%	70.7%	71.4%
<i>Mainline</i>	8,594,887	9,139,346	9,321,182	9,787,444	9,885,227	50.5%	51.5%	51.3%	53.2%	53.8%
<i>Regional Affiliates</i>	4,005,319	3,770,635	3,587,263	3,204,662	3,240,537	23.6%	21.3%	19.8%	17.4%	17.6%
Sun Country	815,386	1,029,011	1,111,020	1,213,114	1,180,832	4.8%	5.8%	6.1%	6.6%	6.4%
American ²	1,092,348	1,118,450	1,190,039	1,170,234	1,040,987	6.4%	6.3%	6.6%	6.4%	5.7%
Southwest	948,278	941,872	1,053,554	1,028,051	970,711	5.6%	5.3%	5.8%	5.6%	5.3%
United	643,055	779,320	866,725	840,844	792,685	3.8%	4.4%	4.8%	4.6%	4.3%
Spirit	495,316	517,770	606,511	621,926	579,370	2.9%	2.9%	3.3%	3.4%	3.2%
Frontier	228,771	227,378	163,525	174,796	246,034	1.3%	1.3%	0.9%	1.0%	1.3%
Alaska	92,491	96,084	137,992	160,147	174,513	0.5%	0.5%	0.8%	0.9%	0.9%
Jet Blue	-	-	-	-	77,195	0.0%	0.0%	0.0%	0.0%	0.4%
Air Canada	38,419	40,893	43,074	50,250	58,227	0.2%	0.2%	0.2%	0.3%	0.3%
Icelandair	20,323	28,926	39,500	50,398	45,826	0.1%	0.2%	0.2%	0.3%	0.2%
KLM	-	-	-	25,020	37,159	0.0%	0.0%	0.0%	0.1%	0.2%
Air France	19,165	30,172	22,654	30,571	26,538	0.1%	0.2%	0.1%	0.2%	0.1%
Condor	4,516	5,077	9,144	14,402	14,817	0.0%	0.0%	0.1%	0.1%	0.1%
Other ³	9,439	6,756	8,569	13,295	11,750	0.1%	0.0%	0.0%	0.1%	0.1%
Total	17,007,713	17,731,690	18,160,752	18,385,154	18,382,408	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Percentages may not add because of rounding.

¹ Regional affiliates, as applicable, have been included with their appropriate network partner.

² American Airlines data includes data for the former US Airways, which was merged with American Airlines in April 2015.

³ Other includes Air Choice One, Boutique Air, Great Lakes Airlines, and Charter airlines.

Source: Metropolitan Airports Commission

Compiled by Landrum & Brown

2.1.2 O&D Markets at the Airport

Nonstop flights are provided to each of the Airport's top 50 domestic O&D markets. **Table 2-3** presents the Airport's top 20 domestic O&D markets, nonstop miles, average daily passenger activity, average one-way fare paid (net of taxes and fees), average daily nonstop departures, average daily non-stop seats, and number of airlines serving each market for 2018.

The Airport's top domestic O&D markets reflect travel demand from the region, and consequently, where airline capacity is allocated. As expected, the Airport's O&D demand is generated from the largest metropolitan areas around the U.S., particularly on the east and west coast. In addition, major destination markets such as Las Vegas and Orlando are also included in the Airport's top markets.

Markets with a heavier emphasis of local O&D passengers are typically higher yielding and more profitable. Such is the case for most of the Airport's top O&D markets. For example, New York has 1,455 average daily O&D passengers accommodated on aircraft with 2,678 average daily seats. Therefore, approximately 54% of the seats on flights to New York City were occupied by O&D passengers, with the remaining 30% of seats being occupied by passengers connecting through the Airport. Overall, the New York City route operated at an 84% load factor for 2018.

To illustrate how the Airport's air travel demand has changed since the 2008 pre-recession levels, **Table 2-4** presents the change in the Airport's top domestic O&D markets for 2018 versus 2008. It also illustrates how the influx of LCCs and ULCCs into the Airport's market affected air travel demand. In the 4th Quarter of 2008, Spirit, JetBlue, Frontier and Southwest combined for 2.2% of the Airport's O&D passengers. By the 4th Quarter of 2018, these carrier's share of the Airport's O&D market increased to 16.6%. In addition, Sun Country's market share increased by 2.2% during this same period.

Since 2008, the Airport's O&D passenger volume increased 36% while the average fare paid declined 5%. As a result, overall airline revenue increased 29% from 2008 to 2018. Of the Airport's top 20 O&D domestic markets, all but two markets experienced an increase in revenue, while all but one experienced a passenger increase. Most markets experienced double-digit passenger increases and average fare declines. While Delta's (including Northwest) average fare paid for O&D passengers increased marginally, the growth of LCCs into the marketplace resulted in overall lower air fares for O&D passengers.

Table 2-5 presents the top 20 international markets from the Airport ranked by O&D passengers for 2018. As shown, Cancun, Mexico is the Airport's top international destination based on O&D passengers, followed by London Heathrow (UK), and Punta Cana (Dominican Republic). Of the Airport's top 20 international O&D markets, five are located in Mexico, five are located in Europe, four are located in Canada, and two are located in the Caribbean.

Table 2-3 Top 20 Domestic O&D Markets from the Airport (2018)

Rank	Market	Nonstop Miles	Avg. Daily O&D Passengers ¹	Avg. Fare	Avg. Daily Nonstop Departures	Avg. Daily Nonstop Seats	Number of Airlines Serving Market
1	Chicago ⁵	334	1,596	\$141	33	3,845	5
2	New York ²	1,020	1,455	\$201	23	2,678	4
3	Denver	680	1,401	\$105	16.4	2,580	5
4	Los Angeles ³	1,536	1,309	\$181	12	2,214	5
5	Phoenix	1,276	1,304	\$136	12.6	2,136	5
6	Las Vegas	1,300	1,096	\$126	10.1	1,743	4
7	Orlando	1,310	1,041	\$134	7.1	1,419	5
8	SF Bay Area ⁶	1,578	1,016	\$182	11	1,802	5
9	Boston	1,124	884	\$141	9.2	1,485	7
10	Dallas ⁴	853	856	\$132	12	1,492	5
11	Seattle	1,399	752	\$154	9.9	1,788	4
12	Atlanta	906	751	\$177	13.6	2,429	3
13	Fort Myers	1,416	646	\$156	4.4	831	5
14	Wash, D.C. ⁷	931	603	\$203	12	1,362	6
15	Tampa	1,307	545	\$142	3.6	647	5
16	Baltimore	936	519	\$119	5.3	863	4
17	San Diego	1,532	500	\$174	5.4	839	3
18	Houston ⁸	1,034	452	\$167	10	866	3
19	Detroit	528	451	\$166	8.6	1,434	2
20	Philadelphia ⁹	980	425	\$207	7	887	5
	Total/Average for all Markets	1,022	30,247	\$205	500	60,495	

¹ Daily O&D passengers are calculated as the average passengers both inbound and outbound to/from the Airport.

² Includes La Guardia (LGA), John F Kennedy International (JFK), and Newark Liberty International (EWR) Airports

³ Includes Los Angeles International (LAX), Ontario International (ONT), John Wayne-Orange County (SNA), Long Beach (LGB), and Hollywood Burbank (BUR) Airports

⁴ Includes Dallas/Fort Worth International Airport (DFW) and Dallas Love Field (DAL)

⁵ Includes Chicago O'Hare International (ORD) and Chicago Midway International (MDW) Airports

⁶ Includes Metropolitan Oakland International (OAK), Norman Y Mineta San Jose International (SJC) and San Francisco International (SFO) Airports

⁷ Includes Ronald Reagan Washington National (DCA) and Washington Dulles International (IAD) Airports

⁸ Includes George Bush Intercontinental (IAH) and William P Hobby (HOU) Airports

⁹ Includes Philadelphia International (PHL) and Trenton Mercer (TTN) Airports

Source: Diio; US DOT Reports DB1A, accessed April 2019

Compiled by Landrum & Brown

Table 2-4 Top 20 Domestic O&D Markets from the Airport – 2018 vs. 2008

Rank	Market	Daily O&D Passenger Change	Avg. Fare Change	Change in Revenue
1	Chicago ⁵	20%	(7%)	11%
2	New York ²	21%	(1%)	20%
3	Denver	85%	(23%)	42%
4	Los Angeles ³	37%	(5%)	30%
5	Phoenix	50%	(9%)	36%
6	Las Vegas	41%	(16%)	18%
7	Orlando	26%	0%	26%
8	SF Bay Area ⁶	39%	(11%)	23%
9	Boston	84%	(39%)	12%
10	Dallas ⁴	37%	(9%)	25%
11	Seattle	32%	(2%)	30%
12	Atlanta	20%	23%	47%
13	Fort Myers	64%	3%	70%
14	Wash, D.C. ⁷	(6%)	(1%)	(6%)
15	Tampa	64%	(4%)	56%
16	Baltimore	170%	(46%)	46%
17	San Diego	40%	(6%)	31%
18	Houston ⁸	98%	(34%)	31%
19	Detroit	43%	(32%)	(3%)
20	Philadelphia ⁹	20%	(8%)	10%
	Average for all Markets	36%	(5%)	29%

¹ Daily O&D passengers are calculated as the average passengers both inbound and outbound to/from the Airport.

² Includes La Guardia (LGA), John F Kennedy International (JFK), and Newark Liberty International (EWR) Airports

³ Includes Los Angeles International (LAX), Ontario International (ONT), John Wayne-Orange County (SNA), Long Beach (LGB), and Hollywood Burbank (BUR) Airports

⁴ Includes Dallas/Fort Worth International Airport (DFW) and Dallas Love Field (DAL)

⁵ Includes Chicago O'Hare International (ORD) and Chicago Midway International (MDW) Airports

⁶ Includes Metropolitan Oakland International (OAK), Norman Y Mineta San Jose International (SJC) and San Francisco International (SFO) Airports

⁷ Includes Ronald Reagan Washington National (DCA) and Washington Dulles International (IAD) Airports

⁸ Includes George Bush Intercontinental (IAH) and William P Hobby (HOU) Airports

⁹ Includes Philadelphia International (PHL) and Trenton Mercer (TTN) Airports

Source: Diio; US DOT Reports DB1A, accessed April 2019

Compiled by Landrum & Brown

Table 2-5 Top 20 International O&D Airports from the Airport (2018)

Rank	Market	Miles	Avg. Daily O&D Passengers ¹	Avg. Fare	Avg. Daily Nonstop Departures	Avg. Daily Seats
1	Cancun, MX	1,683	321.0	\$189	2.5	459.4
2	London-Heathrow, EN, GB	4,015	126.2	\$705	0.9	187.7
3	Punta Cana, DO	2,310	119.8	\$263	0.8	135.4
4	Puerto Vallarta, MX	1,804	116.8	\$207	0.9	140.8
5	Toronto, ON, CA	679	90.9	\$258	5.3	427.2
6	Paris-De Gaulle, FR	4,222	79.2	\$523	1.2	335.4
7	Montego Bay, JM	2,021	75.1	\$272	0.4	64.7
8	Amsterdam, NL	4,166	71.4	\$648	2.8	815.1
9	San Jose del Cabo, MX	1,764	71.2	\$230	0.4	70.7
10	Vancouver, BC, CA	1,436	68.1	\$276	1.7	261.0
11	Dublin, EN, IR	3,736	56.3	\$510	-	-
12	Rome-Da Vinci, IT	4,902	52.1	\$544	-	-
13	Calgary, AB, CA	1,051	47.8	\$285	1.8	222.5
14	Liberia, CR	2,406	43.4	\$315	0.2	36.9
15	Montreal-PET, QC, CA	949	43.1	\$272	1.3	95.8
16	Mexico City, MX ²	1,786	40.3	\$296	-	-
17	Tokyo-Haneda, JP	5,982	40.0	\$926	0.9	265.8
18	Cozumel, MX	1,717	37.7	\$212	0.3	42.0
19	Nairobi, KE	8,171	35.9	\$498	-	-
20	Frankfurt, DE	4,393	32.6	\$666	0.2	41.2
	Total/Average for all Markets	3,102	3,102.1	\$492	30.4	4,545.6

¹O&D data does not include foreign flag carriers. Data for average daily nonstop departures and seats includes foreign flag carriers, as applicable.

² Delta initiated daily nonstop service to Mexico City in June 2019.

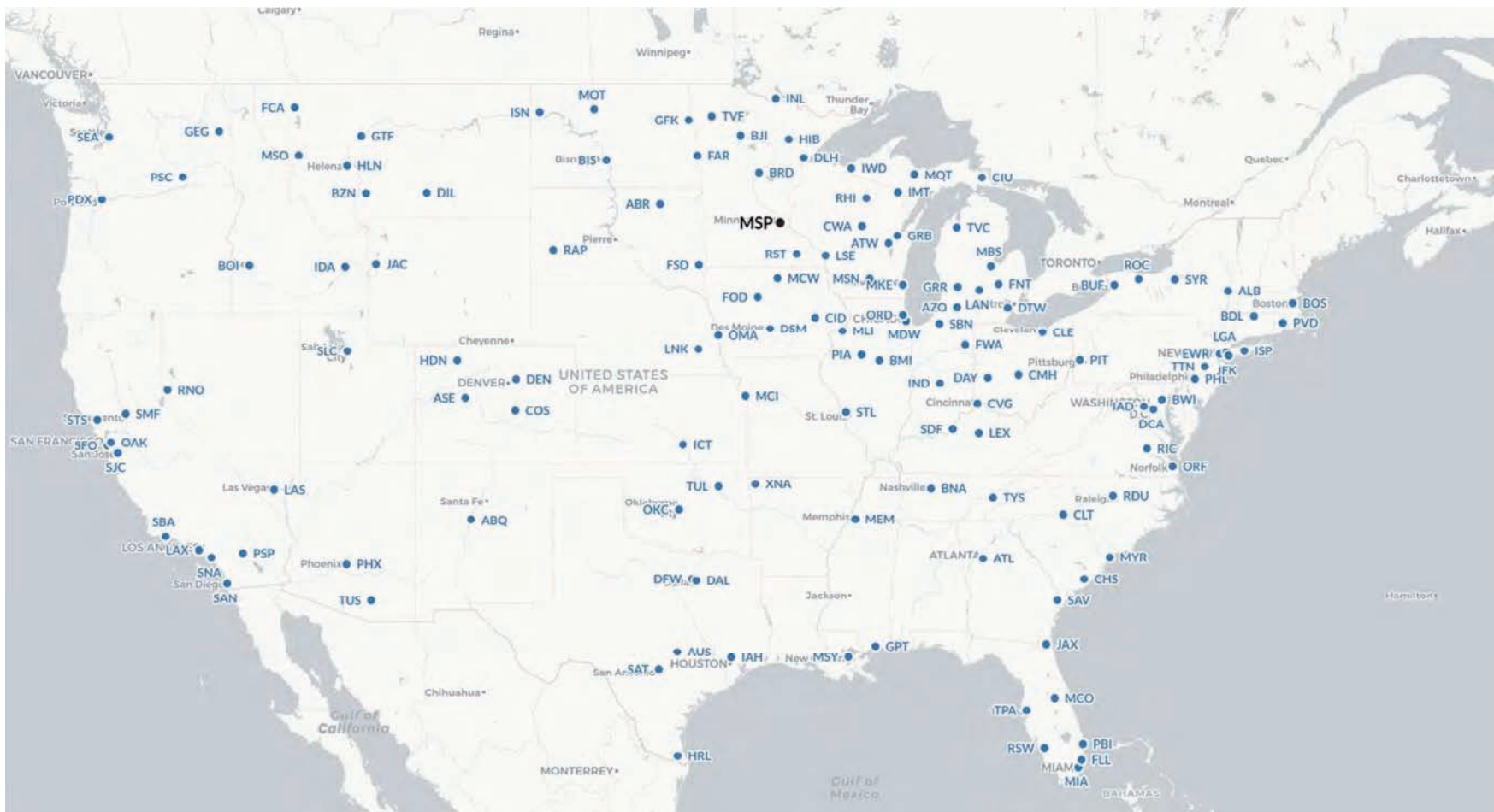
Source: Diio; US DOT Reports DB1A, accessed March 2019

Compiled by Landrum & Brown

2.1.3 Current Nonstop Service

Overall, the Airport had nonstop service to 169 airports during 2018, including seasonal markets. The Airport's largest airline, Delta, provided scheduled nonstop service to 118 domestic and 23 international destinations in 2018. **Exhibit 2-1** provides a map of the scheduled nonstop domestic destinations served in 2018. **Exhibit 2-2** provides a map of the scheduled nonstop international destinations served in 2018.

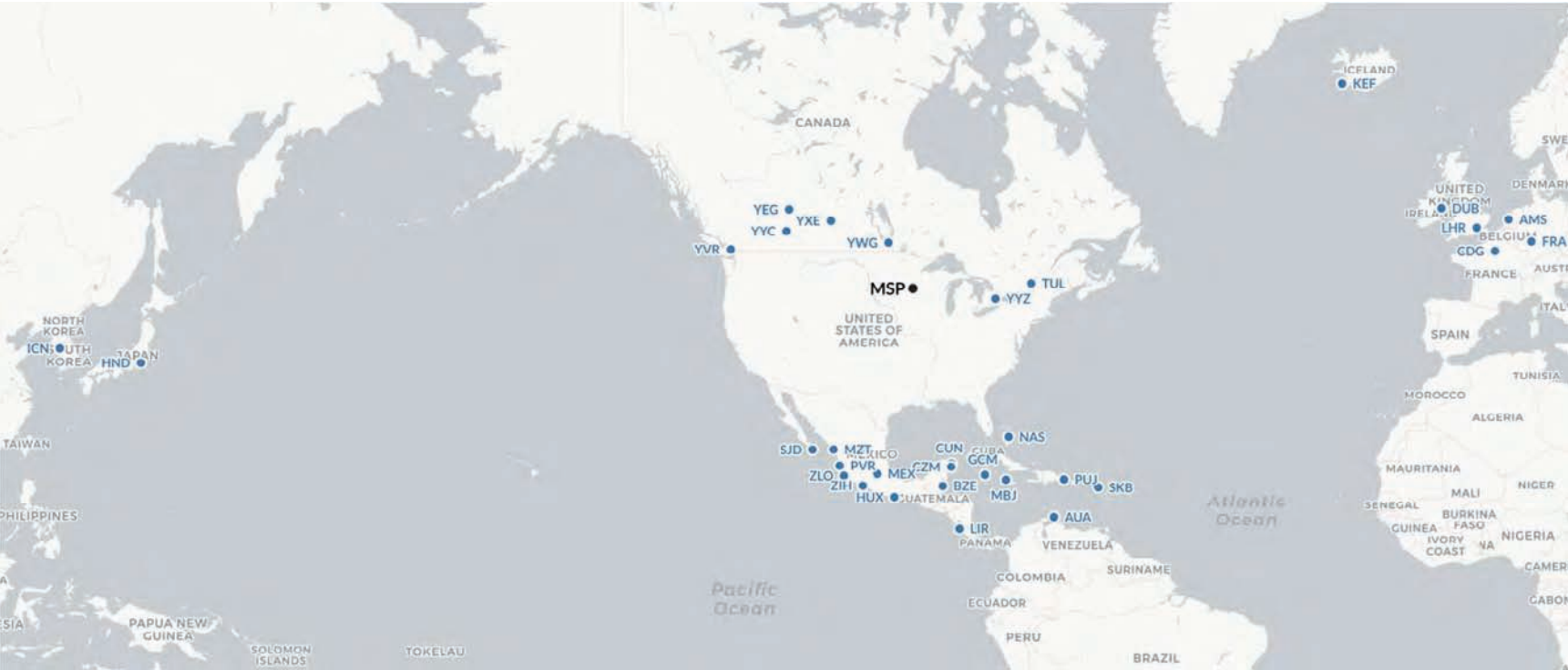
EXHIBIT 2-1 Map of Domestic Nonstop Destinations



Note: The Airport also has nonstop service to FAI and ANC in Alaska and HNL in Hawaii.

Source: Diio Mi, Schedule – Dynamic Table, accessed May 2019.

EXHIBIT 2-2 Map of International Nonstop Destinations



Source: Diio Mi, Schedule – Dynamic Table, accessed May 2019.

2.1.4 Airline Revenue Performance at the Airport

Airline performance at an airport can be measured primarily by four key airline revenue metrics: revenue per available seat mile, load factor, yield, and cost per available seat mile. Each of these airline metrics are summarized below.

- **Revenue per Available Seat Mile (RASM)** - RASM is the unit metric used by airlines, expressed in cents, to measure the amount of revenue received for each available seat mile (ASM). ASMs are measured by airlines for the purpose of determining capacity; one ASM unit equates to one seat flying one mile. For example, an aircraft with 100 seats operating on a route of 1,000 miles would equate to 100,000 ASMs. For the purposes of this analysis, RASM only measures passenger revenue derived from air fares and does not include other revenues received by airlines such as baggage fees.
- **Load Factor** - Load factor measures how an airline is performing on a specific route or in aggregate in terms of filling its available seat capacity. Load Factor is calculated as total revenue passenger miles (RPMs) divided by ASMs. RPMs are the general airline metric for measuring the number of miles traveled by paying passengers. For example, a revenue passenger flying one mile equates to one RPM.
- **Yield** - The last measure is airline yield or revenue per passenger mile (RPM). Yield (or RPM) is similar to RASM, however, yield measures revenue for each passenger-mile actually sold (RASM measures revenue for each passenger-mile available to be sold). Yield is the industry measurement for price, while load factor is a volume-related measurement. RASM factors in both and, thus, is considered the key airline revenue metric.
- **Cost per Available Seat Mile (CASM)** – CASM is the unit metric used by airlines, expressed in cents, to measure the overall efficiency of a route or the airline as a whole. CASM is derived by dividing the operating costs of an airline by ASM. Generally, the lower the CASM, the more profitable and efficient the airline. It is important to note that CASM data is generally only available on an airline by airline basis, and is not available by airport or by specific routes, therefore it is not examined as part of this study.

In general, the higher the RASM or yield, and the lower the CASM, the more profitable an airline is; however, this also assumes that the number of ASMs remain constant over time. Since an airline's revenue does not necessarily increase proportionately with the distance they fly, both RASM and yield will typically decrease as the overall length of the trip or stage length increases. Therefore, if an airline increases its overall stage length, it should be expected that RASM and yield will decrease.

Table 2-6 compares key airline revenue metrics for all U.S airlines and the five largest incumbent network airlines serving the Airport in 2008 versus 2018. This table compares the latest full year for which data are available (2018) with the last full year of results prior to the U.S. economic recession (2008). The largest five airlines at the Airport carried approximately 93.0% of the Airport's enplaned passengers in 2018. As shown, key airline revenue metrics have improved significantly since 2008 for the largest airlines serving the Airport. Delta's RASM generated at the Airport increased nearly 21%, which is well above the U.S. average of 11.2%. Delta's revenue improvement was almost entirely driven by higher yields/fares. United's RASM decline was due to increases to their ASM's which increased by 18% from 2008 to 2018, primarily due to the fact that United added nonstop service to San Francisco (SFO) and reduced service to Chicago O'Hare (ORD). Sun County's modest decline in yield can be attributed to their business model change to a ULCC, which resulted in decreased fares and fare revenues, and increased revenues from baggage fees.

Note that the data presented does not include airline ancillary fees for items such as ticket changes, checked bags, priority seating, etc., or CASM, as this data is not available by airport. In recent years, U.S. airlines have

realized significant revenues from these ancillary fees. In CY 2018, U.S. airlines had approximately \$4.8 billion in baggage fee revenues and approximately \$2.7 billion in reservation cancellation/change fee revenues.¹²

Table 2-6 Key Airline Revenue Metrics at the Airport -2008 vs. 2018 ¹

Airline	RASM (cents) ²			Load Factor			Yield (cents)		
	2008	2018	% Change	2008	2018	Change	2008	2018	% Change
Delta Air Lines ³	11.6	13.9	20.6%	84.0%	85.1%	1.1	13.8	16.4	19.0%
American Airlines ⁴	12.8	13.6	6.1%	80.3%	80.8%	0.5	15.9	16.8	5.5%
Southwest Airlines ⁵	8.3	11.9	43.5%	79.4%	83.5%	4.1	10.5	14.3	36.5%
United Airlines ⁶	17.3	16.8	(3.0%)	73.8%	84.5%	10.7	23.5	19.9	(15.3%)
Sun Country Airlines	7.4	7.6	2.4%	73.7%	80.3%	6.7	10.1	9.5	(6.1%)
U.S. Average	10.4	11.6	11.2%	79.8%	83.7%	3.9	13.0	13.8	6.0%

¹ Data include regional affiliates, as applicable, and do not include airline ancillary fees such as charges for checked baggage, etc. Spirit is not included because of significant changes to the airline's business model over the past decade, and such comparisons over this period would not be indicative of changes in revenue performance.

² RASM = Revenue per available seat mile.

³ Includes former Northwest Airlines.

⁴ Includes former US Airways.

⁵ Includes former AirTran Airways.

⁶ Includes former Continental Airlines.

Note: Amounts may not add because of rounding.

Source: Diio, US DOT Reports DB1A and T100, accessed April 2018

Compiled by Landrum & Brown

2.1.5 Delta's Operations at the Airport

As described previously, the Airport serves as a key hub for Delta. Delta is the dominant airline at the Airport, enplaning just over 71% of the Airport's total passengers in 2018. The Airport is one of Delta's primary connecting hubs within its network, along with Hartsfield-Jackson Atlanta International Airport (ATL), DTW, and SLC. As shown in **Table 2-7**, the Airport is Delta's second largest airport and its fourth largest international gateway based on departing seats.

2.1.5.1 Delta's O&D Traffic at the Airport

The size of the Airport's O&D base is a key consideration for Delta as a hub. As shown in **Table 2-8**, the Airport generated approximately \$2.8 billion in estimated revenue on a roundtrip basis for Delta in 2018. The Airport was the second largest market in the Delta system based upon O&D passengers and was the fourth largest based upon revenue, just behind DTW.

¹² U.S. Department of Transportation, Bureau of Transportation Statistics, Schedule P-1.2, accessed July 2019

Table 2-7 Delta’s Top 10 Airports Based on Scheduled Departing Seats (2018)

Total Scheduled Departing Seats			International Scheduled Departing Seats		
Rank	Market	Seats	Rank	Market	Seats
1	Atlanta	48,363,162	1	Atlanta	5,790,336
2	Minneapolis	15,862,785	2	New York-JFK	3,154,716
3	Detroit	15,596,222	3	Detroit	1,805,765
4	Salt Lake City	10,202,822	4	Minneapolis	1,367,343
5	New York-JFK	10,088,890	5	Seattle	983,359
6	Los Angeles	8,060,559	6	Los Angeles	899,312
7	New York-LaGuardia	7,905,364	7	Salt Lake City	486,078
8	Seattle	6,657,405	8	Boston	415,778
9	Boston	4,294,051	9	Honolulu/Oahu	321,146
10	Orlando	3,636,853	10	Tokyo-Narita	208,843

Source: Diio Mi, Accessed April 2019
Compiled by Landrum & Brown, April 2019

Table 2-8 Delta’s Top 10 Domestic O&D Airports Based on Estimated Revenue - 2018

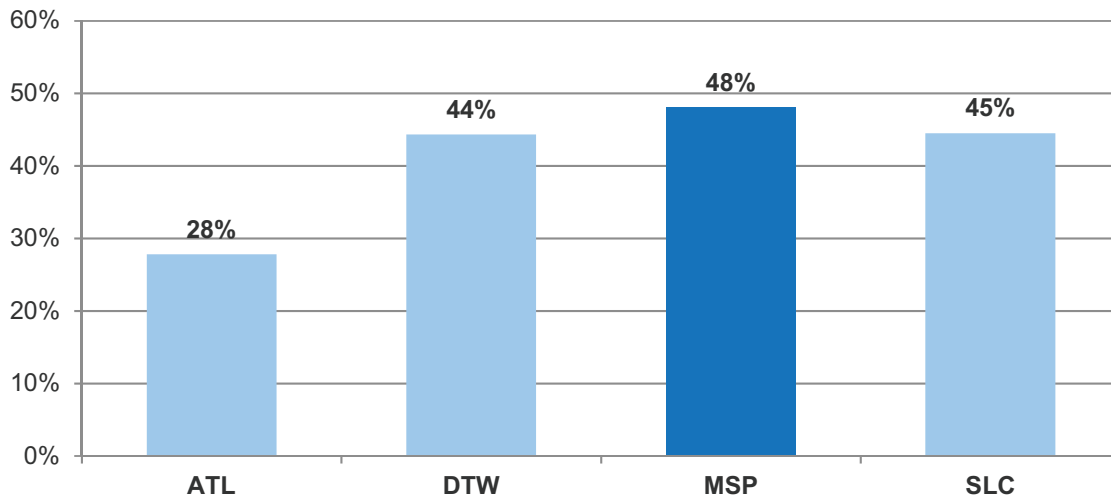
Rank	City	Airport Code	O&D Passengers (millions)	Average Paid One-way Fare	Roundtrip Revenue (billions)
1	Atlanta	ATL	11.3	\$224	\$5.1
2	New York	JFK	5.8	\$275	\$3.2
3	Detroit	DTW	5.6	\$263	\$2.9
4	Minneapolis	MSP	6.1	\$234	\$2.8
5	Los Angeles	LAX	4.9	\$240	\$2.3
6	New York	LGA	5.2	\$182	\$1.9
7	Salt Lake City	SLC	3.9	\$220	\$1.7
8	Seattle	SEA	3.2	\$247	\$1.6
9	Boston	BOS	3.2	\$214	\$1.4
10	Orlando	MCO	2.9	\$194	\$1.1

Source: U.S. Department of Transportation via Diio, accessed April 2019; fare is net of taxes and fees
Compiled by Landrum & Brown

Exhibit 2-3 presents the percentage of O&D enplaned passengers at Delta’s key “interior” airport hubs including ATL, DTW, SLC, and the Airport. Interior hubs are considered to be those hub airports that are geographically located within the middle of the U.S. and not on either the east or west coast. As shown, approximately 48% of Delta’s enplaned passengers at the Airport are O&D passengers, which is an increase from 39% in 2015. This percentage of O&D traffic is generally in-line with and higher than its other major connecting hubs at ATL, DTW, and SLC. Delta’s mix of O&D traffic at the Airport is also well above that for Delta’s ATL hub; however, given ATL’s role as Delta’s largest global connecting hub airport, any comparisons to ATL are not applicable. Per discussions with Delta staff, serving large O&D markets and maintaining a ratio of approximately 40% to 50% of

O&D traffic at its primary connecting hubs, with the exception of ATL, is considered to be a sustainable balance for its network. Over the past several years, other Delta connecting hubs that served much smaller local O&D markets and were unable to provide a similar percent of O&D passenger traffic were either significantly downsized or discontinued as connecting hubs within the network. These include the Cincinnati/Northern Kentucky International (CVG) and Memphis International (MEM) Airports. Given that the Airport's O&D passenger volume and share of connecting traffic is in line with Delta's other connecting hubs, the Airport appears well positioned to continue to serve as a key hub in Delta's network.

Exhibit 2-3 Delta's Percent of O&D Enplaned Passengers at Major Connecting Hubs (2018)

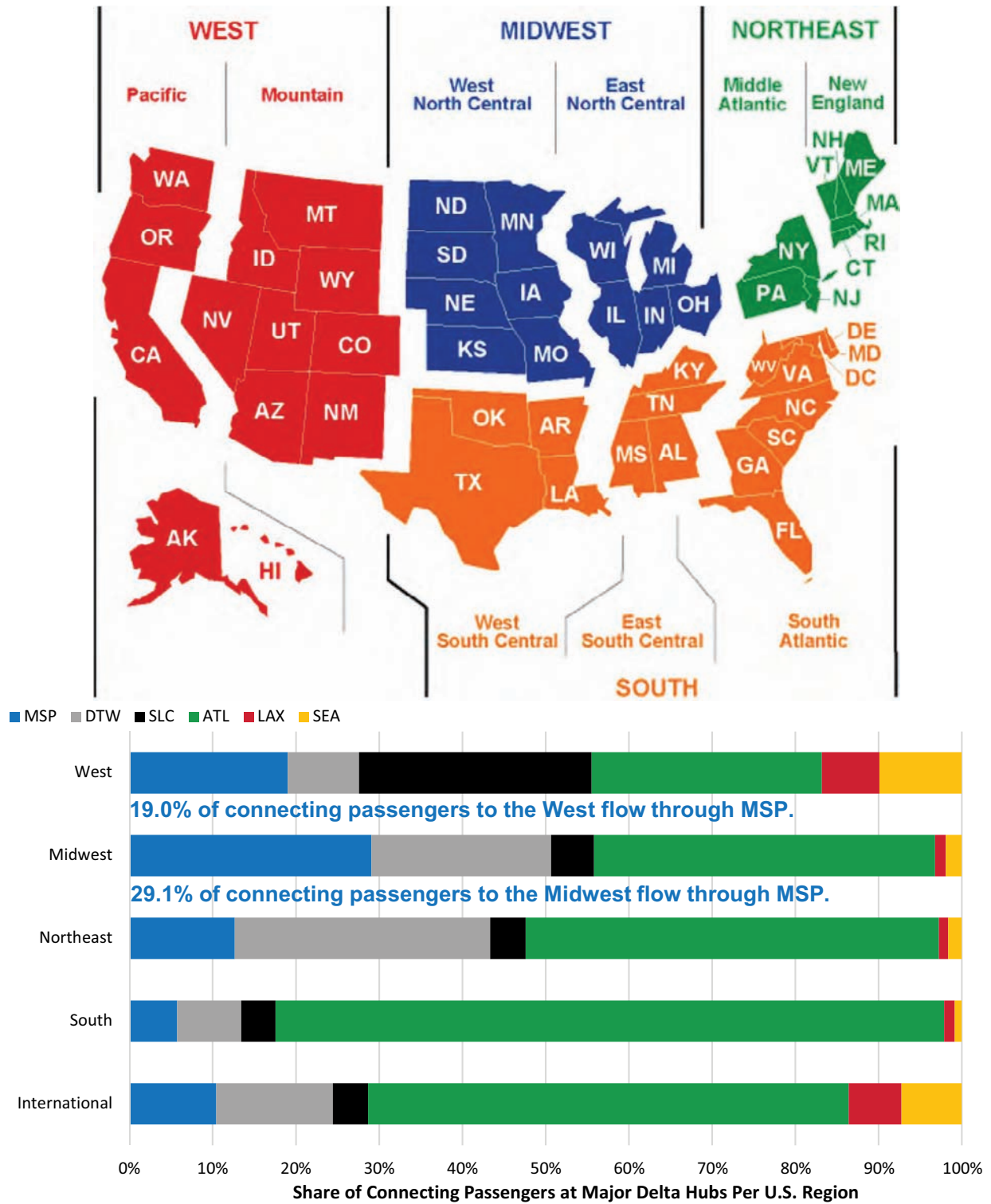


Source: U.S. Department of Transportation via Diio, accessed March 2019, Activity Management Records
Compiled by Landrum & Brown

2.1.5.2 Delta's Connecting Traffic at the Airport

While the Airport is a major O&D market for Delta, it is also one of Delta's primary connecting hubs. As a key connecting hub, the Airport provides Delta a strategic presence in the central U.S., allowing for connectivity from the upper Midwest, Great Lakes region, and the east and west coasts to the rest of the country and world. **Exhibit 2-4** and **Table 2-9** present a summary by U.S. region and internationally where passengers either began or ended their trips while connecting through several of Delta's hub airports in 2018. The data provides some insight as to the primary differences between Delta's key connecting hubs, as summarized further below.

Exhibit 2-4 Delta Hub Connecting Passengers by Region (2018)



Source: Diao, accessed March 2019
 Compiled by Landrum & Brown, May 2019

Table 2-9 Delta Connecting Passengers by Hub by Region (2018)

US Region	MSP	DTW	SLC	ATL	LAX	SEA
West	1,871,609	843,115	2,747,501	2,720,360	679,671	972,597
Pacific	1,091,756	513,818	1,329,803	1,558,067	524,218	807,722
Mountain	779,854	329,297	1,417,697	1,162,293	155,453	164,874
Midwest	2,171,695	1,612,299	385,309	3,058,675	97,123	142,588
West North Central	1,135,091	324,053	199,192	1,104,999	44,444	51,269
East North Central	1,036,604	1,288,245	186,117	1,953,676	52,679	91,318
Northeast	523,797	1,268,587	175,966	2,052,179	46,395	66,897
Middle Atlantic	425,337	971,208	130,788	1,618,570	34,343	46,419
New England	98,460	297,380	45,178	433,608	12,052	20,479
South	999,954	1,336,209	717,013	13,956,098	216,384	147,966
West South Central	202,784	209,084	236,791	2,304,214	77,871	16,631
East South Central	186,080	294,046	89,923	2,703,935	34,721	29,862
South Atlantic	611,090	833,079	390,299	8,947,950	103,792	101,473
International	599,678	802,455	242,522	3,310,746	363,474	415,296
Grand Total	6,166,734	5,862,665	4,268,311	25,098,058	1,403,047	1,745,343

Source: Diio, accessed March 2019
Compiled by Landrum & Brown, May 2019

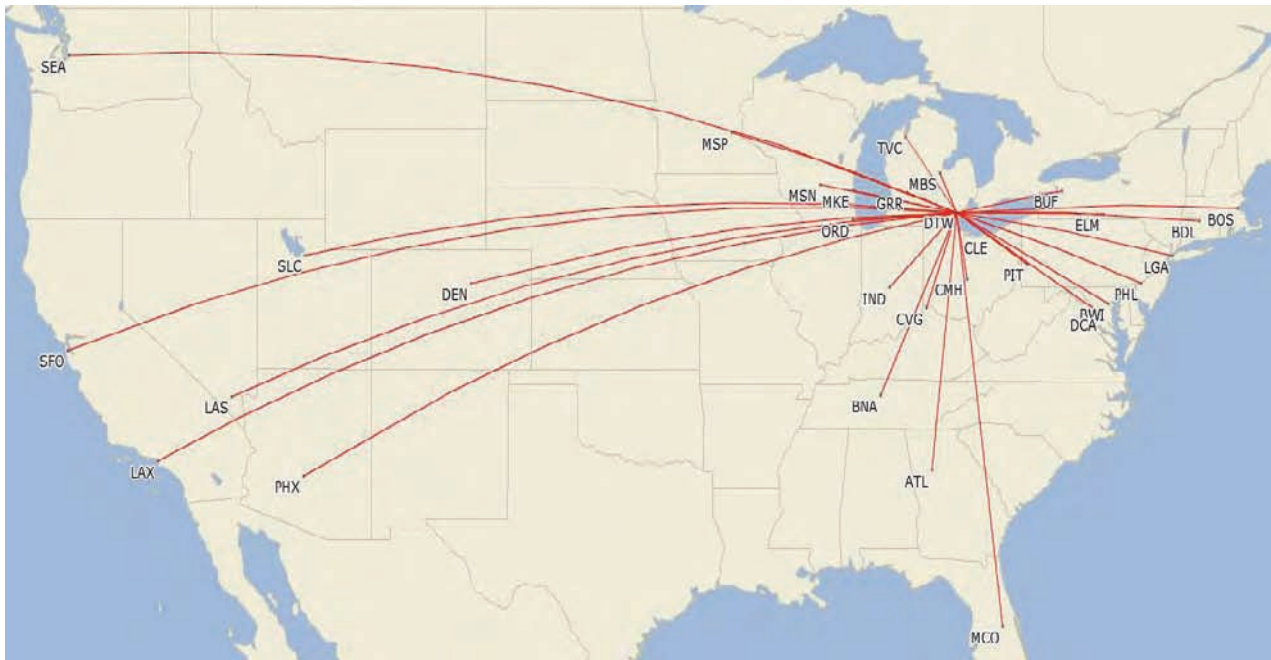
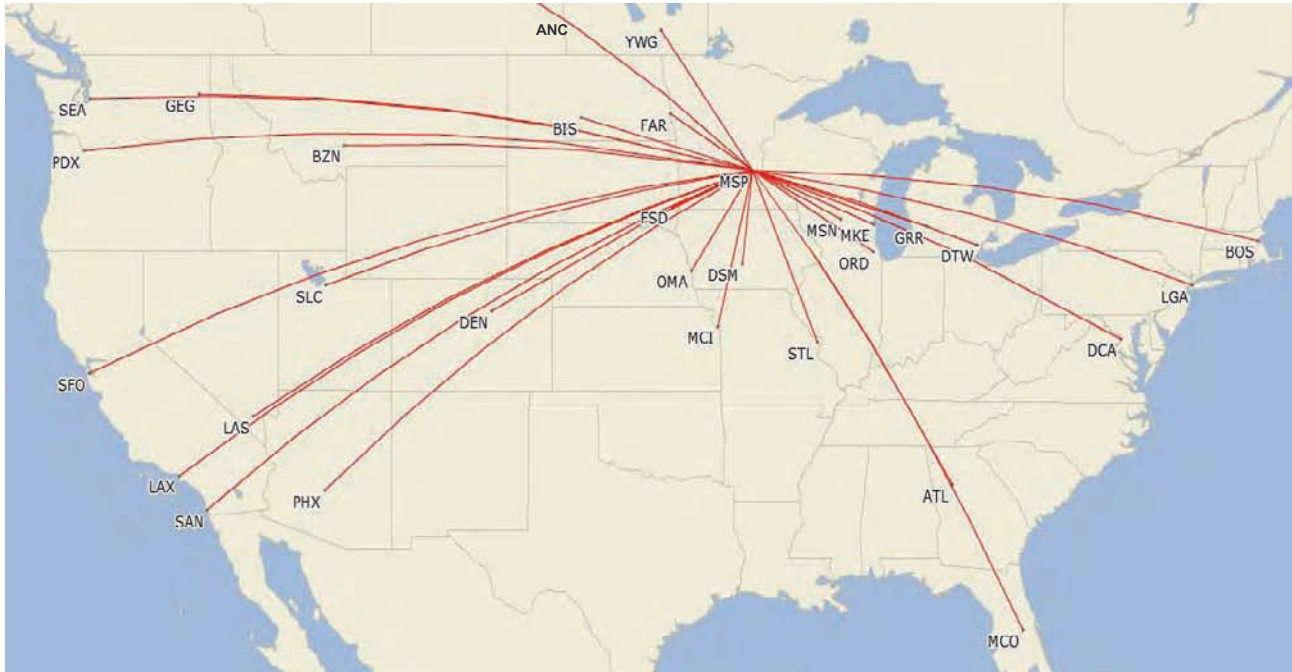
- As shown, the Airport's top connecting markets are primarily in the West North Central, Pacific, East North Central, and Mountain regions of the U.S. The Airport is the top Delta hub serving the West North Central region and is the third leading Delta hub serving the Pacific (behind ATL and SLC), East North Central (behind ATL and DTW), and Mountain (behind ATL and SLC) regions.
- The Airport also augments some of the same connecting markets as DTW and ATL, particularly on east-west traffic flows in very large O&D markets, which serves to enhance Delta's presence in key markets. DTW's focus is in the East North Central and Middle Atlantic regions of the U.S. DTW's top connecting markets are on the east and west coast. Relative to the Airport, however, Delta's DTW hub has a heavier emphasis on the northeast U.S., Ohio Valley, and Great Lakes markets (Michigan and Wisconsin).
- Given the size of Delta's hub at ATL, it serves as a top connecting hub to and from many U.S. regions, and it naturally serves as the top connecting airport for markets in the south and southeast.
- SLC offers Delta connectivity to the mountain region of the U.S. while further strengthening their presence and connecting options in large, high growth west coast markets. Delta primarily uses SLC to serve the mountain region and other airports on the west coast. It also uses SLC to augment larger O&D markets on east/west traffic flows.
- The majority of Delta's SEA connecting traffic comes from the northwest U.S., Alaska and Hawaii (Pacific region). It also enables connectivity in high growth, trans-pacific markets. Delta primarily operates SEA as an international gateway to Asia and domestically to Hawaii, in addition to offering connecting service in

selected west coast markets. As with other hubs, it also allows for additional connectivity in larger O&D markets.

Although the Airport and DTW are relatively close in geographical proximity to each other in the upper Midwest, both airports are operated by Delta in such a way that they work together to augment each other and better serve separate regions of the U.S. **Exhibit 2-5** depicts the Airport's top 30 connecting markets in terms of passengers for the Airport and DTW. **Table 2-10** presents the top 30 airports where Delta passengers either began or ended their trips while connecting through the Airport or DTW in 2018. As shown, MSP primarily serves domestic markets in the upper Midwest and central U.S., with more of an emphasis on connections to markets on the west coast. Four of the top six airports connecting through MSP are on the U.S. west coast, and seven of the top nine are in the western U.S. The other two top connecting airports from MSP are Milwaukee and Fargo. DTW also generated connectivity to the U.S. west coast; however, it is less reliant on these connections. DTW's west coast connecting traffic is approximately 40% less than that connecting at the Airport. DTW's connecting traffic is more oriented to serve the eastern half of the U.S., with an emphasis in the Great Lakes region.

Connecting enplaned passengers, which are primarily driven by Delta's route network decisions, remained relatively constant at the Airport from 2009 through 2012, averaging approximately 7.24 million enplaned passengers during that timeframe. From 2012 to 2015, following the end of the economic recession and the integration of Northwest Airlines, Delta's connecting enplaned passengers increased from 7.35 million to 7.87 million from 2012 to 2015, representing a 2.3% CAGR. Since 2015, Delta's overall seat capacity at the Airport has continued to increase at a 1.2% CAGR. At the same time, Delta's connecting enplaned passengers have decreased at a -4.7% CAGR through 2018 and Delta's O&D enplaned passengers have increased at a CAGR of 7.8% since 2015, resulting in a decrease of Delta's connecting passenger share from 61% to 52% from 2015 to 2018. This shift in connecting versus O&D enplaned passengers at the Airport is primarily a result of Delta shifting its flights from smaller connecting markets through the Airport to larger, higher yielding nonstop O&D markets at the Airport as a response to competition and strong growth in O&D traffic from the LCC and ULCC carriers at the Airport, and are in large part, responsible for Delta's improvements to its yield and RASM metrics at the Airport and system-wide, presented earlier.

Exhibit 2-5 Delta's Top 30 Connecting Markets from the Airport and DTW (2018)



Source: USDOT via Diio, accessed March 2019
Compiled by Landrum & Brown

Table 2-10 Top 30 Delta Air Lines Domestic Connecting Markets at DTW And MSP (2018)

Top Airports Connecting at MSP					Top Airports Connecting at DTW				
Rank	Airport	Airport Code	% Passengers	Cumulative %	Rank	Airport	Airport Code	% Passengers	Cumulative %
1	Los Angeles	LAX	2.8%	2.8%	1	Grand Rapids	GRR	2.8%	2.8%
2	Seattle	SEA	2.8%	5.6%	2	Boston	BOS	2.5%	5.3%
3	Fargo	FAR	2.5%	8.1%	3	Seattle	SEA	2.5%	7.7%
4	Portland	PDX	2.3%	10.4%	4	Minneapolis/St. Paul	MSP	2.1%	9.9%
5	Milwaukee	MKE	2.3%	12.7%	5	Los Angeles	LAX	2.1%	12.0%
6	Las Vegas	LAS	2.2%	14.9%	6	Milwaukee	MKE	2.0%	14.0%
7	Sioux Falls	FSD	1.9%	16.8%	7	Las Vegas	LAS	1.9%	16.0%
8	Madison	MSN	1.9%	18.7%	8	Madison	MSN	1.9%	17.9%
9	San Francisco	SFO	1.9%	20.6%	9	Wash-National	DCA	1.9%	19.8%
10	Wash-National	DCA	1.8%	22.5%	10	San Francisco	SFO	1.8%	21.5%
11	Phoenix	PHX	1.8%	24.3%	11	Hartford	BDL	1.7%	23.2%
12	Salt Lake City	SLC	1.7%	26.0%	12	Orlando	MCO	1.7%	24.9%
13	Detroit	DTW	1.7%	27.7%	13	Indianapolis	IND	1.7%	26.6%
14	San Diego	SAN	1.7%	29.5%	14	Atlanta	ATL	1.6%	28.2%
15	Grand Rapids	GRR	1.7%	31.1%	15	Buffalo	BUF	1.6%	29.8%
16	Denver	DEN	1.6%	32.7%	16	Philadelphia	PHL	1.6%	31.4%
17	Boston	BOS	1.6%	34.3%	17	NY-La Guardia	LGA	1.5%	32.9%
18	Spokane	GEG	1.5%	35.9%	18	Baltimore	BWI	1.5%	34.5%
19	Bismarck	BIS	1.5%	37.4%	19	Columbus	CMH	1.5%	35.9%
20	Anchorage	ANC	1.5%	38.8%	20	Traverse City	TVC	1.4%	37.3%
21	Kansas City	MCI	1.4%	40.2%	21	Cleveland	CLE	1.4%	38.8%
22	Bozeman	BZN	1.4%	41.7%	22	Pittsburgh	PIT	1.4%	40.2%
23	Omaha	OMA	1.4%	43.1%	23	Salt Lake City	SLC	1.4%	41.6%
24	NY-La Guardia	LGA	1.4%	44.4%	24	Elmira	ELM	1.3%	42.9%
25	Atlanta	ATL	1.4%	45.8%	25	Saginaw	MBS	1.3%	44.2%
26	Orlando	MCO	1.3%	47.1%	26	San Diego	SAN	1.3%	45.5%
27	Des Moines	DSM	1.3%	48.4%	27	Chicago-O'Hare	ORD	1.3%	46.8%
28	Grand Forks	GFK	1.3%	49.7%	28	Denver	DEN	1.3%	48.0%
29	St. Louis	STL	1.3%	51.0%	29	Phoenix	PHX	1.3%	49.3%
30	Hartford	BDL	1.2%	52.2%	30	Cincinnati	CVG	1.2%	50.5%
	Other		47.8%	100.0%		Other		49.5%	100.0%

Source: U.S. Department of Transportation via Diio, accessed April 2019
Compiled by Landrum & Brown

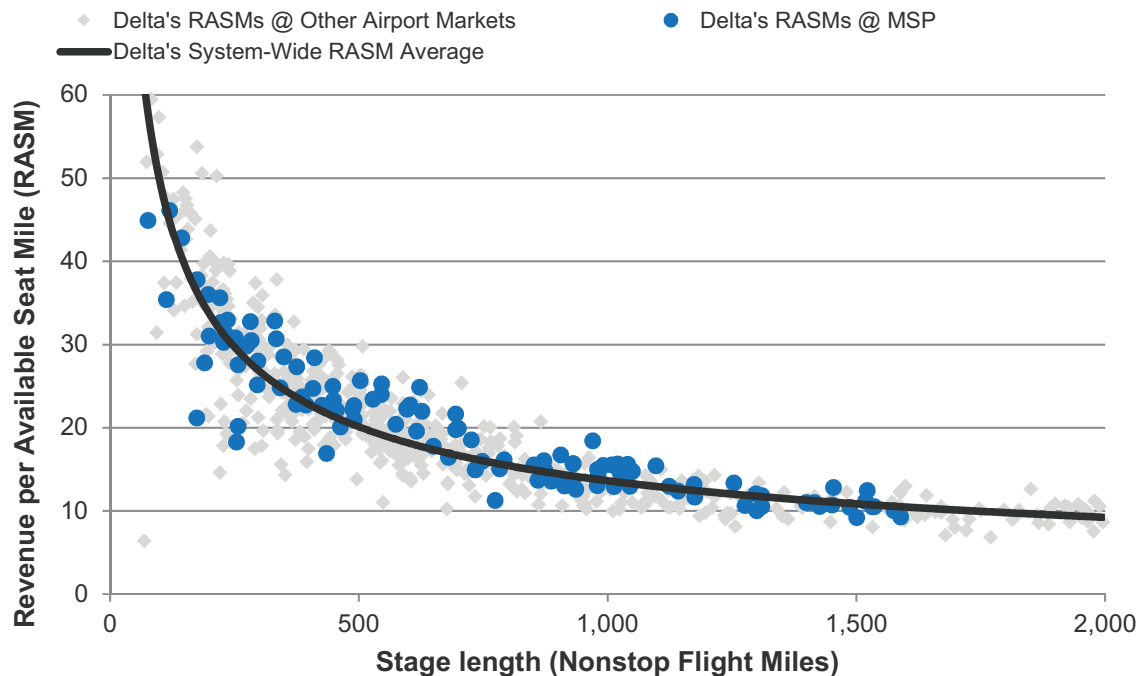
In summary, the Airport is unique within the Delta system in that it connects markets in the upper Midwest and central U.S. with the western U.S. DTW is similarly unique in that it serves smaller eastern region markets, with an emphasis in the Great Lakes region, to the rest of the U.S. SLC is strategically important within the Delta network in that SLC offers service to the mountain region of the U.S. Delta’s service at ATL has a focus in the southeast U.S., but ATL is also Delta’s largest hub airport and serves passenger traffic throughout the U.S. and internationally. All four of these hubs offer connecting service to major markets along the U.S. east and west coast.

2.1.5.3 Delta’s Estimated Profitability at the Airport

The Airport’s importance to Delta is further enhanced by its overall profitability. Route profitability is a critical factor to assess when evaluating an airline’s performance at an airport. Delta’s unit revenue (RASM), load factors, and yield performance were analyzed in this Report for each of Delta’s nonstop routes at the Airport.

Exhibit 2-6 graphically presents mileage-adjusted RASM for Delta’s domestic nonstop routes for 2018. The trend line or curve represents the calculated system average RASM for Delta routes based on stage length, or nonstop flight miles. Because RASM tends to decrease as the stage length increases, it is important to consider stage length when assessing RASM or yield. The trend line presented on Exhibit 2-6 represents a typical trend when comparing RASM and stage length. Markets for the Airport are depicted by the darker data points. The route data points that appear above the trendline performed more favorably than Delta’s overall system average for RASM or unit revenue. As shown, a majority of Delta’s routes from the Airport performed near or above system-wide mileage-adjusted RASM, which is indicative of Delta’s relative profitability at the Airport.

Exhibit 2-6 Delta’s Domestic RASM for Routes Less Than 2,000 Miles from the Airport (2018)



Source: Diio, US DOT Reports DB1a and T100, accessed March 2019
Compiled by Landrum & Brown

In particular, markets in the range of 400 to 700 miles from the Airport and at approximately 1,000 miles generally outperformed Delta's other markets. These markets generally include large metropolitan areas on the U.S. east coast, Ohio Valley, southeastern U.S., or other large Delta hubs (i.e., ATL and DTW) that have relatively high yields, and where Delta generally has a sizeable presence.

Longer-haul Delta routes from the Airport (greater than 1,000 miles) are generally profitable, albeit closer to system mileage-adjusted RASM averages. These markets are generally more impacted by competition, which can limit yields. In particular, many of these routes have been impacted by the growth of LCCs and ULCCs, especially Sun Country, which has the second largest passenger market share at the Airport. Typical routes in this range include Florida airports, the U.S. west coast, and the Caribbean. Delta has recently implemented certain strategies to compete with LCCs and ULCCs such as segmenting its inflight cabin to add basic economy seats and selectively adding capacity to competitive markets.

2.1.5.4 Delta's International (Trans-oceanic) Traffic at the Airport

Relative to its other hub airports, the Airport is a smaller international gateway for Delta. To markets in Asia, the Airport was Delta's 6th largest U.S. market (including Hawaii) in terms of departing seats in 2018. About 6% of Delta's departing seat capacity to Asia took place from the Airport in 2018. The majority of Delta's Asian capacity takes place over DTW and SEA. DTW focuses upon carrying traffic from the eastern region of the U.S., while SEA is Delta's primary west coast gateway to Asia. DTW generated about 27% of Delta's seat capacity to Asia in 2018, while SEA was responsible for about 20%.

Combined with SkyTeam partners KLM and Air France, the Airport was Delta/SkyTeam's 5th largest market to Europe in 2018, based upon departing seats. About 5.3% of SkyTeam's U.S.-European capacity was from the Airport. Delta's major European gateways are at New York's JFK airport (JFK) and ATL, with capacity shares of 32.4% and 18.3%, respectively in 2018. DTW is third at 8.4%.

Exhibit 2-7 depicts Delta's European and Asian route maps from the Airport for June 2019. Delta expands seat capacity at the Airport during the summer, particularly to Europe. As shown, Delta has service to four European destinations (Amsterdam, London, Paris, and Reykjavík) and two Asian markets (Incheon and Tokyo).

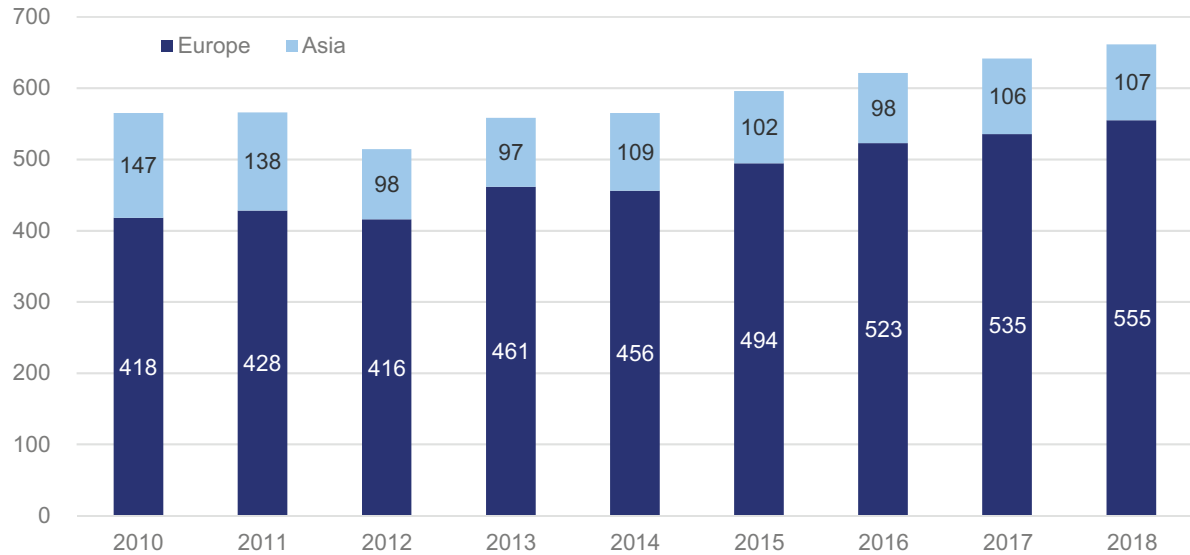
Exhibit 2-7 Delta's European and Asian Route Maps from the Airport (June 2019)

Source: U.S. Department of Transportation via Diio, accessed March 2019
Compiled by Landrum & Brown

Exhibit 2-8 illustrates Delta's trans-oceanic seat capacity trends at the Airport since 2010. As shown, the seat capacity for 2018 is up approximately 17.2% compared to levels in 2010. Seat capacity between the Airport and Europe has increased about 32.8% since 2010, while seat capacity to Asia has dropped 27.2%. The decline in seat capacity to Asia was a direct result of Delta's retirement of their 747-400 fleet and transition to smaller 777 aircraft in 2012. Service to Asia during this time period has consistently been provided by one daily flight to Tokyo, with service transitioning from Tokyo's Narita airport to Haneda (HND) in 2016. In addition, Delta initiated new nonstop international service to Seoul, Korea (ICN) in April 2019 with one daily flight.

Capacity from the Airport to Europe has seen steady growth since 2010. Capacity to Amsterdam (AMS) from the Airport is up 17.6% since 2010, while Paris (CDG) is up 125%. New seasonal service to Reykjavik (KEF) started in 2016. Seat capacity to slot-restricted London-Heathrow (LHR) is down marginally since 2010.

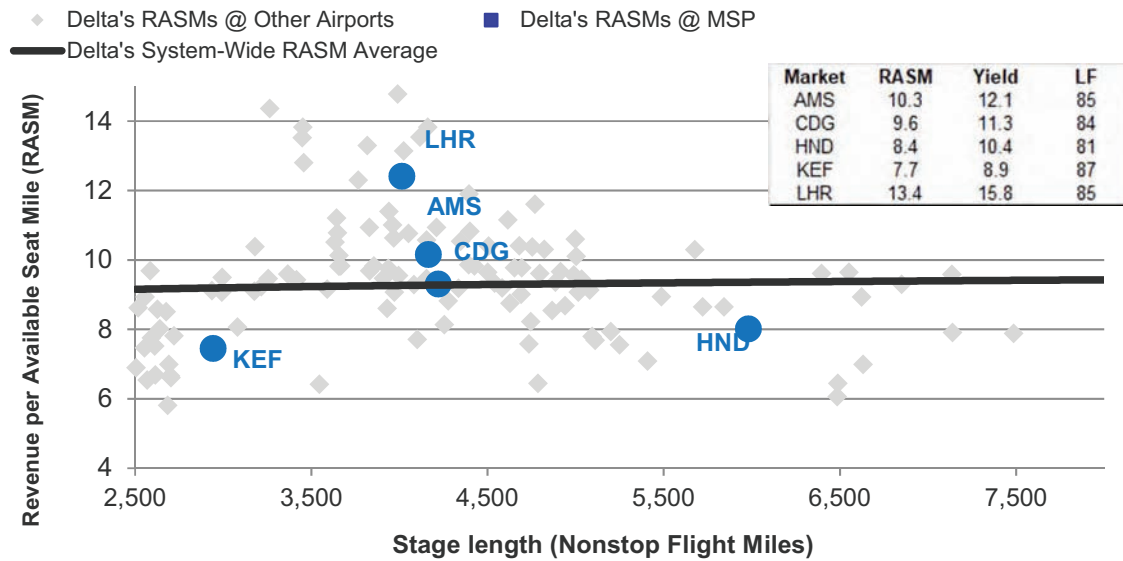
Exhibit 2-8 Delta's Trans-Oceanic Departing Seat Capacity from the Airport (in Thousands)



Source: Diio Mi, accessed April 2019
Compiled by Landrum & Brown

From a financial standpoint, Delta's trans-oceanic service from the Airport is considered to be generally profitable, particularly to major European points to LHR, AMS and CDG. In general, these routes appear to be in line, or exceed Delta's other trans-oceanic routes from other U.S. airports (see Exhibit 2-9).

Exhibit 2-9 Delta's Trans-Oceanic RASM and Load Factors from the Airport (2018)



Source: Diio, US DOT Reports DB1a and T100, accessed March 2019
Compiled by Landrum & Brown

In summary, the Airport is integral to Delta's overall route network. As discussed above, the following three factors provide the basis as to why, in our opinion, the Airport will remain a critical hub to Delta into the foreseeable future.

- The Airport serves a large Air Service Area and O&D base for Delta, with over 60% of Delta's passengers flying nonstop to or from their destination from the Airport. This is consistent with, and slightly exceeds, Delta's other key hubs. This mix of traffic is generally considered to be higher yielding and more profitable than hubs with a higher connecting mix of traffic.
- The Airport's geographic location allows Delta to operate it as an efficient transfer point for traffic in the upper Midwest, eastern half of the U.S., and Great Lakes regions. It also allows Delta to augment large connecting east-west traffic flows in conjunction with its other hubs at DTW, SLC, and ATL.
- The Airport appears to be a profitable operation for Delta as RASMs are generally above mileage-adjusted system averages. Delta's profitability at the Airport in 2018 also appears to have improved significantly from before the Great Recession in 2008.

2.1.6 Sun Country's Operations at the Airport

Sun Country, which is headquartered in Minneapolis-St. Paul, initially operated as strictly a charter carrier and later transitioned into a mostly scheduled airline in 1999. In October 2008, the airline filed for bankruptcy and its assets were subsequently purchased out of bankruptcy in July 2011 by the Davis family. In December 2017, Sun Country was sold to Apollo Global Management of New York, at which time, the airline announced that it was transitioning to a ULCC business model focused primarily on leisure passengers. As a result, Sun Country has dramatically increased their seat capacity and passenger growth over the past year. Prior to the announcement of its transition to a ULCC, Sun Country operated a fleet of approximately 20 737-700 and 737-800 aircraft. By the end of 2018, their fleet had grown to 30 737-800 aircraft, with plans to grow to 50 aircraft by 2026. In the past year, Sun Country has shifted some of their growth to various "focus cities", including Portland (PDX), Las Vegas (LAS), and Nashville (BNA). Additionally, Sun Country now shifts its service at the Airport seasonally to provide more north/south service through the Airport in the winter and east/west connecting service through the Airport in the summer. Since 2018 Sun Country has added 32 nonstop routes and 11 new cities and operated an average of 379 weekly flights out of 55 markets nationwide in 2018.

Table 2-11 presents key operating data for Sun Country at the top 10 airports within its system. As shown, the Airport is by far Sun Country's largest airport within its system. Overall, Sun Country operated approximately 44% of its system-wide flights and seat capacity from the Airport in 2018.

Table 2-11 Sun Country's Top 10 Airports (2018)

Rank	Market	Enplaned Passengers	Seats	Available Seat Miles (ASM)	Load Factor
1	Minneapolis	1,180,832	1,419,216	2,014,072,014	80.4%
2	Las Vegas	155,999	187,001	232,834,191	83.5%
3	Los Angeles	105,846	122,474	200,328,696	86.5%
4	Orlando	103,796	122,547	163,619,304	84.5%
5	Ft. Myers	94,419	120,252	163,214,064	79.3%
6	Cancun	88,905	116,114	162,263,108	75.6%
7	Dallas/Ft. Worth	85,174	107,481	123,419,201	80.0%
8	JFK	83,075	105,620	108,576,846	78.7%
9	Phoenix	82,573	96,695	121,897,529	85.5%
10	San Francisco	74,638	95,322	146,092,278	79.0%

Source: Diiio Mi, US DOT Report T100, accessed July 2019

Compiled by Landrum & Brown, July 2019

2.2 Air Traffic Activity and Trends

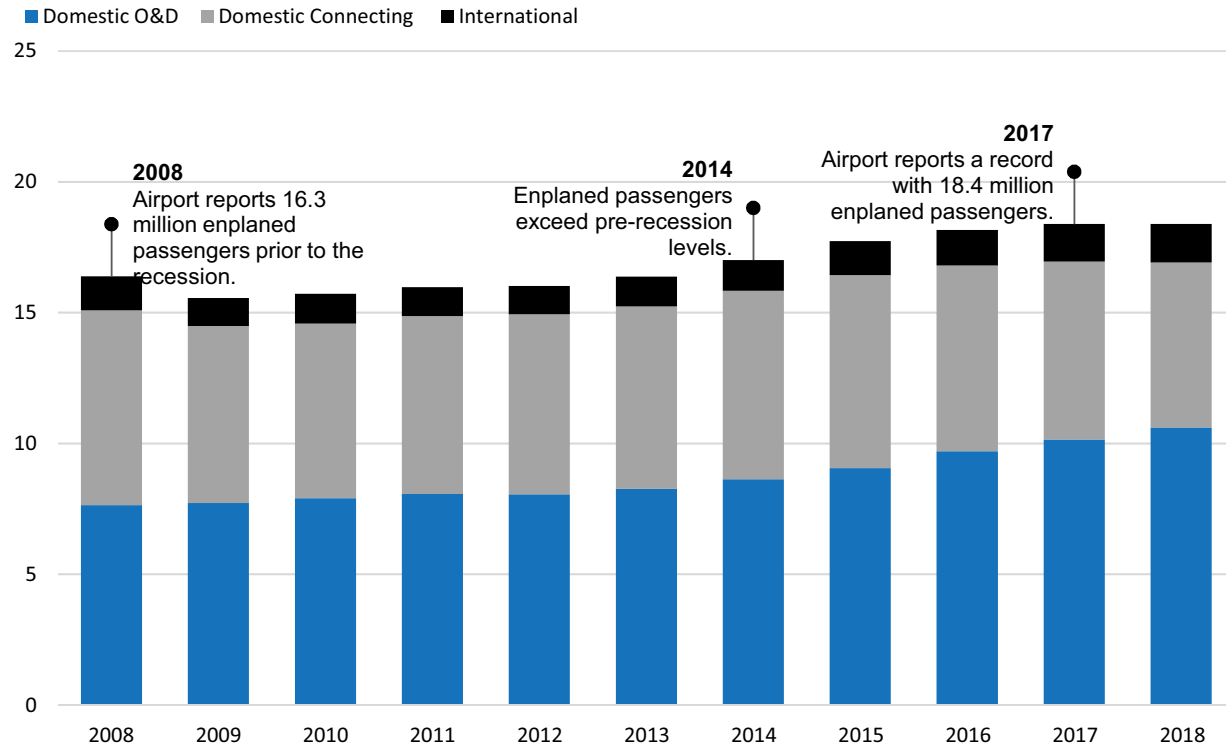
This section analyzes historical trends in air traffic activity at the Airport including enplaned passengers, aircraft operations, and landed weight. It also discusses the primary factors affecting these trends.

2.2.1 Enplaned Passengers

Passenger activity drives a number of revenues and financial measures at the Airport including such items as non-airline revenues, e.g., parking, rental car, and terminal concessions, Passenger Facility Charge (PFC) revenues and FAA Airport Improvement Program (AIP) entitlement grant distributions. **Exhibit 2-10** and **Table 2-12** present historical domestic O&D, domestic connecting, international O&D, international connecting, and total enplaned passenger trends at the Airport between 2008 and 2018. The table also presents the Airport's total enplaned passengers for the first six months of 2018 and 2019 to show how traffic is trending in 2019.

Exhibit 2-10 Historical Revenue Enplaned Passengers

Enplaned Passengers (in millions)



Sources: Metropolitan Airports Commission; USDOT (via Diio) for domestic O&D enplaned passengers. Domestic connecting enplaned passengers were derived by subtracting DOT-reported domestic O&D enplaned passengers from Commission-reported domestic enplaned passengers.

Compiled by Landrum & Brown

Table 2-12 Historical Revenue Enplaned Passenger Trends at the Airport (in Thousands)

Year	Domestic				International				Total	% Change
	O&D	% Change	Connecting	% Change	O&D	% Change	Connecting	% Change		
2008	7,869	-	7,210	-	487	-	818	-	16,384	-
2009	7,918	0.6%	6,573	(8.8%)	401	(17.5%)	660	(19.4%)	15,551	(5.1%)
2010	7,833	(1.1%)	6,741	2.6%	514	28.2%	627	(4.9%)	15,715	1.1%
2011	7,931	1.3%	6,938	2.9%	488	(5.2%)	615	(1.9%)	15,972	1.6%
2012	7,942	0.1%	6,994	0.8%	499	2.3%	585	(4.9%)	16,020	0.3%
2013	8,145	2.6%	7,094	1.4%	536	7.3%	596	1.9%	16,370	2.2%
2014	8,481	4.1%	7,349	3.6%	588	9.7%	590	(1.0%)	17,008	3.9%
2015	8,908	5.0%	7,525	2.4%	672	14.2%	630	6.8%	17,732	4.3%
2016	9,694	8.8%	7,105	(5.6%)	588	(12.5%)	774	22.8%	18,161	2.4%
2017	10,144	4.6%	6,807	(4.2%)	626	6.5%	809	4.5%	18,385	1.2%
2018	10,603	4.5%	6,313	(7.3%)	653	4.3%	813	0.6%	18,382	(0.0%)
2018 YTD ¹									8,936	--
2019 YTD ¹									9,194	2.9%
Compound Annual Growth Rate										
2008-2010	(0.2%)		(3.3%)		2.8%		(12.5%)		(2.1%)	
2010-2012	0.7%		1.9%		(1.5%)		(3.4%)		1.0%	
2012-2018	4.9%		(1.7%)		4.6%		5.6%		2.3%	
2008-2018	3.0%		(1.3%)		3.0%		(0.1%)		1.2%	

Note: Amounts may not add because of rounding.

¹ Enplaned passengers for year-to-date period includes the six months of January through June.

Sources: 2010-2015 Data: Report of the Airport Consultant, Series 2016 Bonds, Table 20;

All other years: Metropolitan Airports Commission; USDOT (via Diio) for domestic O&D enplaned passengers.

Domestic connecting enplaned passengers were derived by subtracting DOT-reported domestic O&D enplaned passengers from Commission-reported domestic enplaned passengers.

Compiled by Landrum & Brown

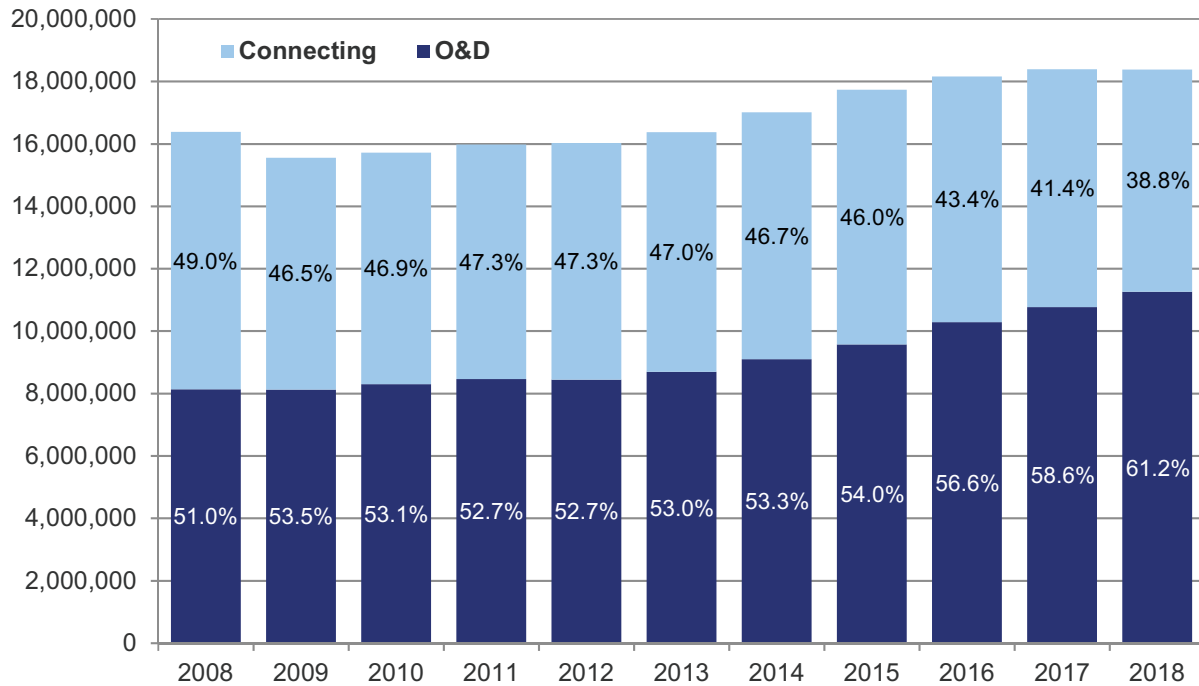
As shown, with the exception of 2009, total enplaned passengers at the Airport increased in every year since 2008, from approximately 16.4 million to approximately 18.4 million, reflecting an overall CAGR of approximately 1.2% for this period. Driven by strong growth from the LCC and ULCC airlines, domestic O&D enplaned passengers increased from approximately 7.9 million to 10.6 million, a CAGR of 3.0%. Overall, domestic connecting enplaned passengers have decreased from approximately 7.2 million to approximately 6.3 million, reflecting a CAGR of -1.2%, due to Delta's shifting of connecting capacity. For the first six months of 2019, total enplaned passengers are up approximately 2.9% as compared to the same period in 2018. It is important to note that the growth figures for the first six months of 2019 versus 2018 are impacted somewhat by additional demand generated from the Super Bowl that was held in Minneapolis in February 2018, and the men's NCAA Final Four basketball championship tournament that was held in Minneapolis in April 2019.

To further describe these trends, the past 10 years have been segregated into certain time periods and discussed below.

- **2008 – 2010** – During this recessionary time period, total Airport enplaned passengers declined -4.1%, or at a -2.1% CAGR. The entire traffic decline was due to reductions in Delta's connecting traffic, which resulted in a decrease in connecting passengers of -10.3% during this time. At the same time, domestic O&D passengers from the Airport increased 3.5%, or at a CAGR of 0.9%. Delta's O&D passenger volume declined 2.4%, while all other airlines grew O&D traffic by 10.1% during this time period. A majority of the passenger gains came from Southwest, which increased O&D passenger volumes by roughly 500,000 passengers during this time, helping to offset declines by Delta and Sun Country.
- **2010 – 2012** – Total enplaned passengers at the Airport grew 1.9% during this period, or at a 1.0% CAGR. Delta's enplaned passengers declined modestly by -0.8% during this period, as the integration of the Delta-Northwest Airlines merger took place. Reversing trends from the previous two years, Delta's connecting traffic increased 1.8%, while Delta's O&D traffic declined -4.5%. Delta's average fare paid for O&D passengers increased 20.2% during the 2-year time period which dampened Delta's traffic growth over that period. All other airlines at the Airport increased by approximately 12.0% during this period, or at a CAGR of 5.9%, with Spirit entering the market in 2012 and Southwest continuing to exhibit growth.
- **2012 – 2018** – Total enplaned passengers at the Airport grew 14.8% during this period, or at a 2.3% CAGR. From 2012 to 2018, Delta's total enplaned passengers at the Airport grew 7.1%, or at a 1.1% CAGR. During this period, Delta grew O&D passengers 28.8%, or at a 4.3% CAGR, while at the same time, reducing connecting traffic -7.4%, or at a -1.3% CAGR. After peaking in 2015, Delta has steadily been reducing connecting traffic and backfilling it with O&D passengers. All other airlines grew 39.7% during this time period, or at a 5.7% CAGR, continuing their strong growth exhibited from earlier periods. While Southwest's traffic growth leveled off after 2012, Spirit and Sun Country continued with strong growth, adding approximately 450,000 annual enplaned passengers during this period. Alaska Airlines and JetBlue also contributed to growth during this period.

As discussed in Chapter 1, approximately 61% of the Airport's total enplaned passenger activity for all airlines consisted of O&D passengers in 2018. **Exhibit 2-11** depicts O&D and connecting enplaned passenger trends at the Airport since 2008. The Airport's O&D enplaned passengers increased at a CAGR of 3.3% from 2008 to 2018. During this same period, connecting passengers, which are primarily driven by Delta's route network decisions, declined by approximately 1.1 million, reflecting a CAGR of -1.6%. As a result, the Airport's percentage of O&D traffic increased from 49.6% to 61.2% during this time period. Much of the decrease in the Airport's connecting passengers has occurred since 2015, which have decreased by a CAGR of -4.4% from 2015 to 2018. This shift in connecting versus O&D enplaned passengers at the Airport is primarily a result of Delta shifting its flights from smaller connecting markets through the Airport to larger, higher yield nonstop O&D markets at the Airport as a response to competition from and strong growth in O&D traffic by the LCC and ULCC carriers at the Airport.

Exhibit 2-11 O&D and Connecting Enplaned Passenger Trends at the Airport



Sources: 2010-2015 Data: U.S. DOT Air Passenger Origin-Destination Survey, reconciled to Schedule T1, Report of the Airport Consultant, Series 2016 Bonds, Table 20;
All other years: Metropolitan Airports Commission and U.S. DOT (via Diio) for domestic O&D enplaned passengers. Domestic connecting enplaned passengers were derived by subtracting DOT-reported domestic O&D enplaned passengers from Commission-reported domestic enplaned passengers.

Compiled by Landrum & Brown

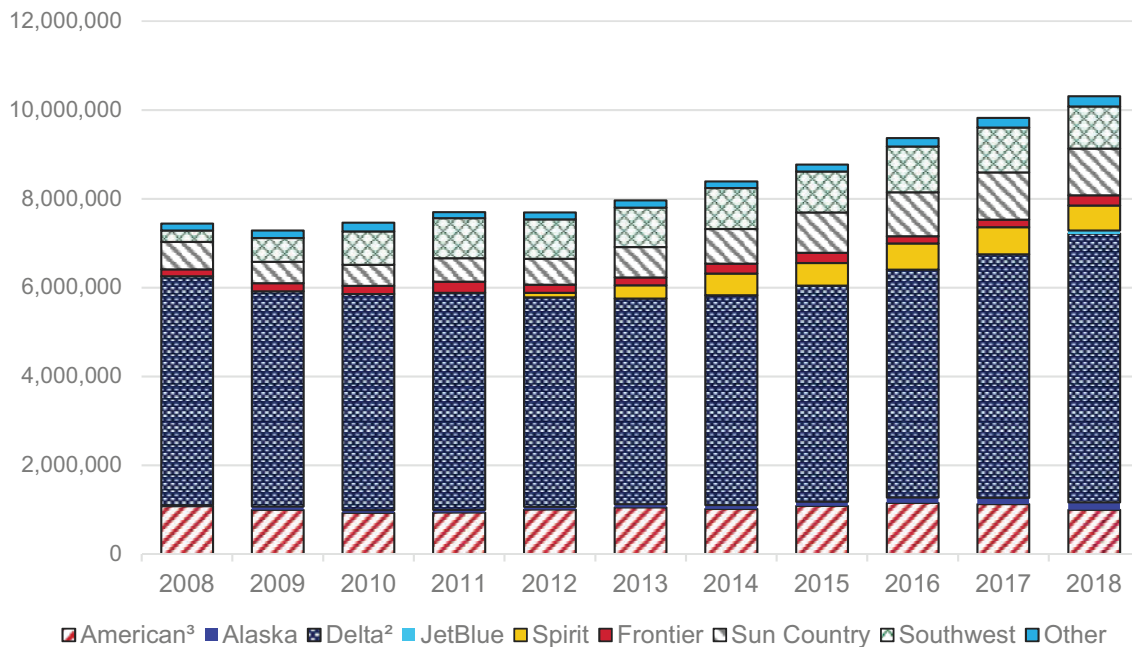
Exhibit 2-12 depicts O&D enplaned passenger trends by airline since 2008. Much of the Airport’s growth in O&D enplaned passengers occurred since 2013, with O&D enplaned passengers increasing at a CAGR of 5.3% since 2013. A summary of the Airport’s O&D enplanement growth by airline is provided below:

- Delta’s O&D enplaned passengers increased by a CAGR of 1.6% since 2008. Much of this growth occurred since 2013, with Delta’s O&D enplaned passengers increasing by over 1.4 million from 2013 to 2018, or a CAGR of 5.5%.
- Sun County’s O&D enplaned passengers increased to over 1.0 million enplaned passengers in 2018, second to only Delta. From 2009 to 2018, Sun Country’s O&D enplaned passengers increased at a CAGR of 8.9%.
- O&D enplaned passengers by Spirit, which initiated service to the Airport in 2012, have increased at a CAGR of 13.8% from 2013 to 2018.
- Much of the Airport’s O&D enplaned passenger growth occurred as a result of growth by low-cost and ULCCs. From 2008 to 2018, O&D enplaned passengers on Frontier, Spirit, Southwest, Sun Country, and JetBlue increased by over 1.8 million O&D enplaned passengers, reflecting a CAGR of 10.8%. In 2008, these LCC and ULCC airlines comprised approximately 12.7% of the Airport’s O&D enplaned passengers;

by 2018 the overall O&D enplaned passenger market share for these LCC and ULCC airlines increased to 26.0%.

- Other than Delta, passenger volume on the other network Airlines (Alaska, United, and American) remained relatively stable. As a result, Alaska, United's, and American's combined share of the Airport's overall O&D enplaned passengers fell from 21.7% in 2008 to 17.1% in 2018.

Exhibit 2-12 O&D Enplaned Passenger Trends by Airline at the Airport (2008 – 2018) ¹



¹ Regional affiliates, as applicable, have been included with their appropriate network partner.
² Former Northwest Airlines enplaned passengers have been included with Delta Air Lines.
³ American Airlines data includes data for the former US Airways, which was merged with American Airlines in April 2015.
⁴ Former Continental Airlines enplaned passengers have been included with United Airlines.
 Source: Diio Mi
 Compiled by Landrum & Brown

2.2.2 Aircraft Operations

Airlines are constantly evaluating how to best serve passenger demand based on their available aircraft fleet. In markets that exhibit strong business travel, an airline may choose to serve that particular market by offering more daily frequency; in other words, it may choose to operate smaller aircraft on the route several times per day to offer customers more choice and redundancy. In other cases, an airline may choose to offer larger aircraft and less frequency. Airlines also make decisions to change aircraft capacity on particular routes in reaction to load factors and, ultimately, profitability. Aircraft fleet mix and operations are important considerations for airport operators when planning for appropriately-sized airport facilities and ensuring an airport has sufficient capacity to accommodate operations into the future. From an airport financial standpoint, aircraft operations have minimal impact on revenue performance, although aircraft operations do impact decisions regarding airport capital programs. Also, airline decisions on aircraft type and number of operations to accommodate passenger demand ultimately determine overall aircraft landed weight, which is discussed in the following section.

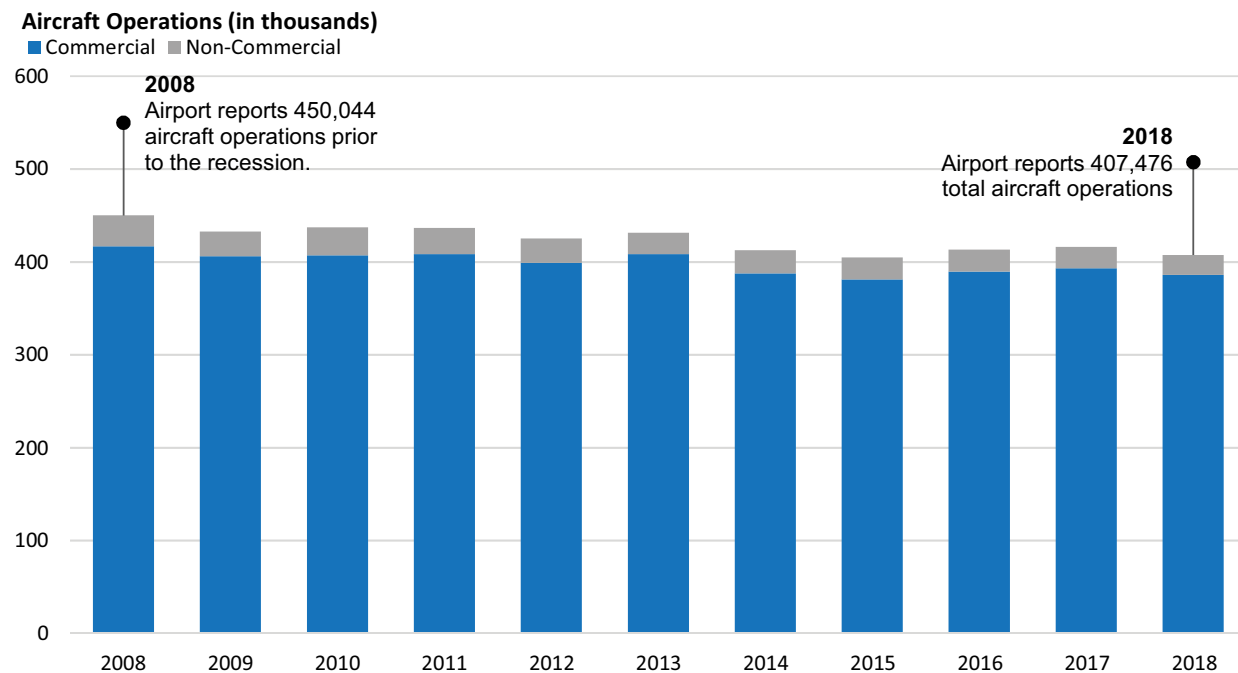
Airlines have restructured their flight schedules across the U.S., effectively decreasing aircraft operations by adding more seats by using larger aircraft, also known as “up-gauging.” As a result, passenger growth has been and will likely continue to be generated by airlines flying larger aircraft and generating higher load factors as opposed to growth in the frequency of aircraft operations.

On March 13, 2019, the FAA ordered the temporary grounding of the Boeing 737 MAX aircraft operated by U.S. airlines or foreign flag carriers operating in U.S. territory. Southwest Airlines and IcelandAir are the only airlines that had scheduled flights using this aircraft at the Airport. Prior to the temporary grounding in March 2019, the aircraft was operated on approximately 0.20% and 0.27% of the Airport’s total scheduled flights and seats, respectively.

Exhibit 2-13 and **Table 2-13** present historical aircraft operations for the Airport for 2008 through 2018 for passenger airlines, cargo airlines, charters, general aviation, and military. Overall, during this period, total aircraft operations have decreased at a CAGR of approximately -1.0%.

- From 2008 to 2018, passenger airline operations decreased at a CAGR of approximately -0.8%. While passenger airline operations declined, as noted previously, enplaned passenger volume grew at a 1.2% CAGR, resulting in higher passenger aircraft load factors. These general trends are expected to continue into the foreseeable future, albeit as a slower pace.
- Overall, cargo aircraft operations increased at a CAGR of 0.7% since 2008. From 2012 to 2018, cargo aircraft operations increased at a CAGR of 5.5%.
- General Aviation activity has generally decreased from 2008 to 2018, which is consistent with industry trends and also reflects a shift of general aviation activity to reliever airports in the Minneapolis region.

Exhibit 2-13 Historical Aircraft Operations



Source: Metropolitan Airports Commission
Compiled by Landrum & Brown

Table 2-13 Historical Aircraft Operations

Year	Passenger Airlines	Cargo Airlines	Charters	General Aviation	Military	Total	% Change
2008	402,347	14,361	536	30,685	2,115	450,044	-
2009	394,625	11,426	400	24,361	1,892	432,704	(3.9%)
2010	394,407	12,499	103	27,921	2,145	437,075	1.0%
2011	396,002	12,203	161	26,157	1,983	436,506	(0.1%)
2012	387,713	11,231	105	24,903	1,380	425,332	(2.6%)
2013	396,690	11,701	95	21,747	1,185	431,418	1.4%
2014	375,432	12,199	83	23,793	1,079	412,586	(4.4%)
2015	368,414	12,789	80	22,077	1,252	404,612	(1.9%)
2016	375,041	14,400	68	22,455	1,315	413,279	2.1%
2017	378,272	14,911	45	22,226	759	416,213	0.7%
2018	370,628	15,455	38	20,229	1,126	407,476	(2.1%)
Compound Annual Growth Rate							
2008-2010	(1.0%)	(6.7%)	(56.2%)	(4.6%)	0.7%	(1.5%)	
2010-2012	(0.9%)	(5.2%)	1.0%	(5.6%)	(19.8%)	(1.4%)	
2012-2018	(0.7%)	5.5%	(15.6%)	(3.4%)	(3.3%)	(0.7%)	
2008-2018	(0.8%)	0.7%	(23.3%)	(4.1%)	(6.1%)	(1.0%)	

Source: Metropolitan Airports Commission
Compiled by Landrum & Brown

2.2.3 Landed Weight

Aircraft landed weight, expressed in 1,000-pound units, is the sum of the maximum gross certificated landing weight as certified by the FAA for passenger and all-cargo aircraft landing at the Airport. Per the Airline Agreements with the Signatory Airlines that operate at the Airport (described in Section 4), aircraft landed weight is used as the denominator in the calculation of landing fees. Therefore, landed weight is an important measure for the Commission as it provides a method to recover costs from each airline based on its share of landed weight.

Table 2-14 presents landed weight activity at the Airport for the period of 2008 through 2018 for passenger airlines and cargo airlines. As shown, over the entire period, total landed weight remained relatively level, decreasing from 2008 through 2012, and then increasing steadily through 2018 as the passenger airlines began to up-gage to larger aircraft. Overall, total landed weight increased modestly at a CAGR of approximately 0.1% from 2008 to 2018.

From 2008 to 2010, passenger airline landed weight at the Airport declined at a CAGR of -2.9%, during a time period when passenger volume at the Airport also decreased at a CAGR of approximately -2.1%. After leveling off from 2010 to 2012, passenger landed weight has increased at a CAGR of 1.5% from 2012 to 2018, during a time period when passenger volumes grew at an approximate 2.3% CAGR. In general, the passenger airlines reduced aircraft operations at the Airport, while generally adding larger aircraft to increase seat capacity. Overall, this resulted in marginally higher landed weight. Given recent trends, landed weight is expected to continue to grow

marginally higher as airlines continue to add larger aircraft, although landed weight growth will likely lag growth in enplaned passengers.

Cargo aircraft landed weight has historically followed the same trends as cargo aircraft operations. Following the economic recession in 2008 and 2009, cargo landed weight decreased through 2012, followed by a period of steady growth. From 2012 to 2018, cargo landed weight has increased at a CAGR of 2.5%.

Table 2-14 Historical Landed Weight at the Airport (Thousand-Pound Units)

Year	Passenger Airlines	Cargo Airlines	Total	% Change
2008	21,047,357	1,095,773	22,143,130	-
2009	20,352,347	918,453	21,270,800	(3.9%)
2010	19,856,212	986,029	20,842,241	(2.0%)
2011	19,945,169	897,211	20,842,380	0.0%
2012	19,625,108	885,442	20,510,550	(1.6%)
2013	20,225,040	926,429	21,151,469	3.1%
2014	20,224,580	965,912	21,190,492	0.2%
2015	20,577,785	984,305	21,562,090	1.8%
2016	21,178,343	996,424	22,174,767	2.8%
2017	21,571,010	985,077	22,556,087	1.7%
2018	21,499,942	1,025,400	22,525,342	(0.1%)
CAGR ¹				
2008-2010	(2.9%)	(5.1%)	(3.0%)	
2010-2012	(0.6%)	(5.2%)	(0.8%)	
2012-2018	1.5%	2.5%	1.6%	
2008-2018	0.2%	(0.7%)	0.2%	

Note: Amounts may not add because of rounding.

¹ CAGR = Compound annual growth rate

Source: Metropolitan Airports Commission

Compiled by Landrum & Brown

2.3 Key Factors Affecting Air Traffic

The forecast of future air traffic activity at the Airport, provided later in this Chapter, was prepared partly on the basis of quantitative factors including regression versus socioeconomic variables such as population, employment and income. The following section addresses certain qualitative factors that potentially could impact air traffic activity, both nationwide and at the Airport.

2.3.1 Economic Conditions and Events

Historically, the U.S. economy as measured by GDP, has grown at a relatively steady rate, averaging 3.1 percent per annum between 1960 and 2017. The rate of growth has been remarkably stable reflecting both the size and maturity of the U.S. economy. Individual years have fluctuated around the long-term trend for a variety of reasons including macroeconomic factors, fuel shocks, war, and terrorist attacks.

There have been two official economic recessions in the U.S. thus far in the 21st century. The first occurred between March and November of 2001 and was compounded by the September 11, 2001, terrorist attacks. The negative impact of these events on the airline industry is well documented. The recession itself was short-lived by historical standards and the economy returned to positive growth rates quickly, fueled by a gradual but prolonged reduction in interest rates.

The second recession, often referred to as the “Great Recession,” occurred between December 2007 and June 2009.¹³ This was the worst financial crisis to affect the U.S. since the ‘Great Depression’ and it was the longest recession since airline industry deregulation¹⁴ in 1978. The nation’s unemployment rate rose from 5.0% in December 2007 to a high of 10.6% in January 2010.¹⁵

Exhibit 2-14 shows the strong correlation between enplaned passenger traffic in the U.S. and the nation’s economy. During economic contractions, there is a notable decline in passenger volumes and during the subsequent economic expansions, there is significant growth in passenger volumes. Additionally, exogenous shocks such as terrorist attacks have had a short but significant impact on passenger volumes.

The most recent forecast from the Congressional Budget Office estimates that real U.S. GDP increased by 2.9% in 2018 and is forecast to increase 2.3% in 2019. The Congressional Budget Office forecast estimates that from 2019 through 2023, growth in the GDP will slow to 1.7% before increasing to an average of 1.8% between 2024 and 2029. Unemployment has dropped from the peak of 9.6% in 2010 to the May 2019 level of 3.6%.¹⁶ Consumer spending increased at a CAGR of 2.41% from 2010 to 2018 and spending for transportation grew approximately 2.3% during this same period. Air Travel expenditures were affected by lower air fares during this time period.¹⁷

Should the U.S. economy deviate greatly from these estimates, aviation activity could vary from the forecasts presented herein.

¹³ National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, September 20, 2010.

¹⁴ Deregulation refers to the Airline Deregulations Act of 1978, which reduced government control over the commercial aviation industry.

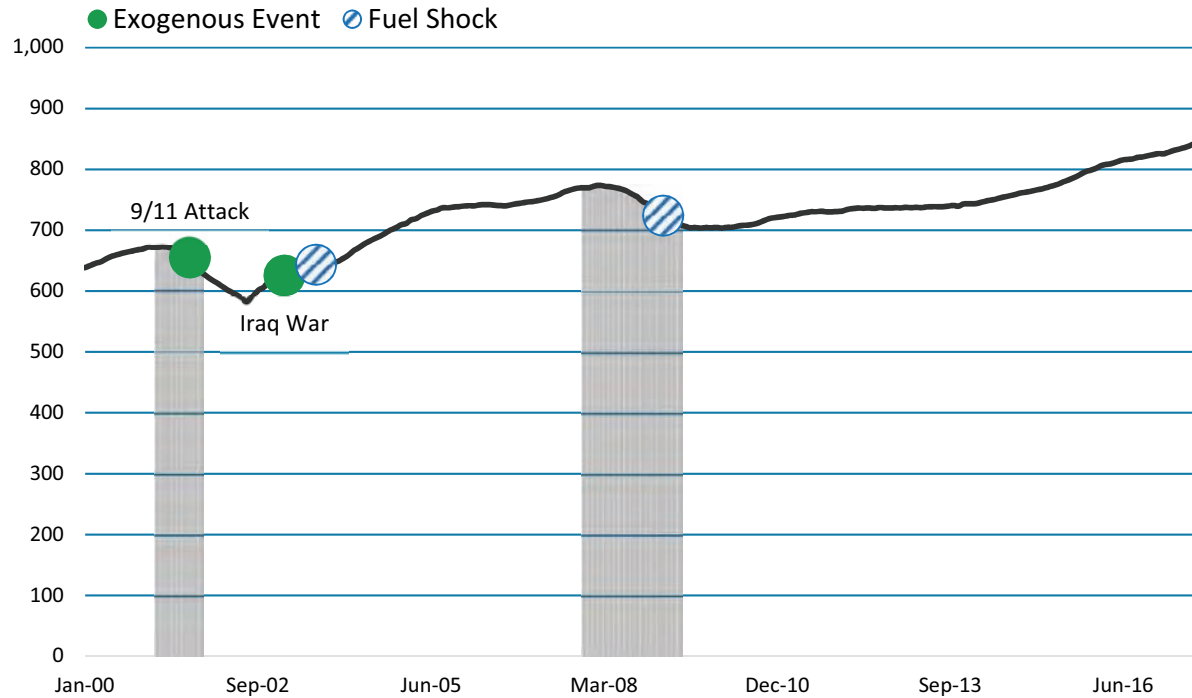
¹⁵ National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, September 20, 2010.

¹⁶ Bureau of Labor Statistics, U.S. Department of Labor, accessed August 2017.

¹⁷ Bureau of Economic Analysis, U.S. Department of Commerce, accessed July 2017.

Exhibit 2-14 U.S. Aviation System Shocks and Recoveries

12-Month Rolling U.S. Enplaned Passengers (in millions) ¹



Note: ¹ Excludes non-revenue enplaned passengers.
Source: U.S. Bureau of Transportation Statistics, U.S. Air Carrier Traffic Statistics.

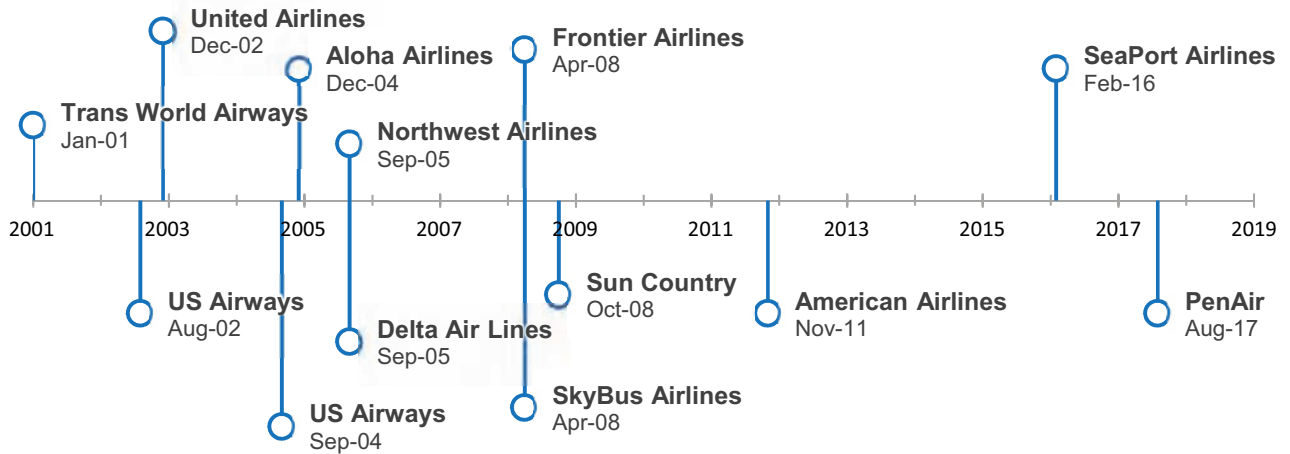
2.3.2 The U.S. Airline Industry

2.3.2.1 Airline Bankruptcies

Over the past several years, the U.S. airline industry has undergone a significant transformation. Although it has been profitable in recent years, the U.S. airline industry cumulatively experienced losses of approximately \$62 billion from 2000 through 2009 on domestic operations.¹⁸ Many airlines filed for Chapter 11 bankruptcy protection and some merged or ceased operations altogether. **Table 2-15** presents the airlines that have operated at the Airport and have declared bankruptcy since 2000. During this period, airlines suffered from excess capacity, which drove down yields. Yields adjusted for inflation had dropped by approximately 70%. With oil prices spiking to near \$150 per barrel in 2008, industry changes were critical. As a result, all of the major network airlines restructured their route networks and reached agreements with lenders, employees, vendors, and creditors to decrease their cost structure.

¹⁸ U.S. Department of Transportation, Air Carrier Statistics (Form 41), accessed from Airlines for America, Annual Financial Results: U.S. Passenger Airlines.

Table 2-15 Airline Bankruptcy Timeline



Airline	Status
Trans World Airways	Filed Chapter 11 in January 2001 as part of the acquisition by American.
US Airways	Filed Chapter 11 in August 2002 and again in September 2004; emerged in September 2005 in conjunction with the acquisition by America West. Acquired by American Airlines in 2013.
United Airlines	Filed Chapter 11 in December 2002; emerged in February 2006.
Aloha Airlines	Filed Chapter 11 in December 2004; ceased all operations in March 2008.
Northwest Airlines	Filed Chapter 11 in September 2005; emerged in May 2007. Acquired by Delta in 2008.
Delta Air Lines	Filed Chapter 11 in September 2005; emerged in April 2007. Wholly owned subsidiary Comair Airlines taken in bankruptcy with Delta Airlines.
Frontier Airlines	Filed Chapter 11 in April 2008; emerged in October 2009.
SkyBus Airlines	Ceased operations in April 2008.
Sun Country	Filed Chapter 11 in October 2008; emerged in July 2011.
American Airlines	Filed Chapter 11 in November 2011. Wholly owned subsidiary American Eagle Airlines took into bankruptcy with American Airlines. Emerged in December 2013.
SeaPort Airlines	Filed Chapter 11 In February 2016. Went out of business when Chapter 11 was converted to Chapter 7 liquidation in September 2016.
PenAir	Filed Chapter 11 in August 2017.

Source: Airlines for America, U.S. Airline Bankruptcies.

2.3.2.2 Airline Profitability

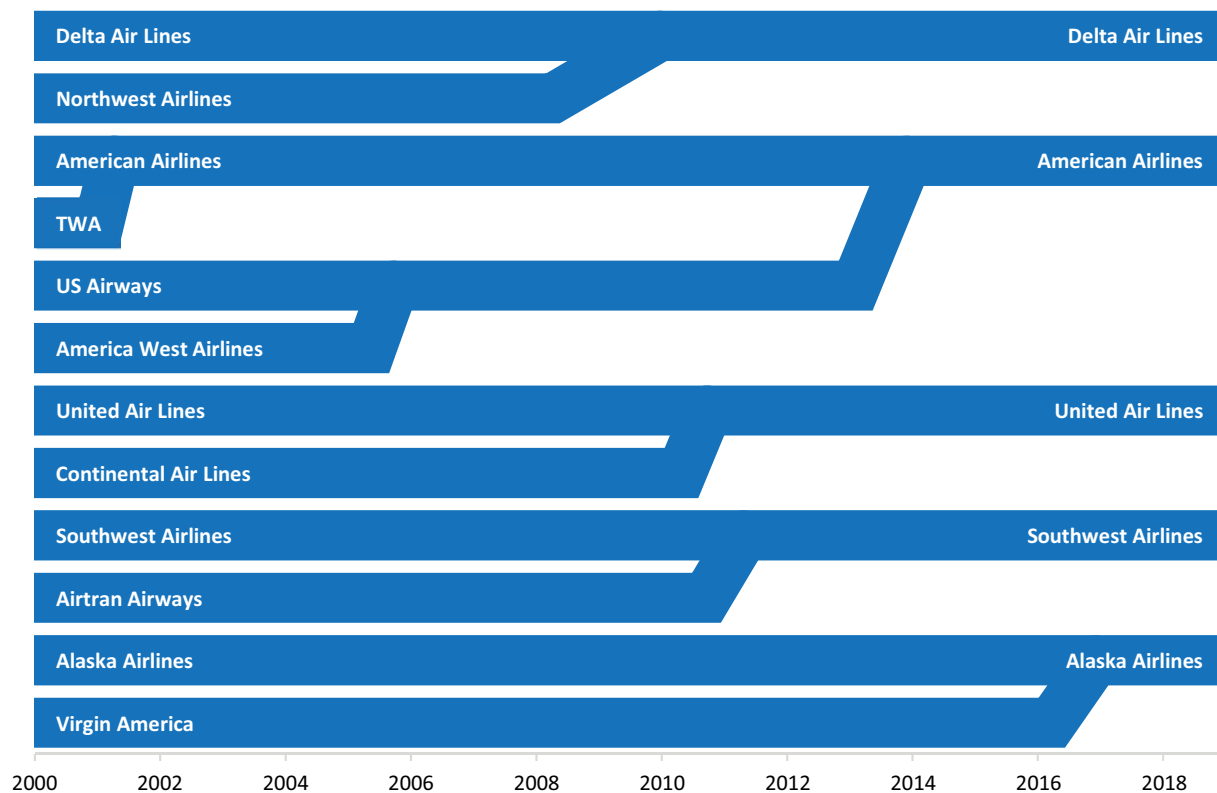
Since 2008, the U.S. airline industry has reduced capacity, particularly in short-haul markets with smaller short-range regional jet aircraft. The result has been a significant improvement in yields, unit revenues (RASM), and subsequently profitability. In recent years, the U.S. airline industry has been at its most stable, and profitable point in history. According to the Bureau of Transportation Statistics, the 21 U.S. scheduled passenger airlines reported a pre-tax net operating profit of \$17.6 billion in 2018, which marks the tenth consecutive year of pre-tax operating profits. The scheduled passenger airlines reported an operating profit margin of 9.4% in 2018, down

from 12.2% in 2017 and 15.00% in 2016.¹⁹ Profitability can also be attributed to airlines unbundling services and increasing the use of ancillary fees such as charges for checked baggage.

2.3.2.3 Airline Mergers

Industry consolidation has taken place as a result of competitive pressures and economic conditions. Many airlines have merged or been acquired since 2000. **Exhibit 2-15** provides a graphical representation of the major U.S. airline mergers during this period.

Exhibit 2-15 Major U.S. Airline Mergers of the 21st Century



Source: Airlines for America, U.S. Airline Mergers and Acquisitions.

These mergers have resulted in significant economic control of passenger ridership. In 2018, the four largest U.S. airlines (American, Southwest, Delta, and United) accounted for 80.3% of the domestic seating capacity.²⁰ The potential impacts associated with consolidation include limited industry seat capacity growth and generally continued increase in yields (fares).

2.3.3 Aviation Fuel

The price of oil and the associated cost of jet fuel is the largest single cost affecting the airline industry. In 2000, the cost of jet fuel to end users averaged \$0.89 per gallon. The average cost of jet fuel climbed steadily through

¹⁹ Bureau of Transportation Statistics, 2017 Annual and 4th Quarter U.S. Airline Financial Data.

²⁰ Scheduling data accessed through Diio Mi, Schedule – Dynamic Table, accessed October 2018.

2007. However, in 2008, crude oil prices and, consequently, jet fuel surged in price as a result of strong global demand, a weak U.S. dollar, commodity speculation, political unrest, and a reluctance to materially increase supply. In July 2008, jet fuel reached an average price of \$4.01, nearly double the price the year prior. Reduced demand in 2009 stemming from the global financial crisis and subsequent economic downturn resulted in a sharp decline in price. However, as the economic climate improved and political unrest continued in the Middle East, oil prices increased in the subsequent three years. The increase in the price of jet fuel put upwards pressure on airline operating costs. As a result, airlines were faced with cutting capacity or increasing fares, and sometimes both. The average price of jet fuel dropped significantly in 2015 and 2016, reaching a low of \$1.03 per gallon in February 2016. Since then, jet fuel prices have steadily climbed, primarily as a result of strong demand for air travel driven by global economic growth.

The U.S. Energy Information Administration (EIA) provides forecasts of jet fuel refiner price to end users in a report entitled Short-Term Energy Outlook. In the July 2019 release, the EIA projects that jet fuel prices (\$1.91 in July 2019) will reach \$2.21 per gallon by December 2020. **Exhibit 2-16** presents the historical price for jet fuel refiner price to end users and the EIA’s forecast of that price.

Exhibit 2-16 Jet Fuel Prices

Jet Fuel Refiner Price to End Users (Dollars per Gallon)



Source: U.S. Energy Information Administration, Short-Term Energy Outlook (February 2019).

Fuel cost is of major importance to the airline industry; however, future prices and availability are uncertain and fluctuate based on numerous factors. These can include supply-and-demand expectations, geopolitical events, fuel inventory levels, monetary policies, and economic growth estimates. Historically, certain airlines have also

employed fuel hedging as a practice to provide some protection against future fuel price increases. While fuel hedging has generally not been used by airlines in recent years, it remains as a potential option to mitigate fuel cost risk. Experts generally agree that longer-term prices are expected to remain high relative to historical levels as demand for energy on a global basis continues to increase.

Aviation fuel costs are expected to continue to impact the airline industry in the future. If aviation fuel costs increase significantly over current levels, air traffic activity could be negatively affected as airlines attempt to pass costs on to consumers through higher airfares and fees in order to remain profitable. At this time, alternative fuels are not yet commercially cost effective.

2.3.4 Aviation Security

Since the September 11, 2001 terrorist attacks, government agencies, airlines, and airport operators have upgraded security measures to guard against threats and to maintain the public's confidence in the safety of air travel. Security measures have included cargo and baggage screening requirements, deployment of explosive detection devices, strengthening of aircraft cockpit doors, the increased presence of armed air marshals, awareness programs for personnel at airports, and new programs for flight crews. Aviation security is under the control of the federal government through the Transportation Security Administration.

The threat of terrorism poses risks to the continued growth of the aviation industry. Although terrorist events targeting aviation interests would likely have negative and immediate impacts on the demand for air travel, the industry and demand have historically recovered from such events. There have been recent terrorist attacks at airports internationally including at the Brussels Airport in March 2016, the Istanbul Atatürk Airport in June 2016, and most recently the Paris Orly International Airport in March 2017. So long as government agencies continue to seek processes and procedures to mitigate potential risks and to maintain confidence in the safety of aircraft, without requiring unreasonable levels of costs or inconvenience to the passengers, economic influences are expected to be the primary driver for aviation demand as opposed to security and safety.

2.3.5 Cyber and Data Security

The Commission, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems. As a recipient and provider of personal, private, or sensitive information, the Commission may be the target of cybersecurity incidents that could result in adverse consequences to the Commission's Systems Technology, requiring a response action to mitigate the consequences. The Airport can also be a target for Nation/States or terrorist groups which wish to cause the US economic damage by attacking aviation/airports.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Commission's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Commission purchases substantial cyber insurance limits regarding such threats as breach response, system failure resulting in business interruption, and first and third party cyber liability.

While cybersecurity and operational safeguards are periodically tested, no assurances can be given by the Commission that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the Commission's Systems Technology and cause material disruption to the Commission's finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial. The airlines serving the Airport and other Commission tenants also face cybersecurity threats that could affect their operations and finances.

2.3.6 National Air Traffic Capacity

The U.S. aviation system has a major impact on the national economy because it provides a means of transporting people and cargo over long distances in a relatively short period. As demand for air travel increases, the national aviation system must maintain sufficient capacity to allow for travel without unacceptable delays or congestion. It is generally assumed that the required infrastructure improvements needed to maintain capacity will keep pace with demand. Although not likely over the Forecast Period evaluated herein, the inability of the national aviation system to keep pace with demand could create congestion and delays on a national level that could adversely affect the passenger experience and impact future demand.

2.3.7 Pilot Shortage

Beginning in June of 2017, a shortage of pilots for Horizon Air's Bombardier Q400 aircraft resulted in impacts to the airline's schedule. In the month of June alone, the airline had to cancel more than 300 flights system-wide because it did not have enough pilots. The airline had to curtail its flight schedule for the following fall. The lost routes were ultimately operated by the mainline carrier Alaska Airlines or a Horizon competitor, SkyWest. In order to combat the issue, the airline has increased compensation and lessened the time for pilots to advance their careers. It appears that Horizon has been able to increase hiring and planned to hire 349 pilots in 2018.²¹

This pilot shortage is an industry-wide issue. In March 2018, Great Lake Airlines, another regional carrier, ended service because it couldn't hire enough pilots for its flights. There are several reasons for the pilot shortage. Congress changed duty time rules in 2010 to mitigate pilot fatigue which required airlines to increase pilot staff. Another rule, instituted in the U.S. in 2013, required first officers flying for commercial airlines to have at least 1,500 hours of flight time, instead of the 250 hours previously required, resulting in higher costs and time that deter entry into the profession. Combined, these factors have decreased the pool of qualified pilots. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Even with the increased incentives, this makes it harder for small regional airlines to hire qualified new pilots. Additionally, as passenger demand increases, the major carriers also need additional pilots and are generally able to hire them away from the regional carriers, resulting in a shortage for the smaller regional carriers. This could reduce service to some smaller U.S. markets.

2.3.8 The Rise in E-Commerce Cargo

The air cargo industry is in the midst of a fundamental shift. Historically, air cargo has been used as a supply chain for time-sensitive or high-value product. Manufacturing has been a significant driver for air cargo as well as companies that provide the demand for air cargo. These companies have relocated a number of their manufacturing facilities to other parts of the world which has led to a shift to other modes of transportation such as cargo ships. Additionally, rising fuel costs, resulting in higher shipping costs, combined with the global recession led companies to reevaluate the necessity of shipping products by air. As such, companies began to rely on an increased use of trucks and ships to deliver their product. The result is that traditional air cargo has been stagnant at many airports across the United States.

The increased use of e-commerce has resulted in further changes in the air cargo industry. The U.S. Census Bureau reported that 9.7% of retail sales were e-commerce in 2018, compared to 8.9% in 2017.²² Most of the current forecasts for e-commerce indicate double-digit growth in the market over the next five years. In e-commerce, vendors are required to ship orders to their costumers fast, such as two-day shipping, which may require the use of air cargo despite the increased cost. Therefore, due to the growth in e-commerce, non-traditional air cargo is expected to have a significant impact on air cargo throughput in the U.S. For financial

²¹ *Oregon Business*, Horizon Air Closes the Gap in Pilot Hiring, July 9, 2018.

²² U.S. Census Bureau, Quietly Retail E-Commerce Sales 4th Quarter 2018, released March 13, 2019.

feasibility purposes and to remain somewhat conservative, the selected forecast for landed weight at the Airport contained herein and as presented below does not include significant increases expected to result from e-commerce other than that already incurred in prior years.

2.4 Air Traffic Activity Forecasts

L&B prepared air traffic activity forecasts for the Airport for use as the basis for the financial analysis performed later in this Report. L&B's analysis consisted of two primary steps: a short-term forecast (2019 and 2020) and a long-term forecast (2021 through 2025), which are described in the sections below.

2.4.1 Forecast Assumptions

Forecasts of air traffic activity were developed based on an analysis of the underlying economic conditions of the Air Service Area, airline traffic trends, and an assessment of Delta's continued operation of hubbing activity at the Airport. In general, it was assumed that in the long-term, growth in O&D passenger traffic at the Airport will occur as a function of growth in population and the economy of the Air Service Area. The growth in U.S. population and GDP, along with Delta's network strategy, are assumed to be the primary drivers of future connecting passenger traffic. In addition, several other assumptions are incorporated into the long-term forecast including the following:

- The airlines will continue to add capacity that is in line with demand and GDP growth.
- Delta will continue to operate the Airport as a hub. Total connecting passengers at the Airport are forecast to increase moderately over the Projection Period to approximately 7.5 million. The Airport's total connecting passengers are expected to decrease from approximately 39% to 37% of its total passengers at the Airport, as growth in O&D passenger is forecast to outpace connecting passenger growth.
- The domestic airlines other than Delta and the Delta Connection carriers currently serving the Airport will continue to provide air service to support local long-term demand primarily to and from their hub airports, key focus cities, and larger O&D markets, and the Airport will continue as a key city for Sun Country.
- Delta and other airlines will continue to provide trans-oceanic service to markets in Europe and Asia, as well as other international markets such as Canada, Mexico, and the Caribbean. Service to other international markets will also be provided as demand dictates.
- Long-term nationwide growth in air travel will occur over the Forecast Period consistent with forecast growth in the economy.
- Aviation fuel prices over the Forecast Period are anticipated to be higher relative to historical levels, but lower than the record prices reached in mid-2008.
- There will be no major disruption of airline service or airline travel behavior.

Many of the factors that may affect air travel demand are not necessarily quantifiable. As a result, all forecasts of aviation activity are subject to various uncertainties. Therefore, this forecast, as with any forecast, should be viewed as a general indication of future aviation activity as opposed to a precise prediction. Actual future traffic may vary from these forecasts and such variances could be material.

2.4.2 Enplaned Passenger Forecast

The Airport's enplaned passenger base consists of O&D passengers driven by regional and national economic activity and connecting passengers primarily driven by Delta's strategic decisions. Specific assumptions and points regarding forecast enplaned passengers for the short-term (2019 and 2020) and the longer-term (2021 through 2025) are discussed below.

2.4.3 Short-Term Forecast

The short-term enplaned passenger forecast developed an appropriate estimate for 2019 and 2020. This included a review of actual enplaned passengers from January 2019 through June 2019 and a review of scheduled departing aircraft seats through March 2020, obtained from published airline schedules. Recent or expected airline service announcements have been incorporated.

Enplaned passengers in 2019 are estimated to increase by approximately 1.1% over 2018 to approximately 18.6 million. This forecast takes into account that currently published schedules indicate that 2019 seat capacity will be approximately 3.3% above 2018. In addition, currently published schedules for the first three months of 2020 indicate that scheduled seat capacity is 1.3% more than the same period in 2019. Given this, enplaned passengers for 2020 are forecast to increase by approximately 1.2% over estimated 2019 levels to approximately 18.8 million.

Key information and assumptions used for the short-term forecast for 2019 and 2020 include the following:

- Through the first six months of 2019 (January through June), total Airport enplaned passengers have increased by approximately 2.9%. The lower growth for the first half of 2019 is primarily due to inflated enplaned passengers as a result of the Super Bowl in February 2018, which resulted in a corresponding decrease in enplaned passengers for February 2019 over February 2018. Total Airport seat capacity for the remaining six months of 2019 is scheduled to be approximately 4.7% more than for the same period in 2018. Based on this information, 2019 enplaned passengers are forecast to increase by approximately 1.2% as compared to 2018.
- Delta's total seat capacity in 2019 is scheduled to increase at the Airport by 1.9% over 2018. For the first three months of 2020, Delta's seat capacity is scheduled to increase by approximately 9.5%. Specifics regarding Delta's scheduled seat increases in 2019 and 2020 are summarized below:
 - Domestically, Delta is scheduled to increase seat capacity in 74 of its 123 nonstop markets from the Airport with a net increase of approximately 237,000 seats in 2019 over 2018. New seasonal nonstop service with one daily flight to Charleston, South Carolina began in June 2019. In addition, top domestic markets where Delta is scheduled to increase its seat capacity include Boston (31,634 additional seats), Denver (25,557 additional seats), San Diego (24,596 additional seats), Las Vegas (24,398 additional seats), Orlando (22,179 additional seats), Nashville (21,543 additional seats), Chicago O'Hare (20,617 additional seats), Seattle (19,650 additional seats), Ft. Myers (18,315 additional seats), Atlanta (13,998 additional seats), and New York La Guardia (13,726 additional seats).
 - Internationally, Delta is scheduled to increase seat capacity in 13 of its 26 nonstop markets from the Airport with a net increase of approximately 126,780 seats in 2019 over 2018. New nonstop international service with one daily flight to Seoul, Korea began in April 2019, and daily service to Mexico City is scheduled to begin in June 2019. In addition, top international markets where Delta is scheduled to increase its seat capacity include Calgary (23,491 additional seats), Winnipeg (21,690 additional seats), Vancouver (6,285 additional seats), and London Heathrow (6,113 additional seats).
- All other airlines in aggregate are scheduled to increase annual seat capacity by approximately 6.8% in 2019, and by approximately 6.7% for the three months of 2020. The other airlines showing the most growth in scheduled seats from the Airport or with new announced service include:
 - Sun Country with 17.8% more seats in 2019, primarily with new flights in April 2019 to Newark, Chicago O'Hare, Philadelphia, Washington Dulles, Providence; starting in May 2019 to Sacramento and San Antonio; and starting in June 2019 to St. Louis. In addition, Sun Country is also adding seats to a number of existing markets including Nashville, Orlando, Ft. Myers, and Phoenix.

- Frontier with 11.2% more seats in 2019, primarily with additional flights to Orlando, Cleveland, Trenton, Colorado Springs, and Cincinnati.
- United with 7.1% more seats in 2019, primarily with additional service to Chicago, San Francisco, and Denver.
- American with 3.4% more seats in 2019, primarily with additional flights to Dallas, Chicago, and Phoenix.
- Southwest with 3.3% more seats in 2019, primarily with additional flights to Dallas Love Field and Nashville.
- New service by JetBlue to Boston in May 2018 with nearly 3 flights a day.
- Air Canada with 14.2% more seats in 2019 to Toronto.
- Aer Lingus with new service to Dublin in July 2019

Based on actual Airport enplanements through June 2019 and the airlines' scheduled seat capacity through December 2019, it is estimated that the Airport's domestic O&D enplaned passengers will increase approximately 1.3% in 2019 and an additional 1.4% in 2020. Domestic connecting enplaned passengers are forecast to remain constant at 2018 levels for 2019 and then increase modestly by 0.3% in 2020. International enplaned passengers are projected to increase by 4.7% in 2019 and by approximately 3.4% in 2020. Total enplaned passenger traffic is forecast to increase by 1.1% in 2019 and then by 1.2% in 2020.

2.4.4 Long-Term Forecast

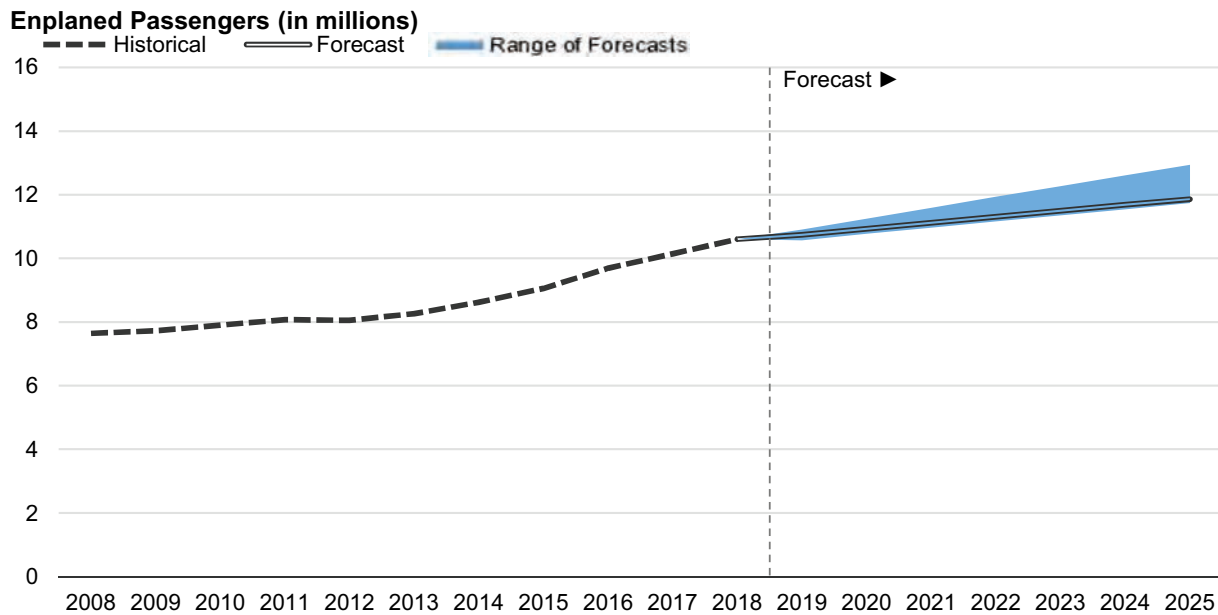
The long-term enplanement forecast is based on the ability of the Air Service Area's economic base to generate continued O&D passenger growth and the business decisions of Delta to continue operating the Airport as a major connecting hub, primarily serving the upper Midwest, Central, and Western regions of the U.S., and as an international gateway for Delta to Asia, Canada, Europe, and Mexico. Given this, the Airport's long-term enplanement forecast was developed in three parts: for domestic O&D, domestic connecting, and international enplaned passengers. O&D enplaned passenger traffic is driven by the Air Service Area's economic base and was forecast using a socioeconomic regression analysis. The Airport's connecting enplaned passengers were then forecast based on Delta's recent trends, and assumes that Delta's connecting traffic share will continue to decrease slightly from approximately 52% to 49% of Delta's enplaned passengers at the Airport.

The key socioeconomic forecast variables that have been found to have a strong correlation with an airport's O&D passenger demand generally include population, employment, income and gross regional product. With the exception of gross regional product, these variables for the Air Service Area are expected to grow somewhat slower as compared to those of the overall U.S. To develop an understanding of how domestic O&D passengers may trend into the future, regression analyses of O&D enplaned passengers versus these key economic and demographic drivers were performed. A single regression for each Air Service Area economic and demographic factor as the independent variable, and Airport domestic O&D enplaned passengers as the dependent variable was undertaken. For example, the Air Service Area historical population was analyzed versus historical Airport domestic O&D enplaned passengers to determine an understanding of how future domestic O&D enplaned passengers may trend based on forecast population.

Exhibit 2-17 presents the resulting domestic O&D enplaned passenger forecast trends based on the regression analysis. The dashed line represents the selected domestic O&D enplaned passenger forecast trend for the Airport and the shaded area represents the range of outcomes based on the various regression analyses. Resulting CAGRs ranged from 1.6% to 2.9% for the period of 2018 through 2025, and forecast domestic O&D enplaned passenger levels for 2025 ranged from 11.7 million to 13.7 million. By comparison, over the last six years, domestic O&D enplaned passengers have increased at a CAGR of 4.7%, and overall, the Airport's

historical domestic O&D passenger CAGR for the period between 2008 and 2018 was 3.3%. Longer-term, the forecast conservatively assumes that this growth will be lower than what the Airport has experienced historically. As presented on Exhibit 2-13, forecast domestic O&D enplaned passengers are at the lower range of the forecasts generated from the regression analysis. Domestic O&D enplaned passengers from the Airport are forecast to grow to approximately 11.7 million by 2025, or at a CAGR of 1.4% during the period of 2018 to 2025. This growth rate is roughly half of the CAGR for domestic O&D enplaned passengers of 3.3% experienced over the past 10 years.

Exhibit 2-17 Domestic O&D Enplaned Passenger Regression Analysis



Sources: Metropolitan Airports Commission (historical), Landrum & Brown (forecast)
Compiled by Landrum & Brown

It is assumed that Delta will continue to operate the Airport as one of its key connecting hubs in a similar fashion as it does today throughout the Forecast Period. As discussed earlier in this Chapter, the Airport is of key strategic importance for Delta, and continues to provide needed domestic connection capacity in the upper Midwest, Central, and Western regions of the U.S. Connecting enplaned passenger traffic is somewhat indirectly linked to the economic base of the Air Service Area; however, it is also significantly impacted by business decisions by Delta. Since the most recent transformation of the airline industry in 2008 and 2009, Delta’s connecting enplaned passenger traffic at the Airport increased modestly from 6.5 million in 2010 to nearly 7.2 million in 2015. Since then, Delta’s connecting traffic has decreased each of the last three years to approximately 6.1 million in 2018. Based on discussions with Delta, this trend in connecting traffic is expected to stabilize in 2019. As such, Delta’s connecting passengers at the Airport are assumed to remain level at 6.3 million in 2019, and then increase modestly thereafter to approximately 6.5 million. As a result, Delta’s connecting traffic is expected to decrease from approximately 52% in 2018 to approximately 49% of Delta’s total enplaned passengers at the Airport.

Table 2-16 below presents the forecast for domestic O&D, domestic connecting, international O&D, international connecting, and total enplaned passengers for the Airport through 2025. As shown, total enplaned passengers at

the Airport are projected to increase to approximately 20.0 million in 2025, representing a CAGR of 1.2% from 2018 to 2025. It should be noted that economic disturbances could occur over the Forecast Period; however, the Airport's current air service appears more profitable and, hence, more stable than it was during the last peak experienced in the 2007-2008 period. Therefore, year-over-year variations are likely to occur from any disturbances, but are expected to be milder and shorter in duration than experienced during prior recessionary periods.

Table 2-16 Revenue Enplaned Passenger Forecast (000's)

Year	Domestic				International				Total	% Change
	O&D	% Change	Connecting	% Change	O&D	% Change	Connecting	% Change		
Historical										
2008	7,869	-	7,210	-	487	-	818	-	16,384	-
2009	7,918	0.6%	6,573	(8.8%)	401	(17.5%)	660	(19.4%)	15,551	(5.1%)
2010	7,833	(1.1%)	6,741	2.6%	514	28.2%	627	(4.9%)	15,715	1.1%
2011	7,931	1.3%	6,938	2.9%	488	(5.2%)	615	(1.9%)	15,972	1.6%
2012	7,942	(0.1%)	6,994	0.8%	499	2.3%	585	(4.9%)	16,020	0.3%
2013	8,145	2.6%	7,094	1.4%	536	7.3%	596	1.9%	16,370	2.2%
2014	8,481	4.1%	7,349	3.6%	588	9.7%	590	(1.0%)	17,008	3.9%
2015	8,908	5.0%	7,525	2.4%	672	14.2%	630	6.8%	17,732	4.3%
2016	9,694	7.1%	7,105	(5.6%)	588	(12.5%)	774	22.8%	18,161	2.4%
2017	10,144	4.6%	6,807	(4.2%)	626	6.5%	809	4.5%	18,385	1.2%
2018	10,603	4.5%	6,313	(7.3%)	653	4.3%	813	0.6%	18,382	0.0%
YTD 18 ¹									8,936	-
YTD 19 ¹									9,194	2.9%
Forecast										
2019	10,741	1.3%	6,313	0.0%	686	5.2%	848	4.3%	18,589	1.1%
2020	10,891	1.4%	6,332	0.3%	713	3.9%	874	3.0%	18,810	1.2%
2021	11,044	1.4%	6,351	0.3%	740	3.8%	900	3.0%	19,035	1.2%
2022	11,198	1.4%	6,377	0.4%	768	3.8%	926	2.9%	19,269	1.2%
2023	11,355	1.4%	6,402	0.4%	796	3.7%	953	2.9%	19,507	1.2%
2024	11,514	1.4%	6,428	0.4%	825	3.7%	980	2.8%	19,747	1.2%
2025	11,675	1.4%	6,453	0.4%	855	3.6%	1,007	2.8%	19,991	1.2%
CAGR ²										
2008-2018	3.0%		(1.3%)		3.0%		(0.1%)		1.2%	
2018-2025	1.4%		0.3%		3.9%		3.1%		1.2%	

Note: Amounts may not add because of rounding.

¹ Enplaned passengers for year-to-date period includes the six months of January through June.

² CAGR = Compounded annual growth rate

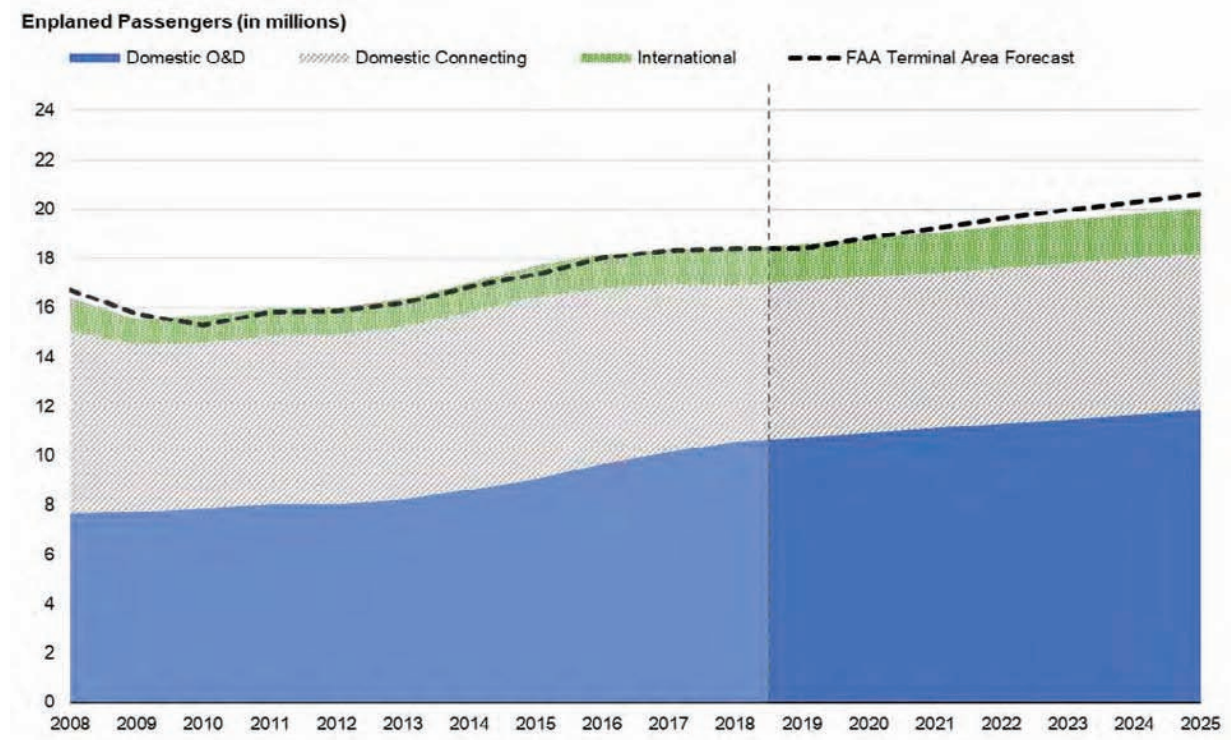
Source: 2010-2015 Data: U.S. DOT Air Passenger Origin-Destination Survey, reconciled to Schedule T1, Report of the Airport Consultant, Series 2016 Bonds, Table 20;

All other years: Metropolitan Airports Commission (historical total) and U.S. DOT via Diio (historical O&D); Landrum & Brown (forecast)

Compiled by Landrum & Brown

Exhibit 2-18 presents forecast O&D, connecting, international and total enplaned passengers compared to the FAA's most recent Terminal Area Forecast (TAF) for the Airport. For comparative purposes, the FAA's TAF for the Airport forecast 20.6 million enplaned passengers by 2025, a 1.6% CAGR when measured from 2018.

Exhibit 2-18 Comparison of Enplaned Passenger Forecast



Sources: Metropolitan Airports Commission (historical); FAA Terminal Area Forecast (FAA TAF); and Landrum & Brown. Compiled by Landrum & Brown

2.4.5 Aircraft Operations Forecast

Table 2-17 presents historical and forecast aircraft operations at the Airport. Total passenger airline aircraft operations are forecast to decrease modestly at a -0.1% CAGR from 2018 through 2025. It is assumed that the current industry shift towards larger aircraft will continue to occur over the next couple of years. The forecast assumes further decreases in the use of smaller regional jets, especially 50-seat aircraft, as they are retired. Cargo airlines are forecast to increase operations at a 1.3% CAGR through 2025, reflecting the strong growth in cargo operations since 2012 (5.5% CAGR). Charter, general aviation, and military operations are forecast to continue to remain constant through 2025. Total aircraft operations at the Airport are forecast to decrease slightly from 407,476 in 2018 to 405,395 in 2025.

Table 2-17 Aircraft Operations Forecast

Operating Year	Passenger Airlines	Cargo Airlines	Charters	General Aviation	Military	Total	% Change
Historical							
2008	402,347	14,361	536	30,685	2,115	450,044	-
2009	394,625	11,426	400	24,361	1,892	432,704	(3.9%)
2010	394,407	12,499	103	27,921	2,145	437,075	1.0%
2011	396,002	12,203	161	26,157	1,983	436,506	(0.1%)
2012	387,713	11,231	105	24,903	1,380	425,332	(2.6%)
2013	396,690	11,701	95	21,747	1,185	431,418	1.4%
2014	375,432	12,199	83	23,793	1,079	412,586	(4.4%)
2015	368,414	12,789	80	22,077	1,252	404,612	(1.9%)
2016	375,041	14,400	68	22,455	1,315	413,279	2.1%
2017	378,272	14,911	45	22,226	759	416,213	0.7%
2018	370,628	15,455	38	20,229	1,126	407,476	(2.1%)
Forecast							
2019	368,842	15,100	40	20,200	1,100	405,282	(0.5%)
2020	367,405	15,400	40	20,200	1,100	404,145	(0.3%)
2021	367,131	15,700	40	20,200	1,100	404,171	0.0%
2022	367,046	16,000	40	20,200	1,100	404,386	0.1%
2023	367,023	16,300	40	20,200	1,100	404,663	0.1%
2024	367,060	16,600	40	20,200	1,100	405,000	0.1%
2025	367,155	16,900	40	20,200	1,100	405,395	0.1%
CAGR ¹							
2008-2018	(0.8%)	0.7%	(23.3%)	(4.1%)	(6.1%)	(1.0%)	
2018-2025	(0.1%)	1.3%	0.7%	(0.0%)	(0.3%)	(0.1%)	

Note: Amounts may not because of rounding.

¹ CAGR = Compounded annual growth rate

Metropolitan Airports Commission (historical); Landrum & Brown (forecast)

Compiled by Landrum & Brown

2.4.6 Aircraft Landed Weight Forecast

Table 2-18 presents historical and forecast aircraft landed weight. Total scheduled passenger airline landed weight is expected to increase at 0.4% CAGR from 2018 through 2025. Cargo airline landed weight is forecast to increase at a 2.0% CAGR through 2025. Total commercial aircraft landed weight at the Airport is forecast to increase from 22.5 million units in 2018 to approximately 23.2 million units in 2025, a CAGR of 0.5% during this period.

Table 2-18 Aircraft Landed Weight Forecast (Thousand-Pound Units)

Operating Year	Passenger Airlines	Cargo Airlines	Total	% Change
Historical				
2008	21,047,357	1,095,773	22,143,130	-
2009	20,352,347	918,453	21,270,800	(3.9%)
2010	19,856,212	986,029	20,842,241	(2.0%)
2011	19,945,169	897,211	20,842,380	0.0%
2012	19,625,108	885,442	20,510,550	(1.6%)
2013	20,225,040	926,429	21,151,469	3.1%
2014	20,224,580	965,912	21,190,492	0.2%
2015	20,577,785	984,305	21,562,090	1.8%
2016	21,178,343	996,424	22,174,767	2.8%
2017	21,571,010	985,077	22,556,087	1.7%
2018	21,499,942	1,025,400	22,525,342	(0.1%)
Forecast				
2019	21,506,993	1,007,887	22,514,880	(0.0%)
2020	21,533,414	1,035,611	22,569,025	0.2%
2021	21,627,528	1,063,635	22,691,163	0.5%
2022	21,732,597	1,091,959	22,824,556	0.6%
2023	21,841,328	1,120,584	22,961,912	0.6%
2024	21,953,650	1,149,508	23,103,158	0.6%
2025	22,069,492	1,178,732	23,248,224	0.6%
CAGR ¹				
2008-2018	0.2%	(0.7%)	0.2%	
2018-2025	0.4%	2.0%	0.5%	

Note: Amounts may not add because of rounding.

¹ CAGR = Compounded annual growth rate

Metropolitan Airports Commission (historical); Landrum & Brown (forecast)

Compiled by Landrum & Brown

3 Airport Facilities and Capital Program

This Chapter provides an overview of existing Airport facilities and describes the Airport's Capital Improvement Program (CIP), which is comprised of the Series 2019 Projects (as defined herein) and other planned capital improvements at the Airport.

3.1 Existing Airport Facilities

The Airport occupies approximately 3,100 acres approximately nine miles south and southwest of the central Minneapolis and Saint Paul business districts, respectively. The Airport maintains four air-transport type runways, including two parallel northwest-southeast runways, one north-south runway, and one northeast-southwest crosswind runway. Passenger terminal facilities at the Airport are located in two separate buildings: Terminal 1 and Terminal 2.

Existing Airport facilities are described in sections below and are graphically illustrated on **Exhibit 3-1**.

3.2 Airfield Facilities

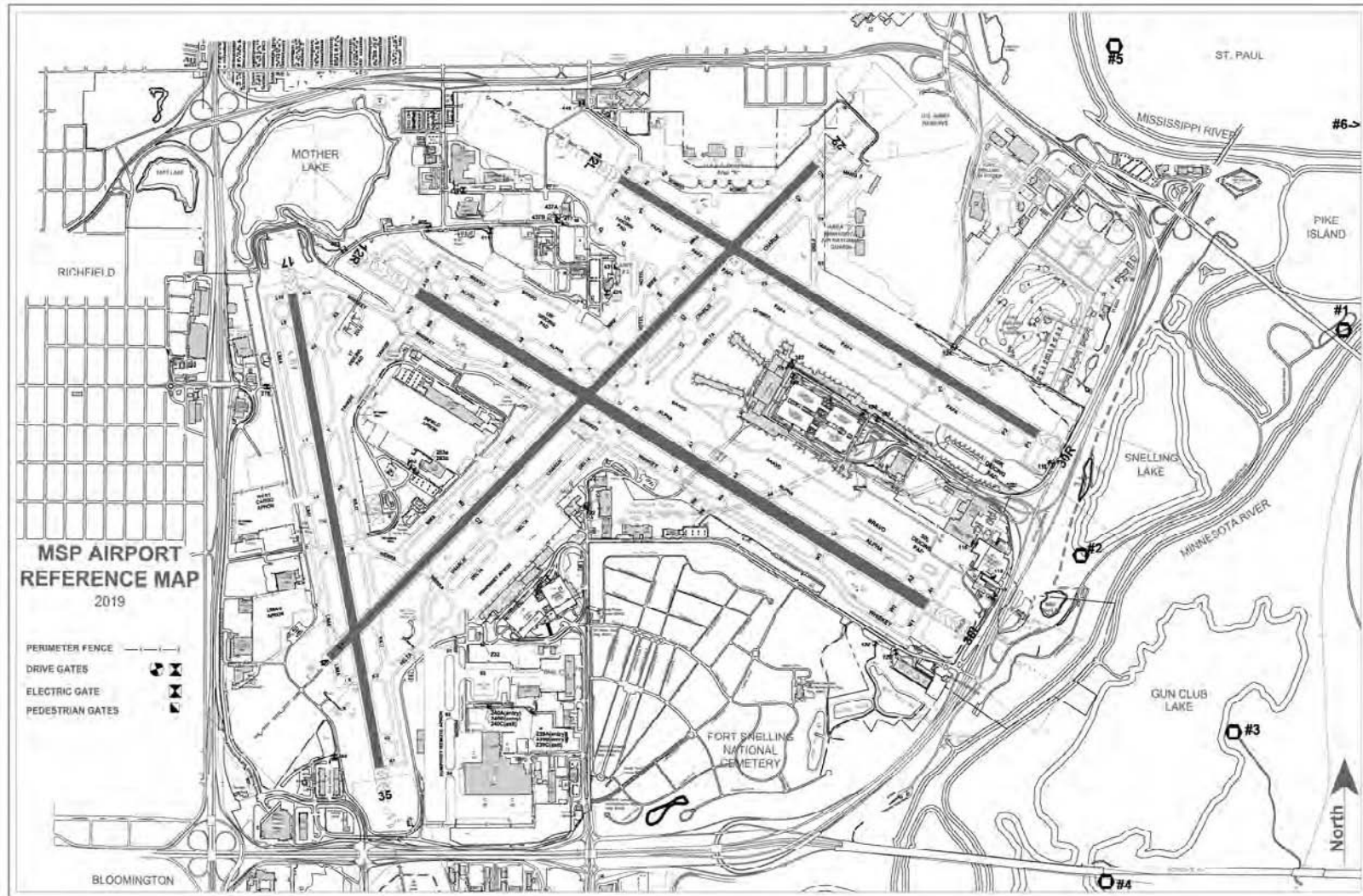
The airfield consists of four commercial aircraft runways including two parallel runways, one north-south runway and one crosswind runway. Runway 12L-30R is 8,200 feet long; Runway 12R-30L is 10,000 feet long; Runway 4-22 is 11,006 feet long (with environmental approvals for an extension to 12,000 feet); and Runway 17-35 is 8,000 feet long. All eight of the runway approach directions are equipped with high-intensity runway lighting and instrument landing systems to enable continuous all-weather operations. **Table 3-1** summarizes the published lengths and widths of each runway, and the runways are also depicted on Exhibit 3-1.

Table 3-1 Runway Dimensions

Runway	Length (Feet)	Width (Feet)
12L-30R	8,200	150
12R-30L	10,000	200
17-35	8,000	150
4-22	11,006	150

Source: MSP Long Term Comprehensive Plan Update

Exhibit 3-1 Airport Layout



Source: Metropolitan Airports Commission

3.3 Terminal Facilities

The Airport has two passenger terminal complexes with a total of 118 gates, with 104 gates in Terminal 1 and 14 gates in Terminal 2. An International Arrivals Facility (IAF) is located within both of the passenger terminals. The light rail system that runs between downtown Minneapolis and the Mall of America has stations at both terminals and provides transportation between the two terminals at no charge. Shuttle bus service between the terminals is also available in certain circumstances.

3.3.1 Terminal 1

Terminal 1 is a three-story structure consisting of 2.8 million square feet of space, of which approximately 1.3 million square feet are considered rentable. Terminal 1 consists of one main terminal (Main Building) and seven concourses designated with the letters A through G, and also includes the principal IAF, a ground transportation center, and a valet parking garage. The seven concourses, which extend from the Main Building, provide a total of 104 gate positions. The jet aircraft loading positions and the associated holdroom areas are leased to airlines on a preferential use basis, with the exception of an essential air service gate and a common use gate on Concourse E. Under specific conditions, the preferential user of an aircraft loading position may be required to accommodate the operations of another airline. In addition, ten positions are designated as “Short Term Gates.” The Commission has retained the right to replace, under certain circumstances, a preferential user of a Short Term Gate with an airline that is providing new service to the Airport.

Ticketing/check-in, passenger security screening, gate hold rooms, and a wide array of concessions are located on the second level. A ground transportation center, located directly across from the terminal and accessed by a tunnel and skyway, serves as a focal point for multimodal access. The following airlines are currently located in Terminal 1: Aer Lingus, Air Canada, Air Choice One, Air France, Alaska Airlines, American Airlines, Boutique Air, Delta Air Lines, Frontier Airlines, KLM Royal Dutch Airlines, Spirit Airlines, and United Airlines.

3.3.2 Terminal 2

Terminal 2 is a three-story structure consisting of approximately 639,000 square feet of space. It is operated as a common-use facility containing 14 gates. The following airlines are currently located in Terminal 2: Condor, Iceland Air, JetBlue, Southwest Airlines, and Sun Country Airlines. The lower level features the ticketing/check-in area, international arrivals processing, and bag claim area.

3.3.3 International Arrivals Facilities

The IAF in Terminal 1 is located on the G Concourse. It is intended for use by regularly scheduled international flights and therefore, the majority of international arrivals and departures at the Airport are conducted from this facility. The facility contains ten jet aircraft loading positions, all with international arrival capability. The facility has nine dual purpose domestic-international gates. Total processing is estimated to be approximately 800 passengers per hour. An additional IAF is located in Terminal 2, which is intended for use by the scheduled carriers operating at that facility, international charter flights, and off-schedule international flights.

3.4 Parking Facilities

There are currently approximately 23,425 public parking spaces at the Airport, split between the Terminal 1, Quick Ride ramp, and Terminal 2 parking areas. The light rail transit provides access to both Terminal 1 and Terminal 2 parking areas. In Terminal 1, there are a total of 13,453 public parking spaces including: general parking (12,148), short term (816), ePark Elite (100), and valet (389). The Quick Ride parking ramp provides 1,302 spaces with

access to Terminal 1 via a shuttle. In the Terminal 2, there are a total of 8,670 public parking spaces, including value parking, contained in two nine-level garages.

The various parking products offered to passengers at the Airport are described below.

- **Value** – Located at Terminal 2 and connected to Terminal 1 via light rail
- **Daily** – Located at Terminal 1
- **Quick Ride Ramp** – Located off Post Road, on-site parking at the value rate. Connected to Terminal 1 via shuttle
- **Terminal 1 Hourly** – Limited to visits shorter than 4 hours and connected via skyway to Terminal 1
- **Terminal 2 Hourly** – Designed for visits shorter than 4 hours and connected via skyway to Terminal 2
- **Valet** – Available only at Terminal 1
- **ePark Elite** – Guarantees a parking space in a reserved section

The Commission is in the process of constructing a new 5,000-space parking ramp at Terminal 1, which is scheduled to open in 2020. The new parking ramp is anticipated to help alleviate parking constraints at Terminal 1. As part of the project, the outbound roadway has been realigned and the parking exit plaza moved east. The rental car facilities (currently located on levels 2 and 3 of the Red and Blue parking ramps) will move to the new ramp to free up parking spaces closer to the terminal building, and a transit center placed at the far east side of the facility. After completion of the new parking ramp, there are expected to be approximately 28,425 public parking spaces at the Airport.

There is a cell phone lot located off of Post Road between the two terminals. Four off-Airport private parking facilities serve Airport passengers and provide approximately 5,450 additional automobile parking spaces.

3.5 Ground Access

Major highways that connect with the rest of the Metropolitan Area surround the Airport. On the south side of the Airport is I-494 that connects to I-694 forming an interstate highway loop through the Metropolitan Area around the cities of Minneapolis and Saint Paul. Access to I-94 and I-35 is readily available from this loop. To the west of the Airport is State Highway 77 (Cedar Avenue). The Crosstown Highway (State Highway 62) lies to the north of the Airport, while to the east are State Highways 5 and 55. Connection to the downtown area of Minneapolis is, in addition to various city streets, provided by State Highway 55 and by I-35W, which connects to both I-494 and the Crosstown Highway west of the Airport. Downtown Minneapolis is linked to the Airport by a light-rail system, which continues on to the Mall of America. The Saint Paul downtown area is also accessible by various city streets with primary access via State Highway 5 and by I-35E, which connects to both Highway 5 and I-494 east of the Airport.

3.6 Rental Car

All on-airport rental car companies at the Airport have counters at both terminals. On-airport rental companies include: Advantage, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty. On-airport rental car counters at Terminal 1 are located on the second and third levels between the Blue and Red parking ramps. Passengers can take the underground tram to the ramps and then take an elevator to the second or third floor. At Terminal 2, on-airport rental car counters are located in the Ground Transport Center on the ground level of the Purple Ramp directly across from the terminal building.

Off-airport car rental companies include Payless and Sixt. Shuttle buses to the off-airport car rental companies are accessible from the Terminal 1 Transit Center, between the Blue and Red parking ramps. From the Tram Level, passengers are able to take the underground tram to the Transit Center.

3.7 Hotel

There is an on-site full-service hotel operated by InterContinental Hotels which opened officially on July 30, 2018. The hotel has a skyway connected to the airport with its own security checkpoint that connects to Terminal 1 at Concourse C. The hotel has 291 rooms on 12 floors. It has sweeping views of the Minnesota River, Mississippi River, and the Airport.

3.8 Military Facilities

Joint Air Reserve Station at the Airport is home to the 934th Airlift Wing (934 AW), an Air Force Reserve Command (AFRC) unit and the 133d Airlift Wing (133 AW) of the Minnesota Air National Guard. Both units fly the C-130 Hercules and are operationally-gained by the Air Mobility Command (AMC). The 934th consists of over 1,300 military personnel, of which approximately 250 are full-time Active Guard and Reserve (AGR) and Air Reserve Technician (ART) personnel. The 133rd is similarly manned, making for a total military presence of over 2,600 full-time and part-time personnel.

The 934 AW serves as the "host" wing for the installation, which also includes lodging/billeting, officers club, Base Exchange (BX) and other morale, welfare and recreation (MWR) facilities for active, reserve/national guard and retired military personnel and their families.

3.9 Airport Capital Improvement Program

The Commission manages Airport capital projects through an on-going Capital Improvement Program (CIP). The CIP is an important tool used for formulating future project financing plans, maximizing federal and state grant opportunities and pro-actively planning for the replacement or reconstruction of essential infrastructure components that are nearing the end of their useful or service life. The CIP provides a framework for scheduling and coordinating execution of multiple projects to minimize operational impact. The majority of the capital projects in the CIP tend to be routine projects for a major airport, including reconstruction or rehabilitation of runways, taxiways, parking decks, roadways and environmental or planning studies.

The Commission's CIP consists of an approved two-year CIP (the "2019-20 CIP") for construction projects expected to begin during calendar years 2019 and 2020 as well as a longer-term CIP that covers projects expected to be undertaken over an additional five-year period between 2021 and 2025 (the "2021-25 CIP"). The amended 2019-20 CIP, approved by the Commission on December 17, 2018 and amended May 20, 2019, has a total cost of approximately \$642.8 million. The 2021-25 CIP was approved on December 17, 2018 and has a total cost of approximately \$557.1 million.

The major projects in the 2019-20 CIP include improvements to baggage claim and the ticket lobby in Terminal 1, various other improvements to Terminal 1 and construction of the new Safety and Security Center. The major projects in the 2021-25 CIP are various maintenance and improvements to Terminal 1 and the airfield and runways. Future CIPs could reflect project revisions and additional projects could be added to the 2019-20 CIP and/or the 2021-25 CIP. Per the Airline Agreements, the Commission does not need approval, and does not plan to seek approval, from the Majority-In-Interest of the Signatory Airlines to construct the projects in the 2019-20 CIP or the 2021-25 CIP.

Table 3-2 presents the 2019-20 CIP and projected expenditures in 2019 and 2020. As shown, the capital projects in the 2019-2020 CIP are estimated to cost approximately \$642.8 million.

Table 3-3 presents the 2021-25 CIP and projected expenditures from 2021 through 2025. As shown, the capital projects in the 2021-25 CIP are estimated to cost approximately \$557.1 million.

Projects included in the 2019-20 CIP and 2021-25 CIP anticipated to be funded, in whole or in part, with proceeds of the Series 2019 Bonds are referred to in this Report as the Series 2019 Projects. As shown on Table 3-3, the Series 2019 Projects have estimated project costs of approximately \$374.5 million (comprised of approximately \$342.0 million of 2019-20 CIP projects and approximately \$32.5 million of 2021-25 CIP projects).

Table 3-2 2019-20 Capital Improvement Program Costs by Year (Dollars in Thousands)

Project Element	2019	2020	Total
2019-20 CIP Projects Anticipated to be Funded, in whole or in part, with Series 2019 Bonds Proceeds (Series 2019 Projects)			
Terminal 1 Baggage Claim/Ticket Lobby Operational Improvements	\$98,000	\$61,900	\$159,900
Terminal 1 FIS Recheck Operational Improvements		8,400	8,400
Terminal 1 Concourse G Delta Skyclub		50,000	50,000
Concourse G Moving Walkways	1,550	3,195	4,745
Safety and Security Center		77,500	77,500
South Security Exit/ Terminal Expansion	41,500		41,500
2019-20 CIP Projects included in Series 2019 Projects	\$141,500	\$200,995	\$342,045
Other 2019-20 CIP Projects			
Terminal 1 Maintenance and Improvements	\$73,036	\$75,055	\$148,091
Police and Fire Projects	3,500	7,200	10,700
Reliever Airports	15,300	11,950	27,250
Airfield and Runway	19,500	22,450	41,950
Hangars and Other Buildings	600	2,800	3,400
Roadway Projects	1,950	4,190	6,140
Parking Improvements	19,500	3,500	23,000
Terminal 2 Maintenance and Improvements	3,200	200	3,400
Environmental	18,800	9,850	28,650
Utilities	1,500	6,210	7,710
Other		500	500
Total 2019-20 CIP	\$297,936	\$344,900	\$642,836

Note: Amounts may not add because of rounding.

Source: Metropolitan Airports Commission

Table 3-3 2021-25 Capital Improvement Program Costs by Year (Dollars in Thousands)

Project Element	2021	2022	2023	2024	2025	Total
2021-25 CIP Projects Anticipated to be Funded, in whole or in part, with Series 2019 Bonds Proceeds (Series 2019 Projects)						
Terminal 1 Baggage Claim/Ticket Lobby Operational Improvements	\$32,500					\$32,500
Other 2021-25 CIP Projects						
Terminal 1 Maintenance and Improvements	\$47,505	\$60,630	\$59,365	\$62,600	\$56,400	\$286,230
Police and Fire Projects	500		1,500	500		2,500
Reliever Airports	5,420	12,750	12,100	9,250	8,250	47,770
Airfield and Runway	7,150	23,650	5,750	23,800	6,000	66,350
Hangars and Other Buildings	2,800	15,450	3,550	2,500	1,000	25,300
Roadway Projects	6,000	13,970	22,100	1,650	3,420	47,140
Parking Improvements	4,000	9,500	3,000	3,000		19,500
Terminal 2 Maintenance and Improvements	700	1,300	1,000	500		3,500
Environmental	2,000	3,000	4,000	1,000		10,000
Utilities	3,250	4,050	2,750	2,750	3,500	16,300
Total 2021-25 CIP	\$111,825	\$144,030	\$115,115	\$107,550	\$78,570	\$557,090

Note: Amounts may not add because of rounding.

Source: Metropolitan Airports Commission

The Commission anticipates that the CIP projects will be funded from a combination of federal grants, other Airport funds, proceeds from existing bonds, proceeds from the Series 2019 Bonds, and proceeds from future bonds. **Table 3-4** presents the Commission’s 2019-20 CIP and 2021-25 CIP by anticipated funding sources.

Table 3-4 CIP Funding Plan by Category (Dollars in Thousands)

CIP Category	PFC	Federal and State	Previous GARBs	Series 2019 Bonds ¹	Future GARBs	Commission Funds	TOTAL
2019-20 CIP	\$214,600	\$63,455	\$37,800	\$172,408		\$154,573	\$642,836
2021-25 CIP	\$85,600	\$62,475		\$5,500	\$100,000	\$303,515	\$557,090
Total	\$300,200	\$125,930	\$37,800	\$177,908	\$100,000	\$458,088	\$1,199,926

Note: Amounts may not add because of rounding.

¹ Proceeds of the Series 2019 Bonds are also expected to be used to retire portions of Subordinate Revolving Obligations used to fund certain projects included in the Commission’s 2017-2018 CIP. These projects are not included in the 2019-20 CIP or 2021-25 CIP.

Source: Metropolitan Airports Commission

Debt service associated with the Series 2019 Bonds (excluding the savings associated with the refunding of the Refunded Bonds) and any future bonds, as well as any anticipated Operating Expenses associated with the Commission’s 2019-20 CIP and 2021-25 CIP are included in the financial analysis contained in Chapter 4 of this Report. Proceeds of the Series 2019 Bonds are also expected to be used to retire portions of Subordinate Revolving Obligations used to fund certain projects included in the Commission’s 2017-2018 CIP; these projects are not included in the 2019-20 CIP or the 2021-25 CIP.

3.9.1 The Series 2019 Projects

As described herein, the Series 2019 Projects include those 2019-20 CIP and 2021-25 CIP projects with construction to be funded in whole or in part with proceeds of the Series 2019 Bonds. The Series 2019 Projects include: baggage claim and ticket lobby improvements, FIS recheck operational improvements, the Concourse G Delta Sky Club, G Concourse Moving Walkways, Safety and Security Center, and South Security Exit and Terminal Improvements, and are described in detail in the following sections. In total, the Series 2019 Projects are estimated to cost approximately \$374.5 million (including design, engineering, construction, escalation for inflation, and contingency amounts, but excluding financing costs). **Exhibit A** at the end of this Report presents detail on the estimated project costs for the Series 2019 Projects along with planned funding sources.

A description of each of the Series 2019 Projects is contained in the following subsections.

3.9.1.1 Baggage Claim/Ticket Lobby Operational Improvements

This project is scheduled to start in 2019 and will be undertaken in three phases (phase 1 and 2 included in the 2019-20 CIP and phase 3 included in the 2021-2025 CIP), to be completed in 2021. Overall, the Baggage Claim/Ticket Lobby Operational Improvements are estimated to cost \$192.4 million. This project is anticipated be funded with \$29.3 million in proceeds from the Series 2019 Bonds.

The first phase of this project will provide the level of service requirements for short- and medium-term growth of the O&D passengers, including walkways that meet required codes, public seating areas, centralized meet and greet space, unclaimed baggage storage, baggage service offices, concessions, improved lighting, fire protection, structural enhancements, improved sight lines, curbside lighting and access and other operational improvements in the Arrivals Hall. In the Departures Hall, this program and the Vertical Circulation Improvements Program address issues of congestion and functionality in the Terminal 1 Ticket Lobby. It will provide walkways that meet

required codes, ticket counter consolidations, airline ticket offices, centralized meet and greet areas, improved vestibules and access, east mezzanine removal/reduction, structural enhancements, curtain wall replacement and other operational improvements. New restrooms will also be constructed on both levels in order to allow future phases to demolish the existing old and outdated restrooms.

The second phase of this project, expected to be undertaken in 2020 and 2021, will include the renovation of the North Departures and Arrivals Halls, and will include new check-in technologies, static and digital signage, automated-baggage drop devices, airline ticket offices, baggage service offices and other operational improvements, in conjunction with the Baggage Handling System and Facade Expansion projects. This phase will also provide new companion-care/family restrooms on both levels of the terminal.

The third phase of this project will provide the level of service requirements for short- and medium-term growth of the O&D passengers. This phase of the project is scheduled to start in 2021.

3.9.1.2 FIS Recheck Operational Improvements

This IAF project is anticipated to be constructed in 2020 for an expected cost of \$8.4 million and is anticipated to be funded entirely by proceeds of the Series 2019 Bonds. As a part of the Long-Term Comprehensive Plan, the anticipated growth in international travelers requires expansion of the FIS luggage recheck area, lengthened queue at the expanded Security Checkpoint #7 and a relocation of the existing restrooms at Gate G6 to accommodate the FIS expansion.

3.9.1.3 Concourse G Delta Skyclub

This project will construct the shell space for the Delta's SkyClub located on Concourse G. It is scheduled to be constructed in 2020 for an expected cost of \$50.0 million and is anticipated to be funded entirely by proceeds of the Series 2019 Bonds. The project will infill the space between Pods 4 and 5 on Concourse G, improving the gate holdroom space on the concourse level and constructing shell space for Delta to build a Sky Club above. The project will also make adjustments to concessions spaces as required for construction.

3.9.1.4 Concourse G Moving Walkways

This project will replace the near end-of-life moving walks on Concourse G. It is planned to be undertaken in 2020 and the expected cost is \$4.7 million, funded entirely through proceeds of the Series 2019 Bonds. This project will replace the moving walks between Pods 3 and 4. The walks will also be shortened to accommodate future development of passenger amenities adjacent to the ends of the moving walks.

3.9.1.5 Safety and Security Center

The project will construct a building to house a new Airport Operations Center. It will include Airside Operations, an Emergency Communications Center, a dedicated primary Emergency Operations Center, consolidated Airport Police facilities and a replacement Aircraft Rescue and Firefighting Station. This combined facility will improve efficiency, collaboration, and coordination. This project is anticipated to be undertaken in 2020 and the expected cost is \$77.5 million; it is expected to be funded using \$51.0 million of proceeds of the Series 2019 Bonds along with \$16.5 million of FAA AIP funds and \$10.0 million of PFCs.

3.9.1.6 South Security Exit and Terminal Improvements

This project will relocate the existing security exit at the south end of the ticketing level to a new location on Concourse G. This exit is required to be relocated to allow for the installation of new bag claim devices as part of the Bag Claim Level Improvements Program as well as for the expansion of the South Security Checkpoint from six to eight lanes in 2020. Major work elements include the construction of four new escalators/stairs, construction

of two elevators on Concourse G from the Main level to the Bag Claim level, construction of a 16-foot addition to the east side of the terminal that includes a blast resistive floor and curtain wall from the south side of Door 5 to the G Concourse. This will add approximately 2,800 square feet to the queuing area for the South Checkpoint. This project is currently underway, and the anticipated project cost is approximately \$41.5 million; proceeds of the Series 2019 Bonds are expected to be used to fund approximately \$34.5 million of project costs, with Commission funds being used for the remaining project costs.

3.9.2 Other 2019-2020 CIP and 2021-25 CIP Projects

Other 2019-20 CIP Projects and 2021-25 CIP Projects include the following:

3.9.2.1 Terminal 1 Maintenance and Improvements

There are approximately \$434.3 million of maintenance and improvements planned for Terminal 1. Key projects include:

- **Passenger Boarding Bridge Replacements (\$35.0 million)** – This project provides for the replacement of jet bridges at Terminal 1. Bridges to be replaced will be determined based on a condition assessment and input from the airlines. Aircraft parking positions will be optimized at the impacted gates and fuel pits adjusted as necessary. Also, podiums and door openings may be adjusted to optimize gate hold areas. Fixed walkways may need to be replaced or added to meet ADA slope requirements. All gate hold areas will be upgraded with security doors, card readers and cameras.
- **IT Miscellaneous Modifications (\$63.4 million)** – Each year, IT projects are prioritized and completed either as a series of contracts or as purchase orders. Work may include Fiber Optic Cable Upgrades, MACNet maintenance and upgrades, EVIDs/MUFIDs digital signs, Wireless System enhancements and MAC Public Address System maintenance and upgrades.
- **Air Handling Unit Replacement (\$41.4 million)** – A number of the air handling units serving Terminal 1 were installed with the original terminal construction in 1958-1960. A study of these units evaluated each unit's age, condition and ability to adequately heat or cool the spaces it serves. An implemented multi-year program provides for the replacement of the units identified as reaching their end of life. The project costs include modifications to building walls to facilitate the removal of existing equipment and installation of the new units, as well as upgraded electrical controls, upgraded temperature controls and asbestos abatement.
- **Re-carpeting program (\$21.0 million)** – This project is part of the Airport end of life/replacement program. Re-carpeting is planned for both Terminal 1 and Terminal 2.
- **Baggage handling system (\$32.0 million)** – This project is part of a multi-phase program supporting the Operational Improvements program. The 2020 phase of work begins the installation of new inbound claim devices and ticket counter changes for the north Departures and Arrivals Halls. This will match the previous work completed in the south Departures and Arrivals Halls. The work is coordinated with the Operational Improvements multi-phase projects, including the facade expansion, ticket lobby and baggage claim phased projects. It replaces ticket counter belts and other conveyors that are end-of-life and not controlled by the baggage handling system.
- **Concourse G rehabilitation (\$32.0 million)** – This multi-year program will provide operational improvements to Concourse G over time, including replacing elevators, as well as modifying and replacing structural, electrical and mechanical systems.
- **Folded Plate Repairs (\$17.8 million)** – This project is part of the Airport maintenance/facilities upgrade program.

3.9.2.2 Police and Fire

There are approximately \$13.2 million of planned police and fire improvements. Key projects include:

- **Badging office relocation (\$2.7 million)** – This program will improve security by adding card access controls at passenger boarding bridge doors. This project is in addition to the card access controls installed as part of the replacement project.
- **Campus fire protection (\$2.0 million)** – This project is part of a multi-year program to upgrade fire protection systems in various Commission-owned buildings on the Airport campus. The finished project will meet Commission standards for improved compatibility with current and planned firefighting equipment.

3.9.2.3 Reliever Airports

There are approximately \$75.0 million of improvements and development planned for Saint Paul, Lake Elmo, Airlake, Flying Cloud, Crystal, and Anoka County reliever airports. Key projects include:

- **Runway 14-32 reconstruction at Saint Paul Airport (\$10.0 million)** – The updated long-term comprehensive plan for this airport proposes relocating and extending the primary runway northeast of its current alignment.
- **Runway 14-32 replacement and Runway 4-22 pavement rehabilitation at Lake Elmo Airport (\$11.0 million)** – The updated long-term comprehensive plan for this airport proposes relocating and extending the primary runway northeast of its current alignment.
- **Runway 20-30 improvements and Runway 12-30 reconstruction at Airlake Airport (\$7.0 million)** – These updates are part of the long-term comprehensive plan.
- **Runway 14R-32L & Taxiway E Modifications at Crystal Airport (\$3.8 million)** - The updated long-term comprehensive plan for this airport proposes “right-sizing” the airport infrastructure, including decommissioning Runway 14R-32L. This project will convert Runway 14R-32L to a parallel taxiway and rehabilitate portions of Taxiway Echo. The project also includes electrical vault improvements due to associated runway lighting modifications. The project budget includes required environmental review studies.

3.9.2.4 Airfield and Runway

There are approximately \$108.3 million of improvement and developments planned for the Airport’s airfield and runways. Key projects include:

- **Terminal 1 apron pavement reconstruction (\$21.0 million)** – This project is part of an ongoing effort to rehabilitate aircraft operational areas, including runways, taxiways and aprons, through bituminous overlays, seal coats or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions.
- **Taxiway D Reconstruction (\$12.0 million)** – This project provides for reconstruction of a portion of Taxiway D between Taxiway W and Connector C1. Existing concrete pavement was constructed in 1972. Major items of work include pavement removals, excavation and backfill, concrete taxiway pavement, bituminous shoulder pavement and airfield lighting and signing.
- **Airside Bituminous Rehabilitation/Electrical Construction (\$9.9 million)** – This project provides for the removal and replacement of airfield lighting and signage with LED technology and lighting control upgrades.

3.9.2.5 Hangars and Other Buildings

There are approximately \$28.7 million of improvement and developments planned for hangars and other buildings. Key projects include:

- **Commission Storage Facility (\$10.0 million)** – This is an ongoing program to provide for facility modifications to ensure continued efficient operation of Commission buildings. This project will include improvements to the Commission maintenance building.
- **Campus Building Rehab Program (\$6.5 million)** – Continual maintenance of Commission non-terminal buildings provides a stable infrastructure and meets the Commission’s sustainability goals. Age and weather contribute to building deterioration, mold and other issues. Building issues include curtain wall systems, glazing, sealant repair/replacement, louver repair/replacement, metal panel replacement, painting/tuck-pointing, structural repair and insulation systems. This program includes repair or replacement related to interior issues and is part of an on-going program to maintain Commission buildings as assets.
- **Airport Campus Building Roof Replacements (\$8.8 million)** – The Commission evaluates one-half of campus roofs every other year. This on-going program prioritizes the evaluated roofs for repair. In 2020, the roof of the Field Maintenance Building will be replaced. Emergency repairs may be required on other roofs; this program will provide dollars for such instances.

3.9.2.6 Roadway Projects

There are approximately \$53.3 million of improvements planned for roadway and public areas as a part of ongoing maintenance programs at the Airport. Key projects include:

- **Glumack Drive Reconstruction (\$9.3 million)** – This project is part of the Airport ongoing maintenance program.
- **34th Avenue Reconstruction (\$15.9 million)** – This project includes bus area reconstruction, roadway reconstruction, and sewer replacement.

3.9.2.7 Parking Improvements

There are approximately \$42.5 million of parking improvements planned. This is an annual program to maintain the integrity of the Airport parking structures. Projects typically include concrete and expansion joint repairs, joint sealant replacement, concrete sealing and lighting improvements. Key projects include:

- **T1/T2 Parking Structure Upgrades (\$17.0 million)** – This is an annual program to maintain the integrity of the Airport’s parking structures. Projects typically include concrete and expansion joint repairs, joint sealant replacement, concrete sealing and lighting improvements.
- **T1/T2 Parking Ramp Modifications (\$17.0 million)** – This project will modify the Red and Blue parking levels vacated by rental car agencies when they move to the Silver parking ramp. This project will prepare the areas to accommodate public parking.

3.9.2.8 Terminal 2 Maintenance and Improvements

There are approximately \$6.9 million of improvement and maintenance projects planned for Terminal 2. Key projects include:

- **North Gate Expansion Design Fees (\$2.0 million)** – This project is part of the Terminal 2 long term comprehensive plan projects.

- **Security Checkpoint Improvements (\$1.5 million)** – This project supports upgrades to or replacement of the existing security lane equipment to enhance security and improve throughput. Additional work required to support installation will include power and data additions for new and replacement equipment and for equipment network requirements.

3.9.2.9 Environmental

There are approximately \$38.7 million of environmental projects planned. Key projects include:

- **Ground Service Equipment Electrical Charging Stations (\$5.7 million)** – This project will purchase and install charging stations for electric ground support equipment (GSE). These fast, energy efficient charging stations allow for simultaneous charging, adjustable charging rates and automatic shut-off when GSE is fully charged. Delta GSE will use the charging stations at Terminal 1. This project fits into the proposed long-term goal of converting all Delta GSE to electric power, thereby reducing the Airport's overall air emissions and noise pollution from fossil fuel-burning GSE. Delta will pay for electric usage of the charging units.
- **Noise Mitigation Consent Decree Amendment (\$26.0 million)** – The Commission completes Noise Mitigation Projects in compliance with the First Amendment to the Consent Decree. This residential noise mitigation program began in March 2014 under the terms of an amended legal agreement (Consent Decree) between the Commission and the cities of Richfield, Minneapolis and Eagan. It is approved by the Hennepin County District Court, whose approval is effective until December 31, 2024. Under this program, actual noise contours are developed for the preceding calendar year, beginning in March 2014. The contours will annually determine the eligibility of single-family and multi-family homes. This project will provide noise mitigation for homes meeting the eligibility requirements.

3.9.2.10 Utilities

There are approximately \$24.0 million of improvement projects related to utilities upgrades planned. The primary utility project includes:

- **Energy Management Center Upgrades (\$21.0 million)** – This is a multi-year program which provides upgrades to the MAC's Energy Management Center (EMC) Boiler and Chiller Plants at both Terminal 1 and Terminal 2. The work includes upgrades to the aging Chilled Water and Heating Water Systems throughout both terminals. The pumping and piping systems on both the heating and cooling systems are aging and in need of repair work beyond regular maintenance.

4 Financial Framework and Analysis

This Chapter discusses the financial framework for the Airport System, including an overview of the Metropolitan Airports Commission (Commission), management structure of the Commission, financial structure including Airport cost centers, certain obligations of the Master Senior Indenture and Master Subordinate Indenture, and certain provisions contained in the Airline Operating Agreement and Terminal Building Leases (Airline Agreements) with the Signatory Airlines (defined herein) and in other key agreements at the Airport. Additionally, the plan of finance for the Series 2019 Projects; the planned Series 2019 Bonds and future bonds; forecasts of Net Debt Service, Maintenance and Operation (M&O) Expenses, Revenues, and debt service coverage; and other key financial analyses are described in this Chapter.

Exhibits contained at the end of this Chapter present financial forecasts through the Forecast Period.

4.1 Metropolitan Airports Commission

The Commission is a public corporation, created by an act of the Minnesota State Legislature in 1943 (Minnesota Statutes, Sections 473.601 et seq., the Act), with the purpose of:

- Promoting air navigation and transportation in and through the State of Minnesota,
- Promoting the efficient, safe, and economic handling of air commerce,
- Assuring the inclusion of the State of Minnesota in national and international programs of air transportation,
- Developing the full potential of the Minneapolis-Saint Paul Metropolitan Area (Metropolitan Area), which includes the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington in Minnesota, as an aviation center, and,
- Assuring minimum environmental impact from air navigation and transportation for residents of the Metropolitan Area to promote the overall goals of the State's environmental policies and minimize the public's exposure to noise and safety hazards around the airports.

The Commission, which exercises jurisdiction over any place within 35 miles of the city hall of the City of Minneapolis or the city hall of the City of Saint Paul and over the Metropolitan Area, owns and operates all airports in the Airport System. The Commission can borrow money or issue bonds for the purpose of acquiring property, constructing and equipping new airports, acquiring existing airports, equipping, improving, and making additions to such existing airport and making capital improvements to any airport constructed or acquired by the Commission. Certain capital projects of the Airport System (\$5 million or greater at the Airport and \$2 million or greater at reliever airports) that have a significant effect on the orderly and economic development of the metropolitan area require approval by the Metropolitan Council, a public agency established by law with powers of regulation over the development of the Metropolitan Area.

4.2 Management Structure

The Commission is governed by a board of 15 Commissioners. Of the 15 Commissioners, 12 are appointed by the Governor of the State of Minnesota (Governor) for 4-year terms (8 from within designated districts within the Metropolitan Area and 4 from outside the Metropolitan Area but within the State), 1 is appointed by the Governor to act as chair of the Commission and serves at the pleasure of the Governor, and the other 2 Commissioners consist of the mayors of Saint Paul and Minneapolis, or their respective designees, who serve a term equal to the term of office of such mayor.

The Commission consists of two committees: Planning, Development & Environment and Operations, Finance and Administration, with each committee responsible for all aspects of business falling under their respective jurisdiction. The Executive Director/Chief Executive Officer (CEO), working through Commission staff, is responsible for the administration, operation, development, maintenance, and provision of public safety (including police and fire), of the Airport System. A total of 680.5 full-time equivalent positions (FTEs) are budgeted for 2019, an increase of 35 FTEs over 2018.

4.3 Financial Structure

For accounting purposes, the Commission segregates expenses and revenues into service centers, which can be units of activities, groups of employees, and geographical areas of the Airport System.

The Commission operates as an Enterprise Fund with three segregated areas: Operating Fund (used for day to day operations), Debt Service Fund (used to pay required debt principal and interest payments), and Construction Fund (used to pay capital costs associated with the CIP). The Airport System is operated using Revenues generated from Airport System rentals, fees, and charges. The Commission is financially self-sustaining with Revenues generated from airline and other tenant fees, grants, PFCs, concession fees, and other Revenues of the Airport System.

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

1. The power to levy property taxes on land leased at the Airport for police and fire protection, M&O Expenses of roadway systems.
2. The power to levy property taxes not in excess of .00806% in each year upon the net tax capacity of all taxable property in the Metropolitan Area for Airport M&O Expenses, provided Revenues are not otherwise available.

Although the Commission may levy property taxes for M&O Expenses, the Commission is not currently levying taxes for these purposes and has not done so since the late 1960s, as Revenues generated from the operation of the Airport System are sufficient to cover Airport System M&O Expenses.

Airport System capital improvements are funded by the Commission using: federal, state, and other grants-in-aid, Revenues generated from the operation of the Airport System; Airport revenue bond proceeds; PFC revenues, Customer Facility Charge (CFC) revenues, and other Commission funds.

The enabling legislation of the Commission authorizes the Commission to issue general airport revenue bonds and general obligation revenue bonds for use on its airport facilities. The Commission has the power to levy taxes upon all taxable property in the seven-county metropolitan area for the payment of debt service on general obligation revenue bonds, but has not done so since 1969. Since 1970, debt service payments on all General Obligation Revenue Bonds issued for airport purposes have been made from Commission revenues. Currently, the Commission has no outstanding general obligation revenue bonds. The Commission does not have the power to levy taxes for the payment of debt service on general airport revenue bonds.

Issuance of general airport revenue bonds by the Commission are undertaken pursuant to two indentures: the Master Trust Indenture, dated as of June 1, 1998, as amended (Master Senior Indenture), by and between the Commission and Wells Fargo Bank, National Association, as trustee (Senior Trustee), and the Master Subordinate Trust Indenture, dated as of October 1, 2000, as amended (Master Subordinate Indenture), by and between the Commission and Wells Fargo Bank, National Association, as trustee (Subordinate Trustee).

4.3.1 Master Senior Indenture

The general airport revenue senior bonds (Senior Bonds) are issued pursuant to the Master Senior Indenture. Pursuant to the Master Senior Indenture, Outstanding Senior Bonds are secured by a pledge of and lien on Net Revenues. Net Revenues, for any given period, are Revenues for such period less, for such period, all amounts which are required to be used to pay the M&O Expenses of the Airport System. Revenues include all income, receipts, earnings and revenues received by the Commission from the operation and ownership of the Airport System, except where specifically excluded.

4.3.1.1 Master Senior Indenture Rate Covenant

The Commission has covenanted in Section 5.04 of the Master Senior Indenture, so long as any Senior Bonds or General Obligation Revenue Bonds are Outstanding, the Commission will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System, so that:

- i) Net Revenues in each FY are sufficient to fund the deposits required to be made pursuant to Section 5.04(a) of the Master Senior Indenture, and
- ii) During each FY, Net Revenues, together with any Transfer (as defined in the Master Senior Indenture), will be at least equal to 125% of Senior Aggregate Annual Debt Service on Outstanding Senior Bonds.

For the purposes of this calculation, the amount of any Transfer shall not exceed 25% of Senior Aggregate Annual Debt Service on Outstanding Senior Bonds in such FY.

4.3.1.2 Additional Senior Obligations

Prior to issuance of additional Senior Bonds and General Obligation Revenue Bonds (only for General Obligation Revenue Bonds in excess of \$55 million currently authorized), the Commission is required in Section 2.11 of the Master Senior Indenture to deliver to the Senior Trustee either:

- a) a certificate prepared by an Authorized Commission Representative showing that the Net Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Bonds or preceding the first issuance of the proposed Senior Program Bonds were at least equal to 110% of Senior Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds, Unissued Senior Program Bonds, the proposed Series of Senior Bonds, and outstanding General Obligation Revenue Bonds, calculated as if the proposed Series of Senior Bonds and the full Senior Authorized Amount of such proposed Senior Program Bonds (as applicable) were then Outstanding; or
- b) a certificate prepared by an Authorized Commission Representative showing that the Net Revenues (as may be adjusted as described below) for the last completed FY or 12-month period immediately preceding the date of issuance of the proposed Series of Senior Bonds or preceding the first issuance of the proposed Senior Program Bonds were at least equal to 125% of Senior Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds, Unissued Senior Program Bonds, the proposed Series of Senior Bonds, and outstanding General Obligation Revenue Bonds, calculated as if the proposed Series of Senior Bonds and the full Authorized Amount of such proposed Senior Program Bonds (as applicable) were then Outstanding.

For purposes of subparagraphs a) and b) above, no Transfer shall be taken into account in the computation of Revenues by the Authorized Commission Representative.

For purposes of subparagraph b) above, the Commission is allowed to adjust Net Revenues for earnings arising from any increase in the rates, charges and fees for the use of the Airport System that has become effective prior to the issuance of such proposed Series of Senior Bonds but that, during the last completed FY or 12-month period, was not in effect for the entire period under consideration, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in rates, charges and fees had been in effect during the whole of the last completed FY or 12-month period, as shown by the certificate or opinion of a Consultant employed by the Commission.

Refunding Senior Bonds may be issued by the Commission pursuant to Sections 2.10 and 2.11 of the Master Senior Indenture if there is a certificate delivered to the Senior Trustee "showing that Senior Maximum Aggregate Annual Debt Service after the issuance of such Refunding Senior Bonds will not exceed Senior Maximum Aggregate Annual Debt Service prior to the issuance of such Refunding Senior Bonds."

4.3.2 Master Subordinate Indenture

The Series 2019 Bonds are being issued pursuant to the Master Subordinate Indenture and the Eighteenth Supplemental Subordinate Trust Indenture, to be dated as of October 1, 2019 (Eighteenth Supplemental Subordinate Indenture) by and between the Commission and the Subordinate Trustee. Together, the Master Subordinate Trust Indenture, the Eighteenth Supplemental Subordinate Indenture, and the Supplemental Subordinate Indentures previously entered into by the Commission and the Subordinate Trustee are referred to in this Report as the Subordinate Indenture.

Pursuant to the Subordinate Indenture, the Series 2019 Bonds will be secured by a pledge of and lien on Subordinate Revenues. Subordinate Revenues include Net Revenues less all amounts required to pay debt service and reserve and replenish requirements on and related to the Senior Bonds and the General Obligation Revenue Bonds.

4.3.2.1 Subordinate Indenture Rate Covenant

The Commission has covenanted in Section 5.04 of the Master Subordinate Indenture, so long as any Subordinate Obligations remain Outstanding, the Commission will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System, so that:

- i) Subordinate Revenues in each FY are sufficient to fund the deposits required to be made pursuant to Section 5.04(a) of the Master Subordinate Indenture, and
- ii) During each FY, Subordinate Revenues, together with any Transfer (as defined in the Master Subordinate Indenture), will be at least equal to 110% of Subordinate Aggregate Annual Debt Service on the Outstanding Subordinate Obligations.

For the purposes of this calculation, the amount of any Transfer shall not exceed 10% of Subordinate Aggregate Annual Debt Service on Outstanding Subordinate Obligations in such FY.

4.3.2.2 Additional Subordinate Bonds

Additional Subordinate Obligations may be issued under the Master Subordinate Indenture on parity with Outstanding Subordinate Obligations provided, among other things, that there is delivered to the Subordinate Trustee either:

- a) a certificate prepared by an Authorized Commission Representative showing the Subordinate Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Obligations were at least equal

to 110% of Subordinate Maximum Aggregate Annual Debt Service with respect to all Outstanding Subordinate Obligations, Unissued Subordinate Program Obligations, and the proposed Series of Subordinate Obligations, calculated as if the proposed Series of Subordinate Obligations and the full Subordinate Authorized Amount of such proposed Subordinate Program Obligations (if applicable), were then Outstanding; or

- b) a certificate, dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (both dates inclusive), prepared by a Consultant showing that:
- i. the Subordinate Revenues, together with any Transfer, (as calculated by said Consultant) for the last audited FY or any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Obligations or the establishment of Subordinate Program Obligations were at least equal to 110% of the Subordinate Aggregate Annual Debt Service due and payable with respect to all outstanding Subordinate Obligations for such applicable period;
 - ii. for the period, if any, from and including the first full FY following the issuance of the proposed Subordinate Obligations through and including the last FY during any part of which interest on the proposed Subordinate Obligations is expected to be paid from the proceeds thereof, the Consultant estimates that the Commission will be in compliance with the rate covenant for Subordinate Obligations; and
 - iii. for the period from and including the first full FY following the issuance of the proposed Subordinate Obligations during which no interest on the proposed Subordinate Obligations is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full FY following the issuance of the proposed Subordinate Obligations, or (B) the third full FY during which no interest on the proposed Subordinate Obligations is expected to be paid from the proceeds thereof, estimated Subordinate Revenues, together with any estimated Transfer, for each such FY will be at least equal to 110% of Subordinate Aggregate Annual Debt Service for each such FY with respect to all outstanding Subordinate Obligations, Unissued Subordinate Program Obligations, and the Series of Subordinate Obligations proposed to be issued calculated as if the proposed Series of Subordinate Obligations and the full Authorized Amount of such proposed Subordinate Program Obligations, were then Outstanding.

For purposes of subparagraph a) above, no Transfer will be taken into account in the computation by the Authorized Commission Representative. For purposes of subparagraph b) above, the Transfer taken into account may not exceed 10% of Subordinate Aggregate Annual Debt Service in such FY for the outstanding Subordinate Obligations, Unissued Subordinate Program Obligations, the proposed Series of Subordinate Obligations, and, if applicable, the full Authorized Amount of such proposed Subordinate Program Obligations.

For purposes of subsections b) (ii) and (iii) above, in estimating Subordinate Revenues, the Consultant may take into account any adjustments to Revenues or M&O Expenses that the Consultant believes to be a reasonable assumption for such period.

In certain situations, neither of the certificates described above under subparagraphs a) or b) are required for the issuance of additional Subordinate Obligations. For instance, if Subordinate Obligations are being issued for the purpose of refunding then outstanding Subordinate Obligations and, instead, there is a certificate of an Authorized Commission Representative delivered to the Subordinate Trustee that shows that the Subordinate Aggregate Annual Debt Service in each FY after such refunding will not exceed Subordinate Aggregate Annual Debt Service

in each FY prior to the refunding, then neither of the certificates described above under subparagraphs a) or b) are required.

4.3.3 Flow of Funds

All Revenues from the operation of the Airport System are deposited into a special fund established and administered by the Commission and designated as the Operating Fund. Pursuant to the Master Senior Indenture, all Revenues are deposited in the Operating Fund and set aside for the payment of the following amounts or transferred to the following funds and accounts in the order listed:

- a) **Airport System M&O Expenses** - Revenues will be set aside in the Operating Fund sufficient to pay the current M&O Expenses of the Airport System.
- b) **Commission Debt Service Fund for General Obligation Revenue Bonds (current principal and interest portion) and Senior Debt Service Funds** – A sufficient amount of Revenues will be transferred by the Commission, without priority and on an equal basis, except as to timing of payment, (i) on or before October 10 each FY to the Commission Debt Service Fund to satisfy the Commission’s obligation to have on deposit in such fund an amount equal to the principal and interest required to be paid in the following FY on the outstanding General Obligation Revenue Bonds; and (ii) to the Senior Trustee in the amounts, at the times and in the manner provided for in the Master Senior Indenture, to provide for the payment of principal and interest to become due on the Outstanding Senior Bonds.
- c) **Commission Debt Service Fund for General Obligation Revenue Bonds (reserve portion) and Senior Debt Service Funds** – A sufficient amount of Revenues will be transferred by the Commission, without priority and on an equal basis, except as to timing of payment, (i) on or before October 10 each FY to the Commission Debt Service Fund to satisfy the Commission’s obligation to have on deposit in such fund a reserve sufficient to pay the debt service on its General Obligation Revenue Bonds required to be paid in the second following FY; and (ii) to the Senior Trustee for deposit into the respective debt service reserve funds established pursuant to the Master Senior Indenture, if any, such amounts as required to be used to pay or replenish such debt service reserve funds or reimburse a Credit Provider of a Debt Service Reserve Fund Surety Policy.
- d) **Reimbursement of Commission Debt Service Fund Deficiencies (Repay Property Taxes Used for General Obligation Revenue Bonds Debt Service)** – If a Commission Debt Service Fund deficiency tax with respect to the General Obligation Revenue Bonds has been certified in accordance with the Act, a sufficient amount of Revenues will be set aside in the Operating Fund to make payments of principal and interest to the treasurer of each county which extended a deficiency tax on its tax rolls up make up the deficiency in the Commission Debt Service Fund.
- e) **Subordinate Obligation Debt Service** – To the Subordinate Trustee such amounts and, at such times, as are sufficient to pay the debt service on any indebtedness, including Subordinate Obligations, issued pursuant to the terms of the Subordinate Indenture.
- f) **Subordinate Obligation Debt Service Reserve Funds** – To the Subordinate Trustee for deposit into the respective debt service reserve funds established pursuant to the Subordinate Indenture, if any, such amounts as required to be used to pay or replenish such debt service reserve funds or reimburse a Credit Provider of a Debt Service Reserve Fund Surety Policy.
- g) **M&O Expense Reserve Account** – To the payment of the amount established by the Commission as the minimum amount (currently equal to six months of M&O Expenses) required to be deposited in the M&O Expense Reserve Account (established within the Operating Fund).

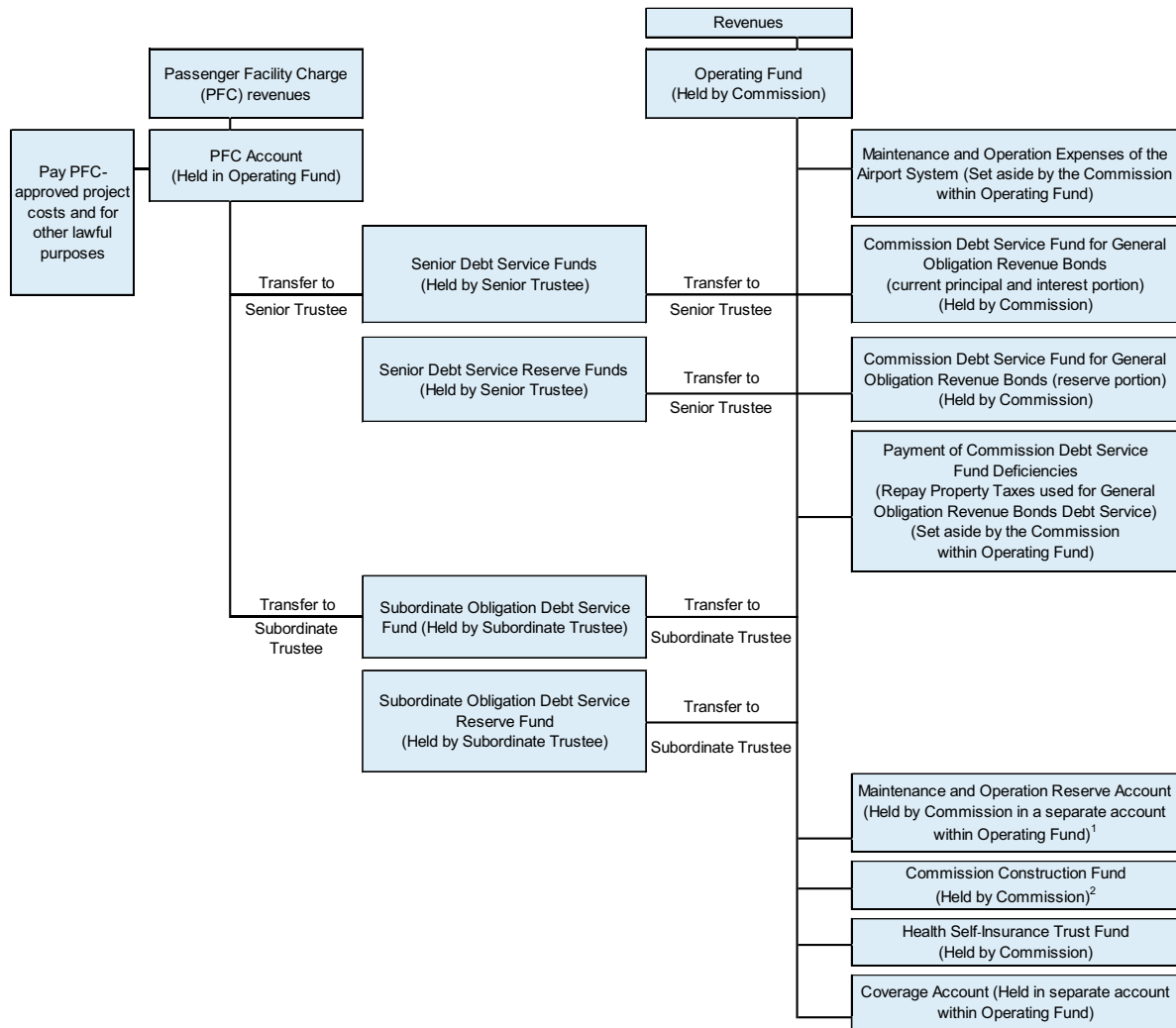
- h) **Commission Construction Fund** – To the Commission Construction Fund (held and administered by the Commission), such amounts, if any, as the Commission may determine in its discretion to be used in any manner provided by the Commission. Pursuant to the Airline Agreements, the Commission has established the Repair and Replacement Account in the Commission Construction Fund.
- i) **Health Self-Insurance Trust Fund** – To the Health Self-Insurance Trust Fund (held and administered by the Commission), such amounts, if any, as the Commission may determine in its discretion to be used in a manner provided by the Commission.
- j) **Coverage Account** - To the Coverage Account (established within the Operating Fund), such amounts, if any, as the Commission may determine from time to time to be used to pay M&O Expenses of the Airport System, debt service or redemption premiums on Outstanding Senior Bonds or the cost of additions, improvements, and repairs to the Airport System.

If no General Obligation Revenue Bonds are outstanding, the Commission is not obligated to fund the Commission Debt Service as provided in b)(i) and c)(i) above and is not required to reimburse any deficiencies as provided in d) above. The Commission currently has no General Obligation Revenue Bonds outstanding.

PFC Revenues are deposited into the PFC Account established within the Operating Fund and are required to be used by the Commission in accordance with the federal rules and regulations governing the use of PFCs, including, but not limited to, paying the principal and interest on Senior Bonds and Subordinate Obligations the proceeds of which were used to finance PFC-eligible projects.

Exhibit 4-1 presents the flow of Commission funds pursuant to the Master Senior Indenture.

Exhibit 4-1 Flow of Funds



¹ The Commission's current policy is to maintain in the Maintenance and Operation Reserve Account an amount equal to six months of maintenance and operation expenses.

² Includes amounts deposited to the Repair and Replacement Account.

Source: Metropolitan Airports Commission, Master Senior Indenture

4.3.4 Airport Use and Lease Agreements

The Commission has executed Airline Operating Agreement and Terminal Building Leases (Airline Agreements) with certain airlines operating at the Airport (the Signatory Airlines). Of the 39 airlines operating at the Airport, 36 are, or are expected to be, Signatory Airlines. Together, the Signatory Airlines and their respective regional affiliates accounted for 100% of enplaned passengers at the Airport in 2018, and approximately 99.96% of Airport landed weight in 2018.

Ten of the Air Carriers, including Delta, have entered, or are expected to enter, into Airline Lease Agreements that have an expiration date of December 31, 2030; and 26 Air Carriers have entered, or are expected to enter, into Airline Lease Agreements that have an expiration date of December 31, 2023. Pending receipt of the executed Airline Lease Agreement, the applicable Air Carrier operates at the Airport pursuant to the terms of the new Airline Lease Agreement. The Commission expects three of the Air Carriers operating at the Airport will not enter into an Airline Lease Agreement and will instead operate at the Airport pursuant to an ordinance adopted by the Commission that sets landing fees and terminal rentals for Air Carriers that are not a signatory to an Airline Lease Agreement.

The Airline Agreements establish, among other things, procedures for setting and adjusting Signatory Airline rentals, fees and charges to be collected for the use of Airport facilities. The Airline Agreements also govern airline use of certain Airport facilities, including the airfield, aircraft aprons, Terminal 1, including baggage claim, ticket counters and gate areas and permits the Signatory Airlines to lease space on an Exclusive Use, Preferential Use, Joint Use, and Common Use basis. Exclusive Use Premises generally include office space, storage areas, airline club lounges, and employee break rooms leased to a Signatory Airline and to which the Signatory Airline has an exclusive right of use over all other air carriers. Preferential Use Premises generally include holdroom areas and gates, ticket counters, and aircraft parking positions on the apron leased to a Signatory Airline and to which the Signatory Airline has a preferential right of use over all other air carriers. Joint Use Premises are space and facilities at the Airport used jointly or in common by air carriers and generally includes baggage claim areas, inbound baggage areas, and International Arrivals Facility (IAF) areas. Common Use Space includes certain ticket counter, holdroom, and ramp areas to be available to on common use basis.

Terminal 2, which primarily serves low-cost carriers (LCCs), ultra low-costs carriers (ULCCs), and charter operators, is operated by the Commission on a common use basis and the rents, fees, and charges for its use is established by ordinance. Certain carriers operating from Terminal 2 have executed Airline Agreements; however, terminal rentals and are set pursuant to the ordinance.

4.3.5 Accounting Structure

Pursuant to the Airline Agreements, various direct and indirect cost centers are used for the purpose of accounting for and allocating costs and revenues of the Airport System in order to establish airline rentals, fees, and charges for the use of the Airfield, Terminals, and various other areas. The Series 2019 Bonds are payable from Revenues from all cost centers of the Airport System.

The direct Airport System cost centers are:

- **Airfield** – the runways, taxiways, approach and clear zones, safety areas, infield areas, landing and navigational aids, and other facilities and land areas which are not leased to any entity and are required by or related to aircraft operations (landings, takeoffs, and taxiing) at the Airport and other facilities including, but not limited to, the control tower, roads, tunnels, and collection and processing facilities for deicing agents and shall include on-Airport noise abatement costs and Off-Airport Aircraft Noise Costs, but excluding any areas leased separately at any time.

- **Terminal 1** – the passenger terminal buildings including Concourses A,B,C,D,E,F, and G, including but not limited to, underground parking beneath Terminal 1, a portion of the auto rental/parking/terminal people mover, the Ground Transportation Center, skyways, the International Arrivals Facility (IAF) (provided that, for the purpose of calculating rates and charges, IAF is a separate Airport Cost Center), the Energy Management Center, and the Airline Clubs located therein, together with additions and/or changes thereto.
- **Terminal Apron** – the Airport parking apron
- **Terminal 2** – the Terminal 2 building located on 34th Avenue South at the Airport, or any replacement facility
- **International Arrivals Facility** - the space in Terminal 1 utilized for the arrival and departure of international flights, also referred to as IAF.
- **Reliever Airports** – the general aviation airports owned and operated by the Commission, including but not limited to, Saint Paul Downtown Airport, Flying Cloud Airport, Crystal Airport, Anoka County-Blaine Airport, Lake Elmo Airport, and Airlake Airport.
- **Landside Area** – the upper and lower level terminal roadways, the inbound and outbound terminal roads, the commercial lane, rental car service and storage areas, a portion of the auto rental/parking/terminal people mover, rental car ready/return areas, skyways, and the automobile parking areas (except the underground parking beneath Terminal 1 at the Airport).
- **Other Areas** – all other direct cost building and ground areas at the Airport provided for general aviation, cargo, aircraft maintenance, and other aviation- and nonaviation-related activities.

Indirect Airport cost centers include Equipment Buildings, Maintenance Labor, ARFF, Police, and Administration, which are allocated to direct cost centers pursuant to set percentages in the Airline Agreements, which may be adjusted from time to time by the Commission with approval by a Majority-In-Interest of Signatory Airlines.

4.3.6 Airline Rate-Setting Methodology

The airline rate-setting approach and capital projects approval provisions of the Airline Agreements are summarized in the following sections. The airline rate-setting methodology is used as the basis for forecasting airline revenues for this Report.

Airline rates, fees, and charges under the Airline Agreements are calculated based on a cost center residual methodology in the Airfield and Terminal Apron, and a compensatory rate-setting methodology in Terminal 1 for janitored and non-janitored space, each described below. In addition, under the Airline Agreements the Signatory Airlines are obligated to pay Common Use Space Charges, Carrousel and Conveyor Charges on a joint use basis, and IAF Gate and Use Fees, and other fees and charges on a per use basis.

4.3.6.1 Landing Fees

The Landing Fee Rate is established through the Airline Agreements, and is a rate charged on the basis of a thousand pounds of aircraft maximum landing weight. As described above, Landing Fees under the Airline Agreements are calculated on a cost center residual basis where the Commission recovers the Net Airfield Cost from the Signatory Airlines.

The Net Airfield Cost is calculated per the sum of the following for each FY:

- The total estimated direct and allocated indirect M&O Expenses allocable to the Airfield cost center.
- The estimated direct and allocated indirect Debt Service net of amounts paid from PFCs or grants allocable to the Airfield cost center.

- The cost of Runway 17/35 deferred and not yet charged will be charged through December 31, 2035 at \$79,535.16 annually.
- The Landing Fee Repair and Replacement Amount.
- The amount of any fine, assessment, judgment, settlement, or extraordinary charge (net of insurance proceeds) paid by the Commission in connection with the operations on the Airfield, to the extent not otherwise covered.
- The amounts required to be deposited to funds and accounts pursuant to the terms of the Trust Indentures, including, but not limited to, its Debt Service reserve funds directly or indirectly allocable to the Airfield cost center, excluding the amounts the Commission may deposit from time to time to the M&O reserve account and the Coverage Account, except for such amounts which are necessary to be deposited to the Coverage Account in order for the Commission to meet its rate covenants under the Trust Indentures.

Less:

- Service fees received from the military, to the extent such fees relate to the use of the Airfield;
- General aviation and non-signatory landing fees;
- Debt Service on the Capital Cost, if any, disapproved by a Majority-In-Interest of Signatory Airlines.²³

The Net Airfield Cost is then divided by the estimated Total Landed Weight (expressed in thousands of pounds) of the Signatory Airlines operating at the Airport to determine the landing fee rate per 1,000 pounds of aircraft weight for a given FY.

4.3.6.2 Terminal Apron Fees

The Terminal Apron Fee Rate is established through the Airline Agreements, and is a rate charged on the basis of linear feet of Terminal Apron space. As described above, Terminal Apron fees are calculated on a residual basis where the Commission recovers the portions of the Terminal Apron Cost allocable to the Signatory Airlines based on leased Terminal Apron space.

The Terminal Apron Cost is calculated per the sum of the following for each FY:

- The total estimated direct and allocated indirect M&O Expenses allocable to the Terminal Apron cost center.
- The estimated direct and allocated indirect Debt Service net of amounts paid from PFCs or grants allocable to the Terminal Apron cost center (excluding hydrant fueling repairs and modifications).
- The cost of Concourse A and B Apron Area deferred and not yet charged will be charged through December 31, 2035 at \$159,950.19 annually.
- The amounts required to be deposited to funds and accounts pursuant to the terms of the Trust Indentures, including, but not limited to, its Debt Service reserve funds directly or indirectly allocable to the Terminal Apron cost center, excluding the amounts the Commission may deposit from time to time to the M&O

²³ Note that per the Airline Agreements, none of the current CIP Projects require a Majority-in-Interest from the Signatory Airlines.

reserve account and the Coverage Account, except for such amounts which are necessary to be deposited to the Coverage Account in order for the Commission to meet its rate covenants under the Trust Indentures.

- The Terminal Apron Repair and Replacement Amount.

The Terminal Apron Cost is then divided by the estimated Total estimated linear feet of Terminal Apron at the Airport to determine the Terminal Apron per linear foot for a given FY.

4.3.6.3 Terminal 1 Building Rents

The Terminal 1 Building Rental Rates are established through the Airline Agreements for janitored and non-janitored space, and charged on the basis of leased Terminal 1 square footage. As described above, Terminal 1 Building Rental Rates are calculated on a compensatory basis where the Commission recovers the portions of the Terminal 1 Building Cost allocable to the Signatory Airlines based on leased Terminal 1 Building space.

The Terminal Building Cost is calculated per the sum of the following for each FY:

- The total estimated direct and allocated indirect M&O Expenses allocable to the Terminal 1 cost center.
- The estimated direct and allocated indirect Debt Service net of amounts paid from PFCs or grants allocable to the Terminal 1 cost center.
- The cost of Concourse A, B, C, and D deferred and not yet charged will be charged through December 31, 2035 at \$2,910,547.40 annually.
- The amounts required to be deposited to funds and accounts pursuant to the terms of the Trust Indentures, including, but not limited to, its Debt Service reserve funds directly or indirectly allocable to the Terminal 1 cost center, excluding the amounts the Commission may deposit from time to time to the M&O reserve account and the Coverage Account, except for such amounts which are necessary to be deposited to the Coverage Account in order for the Commission to meet its rate covenants under the Trust Indentures.

To calculate the Terminal 1 Building Rental Rate for non-janitored space, the Terminal Building Cost is then reduced by the total annual amounts of the following items to determine the Net Terminal Building Cost:

- Reimbursed expense:
 - IAF M&O Expenses
 - Carrousel and conveyer Debt Service and M&O Expenses
 - Ground Power
 - Loading Dock
 - Concession utilities
 - Airline services provided by the Commission and Commission-owned systems and equipment and utilities insurance costs, to the extent directly reimbursed
 - Janitorial M&O Expenses incurred by the Commission

The Net Terminal Building Cost is then divided by the total estimated Rentable Space in the Terminal 1 building to determine the Terminal 1 building rental rate per square foot for non-janitored space for a given FY.

The Terminal 1 Building Rental Rate for janitored space is then calculated by totaling the Terminal 1 Building Rental Rate per square foot for non-janitored space for a given FY, and an additional rate per square foot, the janitored rate, calculated by dividing the total estimated direct janitorial M&O Expenses, as determined by the Commission, by the total janitored space in the Terminal 1 building (excluding Commission and mechanical space).

In addition to the Terminal 1 Building Rental Rates for janitored and non-janitored space, the Commission also charges a Terminal 1 Repair and Replacement surcharge on a per square foot basis based on the Terminal 1 Repair and Replacement Amount divided by the weighted average airline rentable space.

4.3.6.4 Signatory Airline Approval of Certain Capital Improvement Projects (Majority-In-Interest approval)

The Commission and the Signatory Airlines agreed in the Airline Agreements that certain Capital Projects are subject to Signatory Airline approval, referred to as Majority-In-Interest approval. Article VII.B of the Airline Agreements specifies that the Commission may not recover through airline rents, fees, or charges the capital costs of any capital project in the Airfield Cost Center whose gross project costs exceed \$5 million without being approved by a Majority-In-Interest of Signatory Airlines. Majority-In-Interest means the Signatory Airlines who (a) represent no less than 50% in number of the Signatory Airlines operating at the time of the voting action and (b) paid no less than 40% of landing fees incurred by Signatory Airlines during the preceding Fiscal Year. No Airline shall be deemed a Signatory Airline for the purpose of determining a Majority-In-Interest if the Commission has given written notice of an event of default to such Airline that is continuing at the time of the voting action.

The Commission may proceed with any capital project that was disapproved by a Majority-In-Interest of Signatory Airlines provided that the Commission does not recover the capital costs of the project through airline rents, fees, or charges. Certain capital projects, such as projects not in the Airfield Cost Center, or projects in the Airfield Cost Center necessary to: comply with a rule or regulation from any governmental agency with jurisdiction over the Airport, satisfy a final judgement against the Commission, or necessary to repair casualty damage, are not subject to Majority-In-Interest approval.

4.3.7 Other Agreements

The Commission has agreements with other entities that operate, provide services or occupy space at the Airport, including restaurants, newsstands, retail shops, and display advertising, among other specialties. In addition, several Airport tenants have executed lease agreements with the Commission governing their occupancy and use of space on Airport property. In general, the business terms of these Airport non-airline agreements are based on industry standards and practices. Additional summaries of key non-airline agreement terms are provided in section 4.7 below.

4.4 Plan of Finance

The 2019-20 CIP Projects and 2021-25 CIP Projects are estimated to total approximately \$642.8 million and \$557.1 million, respectively, and are currently planned to be funded using a combination of PFCs, federal and state grants, Commission funds, and bond proceeds; including proceeds of bonds issued previously, proceeds of the Series 2019 Bonds, and proceeds of bonds expected to be issued in the future. Specifically, the Commission plans to issue the Series 2019 Bonds to, in part, pay portions of the costs of the Series 2019 Projects. Currently, the Commission is planning to issue additional bonds in FY 2022 to fund portions of the 2021-25 CIP Projects.

As presented on **Exhibit A**, the Series 2019 Projects are estimated to be funded by approximately \$173.1 million of PFCs, approximately \$16.5 million of federal and state grants, approximately \$177.9 million of Series 2019 Bond proceeds, and approximately \$7.0 million of Commission funds.

Exhibit B presents the total estimated project costs and estimated funding sources for the Other 2019-20 CIP Projects and 2021-25 CIP Projects not being funded with the Series 2019 Bonds, discussed previously in Chapter 3. As shown, Other 2019-20 CIP Projects and 2021-25 CIP Projects are expected to be funded with approximately \$127.1 million of PFCs, \$37.8 million of existing bond proceeds and approximately \$100.0 million

of future bond proceeds, along with approximately \$109.4 million of federal and state grants and approximately \$451.1 million of Commission funds. Assumptions related to the issuance of the Series 2019 Bonds and future bonds are provided below in Section 4.5.

The Commission does not need approval, and does not plan to seek approval, from the Majority-In-Interest of the Signatory Airlines to construct the projects in the 2019-20 CIP or the 2021-25 CIP.

4.5 The Series 2019 Bonds and Future Bonds

Proceeds of the Series 2019 Bonds are anticipated to be used, along with other available funds, to:

1. Pay portions of the costs of acquiring, constructing and installing the Series 2019 Projects (defined herein),
2. Fund capitalized interest on a portion of the Series 2019A Bonds and the Series 2019B Bonds during construction of the Series 2019 Projects,
3. Refund and defease the Senior Airport Revenue Bonds Series 2009A, 2009B, 2010A, and 2010B and the Subordinate Airport Revenue Bonds Series 2010C and 2010D (collectively, the Refunded Bonds),
4. Make a deposit to the Subordinate Reserve Fund,
5. Repay a portion of the outstanding Subordinate Revolving Obligations, and
6. Pay the costs of issuance of the Series 2019 Bonds.

The Commission expects to use PFC revenues to pay a portion of the debt service on the Series 2019B Bonds. PFC revenues are excluded from the definition of Revenues, and therefore, are not pledged to the payment of debt service unless otherwise designated as Revenues pursuant to a Supplemental Senior Indenture, which has not occurred. However, the Commission has in the past irrevocably committed a portion of the PFC revenues it receives to the payment and funding of debt service on Senior Bonds and Subordinate Obligations issued to finance projects authorized to be financed with PFCs through December 31, 2030. In addition to PFC revenues previously irrevocably committed, the Commission can, at its sole discretion, use excess PFCs to pay additional debt service on PFC-Eligible Bonds and has done so in the past and expects to do so in the future.

For the purposes of this Report, the financial analysis contained herein includes, in addition to all Outstanding Senior Bonds and Outstanding Subordinate Obligations, the planned issuance of the new money portion of the Series 2019 Bonds (Series 2019 New Money Bonds) and the planned issuance of future subordinate bonds in FY 2022 to fund certain portions of the Commission's CIP. This Report does not take into consideration any savings associated with the refunding of the Refunded Bonds through the issuance of the refunding portion of the Series 2019 Bonds.

Table 4-1 presents a listing of estimated sources and uses of funds for the proposed new money portion of the Series 2019 Bonds (Series 2019 New Money Bonds). The estimated sources and uses of funds and debt service for the proposed Series 2019 New Money Bonds were prepared by the Commission's financial advisor, Samuel A. Ramirez & Co., Inc.

Table 4-1 Series 2019 New Money Bonds Estimated Sources and Uses (Dollars in Thousands)¹

Sources	Total
Par Amount	\$205,710
Premium	\$25,882
Total Sources	\$231,592
Uses:	
Series 2019A and 2019B Construction Funds	\$177,908
Repay Revolving Obligations	\$19,100
Subordinate Reserve Fund	\$13,963
Capitalized Interest on Series 2019A and 2019B Bonds	\$19,053
Cost of Issuance	\$1,568
Total Uses	\$231,592

¹ Amounts in this table will not be updated to reflect the final terms of sale on the Series 2019 Bonds.

Note: Amounts may not add because of rounding.

Source: Samuel A. Ramirez & Co., Inc.

Debt Service estimates for the Series 2019 New Money Bonds and future bonds were provided by Samuel A. Ramirez & Co., Inc. and are based on the assumptions included in **Table 4-2**. For purposes of this financial analysis, the Series 2019 New Money Bonds are assumed at an interest rate of 4.06%, and future subordinate bonds planned to be issued in 2022 are assumed at an interest rate of 6%.

Table 4-2 Assumptions for the Series 2019 Bonds and Future Bonds (Dollars in Thousands)¹

Assumption	Series 2019 New Money Bonds	Future Bonds (2022)
Issuance Date	10/03/2019	10/03/2022
Bond Yield (All-in TIC)	4.06%	6.03%
Final Maturity	01/01/2049	01/01/2052

¹ Amounts in this table will not be updated to reflect the final terms of sale on the Series 2019 Bonds.

Source: Samuel A. Ramirez & Co., Inc.

Exhibit C presents annual Net Debt Service from Budget 2019 through the Forecast Period. Net Debt Service on the Series 2019 New Money Bonds, net of capitalized interest, is anticipated to be approximately \$2.4 million in 2020 and 2021, and then increase to approximately \$14.0 million in 2022 and remain level through the Forecast Period. For purposes of this analysis, it is assumed that PFCs ranging between \$26.2 million and \$28.9 million will be applied to annual debt service during the forecast period.

Certain projects included in the Additional 2019-2025 CIP Projects are planned to be funded by future subordinate bond proceeds as identified in Chapter 3 of this Report. Debt service on a future series of bonds assumed to be issued in 2022, net of capitalized interest, is assumed to become payable from revenues in 2025 in the amount of \$9.6 million annually.

Total annual Net Debt Service and other financing costs, net of PFCs applied to debt service, is budgeted to be approximately \$117.9 million in 2019 and is forecast to remain relatively level through 2024, ranging between \$112.1 million and \$125.8 million, before increasing to approximately \$133.9 million when debt service on future bonds is anticipated to become payable.

4.6 M&O Expenses

Table 4-3 below presents historical M&O Expenses of the Commission for the last five years from 2014 through 2018. For the period of 2014 through 2018, total Operating Expenses increased from approximately \$154.1 million in 2014 to approximately \$189.7 million in 2018, a CAGR of approximately 5.3%.

The primary categories of M&O Expenses include personnel (salaries, wages, and employee benefits); administrative, professional services; utilities, operating services, maintenance, and other operating expenses.

Table 4-3 Historical Maintenance and Operation Expenses (Dollars in Thousands)

Operating Expense Category	2014	2015	2016	2017	2018	2014-18 CAGR
Personnel	\$72,358	\$75,998	\$78,048	\$81,313	89,335	5.4%
Administrative	1,610	1,521	1,723	1,993	2,058	6.3%
Professional Services	4,972	5,574	6,217	6,151	6,210	5.7%
Utilities	20,873	18,304	18,816	19,619	19,930	-1.1%
Operating Services	19,583	21,230	23,389	26,073	28,280	9.6%
Maintenance	31,377	32,089	36,319	36,293	42,576	7.9%
Other	3,323	3,454	4,411	5,611	4,531	8.1%
GASB 68 Pension Adjustment ¹	0	5,730	16,377	6,680	(905)	--
GASB 75 OPEB Adjustment ²					(2,279)	--
Total M&O Expenses	\$154,098	\$163,900	\$185,300	\$183,733	\$189,736	5.3%

¹ In 2015, the Commission implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The Commission is required to recognize as liabilities its proportionate share of the unfunded pension obligations of the Public Employees Retirement Association of Minnesota.

² In 2018, the Commission implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. GASB 75 requires governments to recognize their unfunded accrued OPEB obligation on the face of their financial statements along with incorporating more footnote disclosures and required supplementary information.

Note: Amounts may not add because of rounding.

Source: Metropolitan Airports Commission Comprehensive Annual Financial Reports

Key M&O Expenses categories and assumptions in forecasting future growth are summarized below.

- Personnel.** This expense category includes salaries, wages, and benefits associated with Commission staff for 680 FTE positions. Salaries, wages, and employee benefits is the largest single category of M&O Expenses as it represents approximately 47% of total M&O Expenses for 2018. As presented above, personnel expenses increased at a CAGR of approximately 5.4% for the period 2014 through 2018, and are budgeted to increase by approximately 4.3% in 2019 to approximately \$93.2 million. This increase for 2019 includes a 3.0% cost of living increase and additional full-time employees. In addition, employee benefits, which includes employee insurance/post-retirement healthcare, Social Security, Medicare, retirement plans, severance, workers' compensation and other miscellaneous items, are budgeted to

increase by 8.1% in 2019. Future personnel expenses are forecast to increase at a CAGR of 5.0% from 2019 through 2025.

- **Administrative.** Administrative expenses include office and other supplies, travel and meeting costs, and expenses for information sources. This category of expenses increased at a CAGR of approximately 6.3% for the period 2014 through 2018, and is budgeted to decrease by 0.8% in 2019 at approximately \$2.1 million. Future administrative expenses are forecast to increase at a CAGR of 5.6% from 2019 through 2025.
- **Professional Services.** This expense category includes costs associated with services for concessions/engineering, software consulting, accounting/auditing, legal/legislative, public information/community, and other miscellaneous services. This category of expenses increased at a CAGR of approximately 5.7% for the period 2014 through 2018, and is budgeted to increase by 28.7% in 2019 to approximately \$8.0 million. A majority of the increases budgeted for in 2019 are due to a planned real estate assessment study for the Airport System and increases for software and security consulting fees. Future professional services expenses are forecast to increase at a CAGR of 5.7% from 2019 through 2025.
- **Utilities.** This expense category includes expenses for electricity, gas, water, and heating, ventilation, and air conditioning (HVAC). Utilities expenses comprised approximately 10% of total M&O Expenses for 2018. This category of expenses decreased at a CAGR of approximately -1.1% for the period 2014 through 2018, and is budgeted to increase modestly by approximately 0.4% in budget 2019 to approximately \$19.6 million. Future utilities expenses are forecast to increase at a CAGR of 4.3% for 2019 through 2025.
- **Operating Services.** This expense category includes costs associated with the Commission's outsourcing for parking management, shuttle bus services, and other contractual services. It is the third largest category of M&O Expenses of the Airport System, representing approximately 15% of total M&O Expenses for 2018. This category of expenses increased at a CAGR of approximately 9.6% for the period 2014 through 2018, and is budgeted to increase by another 5.2% in 2019 at approximately \$30.5 million. Primary reasons for the increase in expenses for this category is due to contractual increases in the Airport's parking management contract and additional shuttle bus service needed to transfer hotel employees to the new hotel. Future operating services expenses are forecast to increase at a CAGR of 5.0% for 2019 through 2025.
- **Maintenance.** This expense category includes corrective and preventative maintenance expenses for facilities, equipment, systems, and infrastructure repairs and maintenance. This expense category also includes contractual costs associated with janitorial services. Materials and supplies costs associated with snow and ice removal are also included. Maintenance expenses are the second largest category of M&O Expenses of the Airport System, representing approximately 22% of total M&O Expenses for 2018. Maintenance expenses increased at a CAGR of approximately 7.9% for the period 2014 through 2018, and are budgeted to decrease by approximately 1.0% in budget 2019 to approximately \$40.9 million. Future maintenance expenses are forecast to increase at a CAGR of 4.9% for 2019 through 2025.
- **Other.** This expense category includes both property and liability insurance of the Airport System along with other minor expenses not included in the categories above. Insurance/other expenses comprised just over 2% of total M&O Expenses in 2018. This category of expenses decreased at a CAGR of approximately 8.1% for the period 2014 through 2018, and is budgeted to decrease by approximately 3.4% in budget 2019 to approximately \$4.2 million. Future other expenses are forecast to increase at a CAGR of approximately 5.2% for 2019 through 2025.

Overall, the forecast of M&O Expenses is based on historical trend reviews, the anticipated impacts of inflation, forecast activity levels, and impacts associated with the capital projects, as applicable. **Exhibit D** after this

Chapter presents forecast M&O Expenses of the Commission by category and cost center for the Forecast Period. Total M&O Expenses are forecast to increase from approximately \$198.4 million in 2019 to approximately \$265.7 million in 2025, reflecting a CAGR of 5.0% over the Forecast Period.

4.7 Non-Airline Revenues

Table 4-4 below presents historical non-airline revenues for the Airport System for the period of 2014 to 2018. As shown, total non-airline revenues increased from approximately \$180.3 million in 2014 to approximately \$249.6 million in 2018, for a CAGR of approximately 7.4% over this period. As also presented on the table, non-airline revenues per enplaned passenger increased through this period from approximately \$10.60 in 2014 to approximately \$13.58 in 2018.

Table 4-4 Historical Airport Non-Airline Revenues (Dollars in Thousands) ¹

Non-Airline Revenue Category	2014	2015	2016	2017	2018	2014-18 CAGR
Terminal						
Food and Beverage	\$16,128	\$16,836	\$21,044	\$23,137	\$24,241	10.7%
News, Retail, and Passenger Services	12,249	12,617	14,808	16,855	18,217	10.4%
Other Concessions	741	1,840	2,167	2,245	2,340	33.3%
Parking / Ground Transportation						
Parking	83,575	90,906	94,888	99,333	98,239	4.1%
Rental Cars	17,939	18,708	19,876	19,410	20,824	3.8%
Ground Transportation	5,812	5,986	7,907	11,497	13,514	23.5%
Rentals/Fees						
Rental Car CFC	11,377	11,913	21,924	21,524	22,398	18.5%
Buildings, Facilities, and Ground Rentals	15,673	17,234	18,804	20,570	21,457	8.2%
General Aviation / Airside Fees	3,244	3,799	4,270	4,225	5,096	12.0%
Reliever Airports	7,067	6,939	7,744	7,875	8,386	4.4%
Utilities & Other Revenue						
Utilities	4,915	4,665	4,348	5,350	5,455	2.6%
Maintenance, Cleaning, and Distribution (MCD) Fees	3,204	3,306	3,523	3,858	3,962	5.5%
Other Revenues and Reimbursed Expenses	5,404	4,867	4,975	5,008	5,498	0.4%
Total Non-Airline Revenues	\$187,330	\$199,617	\$226,279	\$240,888	\$249,627	7.4%
Enplaned Passengers (000s)	17,008	17,732	18,161	18,385	18,382	2.0%
Non-Airline Revenues per Enplaned Passenger	\$11.01	\$11.26	\$12.46	\$13.10	\$13.58	5.4%

Note: Amounts may not add because of rounding.

Source: Metropolitan Airports Commission Comprehensive Annual Financial Reports

Exhibit E presents non-airline revenues for the Airport System for budget 2019 and forecast for 2020 through 2025. Non-airline revenues are budgeted at approximately \$259.6 million in 2019 and are forecast to increase to approximately \$303.0 million in 2025. This increase in non-airline revenues between 2019 and 2025 represents a CAGR of approximately 2.6%. In general, the forecast of non-airline revenues is based on historical trend reviews, forecast passenger levels, and impacts associated with the CIP, as applicable. Non-airline revenues are further described in the following sections.

4.7.1 Terminal Concessions

Terminal concession revenues at the Airport are generated from food and beverage, news, retail, and passenger services (inflight catering) provided within the terminal building. Total terminal concession revenues generated approximately \$42.5 million in 2018, representing nearly 18% of the Airport System's total non-airline revenues. Terminal concessions increased from approximately \$28.4 million in 2014 to \$44.8 million in 2018, representing a CAGR of approximately 12.1% during this period.

There are approximately 76 food and beverage, and 54 merchandise locations in the terminals. The Commission has entered into agreements for retail and food and beverage concessions with various firms selected through competitive proposals. The Airport is currently undergoing a reconstruction and redevelopment process which includes several new retail stores. This process is expected to be completed by December 2019 and will increase the number of retail stores by approximately nine concessions. The Airport will be entering into new leases for the new concessionaires. The remaining concession operators in both terminals that have lease expiration dates after 2019. A "street plus 10%" pricing policy of the Commission is in effect to ensure that food and merchandise prices at the Airport are similar to those in stores and restaurants in the area, including the Mall of America. In general, the food and beverage concessionaires paid an average of approximately 15.1% of gross revenues, and the news and gift and retail concessionaires paid an average of approximately 16.7% of gross revenues to the Commission in 2018.

The following tenants serve as the primary concessionaires at the Airport, with numerous vendors as subtenants:

- Areas Aero MSP JV, LLC
- Caribou MSP Airport
- Anton Airfood, Inc.
- DN-CBR MSP, LLC
- Dufry MSP Retailers JV
- Host International, Inc.
- Hudson Group HG Retail, LLC
- Midfield Concession Enterprises, Inc.
- OTG Management Midwest, LLC (OTG)
- Pacific Gateway Concessions, LLC
- SSP America MSP, LLC
- WDFG North America, LLC

Food and beverage concession revenues for 2019 are budgeted to decrease by approximately 3.7% in 2019 as compared to 2018, primarily due to a one-time supplemental rent income payment in 2018 and also from the food court remodeling and food/beverage reconstruction in 2019 which is expected to limit the growth of food and beverage revenues. For the period of 2019 through 2025, terminal concession revenues are forecast to increase from approximately \$43.1 million to approximately \$50.1 million, reflecting a CAGR of 2.5%. The forecast assumes increases generally in line with inflationary trends and passenger growth.

4.7.2 Automobile Parking

Automobile parking revenues, which includes both public and employee parking, represent the largest component of non-airline revenues at the Airport, accounting for approximately 39% of total non-airline revenues for 2018. As presented on Table 4-4, auto parking revenues increased at a CAGR of approximately 4.1% from 2014 to 2018,

increasing from approximately \$83.6 million to \$98.2 million. The Commission offers several parking products to Airport parkers including daily/hourly (short-term) structured parking, value (long-term) structured parking, quick ride ramp (economy) structured parking, and premium valet service at Terminal 1. These parking products are priced based on level of service. **Table 4-5** below presents current public parking rates at the Airport. The Commission routinely monitors public parking rates and implements rate changes periodically as appropriate. The Commission has been able to realize revenue gains resulting from these increases and the differing products as demand has continued to increase.

Table 4-5 Current Public Parking Rates at the Airport

Parking Facility	Current
Terminal 1 Daily/Hourly Parking (Short-Term)	
First Hour	\$5
Each Additional Hour	\$3
Daily Maximum	\$26
Terminal 1 Quick Ride Ramp (Economy)	
First Hour	\$5
Daily Maximum	\$15
Terminal 1 Valet Parking	
First Hour	\$10
Each Additional Hour	\$3
Daily Maximum	\$45
Terminal 2 Daily/Hourly Parking (Short-Term)	
First Hour	\$5
Each Additional Hour	\$3
Daily Maximum	\$26
Terminal 2 Value Parking (Long-Term)	
First Hour	\$5
Each Additional Hour	\$3
Daily Maximum	\$19

Source: Metropolitan Airports Commission, July 2019.

ABM Parking Services (ABM) operates the public parking facilities at the Airport under a parking management services agreement that became effective on July 1, 2015. The agreement with ABM includes three, 2-year extension options at the discretion of the Commission. The Commission opted to extend the agreement for the first option through December 31, 2019.

Pursuant to the agreement with ABM, ABM is responsible for maintaining and operating the existing facilities and collecting parking fees established by the Commission. ABM remits all gross parking revenues to the Commission and is reimbursed for operating expenses and paid a management fee. It was assumed in the analysis that, whether the Commission extends the agreement with ABM or enters into a new agreement, any such agreement in place through the forecast period will have terms that are no less beneficial to the Commission as those of the existing agreement.

As of May 2019, four off-airport parking companies also provide parking services to passengers, in competition with the Commission. These off-airport operators include EZ Air Park, Park-N-Go, Park 'N Fly, and Shepard Road Airport Parking. Combined, these operators have an inventory of approximately 5,450 parking spaces.

For the period of 2019 through 2025, auto parking revenues are forecast to increase from approximately \$104.3 million budgeted in 2019 to approximately \$123.1 million in 2025, representing a CAGR of 2.8%. The forecast assumes rate increases generally in line with inflationary trends along with the increase in O&D enplaned passengers at the Airport. For the purposes of projecting parking revenues, the forecast assumes rate increases every third year starting in 2022. Assumed increases to parking rates reflect \$2 increases for general parking, \$1 increases for Value Parking at Terminal 2 and the remote Quick Ride Ramp (which serves Terminal 1 by shuttle), and a \$5 increase for valet parking.

4.7.3 Rental Car

Three rental car companies, providing 10 brands, currently have on-Airport concession agreements that have terms expected to be extended through December 31, 2020. The current rental car concession agreements will remain in place on a holdover basis until the rental car companies will be relocated to the new parking and rental car garage adjacent to Terminal 1. The new rental car concession agreement will become effective upon the first day of the month following the date of beneficial occupancy of the new parking and rental car garage (expected to be May 1, 2020) and will have a 10-year term from the effective date. These companies and their associated brands include:

- Avis Budget Group Inc. (Avis, Budget, Payless, and Zipcar)
- Enterprise Holdings Inc. (Enterprise, Alamo, and National)
- Hertz Global Holdings (Hertz, Dollar, and Thrifty)

The Commission receives a concession fee annually from the rental car companies which is the greater of an amount equal to 10% of gross receipts for such year, or a minimum annual guaranteed (MAG) amount. The annual MAG equals the greater of an amount equal to 85% of the concession fee paid by the rental car company in the prior year, or the MAG amount for 2014 as established by the concession agreements. Starting in FY 2020, the new agreements will be in effect with higher MAG amounts. In addition, each rental car company pays rent for exclusive-use space in the terminals and ground rent for use of the ready/return area and vehicle storage.

Currently, one off-Airport rental car company (Sixt) operates at the Airport under permits, which are renewed on an annual basis. The off-Airport rental car companies are also required to pay a 10% percentage of gross receipts as a privilege fee for use of the Airport. Once the new rental car garage is opened in early 2020, Sixt will be relocated on-Airport to the new facility.

Rental car revenues at the Airport increased from \$17.9 million in 2014 to approximately \$20.8 million in 2018, representing a CAGR of 3.8% during this period. For the period of 2019 through 2025, rental car revenues are forecast to increase from approximately \$19.6 million to \$23.1 million, reflecting a CAGR of 2.7%. The forecast assumes increases generally in line with inflationary trends and forecast increases in O&D passengers at the Airport.

4.7.4 Ground Transportation

Ground transportation revenues are generated primarily from fees assessed to the operators of taxis, transportation network companies (TNCs), and commercial vehicles at the Airport as summarized below:

- Fees are assessed to taxis operating at the Airport based on Commission Ordinance No. 126, effective as of October 1, 2017. Based on the Ordinance No. 126, taxis pay one-time annual and trip fees to the Airport. The trip fee for taxis is subject to an increase each year by the Commission based on the defined index in the Ordinance.

- Fees are assessed to the TNCs operating at the Airport (Uber and Lyft) based on Commission Ordinance No. 124, effective as of January 1, 2017. Based on the Ordinance No. 124, for 2019, the TNCs pay license/permits fees of \$25.00 and a trip fee of \$3.19 in 2019. The TNC trip fee is subject to an increase each year by the Commission based on the defined index in the Ordinance.
- Fees are assessed to commercial vehicles operating at the Airport (limousine, shared ride services, and off-Airport rental car and parking operators) based on Commission Ordinance No. 122, effective as of January 1, 2017. Based on the Ordinance No. 122, commercial vehicles, except for off-airport rental car companies, pay annual permit fees and a trip fees for the use of the automated vehicle information (AVI) system at the Airport. The trip fee for commercial vehicles is subject to an increase each year by the Commission based on the defined index in the Ordinance. Off-Airport rental car companies pay a privilege fee in an amount equal to 10% of gross receipts for such year.

As presented on Table 4-4, ground transportation revenues increased at a CAGR of approximately 23.5% from 2014 to 2018, increasing from approximately \$5.8 million to \$13.5 million. The high growth in ground transportation revenues was primarily a result of increased revenue from TNCs and off-Airport rental car companies starting in 2017. For the period of 2019 through 2025, ground transportation revenues are forecast to increase from approximately \$14.0 million in 2019 to approximately \$16.4 million in 2025, representing a CAGR of 2.7%. The forecast assumes rate increases generally in line with inflationary trends along with the increase in O&D enplaned passengers at the Airport.

4.7.5 Rentals/Fees

Revenues generated from rentals/fees primarily include revenues from the rental car customer facility charge (CFC), cargo building rents, general aviation hangar rents, ground rents, and other non-airline tenant leases at the Airport.

- **Rental Car CFC** - Pursuant to the provisions of the CFC Ordinance, the current per transaction day CFC is \$5.90. In accordance with the provisions of the CFC Ordinance, in November 2019, Commission management expects to ask the Commission to maintain the CFC at \$5.90 per transaction day until January 1, 2025. Commission management has determined that the current per transaction day CFC of \$5.90 is sufficient to recover the capital costs of the on-Airport rental car facilities, the Maintenance and Operation Expenses of the on-Airport rental car facilities and the other costs and expenses associated with the on-Airport rental car facilities that can be paid with CFCs per the CFC Ordinance. Beginning on January 1, 2025, or anytime thereafter, the Commission may increase or decrease the per transaction day CFC to a level that is sufficient to recover the capital costs of the current, additional or new on-Airport rental car facilities, the Maintenance and Operation Expenses of the on-Airport rental car facilities and the other costs and expenses associated with the on-Airport rental car facilities that can be paid with CFCs per the CFC Ordinance. Pursuant to the CFC Ordinance, the CFC can only be adjusted every five years.

The forecast assumes no increase in the CFC rate over the duration of the forecast period. As such, CFC revenues are forecast to increase from approximately \$22.0 million in 2019 to approximately \$24.0 million by 2025, in line with forecast increases in O&D passengers at the Airport.

- **Buildings, Facilities, and Ground Rentals** - This revenue consists of the Hotel Facility Charge (HFC), non-airline building rentals, and ground rentals. In July 2018, the Commission began collecting an HFC which is based upon 6.5% of gross receipts from room rentals (Ordinance No. 125). The proceeds from the HFC are used to pay any debt service for the new skyway connector bridge between the hotel and Terminal 1, the roadway modifications associated with accessing the hotel, the portion of the Post Office parking facility that will be utilized for the valet parking needs of the hotel, and on-going maintenance and operating costs associated with these facilities. Ground rental revenues are based on Commission

Ordinance No. 121 and tenant leases and agreements. Revenue from buildings, facilities, and ground rentals are forecast to increase from \$22.3 million in 2019 to approximately \$26.7 million in 2025, a CAGR of 3.0%.

- **General Aviation/Airside Fees** - This category includes general aviation landing fees, ramp fees, fuel flowage fees and apron services. General aviation/airside fees are expected to increase by 2.2% in budget 2019 as a result of additional revenue from airside services, including aircraft cleaning, deicing and other services. Revenue from general aviation/airside fees are forecast to increase from \$4.4 million in 2019 to approximately \$5.3 million in 2025, a CAGR of 3.0%.
- **Reliever Airports** – Rentals, fees, and other charges at the reliever airports that are owned and operated by the Commission generated \$8.4 million in 2018. Revenue from the reliever airports are forecast to increase from \$8.4 million in 2019 to approximately \$10.0 million in 2025, a CAGR of 3.0%.

4.7.6 Other Non-Airline Revenues

Other non-airline revenues primarily include utilities, Maintenance, Cleaning, and Distribution (MCD) fees, and other revenues and reimbursed expenses at the Airport.

- **Utilities** - Utility revenue are reimbursed from the Airport's tenants and include water, sewer, electricity, heating and ground power. Utility revenues are forecast to increase from \$5.6 million in 2019 to approximately \$6.7 million in 2025, a CAGR of 3.0%.
- **Maintenance, Cleaning and Distribution (MCD)** - MCD fees charged to the Airport's concessionaires and are based on a percent of concession sales. MCD fee revenues are forecast to increase from \$4.1 million in 2019 to approximately \$4.9 million in 2025, a CAGR of 3.0%.
- **Other Revenues and Reimbursed Expenses** - Included in this category are parking fines, auction revenue, building permits, security badges and miscellaneous revenues and expenses reimbursed by others. These categories combined are expected to increase 16.0% in 2019 over 2018. Building permits and billing to airlines for security costs account for the majority of the increase. Other revenues and reimbursed expense revenues are forecast to increase from \$5.0 million in 2019 to approximately \$5.9 million in 2025, a CAGR of 3.0%.

4.8 PFC Revenues

PFC revenues are used to pay for certain FAA-approved, PFC-eligible projects, either by using certain PFC revenues to pay for approved project costs on a pay-as-you-go basis or by applying certain PFC revenues to pay debt service associated with Outstanding Senior Bonds and Outstanding Subordinate Obligations issued to fund approved projects. Pursuant to the Master Senior Indenture, PFC revenues are excluded from the definition of Revenues, and therefore, are not pledged to the payment of debt service unless otherwise designated as Revenues pursuant a Supplemental Senior Indenture, which has not occurred. However, the Commission has irrevocably committed a portion of the PFC revenues it receives to the payment and funding of debt service on Senior Bonds and Subordinate Obligations issued to finance projects authorized to be financed with PFCs through December 31, 2030. In addition to PFC revenues irrevocably committed, the Commission can, at its sole discretion, use excess PFCs to pay additional debt service on PFC-Eligible Bonds.

As of July 2019, the Commission is authorized by the FAA to impose and use approximately \$2.1 billion of PFC revenues (at the \$4.50 level) for various projects. Based on Final Agency Decisions, the FAA estimates the charge-expiration date to be May 1, 2026. As of March 31, 2019, the Commission had collected approximately \$1.49 billion of its total approved collection and had spent approximately \$1.42 billion on approved projects.

Exhibit F at the end of this Chapter presents the PFC revenues of the Commission from budget 2019 through 2025. PFC revenues are driven by enplaned passengers at the Airport as presented on the exhibit. Based on historical trends, the forecast assumes that the Commission will collect PFC revenues from 87.9% of enplaned passengers at a net collection rate of \$4.39, which is the \$4.50 rate less the \$0.11 administrative fee. In 2019, PFC revenues are anticipated to be approximately \$73.2 million. In 2025, the Commission is forecast to collect approximately \$77.3 million of PFC revenues. As shown in Exhibit F, PFC revenues are forecast to be sufficient to fund assumed PFCs applied to debt service and to be used to fund the 2019-2015 CIP on a pay-as-you-go basis.

4.9 Airline Revenues

Airline revenues at the Airport include Landing Fees, Apron Fees, Terminal 1 Rentals for janitored and non-janitored terminal space, other Terminal 1 airline revenues, and Terminal 2 Fees. The rate-setting formulas for these charges are consistent with the rate-setting methodologies set forth in the Airline Agreements and described earlier in this Chapter. **Exhibits G, H, and I** further illustrate the rate-setting methodologies for Landing Fees, Apron Fees, and Terminal 1 Rental Rates, respectively. The business terms of the Airline Agreements are used as the basis for forecasting airline revenues for the purposes of this Report.

Exhibit J presents a summary of forecast airline revenues during the Forecast Period. As shown, total airline revenues are forecast to increase from approximately \$145.6 million budgeted in 2019 to approximately \$199.1 million in 2025. This represents a CAGR of approximately 5.3%. A breakdown of airline revenues by type is provided below.

4.9.1 Landing Fees

Exhibit G presents the calculation of forecast Landing Fees for budget 2019 through 2025. Per the cost center residual rate-setting methodology, the Commission fully recovers the Net Airfield Cost of the Airport Cost Center as described in the Landing Fee calculation methodology described earlier in this Report in Section 4.3.5.1.

As presented in Exhibit G, the Signatory Airline Landing Fee Rate per 1,000-pound units of landed weight is budgeted at \$3.03 for 2019. Over the Forecast Period, the Signatory Airline Landing Fee Rate is forecast to increase to \$4.05 by 2025. As shown in the Airline Revenue Summary provided as Exhibit J herein, Landing Fee revenues are forecast to increase from approximately \$70.2 million budgeted in 2019 to approximately \$94.7 million in 2025. This represents a CAGR of approximately 5.1%.

4.9.2 Terminal Apron Fees

Exhibit H presents the calculation of forecast Terminal Apron Fees for budget 2019 through 2025. Per the compensatory rate-setting methodology, the Commission recovers the allocable portion of the Terminal Apron Cost Center as described in the Terminal Apron Fee calculation methodology described earlier in this Report in Section 4.3.5.2.

As presented in Exhibit H, the Signatory Airline Terminal Apron Fee Rate per linear foot is budgeted at \$597.06 for 2019. Over the Forecast Period, the Signatory Airline Terminal Apron Fee Rate is forecast to increase to \$716.83 by 2025. As shown in the Airline Revenue Summary provided as Exhibit J herein, Terminal Apron Fee revenues are forecast to increase from approximately \$6.4 million budgeted in 2019 to approximately \$7.7 million in 2025. This represents a CAGR of approximately 3.1%.

4.9.3 Terminal 1 Rentals

Exhibit I presents the calculation of forecast Terminal 1 Building Rental Rates for janitored and non-janitored space for budget 2019 through 2025. Per the compensatory rate-setting methodology, the Commission recovers

the allocable portion of the Terminal 1 Cost Center as described in the Terminal 1 Building Rental Rate calculation methodologies described earlier in this Report in Section 4.3.5.3.

As presented in Exhibit I, the Signatory Airline Terminal 1 Building Rental Rate per square foot for non-janitored space is budgeted at \$62.55 for 2019. Over the Forecast Period, the Signatory Airline Terminal 1 Rental Rate for non-janitored space is forecast to increase to \$92.24 by 2025. The Signatory Airline Terminal 1 Building Rental Rate per square foot for janitored space is budgeted at \$71.55 for 2019. Over the Forecast Period, the Signatory Airline Terminal 1 Rental Rate for janitored space is forecast to increase to \$102.92 by 2025. The Terminal 1 Renewal and Replacement Surcharge is budgeted to be \$7.63 per square foot in 2019 and forecast to increase to \$9.11 per square foot by 2025.

As shown in the Airline Revenue Summary provided as Exhibit J herein, total Terminal 1 Building Rental revenues are forecast to increase from approximately \$46.3 million budgeted in 2019 to approximately \$69.3 million in 2025. This represents a CAGR of approximately 7.0%.

4.9.4 Other Terminal 1 Airline Revenues

Other Terminal 1 airline revenues, which include items such as: carousel and conveyer, porter service, queue line, public address system, and employee screening revenues charged to the Signatory Airlines on a joint use basis, as well as IAF fees paid by carriers for the use of the IAF on a per use basis.

As shown in the Airline Revenue Summary provided as Exhibit J herein, total other Terminal 1 airline revenues are forecast to increase from approximately \$8.5 million budgeted in 2019 to approximately \$9.6 million in 2025. This represents a CAGR of approximately 2.0%.

4.9.5 Terminal 2 Airline Revenues

As described in section 4.3.3 herein, Terminal 2, which primarily serves low-cost carriers (LCCs) and charter operators, is operated by the Commission on a common use basis and the rents, fees, and charges for its use is established by ordinance.

As shown in the Airline Revenue Summary provided as Exhibit J herein, total Terminal 2 airline revenues are forecast to increase from approximately \$14.2 million budgeted in 2019 to approximately \$17.8 million in 2025. This represents a CAGR of approximately 3.8%.

4.9.6 Revenue Sharing

Pursuant to the Airline Agreements, in conjunction with its year-end adjustments of rents, fees and charges, the Commission will share with the Signatory Airlines a percentage of the Annual Gross Revenues for food and beverage, merchandise, and rental car concessions for each FY on the following basis.

- For FYs 2019 and 2020:
 - if the Enplaned Passenger Growth Percentage for the most recent FY is 1% or less, the Revenue Sharing percentage for that FY is equal to 31%.
 - if the Enplaned Passenger Growth Percentage for the most recent FY is more than 1%, the Revenue Sharing percentage for that FY is equal to the sum of (i) 31% plus (ii) one-half of the Enplaned Passenger Growth Percentage.

- For FYs after 2020:
 - if the Enplaned Passenger Growth Percentage for the most recent FY is 1% or less, the Revenue Sharing percentage for that Fiscal Year is equal to 33%.
 - if the Enplaned Passenger Growth Percentage for the most recent FY is more than 1%, the Revenue Sharing percentage for that FY is equal to the sum of (i) 33% plus (ii) one-half of the Enplaned Passenger Growth Percentage.

The Commission is able to reduce the amount of revenue sharing in any FY to assure that Net Revenues are at least 1.25x of total debt service, however, this is not forecast to occur in this Report.

4.9.7 Airline Cost per Enplaned Passenger

A key performance indicator for airline costs at an airport is the average airline cost per enplaned passenger (CPE). **Exhibit K** presents the forecast of CPE for the airlines at the Airport. As shown, the airline CPE includes Landing Fees, Terminal Apron Fees, Terminal 1 Rentals, other Terminal 1 revenues, and Terminal 2 revenues, less forecast revenue sharing, divided by total enplaned passengers. The airline CPE for 2019 is estimated at \$6.77 and is forecast to increase to \$8.66 (\$7.26 in 2019 dollars) by the end of the Forecast Period. As shown on Exhibit K, revenue sharing is budgeted to be approximately \$16.2 million in 2019 and forecast to increase to \$21.2 million by 2025. Airline CPE throughout this period is forecast to remain within reasonable levels as compared to other U.S. Large Hub airports.

4.10 Application of Revenues

Exhibit L presents the application of Revenues for the Airport System throughout the Forecast Period consistent with the requirements of the Master Senior Indenture and Master Subordinate Indenture. As presented, the Commission is forecast to have sufficient Revenues to make all required deposits per the Master Trust Indenture and Subordinate Indenture.

4.11 Debt Service Coverage

Exhibits M and N present the debt service coverage ratios for Senior Debt Service Coverage and Subordinate Debt Service Coverage, respectively, throughout the Forecast Period. As presented, Net Revenues and Net Subordinate Revenues are forecast to be sufficient to comply with Section 5.04 of the Master Trust Indenture and Master Subordinate Trust Indenture throughout the Forecast Period.

Net Revenues are forecast to increase from approximately \$190.7 million in 2019 to approximately \$215.2 million in 2025, which are sufficient to cover annual net debt service on Senior Airport Revenue Bonds and required deposits to Subordinate Debt Service Funds, including the Series 2019 Bonds and future Subordinate Obligations anticipated to be issued in 2022.

Debt service coverage ratios, including available Transfer from the Coverage Account, for Senior Airport Revenue Bonds are forecast to range between 3.24x and 5.89x over the Forecast Period. Without Transfer, Senior Debt Service Coverage is forecast to range between 2.99x and 5.64x over the Forecast Period. Debt service coverage ratios, including available Transfer from the Coverage Account, for Subordinate Obligations are forecast to range between 2.10x and 2.63x over the Forecast Period. Without Transfer, Subordinate Debt Service Coverage is forecast to range between 2.00x and 2.53x over the Forecast Period. Total Senior and Subordinate debt service coverage ratios, including available Transfer from the Coverage Account, are forecast to range between 1.78x and 1.88x over the Forecast Period and between 1.65x and 1.76x without Transfer.

A summary of debt service coverage, not including available Transfer, and CPE forecasts is also presented below in **Table 4-6**.

**Table 4-6 Debt Service Coverage and Passenger Airline CPE Forecast
(Dollars in Thousands, Except For CPE)**

Fiscal Year	Net Revenues ¹	Total Senior Net Debt Service	Senior Debt Service Coverage Ratio	Net Subordinate Revenues ¹	Total Subordinate Net Debt Service	Subordinate Debt Service Coverage Ratio	Senior and Subordinate Debt Service Coverage Ratio	Airline CPE
2019	\$190,663	\$50,255	3.79x	\$140,407	\$63,215	2.22x	1.68x	\$6.77
2020	\$190,031	\$50,248	3.78x	\$139,783	\$57,592	2.43x	1.76x	\$7.26
2021	\$188,923	\$39,484	4.78x	\$149,439	\$68,426	2.18x	1.75x	\$7.40
2022	\$203,259	\$36,064	5.64x	\$167,195	\$83,403	2.00x	1.70x	\$7.91
2023	\$203,250	\$36,066	5.64x	\$167,184	\$83,405	2.00x	1.70x	\$8.05
2024	\$204,234	\$68,318	2.99x	\$135,916	\$53,751	2.53x	1.67x	\$8.24
2025	\$215,181	\$68,324	3.15x	\$146,858	\$62,310	2.36x	1.65x	\$8.66

¹ Does not include available Transfer.

Source: Landrum & Brown

4.12 Sensitivity Analysis

To assess the sensitivity of the baseline financial forecasts presented herein, an additional scenario was developed associated with a hypothetical decrease in passenger activity at the Airport. This sensitivity analysis is provided only for informational purposes and should not be considered an expected forecast of future results. A description of the scenario and results is provided below.

4.12.1 Sensitivity Analysis Scenario

In preparing financial feasibility analyses for airports that operate as airline connecting hubs, it is common to assess the sensitivity of financial impacts under a reduced connecting passenger scenario. While considered unlikely given Delta's commitment to the Airport through its execution of a long-term Airline Agreement and the Airport's importance as a hub within Delta's overall network as demonstrated, the hypothetical loss of a significant portion of connecting traffic at the Airport was assessed along with an a decrease in O&D passenger traffic as a sensitivity scenario for the purposes of this Report.

For financial feasibility purposes, the sensitivity analysis scenario is assumed to occur in 2020. Key assumptions related to the sensitivity analysis scenario are as follows:

- A 20% reduction of connecting passenger traffic occurs in 2020.
- A 10% reduction of O&D passenger traffic occurs in 2020.
- After 2020, passenger traffic increases at the forecast growth rates presented in Table 2-16 herein.
- Upon the reduction of traffic in 2020, the Airport's connecting passengers would represent approximately 36% of total Airport passengers, and domestic O&D passengers would represent approximately 64%.
- As a result of the assumed reduction in passengers, PFC revenues decrease in 2020 and are reduced by approximately 14% each year.

- An assumed 10% reduction of leased airline space occurs in 2020.
- Non-airline revenues decrease approximately 8% starting in 2020 reflecting reduced passengers at the Airport. These categories primarily included terminal concession revenues, parking and ground transportation revenues, rental car revenues, and other passenger-driven revenues.
- Current Airline Agreements business terms and conditions are assumed to remain in effect through the Forecast Period.
- While not considered as part of this sensitivity analysis, if this type of scenario were to occur, the Commission would conduct a thorough analysis of its facilities, operating conditions, and capital program to develop a comprehensive plan for the future. It would be expected that the Commission would consider various operational changes to adjust to a reduced traffic level and reduce M&O Expenses and possibly reduce or defer certain capital projects, which are not assumed in this analysis.

4.12.2 Sensitivity Analysis Results

Table 4-7 below presents enplaned passengers and the share of O&D passengers assumed for the sensitivity analysis. As shown, enplaned passengers decrease starting in 2020 to reflect a 20% loss of connecting traffic and a 10% loss of O&D traffic, which results in a higher share of O&D passengers. The table also presents the debt service coverage impacts associated with this sensitivity analysis. As shown, debt service coverage exceeds the requirements set forth in the Master Senior Indenture and Master Subordinate Indenture throughout the Forecast Period. Forecast Senior and Subordinate debt service coverage, not including available Transfer, decreases from 1.74x in 2019 and ranges between 1.45x and 1.57x during the forecast period. Airline CPE, also presented, is forecast to increase from \$6.77 in 2019 to \$8.28 in 2020 as traffic is reduced and increase overall as compared to levels in the baseline forecast to \$9.80 in 2025.

Under this sensitivity analysis scenario, the Commission is forecast to continue to satisfy its obligations pursuant to the Master Senior Indenture and Master Subordinate Indenture and maintain airline CPE levels consistent with other U.S. large hub airports.

Table 4-7 Sensitivity Analysis Results: Debt Service Coverage and Airline CPE

Fiscal Year	Enplaned Passengers (000s)	% of O&D Enplaned Passengers	Senior Debt Service Coverage Ratio ¹	Subordinate Debt Service Coverage Ratio ¹	Senior and Subordinate Debt Service Coverage Ratio ¹	Airline CPE
2019	18,589	61.5%	3.79x	2.38x	1.74x	\$6.77
2020	16,209	64.4%	3.22x	2.11x	1.57x	\$8.28
2021	16,406	64.6%	4.06x	1.89x	1.55x	\$8.42
2022	16,612	64.8%	4.80x	1.74x	1.51x	\$8.98
2023	16,820	65.0%	4.78x	1.73x	1.50x	\$9.14
2024	17,032	65.2%	2.53x	2.13x	1.47x	\$9.35
2025	17,246	65.4%	2.67x	1.98x	1.45x	\$9.80

¹ Does not include available Transfer.

Source: Landrum & Brown

Exhibit A

SERIES 2019 PROJECTS - PLAN OF FINANCE (dollars in thousands)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Estimated Project Cost	Funding Sources					Commission Funds
		PFC	Federal and State	Previous GARBs	Series 2019 Bonds ¹	Future GARBs	
SERIES 2019 PROJECTS							
Baggage Claim/Ticket Lobby Operational Improvements	\$192,400	\$163,100		\$0	\$29,300	\$0	\$0
FIS Recheck Operational Improvements	8,400	0		0	8,400	0	0
Concourse G Delta Sky Club	50,000	0		0	50,000	0	0
G Concourse Moving Walkways	4,745	0		0	4,745	0	0
Safety and Security Center	77,500	10,000	16,500	0	51,000	0	0
South Security Exit/Terminal Expansion	41,500	0		0	34,463	0	7,037
Total Series 2019 Projects	\$374,545	\$173,100	\$16,500	\$0	\$177,908	\$0	\$7,037

Note: Amounts may not add due to rounding.

¹ Proceeds of the Series 2019 Bonds are also expected to be used to retire portions of the Commission's Subordinate Revolving Obligations used to fund certain projects included in the Commission's 2017-18 CIP. These projects are not included in the Series 2019 Projects or Other 2019-20 and 2021-25 CIP projects.

Source: Metropolitan Airports Commission

Exhibit B

OTHER 2019-20 CIP AND 2021-25 CIP PROJECTS - PLAN OF FINANCE (dollars in thousands)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Estimated Project Cost	Funding Sources					Commission Funds
		PFC	Grants (Federal and State)	Previous GARBs	Series 2019 Bonds	Future GARBs	
OTHER 2019-20 CIP AND 2021-25 CIP PROJECTS							
Terminal 1 Maintenance and Improvements	\$434,321	\$91,900	\$21,500	\$9,500	\$0	\$69,500	\$241,921
Police and Fire Projects	13,200	5,500	300	0	0	\$0	7,400
Reliever Airports	75,020	0	36,605	0	0	\$0	38,415
Airfield and Runway	108,300	29,700	51,025	5,050	0	\$5,500	17,025
Hangars and Other Buildings	28,700	0	0	400	0	\$0	28,300
Roadway Projects	53,280	0	0	0	0	\$0	53,280
Parking Improvements	42,500	0	0	18,000	0	\$0	24,500
Terminal 2 Maintenance and Improvements	6,900	0	0	0	0	\$0	6,900
Environmental	38,650	0	0	4,100	0	\$23,000	11,550
Utilities	24,010	0	0	750	0	\$2,000	21,260
Other	500	0	0	0	0	\$0	500
Total Other 2019-20 CIP and 2021-25 CIP Projects	\$825,381	\$127,100	\$109,430	\$37,800	\$0	\$100,000	\$451,051

Note: Amounts may not add due to rounding.

Source: Metropolitan Airports Commission

Exhibit C

DEBT SERVICE (dollars in thousands)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Budget		Forecast				
	2019	2020	2021	2022	2023	2024	2025
<u>Debt Service - Senior Airport Revenue Bonds</u>							
Series 2009A	\$2,654	\$2,654	\$213	\$0	\$0	\$0	\$0
Series 2009B	15,319	15,312	4,022	0	0	0	0
Series 2010A	2,983	2,983	2,983	2,983	2,983	2,983	2,983
Series 2010B	6,957	6,957	6,961	6,957	6,961	6,960	6,956
Series 2016A	16,412	16,412	16,412	16,412	16,412	57,672	57,682
Series 2016C	13,898	13,896	13,898	13,898	13,897	13,896	13,899
Total Senior Debt Service	\$58,222	\$58,213	\$44,488	\$40,249	\$40,252	\$81,511	\$81,519
<u>Debt Service - Subordinate Airport Revenue Obligations</u>							
Series 2010C	\$842	\$841	\$839	\$838	\$57	\$0	\$0
Series 2010D	5,965	5,964	5,960	5,959	1,052	0	0
Series 2011A	6,651	6,654	6,655	6,647	6,646	6,647	0
Series 2012A	6,191	0	0	0	0	0	0
Series 2012B	2,101	2,101	2,101	2,101	2,101	2,101	8,221
Series 2014A	11,583	11,584	18,815	18,822	18,821	18,822	19,929
Series 2014B	5,647	5,648	5,649	5,648	5,647	5,644	3,633
Series 2016B	22,196	22,197	28,724	33,310	39,011	0	0
Series 2016D	1,698	1,699	1,698	1,696	1,698	1,698	1,701
Series 2016E	14,454	14,455	14,457	14,454	14,458	14,455	14,458
Proposed Series 2019 New Money Bonds	0	2,365	2,366	13,960	13,958	13,962	13,960
Proposed Series 2022 New Money Bonds	0	0	0	0	0	0	9,634
Subordinate Revolving Obligations ¹	\$4,159	\$4,724	\$4,724	\$4,724	\$4,724	\$4,724	\$4,724
Total Subordinate Debt Service	\$81,486	\$78,231	\$91,987	\$108,159	\$108,172	\$68,051	\$76,260
Total Debt Service	\$139,708	\$136,444	\$136,476	\$148,408	\$148,424	\$149,562	\$157,779
Less: PFCs Applied to Debt Service	(\$26,237)	(\$28,604)	(\$28,566)	(\$28,942)	(\$28,953)	(\$27,494)	(\$27,144)
Total Net Debt Service	\$113,471	\$107,841	\$107,910	\$119,467	\$119,471	\$122,069	\$130,634
<u>Plus: Other Financing Costs</u>							
Capital Lease Equipment	3,003	2,905	2,625	2,478	1,938	1,938	1,598
Capital Equipment	125	125	125	125	125	125	125
Solar Project	1,284	1,349	1,421	1,496	1,575	1,658	1,577
Total Other Financing	\$4,412	\$4,378	\$4,170	\$4,099	\$3,638	\$3,721	\$3,300
Total Net Debt Service and Other Financing Costs	\$117,883	\$112,219	\$112,080	\$123,566	\$123,110	\$125,789	\$133,934

Exhibit C

DEBT SERVICE (dollars in thousands)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Budget		Forecast				
	2019	2020	2021	2022	2023	2024	2025
NET DEBT SERVICE - BY COST CENTER							
Terminal 1	\$24,889	\$23,902	\$23,880	\$32,464	\$32,459	\$33,125	\$42,219
Energy Management Center	918	927	928	927	927	951	941
Ramp	11	13	13	13	13	13	13
Airfield	7,295	8,560	8,781	9,229	9,268	9,405	9,662
Rental Car	17,566	14,364	14,374	14,369	14,369	14,731	14,582
Roadways	9,106	8,670	8,676	8,673	8,673	8,891	8,802
Parking Lot	38,592	36,851	36,947	37,009	37,090	38,066	37,618
Cargo	2,678	2,918	2,883	2,882	2,876	2,928	2,897
Terminal 2	3,378	3,282	3,278	3,276	3,275	3,354	3,320
Hangars and Other Bldgs.	1,992	1,180	1,101	1,101	1,087	1,071	1,056
Equipment Maintenance	2,999	2,905	2,637	2,497	1,980	1,980	1,654
Equipment Building	1,869	1,805	1,806	1,806	1,806	1,851	1,832
Police	109	109	109	2,000	2,000	2,003	2,002
Fire	238	224	212	866	843	846	830
Reliever Airports	2,525	2,395	2,397	2,396	2,396	2,456	2,432
Admin	2,099	1,999	2,000	2,000	2,000	2,050	2,029
Other	1,618	2,115	2,059	2,058	2,048	2,069	2,045
Total Net Debt Service and Other Financing Costs	\$117,883	\$112,219	\$112,080	\$123,566	\$123,110	\$125,789	\$133,934

Note: Amounts may not add due to rounding.

¹ Debt service on Subordinate Revolving Obligations reflects the amount budgeted by the Commission in 2019, and starting in 2020, reflects an assumed outstanding aggregate principal amount of \$50.4 million amortized through January 1, 2030 at a 3% interest rate.

Source: Metropolitan Airports Commission

Exhibit D

MAINTENANCE AND OPERATION EXPENSES (dollars in thousands)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Budget		Forecast					2019-2025
	2019	2020	2021	2022	2023	2024	2025	CAGR
By Category:								
Personnel	\$93,151	\$98,077	\$102,981	\$108,130	\$113,536	\$119,213	\$125,174	5.0%
Administrative Expenses	\$2,133	\$2,551	\$2,628	\$2,706	\$2,788	\$2,871	\$2,957	5.6%
Professional Services	\$7,989	\$9,169	\$9,536	\$9,917	\$10,314	\$10,726	\$11,155	5.7%
Utilities	\$19,584	\$21,222	\$21,965	\$22,734	\$23,529	\$24,353	\$25,205	4.3%
Operating Services/Expenses	\$30,494	\$33,346	\$35,347	\$35,892	\$37,507	\$39,195	\$40,959	5.0%
Maintenance	\$40,927	\$44,890	\$46,686	\$48,553	\$50,495	\$52,515	\$54,616	4.9%
Other	\$4,155	\$5,332	\$5,992	\$5,142	\$5,296	\$5,455	\$5,618	5.2%
Total Airport M&O Expenses	\$198,433	\$214,587	\$225,133	\$233,074	\$243,465	\$254,328	\$265,685	5.0%
By Cost Center:								
Terminal 1	\$40,531	\$43,234	\$44,957	\$46,749	\$48,613	\$50,553	\$52,570	4.4%
Terminal 1 - IAF	\$873	\$872	\$910	\$949	\$990	\$1,032	\$1,077	3.6%
Energy Management Center	\$5,242	\$5,264	\$5,494	\$5,735	\$5,986	\$6,249	\$6,523	3.7%
Ramp	\$274	\$278	\$289	\$300	\$312	\$324	\$337	3.5%
Field & Runways	\$9,270	\$10,132	\$10,560	\$11,007	\$11,473	\$11,959	\$12,466	5.1%
Control Tower	\$9	\$9	\$9	\$10	\$10	\$10	\$11	3.5%
Terminal Roads / Landside	\$7,753	\$7,945	\$8,303	\$8,677	\$9,068	\$9,478	\$9,906	4.2%
Parking Facilities	\$11,753	\$13,106	\$13,669	\$14,256	\$14,869	\$15,508	\$16,175	5.5%
Cargo Area	\$518	\$507	\$526	\$545	\$565	\$586	\$608	2.7%
Terminal 2	\$9,226	\$9,528	\$9,916	\$10,320	\$10,741	\$11,179	\$11,635	3.9%
Public Area / Roads	\$2,029	\$2,049	\$2,121	\$2,196	\$2,273	\$2,354	\$2,437	3.1%
Hangars & Other Buildings	\$681	\$689	\$714	\$740	\$767	\$795	\$824	3.2%
Maintenance Employees	\$22,437	\$23,517	\$24,691	\$25,924	\$27,218	\$28,576	\$30,003	5.0%
Equipment Maintenance	\$1,516	\$3,711	\$3,858	\$4,011	\$4,171	\$4,337	\$4,509	19.9%
Equipment Building	\$1,609	\$1,787	\$1,853	\$1,922	\$1,993	\$2,067	\$2,144	4.9%
Police	\$19,816	\$21,862	\$22,939	\$24,069	\$25,256	\$26,501	\$27,807	5.8%
Fire	\$9,261	\$9,348	\$9,806	\$10,287	\$10,791	\$11,320	\$11,875	4.2%
Administration	\$36,261	\$38,032	\$40,733	\$40,475	\$42,296	\$44,202	\$46,195	4.1%
Building Official	\$5,278	\$7,352	\$7,698	\$8,059	\$8,438	\$8,834	\$9,249	9.8%
Communication / Operations	\$4,988	\$5,660	\$5,934	\$6,221	\$6,522	\$6,838	\$7,169	6.2%
Noise & Environment	\$2,520	\$2,663	\$2,786	\$2,914	\$3,049	\$3,190	\$3,337	4.8%
Total Reliever Airports	\$6,587	\$7,041	\$7,367	\$7,707	\$8,064	\$8,437	\$8,828	5.0%
Total Airport M&O Expenses	\$198,433	\$214,587	\$225,133	\$233,074	\$243,465	\$254,328	\$265,685	5.0%

Note: Amounts may not add due to rounding.

Source: Metropolitan Airports Commission; Landrum & Brown.

Exhibit E

NON-AIRLINE REVENUE (dollars in thousands)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Budget		Forecast					2019-2025 CAGR
	2019	2020	2021	2022	2023	2024	2025	
Terminal								
Food & Beverage	\$23,449	\$24,080	\$24,729	\$25,404	\$26,098	\$26,835	\$27,593	2.7%
News	4,750	4,878	5,009	5,146	5,287	5,436	5,589	2.7%
Retail Stores	5,600	5,751	5,906	6,067	6,233	6,409	6,590	2.7%
Passenger Services	6,987	7,070	7,154	7,242	7,331	7,429	7,527	1.2%
Other Concessions	2,329	2,399	2,471	2,545	2,622	2,700	2,781	3.0%
Total Terminal Concessions	\$43,115	\$44,177	\$45,269	\$46,404	\$47,570	\$48,808	\$50,080	2.5%
Parking / Ground Transport								
Parking	\$104,348	\$105,591	\$106,852	\$113,263	\$114,659	\$116,177	\$123,148	2.8%
Ground Transportation	13,950	14,325	14,711	15,113	15,526	15,964	16,415	2.7%
Auto - Rental - On Airport	19,646	20,175	20,718	21,284	21,865	22,483	23,118	2.7%
Total Parking / Ground Transportation Concessions	\$137,944	\$140,091	\$142,282	\$149,660	\$152,050	\$154,624	\$162,681	2.8%
Total Concessions	\$181,058	\$184,269	\$187,551	\$196,064	\$199,619	\$203,432	\$212,761	2.7%
Rentals / Fees								
Building & Facilities	\$11,718	\$12,070	\$12,432	\$12,805	\$13,189	\$13,585	\$13,992	3.0%
Auto Rental CFC	22,000	22,308	22,620	22,937	23,258	23,607	23,961	1.4%
Ground Rentals	10,626	10,945	11,273	11,611	11,960	12,318	12,688	3.0%
Reliever Airports	8,410	8,662	8,922	9,190	9,465	9,749	10,042	3.0%
Total Rentals / Fees	\$52,754	\$53,985	\$55,247	\$56,543	\$57,872	\$59,259	\$60,683	2.4%
Utilities & Other Revenue								
Utilities	\$5,623	\$5,791	\$5,965	\$6,144	\$6,328	\$6,518	\$6,714	3.0%
GA/Airside Fees	4,444	4,577	4,715	4,856	5,002	5,152	5,306	3.0%
MCD Fees	4,101	4,224	4,351	4,481	4,615	4,754	4,897	3.0%
Other Revenues	2,024	2,085	2,147	2,211	2,278	2,346	2,417	3.0%
Reimbursed Expense	2,931	3,019	3,109	3,203	3,299	3,398	3,500	3.0%
Total Utilities & Other Revenue	\$19,122	\$19,696	\$20,287	\$20,895	\$21,522	\$22,168	\$22,833	3.0%
Total Non-Airline Operating Revenue	\$252,935	\$257,949	\$263,085	\$273,503	\$279,014	\$284,859	\$296,277	2.7%
Other Non-Operating Revenue								
Interest Income	\$4,094	\$4,094	\$4,094	\$4,094	\$4,094	\$4,094	\$4,094	0.0%
Self-Liquidating Income	2,601	2,601	2,601	2,601	2,601	2,601	2,601	0.0%
Total Other Non-Operating Revenue	\$6,695	\$6,695	\$6,695	\$6,695	\$6,695	\$6,695	\$6,695	0.0%
Total Non-Airline Revenue	\$259,630	\$264,644	\$269,780	\$280,198	\$285,709	\$291,554	\$302,972	2.6%

Note: Amounts may not add due to rounding.

Source: Metropolitan Airports Commission; Landrum & Brown.

Exhibit F

PFC REVENUE (dollars in thousands except for rates)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Budget		Forecast				
	2019	2020	2021	2022	2023	2024	2025
<u>PFC Collections:</u>							
Enplaned Passengers (000s)	18,589	18,810	19,035	19,269	19,507	19,765	20,027
% Enplaned Passengers paying PFCs	87.9%	87.9%	87.9%	87.9%	87.9%	87.9%	87.9%
PFC Enplaned Passengers	16,335	16,530	16,727	16,933	17,141	17,368	17,599
PFC Rate	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
Less: Admin. Fee	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Adjusted PFC Rate	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39
Total PFC Collections	\$71,711	\$72,565	\$73,432	\$74,335	\$75,251	\$76,247	\$77,258
<u>PFC Fund:</u>							
Beginning Balance	\$178,512	\$123,697	\$41,434	\$26,891	\$31,544	\$51,524	\$61,811
PFC Collections	\$71,711	\$72,565	\$73,432	\$74,335	\$75,251	\$76,247	\$77,258
Interest Earnings	1,511	826	342	292	415	567	783
PFC Revenue	\$73,222	\$73,391	\$73,774	\$74,627	\$75,666	\$76,814	\$78,041
<u>Less: PFC Expenditures</u>							
PFCs Applied to Debt Service	\$26,237	\$28,604	\$28,566	\$28,942	\$28,953	\$27,494	\$27,144
PFC PAYGO - FY 2019-20 and FY 2021-25 CIP	101,800	102,800	35,500	19,500	5,200	17,500	17,900
PFC Reimbursement to Operating Fund	0	24,250	24,250	21,533	21,533	21,533	0
Ending Balance	\$123,697	\$41,434	\$26,891	\$31,544	\$51,524	\$61,811	\$94,807

Note: Amounts may not add due to rounding.

Source: Metropolitan Airports Commission; Landrum & Brown.

Exhibit G

LANDING FEE CALCULATION (dollars in thousands, except rates)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Budget		Forecast				
	2019	2020	2021	2022	2023	2024	2025
<u>Landing Fee Calculation</u>							
Direct Field and Runway M&O Expenses	\$9,270	\$10,132	\$10,560	\$11,007	\$11,473	\$11,959	\$12,466
Less: Reimbursement Expense	(540)	(556)	(573)	(590)	(608)	(626)	(645)
Control Tower Expenses	9	9	9	10	10	10	11
Noise Abatement	2,520	2,663	2,786	2,914	3,049	3,190	3,337
Operations	4,988	5,660	5,934	6,221	6,522	6,838	7,169
Direct Field and Runway Debt Service	7,295	8,560	8,781	9,229	9,268	9,405	9,662
Allocation of Indirect Costs	32,832	37,214	39,093	41,186	42,744	44,696	46,341
Landing Fee Repair and Replacement Amount	14,988	15,438	15,901	16,378	16,870	17,376	17,897
Cost of Runway 17/35 Deferral	80	80	80	80	80	80	80
Total Airfield Cost	\$71,442	\$79,200	\$82,572	\$86,435	\$89,407	\$92,927	\$96,318
Less:							
Service Fees	(\$232)	(\$235)	(\$237)	(\$239)	(\$242)	(\$244)	(\$247)
General Aviation and Non-Signatory Landing Fees	(995)	(1,129)	(1,171)	(1,219)	(1,253)	(1,293)	(1,331)
Total Adjustments	(\$1,227)	(\$1,364)	(\$1,408)	(\$1,458)	(\$1,495)	(\$1,538)	(\$1,578)
Net Airfield Cost	\$70,215	\$77,836	\$81,164	\$84,977	\$87,912	\$91,390	\$94,740
Total Landed Weight of Signatory Airlines (1,000-lb units)	23,168	22,631	22,756	22,893	23,034	23,198	23,366
Landing Fee Rate per 1,000 lbs.	\$3.03	\$3.44	\$3.57	\$3.71	\$3.82	\$3.94	\$4.05

Note: Amounts may not add due to rounding.

Source: Metropolitan Airports Commission; Landrum & Brown.

Exhibit H

APRON FEE CALCULATION (dollars in thousands, except rates) MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Budget		Forecast				
	2019	2020	2021	2022	2023	2024	2025
<u>Apron Fee Calculation</u>							
Direct Ramp M&O Expenses	\$274	\$278	\$289	\$300	\$312	\$324	\$337
Direct Ramp Debt Service	11	13	13	13	13	13	13
Allocation of Indirect Costs	5,255	5,612	5,773	5,884	5,965	6,209	6,339
Apron Fee Repair and Replacement Amount	868	894	921	949	977	1,007	1,037
Green Concourse Deferral	160	160	160	160	160	160	160
Total Terminal Apron Cost	\$6,568	\$6,958	\$7,156	\$7,306	\$7,427	\$7,713	\$7,886
Apron Linear Feet	11,001	11,001	11,001	11,001	11,001	11,001	11,001
Terminal Apron Fee per Linear Foot	\$597.06	\$632.50	\$650.49	\$664.09	\$675.11	\$701.09	\$716.83

Note: Amounts may not add due to rounding.

Source: Metropolitan Airports Commission; Landrum & Brown.

Exhibit I

TERMINAL 1 RENTAL RATE CALCULATIONS (dollars in thousands, except rates)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Budget		Forecast				
	2019	2020	2021	2022	2023	2024	2025
Non-Janitorial Rental Rate							
Direct Terminal 1 M&O Expenses	\$40,451	\$43,234	\$44,957	\$46,749	\$48,613	\$50,553	\$52,570
Less: Reimbursement Expense	(50)	(52)	(53)	(55)	(56)	(58)	(60)
Direct Terminal 1 Debt Service	24,889	23,902	23,880	32,464	32,459	33,125	42,219
Allocation of Indirect Costs	19,509	23,151	24,679	26,641	27,864	29,129	31,353
Energy Management Center Expense	6,995	6,997	7,286	7,561	7,817	8,148	8,440
Green Concourse Deferral Recovery	2,911	2,911	2,911	2,911	2,911	2,911	2,911
Total Terminal 1 Cost	\$94,705	\$100,143	\$103,660	\$116,271	\$119,607	\$123,807	\$137,433
Less: Total Adjustments and Revenue Credits	(\$20,117)	(\$20,821)	(\$21,550)	(\$22,304)	(\$23,085)	(\$23,893)	(\$24,729)
Net Terminal Building Cost	\$74,587	\$79,321	\$82,110	\$93,966	\$96,522	\$99,914	\$112,704
Total Rental Space - Square Feet	1,192	1,192	1,192	1,222	1,222	1,222	1,222
Terminal Building Non-Janitorial Rental Rate/Sq. Ft	\$62.55	\$66.52	\$68.86	\$76.91	\$79.00	\$81.78	\$92.24
Janitorial Rental Rate							
Terminal 1 Janitorial O&M Expenses	\$10,481	\$10,848	\$11,228	\$11,621	\$12,027	\$12,448	\$12,884
Total Janitorial Space	1,164	1,164	1,164	1,206	1,206	1,206	1,206
Janitorial Rental Rate Surcharge/Sq. Ft	\$9.00	\$9.32	\$9.64	\$9.63	\$9.97	\$10.32	\$10.68
Terminal Building Janitorial Rental Rate/Sq. Ft	\$71.55	\$75.84	\$78.50	\$86.54	\$88.97	\$92.09	\$102.92
Renewal & Replacement Fund Surcharge							
Terminal Repair and Replacement Amount	\$5,004	\$5,154	\$5,309	\$5,468	\$5,632	\$5,801	\$5,975
Weighted Avg. Airline Rentable Space	656	656	656	656	656	656	656
Terminal R&R Surcharge/Sq. Ft	\$7.63	\$7.86	\$8.09	\$8.33	\$8.58	\$8.84	\$9.11

Note: Amounts may not add due to rounding.

Source: Metropolitan Airports Commission; Landrum & Brown.

Exhibit J

SUMMARY OF AIRLINE REVENUE (dollars in thousands, except rates)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Budget		Forecast				
	2019	2020	2021	2022	2023	2024	2025
<u>Landing Fee Revenue</u>							
Landing Fee (per 1,000-lbs landed weight)	\$3.03	\$3.44	\$3.57	\$3.71	\$3.82	\$3.94	\$4.05
<u>Landed Weight (1,000-lb units)</u>							
Passenger Airlines	21,965	21,427	21,522	21,627	21,735	21,867	22,003
Cargo	1,203	1,203	1,235	1,266	1,298	1,330	1,363
<u>Landed Fee Revenue</u>							
Passenger Airlines	\$66,568	\$73,697	\$76,760	\$80,277	\$82,957	\$86,149	\$89,214
Cargo	3,647	4,139	4,404	4,700	4,955	5,241	5,526
Total Landing Fee Revenue	\$70,215	\$77,836	\$81,164	\$84,977	\$87,912	\$91,390	\$94,740
<u>Apron Fee Revenue</u>							
Apron Fee (per linear foot)	\$597.06	\$632.50	\$650.49	\$664.09	\$675.11	\$701.09	\$716.83
Leased Apron Linear Feet	11	11	11	11	11	11	11
Total Apron Fee Revenue	\$6,437	\$6,820	\$7,014	\$7,160	\$7,279	\$7,559	\$7,729
<u>Terminal 1 Rental Revenue</u>							
<u>Non-Janitored Space</u>							
Terminal Building Non-Janitorial Rental Rate/Sq. Ft	\$62.55	\$66.52	\$68.86	\$76.91	\$79.00	\$81.78	\$92.24
Airline Leased Non-Janitorial Space	414	414	414	437	437	437	437
Total Non-Janitored Terminal Rental Revenue	\$25,873	\$27,515	\$28,482	\$33,609	\$34,522	\$35,736	\$40,310
<u>Janitored Space</u>							
Terminal Building Janitorial Rental Rate/Sq. Ft	\$71.55	\$75.84	\$78.50	\$86.54	\$88.97	\$92.09	\$102.92
Airline Leased Janitorial Space	218	218	218	223	223	223	223
Total Janitored Terminal Rental Revenue	\$15,574	\$16,506	\$17,086	\$19,291	\$19,832	\$20,529	\$22,943
<u>R&R Terminal Surcharge Revenue</u>							
Terminal Building R&R Surcharge/Sq. Ft	\$7.63	\$7.86	\$8.09	\$8.33	\$8.58	\$8.84	\$9.11
Leased Airline Terminal Space	631	631	631	660	660	660	660
Terminal Repair and Replacement Surcharge Revenue	\$4,815	\$4,959	\$5,108	\$5,500	\$5,665	\$5,834	\$6,009

Exhibit J

SUMMARY OF AIRLINE REVENUE (dollars in thousands, except rates)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Budget			Forecast			
	2019	2020	2021	2022	2023	2024	2025
<u>Other Terminal 1 Revenue</u>							
Porter Service	\$310	\$316	\$323	\$329	\$336	\$342	\$349
Queue Line	800	816	832	849	866	883	901
BHS M&O & Carousels/Conveyors	1,550	1,581	1,613	1,645	1,678	1,711	1,746
MUFIDS/PA System	540	550	561	573	584	596	608
Employee Screening	896	914	932	951	970	989	1,009
Gate Fee for E1 and B15	429	438	446	455	464	474	483
IAF Fees	3,982	4,061	4,143	4,226	4,310	4,396	4,484
Total Terminal 1 Other Revenue	\$8,506	\$8,677	\$8,850	\$9,027	\$9,208	\$9,392	\$9,580
<u>Terminal 2 Revenues</u>							
T2 Lobby	\$10,993	\$12,192	\$12,689	\$13,134	\$13,613	\$14,162	\$14,615
T2 Other/Passengers	3,235	3,588	3,734	3,865	4,006	4,168	4,301
Total Terminal 2 Revenue	\$14,228	\$15,002	\$15,509	\$16,034	\$16,583	\$17,156	\$17,753
TOTAL AIRLINE REVENUE	\$145,647	\$157,314	\$163,212	\$175,598	\$181,002	\$187,596	\$199,064

Note: Amounts may not add due to rounding.

Source: Metropolitan Airports Commission; Landrum & Brown.

Exhibit K

	MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT						
	AIRLINE COST PER ENPLANEMENT (dollars in thousands, except rates)						
	(Fiscal Years Ending December 31)						
	Budget			Forecast			
	2019	2020	2021	2022	2023	2024	2025
<u>Airline Cost per Enplanement</u>							
Passenger Airline Landing Fee Revenue	\$66,568	\$73,697	\$76,760	\$80,277	\$82,957	\$86,149	\$89,214
Apron Fee Revenue	6,437	6,820	7,014	7,160	7,279	7,559	7,729
Terminal 1 Rental Revenue	46,261	48,980	50,676	58,399	60,019	62,099	69,263
Terminal 1 Other Revenue	8,506	8,677	8,850	9,027	9,208	9,392	9,580
Terminal 2 Airline Revenue	14,228	15,780	16,423	17,000	17,619	18,329	18,916
Less: Revenue Sharing	(16,181)	(17,341)	(18,936)	(19,463)	(19,995)	(20,588)	(21,170)
Total Passenger Airline Revenue	\$125,819	\$136,613	\$140,787	\$152,400	\$157,087	\$162,940	\$173,531
Enplanements	18,589	18,810	19,035	19,269	19,507	19,765	20,027
Airline Cost per Enplanement	\$6.77	\$7.26	\$7.40	\$7.91	\$8.05	\$8.24	\$8.66
Airline Cost per Enplanement (2019 dollars)	\$6.77	\$7.05	\$6.97	\$7.24	\$7.16	\$7.11	\$7.26

Note: Amounts may not add due to rounding.

Source: Metropolitan Airports Commission; Landrum & Brown.

Exhibit L

APPLICATION OF REVENUE (dollars in thousands, except rates)
(Fiscal Years Ending December 31)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

	Budget			Forecast			
	2019	2020	2021	2022	2023	2024	2025
Revenue							
Net Airline Revenue (After Revenue Sharing)	\$129,466	\$139,973	\$144,277	\$156,135	\$161,006	\$167,008	\$177,894
Non-Airline Operating Revenue	252,935	257,949	263,085	273,503	279,014	284,859	296,277
Other Non-Operating Revenue	6,695	6,695	6,695	6,695	6,695	6,695	6,695
Total Revenue	\$389,096	\$404,618	\$414,056	\$436,332	\$446,715	\$458,562	\$480,866
Application of Revenue							
Airport System M&O Expenses	\$198,433	\$214,587	\$225,133	\$233,074	\$243,465	\$254,328	\$265,685
Annual Debt Service - Senior Airport Revenue Bonds	50,255	50,248	39,484	36,064	36,066	68,318	68,324
Annual Debt Service - Subordinate Obligations	59,056	52,868	63,702	78,679	78,681	49,027	57,586
Other Financing Costs	8,571	9,103	8,895	8,823	8,362	8,445	8,024
M&O Expense Reserve Account	4,568	8,077	5,273	3,970	5,196	5,432	5,678
Commission Construction Fund							
Deposit to Airline R&R Account	22,848	23,534	24,240	24,967	25,716	26,487	27,282
Purchases of Equipment	8,227	8,227	8,227	8,227	8,227	8,227	8,227
Deposit to Fund Construction - 2019-20 and 2021-25 CIP Projects	37,137	37,974	39,103	42,528	41,001	38,298	32,570
Deposit to Fund Coverage Account	0	0	0	0	0	0	7,490
Total Application of Revenue	\$389,096	\$404,618	\$414,056	\$436,332	\$446,715	\$458,562	\$480,866

Note: Amounts may not add due to rounding.

Source: Metropolitan Airports Commission; Landrum & Brown.

Exhibit M

SENIOR INDENTURE DEBT SERVICE COVERAGE (dollars in thousands, except rates)		MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT					
(Fiscal Years Ending December 31)							
	Budget	Forecast					
	2019	2020	2021	2022	2023	2024	2025
Net Revenue							
Airline Revenue	\$145,647	\$157,314	\$163,212	\$175,598	\$181,002	\$187,596	\$199,064
Non-Airline Operating Revenue	252,935	257,949	263,085	273,503	279,014	284,859	296,277
Other Non-Operating Revenue	6,695	6,695	6,695	6,695	6,695	6,695	6,695
Less: Revenue Sharing	(16,181)	(17,341)	(18,936)	(19,463)	(19,995)	(20,588)	(21,170)
Total Revenue	\$389,096	\$404,618	\$414,056	\$436,332	\$446,715	\$458,562	\$480,866
Less: Airport System M&O Expenses	(198,433)	(214,587)	(225,133)	(233,074)	(243,465)	(254,328)	(265,685)
Net Revenue	\$190,663	\$190,031	\$188,923	\$203,259	\$203,250	\$204,234	\$215,181
Rate Covenant Calculations - Senior Indenture							
Requirement - Section 5.04(a)							
Net Revenue	\$190,663	\$190,031	\$188,923	\$203,259	\$203,250	\$204,234	\$215,181
Less:							
Annual Net Debt Service- Senior Airport Revenue Bonds	(50,255)	(50,248)	(39,484)	(36,064)	(36,066)	(68,318)	(68,324)
Required Deposits to Subordinate Debt Service Funds	(59,056)	(52,868)	(63,702)	(78,679)	(78,681)	(49,027)	(57,586)
Total - MUST NOT BE LESS THAN ZERO	\$81,351	\$86,914	\$85,738	\$88,516	\$88,503	\$86,889	\$89,271
Requirement - Section 5.04(b)							
Net Revenue	\$190,663	\$190,031	\$188,923	\$203,259	\$203,250	\$204,234	\$215,181
Plus: Transfer from Coverage Account (25% of Senior DS)	12,564	12,562	9,871	9,016	9,017	17,079	17,081
Total Available Revenue	\$203,227	\$202,593	\$198,794	\$212,274	\$212,267	\$221,313	\$232,262
Less: Senior Airport Revenue Bonds Net DS Times 125%	(\$62,819)	(\$62,810)	(\$49,355)	(\$45,079)	(\$45,083)	(\$85,397)	(\$85,405)
Total - MUST NOT BE LESS THAN ZERO	\$140,407	\$139,783	\$149,439	\$167,195	\$167,184	\$135,916	\$146,858
Pro Forma Coverage on Senior Debt							
Net Revenues	\$190,663	\$190,031	\$188,923	\$203,259	\$203,250	\$204,234	\$215,181
Plus: Transfer from Coverage Account (25% of Senior DS)	12,564	12,562	9,871	9,016	9,017	17,079	17,081
Total Available Revenue	\$203,227	\$202,593	\$198,794	\$212,274	\$212,267	\$221,313	\$232,262
Annual Net Debt Service- Senior Airport Revenue Bonds	\$50,255	\$50,248	\$39,484	\$36,064	\$36,066	\$68,318	\$68,324
Senior Debt Service Coverage with Transfer	4.04	4.03	5.03	5.89	5.89	3.24	3.40
Senior Debt Service Coverage without Transfer	3.79	3.78	4.78	5.64	5.64	2.99	3.15

Note: Amounts may not add due to rounding.

Source: Metropolitan Airports Commission; Landrum & Brown.

Exhibit N

SUBORDINATE INDENTURE DEBT SERVICE COVERAGE (dollars in thousands, except rates)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Budget		Forecast				
	2019	2020	2021	2022	2023	2024	2025
Net Subordinate Revenue							
Airline Revenue	\$145,647	\$157,314	\$163,212	\$175,598	\$181,002	\$187,596	\$199,064
Non-Airline Operating Revenue	252,935	257,949	263,085	273,503	279,014	284,859	296,277
Other Non-Operating Revenue	6,695	6,695	6,695	6,695	6,695	6,695	6,695
Less: Revenue Sharing	(16,181)	(17,341)	(18,936)	(19,463)	(19,995)	(20,588)	(21,170)
Total Revenue	\$389,096	\$404,618	\$414,056	\$436,332	\$446,715	\$458,562	\$480,866
Less: Airport System M&O Expenses	(198,433)	(214,587)	(225,133)	(233,074)	(243,465)	(254,328)	(265,685)
Net Revenue	\$190,663	\$190,031	\$188,923	\$203,259	\$203,250	\$204,234	\$215,181
Less: Annual Master Senior Indenture Debt Service	(50,255)	(50,248)	(39,484)	(36,064)	(36,066)	(68,318)	(68,324)
Net Subordinate Revenue	\$140,407	\$139,783	\$149,439	\$167,195	\$167,184	\$135,916	\$146,858
Rate Covenant Calculations - Subordinate Indenture							
Requirement - Section 5.04(a)							
Net Subordinate Revenue	\$140,407	\$139,783	\$149,439	\$167,195	\$167,184	\$135,916	\$146,858
Less:							
Required Deposits to Subordinate Debt Service Funds	(63,215)	(57,592)	(68,426)	(83,403)	(83,405)	(53,751)	(62,310)
Total - MUST NOT BE LESS THAN ZERO	\$77,192	\$82,190	\$81,014	\$83,792	\$83,778	\$82,165	\$84,547
Requirement - Section 5.04(b)							
Net Subordinate Revenue	\$140,407	\$139,783	\$149,439	\$167,195	\$167,184	\$135,916	\$146,858
Plus: Transfer from Coverage Account (10% of Subordinate DS)	6,322	5,759	6,843	8,340	8,341	5,375	6,231
Total Available Revenue	\$146,729	\$145,542	\$156,282	\$175,535	\$175,524	\$141,291	\$153,089
Less: Subordinate Obligation Net DS Times 110%	(\$69,537)	(\$63,352)	(\$75,268)	(\$91,744)	(\$91,746)	(\$59,126)	(\$68,541)
Total - MUST NOT BE LESS THAN ZERO	\$77,192	\$82,190	\$81,014	\$83,792	\$83,778	\$82,165	\$84,547

Exhibit N

SUBORDINATE INDENTURE DEBT SERVICE COVERAGE (dollars in thousands, except rates)

MINNEAPOLIS-SAINT PAUL INTERNATIONAL AIRPORT

(Fiscal Years Ending December 31)

	Budget		Forecast				
	2019	2020	2021	2022	2023	2024	2025
<u>Pro Forma Coverage on Subordinate Debt</u>							
Net Subordinate Revenue	\$140,407	\$139,783	\$149,439	\$167,195	\$167,184	\$135,916	\$146,858
Plus: Transfer from Coverage Account (10% of Subordinate DS)	6,322	5,759	6,843	8,340	8,341	5,375	6,231
Total Available Subordinate Revenue	\$146,729	\$145,542	\$156,282	\$175,535	\$175,524	\$141,291	\$153,089
Annual Net Debt Service- Subordinate Obligations	\$63,215	\$57,592	\$68,426	\$83,403	\$83,405	\$53,751	\$62,310
Subordinate Debt Service Coverage with Transfer	2.32	2.53	2.28	2.10	2.10	2.63	2.46
Subordinate Debt Service Coverage without Transfer	2.22	2.43	2.18	2.00	2.00	2.53	2.36
<u>Pro Forma Coverage on Senior and Subordinate Debt</u>							
Net Revenue	\$190,663	\$190,031	\$188,923	\$203,259	\$203,250	\$204,234	\$215,181
Plus: Transfer from Coverage Account (25% of Senior DS)	12,564	12,562	9,871	9,016	9,017	17,079	17,081
Total Available Revenue for Senior and Subordinate Debt	\$203,227	\$202,593	\$198,794	\$212,274	\$212,267	\$221,313	\$232,262
Annual Net Debt Service- Senior and Subordinate Debt	\$113,471	\$107,841	\$107,910	\$119,467	\$119,471	\$122,069	\$130,634
Senior and Subordinate Debt Service Coverage with Transfer	1.79	1.88	1.84	1.78	1.78	1.81	1.78
Senior and Subordinate Debt Service Coverage without Transfer	1.68	1.76	1.75	1.70	1.70	1.67	1.65

Note: Amounts may not add due to rounding.

Source: Metropolitan Airports Commission; Landrum & Brown.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE
METROPOLITAN AIRPORTS COMMISSION FOR THE
FISCAL YEARS ENDED DECEMBER 31, 2018 AND 2017**

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**Minneapolis/St. Paul Metropolitan Airports
Commission**

Independent Auditor's Reports and Financial Statements
With Supplementary Information
December 31, 2018 and 2017

Minneapolis/St. Paul Metropolitan Airports Commission
December 31, 2018 and 2017

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the business-type activities of the Minneapolis/St. Paul Metropolitan Airports Commission (Commission) as of and for the years ended December 31, 2018 and 2017, and its fiduciary activities as of and for the year ended December 31, 2018 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 opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Minneapolis/St. Paul Metropolitan Airports Commission as of December 31, 2018 and 2017 and the changes in financial position and cash flows for the years then ended and its fiduciary financial position of its fiduciary activities as of December 31, 2018, and the changes in its fiduciary financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, in 2018, the Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 audits 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.

BKD, LLP

Indianapolis, Indiana
May 20, 2019

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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 years ended December 31, 2018 and 2017 with selected three-year comparative data for the years ended December 31, 2018, 2017 and 2016. 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 for its business-type activities: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows and two statements for its fiduciary activities: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. 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 2018.

In 2018, the Commission adopted Governmental Accounting Standards Board Statement (GASB) No.75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Commission also adopted GASB Statement No. 84, *Fiduciary Activities*, during 2018. Prior year comparative information contained herein has not been updated for adoption of GASB 75 or GASB 84, as such retroactive restatement was deemed impractical.

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 Terminal 1 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 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.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

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 \$48,063,629	25% up to \$62,098,208 and 50% for amounts above \$62,098,208
\$44,380,256 to \$48,063,629	20%
\$42,689,187 to \$44,380,255	15%
\$40,998,117 to \$42,689,186	10%
\$39,307,048 to \$40,998,116	5%

The Passenger Signatory Airlines are also entitled to Supplemental Revenue Sharing equal to an additional 25% of Selected Concession Revenues above \$34,957,440 but below \$62,098,208 if enplaned passengers exceed 18,070,800. Selected Concession Revenues were \$54,844,354 and enplaned passengers exceeded 18,070,800 for fiscal year 2018, resulting in total Shared Concession Revenue of \$18,682,817, of which \$4,971,728 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, 2018 and 2017, the aggregate rentals earned by the Commission pursuant to the airline lease agreements were approximately \$110,563,000 and \$101,139,000, 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 Terminal 2, miscellaneous hangar facilities, and office rentals for non-airline tenants in Terminal 1. For the years ended December 31, 2018 and 2017, the aggregate annual rentals under these leases were approximately \$35,277,000 and \$33,292,000, respectively.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

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, 2018 and 2017, the aggregate lease rentals paid to the Commission under specific project leases was approximately \$27,360,000 and \$8,394,000, respectively. The increase in 2018 was due to Delta prepaying the balance of several leases during the year.

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, 2018 and 2017, the aggregate fees earned by the Commission under the existing concession agreements were approximately \$42,932,000 and \$40,443,000, 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, 2018 and 2017, the aggregate fees earned by the Commission under the existing rental car agreements and parking lot and garage facilities were approximately \$142,354,000 and \$137,340,000, respectively. Of this amount, parking revenue was approximately \$93,887,000 for 2018 and \$95,231,000 for 2017. Auto rental revenue for both on and off airport auto rentals for December 31, 2018 and 2017 was approximately \$44,115,000 and \$42,109,000, 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, 2018 and 2017, revenues from these agreements were approximately \$8,386,000 and \$7,882,000, 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 (reclassified to parking revenue in 2018), 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, 2018 and 2017, the Commission earned \$14,487,000 and \$16,218,000, 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, 2018 and 2017, the revenues from these utility charges were approximately \$5,455,000 and \$5,343,000, respectively.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

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, 2018 and 2017, the revenues from these agreements were approximately \$13,805,000 and \$12,287,000, 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, 2018 and 2017, the top ten operating revenue sources for the MAC were as follows:

Top Ten Operating Revenue Sources:

Source	2018 Revenue
1. Parking	\$ 93,886,670
2. Landing fees	69,761,979
3. General Building	47,543,849
4. Other Building Rent	28,011,597
5. Food & Beverage	24,241,244
6. Auto rental (off- and on-airport)	21,716,921 *
7. Ground transportation fees	12,620,712
8. News and Retail Stores	11,056,131
9. Ground Rent	10,877,453
10. Ramp Fees	8,069,572

*Excludes customer facility charges.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

Source	2017 Revenue
1. Parking	\$ 95,231,435
2. Landing fees	62,624,007
3. General Building	44,449,261
4. Other Building Rent	25,788,486
5. Food & Beverage	23,136,949
6. Auto rental (off- and on-airport)	20,584,230 *
7. Ground Rent	10,886,646
8. Ground transportation fees	10,322,990
9. News and Retail Stores	10,170,400
10. Ramp Fees	7,136,821

*Excludes customer facility charges.

The top ten revenue providers for 2018 for the MAC were as follows:

Top Ten Operating Revenue Providers

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

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

During 2018, the MAC's total revenues and capital contributions increased by 8.1% to \$470,872,000 from \$435,532,000 in 2017. Changes in major categories follow (dollars in thousands):

	2018	% of Total	2017	% of Total	Dollar Change	Percent Change
Operating revenues						
Airline rates and charges	\$ 123,631	26.3%	\$ 113,056	26.0%	\$ 10,575	9.4%
Concessions	177,375	37.6%	172,476	39.6%	4,899	2.8%
Rentals/fees	52,241	11.1%	49,970	11.5%	2,271	4.5%
Utilities and other revenues	20,011	4.2%	18,442	4.2%	1,569	8.5%
Total operating revenues	<u>373,258</u>		<u>353,944</u>		<u>19,314</u>	
Nonoperating revenues						
Investment income	18,739	4.0%	12,306	2.8%	6,433	52.3%
Solar panel financing rebate	940	0.2%	978	0.2%	(38)	-3.9%
Gain (loss) on disposal of assets	(3,841)	-0.8%	(6,513)	-1.5%	2,672	-41.0%
Passenger facility charges	73,734	15.7%	73,390	16.9%	344	0.5%
Total nonoperating revenues	<u>89,572</u>		<u>80,161</u>		<u>9,411</u>	
Capital contributions and grants	<u>8,042</u>	1.7%	<u>1,427</u>	0.3%	<u>6,615</u>	463.6%
Total revenues and capital contributions	<u>\$ 470,872</u>	100.0%	<u>\$ 435,532</u>	100%	<u>\$ 35,340</u>	8.1%

Airline rates and charges increased by 9.4% or \$10,575,000. 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 higher than average amount of snow which resulted in higher snow removal expenses. This was partially offset by an increase in the amount of concessions shared with the airlines

Concessions increased by 2.8% or \$4,899,000. The majority of the increase is in the food and beverage and ground transportation categories. Food and Beverage increases (approximately \$1.1 million) can be attributed to the increase in passenger traffic and the opening of many new concessions. Ground Transportation primarily increased by approximately \$2.0 million due to the growth of Transportation Network Companies (TNC) activity, which started in 2016. The remaining increase was due to an increase in volume with auto rental companies of approximately \$1.4 million.

Rental fees increased by \$2,271,000 or 4.5%. This is primarily a result of new hangar lease at MSP and an increase in Customer Facility Charges from higher auto rental volume.

Utilities and other revenues increased by 8.5% or \$1,569,000 primarily due to the increase in reimbursed expenses for additional security at MSP paid by airlines.

The loss on sale of assets of \$3,841,000 in 2018 was primarily due to the sale of several parcels of land near MSP and at Anoka airport.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

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 increase in 2018 comes primarily from a new federal grant for taxiway reconstruction.

During 2017, the MAC's total revenues and capital contributions increased by 1.1% to \$435,532,000 from \$430,785,000 in 2016. Changes in major categories follow (dollars in thousands):

	2017	% of Total	2016	% of Total	Dollar Change	Percent Change
Operating revenues						
Airline rates and charges	\$ 113,056	26.0%	\$ 112,653	26.2%	\$ 403	0.4%
Concessions	172,476	39.6%	160,691	37.2%	11,785	7.3%
Rentals/fees	49,970	11.5%	48,473	11.3%	1,497	3.1%
Utilities and other revenues	18,442	4.2%	17,115	4.0%	1,327	7.8%
Total operating revenues	<u>353,944</u>		<u>338,932</u>		<u>15,012</u>	
Nonoperating revenues						
Investment income	12,306	2.8%	12,634	2.9%	(328)	-2.6%
Solar panel financing rebate	978	0.2%	914	0.2%	64	7.0%
Gain on disposal of assets	(6,513)	-1.5%	2,029	0.5%	(8,542)	-421.0%
Passenger facility charges	73,390	16.9%	72,273	16.8%	1,117	1.5%
Total operating revenues	<u>80,161</u>		<u>87,850</u>		<u>(7,689)</u>	
Capital contributions and grants	<u>1,427</u>	0.3%	<u>4,003</u>	0.9%	<u>(2,576)</u>	-64.4%
Total revenues and capital contributions	<u>\$ 435,532</u>	100%	<u>\$ 430,785</u>	100%	<u>\$ 4,747</u>	1.1%

Concessions increased by 7.3% or \$11,785,000. The majority of the increase is in the public parking and ground transportation categories. Food and Beverage increases (approximately \$2.1 million) can be attributed to the increase in passenger traffic and the opening of many new concessions. A rate increase in parking accounted for approximately \$4.0 million of the increase in the concessions category. The remaining increase was in the Ground Transportation category. Ground Transportation primarily increased approximately \$3.6 million due to the growth of Transportation Network Companies (TNC) activity, which started in 2016.

Rental fees increased by \$1,497,000 or 3.1%. This is primarily a result of new ground rental rates for non-airline tenants implemented in 2017.

Utilities and other revenues increased by 7.8% or \$1,327,000 primarily due to the increase in consortium fees from an increase in the lease rate and the increase in food and beverage sales.

The loss on sale of assets of \$6,513,000 in 2017 was primarily due to the sale of several parcels of land near MSP.

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 2017 comes primarily from a decrease in federal grants for baggage screening projects.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

Expenses

In 2018, the MAC's total expenses increased by 1.1% to \$379,845,000 from \$375,652,000 in 2017. Changes in major categories are summarized below (dollars in thousands):

	2018	% of Total	2017	% of Total	Dollar Change	Percent Change
Operating expenses						
Personnel	\$ 86,151	22.7%	\$ 87,993	23.4%	\$ (1,842)	-2.1%
Administrative	2,058	0.5%	1,993	0.5%	65	3.3%
Professional services	6,210	1.6%	6,151	1.6%	59	1.0%
Utilities	19,930	5.2%	19,619	5.2%	311	1.6%
Operating services	28,280	7.5%	26,073	7.0%	2,207	8.5%
Maintenance	42,576	11.2%	36,293	9.7%	6,283	17.3%
Depreciation and amortization	147,299	38.8%	142,970	38.1%	4,329	3.0%
Other	4,531	1.2%	5,611	1.5%	(1,080)	-19.2%
Operating expenses	<u>337,035</u>		<u>326,703</u>		<u>10,332</u>	
Nonoperating expenses						
Interest expense	42,810	11.3%	48,949	13.0%	(6,139)	-12.5%
Total nonoperating expenses	<u>42,810</u>		<u>48,949</u>		<u>(6,139)</u>	
Total expenses	<u>\$ 379,845</u>	100.0%	<u>\$ 375,652</u>	100.0%	<u>\$ 4,193</u>	1.1%

Personnel decreased by 2.1% or \$1,842,000. The majority of the decrease is related to a reduction in pension expense related to an increase in the fair value of plan assets for both pension plans and partially due to a reduction in post-retirement benefits expense related to establishing an irrevocable trust for post-retirement assets to offset the post-employment liability. This was partly offset by an increase in annual wage adjustments, new employees and additional medical claims.

Utilities increased \$311,000 or 1.6% primarily due to higher rates and increased usage of electricity, partially offset by lower usage of natural gas, sewer and water services.

Operating services increased \$2,207,000 or 8.5% due primarily to the increase in service agreements for renewing and expanding technology related agreements and from additional security staffing at several field gate locations around Terminal 1.

Depreciation increased \$4,329,000 or 3.0%. The increase is attributable to new projects placed into service during 2017-2018.

Other expenses decreased \$1,080,000 or 19.2% due to the Commission's Air Service Incentive Program. Two airlines met the criteria for new continuous international air service earning waivers for landing and gate fees in 2017 and only one airline met the criteria in 2018.

Interest expense decreased \$6,139,000 or 12.5% due higher capitalized interest cost in 2018.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

In 2017, the MAC's total expenses decreased by 2.9% to \$375,652,000 from \$386,764,000 in 2016. Changes in major categories are summarized below (dollars in thousands):

	2017	% of Total	2016	% of Total	Dollar Change	Percent Change
Operating expenses						
Personnel	\$ 87,993	23.4%	\$ 94,425	24.4%	\$ (6,432)	-6.8%
Administrative	1,993	0.5%	1,723	0.4%	270	15.7%
Professional services	6,151	1.6%	6,217	1.6%	(66)	-1.1%
Utilities	19,619	5.2%	18,816	4.9%	803	4.3%
Operating services	26,073	7.0%	23,389	6.1%	2,684	11.5%
Maintenance	36,293	9.7%	36,319	9.4%	(26)	-0.1%
Depreciation and amortization	142,970	38.1%	139,226	36.0%	3,744	2.7%
Other	5,611	1.5%	4,411	1.1%	1,200	27.2%
Operating expenses	<u>326,703</u>		<u>324,526</u>		<u>2,177</u>	
Nonoperating expenses						
Interest expense	48,949	13.0%	62,238	16.1%	(13,289)	-21.4%
Total nonoperating expenses	<u>48,949</u>		<u>62,238</u>		<u>(13,289)</u>	
Total expenses	<u>\$ 375,652</u>	100.0%	<u>\$ 386,764</u>	100.0%	<u>\$ (11,112)</u>	-2.9%

Personnel decreased by 6.8% or \$6,432,000. The majority of the decrease is related to a reduction in net pension liabilities in 2017 due to an increase in the fair value of plan assets for both pension plans and an increase in the discount rate of the Public Employees Police and Fire Fund. This was partly offset by an increase in annual wage adjustments, new employees and additional medical claims.

Utilities increased \$803,000 or 4.3% primarily due to higher rates and increased usage of natural gas, sewer and water services partially offset by a decrease in electricity cost due to savings in sales tax from changing to sales tax exempt status in 2017.

Operating services increased \$2,684,000 or 11.5% due primarily to the increase in service agreements for renewing and expanding technology related agreements and from additional security staffing at several field gate locations around Terminal 1.

Depreciation increased \$3,744,000 or 2.7%. The increase is attributable to new projects placed into service during 2016-2017.

Other expenses increased \$1,200,000 or 27.2% due to the Commission's Air Service Incentive Program. Two airlines met the criteria for new continuous international air service earning waivers for landing and gate fees.

Interest expense decreased \$13,289,000 or 21.4% due to the refunding of several bond issues in the prior year.

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.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2018, 2017 and 2016 (dollars in thousands):

	Fiscal Years Ended December 31,		
	2018	2017	2016
Operating revenues	\$ 373,258	\$ 353,944	\$ 338,932
Operating expenses	(337,035)	(326,703)	(324,526)
Operating income	<u>36,223</u>	<u>27,241</u>	<u>14,406</u>
Nonoperating revenues	89,572	80,161	87,850
Nonoperating expenses	(42,810)	(48,949)	(62,238)
Nonoperating income	<u>46,762</u>	<u>31,212</u>	<u>25,612</u>
Increase in net position before capital contributions and grants	82,985	58,453	40,018
Capital contributions and grants	<u>8,042</u>	<u>1,427</u>	<u>4,003</u>
Increase in net position	91,027	59,880	44,021
Net position, beginning of year, as previously reported	1,820,675	1,760,795	1,716,774
Change in accounting principle	<u>(34,929)</u>	-	-
Net position, beginning of year, as restated	<u>1,785,746</u>	<u>1,760,795</u>	<u>1,716,774</u>
Net position, end of year	<u>\$ 1,876,773</u>	<u>\$ 1,820,675</u>	<u>\$ 1,760,795</u>

The Commission shows an increase in the total change in its net position in 2018 versus 2017. This is primarily a result of an increase in operating income, investment income from higher interest rates and a decrease in interest expense resulting from higher capitalized interest costs. This was partially offset by an increase in maintenance and depreciation expenses.

The Commission shows an increase in the total change in its net position in 2017 versus 2016. This is primarily a result of an increase in operating income and a decrease in interest expense resulting from prior year debt refundings. This was partially offset by the loss on the sale of assets and a decrease in capital contributions and grants.

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, 2018, 2017 and 2016 follows (dollars in thousands):

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

	2018	December 31, 2017	2016
Assets			
Current assets - unrestricted	\$ 322,188	\$ 433,330	\$ 366,942
Restricted assets - current	111,935	106,212	111,209
Noncurrent assets:			-
Other noncurrent assets	572,136	650,231	790,421
Capital assets - net	2,781,941	2,625,183	2,521,344
Total assets	<u>3,788,200</u>	<u>3,814,956</u>	<u>3,789,916</u>
Deferred Outflows of Resources	<u>48,161</u>	<u>61,888</u>	<u>94,989</u>
Total assets and deferred outflows of resources	<u>\$ 3,836,361</u>	<u>\$ 3,876,844</u>	<u>\$ 3,884,905</u>
Liabilities			
Current liabilities - unrestricted	\$ 93,589	\$ 104,186	\$ 140,238
Payable from restricted current assets	123,641	105,468	75,760
Noncurrent liabilities:			
Bonds payable	1,480,333	1,569,053	1,644,486
Other noncurrent liabilities	206,451	221,743	241,042
Total liabilities	<u>1,904,014</u>	<u>2,000,450</u>	<u>2,101,526</u>
Deferred Inflows of Resources	<u>55,574</u>	<u>55,719</u>	<u>22,584</u>
Total liabilities and deferred inflows of resources	<u>1,959,588</u>	<u>2,056,169</u>	<u>2,124,110</u>
Net Position			
Net investment in capital assets	1,447,104	1,338,558	1,265,771
Restricted	302,793	278,281	341,266
Unrestricted	126,876	203,836	153,758
Total net position	<u>1,876,773</u>	<u>1,820,675</u>	<u>1,760,795</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,836,361</u>	<u>\$ 3,876,844</u>	<u>\$ 3,884,905</u>

The decrease in total assets and deferred outflows of resources is primarily due to the decrease in deferred outflows of resources related to the Commission's pension and post-retirement plans. Overall, the majority of the increase in net position from 2017 to 2018 is due to an increase in operating income and nonoperating income.

FIDUCIARY ACTIVITIES

As previously discussed, the Commission adopted GASB 84 in 2018. The statement of fiduciary net position reported \$66,152 (in thousands) as assets and net position restricted for OPEB as of December 31, 2018 and the statement of changes in fiduciary net position reported total additions of \$69,826 (in thousands), comprised principally of Commission contributions, and total deductions—benefits-payments of \$3,674 (in thousands) for the year ended December 31, 2018.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

CASH AND INVESTMENT MANAGEMENT

The following summary shows the major sources and uses of cash during the years ended December 31, 2018, 2017 and 2016 (dollars in thousands):

	Fiscal Years Ended December 31,		
	2018	2017	2016
Cash provided by operating activities	\$ 365,171	\$ 354,840	\$ 338,029
Cash used in operating activities	<u>(157,167)</u>	<u>(168,779)</u>	<u>(150,248)</u>
Net cash provided by operating activities	208,004	186,061	187,781
Net cash provided by (used in) capital and related financing activities	(293,520)	(265,827)	136,530
Net cash provided by (used in) investing activities	<u>88,220</u>	<u>82,885</u>	<u>(325,593)</u>
Net increase (decrease) in cash and cash equivalents	2,704	3,119	(1,282)
Cash and cash equivalents, beginning of year	<u>7,995</u>	<u>4,876</u>	<u>6,158</u>
Cash and cash equivalents, end of year	<u>\$ 10,699</u>	<u>\$ 7,995</u>	<u>\$ 4,876</u>

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 have an average portfolio life of no greater than 12 years maximum, all other securities must mature within four years from the date of purchase. During 2018, the MAC's average portfolio balance was \$971,964,000 and total investment earnings were \$16,276,000 for an average yield on investments during the year of 1.67%. This compares to an average portfolio balance of \$1,091,935,000; investment earnings of \$8,565,000 and average yield of 0.78% in fiscal year 2017.

The Commission currently has a policy of keeping a six-month working capital reserve in its operating fund. At the end of 2018, the Commission has in its operating fund approximately \$78 million over and above its 2018 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 2018, the Commission expended \$297,000,000 on its on-going Capital Improvement Program (CIP). Approximately \$16,000,000 was associated with various airfield and runway projects. Approximately \$148,000,000 was related to Terminal 1 projects. Projects at Terminal 1 include vertical circulation improvements, security exit and façade expansion, main mall food court expansion, and HVAC/AHU replacements. Approximately \$120,000,000 was mainly spent on site preparation, roadway work and buildings for a new parking ramp at Terminal 1, with the remaining spent on other various landside/parking projects. Approximately \$6,000,000 was spent on the Commission's reliever airport system. The remaining \$7,000,000 was spent primarily for noise mitigation and other building improvements. Average monthly capital spending in 2018 was approximately \$24,750,000.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

During 2017, the Commission expended \$254,000,000 on its on-going Capital Improvement Program (CIP). Approximately \$5,000,000 was associated with various airfield and runway projects. Approximately \$119,000,000 was related to Terminal 1 projects. Projects at Terminal 1 include vertical circulation improvements, Concourse A to G connector improvements, and HVAC/AHU replacements. Approximately \$116,000,000 was mainly spent on site preparation, roadway work and buildings for a new parking ramp at Terminal 1, with the remaining spent on other various landside/parking projects. Approximately \$10,000,000 was spent on the Commission's reliever airport system. The remaining \$4,000,000 was spent primarily for noise mitigation and other building improvements. Average monthly capital spending in 2017 was approximately \$21,200,000.

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, 2018, 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.

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.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

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

Irrevocably Committed PFCs

<u>Fiscal Year</u>	<u>Irrevocably Committed PFCs</u>	<u>Fiscal Year</u>	<u>Irrevocably Committed PFCs</u>
2019	9,337,650	2025	9,337,650
2020	9,339,400	2026	9,334,900
2021	9,337,900	2027	9,334,650
2022	9,332,650	2028	9,465,900
2023	9,333,150	2029	9,467,625
2024	9,333,400	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>.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Financial Section

STATEMENTS OF NET POSITION

(Dollars in Thousands)

	December 31,	
	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents	\$ 10,699	\$ 7,995
Investments	278,810	402,769
Accounts receivable, net of allowances for uncollectibles of \$88 and \$88, respectively	20,232	12,145
Receivable - government grants in aid of construction	8,038	4,995
Leases receivable	1,700	2,520
Other	2,709	2,906
Restricted assets:		
Investments	102,504	95,032
Leases receivable	901	2,382
Passenger facility charge receivable	8,530	8,798
Total current assets	434,123	539,542
Noncurrent Assets:		
Investments, restricted	559,601	613,670
Leases receivable, unrestricted	4,614	15,471
Leases receivable, restricted	2,475	13,849
Derivative instruments - forward delivery agreements	5,446	7,241
Capital assets:		
Land	350,955	355,769
Airport improvements and buildings	4,309,967	4,175,643
Moveable equipment	191,054	172,816
Construction in progress	445,321	290,852
Less accumulated depreciation	(2,515,356)	(2,369,897)
Total capital assets (net of accumulated depreciation)	2,781,941	2,625,183
Total noncurrent assets	3,354,077	3,275,414
Total assets	3,788,200	3,814,956
Deferred Outflows of Resources	48,161	61,888
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,836,361	\$ 3,876,844

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Financial Section

STATEMENTS OF NET POSITION

(Dollars in Thousands)

	December 31,	
	2018	2017
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 59,773	\$ 73,021
Accounts payable due to airlines	19,874	18,979
Current portion of notes payable	3,687	3,121
Employee compensation, payroll taxes and other	10,255	9,065
Payable from restricted current assets:		
Current portion of bond payable	69,325	55,390
Construction and other	15,356	12,967
Unearned revenue	5,208	2,079
Interest payable	33,752	35,032
Total current liabilities	217,230	209,654
Noncurrent Liabilities:		
Employee compensation, payroll taxes and other	2,463	2,477
Unearned revenue, restricted	640	769
Notes payable	114,285	81,852
Net OPEB liability/obligation	25,354	63,874
Bonds payable	1,480,333	1,569,053
Net pension liabilities	63,709	72,771
Total noncurrent liabilities	1,686,784	1,790,796
Total liabilities	1,904,014	2,000,450
Deferred Inflows of Resources	55,574	55,719
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,959,588	2,056,169
NET POSITION		
Net investment in capital assets	1,447,104	1,338,558
Restricted		
Debt service	111,195	99,774
Construction	190,492	177,591
Police/911 emergency communications	1,106	916
Unrestricted	126,876	203,836
TOTAL NET POSITION	1,876,773	1,820,675
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 3,836,361	\$ 3,876,844

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Financial Section

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

(Dollars in Thousands)

	Fiscal Year Ended December 31,	
	2018	2017
OPERATING REVENUES		
Airline rates and charges	\$ 123,631	\$ 113,056
Concessions	177,375	172,476
Rentals/fees	52,241	49,970
Utilities and other revenues	20,011	18,442
TOTAL OPERATING REVENUES	373,258	353,944
OPERATING EXPENSES		
Personnel	86,151	87,993
Administrative	2,058	1,993
Professional services	6,210	6,151
Utilities	19,930	19,619
Operating services	28,280	26,073
Maintenance	42,576	36,293
Depreciation and amortization	147,299	142,970
Other	4,531	5,611
TOTAL OPERATING EXPENSES	337,035	326,703
OPERATING INCOME	36,223	27,241
NONOPERATING REVENUES (EXPENSES)		
Investment income	18,739	12,306
Federal interest rate subsidies	940	978
Passenger facility charges	73,734	73,390
Loss on disposal of assets	(3,841)	(6,513)
Interest expense	(42,810)	(48,949)
TOTAL NONOPERATING REVENUES (EXPENSES)	46,762	31,212
INCOME BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	82,985	58,453
CAPITAL CONTRIBUTIONS AND GRANTS	8,042	1,427
CHANGE IN NET POSITION	91,027	59,880
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	1,820,675	1,760,795
CHANGE IN ACCOUNTING PRINCIPLE	(34,929)	-
NET POSITION, BEGINNING OF YEAR, AS RESTATED	1,785,746	1,760,795
NET POSITION, END OF YEAR	\$ 1,876,773	\$ 1,820,675

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Financial Section

STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

	Fiscal Year Ended December 31,	
	2018	2017
Cash flows from operating activities		
Cash received from customers and users	\$ 365,171	\$ 354,840
Cash paid to employees and benefit providers	(52,691)	(79,256)
Cash paid to suppliers	(104,476)	(89,523)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>208,004</u>	<u>186,061</u>
Cash flows from capital and related financing activities		
Payments for airport improvements and facilities	(317,793)	(257,645)
Proceeds from sale of capital assets	1,019	5,405
Proceeds from bond/note issuance	47,368	41,799
Receipt of lease payments	27,532	4,999
Receipt of solar panel financing rebate	940	978
Receipt of passenger facility charges	74,002	73,199
Principal paid on bonds/notes	(69,761)	(86,750)
Interest paid on bonds/notes	(61,826)	(53,951)
Receipt of government grants	4,999	6,139
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(293,520)</u>	<u>(265,827)</u>
Cash flows from investing activities		
Purchase of investment securities	(656,170)	(684,943)
Proceeds from maturities of investment securities	720,735	748,559
Investment income	23,655	19,269
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>88,220</u>	<u>82,885</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,704	3,119
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>7,995</u>	<u>4,876</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 10,699</u>	<u>\$ 7,995</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 36,223	\$ 27,241
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	147,299	142,970
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable	(8,087)	896
Other assets	197	317
Deferred outflows - pensions	12,047	31,421
Accounts payable and accrued expenses	(1,088)	5,900
Employee compensation and payroll taxes	1,176	468
Postemployment medical - OPEB	27,626	1,720
Net pension liability	(9,062)	(58,982)
Deferred inflows - pensions	1,673	34,110
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>\$ 208,004</u>	<u>\$ 186,061</u>
Noncash investing, capital and related financing activities:		
Changes in fair value of investments	\$ (4,916)	\$ (6,963)
Additions to capital assets included in construction and accounts payable and accrued liabilities	31,301	40,177
Investments transferred to irrevocable trust for postemployment medical plan	66,146	-

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND – OTHER POSTEMPLOYMENT
BENEFITS (OPEB) TRUST FUND

Financial Section

(Dollars in Thousands)

	<u>December 31, 2018</u>
ASSETS	
Cash and deposits	\$ 5,259
Receivables	4
Investments	<u>60,889</u>
Total assets	<u>\$ 66,152</u>
 NET POSITION RESTRICTED FOR OPEB	 <u>\$ 66,152</u>

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

**STATEMENT OF CHANGES IN FIDUCIARY NET
POSITION FIDUCIARY FUND – OTHER
POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND**

Financial Section

(Dollars in Thousands)

	For the Year Ended December 31, 2018
	<u> </u>
Additions	
Contributions	\$ 69,847
Investment Loss	(21)
TOTAL ADDITIONS	<u>69,826</u>
Deductions	
Benefit Payments	<u>3,674</u>
TOTAL DEDUCTIONS	<u>3,674</u>
NET INCREASE IN NET POSITION	66,152
NET POSITION RESTRICTED FOR OPEB	
BEGINNING OF YEAR	<u>-</u>
END OF YEAR	<u>\$ 66,152</u>

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

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.

The Commission's other postemployment benefit plan is a fiduciary component unit of the Commission because it is a separate legal entity, the Commission appoints the trustees of the plan and the Commission has assumed the obligation to make contributions to the plan. The fiduciary component unit's financial statements are included as the Commission's fiduciary activities' financial statements.

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. The Commission's fiduciary activities also use the economic resources measurement focus and accrual basis of accounting.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

Newly Issued Accounting Pronouncements

GASB Statement No. 75 – During fiscal year 2018, the Commission implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). This statement requires governments to recognize their unfunded accrued OPEB obligation on the face of their financial statements along with incorporating more extensive note disclosures and required supplementary information about their OPEB liabilities. The adoption of GASB Statement No. 75 resulted in a \$34,929,000 decrease in beginning net position as of January 1, 2018. Refer to Note L for more information regarding the Authority's OPEB. This fiscal year 2017 financial statements were not restated for the adoption of GASB 75 because it was not practical to do so as the actuarial data required to restate fiscal year 2017 was not readily available.

GASB Statement No. 84 – During fiscal year 2018, the Commission also implemented GASB Statement No. 84, *Fiduciary Activities*. This statement requires governments to include fiduciary fund financial statements for fiduciary activities, including other postemployment benefit plans that are administered through a trust meeting the criteria in paragraph 3 of GASB Statement No. 74. The fiscal year 2017 financial statements did not require restatement for adoption of GASB 84 because the trust meeting the requirements of paragraph 3 of GASB 74 was not created until 2018.

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 outflows 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.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

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 category 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 categories or to appropriate additional funds for each category. 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 category budget constraints of the annual budget.

During the fiscal year the Commission shall be provided periodic updates of expenditures by category. 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 categories be transferred to those categories 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. After the fiscal year has concluded, a final accounting of expenditures by category shall be presented to the Commission for approval of the final expenditure amounts by category."

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.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

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.

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.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

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	759,734
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
13	January, 2017	65,212
14	September, 2017	126,557
		<u>\$ 1,747,864</u>

PFC applications one through five and PFC application 9 are fully funded and have been closed out. PFC application 15 was approved in January 2019.

PFC's, which are recognized as earned, are included in nonoperating revenues and amounted to approximately \$73,734,000 and \$73,390,000 for 2018 and 2017, 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 aviation 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 \$11,348,000 and \$11,526,000 for the years ended December 31, 2018 and 2017, 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, 2018 and 2017 was approximately \$35,832,000 and \$47,180,000, respectively.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

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 expense. 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 \$42,810,000 and \$48,949,000 for the years ended December 31, 2018 and 2017, respectively, while interest capitalized as part of the cost of constructed assets was approximately \$8,122,000 and \$3,735,000, 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.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

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.

Defined Benefit Other Postemployment Benefit Plan

The Airport has a single-employer defined benefit other postemployment benefit (OPEB) plan. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/ deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments 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, 2018 and 2017, deferred outflows of resources consisted of the following components (dollars in thousands):

	<u>2018</u>	<u>2017</u>
Differences between expected and actual experience - pensions	\$ 1,883	\$ 2,242
Changes of assumptions - pensions	22,673	32,221
Changes in proportion and differences in contributions - pensions	2,247	5,192
Commission's contributions made subsequent to the measurement date - pensions	4,485	3,741
Net difference between projected and actual earnings on OPEB plan investments	61	-
Deferred loss on refundings of debt	<u>16,812</u>	<u>18,492</u>
Total deferred outflows of resources	<u>\$ 48,161</u>	<u>\$ 61,888</u>

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

Deferred Inflows of Resources

As of December 31, 2018 and 2017, deferred inflows of resources consisted of the following components (dollars in thousands):

	<u>2018</u>	<u>2017</u>
Net difference between projected and actual earnings on pension plan investments - pensions	\$ 8,509	\$ 3,834
Differences between expected and actual experience - pensions	4,867	8,026
Changes of assumptions - pensions	25,580	29,029
Changes in proportion and differences in contributions - pensions	4,768	7,285
Changes of assumptions - OPEB	6,123	-
Accumulated increase in fair value of forward delivery agreements	5,446	7,241
Deferred gains on refundings of debt	281	304
Total deferred inflows of resources	<u>\$ 55,574</u>	<u>\$ 55,719</u>

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.

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

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

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, 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, due to the construction of a new auto rental/public garage adjacent to Terminal 1.

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 fair 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 2018 and 2017, 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.

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.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

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Financial Section

Fiscal years ended December 31, 2018 and 2017

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 postemployment health care funding, which may have an average portfolio life of no more than 12 years. 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.

- The maturity ranges and credit ratings for the Commission's investment securities at December 31, 2018 and 2017 follow (dollars in thousands):

Security Type	Ratings S&P / Moody's	December 31, 2018 Maturing in Years				Total
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Treasury Security Notes	AA+/Aa1	\$ 126,746	\$ 34,736	\$ -	\$ -	\$ 161,482
U.S. Treasury Security Bills	A-1/P-1	2,222	-	-	-	2,222
Government-Sponsored Enterprises						
Federal Farm Credit Bank	AA+ / Aaa	27,944	19,022	-	-	46,966
Federal Home Loan Mortgage Corporation	AA+ / Aaa	29,338	9,284	-	-	38,622
Federal National Mortgage Association	AA+ / Aaa	28,830	59,642	-	-	88,472
Federal Home Loan Bank	AA+ / Aaa	118,399	151,061	-	-	269,460
Municipal Bonds:						
	AAA / Aaa	-	986	-	-	986
	AAA / N/R	-	1,045	-	-	1,045
	AA+ / Aa1	1,532	1,280	-	-	2,812
	AA+ / N/R	-	2,470	-	-	2,470
	AA / Aa2	-	4,062	-	-	4,062
	AA / Aa1	2,411	-	-	-	2,411
	AA- / Aa2	2,610	972	-	-	3,582
	A+ / Aa3	-	1,686	-	-	1,686
	N/R / Aa3	-	1,370	-	-	1,370
	N/R / Aa2	-	2,520	-	-	2,520
	N/R / Aa1	1,002	-	-	-	1,002
Money Market Mutual Funds						
	AAA/m / N/R	304,845	-	-	-	304,845
	AAA/m / Aaa-mf	641	-	-	-	641
	N/R / N/R	2,149	-	-	-	2,149
Accrued Income		2,110	-	-	-	2,110
Totals		\$ 650,779	\$ 290,136	\$ -	\$ -	\$ 940,915

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

Security Type	Ratings S&P / Moody's	December 31, 2017 Maturing in Years				Total
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Treasury Security Notes	AA+/Aa1	\$ 283,182	\$ 27,786	\$ 2,735	\$ -	\$ 313,703
U.S. Treasury Security Bills	A-1/P-1	105,881	-	-	-	105,881
Government-Sponsored Enterprises						
Federal Farm Credit Bank	AA+ / Aaa	8,256	28,890	-	-	37,146
Federal Home Loan Mortgage Corporation	AA+ / Aaa	10,498	32,506	198	-	43,202
Federal Home Loan Mortgage Corporation	Not Rated	-	1,396	520	5,015	6,931
Federal National Mortgage Association	AA+ / Aaa	15,737	68,577	1,930	-	86,244
Federal National Mortgage Association	Not Rated	-	-	991	8,422	9,413
Federal Home Loan Bank	AA+ / Aaa	142,678	196,354	1,343	-	340,375
Municipal Bonds:						
	AAA / Aaa	2,017	1,070	538	-	3,625
	AAA / Aa1	-	352	658	-	1,010
	AAA / N/R	-	1,075	-	-	1,075
	AA+ / Aa2	-	-	250	-	250
	AA+ / Aa1	-	2,882	167	-	3,049
	AA+ / N/R	-	2,510	-	-	2,510
	AA / Aa2	-	4,111	132	-	4,243
	AA / Aa1	219	-	-	-	219
	AA / N/R	-	624	-	-	624
	AA- / Aa3	-	502	-	-	502
	AA- / Aa2	-	4,995	-	-	4,995
	AA- / Aa1	-	1,512	-	-	1,512
	A+ / Aa3	-	1,733	120	-	1,853
	A+ / Aa1	-	101	-	-	101
	N/R / Aa3	-	1,373	-	-	1,373
	N/R / Aa2	-	2,534	-	-	2,534
	N/R / Aa1	-	1,540	-	-	1,540
Money Market Mutual Funds	AAAm / N/R	137,561	-	-	-	137,561
Totals		<u>\$ 706,029</u>	<u>\$ 382,423</u>	<u>\$ 9,582</u>	<u>\$ 13,437</u>	<u>\$ 1,111,471</u>

The maturity ranges and credit ratings for the postemployment medical (OPEB) trust fund at December 31, 2018 follow (dollars in thousands):

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

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Fiscal years ended December 31, 2018 and 2017

Security Type	Ratings S&P / Moody's	December 31, 2018 Maturing in Years				Total
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Treasury Security Notes	N/A / AAA	\$ 3,753	\$ 9,282	\$ 6,351	\$ 493	\$ 19,879
Government-Sponsored Enterprises						
Federal Farm Credit Bank	AA+ / Aaa	248	1,523	253	-	2,024
Federal Home Loan Mortgage Corporation	AA+ / Aaa	1,493	993	-	-	2,486
Federal Home Loan Mortgage Corporation	Not Rated	237	1,156	1,378	5,445	8,216
Federal Home Loan Mortgage Corporation	AAA / N/A	-	-	294	-	294
Federal National Mortgage Association	AA+ / AAA	-	251	329	-	580
Federal National Mortgage Association	Not Rated	-	144	1,670	16,169	17,983
Federal Home Loan Bank	AA+ / Aaa	-	1,487	2,019	-	3,506
SBA	Not Rated	-	76	430	-	506
Municipal Bonds:						
	AAA / Aaa	-	73	465	-	538
	AAA / Aa1	-	347	134	516	997
	AA+ / AAA	-	174	-	-	174
	AA+ / Aa2	-	-	247	-	247
	AA+ / Aa1	-	-	319	-	319
	AA / Aa1	-	-	617	-	617
	AA / N/R	-	613	-	-	613
	AA- / Aa3	499	-	296	-	795
	AA- / A1	-	97	-	-	97
	AA- / N/A	-	350	-	-	350
	A+ / Aa3	-	-	117	-	117
	N/R / Aa1	-	498	-	-	498
	Not Rated	-	150	-	-	150
Money Market Mutual Funds	AAA-m / Aaa-mf	4,905	-	-	-	4,905
Accrued Income		257	-	-	-	257
Totals		\$ 11,135	\$ 17,214	\$ 14,919	\$ 22,623	\$ 66,148

Credit risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission's investment policy addresses credit risk through adherence to Minnesota Statute 118A, which limits the types of investment instruments that may be purchased by the Commission. This statute generally provides that public funds may only be invested in United States' securities, any security that is a general obligation of a state or local government rated "A" or better by a nationally recognized rating agency, any security that is a revenue obligation of a state or local government rated "AA" or better, a general obligation of the Minnesota Housing Finance Agency that is rated "A" or better, commercial paper issued by United States' corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less, and time deposits fully insured by the FDIC. 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.

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.

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At December 31, 2018 and 2017, the following investments represent more than 5% of total investments:

	<u>12/31/18</u>	<u>12/31/17</u>
Government-Sponsored Enterprises:		
Federal Home Loan Bank	29%	31%
Federal National Mortgage Association	9%	9%

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, 2018 and 2017, 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.

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

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents - unrestricted	\$ 10,699	\$ 7,995
Investments - unrestricted	278,810	402,769
Investments, current - restricted	102,504	95,032
Investments, noncurrent - restricted	<u>559,601</u>	<u>613,670</u>
Total cash, cash equivalents and investments	<u>\$ 951,614</u>	<u>\$ 1,119,466</u>

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

	<u>2018</u>	<u>2017</u>
Investment income from leases	\$ 2,828	\$ 3,742
Investment income from investments	20,827	15,527
Net decrease in fair value of investments	<u>(4,916)</u>	<u>(6,963)</u>
	<u>\$ 18,739</u>	<u>\$ 12,306</u>

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

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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, 2018 and 2017 (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, 2018				
Investments by fair value level				
U.S. Treasury Security Notes	\$ 161,482	\$ 161,482	\$ -	\$ -
U.S. Treasury Security Bills	2,222	2,222	-	-
U.S. Government-Sponsored Enterprise securities	443,520	-	443,520	-
Municipal securities	23,946	-	23,946	-
Money market mutual funds	309,745	309,745	-	-
	<u>\$ 940,915</u>	<u>\$ 473,449</u>	<u>\$ 467,466</u>	<u>\$ -</u>
Derivative instruments				
Forward delivery agreements	\$ 5,446	\$ -	\$ -	\$ 5,446
	<u>\$ 5,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,446</u>

	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, 2017				
Investments by fair value level				
U.S. Treasury Security Notes	\$ 313,703	\$ 313,703	\$ -	\$ -
U.S. Treasury Security Bills	105,881	105,881	-	-
U.S. Government-Sponsored Enterprise securities	523,311	-	523,311	-
Municipal securities	31,015	-	31,015	-
Money market mutual funds	137,561	137,561	-	-
	<u>\$ 1,111,471</u>	<u>\$ 557,145</u>	<u>\$ 554,326</u>	<u>\$ -</u>
Derivative instruments				
Forward delivery agreements	\$ 7,241	\$ -	\$ -	\$ 7,241
	<u>\$ 7,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,241</u>

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The following table presents the fair value measurements of assets and liabilities (if any) recognized in the accompanying postemployment medical (OPEB) trust fund 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, 2018(dollars in thousands):

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2018				
Investments by fair value level				
U.S. Treasury Security Notes	\$ 19,879	\$ 19,879	\$ -	\$ -
U.S. Government-Sponsored Enterprise securities	35,595	-	35,595	-
Municipal securities	5,512	-	5,512	-
Money market mutual funds	5,162	5,162	-	-
	<u>\$ 66,148</u>	<u>\$ 25,041</u>	<u>\$ 41,107</u>	<u>\$ -</u>
Total investments by fair value level				

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.

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NOTE D: RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

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

	<u>2018</u>	<u>2017</u>
Coverage Account	\$ 17,513	\$ 17,013
Police Federal Forfeiture Fund	889	788
Police State Forfeiture Fund	108	83
Passenger Facility Charges Funds	181,962	168,793
911 Emergency Communications Fund	109	45
Solar Panel Construction Funds	-	2
Revenue Bond Interest and Principal Funds	102,504	95,032
Revenue Bond Reserve Funds	107,996	107,732
Revenue Bonds Construction Funds	223,622	309,836
Revolving Loan Construction Funds	27,402	9,378
	<u>\$ 662,105</u>	<u>\$ 708,702</u>

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):

	<u>2018</u>	<u>2017</u>
Federal Aviation Administration	\$ 7,921	\$ 2,038
Transportation Security Administration	-	2,551
State of Minnesota	117	406
	<u>\$ 8,038</u>	<u>\$ 4,995</u>

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NOTE F: CAPITAL ASSETS

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

	Balance January 1, 2018	Additions	Transfers In (Out)	Retirements or Disposals	Balance December 31, 2018
Capital assets - not depreciated:					
Land	\$ 355,769	\$ -	\$ -	\$ (4,814)	\$ 350,955
Construction in progress	290,852	297,479	(143,010)	-	445,321
Total capital assets - not depreciated	<u>646,621</u>	<u>297,479</u>	<u>(143,010)</u>	<u>(4,814)</u>	<u>796,276</u>
Capital assets - depreciated:					
Airport improvements and buildings	4,175,643	393	133,931	-	4,309,967
Less: accumulated depreciation	(2,251,283)	(136,698)	-	-	(2,387,981)
Net airport improvements and buildings	<u>1,924,360</u>	<u>(136,305)</u>	<u>133,931</u>	<u>-</u>	<u>1,921,986</u>
Movable equipment	172,816	11,335	8,950	(2,047)	191,054
Less: accumulated depreciation	(118,614)	(10,601)	-	1,840	(127,375)
Net movable equipment	<u>54,202</u>	<u>734</u>	<u>8,950</u>	<u>(207)</u>	<u>63,679</u>
Total capital assets - depreciated	<u>1,978,562</u>	<u>(135,571)</u>	<u>142,881</u>	<u>(207)</u>	<u>1,985,665</u>
Net capital assets	<u>\$ 2,625,183</u>	<u>\$ 161,908</u>	<u>\$ (129)</u>	<u>\$ (5,021)</u>	<u>\$ 2,781,941</u>
	Balance January 1, 2017	Additions	Transfers In (Out)	Retirements or Disposals	Balance December 31, 2017
Capital assets - not depreciated:					
Land	\$ 367,973	\$ -	\$ -	\$ (12,204)	\$ 355,769
Construction in progress	118,681	254,423	(82,252)	-	290,852
Total capital assets - not depreciated	<u>486,654</u>	<u>254,423</u>	<u>(82,252)</u>	<u>(12,204)</u>	<u>646,621</u>
Capital assets - depreciated:					
Airport improvements and buildings	4,097,955	154	77,534	-	4,175,643
Less: accumulated depreciation	(2,117,962)	(133,321)	-	-	(2,251,283)
Net airport improvements and buildings	<u>1,979,993</u>	<u>(133,167)</u>	<u>77,534</u>	<u>-</u>	<u>1,924,360</u>
Movable equipment	166,641	4,544	4,718	(3,087)	172,816
Less: accumulated depreciation	(111,944)	(9,649)	-	2,979	(118,614)
Net movable equipment	<u>54,697</u>	<u>(5,105)</u>	<u>4,718</u>	<u>(108)</u>	<u>54,202</u>
Total capital assets - depreciated	<u>2,034,690</u>	<u>(138,272)</u>	<u>82,252</u>	<u>(108)</u>	<u>1,978,562</u>
Net capital assets	<u>\$ 2,521,344</u>	<u>\$ 116,151</u>	<u>\$ -</u>	<u>\$ (12,312)</u>	<u>\$ 2,625,183</u>

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NOTE G: LONG-TERM DEBT

The Commission's long-term debt at December 31, 2018 and 2017 consisted of the following (dollars in thousands):

Type of Issue	Issue Date	Interest Rates	Maturing on January 1	Maturity Amounts	2018	2017
Series 2009A *	11/10/2009	4.000%	2019	2,315		
Original amount - \$23,075		5.000%	2020 - 2021	4,920		
		4.125%	2022	205	\$ 7,440	\$ 9,660
Series 2009B *	11/10/2009	4.700%	2019	2,000		
Original amount - \$128,835		5.000%	2019	11,075		
		4.800%	2020	2,000		
		5.000%	2020 - 2022	29,955	45,030	57,495
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%	2019 - 2026	42,670		
Original amount - \$73,475		4.000%	2027 - 2028	8,915	51,585	55,840
Series 2010C **	10/01/2010	5.000%	2019 - 2021	2,145		
Original amount - \$21,600		3.250%	2022 - 2023	1,595		
		3.500%	2024	55	3,795	4,450
Series 2010D (AMT) **	10/01/2010	5.000%	2019 - 2022	20,190		
Original amount - \$68,790		4.000%	2023	5,690		
		4.125%	2024	1,010	26,890	31,350
Series 2011A **	10/04/2011	5.000%	2019 - 2023	26,505		
Original amount - \$52,015		3.500%	2024	6,115		
		5.000%	2025	6,330	38,950	43,520
		2.438%	2019	5,880		
Series 2012A (Taxable) **	11/20/2012	2.755%	2020	6,025	11,905	17,660
Original amount - \$39,770		5.000%	2026 - 2031	42,015	42,015	42,015
Series 2012B **	11/20/2012	5.000%	2026 - 2031	42,015	42,015	42,015
Original amount - \$42,015						
Series 2014A **	10/08/2014	5.000%	2019 - 2035	205,095	205,095	209,900
Original amount - \$217,790						
Series 2014B ** (AMT)	10/08/2014	5.000%	2019 - 2035	35,135	35,135	38,840
Original amount - \$46,590						

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Type of Issue	Issue Date	Interest Rates	Maturing on January 1	Maturity Amounts	2018	2017
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	\$ 330,690
Series 2016B **	10/04/2016	5.000%	2019 - 2020	31,570		
Original amount - \$152,190		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	140,190	152,190
Series 2016C *	12/10/2016	4.000%	2019 - 2021	11,390		
Original amount - \$207,250		5.000%	2022 - 2046	195,860	207,250	207,250
Series 2016D (AMT) **	12/10/2016	5.000%	2019 - 2037	16,890		
Original amount - \$23,410		5.000%	2041	6,020	22,910	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			
Total General Airport Revenue Bonds					<u>171,690</u>	<u>171,690</u>
					<u>1,402,780</u>	<u>1,458,170</u>
Notes Payable					<u>117,972</u>	<u>84,973</u>
Unamortized premium, net					1,520,752	1,543,143
Current portion of long-term debt					146,878	166,273
					<u>(73,012)</u>	<u>(58,511)</u>
Total Long-Term Bonds and Notes Payable					<u>\$ 1,594,618</u>	<u>\$ 1,650,905</u>

* Senior General Airport Revenue Bonds

** Subordinate General Airport Revenue Bonds

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Fiscal years ended December 31, 2018 and 2017

Future debt service requirements as of December 31, 2018 are as follows (dollars in thousands):

	Notes Payable	General Airport Revenue Bonds	Total Debt Outstanding	Interest	Total Principal and Interest
2019	\$ 3,687	\$ 69,325	\$ 73,012	\$ 67,120	\$ 140,132
2020	74,555	72,275	146,830	63,809	210,639
2021	3,380	69,260	72,640	59,886	132,526
2022	3,367	72,420	75,787	56,539	132,326
2023	2,961	76,140	79,101	53,011	132,112
2024 - 2028	12,129	440,050	452,179	205,651	657,830
2029 - 2033	11,327	406,300	417,627	92,544	510,171
2034 - 2038	6,566	102,570	109,136	32,515	141,651
2039 - 2043	-	56,595	56,595	16,565	73,160
2044 - 2047	-	37,845	37,845	2,900	40,745
	<u>\$ 117,972</u>	<u>\$ 1,402,780</u>	<u>\$ 1,520,752</u>	<u>\$ 650,540</u>	<u>\$ 2,171,292</u>

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 26, 2017, the Commission entered into a new \$150,000,000 revolving line of credit agreement. The line of credit is to be used 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 sum of the Taxable London Interbank Offered Rate (LIBOR) and an applicable spread based on the Commission's long-term credit ratings or the sum of 70% of the Tax-Exempt LIBOR plus an applicable spread based on the Commission's long-term credit ratings and a margin rate factor, and expires on October 26, 2020. The interest rate on the Commission's revolving line of credit was 2.29% and 1.28% on December 31, 2018 and 2017, respectively, and there was \$71,030,00 and \$38,020,000 in outstanding notes at December 31, 2018 and 2017, respectively. These amounts are included in notes payable in the statements of net position.

The Commission has entered into Taxable Equipment Lease/Purchase Agreements to finance the solar panels on top of parking ramps at Terminal 1 and 2. The principal amount of these agreements qualifies as a new clean renewable energy bond (NCREB) or a qualified energy conservation bond (QECB), both of which are eligible for a direct interest rate subsidy from the federal government. The effective net interest rates range from 0.75% to 1.09%, with scheduled payments through 2035 and 2036. At December 31, 2018 and 2017, there was \$31,673,000 and \$32,614,000, respectively, in outstanding notes payable.

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The Commission enters into Tax-Exempt Lease/Purchase Agreements each year to finance the acquisition of equipment, primarily heavy equipment and vehicles. Scheduled payments under these lease/purchase agreements extend through September 2027 with various maturity dates beginning in 2019. The interest rates ranged from 1.12% to 4.78%, and there was \$15,268,202 and \$14,338,100 in outstanding notes payable at December 31, 2018 and 2017, respectively.

NOTE H: CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended December 31, 2018 and 2017 was as follows (dollars in thousands):

	Balance January 1, 2018 (as restated)	Additions	Retirements and Other	Balance December 31, 2018	Current Portion
Unearned revenue	\$ 2,848	\$ 5,079	\$ (2,079)	\$ 5,848	\$ 5,208
Employee compensation and other	11,542	86,521	(85,345)	12,718	10,255
Net OPEB liability	98,803	4,491	(77,740)	25,554	-
Notes payable	84,973	47,371	(14,372)	117,972	3,687
Bonds payable, including premiums	1,624,443	-	(74,785)	1,549,658	69,325
Net pension liabilities	72,771	13,981	(23,043)	63,709	-
	<u>\$ 1,895,380</u>	<u>\$ 157,443</u>	<u>\$ (277,364)</u>	<u>\$ 1,775,459</u>	<u>\$ 88,475</u>

	Balance January 1, 2017	Additions	Retirements and Other	Balance December 31, 2017	Current Portion
Unearned revenue	\$ 2,503	\$ 1,782	\$ (1,437)	\$ 2,848	\$ 2,079
Employee compensation and other	11,074	80,123	(79,655)	11,542	9,065
Net OPEB obligation	62,154	5,661	(3,941)	63,874	-
Notes payable	88,454	41,799	(45,280)	84,973	3,121
Bonds payable, including premiums	1,685,956	-	(61,513)	1,624,443	55,390
Net pension liabilities	131,753	17,266	(76,248)	72,771	-
	<u>\$ 1,981,894</u>	<u>\$ 146,631</u>	<u>\$ (268,074)</u>	<u>\$ 1,860,451</u>	<u>\$ 69,655</u>

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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 2022. 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):

	<u>2018</u>	<u>2017</u>
Total minimum lease payments to be received	\$ 17,250	\$ 50,232
Less: Unearned income	<u>(7,560)</u>	<u>(16,010)</u>
Leases receivable - current and noncurrent	<u>\$ 9,690</u>	<u>\$ 34,222</u>

As of December 31, 2018, future minimum lease payments are as follows (dollars in thousands):

2019	\$ 4,694
2020	4,760
2021	4,827
2022	<u>2,969</u>
	<u>\$ 17,250</u>

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.

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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, 2018	Fair Value at December 31, 2017
Series 2009 Debt Service Reserve Funds	5/18/2000	1/1/2021	\$ 2,228	6.1600%	\$ 149	\$ 255
Series 2014 Debt Service Reserve Funds	11/1/2005	1/1/2035	23,182	4.6775%	5,297	6,986
					<u>\$ 5,446</u>	<u>\$ 7,241</u>

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 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 value of the instrument at the time of termination.

Subsequent to year end, the Series 2009 Debt Service Reserve Funds Forward Delivery Agreements were terminated at no cost to the Commission.

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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. General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. 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.

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.

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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.

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.

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GERF

GERF Coordinated Plan members were required to contribute 6.50% of their annual covered salary to the plan in calendar years 2018 and 2017, while the Commission was required to contribute 7.50%. The Commission's contributions to GERF for the years ended December 31, 2018 and 2017 were approximately \$5,096,000 and \$4,198,000, respectively, and were equal to the required contributions as set by state statute. This amount includes an Employer Supplemental Contribution of approximately \$1,786,000 and \$1,210,000 for the years ended December 2018 and 2017, respectively, relating to the former Minneapolis Employees Retirement Fund (MERF), which was fully merged into GERF in January 2015.

As a result of legislation passed in the 2015 legislative session, the State of Minnesota was required to contribute \$6,000,000 to GERF during the measurement periods ended June 30, 2016 and June 30, 2017, \$16,000,000 for the period ending June 30, 2018 and \$6,000,000 each measurement period thereafter until 2031.

PEPFF

PEPFF members were required to contribute 10.80% of their annual covered salary to the plan in calendar years 2018 and 2017, while the Commission was required to contribute 16.20%. The Commission's required contributions to PEPFF for the years ended December 31, 2018, and 2017 were approximately \$2,307,000 and \$2,040,000, 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.

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

GERF

At December 31, 2018 and 2017, the Commission reported a liability of approximately \$49,790,000 and \$56,300,000, 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 2018 and 2017. 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 \$1,633,119. The net pension liability was measured as of June 30, 2018 and 2017, 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, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the Commission's proportion was 0.8975%, which was an increase of 0.0156% from its proportion of 0.8819% measured as of June 30, 2017.

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For the years ended December 31, 2018 and 2017, the Commission recognized pension expense of \$5,737,917 and \$9,821,032, respectively, for its proportionate share of GERF's pension expense. In addition, the Commission recognized an additional \$380,840 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, 2018 and 2017, 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):

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,318	\$ 1,452
Net difference between projected and actual earnings on pension plan investments	-	5,594
Changes of assumptions	4,756	5,088
Changes in proportion	754	4,316
Contributions subsequent to the measurement date	3,325	-
Total	\$ 10,153	\$ 16,450

	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,855	\$ 3,622
Net difference between projected and actual earnings on pension plan investments	-	2,435
Changes of assumptions	9,347	5,644
Changes in proportion	4,924	6,705
Contributions subsequent to the measurement date	2,659	-
Total	\$ 18,785	\$ 18,406

At December 31, 2018, the Commission reported approximately \$3,325,000 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

2019	\$ (426)
2020	(4,368)
2021	(3,789)
2022	(1,039)
	\$ (9,622)

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PEPFF

At December 31, 2018 and 2017, the Commission reported a liability of approximately \$13,920,000 and \$16,471,000, respectively, for its proportionate share of PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, 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, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the Commission's proportion was 1.3059%, which was an increase of 0.0859% from its proportion of 1.220% measured as of June 30, 2017.

For the years ended December 31, 2018 and 2017, the Commission recognized pension expense of \$760,390 and \$3,075,107, respectively, for its proportionate share of PEPFF's pension expense. The Commission also recognized \$117,531 and \$109,800 for the years ended December 31, 2018 and 2017, respectively, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to PEPFF

At December 31, 2018 and 2017, 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):

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 565	\$ 3,415
Net difference between projected and actual earnings on pension plan investments	-	2,915
Changes of assumptions	17,917	20,492
Changes in proportion	1,493	452
Contributions subsequent to the measurement date	1,160	
Total	\$ 21,135	\$ 27,274
	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 387	\$ 4,404
Net difference between projected and actual earnings on pension plan investments	-	1,399
Changes of assumptions	22,874	23,385
Changes in proportion	268	580
Contributions subsequent to the measurement date	1,082	-
Total	\$ 24,611	\$ 29,768

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At December 31, 2018, the Commission reported approximately \$1,160,000 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

2019	\$	500
2020		(760)
2021		(1,882)
2022		(5,374)
2023		217
		<hr/>
	\$	<u>(7,299)</u>

Actuarial Assumptions (Both Plans)

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Inflation	2.75% per year
Active member payroll growth	3.50% per year
Long-term expected rate of return	8.00%

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 both plans for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1.25% for both plans.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for GERF was completed in 2015. The most recent five-year experience study for PEPFF was completed in 2016.

The following changes in actuarial assumptions occurred in 2018:

GERF

- The mortality projection scale was changed from MP-2015 to MP-2017
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year. PEPFF

PEPFF

- The mortality projection scale was changed from MP-2016 to MP-2017.

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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	33%	5.1%
International stocks	16%	5.3%
Fixed income	24%	0.8%
Alternative assets	25%	5.9%
Cash	2%	0.0%
	<u>100%</u>	

Discount Rates

The discount rate used to measure the total pension liability for GERP was 7.5% in 2018 and 2017. 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, the 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 the 2018 and 2017 PEPFF actuarial valuation, the 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 of 7.5% was used as the discount rate to measure the total pension liability for PEPFF in 2018 and 2017.

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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):

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Commission's proportionate share of the GERF net pension liability	\$ 80,915	\$ 49,789	\$ 24,097
Commission's proportionate share of the PEPFF net pension liability	29,844	13,920	750

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: Single-Employer Defined Benefit Other Postemployment Benefit Plan

The Commission adopted GASB Statement No. 75 for the December 31, 2018 year end and all applicable disclosures are included below. For the year ended December 31, 2017, the Commission is presenting their other postemployment benefit plan under GASB Statement No. 45.

Plan Description

The Commission contributes to a single-employer defined benefit other postemployment benefit (OPEB) plan covering substantially all employees. The OPEB Plan is administered by the Commission and the OPEB trust is administered by a board of trustees appointed by the Commission. Benefit provisions are contained in the plan document and were established and can be amended by action of the Airport's Commission. The OPEB Plan does not issue a separate report that includes financial statements and required supplementary information for the OPEB Plan.

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Benefits Provided

The OPEB Plan provides medical benefits to eligible retirees and their dependents. Benefits are provided under a single employer, self-insured plan. The benefit provided to retirees and their dependents is determined by the employees hire date with the Commission, see Contributions below. 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 OPEB plan does not include any terms for automatic or ad hoc postemployment benefit changes, including COLAs or the sharing of benefit-related costs with inactive employees.

The employees covered by benefit terms at December 31, 2018 are:

	<u>2018</u>
Inactive employees or beneficiaries currently receiving benefit payments	266
Active employees	<u>576</u>
	<u>842</u>

Contributions

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.

The Commission contributed approximately \$69,847,000 and \$3,941,000 to the plan in fiscal year 2018 and 2017, respectively. The 2018 contributions include \$66,146,000 of funds previously designated by the Commission that were transferred into this plan by during 2018 and \$3,674 of benefit payments paid from the Commission's other assets. Retirees contributed approximately \$245,000 and \$232,000 for fiscal year 2018 and 2017, respectively.

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Monthly contributions for retirees under 65 for 2018 are shown below:

2018 Plan	Single	Family
Blue Plan	\$ 33.00	\$ 202.00
HSA	17.00	127.00
2017 Plan	Single	Family
Blue Plan	\$ 31.00	\$ 191.00
HSA	16.00	120.00

Net OPEB Liability

The Commission's net OPEB liability of \$25,354,000 was measured as of December 31, 2018, for the year ended December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.5 to 11.5%, including inflation
Health care cost trend rates	6.4% for 2019, decreasing to an ultimate rate of 4% for 2076 and later years
Investment rate of return	4%
Retirees' share of benefit-related costs	4.1% and 14.2% of projected health insurance premiums for retirees

Mortality rates for general employees were based on the RP-2014 mortality tables, as appropriate with adjustments for mortality improvements based on MP-2015, and other adjustments. Mortality rates for police & fire employees were based on the RP-2014 mortality tables, as appropriate with adjustments for mortality improvements based on MP-2016, and other adjustments.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2017.

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The long-term expected rate of return on the OPEB Plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of 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	0.00%	4.95%
International stocks	0.00%	5.24%
Fixed income	92.35%	1.99%
Alternative assets	0.00%	4.19%
Cash	<u>7.65%</u>	0.58%
	<u><u>100%</u></u>	

For the year ended December 31, 2018, the annual money-weighted rate of return on investments, net of investment expense, was (1.56)%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amount actually invested.

Discount Rate

The discount rate used to measure the total OPEB liability was 4%, for the year ended December 31, 2018. The projection of cash flows used to determine the discount rate assumed that Commission contributions will be made at rates equal to the expected benefit payments. Based on those assumptions, the 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 plan liability.

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Changes in the Net OPEB Liability

Changes in the total OPEB liability, OPEB Plan fiduciary net position and the net OPEB liability are:

	2018		
	Total OPEB Liability (a)	OPEB Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance, beginning of year	\$ 98,803	\$ -	\$ 98,803
Changes for the year:			
Service Cost	1,026		1,026
Interest	3,244		3,244
Changes of assumptions	(7,893)		(7,893)
Contributions - employer		69,847	(69,847)
Net investment loss		(21)	21
Benefit payments	(3,674)	(3,674)	-
Net changes	(7,297)	66,152	(73,449)
Balance, end of year	\$ 91,506	\$ 66,152	\$ 25,354

Changes in assumptions reflect a change in the discount rate from 3.31% in 2017 to 4.00% in 2018.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The net OPEB liability of the Commission has been calculated using a discount rate of 4%. The following presents the net OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
Net OPEB liability	\$ 37,147	\$ 25,354	\$ 15,564

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The net OPEB liability of the Commission has been calculated using health care cost trend rates of 6.4% decreasing to 4.0%. The following presents the net OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Net OPEB liability	\$ 14,591	\$ 25,354	\$ 38,249

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Commission recognized OPEB expense of \$2,459,921. At December 31, 2018, the Commission reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 6,123
Net difference between projected and actual earnings on OPEB plan investments	61	-
Total	\$ 61	\$ 6,123

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2018, related to OPEB will be recognized in OPEB expense as follows:

2019	\$ (1,755)
2020	(1,755)
2021	(1,755)
2022	(797)
	\$ (6,062)

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GASB 45

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, 2017, 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 2017 and 2016, the amount actually contributed to the plan, and changes in the Commission's net OPEB obligation (dollars in thousands):

	2017	2016
Annual required contribution (ARC)	\$ 6,865	\$ 6,376
Interest on net OPEB obligation	2,175	2,122
Adjustment to ARC	<u>(3,379)</u>	<u>(3,296)</u>
Annual OPEB cost	5,661	5,202
Contributions during the year	<u>(3,941)</u>	<u>(3,671)</u>
Increase in net OPEB obligation	1,720	1,531
Net OPEB - beginning of year	<u>62,154</u>	<u>60,623</u>
Net OPEB - end of year	<u>\$ 63,874</u>	<u>\$ 62,154</u>

The percentage of the Commission's annual OPEB cost contributed to the plan was: 69.62% for 2017 and 70.57% for 2016.

Funding Status and Funding Progress

At December 31, 2017, the Commission had set aside cash and investments to pay for future health benefits of approximately \$64,219,000. As previously discussed, the Commission transferred these funds to the OPEB Trust during 2018

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.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

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, 2017, 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 Percentag of Covered Payroll
01/01/2017	\$ -	\$ 106,199	\$ 106,199	0.0%	\$ 50,175	211.7%

Actuarial Methods and Assumptions

In the January 1, 2017 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions used include an initial annual health care cost trend rate of 6.8%, which decreases to 5.5% over 5 years. Additional assumptions used include a discount rate of 3.50% 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 2018 and 2017 were approximately \$282,000 and \$391,000, respectively. Claims paid for health and dental coverage for 2018 and 2017 were approximately \$7,651,000 and \$6,690,000, respectively. The unpaid claims for workers compensation at December 31, 2018 and 2017 were approximately \$905,000 and \$965,000, respectively. The health and dental unpaid claims at December 31, 2018 and 2017 were approximately \$893,000 and \$953,000, 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, 2018 and 2017, 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 2018 and 2017 was as follows (dollars in thousands):

	2018	2017
Unpaid claims - beginning of year	\$ 1,918	\$ 1,940
Incurring claims and changes in estimates	7,813	7,058
Claims paid	(7,933)	(7,080)
Unpaid claims - end of year	\$ 1,798	\$ 1,918

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

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 \$235,983,000 at December 31, 2018.

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, 2018. All the original program terms under the Consent Decree were completed by the Commission in 2014.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2018 and 2017

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 total cost to the Commission under the amended program was \$8,300,000 as of December 31, 2018.

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

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 25% of operating revenues and 70% of total revenues from major airlines. Approximately 54% of total 2018 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 therefore 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, 2018, 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):

2019	\$ 111,919
2020	116,386
2021	115,302
2022	113,341
2023	49,646
Thereafter	<u>125,869</u>
	<u>\$ 632,463</u>

Contingent rentals and fees aggregated approximately \$114,800,000 and \$104,900,000 in 2018 and 2017, respectively.

Required Supplementary Information

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION
Schedule of Commission's Proportionate Share of the Net Pension Liability
Required Supplementary Information (Last Ten Years*)
(Unaudited)

Financial Section

Fiscal year ended December 31, 2018
(Dollars in Thousands)

General Employees Retirement Fund

	2018	2017	2016	2015	2014
Commission's proportion of the net pension liability	0.8975%	0.8819%	1.0083%	1.0417%	0.6777%
Commission's proportionate share of the net pension liability	\$ 49,790	\$ 56,300	\$ 81,869	\$ 53,986	\$ 31,835
State's proportionate share of the net pension liability associated with the Commission	1,633	708	1,069	-	-
Total	\$ 51,423	\$ 57,008	\$ 82,938	\$ 53,986	\$ 31,835
Commission's covered payroll	\$ 44,773	\$ 41,259	\$ 39,103	\$ 37,175	\$ 36,047
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	111%	136%	209%	145%	88%
Plan fiduciary net position as a percentage of the total pension liability	80%	76%	69%	78%	79%

Public Employees Police and Fire Fund

	2018	2017	2016	2015	2014
Commission's proportion of the net pension liability	1.3059%	1.2200%	1.2430%	1.2710%	1.2310%
Commission's proportionate share of the net pension liability	\$ 13,920	\$ 16,471	\$ 49,884	\$ 14,442	\$ 13,295
Commission's covered payroll	\$ 13,992	\$ 12,777	\$ 12,217	\$ 11,807	\$ 11,221
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	99%	129%	408%	122%	118%
Plan fiduciary net position as a percentage of the total pension liability	89%	85%	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

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION
Schedule of Commission's Proportionate Share of the Net Pension Liability
Required Supplementary Information (Last Ten Years*)
(Unaudited)

Financial Section

Fiscal year ended December 31, 2018
(Dollars in Thousands)

Changes of assumptions: The following changes in assumptions were made from the June 30, 2017 valuations.

GERF

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

PEPFF

- The mortality projection was changed from MP-2016 to MP-2017

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION
Schedule of Commission's Pension Contributions
Required Supplementary Information (Last Ten Years*)
(Unaudited)

Financial Section

Fiscal year ended December 31, 2018
(Dollars in Thousands)

General Employees Retirement Fund

	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 5,096	\$ 4,198	\$ 4,085	\$ 4,747	\$ 4,556
Contributions in relation to the statutorily required contribution	\$ 5,096	\$ 4,198	\$ 4,085	\$ 4,747	\$ 4,556
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's covered-employee payroll	\$ 46,016	\$ 41,912	\$ 40,274	\$ 38,019	\$ 37,151
Contributions as a percentage of covered payroll	11.07%	10.02%	10.14%	12.49%	12.26%

Public Employees Police and Fire Fund

	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 2,307	\$ 2,040	\$ 2,055	\$ 1,920	\$ 1,763
Contributions in relation to the statutorily required contribution	\$ 2,307	\$ 2,040	\$ 2,055	\$ 1,920	\$ 1,763
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's covered-employee payroll	\$ 14,241	\$ 12,593	\$ 12,685	\$ 11,852	\$ 11,523
Contributions as a percentage of covered payroll	16.20%	16.20%	16.20%	16.20%	15.30%

*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 augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION
Schedule of Commission's Pension Contributions
Required Supplementary Information (Last Ten Years*)
(Unaudited)

Financial Section

Fiscal year ended December 31, 2018
(Dollars in Thousands)

PEPFF - no changes

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION
Schedule of Changes in the Commission's Net OPEB Liability and Related Ratios
(Unaudited)

Financial Section

Fiscal year ended December 31, 2018

	2018
TOTAL OPEB LIABILITY	
Service cost	\$ 1,026
Interest	3,244
Changes of assumptions	(7,893)
Benefit payments	(3,674)
Net change in total OPEB liability	(7,297)
Total OPEB liability - beginning	98,803
Total OPEB liability - ending	\$ 91,506
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 69,847
Net investment income	(21)
Benefit payments	(3,674)
Net change in fiduciary net position	66,152
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	\$ 66,152
Commission's Net OPEB liability - ending	\$ 25,354
Plan fiduciary net position as a percentage of the total OPEB liability	72%
Covered-employee payroll	\$ 57,346
Commission's Net OPEB liability as a percentage of covered-employee payroll	160%

NOTES TO SCHEDULE:

Changes of assumptions: The discount rate used changed from 3.31% in 2017 to 4.00% in 2018.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION
Schedule of Commission's OPEB Contributions
(Unaudited)

Financial Section

Fiscal year ended December 31, 2018

	<u>2018</u>
Contractually determined contribution	\$ 69,847
Contributions in relation to the contractually determined contribution	<u>69,847</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	57,346
Contributions as a percentage of covered-employee payroll	122%

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION
Schedule of OPEB Investment Return
(Unaudited)

Financial Section

Fiscal year ended December 31, 2018

	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	-1.56%

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION
Schedule of OPEB Funding Progress
(Unaudited)

Financial Section

Fiscal year ended December 31, 2018

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
01/01/2018	\$ 66,152	\$ 91,506	\$ 25,354	72.3%	\$ 57,346	44.2%
01/01/2017	-	106,199	106,199	0.0%	50,175	211.7%
01/01/2016	-	95,236	95,236	0.0%	49,086	194.0%

Valuation Date	Active Employees	Retirees and Beneficiaries	Total
01/01/2018	576	266	842
01/01/2017	562	264	826
01/01/2016	574	246	820

APPENDIX C-1

CERTAIN DEFINITIONS

The following are definitions of certain terms used in this Official Statement including the summaries of the Master Senior Indenture, the Master Subordinate Indenture and the Eighteenth Supplemental Subordinate Indenture found in Appendices C-2 through C-4.

“*Accreted Value*” means (a) with respect to any Capital Appreciation Senior Bonds or Capital Appreciation Subordinate Obligations, as the case may be, as of any date of calculation, the sum of the amount set forth in a Supplemental Senior Indenture or a Supplemental Subordinate Indenture, as the case may be, as the amount representing the initial principal amount of such Capital Appreciation Senior Bond or Capital Appreciation Subordinate Obligation, as the case may be, plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (b) with respect to Original Issue Discount Senior Bonds or Original Issue Discount Subordinate Obligations, as the case may be, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Senior Bonds or Original Issue Discount Subordinate Obligations, as the case may be, plus the amount of the discounted principal which has accreted since the date of issue; in each case the Accreted Value will be determined in accordance with the provisions of the Supplemental Senior Indenture or the Supplemental Subordinate Indenture, as the case may be, authorizing the issuance of such Capital Appreciation Senior Bonds, Original Issue Discount Senior Bonds, Capital Appreciation Subordinate Obligations or Original Issue Discount Subordinate Obligations, as the case may be.

“*Act*” means Minnesota Statutes, Sections 473.601, *et seq.*, as amended from time to time.

“*Additional Senior Bonds*” means any additional Senior Bonds issued on a parity with the Prior Senior Bonds with respect to Net Revenues, pursuant to the terms and provisions of the Master Senior Indenture.

“*Additional Subordinate Obligations*” means any additional Subordinate Obligations issued on a parity with the Subordinate Series 2019 Bonds, the Prior Subordinate Bonds and the Subordinate Revolving Obligations with respect to Subordinate Revenues, pursuant to the terms and provisions of the Master Subordinate Indenture.

“*Aggregate Required Deposits*” means, for any month, the sum of the Required Deposits under all Supplemental Subordinate Indentures becoming due in such month.

“*Airport Facilities*” or “*Airport Facility*” means a facility or group of facilities or category of facilities which constitute or are part of the Airport System.

“*Airport System*” means all airports, airport sites, and all equipment, accommodations and facilities for aerial navigation, flight, instruction and commerce under the jurisdiction and control of the Commission, including Minneapolis-St. Paul International Airport, the St. Paul Downtown Airport, the Flying Cloud Airport, the Crystal Airport, the Anoka County-Blaine Airport, the Lake Elmo Airport and the Airlake Airport, and any successor entities thereto, including all facilities and property related thereto, real or personal, under the jurisdiction or control of the Commission or in which the Commission has other rights or from which the Commission derives revenues at such location; and including or excluding, as the case may be, such property as the Commission may either acquire or which will be placed under its control, or divest or have removed from its control.

“*Authorized Commission Representative*” means the Executive Director of the Commission, or such other officer or employee of the Commission or other person which other officer, employee or person has been designated by the Executive Director as an Authorized Commission Representative by written notice delivered by the Executive Director to the Senior Trustee or the Subordinate Trustee, as the case may be.

“*Authorized Denominations*” means \$5,000 principal amount and integral multiples thereof.

“*Balloon Indebtedness*” means, with respect to any Series of Senior Bonds or Subordinate Obligations, as the case may be, fifty percent (50%) or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year; provided, however, that to constitute Balloon Indebtedness the amount of Senior Bonds or Subordinate Obligations, as the case may be, of a Series maturing on a single date or within a Fiscal Year must equal or exceed 150% of the amount of such Series which matures during any Fiscal Year. For purposes of this definition, the principal amount maturing on any date will be reduced by the amount of such Senior Bonds or Subordinate Obligations, as the case may be, scheduled to be amortized by prepayment or redemption prior to their stated maturity date. A Senior Commercial Paper Program and the Commercial Paper constituting part of such Senior Program will not be Balloon Indebtedness. A Subordinate Commercial Paper Program and the Commercial Paper constituting part of such Subordinate Program will not be Balloon Indebtedness.

“*Beneficial Owner*” means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Subordinate Series 2019 Bonds (including persons holding Subordinate Series 2019 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Subordinate Series 2019 Bonds for federal income tax purposes.

“*Bond Counsel*” means a firm or firms of attorneys which are nationally recognized as experts in the area of municipal finance and which are familiar with the transactions contemplated under the Master Senior Indenture and the Master Subordinate Indenture and which are acceptable to the Commission.

“*Bondholder,*” “*Holder,*” “*holder,*” “*Owner,*” “*owner,*” “*Registered Owner*” or “*registered owner*” means (a) for purposes of the Master Senior Indenture, the person in whose name any Senior Bond or Senior Bonds are registered on the books maintained by the Senior Registrar and will include any Credit Provider or Liquidity Provider to which a Senior Repayment Obligation is then owed, to the extent that such Senior Repayment Obligation is deemed to be a Senior Bond under the provisions of the Master Senior Indenture, and (b) for purposes of the Master Subordinate Indenture, the person in whose name any Subordinate Obligation or Subordinate Obligations are registered on the books maintained by the Subordinate Registrar and will include any Credit Provider or Liquidity Provider to which a Subordinate Repayment Obligation is then owed, to the extent that such Subordinate Repayment Obligation is deemed to be a Subordinate Obligation under the provisions of the Master Subordinate Indenture.

“*Business Day*” means a day on which banks located in New York, New York, in Minneapolis, Minnesota, and in the city in which the principal corporate trust office of the Senior Trustee or the Subordinate Trustee, as the case may be, is located are open, provided that such term may have a different meaning for any specified Series of Senior Bonds or Subordinate Obligations, as the case may be, if so provided by Supplemental Senior Indenture or Supplemental Subordinate Indenture, as the case may be.

“*Capital Appreciation Senior Bonds*” means Senior Bonds all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Senior Indenture and is payable only upon redemption or on the maturity date of such Senior Bonds. Senior Bonds which

are issued as Capital Appreciation Senior Bonds, but later convert to Senior Bonds on which interest is paid periodically will be Capital Appreciation Senior Bonds until the conversion date and from and after such conversion date will no longer be Capital Appreciation Senior Bonds, but will be treated as having a principal amount equal to their Accreted Value on the conversion date.

“*Capital Appreciation Subordinate Obligations*” means Subordinate Obligations all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Subordinate Indenture and is payable only upon redemption or on the maturity date of such Subordinate Obligations. Subordinate Obligations which are issued as Capital Appreciation Subordinate Obligations, but later convert to Subordinate Obligations on which interest is paid periodically will be Capital Appreciation Subordinate Obligations until the conversion date and from and after such conversion date will no longer be Capital Appreciation Subordinate Obligations, but will be treated as having a principal amount equal to their Accreted Value on the conversion date.

“*Chair*” means the chair of the Commission or such other title as the Commission may from time to time assign for such position.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations applicable with respect thereto.

“*Commercial Paper*” means notes of the Commission with a maturity of not more than 270 days from the date of issuance and which are issued and reissued from time to time pursuant to a Senior Program or Subordinate Program, as the case may be, adopted by the Commission.

“*Commission*” or “*MAC*” means the Metropolitan Airports Commission, created under the provisions of the Act, and any successor to its function. Any action required or authorized to be taken by the Commission in the Master Senior Indenture or the Master Subordinate Indenture, as the case may be, may be taken by the Authorized Commission Representative with such formal approvals by the Commission as are required by the policies and practices of the Commission and applicable laws; provided, however, that any action taken by the Authorized Commission Representative in accordance with the provisions of the Master Senior Indenture or the Master Subordinate Indenture, as the case may be, will conclusively be deemed by the Senior Trustee or the Subordinate Trustee, as the case may be, and the Owners to be the act of the Commission without further evidence of the authorization thereof by the Commission.

“*Commission Construction Fund*” means the “Commission Construction Fund” established by the Commission and held and maintained by the Commission.

“*Commission Debt Service Fund*” means the Commission Debt Service Fund created by the Commission pursuant to Section 473.667 Subd. 4 of the Act and Resolution No. 922, adopted by the Commission on May 19, 1975, and held and maintained by the Commission.

“*Commission General Counsel*” means the in-house general counsel to the Commission who is responsible for representing the Commission on legal matters.

“*Consultant*” means any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, or other expert recognized to be well-qualified for work of the character required and retained by the Commission to perform acts and carry out the duties provided for such consultant in the Master Senior Indenture or the Master Subordinate Indenture, as the case may be.

“*Costs*” or “*Costs of a Project*” means all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a Project and placing the same in service and will include, but not be limited to the following: (a) costs of real or personal property, rights, franchises, easements and other interests in property, real or personal, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures may be removed; (b) the costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements and enhancements; (c) labor and related costs and the costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, planners, attorneys, financial and feasibility consultants, in each case, whether an employee of the Commission or Independent Consultant; (d) costs of the Commission properly allocated to a Project and with respect to costs of its employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable costs of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; (e) financing expenses, including costs related to issuance of and securing of Senior Bonds or Subordinate Obligations, costs of Credit Facilities, Liquidity Facilities, Senior Capitalized Interest, Subordinate Capitalized Interest, a Senior Debt Service Reserve Fund, if any, a Subordinate Debt Service Reserve Fund, if any, Senior Trustee’s fees and expenses, Subordinate Trustee’s fees and expenses; (f) any Senior Swap Termination Payments due in connection with a Series of Senior Bonds or the failure to issue such Series of Senior Bonds, or any Subordinate Swap Termination Payments due in connection with a Series of Subordinate Obligations or the failure to issue such Series of Subordinate Obligations, and (g) such other costs and expenses that can be capitalized under generally accepted accounting principles in effect at the time the cost is incurred by the Commission.

“*Costs of Issuance*” means all costs and expenses incurred by the Commission in connection with the issuance of the Subordinate Series 2019 Bonds, including, but not limited to, costs and expenses of printing and copying documents, the official statement, the feasibility studies and the Subordinate Series 2019 Bonds, any bond insurance premium, any reserve fund surety policy premium, underwriters’ compensation, and the fees, costs and expenses of rating agencies, the Senior Trustee, the Subordinate Trustee, counsel, accountants, financial advisors, feasibility consultants and other consultants.

“*Coverage Account*” means the “Coverage Account” created by the Commission within the Operating Fund pursuant to the Master Senior Indenture.

“*Credit Facility*” means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, Debt Service Reserve Fund Surety Policy or other financial instrument which obligates a third party to make payment of or provide funds to the Senior Trustee or the Subordinate Trustee, as the case may be, for the payment of the principal of and/or interest on Senior Bonds or Subordinate Obligations, as the case may be, whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the Commission fails to do so.

“*Credit Provider*” means the party obligated to make payment of principal of and interest on the Senior Bonds or the Subordinate Obligations, as the case may be, under a Credit Facility.

“*Debt Service Reserve Fund Surety Policy*” means an insurance policy or surety bond, or a letter of credit, deposited with the Senior Trustee or the Subordinate Trustee, as the case may be, for the credit of the Senior Debt Service Reserve Fund created for one or more series of Outstanding Senior Bonds or the Subordinate Debt Service Reserve Fund created for one or more series of Outstanding Subordinate Obligations, as the case may be, in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Debt Service Reserve Fund Surety Policy will be rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies.

“*Designated Debt*” means a specific indebtedness, designated by the Commission, in which such debt will be offset with a Swap, such specific indebtedness to include all or any part of a Series of Senior Bonds or a Series or multiple Series of Subordinate Obligations, as the case may be.

“*Eighth Supplemental Senior Indenture*” means the Eighth Supplemental Trust Indenture, dated as of August 1, 2010, by and between the Commission and the Senior Trustee.

“*Eighth Supplemental Subordinate Indenture*” means the Eighth Supplemental Subordinate Trust Indenture, dated as of November 1, 2010, by and between the Commission and the Subordinate Trustee.

“*Eighteenth Supplemental Subordinate Indenture*” means the Eighteenth Supplemental Subordinate Trust Indenture, to be dated as of October 1, 2019, by and between the Commission and the Subordinate Trustee.

“*Eleventh Supplemental Subordinate Indenture*” means the Eleventh Supplemental Subordinate Trust Indenture, dated as of November 1, 2012, by and between the Commission and the Subordinate Trustee.

“*Executive Director*” means the person at a given time who is the executive director of the Commission or such other title as the Commission may from time to time assign for such position and the officer or officers succeeding to such position as certified to the Senior Trustee and the Subordinate Trustee by the Commission.

“*Facilities Construction Credit*” or “*Facilities Construction Credits*” means the amounts further described in the Master Senior Indenture resulting from an arrangement embodied in a written agreement of the Commission and another person or entity pursuant to which the Commission permits such person or entity to make a payment or payments to the Commission which is reduced by the amount owed by the Commission to such person or entity under such agreement, resulting in a net payment to the Commission by such person or entity. The “*Facilities Construction Credit*” will be deemed to be the amount owed by the Commission under such agreement which is “netted” against the payment of such person or entity to the Commission.

“*Fifteenth Supplemental Subordinate Indenture*” means the Fifteenth Supplemental Subordinate Trust Indenture, dated as of October 1, 2016, by and between the Commission and the Subordinate Trustee.

“*First Supplemental Senior Indenture*” means the First Supplemental Trust Indenture, dated as of June 1, 1998, as amended, by and between the Commission and the Senior Trustee.

“*Fiscal Year*” means the period of time beginning on January 1 of each given year and ending on December 31 of such given year, or such other similar period as the Commission designates as its fiscal year.

“*Fitch*” means Fitch Ratings, its successors and its assigns, and, if such corporation will for any reason no longer perform the functions of a securities rating agency, “*Fitch*” will be deemed to refer to any nationally recognized rating agency designated by the Commission.

“*General Obligation Revenue Bonds*” means all bonds of the Commission that may be issued under Section 473.667 of the Act as General Obligation Revenue Bonds.

“*General Obligation Revenue Bonds Resolutions*” means any resolutions adopted by the Commission authorizing the issuance of General Obligation Revenue Bonds in accordance with the Act.

“*Government Obligations*” means (a) United States Obligations (including obligations issued or held in book-entry form), (b) prerefunded municipal obligations meeting the following conditions: (i) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (ii) the municipal obligations are secured by cash and/or United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (iii) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (iv) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (v) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (vi) the municipal obligations are rated in their highest rating category by one or more of the Rating Agencies, but only if such Rating Agencies have been requested by the Commission to maintain a rating on the Senior Bonds or the Subordinate Obligations, as the case may be, and such Rating Agencies are then maintaining a rating on any of the Senior Bonds or Subordinate Obligations, as the case may be; and (c) any other type of security or obligation which the Rating Agencies then maintaining ratings on the Senior Bonds or the Subordinate Obligations, as the case may be, to be defeased have determined to be permitted defeasance securities.

“*Health Self-Insurance Trust Fund*” means the “Health Self-Insurance Trust Fund” established by the Commission and held and maintained by the Commission.

“*Implemented*” means, when used with respect to a Subordinate Program, a Subordinate Program which has been authorized and the terms thereof approved by a resolution adopted by the Commission and, with respect to which Subordinate Program, the provisions of the Master Subordinate Indenture have been complied with.

“*Independent*” means, when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the Commission, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the Commission as an official, officer or employee.

“*Investment Agreement*” means an investment agreement or guaranteed investment contract (a) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term rating category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is three years or longer) by one or more of the Rating Agencies, or (b) which investment agreement or guaranteed investment contract is fully secured by obligations described in items (a)(ii)(A) or (B) or (b)(ii)(A) or (B), as the case may be, of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Senior Trustee or the Subordinate Trustee, as the case may be, (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Senior Trustee or the Subordinate Trustee, as the case may be, (iii) subject to a perfected first lien on behalf of the Senior Trustee or the Subordinate Trustee, as the case may be, and (iv) free and clear from all third-party liens. Notwithstanding anything to the contrary in the definition of Investment Agreement, with respect to the Master Subordinate Indenture, at any time a rating is required on an Investment Agreement, such rating will be received from S&P, but only if S&P

has been requested by the Commission to maintain a rating on the Subordinate Obligations and S&P is then maintaining a rating on any of the Subordinate Obligations.

“*Liquidity Facility*” means a letter of credit, line of credit, standby purchase agreement or other financial instrument, including a Credit Facility, which is available to provide funds with which to purchase Senior Bonds or Subordinate Obligations, as the case may be.

“*Liquidity Provider*” means the entity, including the Credit Provider, which is obligated to provide funds to purchase Senior Bonds or Subordinate Obligations, as the case may be, under the terms of a Liquidity Facility.

“*Mail*” means by first-class United States mail, postage prepaid.

“*Maintenance and Operation Expenses of the Airport System*” means, for any given period, the total operation and maintenance expenses of the Airport System as determined in accordance with generally accepted accounting principles as in effect from time to time, excluding depreciation expense and any operation and maintenance expenses of the Airport System payable from moneys other than Revenues.

“*Maintenance and Operation Reserve Account*” means the “Maintenance and Operation Reserve Account” created by the Commission within the Operating Fund pursuant to the Master Senior Indenture.

“*Master Senior Indenture*” means the Master Trust Indenture, dated as of June 1, 1998, by and between the Commission and the Senior Trustee, as amended.

“*Master Subordinate Indenture*” means the Master Subordinate Trust Indenture dated as of October 1, 2000, by and between the Commission and the Subordinate Trustee, as amended.

“*Moody’s*” means Moody’s Investors Service, its successors and its assigns, and, if such corporation will for any reason no longer perform the functions of a securities rating agency, “Moody’s” will be deemed to refer to any other nationally recognized rating agency designated by the Commission.

“*Net Proceeds*” means insurance proceeds received as a result of damage to or destruction of Airport Facilities or any condemnation award or amounts received by the Commission from the sale of Airport Facilities under the threat of condemnation less expenses (including attorneys’ fees and expenses and any fees and expenses of the Senior Trustee and the Subordinate Trustee) incurred in the collection of such proceeds or award.

“*Net Revenues*” means, for any given period, the Revenues for such period less, for such period, all amounts which are required to be used to pay the Maintenance and Operation Expenses of the Airport System.

“*Ninth Supplemental Senior Indenture*” means the Ninth Supplemental Trust Indenture, dated as of October 1, 2016, by and between the Commission and the Senior Trustee.

“*Ninth Supplemental Subordinate Indenture*” means the Ninth Supplemental Subordinate Trust Indenture, dated as of November 1, 2011, by and between the Commission and the Subordinate Trustee.

“*Non-Qualified Swap*” means any Swap which is not a Senior Qualified Swap or a Subordinate Qualified Swap.

“*Operating Fund*” means the “Operating Fund” established by the Commission and held and maintained by the Commission.

“*Original Issue Discount Senior Bonds*” means Senior Bonds which are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Senior Bonds by the Supplemental Senior Indenture under which such Senior Bonds are issued.

“*Original Issue Discount Subordinate Obligations*” means Subordinate Obligations which are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Subordinate Obligations by the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued.

“*Outstanding*” means:

(a) when used with respect to Senior Bonds, all Senior Bonds which have been authenticated and delivered under the Master Senior Indenture, except:

(i) Senior Bonds cancelled or purchased by the Senior Trustee for cancellation or delivered to or acquired by the Senior Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(ii) Senior Bonds deemed to be paid in accordance with the Master Senior Indenture;

(iii) Senior Bonds in lieu of which other Senior Bonds have been authenticated under the provisions of the Master Senior Indenture;

(iv) Senior Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Senior Trustee or a Senior Paying Agent;

(v) Senior Bonds which, under the terms of the Supplemental Senior Indenture pursuant to which they were issued, are deemed to be no longer Outstanding;

(vi) Senior Repayment Obligations deemed to be Senior Bonds under the Master Senior Indenture to the extent such Senior Repayment Obligation arose under the terms of a Liquidity Facility and are secured by a pledge of Outstanding Senior Bonds acquired by the Liquidity Provider; and

(vii) for purposes of any consent or other action to be taken by the holders of a specified percentage of Senior Bonds under the Master Senior Indenture, Senior Bonds held by or for the account of the Commission or by any person controlling, controlled by or under common control with the Commission, unless such Senior Bonds are pledged to secure a debt to an unrelated party; and

(b) when used with respect to Subordinate Obligations, all Subordinate Obligations which have been authenticated and delivered under the Master Subordinate Indenture, except:

(i) Subordinate Obligations cancelled or purchased by the Subordinate Trustee for cancellation or delivered to or acquired by the Subordinate Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(ii) Subordinate Obligations deemed to be paid in accordance with the Master Subordinate Indenture;

(iii) Subordinate Obligations in lieu of which other Subordinate Obligations have been authenticated under the provisions of the Master Subordinate Indenture;

(iv) Subordinate Obligations that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Subordinate Trustee or a Subordinate Paying Agent;

(v) Subordinate Obligations which, under the terms of the Supplemental Subordinate Indenture pursuant to which they were issued, are deemed to be no longer Outstanding;

(vi) Subordinate Repayment Obligations deemed to be Subordinate Obligations under the Master Subordinate Indenture to the extent such Subordinate Repayment Obligation arose under the terms of a Liquidity Facility and are secured by a pledge of Outstanding Subordinate Obligations acquired by the Liquidity Provider; and

(vii) for purposes of any consent or other action to be taken by the holders of a specified percentage of Subordinate Obligations under the Master Subordinate Indenture, Subordinate Obligations held by or for the account of the Commission or by any person controlling, controlled by or under common control with the Commission, unless such Subordinate Obligations are pledged to secure a debt to an unrelated party.

“*Passenger Facility Charges*” or “*PFCs*” means charges collected by the Commission pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

“*Payment Date*” means, with respect to any Senior Bonds or Subordinate Obligations, as the case may be, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof.

“*Permitted Investments*” means:

(a) with respect to the Master Senior Indenture:

(i) those investments specified in Minnesota Statutes, Sections 118A.01 *et seq.*, and 473.606 Subd. 3, and which further comply with any investment policy of the Commission; and

(ii) any of the following, but only to the extent Minnesota Statutes, Sections 118A.01 *et seq.*, and 473.606 Subd. 3, as amended from time to time, permits the Commission to set forth in a Supplemental Senior Indenture or resolution entered into in connection with the issuance of a Series of Senior Bonds to provide for other permitted investments:

(A) United States Obligations;

(B) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Export-Import Bank of the United States;

Federal Financing Bank; Government National Mortgage Association; Federal National Mortgage Association; Student Loan Marketing Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;

(C) Direct and general long-term obligations of any state, which obligations are rated in one of the two highest Rating Categories by one or more of the Rating Agencies;

(D) Direct and general short-term obligations of any state which obligations are rated in the highest Rating Category by one or more of the Rating Agencies;

(E) Interest-bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC") or by savings and loan associations that are members of the FDIC, which deposits or interests must either be (1) continuously and fully insured by FDIC and with banks that are rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies; or (2) fully secured by obligations described in item (a)(ii)(A) or (B) of this definition of Permitted Investments (a) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (b) held by the Senior Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Senior Trustee, (b) subject to a perfected first lien in favor of the Senior Trustee, and (d) free and clear from all third-party liens;

(F) Long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the two highest Rating Categories by one or more of the Rating Agencies;

(G) Repurchase agreements which are (1) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has an investment grade rating from one or more of the Rating Agencies and (2) fully secured by investments specified in items (a)(ii)(A) or (B) of this definition of Permitted Investments (a) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (b) held by the Senior Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Senior Trustee, (c) subject to a perfected first lien in favor of the Senior Trustee and (d) free and clear from all third-party liens;

(H) Prime commercial paper of a United States corporation, finance company or banking institution rated in the highest short-term Rating Category of one or more of the Rating Agencies;

(I) Shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (1) a money market fund that has been rated in one of the two highest Rating Categories by one or more of the Rating Agencies or (2) a money market fund or account of the Senior Trustee or any state or federal bank that is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or whose one bank holding company parent is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or that has a combined capital and surplus of not less than \$50,000,000;

(J) Interest bearing notes issued by a banking institution having a combined capital and surplus of at least \$500,000,000 and whose senior debt is in the highest Rating Category by one or more of the Rating Agencies;

(K) Public housing bonds issued by public agencies which are either unconditionally guaranteed as to principal and interest by the United States of America, or rated in the highest Rating Category by one or more of the Rating Agencies;

(L) Obligations issued or guaranteed by Private Export Funding Corporation, Resolution Funding Corporation and any other instrumentality or agency of the United States of America;

(M) Investment Agreements;

(N) any other type of investment consistent with Commission policy in which the Commission directs the Senior Trustee to invest provided that there is delivered to the Senior Trustee a certificate of an Authorized Commission Representative stating that each of the Rating Agencies then maintaining a rating on the Senior Bonds has been informed of the proposal to invest in such investment and each of such Rating Agencies has confirmed that such investment will not adversely affect the rating then assigned by such rating agency to any of the Senior Bonds; and

(O) any other investment which is a permitted investment of the Commission in accordance with the laws of the State; and

(b) with respect to the Master Subordinate Indenture:

(i) those investments specified in Minnesota Statutes, Sections 118A.01 et seq., and 473.606 Subd. 3, and which further comply with any investment policy of the Commission; and

(ii) any of the following, but only to the extent Minnesota Statutes, Sections 118A.01 et seq., and 473.606 Subd. 3, as amended from time to time, permits the Commission to set forth in a Supplemental Subordinate Indenture or resolution entered into in connection with the issuance of a Series of Subordinate Obligations to provide for other permitted investments:

(A) United States Obligations;

(B) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Financing Bank; Government National Mortgage Association; Federal National Mortgage Association; Student Loan Marketing Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;

(C) direct and general long-term obligations of any state, which obligations are rated in one of the two highest Rating Categories by one or more of the Rating Agencies;

(D) direct and general short-term obligations of any state which obligations are rated in the highest Rating Category by one or more of the Rating Agencies;

(E) interest-bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC") or by savings and loan associations that are members of the FDIC, which deposits or interests must either be (1) continuously and fully insured by FDIC and with banks that are rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies; or (2) fully secured by obligations described in item (b)(ii)(A) or (B) of this definition of Permitted Investments (a) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (b) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (c) subject to a perfected first lien in favor of the Subordinate Trustee, and (4) free and clear from all third-party liens;

(F) long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the two highest Rating Categories by one or more of the Rating Agencies;

(G) repurchase agreements which are (1) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has an investment grade rating from one or more of the Rating Agencies and (2) fully secured by investments specified in items (b)(ii)(A) or (B) of this definition of Permitted Investments (a) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (b) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (c) subject to a perfected first lien in favor of the Subordinate Trustee and (d) free and clear from all third-party liens;

(H) prime commercial paper of a United States corporation, finance company or banking institution rated in the highest short-term Rating Category of one or more of the Rating Agencies;

(I) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (1) a money market fund that has been rated in one of the two highest Rating Categories by one or more of the Rating Agencies or (2) a money market fund or account of the Subordinate Trustee or any state or federal bank that is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or whose one bank holding company parent is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or that has a combined capital and surplus of not less than \$50,000,000;

(J) interest bearing notes issued by a banking institution having a combined capital and surplus of at least \$500,000,000 and whose senior debt is in the highest Rating Category by one or more of the Rating Agencies;

(K) public housing bonds issued by public agencies which are either unconditionally guaranteed as to principal and interest by the United States of America, or rated in the highest Rating Category by one or more of the Rating Agencies;

(L) obligations issued or guaranteed by Private Export Funding Corporation, Resolution Funding Corporation and any other instrumentality or agency of the United States of America;

(M) Investment Agreements;

(N) any other type of investment consistent with Commission policy in which the Commission directs the Subordinate Trustee to invest provided that there is delivered to the Subordinate Trustee a certificate of an Authorized Commission Representative stating that each of the Rating Agencies then maintaining a rating on the Subordinate Obligations has been informed of the proposal to invest in such investment and each of such Rating Agencies has confirmed that such investment will not adversely affect the rating then assigned by such rating agency to any of the Subordinate Obligations; and

(O) any other investment which is a permitted investment of the Commission in accordance with the laws of the State.

Notwithstanding anything to the contrary in the definition of Permitted Investments, with respect to the Master Subordinate Indenture, at any time a rating is required on a Permitted Investment, such rating will be received from S&P, but only if S&P has been requested by the Commission to maintain a rating on the Subordinate Obligations and S&P is then maintaining a rating on any of the Subordinate Obligations.

“*PFC Eligible Bonds*” means Senior Bonds and/or Subordinate Obligations issued to finance projects authorized to be financed with PFCs.

“*PFC Act*” means the Aviation Safety and Capacity Expansion Act of 1990, as amended

“*PFC Regulations*” means the regulations promulgated under the PFC Act (including 14 CFR Part 158).

“*PFC Resolution*” means Resolution No. 2021 adopted by the Commission on May 19, 2003, as amended by Resolution No. 2037 adopted by the Commission on April 19, 2004, as may be further amended or supplemented from time to time.

“*Prior Senior Bonds*” means, collectively, the Senior Series 2009A Bonds, the Senior Series 2009B Bonds, the Senior Series 2010A Bonds, the Senior Series 2010B Bonds, the Senior Series 2016A Bonds and the Senior Series 2016C Bonds.

“*Prior Subordinate Bonds*” means, collectively, the Subordinate Series 2010C Bonds, the Subordinate Series 2010D Bonds, the Subordinate Series 2011A Bonds, the Subordinate Series 2012A Bonds, the Subordinate Series 2012B Bonds, the Subordinate Series 2014A Bonds, the Subordinate Series 2014B Bonds, the Subordinate Series 2016B Bonds, the Subordinate Series 2016D Bonds and the Subordinate Series 2016E Bonds.

“*Project*” means any and all facilities, improvements and other expenditures related to the Airport System financed in whole or in part with proceeds of a Series of Senior Bonds or Subordinate Obligations, as the case may be.

“*Rating Agency*” or “*Rating Agencies*” means Fitch, Moody’s or S&P, or any other nationally recognized rating agency of municipal obligations, but only if such Rating Agencies have been requested by the Commission to maintain a rating on the Senior Bonds or the Subordinate Obligations, the case may be, and such Rating Agencies are then maintaining a rating on any of the Senior Bonds or Subordinate Obligations, as the case may be.

“*Rating Category*” or “*Rating Categories*” means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“*Rebate Fund*” means any fund created by the Commission pursuant to a Supplemental Senior Indenture or a Supplemental Subordinate Indenture, as the case may be, in connection with the issuance of any Series of Senior Bonds or Subordinate Obligations, as the case may be, for the purpose of complying with the Code and providing for the collection and holding for and payment of amounts to the United States of America.

“*Record Date*” means, with respect to any Series of Senior Bonds or Subordinate Obligations, as the case may be, the record date as specified in the Supplemental Senior Indenture or the Supplemental Subordinate Indenture, as the case may be, which provides for the issuance of such Series. With respect to the Subordinate Series 2019 Bonds, “*Record Date*” means for a January 1 Interest Payment Date the preceding December 15 and for a July 1 Interest Payment Date the preceding June 15.

“*Refunding Senior Bonds*” means any Senior Bonds issued pursuant to the Master Senior Indenture to refund or defease all or a portion of any series of Outstanding Senior Bonds, any Subordinated Obligations, or any General Obligation Revenue Bonds.

“Refunding Subordinate Obligations” means any Subordinate Obligations issued pursuant to the Master Subordinate Indenture to refund or defease all or a portion of any series of Outstanding Subordinate Obligations, Senior Bonds, or any General Obligation Revenue Bonds.

“Regularly Scheduled Swap Payments” means the regularly scheduled payments under the terms of a Swap which are due absent any termination, default or dispute in connection with such Swap.

“Required Deposits” means, with respect to any Series of Subordinate Obligations, the amount determined in accordance with the terms of the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued and/or incurred, required to be deposited into funds and accounts created under such Supplemental Subordinate Indenture for the purpose of paying principal and interest on Subordinate Obligations or accumulating funds from which to make such payments and to pay other obligations specifically secured by the Subordinate Revenues under such Supplemental Subordinate Indenture. On or before the Payment Date, if any, in each month, the Subordinate Trustee will determine the Aggregate Required Deposits from the Required Deposits described under each Supplemental Subordinate Indenture.

“Responsible Officer” means an officer or assistant officer of the Senior Trustee or the Subordinate Trustee, as the case may be, assigned by the Senior Trustee to administer the Master Senior Indenture or the Subordinate Trustee to administer the Master Subordinate Indenture, as the case may be.

“Revenues” means, except to the extent specifically excluded herefrom, all income, receipts, earnings and revenues received by the Commission from the operation and ownership of the Airport System, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the Commission for the use or availability of the Airport System, and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Commission, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the Commission or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the Commission receives payments which are attributable to the Airport System or activities or undertakings related thereto. Additionally, “Revenues” will also include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings (except any earning allowed to be pledged by the terms of a Supplemental Senior Indenture or Supplemental Subordinate Indenture, as the case may be, to fund a Senior Construction Fund or a Subordinate Construction Fund, as the case may be) from the investment of amounts held in the Operating Fund, any Senior Construction Fund, any Subordinate Construction Fund, any Senior Debt Service Fund or Subordinate Debt Service Fund (except capitalized interest on deposit therein), any Senior Debt Service Reserve Fund or Subordinate Debt Service Reserve Fund, the Commission Construction Fund, and such additional revenues, if any, as are designated as “Revenues” under the terms of any Supplemental Senior Indenture. The following, including any investment earnings thereon, are specifically excluded from Revenues: (i) any amounts received by the Commission from the imposition of ad valorem taxes (except ad valorem taxes which have been specifically levied to pay principal and interest on the General Obligation Revenue Bonds or to pay Maintenance and Operation Expenses of the Airport System), (ii) gifts, grants and other income (including any investment earnings thereon) otherwise included in this definition of “Revenues” which are restricted by their terms to purposes inconsistent with the payment of debt service on the Senior Bonds or the Subordinate Obligations, (iii) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Senior Bonds or the Subordinate

Obligations (except to the extent Net Proceeds are utilized to pay Maintenance and Operating Expenses of the Airport System), (iv) any Transfer, and (v) Special Facilities Revenue (to the extent there is no excess Special Facilities Revenue as described in the Master Senior Indenture). In addition, the following, including any investment earnings thereon, are specifically excluded from “Revenues,” unless designated as “Revenues” under the terms of a Supplemental Senior Indenture or pursuant to a certificate of an Authorized Commission Representative: (a) any Senior Swap Termination Payments paid to the Commission pursuant to a Senior Qualified Swap or any Subordinate Swap Termination Payments paid to the Commission pursuant to a Subordinate Qualified Swap, (b) Facilities Construction Credits, (c) Passenger Facility Charges, (d) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Senior Bonds or Subordinate Obligations, (e) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code and (f) capitalized interest. Further, interest earnings or other investment earnings on any Senior Construction Fund or Subordinate Construction Fund, as the case may be, established by any Supplemental Senior Indenture or Supplemental Subordinate Indenture, as the case may be, are specifically excluded from “Revenues,” unless otherwise provided for in such Supplemental Senior Indenture or Supplemental Subordinate Indenture, as the case may be.

“*Second Supplemental Subordinate Indenture*” means the Second Supplemental Subordinate Trust Indenture, dated as of May 1, 2001, by and between the Commission and the Subordinate Trustee.

“*Senior Aggregate Annual Debt Service*” means for any Fiscal Year the aggregate amount of Senior Annual Debt Service on all Outstanding Senior Bonds and Unissued Senior Program Bonds. For purposes of calculating Senior Aggregate Annual Debt Service, the following components of debt service will be computed as follows:

(a) in determining the amount of principal to be funded in each year, payment will (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Senior Bonds and Unissued Senior Program Bonds in accordance with any amortization schedule established by the governing documents setting forth the terms of such Senior Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Senior Bonds or Original Issue Discount Senior Bonds maturing or scheduled for redemption in such year; in determining the amount of interest to be funded in each year, interest payable at a fixed rate will (except to the extent subsection (b), (c) or (d) of this definition applies) be assumed to be made at such fixed rate and on the required funding dates; provided, however, that interest payable on the Senior Bonds will be excluded to the extent such payments are to be paid from Senior Capitalized Interest for such Fiscal Year;

(b) if all or any portion or portions of an Outstanding Series of Senior Bonds, or Unissued Senior Program Bonds constitute Balloon Indebtedness (excluding Senior Program Bonds or Unissued Senior Program Bonds to which subsection (f) applies), then, for purposes of determining Senior Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness will, unless otherwise provided in the Supplemental Senior Indenture pursuant to which such Balloon Indebtedness is issued or unless provision (c) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Balloon Indebtedness was issued, and extending not later than 30 years from the date such Balloon Indebtedness was originally issued; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another

similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Senior Bonds of a corresponding term issued under the Master Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Senior Bonds, Unissued Senior Program Bonds or Senior Program Bonds only a portion of which constitutes Balloon Indebtedness, the remaining portion will be treated as described in (a) above or such other provision of this definition as will be applicable and, with respect to any Series or Senior Bonds, Unissued Senior Program Bonds or Senior Program Bonds or that portion of a Series thereof which constitutes Balloon Indebtedness, all funding requirements of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness will be treated as described in (a) above or such other provision of this definition as will be applicable;

(c) any maturity of Senior Bonds which constitutes Balloon Indebtedness as described in provision (b) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Senior Aggregate Annual Debt Service is made, will be assumed to become due and payable on the stated maturity date and provision (b) above will not apply thereto unless there is delivered to the entity making the calculation of Senior Aggregate Annual Debt Service a certificate of an Authorized Commission Representative stating that the Commission intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Commission is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness will be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms will be used for purposes of calculating Senior Aggregate Annual Debt Service, provided that such assumption will not result in an interest rate lower than that which would be assumed under provision (b) above and will be amortized over a term of not more than 30 years from the date of refinancing;

(d) if any Outstanding Senior Bonds (including Senior Program Bonds) or any Senior Bonds which are then proposed to be issued constitute Senior Tender Indebtedness (but excluding Senior Program Bonds or Senior Bonds as to which a Senior Qualified Swap is in effect and to which subsection (g) or (h) applies), then, for purposes of determining Senior Aggregate Annual Debt Service, Senior Tender Indebtedness will be treated as if the principal amount of such Senior Bonds were to be amortized over a term of not more than 30 years commencing in the year in which such Series is first subject to tender and with substantially level Senior Annual Debt Service payments and extending not later than 30 years from the date such Senior Tender Indebtedness was originally issued; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Senior Bonds of a corresponding term issued under the Master Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to all funding requirements of principal and interest payments becoming due prior to the year in which such Senior Tender Indebtedness is first subject to tender, such payments will be treated as described in (a) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date will be determined as provided in (e) or (f) below, as appropriate;

(e) if any Outstanding Senior Bonds constitute Variable Rate Senior Indebtedness, including obligations described in subsection (h)(ii) to the extent it applies (except to the extent subsection (b) or (c) relating to Balloon Indebtedness or (d) relating to Senior Tender Indebtedness or subsection (h)(i) relating to Synthetic Fixed Rate Debt applies), the interest rate on such Senior Bonds will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for variable-rate Senior Bonds of a corresponding term issued under the Master Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(f) with respect to any Senior Program Bonds or Unissued Senior Program Bonds (i) debt service on Senior Program Bonds then Outstanding will be determined in accordance with such of the foregoing provisions of this definition as will be applicable, and (ii) with respect to Unissued Senior Program Bonds, it will be assumed that the full principal amount of such Unissued Senior Program Bonds will be amortized over a term certified by an Authorized Commission Representative at the time the initial Senior Program Bonds of such Senior Program are issued to be the expected duration of such Senior Program or, if such expectations have changed, over a term certified by an Authorized Commission Representative to be the expected duration of such Senior Program at the time of such calculation, but not to exceed 30 years from the date the initial Senior Program Bonds of such Senior Program are issued and it will be assumed that debt service will be paid in substantially level Senior Annual Debt Service payments over such assumed term; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Senior Bonds of a corresponding term issued under the Master Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(g) debt service on Senior Repayment Obligations, to the extent such obligations constitute Senior Bonds under the Master Senior Indenture, will be calculated as provided in the Master Senior Indenture;

(h) (i) for purposes of computing the Senior Aggregate Annual Debt Service of Senior Bonds which constitute Synthetic Fixed Rate Debt, the interest payable thereon will, if the Commission elects, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable; or, if the Commission fails to elect such rate, then it will be deemed to be the fixed interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission;

(ii) for purposes of computing the Senior Aggregate Annual Debt Service of Senior Bonds with respect to which a Swap has been entered into whereby the Commission has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Senior Bonds to which such Swap pertains will be included in

the calculation of Senior Aggregate Annual Debt Service, and the interest rate with respect to such Senior Bonds will, if the Commission elects, be the sum of that rate as determined in accordance with subsection (e) relating to Variable Rate Senior Indebtedness plus the difference between the interest rate on the Designated Debt and the rate received from the Swap Provider;

(i) if moneys or Permitted Investments have been irrevocably deposited with and are held by the Senior Trustee or another fiduciary or Senior Capitalized Interest has been set aside exclusively to be used to pay principal and/or interest on specified Senior Bonds, then the principal and/or interest to be paid from such moneys, Permitted Investments, or Senior Capitalized Interest or from the earnings thereon will be disregarded and not included in calculating Senior Annual Debt Service;

(j) if Passenger Facility Charges have been irrevocably committed or are held by the Senior Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal and/or interest, then the principal and/or interest to be paid from such Passenger Facility Charges or from earnings thereon will be disregarded (unless such Passenger Facility Charges are included in the definition of Revenues) and not included in calculating Senior Aggregate Annual Debt Service; and

(k) for purposes of computing Senior Aggregate Annual Debt Service on the General Obligation Revenue Bonds, the preceding subsections of this definition will apply, except that the term “Senior Bonds” will be read to mean the General Obligation Revenue Bonds.

“*Senior Aggregate Annual Debt Service For Reserve Requirement*” means the computation of Senior Aggregate Annual Debt Service for a Senior Debt Service Reserve Fund with respect to all Outstanding Senior Bonds participating in an identified Senior Debt Service Reserve Fund in the then current or any future Fiscal Year, excluding the General Obligation Revenue Bonds, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Senior Aggregate Annual Debt Service For Reserve Requirement for the respective Senior Debt Service Reserve Fund, if any, for a Series of Senior Bonds, the annual debt service with respect to any Variable Rate Senior Indebtedness will, upon the issuance of such Series participating in a Senior Debt Service Reserve Fund, be calculated on the basis of the assumptions set forth in subsection (e) of the definition of Senior Aggregate Annual Debt Service, and the amount so determined will not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Senior Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Senior Bonds containing Balloon Indebtedness or Senior Tender Indebtedness will not, with respect to such Series, require subsequent increases.

“*Senior Annual Debt Service*” means, with respect to any Senior Bond and General Obligation Revenue Bond, the aggregate amount of Revenues required to be set aside in the respective Senior Debt Service Fund or the Commission Debt Service Fund during the Fiscal Year to satisfy the funding requirements for future payments of principal and interest, and if a Senior Qualified Swap is in effect for any Senior Bond, plus the amount payable by the Commission (or the Senior Trustee) under the Senior Qualified Swap in accordance with the terms thereof, less any amount to be received by the Commission from the Senior Qualified Swap Provider pursuant to the Senior Qualified Swap, calculated using the principles and assumptions set forth in the definition of Senior Aggregate Annual Debt Service.

“*Senior Authorized Amount*” means, when used with respect to Senior Bonds, including Senior Bonds issued pursuant to a Senior Program, the maximum Senior Principal Amount of Senior Bonds

which is then authorized by a resolution or Supplemental Senior Indenture adopted by the Commission pursuant to the Master Senior Indenture to be Outstanding at any one time under the terms of such Senior Program or Supplemental Senior Indenture. If the maximum Senior Principal Amount of Senior Bonds or Senior Program Bonds authorized by a preliminary resolution or form of Supplemental Senior Indenture approved by the Commission pursuant to the Master Senior Indenture exceeds the maximum Senior Principal Amount of Senior Bonds set forth in the final definitive Supplemental Senior Indenture executed and delivered by the Commission pursuant to which such Senior Bonds are issued or such Senior Program is established, the Senior Principal Amount of such Senior Bonds or Senior Program Bonds as is set forth in said final definitive Supplemental Senior Indenture as executed and delivered by the Commission will be deemed to be the “Senior Authorized Amount.”

“*Senior Bond*” or “*Senior Bonds*” means any debt obligation of the Commission issued as a taxable or tax-exempt obligation under and in accordance with the provisions of the Master Senior Indenture, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper and other instruments creating an indebtedness of the Commission, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Senior Repayment Obligations to the extent provided in the Master Senior Indenture. The term “Senior Bond” or “Senior Bonds” in the Master Senior Indenture does not include any Subordinated Obligation; provided, however, that the Commission may provide in a Supplemental Senior Indenture to the Master Senior Indenture that Subordinated Obligations may be thenceforth issued pursuant to the Master Senior Indenture having the terms applicable to the Senior Bonds, except that such Subordinated Obligations will be junior and subordinate in payment of such Subordinated Obligations from the Net Revenues. The term “Senior Bond” and “Senior Bonds” includes Senior Program Bonds.

“*Senior Capitalized Interest*” means the amount of interest on Senior Bonds, if any, funded from the proceeds of the Senior Bonds or other monies that are deposited with the Senior Trustee in the Senior Debt Service Fund as will be described in a Supplemental Senior Indenture upon issuance of Senior Bonds to be used to pay interest on the Senior Bonds.

“*Senior Commercial Paper Program*” means a Senior Program authorized by the Commission pursuant to which Commercial Paper will be issued and reissued from time to time, up to the Senior Authorized Amount of such Senior Program.

“*Senior Construction Fund*” means any of the Senior Construction Funds authorized to be created as provided by the Master Senior Indenture.

“*Senior Debt Service Fund*” or “*Senior Debt Service Funds*” means a Senior Debt Service Fund or any of the Senior Debt Service Funds required to be created as provided by the Master Senior Indenture.

“*Senior Debt Service Reserve Fund*” means any Senior Debt Service Reserve Fund created by the Commission pursuant to a Supplemental Senior Indenture in connection with the issuance of any Series of Senior Bonds and that is required to be funded for the purpose of providing additional security for such Series of Senior Bonds and under certain circumstances to provide additional security for such other designated Series of Senior Bonds issued pursuant to the terms of the Master Senior Indenture and as specified in any Supplemental Senior Indenture.

“*Senior Event of Default*” means any occurrence or event specified as an “Senior Event of Default” in the Master Senior Indenture. See “APPENDIX C-2—SUMMARY OF THE MASTER SENIOR INDENTURE—Defaults and Remedies.”

“*Senior Indenture*” means, collectively, the Master Senior Indenture, together with all Supplemental Senior Indentures.

“*Senior Maximum Aggregate Annual Debt Service*” means the maximum amount of Senior Aggregate Annual Debt Service with respect to all Senior Bonds, Unissued Senior Program Bonds, the Senior Authorized Amount of all Senior Bonds then proposed to be issued and General Obligation Revenue Bonds in the then current or any future Fiscal Year.

“*Senior Maximum Aggregate Annual Debt Service For Reserve Requirement*” means the computation of Senior Maximum Aggregate Annual Debt Service for a Senior Debt Service Reserve Fund with respect to all Outstanding Senior Bonds participating in an identified Senior Debt Service Reserve Fund in the then current or any future Fiscal Year, excluding General Obligation Revenue Bonds, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Senior Maximum Aggregate Annual Debt Service For Reserve Requirement for the respective Senior Debt Service Reserve Fund, if any, for a Series of Senior Bonds the annual debt service with respect to any Variable Rate Senior Indebtedness will, upon the issuance of such Series participating in an identified Senior Debt Service Reserve Fund, be calculated on the basis of the assumptions set forth in subsection (e) of the definition of Senior Aggregate Annual Debt Service, and the amount so determined will not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Senior Maximum Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Senior Bonds containing Balloon Indebtedness or Senior Tender Indebtedness will not, with respect to such Series, require subsequent increases.

“*Senior Notes*” means Senior Bonds issued under the provisions of the Master Senior Indenture which have a maturity of one year or less from their date of original issuance and which are not part of a Senior Commercial Paper Program.

“*Senior Paying Agent*” or “*Senior Paying Agents*” means, with respect to the Senior Bonds or any Series of Senior Bonds, the banks, trust companies or other financial institutions or other entities designated in a Supplemental Senior Indenture or a resolution of the Commission as the place where such Senior Bonds will be payable.

“*Senior Principal Amount*” or “*principal amount*” means, as of any date of calculation, (a) with respect to any Capital Appreciation Senior Bond, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (b) with respect to any Original Issue Discount Senior Bond, the Accreted Value thereof, unless the Supplemental Senior Indenture under which such Senior Bond was issued will specify a different amount, in which case, the terms of the Supplemental Senior Indenture will control, and (c) with respect to any other Senior Bonds, the principal amount of such Senior Bond payable at maturity.

“*Senior Program*” means a financing program identified in a Supplemental Senior Indenture, including but not limited to a Senior Commercial Paper Program, (a) which is authorized and the terms thereof approved by a resolution adopted by the Commission and the items required under the Master Senior Indenture have been filed with the Senior Trustee, (b) wherein the Commission has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in a Senior Authorized Amount, and (c) the Senior Authorized Amount of which has met the additional bonds test set forth in the Master Senior Indenture and the Outstanding amount of which may vary from time to time, but not exceed the Senior Authorized Amount.

“*Senior Program Bonds*” means Senior Bonds issued and Outstanding pursuant to a Senior Program, other than Unissued Senior Program Bonds.

“*Senior Qualified Swap*” means any Swap (a) whose Designated Debt is all or part of a particular Series of Senior Bonds; (b) whose Swap Provider is a Senior Qualified Swap Provider or has been a Senior Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Senior Annual Debt Service or Senior Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; and (d) which has been designated in writing to the Senior Trustee by the Commission as a Senior Qualified Swap with respect to such Senior Bonds.

“*Senior Qualified Swap Provider*” means a financial institution whose senior long-term debt obligations, or whose obligations under any Senior Qualified Swap are (i) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least “A1,” in the case of Moody’s and “A+,” in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (ii) fully secured by obligations described in items (a)(ii)(A) or (B) of the definition of Permitted Investments which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (B) held by the Senior Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Senior Trustee, (C) subject to a perfected first lien on behalf of the Senior Trustee, and (D) free and clear from all third-party liens.

“*Senior Registrar*” means, with respect to the Senior Bonds or any Series of Senior Bonds, the bank, trust company or other entity designated in a Supplemental Senior Indenture or a resolution of the Commission to perform the function of Registrar under the Master Senior Indenture or any Supplemental Senior Indenture, and which bank, trust company or other entity has accepted the position in accordance with the Master Senior Indenture.

“*Senior Repayment Obligations*” means an obligation arising under a written agreement of the Commission and a Credit Provider pursuant to which the Commission agrees to reimburse the Credit Provider for amounts paid through a Credit Facility to be used to pay debt service on any Senior Bonds or an obligation arising under a written agreement of the Commission and a Liquidity Provider pursuant to which the Commission agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility to be used to purchase Senior Bonds.

“*Senior Reserve Fund*” means the Senior Debt Service Reserve Fund established and maintained by the Senior Trustee pursuant to the provisions of the Master Senior Indenture and the First Supplemental Senior Indenture. The Senior Reserve Fund Participating Bonds are secured by the Senior Reserve Fund.

“*Senior Reserve Fund Participating Bonds*” means, collectively, the Prior Senior Bonds and any additional Senior Bonds the Commission elects to participate in the Senior Reserve Fund.

“*Senior Reserve Requirement*” means, an amount equal to the lesser of (a) Senior Maximum Aggregate Annual Debt Service for Reserve Requirement for all Series of Senior Bonds participating in the Senior Debt Service Reserve Fund, (b) ten percent (10%) of the principal amount of the Series of Senior Bonds that have been issued and are participating in the Senior Debt Service Reserve Fund, less the amount of original issue discount with respect to such Series of Senior Bonds if such original issue discount exceeded 2% on such Series of Senior Bonds at the time of their original sale and (c) 125% of

the average Senior Aggregate Annual Debt Service for Reserve Requirement for all Series of Senior Bonds participating in the Senior Debt Service Reserve Fund.

“*Senior Series 2009A Bonds*” means the \$23,075,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Seventh Supplemental Senior Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission, Senior Airport Revenue Refunding Bonds, Series 2009A.”

“*Senior Series 2009B Bonds*” means the \$128,835,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Seventh Supplemental Senior Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission, Senior Airport Revenue Refunding Bonds, Series 2009B.”

“*Senior Series 2010A Bonds*” means the \$62,210,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Eighth Supplemental Senior Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission, Senior Airport Revenue Bonds, Series 2010A.”

“*Senior Series 2010B Bonds*” means the \$73,475,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Eighth Supplemental Senior Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission, Senior Airport Revenue Bonds, Series 2010B.”

“*Senior Series 2016A Bonds*” means the \$330,690,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Ninth Supplemental Senior Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission, Senior Airport Revenue Refunding Bonds, Series 2016A.”

“*Senior Series 2016C Bonds*” means the \$207,250,000 original principal amount of Senior Bonds to be issued under the Master Senior Indenture and the Tenth Supplemental Senior Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission, Senior Airport Revenue Bonds, Series 2016C.”

“*Senior Swap Termination Payment*” means an amount payable by the Commission or a Senior Qualified Swap Provider, in accordance with a Senior Qualified Swap, to compensate the other party to the Senior Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Senior Qualified Swap.

“*Senior Tender Indebtedness*” means any Senior Bonds or portions of Senior Bonds a feature of which is an obligation on the part of the Senior Bondholders, under the terms of such Senior Bonds, to tender all or a portion of such Senior Bonds to the Commission, the Senior Trustee, the Senior Paying Agent or other fiduciary or agent or Credit Provider for payment or purchase and requiring that such Senior Bonds or portions of Senior Bonds be purchased if properly presented.

“*Senior Trustee*” means Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, N.A.), until a successor replaces it and, thereafter, means such successor.

“*Serial Senior Bonds*” means Senior Bonds for which no sinking installment payments are provided.

“*Serial Subordinate Obligations*” means Subordinate Obligations for which no sinking installment payments are provided.

“*Series*” means (a) with respect to Senior Bonds, Senior Bonds designated as a separate Series by a Supplemental Senior Indenture and, with respect to Senior Program Bonds or a Senior Commercial Paper Program, means the full Senior Authorized Amount of such program, regardless of when or whether issued, unless portions thereof are, by Supplemental Senior Indenture, designated as separate Series, and (b) with respect to Subordinate Obligations, Subordinate Obligations designated as a separate Series by a Supplemental Subordinate Indenture and, with respect to Subordinate Program Obligations or a Subordinate Commercial Paper Program, means the full Subordinate Authorized Amount of such program, regardless of when or whether issued, unless portions thereof are, by Supplemental Subordinate Indenture, designated as a separate Series.

“*Seventh Supplemental Senior Indenture*” means the Seventh Supplemental Trust Indenture, dated as of November 1, 2009, by and between the Commission and the Senior Trustee.

“*Seventeenth Supplemental Subordinate Indenture*” means the Seventeenth Supplemental Subordinate Trust Indenture, dated as of October 1, 2017, by and between the Commission and the Subordinate Trustee.

“*Significant Portion*” means, for purposes of the Master Senior Indenture, any Airport Facilities or portions thereof which, if such facilities had been sold or disposed of by the Commission at the beginning of an annual period which includes the month of commencement of the 12-month period ending on the day of such disposition would have resulted in a reduction in Net Revenues for such annual period of more than 5% when the actual Net Revenues for such annual period are decreased by the Revenues directly attributable to such Airport Facilities and increased by the expenses of the Commission directly attributable to such Airport Facilities. The Commission will notify each of the Rating Agencies that the Commission has requested ratings from and who are then maintaining a rating on any of the Senior Bonds prior to the selling or disposing of a Significant Portion of any Airport Facilities or portions thereof.

“*Sixteenth Supplemental Subordinate Indenture*” means the Sixteenth Supplemental Subordinate Trust Indenture, dated as of December 1, 2016, by and between the Commission and the Subordinate Trustee.

“*S&P*” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, its successors and their assigns, and if such corporation will for any reason no longer perform the functions of a securities rating agency, “*S&P*” will be deemed to refer to any other nationally recognized securities rating agency designated by the Commission.

“*Special Facilities*” or “*Special Facility*” means a facility or group of facilities or category of facilities which are designated as a Special Facility pursuant to the provisions of the Master Senior Indenture.

“*Special Facilities Revenue*” means the contractual payments and all other revenues (other than ground rentals relating to such Special Facility) derived by or available to the Commission from a Special Facility which are pledged to secure Special Facility Obligations.

“*Special Facility Obligations*” means bonds or other debt instruments issued pursuant to an indenture other than the Master Senior Indenture or the Master Subordinate Indenture to finance Special

Facilities and which are not secured by nor payable from a lien on and pledge of the Net Revenues but which are secured by revenues derived from Special Facilities.

“*Specified Project*” means a Project or a group of alternative Projects which are described in a certificate of an Authorized Commission Representative delivered to the Consultant preparing the certificate described in the Master Senior Indenture, the revenues and expenses of which Project or of the alternative Projects are to be taken into account by such Consultant in preparing the certificate.

“*State*” means the State of Minnesota.

“*Subordinate Aggregate Annual Debt Service*” means for any Fiscal Year the aggregate amount of Subordinate Annual Debt Service on all Outstanding Subordinate Obligations and Unissued Subordinate Program Obligations. For purposes of calculating Subordinate Aggregate Annual Debt Service, the following components of debt service will be computed as follows:

(a) in determining the principal due in each year, payment will (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Subordinate Obligations and Unissued Subordinate Program Obligations in accordance with any amortization schedule established by the governing documents setting forth the terms of such Subordinate Obligations, including, as a principal payment, the Accreted Value of any Capital Appreciation Subordinate Obligations or Original Issue Discount Subordinate Obligations maturing or scheduled for redemption in such year; in determining the interest due in each year, interest payable at a fixed rate will (except to the extent subsection (b), (c) or (d) of this definition applies) be assumed to be made at such fixed rate and on the required payment dates; provided, however, that interest payable on the Subordinate Obligations will be excluded to the extent such payments are to be paid from Subordinate Capitalized Interest for such Fiscal Year;

(b) if all or any portion or portions of an Outstanding Series of Subordinate Obligations or Unissued Subordinate Program Obligations constitute Balloon Indebtedness, then, for purposes of determining Subordinate Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness will, unless otherwise provided in the Supplemental Subordinate Indenture pursuant to which such Balloon Indebtedness is issued or unless provision (c) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service payments commencing not later than the year following the year in which such Balloon Indebtedness was issued, and extending not later than 30 years from the date such Balloon Indebtedness was originally issued; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Master Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Subordinate Obligations, Unissued Subordinate Program Obligations or Subordinate Program Obligations, only a portion of which constitutes Balloon Indebtedness, the remaining portion will be treated as described in (a) above or such other provision of this definition as will be applicable and, with respect to any Series, Unissued Subordinate Program Obligations or Subordinate Program Obligations, or that portion of a Series thereof which constitutes Balloon Indebtedness, all

payments of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness will be treated as described in (a) above or such other provision of this definition as will be applicable;

(c) any maturity of Subordinate Obligations which constitutes Balloon Indebtedness as described in provision (b) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Subordinate Aggregate Annual Debt Service is made, will be assumed to become due and payable on the stated maturity date and provision (b) above will not apply thereto unless there is delivered to the entity making the calculation of Subordinate Aggregate Annual Debt Service a certificate of an Authorized Commission Representative stating that the Commission intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Commission is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness will be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms will be used for purposes of calculating Subordinate Aggregate Annual Debt Service, provided that such assumption will not result in an interest rate lower than that which would be assumed under provision (b) above and will be amortized over a term of not more than 30 years from the date of refinancing;

(d) if any Outstanding Subordinate Obligations (including Subordinate Program Obligations) or any Subordinate Obligations which are then proposed to be issued constitute Subordinate Tender Indebtedness (but excluding Subordinate Program Obligations or Subordinate Obligations as to which a Subordinate Qualified Swap is in effect and to which subsection (g) or (h) applies), then, for purposes of determining Subordinate Aggregate Annual Debt Service, Subordinate Tender Indebtedness will be treated as if the principal amount of such Subordinate Obligations were to be amortized over a term of not more than 30 years commencing in the year in which such Series is first subject to tender and with substantially level Subordinate Annual Debt Service payments and extending not later than 30 years from the date such Subordinate Tender Indebtedness was originally issued; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Master Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to all principal and interest payments becoming due prior to the year in which such Subordinate Tender Indebtedness is first subject to tender, such payments will be treated as described in (a) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date will be determined as provided in (e) or (f) below, as appropriate;

(e) if any Outstanding Subordinate Obligations constitute Variable Rate Subordinate Indebtedness, including obligations described in subsection (h)(ii) to the extent it applies (except to the extent subsection (b) or (c) relating to Balloon Indebtedness or (d) relating to Subordinate Tender Indebtedness or subsection (h)(i) relating to Synthetic Fixed Rate Debt applies), the interest rate on such Subordinate Obligations will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select

a replacement index, that rate determined by a Consultant to be a reasonable market rate for variable rate Subordinate Obligations of a corresponding term issued under the Master Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes;

(f) with respect to any Subordinate Program Obligations or Unissued Subordinate Program Obligations (other than a Subordinate Commercial Paper Program) (i) debt service on such Subordinate Program Obligations then Outstanding will be determined in accordance with such of the foregoing provisions of this definition as will be applicable, and (ii) with respect to Unissued Subordinate Program Obligations, it will be assumed that the full principal amount of such Unissued Subordinate Program Obligations will be amortized over a term certified by an Authorized Commission Representative at the time the initial Subordinate Program Obligations of such Subordinate Program are issued to be the expected duration of such Subordinate Program or, if such expectations have changed, over a term certified by an Authorized Commission Representative to the expected duration of such Subordinate Program at the time of such calculation, but not to exceed 30 years from the date of the initial issuance of such Subordinate Program Obligations and it will be assumed that debt service will be paid in substantially level Subordinate Annual Debt Service payments over such assumed term; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Master Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes;

(g) debt service on Subordinate Repayment Obligations, to the extent such obligations constitute Subordinate Obligations under the Master Subordinate Indenture, will be calculated as provided in the Master Subordinate Indenture;

(h) (i) for purposes of computing the Subordinate Aggregate Annual Debt Service of Subordinate Obligations which constitute Synthetic Fixed Rate Debt, the interest payable thereon will, if the Commission elects, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable, or if the Commission fails to elect such rate, then it will be deemed to be the fixed interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission;

(ii) for purposes of computing the Subordinate Aggregate Annual Debt Service of Subordinate Obligations with respect to which a Swap has been entered into whereby the Commission has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Subordinate Obligations to which such Swap pertains will be included in the calculation of Subordinate Aggregate Annual Debt Service, and the interest rate with respect to such Subordinate Obligations will, if the Commission elects, be the sum of that rate as determined in accordance with subsection

(e) relating to Variable Rate Subordinate Indebtedness plus the difference between the interest rate on the Designated Debt and the rate received from the Swap Provider;

(i) with respect to any Subordinate Commercial Paper Program which has been Implemented and not then terminated or with respect to any Subordinate Commercial Paper Program then proposed to be Implemented, the principal and interest thereon will be calculated as if the entire Subordinate Authorized Amount of such Subordinate Commercial Paper Program were to be amortized over a term of 30 years commencing in the year in which such Subordinate Commercial Paper Program is Implemented and with substantially level annual debt service payments; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Master Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes;

(j) if moneys or Permitted Investments have been irrevocably deposited with and are held by the Subordinate Trustee or another fiduciary or Subordinate Capitalized Interest has been set aside exclusively to be used to pay principal and/or interest on specified Subordinate Obligations, then the principal and/or interest to be paid from such moneys, Permitted Investments, or Subordinate Capitalized Interest or from the earnings thereon will be disregarded and not included in calculating Subordinate Annual Debt Service; and

(k) if Passenger Facility Charges, state and/or federal grants or other moneys have been irrevocably committed or are held by the Subordinate Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal and/or interest on specified Subordinate Obligations, then the principal and/or interest to be paid from such Passenger Facility Charges, state and/or federal grants or other moneys or from earnings thereon will be disregarded (unless such Passenger Facility Charges, state and/or federal grants or other moneys are included in the definition of Revenues) and not included in calculating Subordinate Aggregate Annual Debt Service.

“*Subordinate Aggregate Annual Debt Service For Reserve Requirement*” means the computation of Subordinate Aggregate Annual Debt Service for a Subordinate Debt Service Reserve Fund with respect to all Outstanding Subordinate Obligations participating in an identified Subordinate Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Subordinate Aggregate Annual Debt Service For Reserve Requirement for the respective Subordinate Debt Service Reserve Fund, if any, for a Series of Subordinate Obligations, the annual debt service with respect to any Variable Rate Subordinate Indebtedness will, upon the issuance of such Series participating in a Subordinate Debt Service Reserve Fund, be calculated on the basis of the assumptions set forth in subsection (e) of the definition of Subordinate Aggregate Annual Debt Service, and the amount so determined will not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Subordinate Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Subordinate Obligations containing Balloon Indebtedness or Subordinate Tender Indebtedness will not, with respect to such Series, require subsequent increases.

“Subordinate Annual Debt Service” means, with respect to any Subordinate Obligation, the aggregate amount of Revenues required to be set aside in the respective Debt Service Fund during the Fiscal Year to satisfy the funding requirements for future payments of principal and interest, and if a Qualified Swap is in effect for any Subordinate Obligation, plus the amount payable by the Commission (or the Trustee) under the Qualified Swap in accordance with the terms thereof, less any amount to be received by the Commission from the Qualified Swap Provider pursuant to the Qualified Swap, calculated using the principles and assumptions set forth in the definition of Aggregate Annual Debt Service.

“Subordinate Authorized Amount” means, when used with respect to Subordinate Obligations, including Subordinate Program Obligations, the maximum Subordinate Principal Amount of Subordinate Obligations which is then authorized by a resolution or Supplemental Subordinate Indenture adopted by the Commission pursuant to the Master Subordinate Indenture to be Outstanding at any one time under the terms of such Subordinate Program or Supplemental Subordinate Indenture. If the maximum Subordinate Principal Amount of Subordinate Obligations or Subordinate Program Obligations authorized by a preliminary resolution or form of Supplemental Subordinate Indenture approved by the Commission pursuant to the Master Subordinate Indenture exceeds the maximum Subordinate Principal Amount of Subordinate Obligations set forth in the final resolution of sale adopted by the Commission or in the definitive Supplemental Subordinate Indenture executed and delivered by the Commission pursuant to which such Subordinate Obligations are issued or such Subordinate Program is established, the Subordinate Principal Amount of such Subordinate Obligations or Subordinate Program Obligations as is set forth in said final resolution of sale or in the definitive Supplemental Subordinate Indenture as executed and delivered by the Commission will be deemed to be the “Subordinate Authorized Amount.”

“Subordinate Capitalized Interest” means the amount of interest on Subordinate Obligations, if any, funded from the proceeds of the Subordinate Obligations or other monies that are deposited with the Subordinate Trustee in the Subordinate Debt Service Fund as will be described in a Supplemental Subordinate Indenture upon issuance of Subordinate Obligations to be used to pay interest on the Subordinate Obligations.

“Subordinate Commercial Paper Program” means a Subordinate Program authorized by the Commission pursuant to which Commercial Paper will be issued and reissued from time to time, up to the Subordinate Authorized Amount of such Subordinate Program.

“Subordinate Commercial Paper Notes” means Commercial Paper authorized to be issued pursuant to a Subordinate Commercial Paper Program.

“Subordinate Construction Fund” means any of the Subordinate Construction Funds authorized to be created as provided by the Master Subordinate Indenture.

“Subordinate Debt Service Fund” or *“Subordinate Debt Service Funds”* means a Subordinate Debt Service Fund or any of the Subordinate Debt Service Funds required to be created as provided by the Master Subordinate Indenture.

“Subordinate Debt Service Reserve Fund” means any Subordinate Debt Service Reserve Fund created by the Commission pursuant to a Supplemental Subordinate Indenture in connection with the issuance of any Series of Subordinate Obligations and that is required to be funded for the purpose of providing additional security for such Series of Subordinate Obligations and under certain circumstances to provide additional security for such other designated Series of Subordinate Obligations issued pursuant to the terms of the Master Subordinate Indenture and as specified in any Supplemental Subordinate Indenture.

“Subordinated Obligation” means any bond, note or other debt instrument issued or otherwise entered into by the Commission which ranks junior and subordinate to the Senior Bonds and which may be paid from moneys constituting Net Revenues only if all amounts of principal and interest which have become due and payable on the Senior Bonds whether by maturity, redemption or acceleration have been paid in full and the Commission is current on all payments, if any, required to be made to replenish all Senior Debt Service Reserve Funds. “Subordinated Obligations” are not Senior Bonds for purposes of the Master Senior Indenture; provided, however, that the Commission may henceforth by Supplemental Senior Indenture elect to have the provisions of the Master Senior Indenture applicable to the Senior Bonds apply to the Subordinated Obligations issued thereunder, except that such Subordinated Obligations will be secured on a junior and subordinate basis to the Senior Bonds from the Net Revenues. No bond, note or other instrument of indebtedness will be deemed to be a “Subordinated Obligation” for purposes of the Master Senior Indenture and payable on a subordinated basis from Net Revenues unless specifically designated by the Commission as a “Subordinated Obligation” in a Supplemental Senior Indenture or other written instrument. In connection with any Subordinated Obligation with respect to which a Swap is in effect or proposes to be in effect, the term “Subordinated Obligation” includes, collectively, both such Subordinated Obligation and either such Swap or the obligations of the Commission under each such Swap, as the context requires. The term “Subordinated Obligations” also includes a Swap or the obligations of the Commission under such Swap which has been entered into in connection with a Subordinated Obligation, as the context requires, although none of the Subordinated Obligations with respect to which such Swap was entered into remain outstanding. In connection with any Senior Bonds with respect to which a Senior Qualified Swap is in effect or proposed to be in effect, the term “Subordinated Obligation” includes any Senior Swap Termination Payment if designated as a Subordinated Obligation in a Supplemental Senior Indenture. The Subordinate Obligations issued and Outstanding under the Subordinate Indenture are Subordinated Obligations.

“Subordinate Event of Default” means any occurrence or event specified as an “Subordinate Event of Default” in the Master Subordinate Indenture. See “APPENDIX C-3—SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Defaults and Remedies.”

“Subordinate Indenture” means, collectively, the Master Subordinate Indenture, together with all Supplemental Subordinate Indentures, including the Eighteenth Supplemental Subordinate Indenture.

“Subordinate Maximum Aggregate Annual Debt Service” means the maximum amount of Subordinate Aggregate Annual Debt Service with respect to all Subordinate Obligations, Unissued Subordinate Program Obligations and the Subordinate Authorized Amount of all Subordinate Obligations then proposed to be issued in the then current or any future Fiscal Year.

“Subordinate Maximum Aggregate Annual Debt Service For Reserve Requirement” means the computation of Subordinate Maximum Aggregate Annual Debt Service for a Subordinate Debt Service Reserve Fund with respect to all Outstanding Subordinate Obligations participating in an identified Subordinate Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Subordinate Maximum Aggregate Annual Debt Service For Reserve Requirement for the respective Subordinate Debt Service Reserve Fund, if any, for a Series of Subordinate Obligations the annual debt service with respect to any Variable Rate Subordinate Indebtedness will, upon the issuance of such Series participating in an identified Subordinate Debt Service Reserve Fund, be calculated on the basis of the assumptions set forth in subsection (e) of the definition of Subordinate Aggregate Annual Debt Service, and the amount so determined will not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Subordinate Maximum Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed

at the time of issuance of a Series of Subordinate Obligations containing Balloon Indebtedness or Subordinate Tender Indebtedness will not, with respect to such Series, require subsequent increases.

“*Subordinate Notes*” means Subordinate Obligations issued under the provisions of the Master Subordinate Indenture which have a maturity of one year or less from their original date of issue and which are not part of a Subordinate Commercial Paper Program.

“*Subordinate Obligation*” or “*Subordinate Obligations*” means any debt obligation of the Commission issued as a taxable or tax-exempt obligation under and in accordance with the provisions of the Master Subordinate Indenture, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper and other instruments creating an indebtedness of the Commission, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Subordinate Repayment Obligations to the extent provided in the Master Subordinate Indenture. The terms “Subordinate Obligation” and “Subordinate Obligations” include Subordinate Program Obligations.

“*Subordinate Paying Agent*” or “*Subordinate Paying Agents*” means, with respect to the Subordinate Obligations or any Series of Subordinate Obligations, the banks, trust companies or other financial institutions or other entities designated in a Supplemental Subordinate Indenture or a resolution of the Commission as the place where such Subordinate Obligations will be payable. The Subordinate Trustee will act as Subordinate Paying Agent with respect to the Subordinate Series 2019 Bonds.

“*Subordinate Principal Amount*” or “*principal amount*” means, as of any date of calculation, (a) with respect to any Capital Appreciation Subordinate Obligations, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (b) with respect to any Original Issue Discount Subordinate Obligations, the Accreted Value thereof, unless the Supplemental Subordinate Indenture under which such Subordinate Obligation was issued will specify a different amount, in which case, the terms of the Supplemental Subordinate Indenture will control, and (c) with respect to any other Subordinate Obligations, the principal amount of such Subordinate Obligation payable at maturity.

“*Subordinate Program*” means a financing program identified in a Supplemental Subordinate Indenture, including but not limited to a Subordinate Commercial Paper Program, (a) which is authorized and the terms thereof approved by a resolution adopted by the Commission and the items required under the Master Subordinate Indenture have been filed with the Subordinate Trustee, (b) wherein the Commission has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in a Subordinate Authorized Amount, and (c) the Subordinate Authorized Amount of which has met the additional bonds test set forth in the Master Subordinate Indenture and the Outstanding amount of which may vary from time to time, but not exceed the Subordinate Authorized Amount.

“*Subordinate Program Obligations*” means Subordinate Obligations issued and Outstanding pursuant to a Subordinate Program, other than Unissued Subordinate Program Obligations.

“*Subordinate Qualified Swap*” means any Swap (a) whose Designated Debt is all or part of a particular Series of Subordinate Obligations; (b) whose Swap Provider is a Subordinate Qualified Swap Provider or has been a Subordinate Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Subordinate Annual Debt Service or Subordinate Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; and (d) which has been designated in writing to the Subordinate Trustee by the Commission as a Subordinate Qualified Swap with respect to such Subordinate Obligations.

“Subordinate Qualified Swap Provider” means a financial institution whose senior long-term debt obligations, or whose obligations under any Subordinate Qualified Swap are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least “A1”, in the case of Moody’s and “A+”, in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in items (b)(ii)(A) or (B) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (iii) subject to a perfected first lien on behalf of the Subordinate Trustee, and (iv) free and clear from all third-party liens.

“Subordinate Registrar” means, with respect to the Subordinate Obligations or any Series of Subordinate Obligations, the bank, trust company or other entity designated in a Supplemental Subordinate Indenture or a resolution of the Commission to perform the function of Registrar under the Master Subordinate Indenture or any Supplemental Subordinate Indenture, and which bank, trust company or other entity has accepted the position in accordance with the Master Subordinate Indenture. The Subordinate Trustee will act as Subordinate Registrar with respect to the Subordinate Series 2019 Bonds.

“Subordinate Repayment Obligations” means an obligation arising under a written agreement of the Commission and a Credit Provider pursuant to which the Commission agrees to reimburse the Credit Provider for amounts paid through a Credit Facility to be used to pay debt service on any Subordinate Obligations and all other amounts due and owing to a Credit Provider under a Credit Facility, or an obligation arising under a written agreement of the Commission and a Liquidity Provider pursuant to which the Commission agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility to be used to purchase Subordinate Obligations and all other amounts due and owing to a Liquidity Provider under a Liquidity Facility.

“Subordinate Reserve Fund” means the Subordinate Debt Service Reserve Fund established and maintained by the Subordinate Trustee pursuant to the provisions of the Master Subordinate Indenture and the Second Supplemental Subordinate Indenture. The Subordinate Reserve Fund Participating Bonds are secured by the Subordinate Reserve Fund.

“Subordinate Reserve Fund Participating Bonds” means, collectively, the Prior Subordinate Bonds, the Subordinate Series 2019 Bonds and any additional Subordinate Obligations the Commission elects to participate in the Subordinate Reserve Fund.

“Subordinate Reserve Requirement” means an amount equal to the lesser of (a) Subordinate Maximum Aggregate Annual Debt Service for Reserve Requirement for all Series of Subordinate Obligations participating in the Subordinate Debt Service Reserve Fund, (b) 10% of the principal amount of the Series of Subordinate Obligations that have been issued and are participating in the Subordinate Debt Service Reserve Fund, less the amount of original issue discount with respect to such Series of Subordinate Obligations if such original issue discount exceeded 2% on such Series of Subordinate Obligations at the time of their original sale and (c) 125% of the average Subordinate Aggregate Annual Debt Service for Reserve Requirement for all Series of Subordinate Obligations participating in the Subordinate Debt Service Reserve Fund.

“Subordinate Revenues” or *“Net Pledged Revenues”* means for any given period, the Revenues for such period less, for such period, all amounts which are required to be used to pay the Maintenance and Operation Expenses of the Airport System, the Senior Aggregate Annual Debt Service when due on

the Senior Bonds, the Senior Aggregate Annual Debt Service when due on the General Obligation Revenue Bonds and the reserve and replenishment requirements on and relating to the Senior Bonds and the General Obligation Revenue Bonds.

“Subordinate Revolving Obligations” means the Subordinate Obligations issued and/or incurred under the Master Subordinate Indenture and the Seventeenth Supplemental Subordinate Indenture that may be outstanding at any one time in the aggregate principal amount of \$150,000,000 and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Revolving Obligations.”

“Subordinate Series 2010C Bonds” means the \$21,600,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2010C.”

“Subordinate Series 2010D Bonds” means the \$68,790,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2010D.”

“Subordinate Series 2011A Bonds” means the \$52,015,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Ninth Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2011A.”

“Subordinate Series 2012A Bonds” means the \$39,770,000 original principal amount of Subordinate Obligations to be issued under the Master Subordinate Indenture and the Eleventh Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2012A.”

“Subordinate Series 2012B Bonds” means the \$42,015,000 original principal amount of Subordinate Obligations to be issued under the Master Subordinate Indenture and the Twelfth Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2012B.”

“Subordinate Series 2014A Bonds” means the \$217,790,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Thirteenth Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2014A.”

“Subordinate Series 2014B Bonds” means the \$46,590,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Thirteenth Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2014B.”

“Subordinate Series 2016B Bonds” means the \$152,190,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Fifteenth Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2016B.”

“*Subordinate Series 2016D Bonds*” means the \$23,410,000 original principal amount of Subordinate Obligations to be issued under the Master Subordinate Indenture and the Sixteenth Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2016D.”

“*Subordinate Series 2016E Bonds*” means the \$171,690,000 original principal amount of Subordinate Obligations to be issued under the Master Subordinate Indenture and the Sixteenth Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2016E.”

“*Subordinate Series 2019A Bonds*” means the \$96,615,000 original principal amount of Subordinate Obligations to be issued under the Master Subordinate Indenture and the Eighteenth Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A.”

“*Subordinate Series 2019B Bonds*” means the \$164,320,000 original principal amount of Subordinate Obligations to be issued under the Master Subordinate Indenture and the Eighteenth Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019B.”

“*Subordinate Series 2019C Bonds*” means the \$31,035,000 original principal amount of Subordinate Obligations to be issued under the Master Subordinate Indenture and the Eighteenth Supplemental Subordinate Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2019C.”

“*Subordinate Series 2019 Bonds*” means, collectively, the Subordinate Series 2019A Bonds, the Subordinate Series 2019B Bonds and the Subordinate Series 2019C Bonds.

“*Subordinate Swap Termination Payment*” means an amount payable by the Commission or a Subordinate Qualified Swap Provider, in accordance with a Subordinate Qualified Swap, to compensate the other party to the Subordinate Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Subordinate Qualified Swap.

“*Subordinate Tender Indebtedness*” means any Subordinate Obligations or portions of Subordinate Obligations a feature of which is an option or an obligation on the part of the holders, under the terms of such Subordinate Obligations, to tender all or a portion of such Subordinate Obligations to the Commission, the Subordinate Trustee, the Subordinate Paying Agent or other fiduciary or agent or Credit Provider for payment or purchase and requiring that such Subordinate Obligations or portions of Subordinate Obligations be purchased if properly presented.

“*Subordinate Trustee*” means Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association), until a successor replaces it and, thereafter, means such successor.

“*Supplemental Senior Indenture*” means any document supplementing or amending the Master Senior Indenture or providing for the issuance of Senior Bonds and entered into as provided in the Master Senior Indenture.

“*Supplemental Subordinate Indenture*” means any document supplementing or amending the Master Subordinate Indenture or providing for the issuance of Subordinate Obligations and entered into as provided in the Master Subordinate Indenture.

“*Swap*” means any financial arrangement between the Commission and a Swap Provider which provides that (a) each of the parties will pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate or index) on a Designated Debt, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid *before* it is deemed to have accrued, the amount paid will reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid *after* it is deemed to have accrued will reflect the time value of such funds; (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one will pay to the other any net amount due under such arrangement.

“*Swap Provider*” means a party to a Swap with the Commission.

“*Synthetic Fixed Rate Debt*” means indebtedness issued by the Commission which: (a) is combined, as Designated Debt, with a Senior Qualified Swap or a Subordinate Qualified Swap, as the case may be, and creates, in the opinion of a Consultant, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (b) consisting of an arrangement in which two inversely related variable-rate securities are issued in equal principal amounts with interest based on off-setting indices resulting in a combined payment which is economically equivalent to a fixed rate.

“*Tax Compliance Certificate*” means the certificate of the Commission prepared by Bond Counsel and delivered by the Commission at the time of issuance and delivery of any Series of Senior Bonds or Subordinate Obligations, as the case may be, the interest on which is excluded from gross income for federal income tax purposes pursuant to a favorable opinion of such Bond Counsel, making certifications and representations of the Commission as to the status of such Senior Bonds or Subordinate Obligations, as the case may be, under the Code.

“*Tenth Supplemental Senior Indenture*” means the Tenth Supplemental Trust Indenture, to be dated as of December 1, 2016, by and between the Commission and the Senior Trustee.

“*Term Senior Bonds*” means Senior Bonds of a Series which are payable on or before their specified maturity dates from sinking installment payments established pursuant to the Supplemental Senior Indenture for such series for that purpose and calculated to retire the Senior Bonds on or before their specified maturity dates.

“*Term Subordinate Obligations*” means Subordinate Obligations of a Series which are payable on or before their specified maturity dates from sinking installment payments established pursuant to the Supplemental Subordinate Indenture for such series for that purpose and calculated to retire the Subordinate Obligations on or before their specified maturity dates.

“*Thirteenth Supplemental Subordinate Indenture*” means the Thirteenth Supplemental Subordinate Trust Indenture, dated as of October 1, 2014, by and between the Commission and the Subordinate Trustee.

“*Transfer*” means (a) the amount deposited on the last Business Day of the Fiscal Year from the Coverage Account into the Operating Fund plus (b) any amounts withdrawn from the Coverage Account

during such Fiscal Year (i) to pay Maintenance and Operation Expenses of the Airport System or (ii) to make any required payments or deposits to pay or secure the payment of the principal or purchase price of or interest or redemption premium on the Outstanding Senior Bonds; less (c) any amounts deposited in the Coverage Account from Revenues during such Fiscal Year.

“*Twelfth Supplemental Subordinate Indenture*” means the Twelfth Supplemental Subordinate Trust Indenture, dated as of November 1, 2012, by and between the Commission and the Subordinate Trustee.

“*Underwriters*” means, collectively, Piper Jaffray & Co., Citigroup Global Markets Inc., Barclays Capital Inc., RBC Capital Markets, LLC, U.S. Bancorp Investments, Inc., and Wells Fargo Bank, National Association, the underwriters of the Subordinate Series 2019 Bonds.

“*Unissued Senior Program Bonds*” means the bonds, notes or other indebtedness authorized to be issued pursuant to a Senior Program and payable from Net Revenues, issuable in an amount up to the Senior Authorized Amount relating to such Senior Program, which have been approved for issuance by the Commission pursuant to a resolution adopted by the Commission and with respect to which Senior Program the items described in the Master Senior Indenture have been filed with the Senior Trustee but which have not yet been authenticated and delivered pursuant to the Senior Program documents.

“*Unissued Subordinate Program Obligations*” means the bonds, notes or other indebtedness authorized to be issued pursuant to a Subordinate Program and payable from Subordinate Revenues, issuable in an amount up to the Subordinate Authorized Amount relating to such Subordinate Program, which have been approved for issuance by the Commission pursuant to a resolution adopted by the Commission and with respect to which Subordinate Program the items described in the Master Subordinate Indenture have been filed with the Subordinate Trustee but which have not yet been authenticated and delivered pursuant to the Subordinate Program documents.

“*United States Bankruptcy Code*” means Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

“*United States Obligations*” means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including, with respect only to direct and general obligations and not to guaranteed obligations, evidences of ownership of proportionate interests in future interest and/or principal payments of such obligations, provided that investments in such proportionate interests must be limited to circumstances wherein: (a) a bank or trust company acts as custodian and holds the underlying United States Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (c) the underlying United States Obligations are held in a special account separate from the custodian’s general assets and are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated. “*United States Obligations*” will include any stripped interest or principal portion of United States Treasury securities and any stripped interest portion of Resolution Funding Corporation securities.

“*Variable Rate Senior Indebtedness*” means any Senior Bond or Senior Bonds the interest rate on which is not, at the time in question, fixed to maturity, excluding any Senior Commercial Paper Program.

“*Variable Rate Subordinate Indebtedness*” means any Subordinate Obligation or Subordinate Obligations the interest rate on which is not, at the time in question, fixed to maturity, excluding any commercial paper program.

APPENDIX C-2

SUMMARY OF THE MASTER SENIOR INDENTURE

In addition to certain information contained under the captions “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS” in the forepart of this Official Statement, the following is a summary of certain provisions of the Master Senior Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Master Senior Indenture.

Grant to Secure Bonds; Pledge of Net Revenues

To secure the payment of the interest, principal and premium, if any, on the Senior Bonds and the performance and observance by the Commission of all the covenants, agreements and conditions expressed or implied in the Master Senior Indenture or contained in the Senior Bonds, the Commission has pledged and assigned to the Senior Trustee and granted to the Senior Trustee a lien on and security interest in all right, title and interest of the Commission in and to all of the following and provides that, except with respect to the General Obligation Revenue Bonds (which are on parity with the Senior Bonds), such lien and security interest will be prior in right to any other pledge, lien or security interest created by the Commission in the following: (a) the Net Revenues, (b) all moneys and securities (excluding moneys and securities on deposit in any Rebate Fund) held from time to time by the Senior Trustee under the Master Senior Indenture, and to the extent provided in any Supplemental Senior Indenture moneys and securities held in any Senior Construction Fund whether or not held by the Senior Trustee, (c) earnings on amounts included in provisions (a) and (b) above (except to the extent excluded from the definition of “Revenues” by the Master Senior Indenture), and (d) any and all other funds, assets, rights, property or interests therein, of every kind or description which may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, mortgaged, granted or delivered to or deposited with the Senior Trustee as additional security under the Master Senior Indenture, for the equal and proportionate benefit and security of all Senior Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, will, with respect to the security provided by this Granting Clause, be of equal rank without preference, priority or distinction as to any General Obligation Revenue Bond, or any Senior Bond over any other Senior Bond or Senior Bonds, except as to the timing of payment of the General Obligation Revenue Bonds and the Senior Bonds. Any Senior Debt Service Reserve Fund and any Debt Service Reserve Fund Surety Policy provided at any time in satisfaction of all or a portion of the Senior Reserve Requirement and any other security, Liquidity Facility or Credit Facility provided for specific Senior Bonds, a specific Series of Senior Bonds or one or more Series of Senior Bonds may, as provided by a Supplemental Senior Indenture, secure only such specific Senior Bonds, Series of Senior Bonds or one or more Series of Senior Bonds and, therefore, will not be included as security for all Senior Bonds under the Master Senior Indenture unless otherwise provided by a Supplemental Senior Indenture and moneys and securities held in trust as provided in the Master Senior Indenture exclusively for Senior Bonds which have become due and payable and moneys and securities which are held exclusively to pay Senior Bonds which are deemed to have been paid under the Master Senior Indenture will be held solely for the payment of such specific Senior Bonds. All amounts held in the Commission Debt Service Fund, from time to time, with respect to the General Obligation Revenue Bonds will not be included as security for any Senior Bonds under the Master Senior Indenture.

Additional Senior Bonds

Additional Senior Bonds may be issued under the Master Senior Indenture provided, among other things, that there is delivered to the Senior Trustee either:

(a) a certificate prepared by an Authorized Commission Representative showing that the Net Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Bonds or preceding the first issuance of the proposed Senior Program Bonds were at least equal to 110% of Senior Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds, Unissued Senior Program Bonds, the proposed Series of Senior Bonds and outstanding General Obligation Revenue Bonds, calculated as if the proposed Series of Senior Bonds and the full Senior Authorized Amount of such proposed Senior Program Bonds (as applicable) were then Outstanding; or

(b) a certificate prepared by an Authorized Commission Representative showing that the Net Revenues (as may be adjusted as described below) for the last completed Fiscal Year or 12-month period immediately preceding the date of issuance of the proposed Series of Senior Bonds or preceding the first issuance of the proposed Senior Program Bonds were at least equal to 125% of Senior Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds, Unissued Senior Program Bonds, the proposed Series of Senior Bonds and outstanding General Obligation Revenue Bonds, calculated as if the proposed Series of Senior Bonds and the full Senior Authorized Amount of such proposed Senior Program Bonds (as applicable) were then Outstanding.

For purposes of paragraphs (a) and (b) above, no Transfer may be taken into account in the computation of Revenues by the Authorized Commission Representative.

For purposes of paragraph (b) above, the Commission will be allowed to adjust Net Revenues for earnings arising from any increase in the rates, charges and fees for the use of the Airport System which has become effective prior to the issuance of such proposed Series of Senior Bonds but which, during the last completed Fiscal Year or 12-month period, was not in effect for the entire period under consideration, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in rates, charges and fees had been in effect during the whole of such last completed Fiscal Year or 12-month period, as shown by the certificate or opinion of a Consultant employed by the Commission.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may rely upon financial statements prepared by the Commission which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized Commission Representative certifies as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year end adjustments.

Neither of the certificates described above under paragraphs (a) or (b) will be required:

(i) if such Senior Bonds are being issued for the purpose of refunding then Outstanding Senior Bonds or General Obligation Revenue Bonds and there is delivered to the Senior Trustee, instead, a certificate of an Authorized Commission Representative showing that Senior Maximum Aggregate Annual Debt Service after the issuance of such Refunding Senior Bonds will not exceed Senior Maximum Aggregate Annual Debt Service prior to the issuance of such Refunding Senior Bonds;

(ii) if such Senior Bonds being issued constitute Senior Notes and there is delivered to the Senior Trustee, instead, a certificate prepared by an Authorized Commission Representative showing that the principal amount of the proposed Senior Notes being issued, together with the principal amount of any Senior Notes then Outstanding, does not exceed 10% of the Net Revenues for any 12 consecutive months out of the 24 months immediately preceding the issuance of the proposed Notes and there is delivered to the Senior Trustee a certificate of an Authorized Commission Representative setting forth calculations showing that for each of the Fiscal Years during which the Senior Notes will be Outstanding, and taking into account the debt service becoming due on such Senior Notes, the Commission will be in compliance with the rate covenant established by the Master Senior Indenture; or

(iii) if such Senior Bonds are being issued to pay costs of completing a Project for which Senior Bonds have previously been issued and the principal amount of such Senior Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of Senior Bonds originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of an Authorized Commission Representative and there is delivered to the Senior Trustee (A) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (B) a certificate of an Authorized Commission Representative to the effect that (1) all of the proceeds (including investment earnings on amounts in the Senior Construction Fund allocable to such Project) of the original Senior Bonds issued to finance such Project have been or will be used to pay Costs of the Project and (2) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Senior Construction Fund established for the Project (including unspent proceeds of Senior Bonds previously issued for such purpose).

Senior Repayment Obligations Afforded Status of Senior Bonds

If a Credit Provider or Liquidity Provider makes payment of principal of a Senior Bond or advances funds to purchase or provide for the purchase of Senior Bonds and is entitled to reimbursement thereof, pursuant to a separate written agreement with the Commission, but is not reimbursed, the Commission's Senior Repayment Obligation under such written agreement may, if so provided in the written agreement, be afforded the status of a Senior Bond issued under the Master Senior Indenture, and, if afforded such status, the Credit Provider or Liquidity Provider will be the Senior Bondholder and such Senior Bond will be deemed to have been issued at the time of the original Senior Bond for which the Credit Facility or Liquidity Facility was provided and will not be subject to the provisions of the Master Senior Indenture; provided, however, notwithstanding the stated terms of the Senior Repayment Obligation, the payment terms of the Senior Bond held by the Credit Provider or Liquidity Provider under the Master Senior Indenture will be as follows (unless otherwise provided in the Supplemental Senior Indenture pursuant to which the Senior Bonds are issued): (a) interest will be due and payable semiannually and (b) principal will be due and payable not less frequently than annually and in such annual amounts as to amortize the principal amount thereof in (i) 30 years or, if shorter, (ii)(A) a term extending to the maturity date of the enhanced Senior Bonds or (B) if longer, the final maturity of the Senior Repayment Obligation under the written agreement, and providing substantially level Senior Annual Debt Service payments, using the rate of interest set forth in the written repayment agreement which would apply to the Senior Repayment Obligation as of the date such amortization schedule is fixed. The principal amortized as described in the prior sentence will bear interest in accordance with the terms of the Senior Repayment Obligation. Any amount which comes due on the Senior Repayment Obligation by its terms and which is in excess of the amount treated as principal of and interest on a Senior Bond will be a Subordinated Obligation of the Commission. This provision will not defeat or alter the rights of subrogation which any Credit Provider may have under law or under the terms of any Supplemental Senior Indenture. The Senior Trustee may conclusively rely on a written certification by the Credit

Provider or Liquidity Provider of the amount of such non-reimbursement and that such Senior Repayment Obligation is to be afforded the status of a Senior Bond under the Master Senior Indenture.

Revenues and Funds

Funding of Senior Debt Service Funds. The Senior Trustee will, at least 15 Business Days prior to each Payment Date on any Senior Bond, give the Commission notice by telephone, promptly confirmed in writing, of the amount after taking into account Senior Capitalized Interest, if any, on deposit in the Senior Debt Service Fund, required to be deposited with the Senior Trustee to make each required payment of principal and interest due on such Payment Date. With respect to any Series of Senior Bonds, the Supplemental Senior Indenture under which such Senior Bonds are issued may provide for different times and methods of notifying the Commission of payment dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Senior Indenture will control.

The Commission, at least five Business Days prior to each Payment Date, will withdraw from the Operating Fund and pay to the Senior Trustee the full amount required to make the interest and/or principal payments due on such Payment Date.

On any day on which the Senior Trustee receives funds from the Commission to be used to pay principal of or interest on Senior Bonds, the Senior Trustee will, if the amount received is fully sufficient to pay all amounts of principal and interest then due or becoming due on the next Payment Date, deposit such amounts into the respective Senior Debt Service Funds for the Series of Senior Bonds for which such payments were made and any excess will be applied to pay all amounts of principal and interest becoming due on any subsequent Payment Dates. If, on any Payment Date, the Senior Trustee does not have sufficient amounts in the Senior Debt Service Funds (without regard to any amounts which may be available from Senior Debt Service Reserve Funds) to pay in full all amounts of principal and/or interest due on such date, the Senior Trustee will allocate the total amount which is available to make payment on such day (without regard to any amounts in the various Senior Debt Service Reserve Funds) as follows: first to the payment of interest then due on the Senior Bonds and, if the amount available will not be sufficient to pay in full all interest on the Senior Bonds then due, then pro rata among the Series according to the amount of interest then due and second to the payment of principal then due on the Senior Bonds and, if the amount available will not be sufficient to pay in full all principal on the Senior Bonds then due, then pro rata among the Series according to the Senior Principal Amount then due on the Senior Bonds.

If a Senior Debt Service Reserve Fund or Senior Debt Service Reserve Funds (or a Credit Facility provided in lieu thereof) have been used to make payments on Senior Bonds secured thereby, then the Commission may be required by Supplemental Senior Indenture to replenish such Senior Debt Service Reserve Fund or Senior Debt Service Reserve Funds or reimburse the Credit Provider from Net Revenues provided that (a) no amount from Net Revenues may be used for such purpose until all payments of principal of and interest on all Senior Bonds which have become due and payable will have been paid in full, (b) the required payments to replenish any such Senior Debt Service Reserve Fund or reimburse the Credit Provider will be due in no more than 12 substantially equal monthly installments commencing in the month following any such withdrawal and (c) if the aggregate amount of payments due on any date to replenish the Senior Debt Service Reserve Funds exceeds the amount available for such purpose, the payments made to the Senior Trustee for such purpose will be allocated among the various Senior Debt Service Reserve Funds pro rata on the basis of the Outstanding Senior Principal Amount of Senior Bonds secured thereby.

Notwithstanding the foregoing, the Commission may, in the Supplemental Senior Indenture authorizing such Series of Senior Bonds, provide for different provisions and timing of deposits with the

Senior Trustee and different methods of paying principal of or interest on such Senior Bonds depending upon the terms of such Senior Bonds and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the respective Senior Debt Service Fund created for the Series of Senior Bonds for which such Credit Facility is provided.

If the Net Revenues are at any time insufficient to make the deposits required to make payments on the Senior Bonds, the Commission may, at its election, pay to the Senior Trustee funds from any available sources with the direction that such funds be deposited into the Senior Debt Service Funds or into a specified account or accounts or subaccount or subaccounts therein.

Additional Security. The pledge of Net Revenues and the other security provided in the Granting Clauses of the Master Senior Indenture, secure all Senior Bonds issued under the terms of the Master Senior Indenture on an equal and ratable basis, except as to the timing of such payments. The Commission may, however, in its discretion, provide additional security or credit enhancement for specified Senior Bonds or Series of Senior Bonds with no obligation to provide such additional security or credit enhancement to other Senior Bonds.

Senior Reserve Fund

Pursuant to the Master Senior Indenture and the First Supplemental Senior Indenture, the Commission established a Senior Debt Service Reserve Fund (the “Senior Reserve Fund”) with the Senior Trustee to secure any Senior Bonds the Commission elects to participate in the Senior Reserve Fund. The Commission has elected to have all of the Outstanding Senior Bonds participate in the Senior Reserve Fund.

The Senior Reserve Fund is required to be funded at all times in an amount equal to the “Senior Reserve Requirement.” The “Senior Reserve Requirement” is equal to the lesser of (a) Senior Maximum Aggregate Annual Debt Service for Reserve Requirement for the Senior Reserve Fund Participating Bonds, (b) 10% of the principal amount of the Senior Reserve Fund Participating Bonds, less the amount of original issue discount with respect to such Senior Reserve Fund Participating Bonds if such original issue discount exceeded 2% on such Senior Reserve Fund Participating Bonds at the time of their original sale, and (c) 125% of the average Senior Aggregate Annual Debt Service for Reserve Requirement for the Senior Reserve Fund Participating Bonds. At the time of issuance of any Additional Senior Bonds which the Commission elects to have participate in the Senior Reserve Fund, the Senior Reserve Requirement is required to be met at the time of such issuance.

Moneys and investments held in the Senior Reserve Fund may only be used to pay the principal of and interest on the Senior Reserve Fund Participating Bonds. Moneys and investments held in the Senior Reserve Fund are not available to pay debt service on the General Obligation Revenue Bonds, the Subordinate Obligations or any Additional Senior Bonds the Commission decides will not participate in the Senior Reserve Fund. The Senior Reserve Fund may be drawn upon if the amounts in the respective Senior Debt Service Funds for the Senior Reserve Fund Participating Bonds are insufficient to pay in full any principal or interest then due on the Senior Reserve Fund Participating Bonds. In the event any amounts are required to be withdrawn from the Senior Reserve Fund, such amounts will be withdrawn and deposited pro rata to meet the funding requirements of the Senior Reserve Fund Participating Bonds.

The Commission may fund all or a portion of the Senior Reserve Requirement with a Debt Service Reserve Fund Surety Policy. A Debt Service Reserve Fund Surety Policy may be an insurance policy, letter of credit or surety bond deposited in the Senior Reserve Fund in lieu of or in partial substitution for cash or securities. Any such Debt Service Reserve Fund Surety Policy must either extend to the final maturity of the Series of Senior Bonds for which the Debt Service Reserve Fund Surety Policy

was issued or the Commission must agree, by Supplemental Senior Indenture, that the Commission will replace such Debt Service Reserve Fund Surety Policy prior to its expiration with another Debt Service Reserve Fund Surety Policy, or with cash, and the face amount of the Debt Service Reserve Fund Surety Policy, together with amounts on deposit in the Senior Reserve Fund, including the face amount of any other Debt Service Reserve Fund Surety Policy, are at least equal to the Senior Reserve Requirement. Any such Debt Service Reserve Fund Surety Policy deposited to the Senior Reserve Fund will be required to secure all of the Senior Reserve Fund Participating Bonds. As of the date of this Official Statement, no Debt Service Reserve Fund Surety Policies are on deposit in the Senior Reserve Fund.

Payment of Principal and Interest

The Commission has covenanted and agreed that it will duly and punctually pay or cause to be paid from the Net Revenues and to the extent thereof the principal of, premium, if any, and interest on every Senior Bond at the place and on the dates and in the manner in the Master Senior Indenture, in the Supplemental Senior Indentures and in the Senior Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements in the Master Senior Indenture and in the Senior Bonds contained, provided that the Commission's obligation to make payment of the principal of, premium, if any, and interest on the Senior Bonds will be limited to payment from the Net Revenues, the funds and accounts pledged therefor in the Granting Clauses of the Master Senior Indenture and any other source which the Commission may specifically provide for such purpose and no Bondholder will have any right to enforce payment from any other funds of the Commission.

Senior Lien Obligations Prohibited

The Commission has agreed that so long as any Senior Bonds are Outstanding under the Senior Indenture, it (a) will not adopt a resolution determining that Revenues be used to pay any new general obligation bonds or revenue bonds of the Commission on a senior lien basis, and (b) will not issue any additional bonds or other obligations with a lien on or security interest granted in Net Revenues which is senior to the Senior Bonds and (c) it will not issue any additional bonds pursuant to the provisions of Minnesota Statutes, Section 473.665.

Senior Rate Covenant

The Commission has covenanted in the Master Senior Indenture to fulfill the following requirements:

(a) The Commission will, while any of the Senior Bonds remain Outstanding (but subject to all existing contracts and legal obligations of the Commission as of the original date of execution of the Master Senior Indenture setting forth restrictions relating thereto), establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Net Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) the Senior Aggregate Annual Debt Service on any Outstanding Senior Bonds and the Senior Aggregate Annual Debt Service on any General Obligation Revenue Bonds required to be funded by the Commission in such Fiscal Year as required by the Senior Indenture or any Supplemental Senior Indenture with respect to the Outstanding Senior Bonds and the Act with respect to General Obligation Revenue Bonds;

(ii) the required deposits to fund the Commission Debt Service Fund reserve requirement for the General Obligation Revenue Bonds and to fund any Senior Debt Service Reserve Fund (including the Senior Reserve Fund described below under “Senior Reserve Fund”) which may be established by a Supplemental Senior Indenture;

(iii) the reimbursement owed to any Credit Provider as required by a Supplemental Senior Indenture;

(iv) the interest on and principal of any indebtedness required to be funded during such Fiscal Year other than for General Obligation Revenue Bonds and Outstanding Senior Bonds, but including Subordinate Obligations; and

(v) payments of any reserve requirement for debt service for any indebtedness other than General Obligation Revenue Bonds and Outstanding Senior Bonds, but including Subordinate Obligations.

(b) The Commission has further agreed that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Net Revenues, together with any Transfer, will be equal to at least 125% of Senior Aggregate Annual Debt Service on the Outstanding Senior Bonds. For purposes of this paragraph (b), the amount of any Transfer taken into account may not exceed 25% of Senior Aggregate Annual Debt Service on the Outstanding Senior Bonds in such Fiscal Year.

(c) The Commission has agreed that if Net Revenues, together with any Transfer (only as applied in (b) above), in any Fiscal Year are less than the amount specified in paragraph (a) or (b) above, the Commission will retain and direct a Consultant to make recommendations as to the revision of the Commission’s business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Commission in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made the Commission will take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to produce Net Revenues, together with any Transfer (only as applied in (b) above), in the amount specified in paragraph (a) or (b) above in the next succeeding Fiscal Year.

(d) In the event that Net Revenues for any Fiscal Year are less than the amount specified in paragraph (a) or (b) above, but the Commission promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, fees and charges as required by paragraph (c) above, such deficiency in Net Revenues will not constitute a Senior Event of Default under the provisions of the Senior Indenture. Nevertheless, if after taking the measures required by paragraph (c) above to revise the schedule of rentals, rates, fees and charges, Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Commission for such Fiscal Year) are less than the amount specified in paragraph (a) or (b) above, such deficiency in Net Revenues will constitute a Senior Event of Default under the provisions of the Senior Indenture.

Subordinated Obligations

The Commission may, from time to time, incur indebtedness which is subordinate to the Senior Bonds and which indebtedness is, in the Master Senior Indenture, referred to as Subordinated Obligations. Such indebtedness will be incurred at such times and upon such terms as the Commission will determine,

provided that: (a) any Supplemental Senior Indenture authorizing the issuance of any Subordinate Obligations will specifically state that such lien on or security interest granted in the Net Revenues is junior and subordinate to the lien on and security interest in such Net Revenues and other assets granted to secure the Senior Bonds; and (b) payment of principal of and interest on such Subordinated Obligations will be permitted, provided that all deposits required to be made pursuant to the Master Senior Indenture, if any, are then current in accordance with the Master Senior Indenture.

Special Facilities and Special Facility Obligations

The Commission is permitted to designate new or existing Airport Facilities as Special Facilities. The Commission may, from time to time, and subject to the terms and conditions of the Master Senior Indenture, (a) designate a separately identifiable existing facility or planned facility as a “Special Facility,” (b) pursuant to an indenture other than the Master Senior Indenture and without a pledge of any Net Revenues, incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility, (c) provide that certain of the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the Commission from such Special Facility to the extent necessary to make the payments required by clause (i) of the second succeeding paragraph, be “Special Facilities Revenue” and not included as Revenues or Net Revenues unless on terms provided in any supplemental indenture, and (d) provide that the debt so incurred will be a “Special Facility Obligation” and the principal of and interest thereon will be payable solely from the Special Facilities Revenue. The Commission may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations.

Special Facility Obligations will be payable as to principal, redemption premium, if any, and interest solely from Special Facilities Revenue, which will include contractual payments derived by the Commission under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the Commission and another person, firm or corporation, either public or private, as will undertake the operation of a Special Facility.

No Special Facility Obligations will be issued by the Commission unless there will have been filed with the Senior Trustee a certificate of an Authorized Commission Representative stating that: (i) the estimated Special Facilities Revenue pledged to the payment of obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Commission and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and (ii) with respect to the designation of any separately identifiable existing Airport Facilities or Airport Facility as a “Special Facility” or “Special Facilities,” the estimated Net Revenues, calculated without including the new Special Facilities Revenue and without including any operation and maintenance expenses of the Special Facility as Maintenance and Operation Expenses of the Airport System, will be sufficient so that the Commission will be in compliance with the rate covenant of the Master Senior Indenture; and (iii) no Senior Event of Default then exists under the Master Senior Indenture.

To the extent Special Facilities Revenue received by the Commission during any Fiscal Year will exceed the amounts required to be paid pursuant to clause (i) of the immediately preceding paragraph for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted, will constitute Revenues.

Maintenance and Operation of Airport System

Subject to the transfer of any Airport Facilities pursuant to the Master Senior Indenture, the Commission has covenanted that the Airport System will at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises will be complied with (provided the Commission will not be required to comply with any such orders so long as the validity or application thereof will be contested in good faith), and that all licenses and permits necessary to construct or operate any part of the Airport System will be obtained and maintained and that all necessary repairs, improvements and replacements of the Airport System will be made, subject to sound business judgment. Subject to the transfer of any Airport Facilities pursuant to the Master Senior Indenture, the Commission will, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the Commission, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Airport System or upon any part thereof, or upon the Revenues or Net Revenues, when the same will become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Revenues or Net Revenues or Airport System or any part thereof constituting part of the Airport System.

Insurance; Application of Insurance Proceeds

Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions: (a) the Commission will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance with respect to the facilities constituting the Airport System and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Commission, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports; and (b) the Commission will place on file with the Senior Trustee, if requested in writing by the Senior Trustee, annually within 120 days after the close of each Fiscal Year a certificate of an Authorized Commission Representative containing a summary of all insurance policies and self-insured programs then in effect with respect to the Airport System and the operations of the Commission. The Senior Trustee may conclusively rely upon such certificate and will not be responsible for the sufficiency or adequacy of any insurance required in the Master Senior Indenture or obtained by the Commission.

“Qualified Self Insurance” means insurance maintained through a program of self-insurance or insurance maintained with a fund, company or association in which the Commission may have a material interest and of which the Commission may have control, either singly or with others. Each plan of Qualified Self Insurance will be established in accordance with law, will provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Commission determines to be reasonable to protect against risks assumed under the Qualified Self Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self Insurance, and such self-insurance program will be reviewed at least once every 12 months by a Consultant who will deliver to the Commission a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, he will make a recommendation as to the amount of reserves that should be established and maintained, and the Commission will comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the Commission.

If, as a result of any event, any part of the Airport System is destroyed or severely damaged, the Commission will create within the Operating Fund a special account and will credit the Net Proceeds

received as a result of such event of damage or destruction to such account and such Net Proceeds will, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to: (i) repair or replace the Airport System, or portion thereof, which were damaged or destroyed, (ii) provide additional revenue-producing Airport Facilities, (iii) redeem Senior Bonds, or (iv) create an escrow fund pledged to pay specified Senior Bonds and thereby cause such Senior Bonds to be deemed to be paid as provided in the Master Senior Indenture; provided, however, that the Commission will first deliver to the Senior Trustee a certificate of a Consultant showing that, after taking into account the use of the Net Proceeds for the redemption of such specified Senior Bonds, the rate covenant as set forth in the Master Senior Indenture is met.

Transfer of Airport Facility or Airport Facilities

The Commission will not, except as permitted below, transfer, sell or otherwise dispose of an Airport Facility or Airport Facilities. For purposes of this section, any transfer of an asset over which the Commission retains substantial control in accordance with the terms of such transfer, will not, for so long as the Commission has such control, be deemed a disposition of an Airport Facility or Airport Facilities.

The Commission may transfer, sell or otherwise dispose of Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions: (a) the property being disposed of is inadequate, obsolete or worn out; or (b) the property proposed to be disposed of and all other Airport Facilities disposed of during the 12-month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the Operating Fund to be used as described below and the Commission believes that such disposal will not prevent it from fulfilling its obligations under the Master Senior Indenture; or (c) the Commission receives fair market value for the property, the proceeds are deposited in the Operating Fund to be used as described below, and prior to the disposition of such property, there is delivered to the Senior Trustee a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Commission as evidenced by a certificate of an Authorized Commission Representative, the Consultant estimates that Commission will be in compliance with the rate covenant of the Master Senior Indenture during each of the five Fiscal Years immediately following such disposition.

Proceeds of the disposition of assets under paragraph (b) or (c) above will be deposited into the Operating Fund and used, within a reasonable period of time, not to exceed three years, to (i) provide additional revenue-producing Airport Facilities, (ii) redeem Senior Bonds or (iii) create an escrow fund pledged to pay specified Senior Bonds and thereby cause such Senior Bonds to be deemed to be paid as provided in the Master Senior Indenture.

Airport Facilities which were financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes will not be disposed of, except under the terms of paragraph (a) above, unless the Commission has first received a written opinion of Bond Counsel to the effect that such disposition will not cause the interest on such obligations to become includable in gross income for federal income tax purposes.

No such disposition will be made which would cause the Commission to be in default of any other covenant contained in the Master Senior Indenture.

Investments

Moneys held by the Senior Trustee in the funds and accounts created in the Master Senior Indenture and under any Supplemental Senior Indenture will be invested and reinvested as directed by the Commission, in Permitted Investments subject to the restrictions set forth in the Master Senior Indenture and such Supplemental Senior Indenture and subject to the investment restrictions imposed upon the Commission by the laws of the State. The Commission will direct such investments by written certificate (upon which the Senior Trustee may conclusively rely) of an Authorized Commission Representative or by telephone instruction followed by prompt written confirmation by an Authorized Commission Representative; in the absence of any such instructions, the Senior Trustee will, to the extent practicable, invest in Permitted Investments specified in item (a)(ii)(A) of the definition thereof, which includes a money market fund comprised of United States Obligations, or in a money market fund or account (which is generally referred to as the U.S. Government Fund) of the Senior Trustee, provided it meets the requirements specified in (a)(ii)(I) of the definition of Permitted Investments, which are Permitted Investments under State law.

Defeasance

Senior Bonds or portions thereof which have been paid in full or which are deemed to have been paid in full will no longer be secured by or entitled to the benefits of the Master Senior Indenture except for the purposes of payment from moneys or Government Obligations held by the Senior Trustee or a Senior Paying Agent for such purpose. When all Senior Bonds which have been issued under the Master Senior Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable under the Master Senior Indenture by the Commission, including all necessary and proper fees, compensation and expenses of the Senior Trustee, the Senior Registrar and the Senior Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Senior Trustee in and to the pledge of Net Revenues and the other assets pledged to secure the Senior Bonds under the Master Senior Indenture will thereupon cease, terminate and become void, and thereupon the Senior Trustee will cancel, discharge and release the Master Senior Indenture.

A Senior Bond will be deemed to be paid within the meaning of and for all purposes of the Master Senior Indenture when payment of the principal, interest and premium, if any, either (a) will have been made or caused to be made in accordance with the terms of the Senior Bonds and the Master Senior Indenture or (b) will have been provided for by depositing with the Senior Trustee in trust and setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Government Obligations, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment. At such times as Senior Bonds will be deemed to be paid under the Master Senior Indenture, such Senior Bonds will no longer be secured by or entitled to the benefits of the Master Senior Indenture, except for the purposes of payment from such moneys or Government Obligations.

Defaults and Remedies

Senior Events of Default. Each of the following events will constitute and is referred to in the Master Senior Indenture as a “Senior Event of Default”:

- (a) a failure to pay the principal of or premium, if any, on any of the Senior Bonds when the same will become due and payable at maturity or upon redemption;
- (b) a failure to pay any installment of interest on any of the Senior Bonds when such interest will become due and payable;

(c) a failure to pay the purchase price of any Senior Bond when such purchase price will be due and payable upon an optional or mandatory tender date as provided in a Supplemental Senior Indenture;

(d) a failure by the Commission to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) of this section) that are to be observed or performed by the Commission and which are contained in the Master Senior Indenture or a Supplemental Senior Indenture, which failure, except for a violation under the rate covenant provisions of the Master Senior Indenture which will be controlled by the provisions set forth therein, will continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Commission by the Senior Trustee, which notice may be given at the discretion of the Senior Trustee and will be given at the written request of holders of 25% or more of the Senior Principal Amount of the Senior Bonds then Outstanding, unless the Senior Trustee, or the Senior Trustee and the holders of Senior Bonds in a Senior Principal Amount not less than the Senior Principal Amount of Senior Bonds the holders of which requested such notice, will agree in writing to an extension of such period prior to its expiration; provided, however, that the Senior Trustee or the Senior Trustee and the holders of such principal amount of Senior Bonds will be deemed to have agreed to an extension of such period if corrective action is initiated by the Commission within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code, or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Commission and, if instituted against the Commission, said proceedings are consented to or are not dismissed within 60 days after such institution;

(f) the occurrence of any other Senior Event of Default as is provided in a Supplemental Senior Indenture; or

(g) a default in the payment of principal of or interest on any General Obligation Revenue Bonds.

Remedies.

(a) Upon the occurrence and continuance of any Senior Event of Default, the Senior Trustee in its discretion may, and upon the written direction of the holders of 25% or more of the Senior Principal Amount of the Senior Bonds then Outstanding and receipt of indemnity to its satisfaction, will, in its own name and as the Senior Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Senior Bondholders, and require the Commission to carry out any agreements with or for the benefit of the Senior Bondholders and to perform its or their duties under the Act or any other law to which it is subject and the Master Senior Indenture;

(ii) bring suit upon the Senior Bonds;

(iii) commence an action or suit in equity to require the Commission to account as if it were the trustee of an express trust for the Senior Bondholders; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Senior Bondholders.

(b) The Senior Trustee will be under no obligation to take any action with respect to any Senior Event of Default unless the Senior Trustee has actual knowledge of the occurrence of such Event of Default.

(c) In no event, upon the occurrence and continuation of a Senior Event of Default will the Senior Trustee, the Senior Bondholders, a Credit Provider or any other party have the right to accelerate the payment of principal of and interest on the Senior Bonds Outstanding.

Bondholders' Right to Direct Proceedings. Anything in the Master Senior Indenture to the contrary notwithstanding, holders of a majority in Senior Principal Amount of the Senior Bonds then Outstanding will have the right, at any time, by an instrument in writing executed and delivered to the Senior Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Senior Trustee under the Master Senior Indenture to be taken in connection with the enforcement of the terms of the Master Senior Indenture or exercising any trust or power conferred on the Senior Trustee by the Master Senior Indenture; provided that such direction will not be otherwise than in accordance with the provisions of the law and the Master Senior Indenture and that there will have been provided to the Senior Trustee security and indemnity satisfactory to the Senior Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Senior Trustee.

Limitation on Right to Institute Proceedings. No Bondholder will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power under the Master Senior Indenture, or any other remedy under the Master Senior Indenture or on such Senior Bonds, unless such Senior Bondholder or Bondholders previously will have given to the Senior Trustee written notice of a Senior Event of Default as hereinabove provided and unless also holders of 25% or more of the Senior Principal Amount of the Senior Bonds then Outstanding will have made written request of the Senior Trustee to do so, after the right to institute such suit, action or proceeding under the Master Senior Indenture will have accrued, and will have afforded the Senior Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also will have been offered to the Senior Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Senior Trustee will not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are thereby declared in every such case, at the option of the Senior Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Senior Bondholders will have any right in any manner whatever by their action to affect, disturb or prejudice the security of the Master Senior Indenture, or to enforce any right under the Master Senior Indenture or under the Senior Bonds, except in the manner in the Master Senior Indenture provided, and that all suits, actions and proceedings at law or in equity will be instituted, had and maintained in the manner in the Master Senior Indenture provided and for the equal benefit of all Bondholders.

The Senior Trustee

Standard of Care. If a Senior Event of Default has occurred and is continuing, the Senior Trustee will exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Senior Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that: (i) the Senior Trustee will not be liable

for any error of judgment made in good faith by a Responsible Officer unless the Senior Trustee was negligent in ascertaining the pertinent facts; and (ii) the Senior Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Bondholders or the Commission in the manner provided in the Master Senior Indenture.

Notice of Defaults. If (a) a Senior Event of Default has occurred or (b) an event has occurred which with the giving of notice and/or the lapse of time would be a Senior Event of Default and, with respect to such events for which notice to the Commission is required before such events will become Senior Events of Default, such notice has been given, then the Senior Trustee will promptly, after obtaining actual notice of such Senior Event of Default or event described in (b) of the first sentence of this section, give notice thereof to each Senior Bondholder. Except in the case of a default in payment or purchase on any Senior Bonds, the Senior Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Senior Bondholders.

Eligibility of Senior Trustee. The Master Senior Indenture will always have a Senior Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority and has (together with its corporate parent) a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition.

Replacement of Senior Trustee. The Senior Trustee may resign by notifying the Commission in writing prior to the proposed effective date of the resignation. The holders of a majority in Senior Principal Amount of the Senior Bonds may remove the Senior Trustee by notifying the removed Senior Trustee and may appoint a successor Senior Trustee with the Commission's consent. The Commission may remove the Senior Trustee, by notice in writing delivered to the Senior Trustee at least 60 days prior to the proposed removal date; provided, however, that the Commission will have no right to remove the Senior Trustee during any time when a Senior Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be a Senior Event of Default.

No resignation or removal of the Senior Trustee under this section will be effective until a new Senior Trustee has taken office and delivered a written acceptance of its appointment to the retiring Senior Trustee and to the Commission. Immediately thereafter, the retiring Senior Trustee will transfer all property held by it as Senior Trustee to the successor Senior Trustee, the resignation or removal of the retiring Senior Trustee will then (but only then) become effective and the successor Senior Trustee will have all the rights, powers and duties of the Senior Trustee under the Master Senior Indenture.

If the Senior Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Master Senior Indenture, the Commission will promptly appoint a successor Senior Trustee. If a Senior Trustee is not performing its duties under the Master Senior Indenture and a successor Senior Trustee does not take office within 60 days after the retiring Senior Trustee delivers notice of resignation or the Commission delivers notice of removal, the retiring Senior Trustee, the Commission or the holders of a majority in Senior Principal Amount of the Senior Bonds may petition any court of competent jurisdiction for the appointment of a successor Senior Trustee.

If the Senior Trustee, any Senior Paying Agent or Senior Registrar consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to, another corporation and meets the qualifications set forth in the Master Senior

Indenture, the resulting, surviving or transferee corporation without any further act will be the successor Senior Trustee, Senior Paying Agent or Senior Registrar.

Amendments

Amendments Without Consent of Senior Bondholders. The Commission may, from time to time and at any time, without the consent of or notice to the Senior Bondholders, execute and deliver Supplemental Senior Indentures supplementing and/or amending the Master Senior Indenture or any Supplemental Senior Indenture as follows:

(a) to provide for the issuance of a Series or multiple Series of Senior Bonds under the provisions of the Master Senior Indenture and to set forth the terms of such Senior Bonds and the special provisions which will apply to such Senior Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, the Master Senior Indenture or any Supplemental Senior Indenture, provided such supplement or amendment is not materially adverse to the Senior Bondholders;

(c) to add to the covenants and agreements of the Commission in the Master Senior Indenture or any Supplemental Senior Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Commission, provided such supplement or amendment will not adversely affect the interests of the Senior Bondholders;

(d) to confirm, as further assurance, any interest of the Senior Trustee in and to the pledge of Net Revenues or in and to the funds and accounts held by the Senior Trustee or in and to any other moneys, securities or funds of the Commission provided pursuant to the Master Senior Indenture or to otherwise add additional security for the Senior Bondholders;

(e) to evidence any change made in the terms of any Series of Senior Bonds if such changes are authorized by the Supplemental Senior Indenture at the time the Series of Senior Bonds is issued and such change is made in accordance with the terms of such Supplemental Senior Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time;

(g) to modify, alter, amend or supplement the Master Senior Indenture or any Supplemental Senior Indenture in any other respect which is not materially adverse to the Senior Bondholders;

(h) to provide for uncertificated Senior Bonds or for the issuance of coupons and bearer Senior Bonds or Senior Bonds registered only as to principal;

(i) to qualify the Senior Bonds or a Series of Senior Bonds for a rating or ratings from a Rating Agency;

(j) to accommodate the technical, operational and structural features of Senior Bonds which are issued or are proposed to be issued or of a Senior Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, swaps, variable rate or adjustable rate bonds,

discounted or compound interest bonds or other forms of indebtedness which the Commission from time to time deems appropriate to incur;

(k) to accommodate the use of a Credit Facility or Liquidity Facility for specific Senior Bonds or a specific Series of Senior Bonds; and

(l) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Senior Bonds, including, without limitation, the segregation of Revenues into different funds.

Before the Commission will, pursuant to this section, execute any Supplemental Senior Indenture, there will have been delivered to the Commission and Senior Trustee an opinion of Bond Counsel to the effect that such Supplemental Senior Indenture is authorized or permitted by the Master Senior Indenture, the Act and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Commission in accordance with its terms and will not cause interest on any of the Senior Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes.

Amendments Requiring Consent of Senior Bondholders. Except for any amendments described above and any amendments described in the following paragraph, the holders of not less than a majority in aggregate Senior Principal Amount of the Senior Bonds then Outstanding will have the right from time to time to consent to and approve the execution by the Commission of any Supplemental Senior Indenture deemed necessary or desirable by the Commission for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Master Senior Indenture or in a Supplemental Senior Indenture; provided, however, that, unless approved in writing by the holders of all the Senior Bonds then Outstanding or unless such change affects less than all Series of Senior Bonds and the following paragraph is applicable, nothing in the Master Senior Indenture contained will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Senior Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Senior Bonds or the rate of interest thereon; and provided that nothing in the Master Senior Indenture contained, including the provisions of the following paragraph, will, unless approved in writing by the holders of all the Senior Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Master Senior Indenture) upon or pledge of the Net Revenues created by the Master Senior Indenture, ranking prior to or on a parity with the claim created by the Master Senior Indenture, (iv) except with respect to additional security which may be provided for a particular Series of Senior Bonds, a preference or priority of any Senior Bond or Senior Bonds over any other Senior Bond or Senior Bonds with respect to the security granted therefor under the Granting Clauses of the Master Senior Indenture, or (v) a reduction in the aggregate Principal Amount of Senior Bonds the consent of the Senior Bondholders of which is required for any such Supplemental Senior Indenture. Nothing in the Master Senior Indenture contained, however, will be construed as making necessary the approval by Bondholders of the execution of any Supplemental Senior Indenture as authorized in the Master Senior Indenture, including the granting, for the benefit of particular Series of Senior Bonds, security in addition to the pledge of the Net Revenues.

The Commission may, from time to time and at any time, execute a Supplemental Senior Indenture which amends the provisions of an earlier Supplemental Senior Indenture under which a Series or multiple Series of Senior Bonds were issued. If such Supplemental Senior Indenture is executed for one of the purposes set forth in the above section regarding amendments without consent of Senior Bondholders, no notice to or consent of the Senior Bondholders will be required. If such Supplemental Senior Indenture contains provisions which affect the rights and interests of less than all Series of Senior

Bonds Outstanding and the above section regarding amendments without consent of Senior Bondholders is not applicable, then this paragraph rather than the paragraph above will control and, subject to the terms and provisions contained in this paragraph and not otherwise, the holders of not less than 51% in aggregate Senior Principal Amount of the Senior Bonds of all Series which are affected by such changes will have the right from time to time to consent to any Supplemental Senior Indenture deemed necessary or desirable by the Commission for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Senior Indenture and affecting only the Senior Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Senior Bonds of all the affected Series then Outstanding, nothing in the Master Senior Indenture contained will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Senior Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Senior Bonds of such Series or the rate of interest thereon. Nothing contained in the Master Senior Indenture, however, will be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Senior Indenture as authorized in the Master Senior Indenture, including the granting, for the benefit of particular Series of Senior Bonds, security in addition to the pledge of the Net Revenues.

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APPENDIX C-3

SUMMARY OF THE MASTER SUBORDINATE INDENTURE

In addition to certain information contained under the captions “DESCRIPTION OF THE SUBORDINATE SERIES 2019 BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS” in the forepart of this Official Statement, the following is a summary of certain provisions of the Master Subordinate Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Master Subordinate Indenture.

Grant to Secure Subordinate Obligations; Pledge of Subordinate Revenues

To secure the payment of the interest, principal and premium, if any, on the Subordinate Obligations and the performance and observance by the Commission of all the covenants, agreements and conditions expressed or implied herein or contained in the Subordinate Obligations, the Commission has pledged and assigned to the Subordinate Trustee and has granted to the Subordinate Trustee a lien on and security interest in all right, title and interest of the Commission in and to all of the following and provides that, such lien and security interest will be prior in right to any other pledge, lien or security interest created by the Commission in the following: (a) the Subordinate Revenues, (b) all moneys and securities (excluding moneys and securities on deposit in any Rebate Fund) held from time to time by the Subordinate Trustee under the Master Subordinate Indenture, and to the extent provided in any Supplemental Subordinate Indenture moneys and securities held in any Subordinate Construction Fund whether or not held by the Subordinate Trustee, (c) earnings on amounts included in provisions (a) and (b) of this paragraph, and (d) any and all other funds, assets, rights, property or interests therein, of every kind or description which may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, mortgaged, granted or delivered to or deposited with the Subordinate Trustee as additional security under the Master Subordinate Indenture, for the equal and proportionate benefit and security of all Subordinate Obligations, all of which, regardless of the time or times of their authentication and delivery or maturity, will, with respect to the security provided by this Granting Clause, be of equal rank without preference, priority or distinction as to any Subordinate Obligation over any other Subordinate Obligation or Subordinate Obligations, except as to the timing of payment of the Subordinate Obligations. Any Subordinate Debt Service Reserve Fund and any Debt Service Reserve Fund Surety Policy, provided at any time in satisfaction of all or a portion of the Subordinate Reserve Requirement and any other security, Liquidity Facility or Credit Facility provided for specific Subordinate Obligations, a specific Series of Subordinate Obligations or one or more Series of Subordinate Obligations may, as provided by a Supplemental Subordinate Indenture, secure only such specific Subordinate Obligations, Series of Subordinate Obligations or one or more Series of Subordinate Obligations and, therefore, will not be included as security for all Subordinate Obligations under the Master Subordinate Indenture unless otherwise provided by a Supplemental Subordinate Indenture and moneys and securities held in trust as provided in the Master Subordinate Indenture exclusively for Subordinate Obligations which have become due and payable and moneys and securities which are held exclusively to pay Subordinate Obligations which are deemed to have been paid under the Master Subordinate Indenture will be held solely for the payment of such specific Subordinate Obligations. All amounts held in (a) the Commission Debt Service Fund, from time to time, for payment of the General Obligation Revenue Bonds and (b) the funds and accounts created under the Master Senior Indenture are not be included as security for any Subordinate Obligations under the Master Subordinate Indenture.

Subordinate Repayment Obligations Afforded Status of Subordinate Obligations

If a Credit Provider or Liquidity Provider makes payment of principal or interest on a Subordinate Obligation or advances funds to purchase or provide for the purchase of Subordinate Obligations and is entitled to reimbursement thereof, pursuant to a separate written agreement with the Commission, but is not reimbursed, the Commission's Subordinate Repayment Obligation under such written agreement may, if so provided in the written agreement, be afforded the status of a Subordinate Obligation issued under the Master Subordinate Indenture, and, if afforded such status, the Credit Provider or Liquidity Provider will be the Subordinate Holder of such Subordinate Obligation, and such Subordinate Obligation will be deemed to have been issued at the time of the original Subordinate Obligation for which the Credit Facility or Liquidity Facility was provided and will not be subject to the issuance provisions of the Master Subordinate Indenture; provided, however, (unless otherwise provided in the Supplemental Subordinate Indenture pursuant to which the Subordinate Obligations are issued or in the agreement with the Credit Provider or Liquidity Provider): (a) interest will be due and payable semiannually and (b) principal will be due and payable not less frequently than annually and in such annual amounts as to amortize the principal amount thereof in (i) 30 years or, if shorter, (ii)(A) a term extending to the maturity date of the enhanced Subordinate Obligations or (B) if later, the final maturity of the Subordinate Repayment Obligation under the written agreement, and providing substantially level annual debt service payments, using the rate of interest set forth in the written repayment agreement which would apply to the Subordinate Repayment Obligation as of the date such amortization schedule is fixed. The principal amortized as described in the prior sentence will bear interest in accordance with the terms of the Subordinate Repayment Obligation. Any amount which comes due on the Subordinate Repayment Obligation by its terms and which is in excess of the amount treated as principal of and interest on a Subordinate Obligation will be a subordinated obligation of the Commission payable after its obligations to fund the Senior Bonds, the General Obligation Revenue Bonds and the Subordinate Obligations. This provision will not defeat or alter the rights of subrogation which any Credit Provider or Liquidity Provider may have under law or under the terms of any Supplemental Subordinate Indenture. The Subordinate Trustee may conclusively rely on a written certification by the Credit Provider or Liquidity Provider of the amount of such non-reimbursement and that such Subordinate Repayment Obligation is to be afforded the status of a Subordinate Obligation under the Master Subordinate Indenture.

Revenues and Funds

Funding of Subordinate Debt Service Funds. The Subordinate Trustee will, at least 15 Business Days prior to each Payment Date on any Subordinate Obligation, give the Commission notice by telephone, promptly confirmed in writing, of the Aggregate Required Deposits, after taking into account Subordinate Capitalized Interest, if any, on deposit in the Subordinate Debt Service Fund, required to be deposited with the Subordinate Trustee in order to make each payment of debt service coming due on such Payment Date. With respect to any Series of Subordinate Obligations, the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued may provide for different times and methods of notifying the Commission of payment dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Subordinate Indenture will control.

The Commission, at least five Business Days prior to each Payment Date, will withdraw from the Operating Fund and pay to the Subordinate Trustee the full Aggregate Required Deposits needed to make the interest and/or principal payments due on such Payment Date.

On any day on which the Subordinate Trustee receives funds from the Commission to be used to pay principal of or interest on Subordinate Obligations, the Subordinate Trustee will, if the amount received is fully sufficient to pay all amounts of principal and interest then due or becoming due on the

next Payment Date, deposit such amounts into the respective Subordinate Debt Service Funds for the Series of Subordinate Obligations for which such payments were made and any excess will be applied to pay all amounts of principal and interest becoming due on any subsequent Payment Dates. If, on any Payment Date, the Subordinate Trustee does not have sufficient amounts in the Subordinate Debt Service Funds (without regard to any amounts which may be available from Subordinate Debt Service Reserve Funds) to pay in full all amounts of principal and/or interest due on such date, the Subordinate Trustee will allocate the total amount which is available to make payment on such day (without regard to any amounts in the various Subordinate Debt Service Reserve Funds) as follows: first to the payment of interest then due on the Subordinate Obligations and, if the amount available will not be sufficient to pay in full all interest on the Subordinate Obligations then due, then pro rata among the Series according to the amount of interest then due, and second to the payment of principal then due on the Subordinate Obligations and, if the amount available will not be sufficient to pay in full all principal on the Subordinate Obligations then due, then pro rata among the Series according to the Subordinate Principal Amount then due on the Subordinate Obligations.

If a Subordinate Debt Service Reserve Fund or Subordinate Debt Service Reserve Funds (or a Credit Facility provided in lieu thereof) have been used to make payments on Subordinate Obligations secured thereby, then the Commission may be required by Supplemental Subordinate Indenture to replenish such Subordinate Debt Service Reserve Fund or Subordinate Debt Service Reserve Funds or reimburse the Credit Provider from Subordinate Revenues provided that (a) no amount from Subordinate Revenues may be used for such purpose until all payments of principal of and interest on all Subordinate Obligations which have become due and payable will have been paid in full, (b) the required payments to replenish any such Subordinate Debt Service Reserve Fund or Subordinate Debt Service Reserve Funds or reimburse the Credit Provider will be due in no more than 12 substantially equal monthly installments commencing in the month following any such withdrawal and (c) if the aggregate amount of payments due on any date to replenish the Subordinate Debt Service Reserve Fund or Subordinate Debt Service Reserve Funds exceeds the amount available for such purpose, the payments made to the Subordinate Trustee for such purpose will be allocated among the various Subordinate Debt Service Reserve Funds pro rata on the basis of the Outstanding Subordinate Principal Amount of Subordinate Obligations secured thereby.

Notwithstanding the foregoing, the Commission may, in the Supplemental Subordinate Indenture authorizing such Series of Subordinate Obligations, provide for different provisions and timing of deposits with the Subordinate Trustee and different methods of paying principal of or interest on such Subordinate Obligations depending upon the terms of such Subordinate Obligations and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the respective Subordinate Debt Service Fund created for the Series of Subordinate Obligations for which such Credit Facility is provided.

If the Subordinate Revenues are at any time insufficient to make the deposits required to make payments on the Subordinate Obligations, the Commission may, at its election, pay to the Subordinate Trustee funds from any available sources with the direction that such funds be deposited into the Subordinate Debt Service Funds or into a specified account or accounts or subaccount or subaccounts therein.

Additional Security. The pledge of Subordinate Revenues and the other security provided in the Granting Clauses in the Master Subordinate Indenture, secure all Subordinate Obligations issued under the terms of the Master Subordinate Indenture on an equal and ratable basis, except as to the timing of such payments. The Commission may, however, in its discretion, provide additional security or credit enhancement for specified Subordinate Obligations or Series of Subordinate Obligations with no obligation to provide such additional security or credit enhancement to other Subordinate Obligations.

Payment of Principal and Interest.

The Commission has covenanted and agreed that it will duly and punctually pay or cause to be paid from the Subordinate Revenues and to the extent thereof the principal of, premium, if any, and interest on every Subordinate Obligation at the place and on the dates and in the manner set forth in the Master Subordinate Indenture, and in the Supplemental Subordinate Indentures and in the Subordinate Obligations specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements set forth in the Master Subordinate Indenture and in the Subordinate Obligations contained, provided that the Commission's obligation to make payments of the principal of, premium, if any, and interest on the Subordinate Obligations will be limited to payment from the Subordinate Revenues, the funds and accounts pledged therefor in the Granting Clauses of the Master Subordinate Indenture and any other source which the Commission may specifically provide for such purpose and no Subordinate Holder will have any right to enforce payment from any other funds of the Commission.

Junior and Subordinated Obligations.

The Commission may, from time to time, incur indebtedness with a lien on Subordinate Revenues ranking junior and subordinate to the lien of the Subordinate Obligations. Such indebtedness will be incurred at such times and upon such terms as the Commission will determine, provided that: (a) any resolution or indenture of the Commission authorizing the issuance of any subordinate obligations will specifically state that such lien on or security interest granted in the Subordinate Revenues is junior and subordinate to the lien on and security interest in such Subordinate Revenues and other assets granted to secure the Subordinate Obligations; and (b) payment of principal of and interest on such subordinated obligations will be permitted, provided that all deposits required to be made to the Subordinate Trustee to be used to pay debt service on the Subordinate Obligations or to replenish the Subordinate Debt Service Reserve Fund, if any, are then current in accordance with the Master Subordinate Indenture.

Maintenance and Operation of Airport System.

The Commission has covenanted that the Airport System will at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises will be complied with (provided the Commission will not be required to comply with any such orders so long as the validity or application thereof will be contested in good faith), and that all licenses and permits necessary to construct or operate any part of the Airport System will be obtained and maintained and that all necessary repairs, improvements and replacements of the Airport System will be made, subject to sound business judgment. The Commission will, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the Commission, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Airport System or upon any part thereof, or upon the Revenues, Net Revenues or Subordinate Revenues, when the same will become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Revenues, Net Revenues or Subordinate Revenues or Airport System or any part thereof constituting part of the Airport System.

Investments

Moneys held by the Subordinate Trustee in the funds and accounts created in the Master Subordinate Indenture and under any Supplemental Subordinate Indenture will be invested and reinvested as directed by the Commission, in Permitted Investments subject to the restrictions set forth in the Master Subordinate Indenture and such Supplemental Subordinate Indenture and subject to the investment

restrictions imposed upon the Commission by the laws of the State, including, but not limited to, Minnesota Statutes Sections 118A.01 et seq. and 473.606 Subd. 3. The Commission will direct such investments by written certificate (upon which the Subordinate Trustee may conclusively rely) of an Authorized Commission Representative or by telephone instruction followed by prompt written confirmation by an Authorized Commission Representative; in the absence of any such instructions, the Subordinate Trustee will, to the extent practicable, invest in Permitted Investments specified in (b)(ii)(A) of the definition thereof, which includes a money market fund comprised of United States Obligations, or in a money market fund or account (which is generally referred to as the (WFF) Government Money Market Fund) of the Subordinate Trustee, provided it meets the requirements specified in (b)(ii)(I) of the definition of Permitted Investments, which are Permitted Investments under state law.

Defeasance

Subordinate Obligations or portions thereof (such portions to be in integral multiples of the authorized denomination) which have been paid in full or which are deemed to have been paid in full will no longer be secured by or entitled to the benefits of the Master Subordinate Indenture except for the purposes of payment from moneys or Government Obligations held by the Subordinate Trustee or a Subordinate Paying Agent for such purpose. When all Subordinate Obligations which have been issued under the Master Subordinate Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable under the Master Subordinate Indenture by the Commission, including all necessary and proper fees, compensation and expenses of the Subordinate Trustee, the Subordinate Registrar and the Subordinate Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Subordinate Trustee in and to the pledge of Subordinate Revenues and the other assets pledged to secure the Subordinate Obligations under the Master Subordinate Indenture will thereupon cease, terminate and become void, and thereupon the Subordinate Trustee will cancel, discharge and release the Master Subordinate Indenture, will execute, acknowledge and deliver to the Commission such instruments as will be requisite to evidence such cancellation, discharge and release and will assign and deliver to the Commission any property and revenues at the time subject to the Master Subordinate Indenture which may then be in the Subordinate Trustee's possession, except funds or securities in which such funds are invested and are held by the Subordinate Trustee or the Subordinate Paying Agent for the payment of the principal of, premium, if any, and interest on the Subordinate Obligations.

A Subordinate Obligation will be deemed to be paid within the meaning of the Master Subordinate Indenture and for all purposes of the Master Subordinate Indenture when payment of the principal, interest and premium, if any, either (a) will have been made or caused to be made in accordance with the terms of the Subordinate Obligations and the Master Subordinate Indenture or (b) will have been provided for by depositing with the Subordinate Trustee in trust and setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Government Obligations, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment. At such times as Subordinate Obligations are deemed to be paid under the Master Subordinate Indenture, such Subordinate Obligations will no longer be secured by or entitled to the benefits of the Master Subordinate Indenture, except for the purposes of payment from such moneys or Government Obligations.

Any deposit under clause (b) of the foregoing paragraph will be deemed a payment of such Subordinate Obligations. Once such deposit has been made, the Subordinate Trustee will notify all Subordinate Holders of the affected Subordinate Obligations that the deposit required by (b) above has been made with the Subordinate Trustee and that such Subordinate Obligations are deemed to have been paid in accordance with the terms of the Master Subordinate Indenture. No notice of redemption will be required at the time of such defeasance or prior to such date as may be required by the Supplemental Subordinate Indenture under which such Subordinate Obligations were issued. The Commission may at

any time, prior to issuing such notice of redemption as may be required by the Supplemental Subordinate Indenture under which such Subordinate Obligations were issued, modify or otherwise change the scheduled date for the redemption or payment of any Subordinate Obligation deemed to be paid under the terms of the foregoing paragraph in accordance with the terms of the Subordinate Obligations or the Master Subordinate Indenture subject to (i) receipt of an approving opinion of Bond Counsel that such action will not adversely affect the tax-exemption of any Subordinate Obligation or Subordinate Obligations then Outstanding and (ii) receipt of an approving opinion of a nationally recognized accounting firm that there are sufficient moneys and/or Government Obligations to provide for the payment of such Subordinate Obligations. Notwithstanding anything in the Master Subordinate Indenture to the contrary, monies from the trust or escrow established for the defeasance of Subordinate Obligations may be withdrawn and delivered to the Commission so long as the requirements of clauses (i) and (ii) above are met prior to or concurrently with any such withdrawal.

Defaults and Remedies

Subordinate Events of Default. Each of the following events constitute and are referred to in the Master Subordinate Indenture as a “Subordinate Event of Default”:

(a) a failure to pay the principal of or premium, if any, on any of the Subordinate Obligations when the same will become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Subordinate Obligations when such interest will become due and payable;

(c) failure to pay the purchase price of any Subordinate Obligation when such purchase price will be due and payable upon an optional or mandatory tender date as provided in a Supplemental Subordinate Indenture;

(d) a failure by the Commission to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) of this section) that are to be observed or performed by the Commission and which are contained in the Master Subordinate Indenture or a Supplemental Subordinate Indenture, which failure, except for a violation under the rate covenant provisions of the Master Subordinate Indenture which will be controlled by the provisions set forth therein, will continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Commission by the Subordinate Trustee, which notice may be given at the discretion of the Subordinate Trustee and will be given at the written request of Subordinate Holders of 25% or more of the Subordinate Principal Amount of the Subordinate Obligations then Outstanding, unless the Subordinate Trustee, or the Subordinate Trustee and the Subordinate Holders of Subordinate Obligations in a Subordinate Principal Amount not less than the Subordinate Principal Amount of Subordinate Obligations the Subordinate Holders of which requested such notice, will agree in writing to an extension of such period prior to its expiration; provided, however, that the Subordinate Trustee or the Subordinate Trustee and the Subordinate Holders of such principal amount of Subordinate Obligations will be deemed to have agreed to an extension of such period if corrective action is initiated by the Commission within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or

against the Commission and, if instituted against the Commission, said proceedings are consented to or are not dismissed within 60 days after such institution;

(f) the occurrence of any other Subordinate Event of Default as is provided in a Supplemental Subordinate Indenture; or

(g) a default in the payment of principal of or interest on any General Obligation Revenue Bonds or Senior Bonds.

If, on any date on which payment of principal of or interest on the Subordinate Obligations is due and sufficient moneys are not on deposit with the Subordinate Trustee or Paying Agent to make such payment, the Subordinate Trustee will give telephone notice of such insufficiency to the Commission.

Remedies.

(a) Upon the occurrence and continuance of any Subordinate Event of Default, the Subordinate Trustee in its discretion may, and upon the written direction of the Subordinate Holders of 25% or more of the Principal Amount of the Subordinate Obligations then Outstanding and receipt of indemnity to its satisfaction, will, in its own name and as the Subordinate Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Subordinate Holders, and require the Commission to carry out any agreements with or for the benefit of the Subordinate Holders and to perform its or their duties under the Act or any other law to which it is subject and the Master Subordinate Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Master Subordinate Indenture;

(ii) bring suit upon the Subordinate Obligations;

(iii) commence an action or suit in equity to require the Commission to account as if it were the trustee of an express trust for the Subordinate Holders; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Subordinate Holders.

(b) The Subordinate Trustee will be under no obligation to take any action with respect to any Subordinate Event of Default unless the Subordinate Trustee has actual knowledge of the occurrence of such Subordinate Event of Default.

(c) In no event, upon the occurrence and continuation of a Subordinate Event of Default, will the Subordinate Trustee, the Subordinate Holders, a Credit Provider or any other party have the right to accelerate the payment of principal of and interest on the Subordinate Obligations Outstanding.

Holdings' Right To Direct Proceedings. Anything in the Master Subordinate Indenture to the contrary notwithstanding, Holders of a majority of the Subordinate Principal Amount of the Subordinate Obligations then Outstanding will have the right, at any time, by an instrument in writing executed and delivered to the Subordinate Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Subordinate Trustee under the Master Subordinate Indenture to be taken in connection with the enforcement of the terms of the Master Subordinate Indenture or exercising any trust

or power conferred on the Subordinate Trustee by the Master Subordinate Indenture; provided that such direction will not be otherwise than in accordance with the provisions of the law and the Master Subordinate Indenture and that there will have been provided to the Subordinate Trustee security and indemnity satisfactory to the Subordinate Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Subordinate Trustee.

Limitation on Right To Institute Proceedings. No Subordinate Holder will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power under the Master Subordinate Indenture, or any other remedy under the Master Subordinate Indenture or on such Subordinate Obligations, unless such Subordinate Holder or Subordinate Holders previously will have given to the Subordinate Trustee written notice of a Subordinate Event of Default as hereinabove provided and unless also Subordinate Holders of 25% or more of the Subordinate Principal Amount of the Subordinate Obligations then Outstanding will have made written request of the Subordinate Trustee to do so, after the right to institute such suit, action or proceeding under the Master Subordinate Indenture will have accrued, and will have afforded the Subordinate Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also will have been offered to the Subordinate Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Subordinate Trustee will not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Subordinate Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Subordinate Holders will have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of the Master Subordinate Indenture, or to enforce any right under the Master Subordinate Indenture or under the Subordinate Obligations, except in the manner provided under the Master Subordinate Indenture, and that all suits, actions and proceedings at law or in equity will be instituted, had and maintained in the manner provided under the Master Subordinate Indenture and for the equal benefit of all Subordinate Holders.

Application of Moneys. If a Subordinate Event of Default will occur and be continuing, all amounts then held or any moneys received by the Subordinate Trustee, by any receiver or by any Subordinate Holder pursuant to any right given or action taken under the provisions of the Master Subordinate Indenture (which will not include moneys provided through a Credit Facility, which moneys will be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Subordinate Trustee (including attorneys' fees and disbursements), will be applied as follows: (a) first, to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Obligations, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Subordinate Indenture, as the case may be, in the order of maturity of the installments of such interest and, if the amount available will not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (b) second, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Subordinate Obligations which will have become due with interest on such Subordinate Obligations at such rate as provided in a Supplemental Subordinate Indenture from the respective dates upon which they became due and, if the amount available will not be sufficient to pay in full Subordinate Obligations on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys will be applied at such times, and from time to time, as the Subordinate Trustee will determine, having due

regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future.

The Subordinate Trustee

Standard of Care. If a Subordinate Event of Default has occurred and is continuing, the Subordinate Trustee will exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Subordinate Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that: (a) the Subordinate Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer unless the Subordinate Trustee was negligent in ascertaining the pertinent facts; and (b) the Subordinate Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Subordinate Holders or the Commission in the manner provided in the Master Subordinate Indenture.

Notice of Defaults. If (a) a Subordinate Event of Default has occurred or (b) an event has occurred which with the giving of notice and/or the lapse of time would be a Subordinate Event of Default and, with respect to such events for which notice to the Commission is required before such events will become Subordinate Events of Default, such notice has been given, then the Subordinate Trustee will promptly, after obtaining actual notice of such Subordinate Event of Default or event described in (b) of the first sentence of this section, give notice thereof to each Subordinate Holder. Except in the case of a default in payment or purchase on any Subordinate Obligations, the Subordinate Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Subordinate Holders.

Individual Rights of Trustee. The Subordinate Trustee in its individual or any other capacity may become the owner or pledgee of Subordinate Obligations and may otherwise deal with the Commission with the same rights it would have if it were not Subordinate Trustee. Any Subordinate Paying Agent or other agent may do the same with like rights. Notwithstanding the prior two sentences, in the event the Subordinate Trustee and/or the Subordinate Paying Agent become the owner or pledgee of Subordinate Obligations and a conflict of interest arises between the Subordinate Trustee's role as trustee under the Master Subordinate Indenture and its role as owner or pledgee of Subordinate Obligations and/or the Subordinate Paying Agent's role as paying agent under the Master Subordinate Indenture and its role as owner or pledgee of Subordinate Obligations, the Subordinate Trustee and/or the Subordinate Paying Agent, as the case may be, will resign as Subordinate Trustee and Subordinate Paying Agent, respectively. If at any time the Subordinate Trustee is acting as trustee or such other fiduciary for the Senior Bonds and a Subordinate Event of Default has occurred or is occurring or such other event that has caused a conflict to arise between the Subordinate Trustee's role as trustee under the Master Subordinate Indenture and the Master Senior Indenture, the Subordinate Trustee will prioritize its fiduciary obligations by first protecting the interest of the Bondholders under the Master Senior Indenture and then protecting the interests of Subordinate Holders under the Master Subordinate Indenture. If the Subordinate Trustee is unable to resolve any such conflicts that may arise, the Subordinate Trustee will resign (or be removed by the Commission) as trustee under the Master Subordinate Indenture or as trustee under the Master Senior Indenture that have created such conflict.

Eligibility of Subordinate Trustee. The Master Subordinate Indenture will always have a Subordinate Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the

District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority and has (together with its corporate parent) a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition.

Replacement of Subordinate Trustee. The Subordinate Trustee may resign by notifying the Commission in writing prior to the proposed effective date of the resignation. The Subordinate Holders of a majority in Subordinate Principal Amount of the Subordinate Obligations may remove the Subordinate Trustee by notifying the removed Subordinate Trustee and may appoint a successor Subordinate Trustee with the Commission's consent. The Commission may remove the Subordinate Trustee, by notice in writing delivered to the Subordinate Trustee at least 60 days prior to the proposed removal date; provided, however, that the Commission will have no right to remove the Subordinate Trustee during any time when a Subordinate Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be a Subordinate Event of Default.

No resignation or removal of the Subordinate Trustee under this section will be effective until a new Subordinate Trustee has taken office and delivered a written acceptance of its appointment to the retiring Subordinate Trustee and to the Commission. Immediately thereafter, the retiring Subordinate Trustee will transfer all property held by it as Subordinate Trustee to the successor Subordinate Trustee, the resignation or removal of the retiring Subordinate Trustee will then (but only then) become effective and the successor Subordinate Trustee will have all the rights, powers and duties of the Subordinate Trustee under the Master Subordinate Indenture.

If the Subordinate Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Master Subordinate Indenture, the Commission will promptly appoint a successor Subordinate Trustee.

If a Subordinate Trustee is not performing its duties under the Master Subordinate Indenture and a successor Subordinate Trustee does not take office within 60 days after the retiring Subordinate Trustee delivers notice of resignation or the Commission delivers notice of removal, the retiring Subordinate Trustee, the Commission or the Subordinate Holders of a majority in Subordinate Principal Amount of the Subordinate Obligations may petition any court of competent jurisdiction for the appointment of a successor Subordinate Trustee.

Amendments

Amendments Not Requiring Consent of Holders. The Commission may, from time to time and at any time, without the consent of or notice to the Subordinate Holders, execute and deliver Supplemental Subordinate Indentures supplementing and/or amending the Master Subordinate Indenture or any Supplemental Subordinate Indenture as follows:

- (a) to provide for the issuance of a Series or multiple Series of Subordinate Obligations under the provisions of the Master Subordinate Indenture and to set forth the terms of such Subordinate Obligations and the special provisions which will apply to such Subordinate Obligations;
- (b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, the Master Subordinate Indenture or any Supplemental Subordinate Indenture, provided such supplement or amendment is not materially adverse to the Subordinate Holders;

(c) to add to the covenants and agreements of the Commission in the Master Subordinate Indenture or any Supplemental Subordinate Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Commission, provided such supplement or amendment will not adversely affect the interests of the Subordinate Holders;

(d) to confirm, as further assurance, any interest of the Subordinate Trustee in and to the pledge of Subordinate Revenues or in and to the funds and accounts held by the Subordinate Trustee or in and to any other moneys, securities or funds of the Commission provided pursuant to the Master Subordinate Indenture or to otherwise add additional security for the Subordinate Holders;

(e) to evidence any change made in the terms of any Series of Subordinate Obligations if such changes are authorized by a Supplemental Subordinate Indenture at the time the Series of Subordinate Obligations is issued and such change is made in accordance with the terms of such Supplemental Subordinate Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time;

(g) to modify, alter, amend or supplement the Master Subordinate Indenture or any Supplemental Subordinate Indenture in any other respect which is not materially adverse to the Subordinate Holders;

(h) to provide for uncertificated Subordinate Obligations or for the issuance of coupons and bearer Subordinate Obligations or Subordinate Obligations registered only as to principal;

(i) to qualify the Subordinate Obligations or a Series of Subordinate Obligations for a rating or ratings from a Rating Agency;

(j) to accommodate the technical, operational and structural features of Subordinate Obligations which are issued or are proposed to be issued or of a Subordinate Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the Commission from time to time deems appropriate to incur;

(k) to accommodate the use of a Credit Facility or Liquidity Facility for specific Subordinate Obligations or a specific Series of Subordinate Obligations; and

(l) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Subordinate Obligations, including, without limitation, the segregation of Subordinate Revenues into different funds.

Before the Commission will, pursuant to this section, execute any Supplemental Subordinate Indenture, there will have been delivered to the Commission and the Subordinate Trustee an opinion of Bond Counsel to the effect that such Supplemental Subordinate Indenture: (i) is authorized or permitted by the Master Subordinate Indenture, the Act and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Commission in

accordance with its terms and (ii) will not cause interest on any of the Subordinate Obligations which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes. The opinion of Bond Counsel set forth clause (ii) in the preceding sentence will not be required for a Supplemental Subordinate Indenture executed and delivered in accordance with subsection (a) above.

Amendments Requiring Consent of Subordinate Holders. Except for any Supplemental Subordinate Indenture entered into pursuant to the above section and any Supplemental Subordinate Indenture entered into pursuant to the following paragraph, subject to the terms and provisions contained in this section and not otherwise, the Subordinate Holders of not less than a majority in aggregate Subordinate Principal Amount of the Subordinate Obligations then Outstanding will have the right from time to time to consent to and approve the execution by the Commission of any Supplemental Subordinate Indenture deemed necessary or desirable by the Commission for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Master Subordinate Indenture or in a Supplemental Subordinate Indenture; provided, however, that, unless approved in writing by the Subordinate Holders of all the Subordinate Obligations then Outstanding or unless such change affects less than all Series of Subordinate Obligations and the following subsection (b) is applicable, nothing herein contained will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Subordinate Obligations or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Obligations or the rate of interest thereon; and provided that nothing herein contained, including the provisions of the following paragraph, will, unless approved in writing by the holders of all the Subordinate Obligations then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Master Subordinate Indenture) upon or pledge of the Subordinate Revenues created by the Master Subordinate Indenture, ranking prior to or on a parity with the claim created by the Master Subordinate Indenture, (iv) except with respect to additional security which may be provided for a particular Series of Subordinate Obligations, a preference or priority of any Subordinate Obligation or Subordinate Obligations over any other Subordinate Obligation or Subordinate Obligations with respect to the security granted therefor under the Granting Clauses of the Master Subordinate Indenture, or (v) a reduction in the aggregate Subordinate Principal Amount of Subordinate Obligations the consent of the Subordinate Holders of which is required for any such Supplemental Subordinate Indenture. Nothing contained in the Master Subordinate Indenture, however, will be construed as making necessary the approval by Subordinate Holders of the execution of any Supplemental Subordinate Indenture as authorized in the section above, including the granting, for the benefit of particular Series of Subordinate Obligations, security in addition to the pledge of the Subordinate Revenues.

The Commission may, from time to time and at any time, execute a Supplemental Subordinate Indenture which amends the provisions of an earlier Supplemental Subordinate Indenture under which a Series or multiple Series of Subordinate Obligations were issued. If such Supplemental Subordinate Indenture is executed for one of the purposes set forth in the previous section, no notice to or consent of the Subordinate Holders will be required. If such Supplemental Subordinate Indenture contains provisions which affect the rights and interests of less than all Series of Subordinate Obligations Outstanding and the previous section is not applicable, then this subsection rather than the subsection above will control and, subject to the terms and provisions contained in this section and not otherwise, the Subordinate Holders of not less than 51% in aggregate Subordinate Principal Amount of the Subordinate Obligations of all Series of Subordinate Obligations Outstanding which are affected by such changes will have the right from time to time to consent to any Supplemental Subordinate Indenture deemed necessary or desirable by the Commission for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Subordinate Indenture and affecting only the Subordinate Obligations of such Series; provided, however, that, unless

approved in writing by the Subordinate Holders of all the Subordinate Obligations of all the affected Series then Outstanding, nothing contained in the Master Subordinate Indenture will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Subordinate Obligations of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Obligations of such Series or the rate of interest thereon.

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APPENDIX C-4

SUMMARY OF THE EIGHTEENTH SUPPLEMENTAL SUBORDINATE INDENTURE

In addition to certain information contained under the captions “DESCRIPTION OF THE SUBORDINATE SERIES 2019 BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS” in the forepart of this Official Statement, the following is a summary of certain provisions of the Eighteenth Supplemental Subordinate Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Eighteenth Supplemental Subordinate Indenture.

Terms of the Subordinate Series 2019 Bonds

The Eighteenth Supplemental Subordinate Indenture sets forth the terms of the Subordinate Series 2019 Bonds, most of which terms are described in the forepart of this Official Statement under “DESCRIPTION OF THE SUBORDINATE SERIES 2019 BONDS.”

Establishment of Funds

Pursuant to the Eighteenth Supplemental Subordinate Indenture, the Subordinate Trustee will establish and maintain the following funds and accounts: the Series 2019A Debt Service Fund and within the Series 2019A Debt Service Fund an Interest Account, a Principal Account and a Redemption Account; the Series 2019A Construction Fund; the Series 2019B Debt Service Fund and within the Series 2019B Debt Service Fund an Interest Account, a Principal Account and a Redemption Account; the Series 2019B Construction Fund; the Series 2019C Debt Service Fund and within the Series 2019C Debt Service Fund an Interest Account and a Principal Account; the Series 2019 Costs of Issuance Fund; the Series 2019 Reserve Account in the Subordinate Reserve Fund; and the Series 2019 Rebate Fund.

Series 2019A Debt Service Fund. The Subordinate Trustee will deposit into the Interest Account of the Series 2019A Debt Service Fund amounts received from the Commission, as provided in the Subordinate Indenture, to be used to pay interest on the Subordinate Series 2019A Bonds. The Subordinate Trustee will also deposit into the Interest Account any other amounts deposited with the Subordinate Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. Earnings on the Interest Account will be withdrawn and paid to the Commission on the Business Day following an Interest Payment Date for deposit into the Operating Fund, unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Principal Account of the Series 2019A Debt Service Fund amounts received from the Commission to be used to pay principal of the Subordinate Series 2019A Bonds at maturity or pursuant to mandatory sinking fund redemption. The Subordinate Trustee will also deposit into the Principal Account any other amounts deposited with the Subordinate Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. Earnings on the Principal Account will be withdrawn and paid to the Commission on the Business Day following a principal payment date for deposit into the Operating Fund, unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Redemption Account of the Series 2019A Debt Service Fund amounts received from the Commission to be used to pay principal of and interest on the Subordinate Series 2019A Bonds which are to be optionally redeemed in advance of their maturity. Earnings on the Redemption Account will be retained in such account or paid to the Commission for

deposit into the Operating Fund in accordance with instructions given to the Subordinate Trustee by an Authorized Commission Representative at the time of such deposit.

The Series 2019A Debt Service Fund will be invested and reinvested in Permitted Investments as directed by an Authorized Commission Representative.

Series 2019A Construction Fund. Amounts in the Series 2019A Construction Fund will be disbursed from time to time, upon requisition of the Commission, to pay the costs or to reimburse the Commission for costs incurred in connection with the portion of the projects for which the Subordinate Series 2019A Bonds were issued. While held by the Subordinate Trustee, amounts in the Series 2019A Construction Fund will not secure the Outstanding Subordinate Series 2019A Bonds. Amounts in the Series 2019A Construction Fund will be invested and reinvested in Permitted Investments as directed by the Commission and the earnings upon such fund will be credited to such fund.

Series 2019B Debt Service Fund. The Subordinate Trustee will deposit into the Interest Account of the Series 2019B Debt Service Fund amounts received from the Commission, as provided in the Subordinate Indenture, to be used to pay interest on the Subordinate Series 2019B Bonds. The Subordinate Trustee will also deposit into the Interest Account any other amounts deposited with the Subordinate Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. Earnings on the Interest Account will be withdrawn and paid to the Commission on the Business Day following an Interest Payment Date for deposit into the Operating Fund, unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Principal Account of the Series 2019B Debt Service Fund amounts received from the Commission to be used to pay principal of the Subordinate Series 2019B Bonds at maturity or pursuant to mandatory sinking fund redemption. The Subordinate Trustee will also deposit into the Principal Account any other amounts deposited with the Subordinate Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. Earnings on the Principal Account will be withdrawn and paid to the Commission on the Business Day following a principal payment date for deposit into the Operating Fund, unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Redemption Account of the Series 2019B Debt Service Fund amounts received from the Commission to be used to pay principal of and interest on the Subordinate Series 2019B Bonds which are to be optionally redeemed in advance of their maturity. Earnings on the Redemption Account will be retained in such account or paid to the Commission for deposit into the Operating Fund in accordance with instructions given to the Subordinate Trustee by an Authorized Commission Representative at the time of such deposit.

The Series 2019B Debt Service Fund will be invested and reinvested in Permitted Investments as directed by an Authorized Commission Representative.

Series 2019B Construction Fund. Amounts in the Series 2019B Construction Fund will be disbursed from time to time, upon requisition of the Commission, to pay the costs or to reimburse the Commission for costs incurred in connection with the portion of the projects for which the Subordinate Series 2019B Bonds were issued. While held by the Subordinate Trustee, amounts in the Series 2019B Construction Fund will not secure the Outstanding Subordinate Series 2019B Bonds. Amounts in the Series 2019B Construction Fund will be invested and reinvested in Permitted Investments as directed by the Commission and the earnings upon such fund will be credited to such fund.

Series 2019C Debt Service Fund. The Subordinate Trustee will deposit into the Interest Account of the Series 2019C Debt Service Fund amounts received from the Commission, as provided in the Subordinate Indenture, to be used to pay interest on the Subordinate Series 2019C Bonds. The Subordinate Trustee will also deposit into the Interest Account any other amounts deposited with the Subordinate Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. Earnings on the Interest Account will be withdrawn and paid to the Commission on the Business Day following an Interest Payment Date for deposit into the Operating Fund, unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Principal Account of the Series 2019C Debt Service Fund amounts received from the Commission to be used to pay principal of the Subordinate Series 2019C Bonds at maturity or pursuant to mandatory sinking fund redemption. The Subordinate Trustee will also deposit into the Principal Account any other amounts deposited with the Subordinate Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. Earnings on the Principal Account will be withdrawn and paid to the Commission on the Business Day following a principal payment date for deposit into the Operating Fund, unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Series 2019C Debt Service Fund will be invested and reinvested in Permitted Investments as directed by an Authorized Commission Representative.

Series 2019 Costs of Issuance Fund. The proceeds of the Subordinate Series 2019 Bonds deposited into the Series 2019 Costs of Issuance Fund will be disbursed by the Subordinate Trustee, from time to time, to pay Costs of Issuance of the Subordinate Series 2019 Bonds. Amounts in the Series 2019 Costs of Issuance Fund will be invested and reinvested in Permitted Investments as directed by the Commission and the earnings upon such amounts will be credited to the Series 2019A Debt Service Fund, the Series 2019B Debt Service Fund and the Series 2019C Debt Service Fund.

Subordinate Reserve Fund and Series 2019 Reserve Account. For a description of the Subordinate Reserve Fund, reference is made to the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2019 BONDS—Subordinate Reserve Fund” in the forepart of this Official Statement.

Series 2019 Rebate Fund. The Eighteenth Supplemental Subordinate Indenture creates the Series 2019 Rebate Fund established for the purpose of complying with certain provisions of the Code which require that the Commission pay to the United States of America the excess, if any, of the amounts earned on certain funds held by the Subordinate Trustee with respect to the Subordinate Series 2019 Bonds over the amounts which would have been earned on such funds if such funds earned interest at a rate equal to the yield on the Subordinate Series 2019 Bonds. Such excess is to be deposited into the Series 2019 Rebate Fund and periodically paid to the United States of America. The Series 2019 Rebate Fund while held by the Subordinate Trustee is held in trust for the benefit of the United States of America and is not pledged as security for nor available to make payment on the Subordinate Series 2019 Bonds.

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APPENDIX D

FORM OF AIRLINE LEASE AGREEMENT

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AMENDED AND RESTATED
AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE
MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT

BETWEEN

METROPOLITAN AIRPORTS COMMISSION

AND

DELTA AIR LINES, INC.

EFFECTIVE JANUARY 1, 2019

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AMENDED AND RESTATED AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE

MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT

THIS AMENDED AND RESTATED AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE, effective as of January 1, 2019, by and between the Metropolitan Airports Commission, a public corporation under the laws of the State of Minnesota (hereinafter referred to as "MAC" or "Commission"), and Delta Air Lines, Inc., a corporation organized and existing under the laws of the State of Delaware and authorized to do business in the State of Minnesota (hereinafter referred to as "AIRLINE").

WHEREAS, MAC owns and operates the Airport (as hereinafter defined) and has the power to grant rights and privileges thereto; and

WHEREAS, AIRLINE operates an Air Transportation Business (as hereinafter defined) and desires to use or lease from MAC certain premises and facilities and to acquire from MAC certain rights and privileges in connection with its use of the Airport; and

WHEREAS, AIRLINE and MAC entered into that certain Airline Operating Agreement and Terminal Building Lease, dated as of January 1, 1999 (the "Original Agreement");

WHEREAS, AIRLINE and MAC have entered into amendments to the Original Agreement (collectively, the "Amendments"; the Original Agreement as so amended by the Amendments, the "Existing Agreement");

WHEREAS, AIRLINE and MAC wish to make further amendments and modifications to the Existing Agreement; and

WHEREAS, AIRLINE and MAC have agreed to amend and restate the Existing Agreement to take into account the new amendments and modifications;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, MAC and AIRLINE agree as follows:

I. DEFINITIONS

A. DEFINITIONS

- 1. "Agreement" or "Lease," or "Airline Operating Agreement and Terminal Building Lease" means this Amended and Restated Airline Operating Agreement and Terminal Building Lease, which amends and restates the Existing Agreement from and after the date hereof.
- 2. "Affiliated Airline" or "Affiliate" means an Airline other than AIRLINE that (a) operates aircraft of 76 passenger seats or fewer at the Airport, (b) has signed an Airline Operating Agreement and Terminal Building Lease similar to the form of this Agreement or an operating permit or such other agreement to operate at the Airport as reasonably required by MAC, (c) (i) is a subsidiary, parent company, or sister company of AIRLINE, or, (ii) if such airline is not a subsidiary, parent

company, or sister company of AIRLINE, is party to an Airline Services Agreement with AIRLINE, (d) has been designated in writing by AIRLINE as an "affiliate" of AIRLINE, and (e) is ground handled exclusively by AIRLINE or AIRLINE's subcontractor for all flights flown on behalf of AIRLINE at the Airport.

- 3. "Air Operations Area" and "AOA" shall be interchangeable terms and both terms shall mean any area of the Airport used or intended to be used for landing, taking off, or surface maneuvering of aircraft, including the tug drive and all other such areas shown on Exhibit A or as amended by the Executive Director in accordance with the terms hereof, within that portion of the Airport which is enclosed by fencing, walls, or other barriers and to which access is controlled through designated entry points, but excluding all exclusive leasehold areas.
- 4. "Air Transportation Business" means the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail by aircraft in commerce, and activities directly related thereto, including, but not limited to AIRLINE'S frequent flier program.
- 5. "Airfield Cost" is calculated as set forth in Section VI.C.1.
- 6. "AIRLINE" means the entity that has executed this Agreement.
- 7. "Airline" means an entity (including AIRLINE) that operates an Air Transportation Business at the Airport.
- 8. "Airline Club" means an area or areas leased by the Commission to an Airline that is made available primarily for the use and enjoyment of a select group of such Airline's, its Alliance Partners' and its Affiliates' passengers, including members and their guests, as well as passengers, including members (and their guests), of other Airlines under reciprocal agreements with such other Airlines.
- 9. "Airline Rented Space" means the aggregate of that portion of Rentable Space under lease to all Signatory Airlines.
- 10. "Airline Services Agreement" means any agreement between AIRLINE and any air carrier pursuant to which such air carrier provides certain air transportation services for AIRLINE under AIRLINE's designator code.
- 11. "Airport" means the Minneapolis-St. Paul International Airport. The layout of the Airport is depicted in Exhibit A.
- 12. "Airport Bonds and Other Forms of Indebtedness" means general airport revenue bonds, general obligation bonds, commercial paper, refunding obligations, and other forms of indebtedness incurred or assumed by the Commission in connection with the ownership or operation of the Airport System and payable from MAC revenues.

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13. "Airport Cost Centers" means certain areas of the Airport and the Airport System, which are also used in accounting for airport revenues and expenses and for calculating and adjusting certain rents, fees, and charges described herein, and as such areas now exist or may hereafter be modified or extended in accordance with the terms hereof, and as more particularly described below. The Airfield, Terminal 1, Terminal Apron, Terminal 2, Landside Area, IAF, and Other Areas are shown in Exhibits B, C, D, E, F, and G, which shall be updated periodically by MAC to reflect changes to Airport Cost Centers in accordance with the terms hereto.
- a. "Airfield" means the runways, taxiways, approach and clear zones, safety areas, infield areas, landing and navigational aids, and other facilities and land areas which are not leased to any entity and are required by or related to aircraft operations (landings, takeoffs, and taxiing) at the Airport and other facilities as generally shown on Exhibit B including, but not limited to, the control tower, roads, tunnels, and collection and processing facilities for deicing agents and shall include on-Airport noise abatement costs and Off-Airport Aircraft Noise Costs, but excluding any areas leased separately at any time.
 - b. "Terminal 1" means the passenger terminal buildings known as Terminal 1-Lindbergh, including Concourses A,B,C,D,E,F, and G, as shown on Exhibit C, including but not limited to, underground parking beneath Terminal 1-Lindbergh, a portion of the auto rental/parking/terminal people mover, the Ground Transportation Center (the "GTC"), skyways, the IAF (provided that, for the purpose of calculating rates and charges, IAF is a separate Airport Cost Center), the Energy Management Center, and the Airline Clubs located therein, together with additions and/or changes thereto.
 - c. "Terminal Apron" and "Terminal Ramp" shall be interchangeable terms and both terms shall mean the airport parking apron as shown on Exhibit D to the Lease, together with any additions and/or changes thereto.
 - d. "Terminal 2" means the Terminal 2-Humphrey building located on 34th Avenue South at the Airport or any replacement facility as shown on Exhibit E.
 - e. "International Arrivals Facility" or "IAF" shall be interchangeable terms and both terms shall mean the space in Terminal 1 utilized for the arrival and departure of international flights, all as more specifically depicted on Exhibit C.
 - f. "Reliever Airports" means the general aviation airports owned and operated by Commission, including but not limited to St. Paul Downtown Airport, Flying Cloud Airport, Crystal Airport, Anoka County-Blaine Airport, Lake Elmo Airport, and Airlake Airport.
 - g. "Landside Area" means the upper and lower level terminal roadways, the inbound and outbound terminal roads, the commercial lane, rental car

service and storage areas, a portion of the auto rental/parking/terminal people mover, rental car ready/return areas, skyways, and the automobile parking areas (except the underground parking beneath Terminal 1) at the Airport as shown on Exhibit F.

- h. "Equipment Buildings" means the building and ground areas at the Airport provided for the storage of equipment owned and/or rented/leased by MAC including, but not limited to, shops, storage facilities, and vehicle parking areas.
 - i. "ARFF" means the building and ground areas at the Airport provided for aircraft rescue and firefighting functions.
 - j. "Police" means the building and ground areas at the Airport provided for police functions.
 - k. "Administration" means the building and ground areas at the Airport provided for MAC administration activities including, but not limited to, the general office building and the MAC offices and administrative facilities located in Terminal 1 and Terminal 2.
 - l. "Other Areas" means all other direct cost building and ground areas at the Airport provided for general aviation, cargo, aircraft maintenance, and other aviation- and nonaviation-related activities as shown on Exhibit G.
14. "Airport Grants" means those moneys contributed to the Commission by the United States or any agency thereof, or by the State of Minnesota, or any political subdivision or agency thereof, to pay for all or a portion of the cost of a Capital Project.
15. "Airport Security Coordinator" means the employee of the MAC charged with the authority and responsibility to implement and enforce the Airport's Security Program or such employee's designated representative.
16. "Airport System" means the Airport and the Reliever Airports.
17. "Alliance Partner" means a foreign air carrier that operates under a code-sharing arrangement with a Signatory Airline. Alliance Partners must (a) lease no Exclusive Use Space or Preferential Use Space from MAC (any space needs to be provided by the applicable Signatory Airline on a sublease or license basis or pursuant to the code-sharing arrangement), (b) receive all gate and ticket counter accommodation by the applicable Signatory Airline, (c) be ground handled exclusively by or on behalf of the applicable Signatory Airline or its subcontractor, and (d) operate no more than 600 annual departures from the Airport.

18. "Alternate Rate Structure" means the rate structure and methodology prescribed on Exhibit Y to be used in lieu of Section V.B. and Article VI as further specified in Section VI.J.
19. "Amendments" is defined in the Recitals.
20. "Annual Gross Revenue" means rent, concessions fees or similar charges actually received during any Fiscal Year by MAC from Selected Concessions. Annual Gross Revenue shall not include "pass-through" charges such as sales taxes, utility charges, consortium fees, key money, liquidated damages, or customer facilities charges. Annual Gross Revenue shall be reduced by any amount paid to the Airport Foundation MSP by MAC for services provided at the Airport, subject to a cap of \$743,000 per year in 2019, escalating at 2% per year thereafter, which cap may be reasonably increased by the MAC unless such increase is disapproved by a Majority-In-Interest of the Signatory Airlines in accordance with the terms hereof.
21. "Auto Rental Concessions" means all auto rental companies or other business organizations operating at either Terminal 1 or Terminal 2 that lease space for rental vehicles in the parking ramps adjacent to Terminal 1 or Terminal 2 pursuant to concessions agreements with MAC.
22. "Average Daily Utilization" is defined in Section IV.H.5.
23. "Capital Cost" (or a phrase of similar import) means the sum of (a) project costs, which includes any expenditures to acquire, construct, or equip a Capital Project, together with related costs such as planning fees, architectural and engineering fees, program management fees, construction management fees, fees for environmental studies, testing fees, inspection fees, impact fees, other direct and allocable fees, and interest during construction, and (b) financing costs, if any, such as capitalized interest, costs of issuance, and funding of mandatory reserves with bond proceeds. In the case of estimates, Capital Costs also include an allowance for contingencies.
24. "Capital Outlay" means any improvement that fails to meet the cost threshold and useful life criterion necessary to qualify as a Capital Project.
25. "Capital Project" means (a) the acquisition of land or easements; (b) the purchase of machinery, equipment, or rolling stock; (c) the planning, engineering, design, and construction of new facilities; (d) the remediation of environmental contamination, including noise mitigation, or expenditures to prevent or protect against such contamination; or (e) the performance of any extraordinary, non-recurring major maintenance of existing facilities; provided, however, that any single item of the foregoing has a Capital Cost of \$100,000 or more and a useful life in excess of three years.
26. "Commission" and "MAC" shall be interchangeable terms and both terms shall mean the Metropolitan Airports Commission, a public corporation organized and

- operating pursuant to Chapter 500, Laws of Minnesota 1943 and amendments thereto.
27. "Concessionaires" means Food and Beverage Concessions or Merchandise Concessions.
28. "Concourse G Project" is defined in Section VII.F.
29. "Contingency Projects" is defined in Section VII.D.
30. "Contract Security" is defined Section V.D.1.
31. "Coverage Account" means the Coverage Account established and maintained pursuant to the terms of the Senior Trust Indenture.
32. "Date of Beneficial Occupancy" or "DBO" means the earlier of (a) the date on which the Commission certifies that a portion of the Premises or a Capital Project, as applicable, are available for beneficial use or (b) the date on which beneficial use is first made of such portion of the Premises or such Capital Project, as applicable; provided, however, that with respect to land and other non-depreciable assets, the date on which beneficial occupancy occurs is the date of the closing.
33. "Debt Service" means the aggregate amount of principal and interest payments made by MAC that are due and payable during the Fiscal Year on Airport Bonds and Other Forms of Indebtedness. In addition, Debt Service shall also include:
- 1) amounts paid as prepayment of obligations, if such prepayment is deemed approved by a Majority-In-Interest of Signatory Airlines pursuant to the provisions of Section VII.B hereof,
 - or
 - 2) principal and interest in accordance with its original scheduled amortization for any prepayment made by MAC which is not deemed approved by the Majority-In-Interest of Signatory Airlines in accordance with (1) above, until such time as the original principal amount of such prepaid obligation has been recovered by MAC.
34. "Deferred Revenue Sharing Amount" shall have the meaning given to the term in Section VI.I.3.
35. "Delta" or "DELTA" means Delta Air Lines, Inc.
36. "Deplaned Passenger" means all terminating passengers and online or interline transfer passengers deplaned at the Airport, but excluding Through Passengers and Non-Revenue Passengers.

37. "Employee Screening" is defined in Section VLK.4.
38. "Enplaned Passenger Growth Percentage" means the percentage change of Enplaned Passengers comparing the current Fiscal Year to the previous Fiscal Year, rounded to the nearest hundredth of a percent.
39. "Enplaned Passengers" means all Originating Passengers and connecting passengers boarded at the Airport, including passengers traveling on frequent flyer coupons or miles, but excluding Through Passengers and Non-Revenue Passengers.
40. "Environmental Claims" is defined in Section X.D.1.
41. "Environmental Indemnitees" is defined in Section X.D.1.
42. "Environmental Law (or Laws)" means any applicable case law, statute, rule, regulation, law, ordinance or code, whether local, state or federal, that regulates, creates standards for or imposes liability or standards of conduct concerning any element, compound, pollutant, contaminant, or toxic or Hazardous Substance, material or waste, or any mixture thereof, including but not limited to products that might otherwise be considered of commercial value, such as asbestos, polychlorinated biphenyls and petroleum products and byproducts. Such laws shall include, but not be limited to, the National Environmental Policy Act ("NEPA") 42 U.S.C. Section 4321 et seq., the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Section 6901 et seq., the Federal Water Pollution Control Act ("FWPCA"), 33 U.S.C. Section 1251 et seq., the Federal Clean Air Act ("FCAA"), 42 U.S.C. Section 7401 et seq., the Toxic Substances Control Act ("TSCA"), 15 U.S.C. Section 2601 et seq., the Federal Insecticide, Fungicide and Rodenticide Act ("FIFRA"), 7 U.S.C. Section 136 et seq., and any amendments thereto, as are now or at any time hereafter may be in effect, as well as their state and local counterparts, including but not limited to the Minnesota Environmental Response and Liability Act ("MERLA"), Minn. Stat. Section 115B, the Minnesota Petroleum Tank Release Clean Up Act ("MPTRCA"), Minn. Stat. Section 115C, and the Minnesota Environmental Rights Act ("MERA"), Minn. Stat. Section 116B.
43. "Environmentally Regulated Substances" means any elements, compounds, pollutants, contaminants, or toxic or Hazardous Substances, material or wastes, or any mixture thereof, regulated pursuant to any Environmental Law, including but not limited to products that might otherwise be considered of commercial value, such as asbestos, polychlorinated biphenyls, petroleum products and byproducts, ethylene glycol and other regulated materials used in de-icing operations.
44. "Essential Air Service Airline" or "EAS Airline" means a Signatory Airline that serves only essential air service destinations as such term is defined in 49 U.S.C. 41731, et. seq., as may be amended from time to time, from the Airport.

45. "Executive Director" means Commission's Executive Director/CEO or such other person designated by the Executive Director to exercise functions with respect to the rights and obligations of Commission under this Agreement.
46. "Existing Agreement" is defined in the Recitals.
47. "FAA" means the Federal Aviation Administration of the U.S. Government or any federal agencies succeeding to its jurisdiction.
48. "Facilities Construction Credit" and "Facilities Construction Credits" shall mean the amounts resulting from an arrangement embodied in a written agreement of the MAC and an Airline pursuant to which the MAC permits such Airline to make a payment or payments to the MAC which is reduced by the amount owed by the MAC to such Airline as a result of such Airline fronting and paying for the cost of construction of MAC-owned improvements under such agreement, resulting in a net payment to the MAC by such Airline. The "Facilities Construction Credit" shall be deemed to be the amount owed by the MAC under such agreement which is "netted" against the payment of rentals by such Airline to the MAC.
49. "Fiscal Year" refers to Commission's fiscal year and means the twelve-month period commencing on each January 1 and ending December 31.
50. "Flight" or "Flights" means any and all scheduled flights regardless of aircraft type.
51. "Food and Beverage Concessions" means companies or other business organizations that principally sell consumable food or beverages items, excluding vending-machine operations, to the traveling public at Terminal 1 or Terminal 2, pursuant to concessions agreements with MAC.
52. "Ground Handling" means providing airside services to an aircraft, including, but not limited to, wing walkers, marshalling, lavatory services, aircraft cleaning and maintenance, passenger ticketing, luggage transfer and providing catering supplies, but not including (a) fueling, or (b) any services provided directly to passengers (e.g. wheelchair/electric cart services) in Terminal 1 or Terminal 2, other than baggage handling and ticketing.
53. "Hazardous Substances" shall be interpreted in the broadest sense to include any and all substances, materials, wastes, pollutants, oils or governmental regulated substances or contaminants as defined or designated as hazardous, toxic, radioactive, dangerous, or any other similar term in or under any of the Environmental Laws, including but not limited to asbestos and asbestos containing materials, petroleum products including crude oil or any fraction thereof, gasoline, aviation fuel, jet fuel, diesel fuel, lubricating oils and solvents, urea formaldehyde, flammable explosives, PCBs, radioactive materials or waste, or any other substance that, because of its quantity, concentration, physical, chemical, or infectious characteristics may cause or threaten a present or potential hazard to human health or the environment when improperly generated,

used, stored, handled, treated, discharged, distributed, disposed, or released. Hazardous Substances shall also mean any hazardous materials, hazardous wastes, toxic substances, or regulated substances under any Environmental Laws.

54. "Inbound BHS" means the inbound baggage handling system and carrousel in Terminal 1, as depicted on Exhibit I attached hereto.
55. "Inbound BHS Actual Cost" is defined in Section VIII.D.2.e.
56. "Inbound BHS Budgeted Cost" is defined in Section VIII.D.2.a.
57. "Indemnitees" is defined in Section X.A.1.
58. "International Regularly Scheduled Airline Service" means regularly scheduled air service to an international destination with at least one arrival and one departure per week on a continuous or seasonal basis.
59. "Irregular Need" is defined in Section IV.E.2.d.
60. "Irregular Need Airline" is defined in Section IV.E.2.d.
61. "Janitorial Operation and Maintenance Expenses" means costs incurred by MAC, to provide for janitorial services and window cleaning, which may include contract services, rubbish disposal, cleaning supplies, bathroom supplies, equipment, and allocated administrative expenses.
62. "Joint Use Formula" means a formula that prorates the cost of a service or space, among the Airlines actually using such service or space as follows: (a) 20 percent of the cost equally among each such Airline, and (b) 80 percent of the cost on the basis of that proportion which the number of each such Airline's Enplaned Passengers at the Airport bears to the total number of Enplaned Passengers of all such Airlines at the Airport, subject to the provisions in Section V.J and K for Affiliated Airlines and Alliance Partners. Essential Air Service Airlines and their activity will be excluded from the Joint Use Formula.
63. "Landing Fee Repair and Replacement Amount" shall be equal to 65.6 percent (65.6%) of the Repair and Replacement Amount. This allocation may be reasonably adjusted on January 1, 2020 or anytime thereafter based on increases/decreases to the Airfield cost center's book value.
64. "MAC Design and Construction Standards" mean the design and construction standards for work done in structures or on land owned or controlled by the Commission, developed by MAC under the authority of the Executive Director/CEO, pursuant to Section 5 of Ordinance 94 (or as that ordinance may be revised or amended), a copy of which is available upon request.
65. "MAC-Owned Systems and Equipment" means, collectively, those certain fixtures, equipment, systems and improvements owned by MAC and located throughout the Airport in furtherance and support of the Air Transportation

Business and related operations of Airlines at the Airport, including AIRLINE, including without limitation flight information displays, baggage handling systems including automated bag drop devices, weather information displays, gate information displays, ramp information displays, baggage information displays, common use systems, resource management systems, digital content management systems, Preferential Use Space or Common Use Space kiosks, automated passport control kiosks, IP telephone systems, CCTV systems, passenger flow monitoring systems, Wi-Fi, secure access control systems, digital information displays, digital signage systems, and public address systems.

66. "MAC Policies" means statements or directives approved by the MAC Board of Commissioners and/or statements or directives approved by MAC staff upon appropriate delegation from the MAC Board of Commissioners (provided that where such statements or directives promulgated by the MAC staff are discretionary under Minnesota law, they shall not materially increase AIRLINE's obligations, or decrease AIRLINE's rights, hereunder); provided, however, that such MAC Policies shall be reasonable, lawful, and enforced in a non-discriminatory manner.
67. "Majority-In-Interest" ("MI") means the Signatory Airlines who (a) represent no less than 50 percent in number of the Signatory Airlines operating at the time of the voting action and (b) paid no less than 40 percent of landing fees incurred by Signatory Airlines during the preceding Fiscal Year. No Airline shall be deemed a Signatory Airline for the purpose of determining a Majority-In-Interest if the Commission has given written notice of an event of default to such Airline that is continuing at the time of the voting action.
68. "Maximum Certificated Gross Landing Weight" means the maximum gross landing weight in thousand-pound units based on the current FAA Type Certificate Data Sheet applicable to the particular type, design, and model of aircraft.
69. "Merchandise Concessions" means companies or other business organizations that principally sell retail or news products, excluding automated vending items, to the traveling public at Terminal 1 or Terminal 2, pursuant to concessions agreements with MAC.
70. "Net Airfield Cost" is calculated as set forth in Section VI.C.2.
71. "Net Revenues" has the meaning provided for in the Senior Trust Indenture.
72. "Non-Revenue Passengers" means passengers from whom an Airline receives no remuneration or only token remuneration, including employees of an Airline and others, but excluding passengers traveling on frequent flyer coupons or miles.
73. "Off-Airport Aircraft Noise Costs" means the capital and operating costs (including legal and administrative costs), net of any amounts for off-airport aircraft noise costs received from nonsignatory Airlines and/or federal and state grants, connected to the acquiring of land or interests in land within the 2005

DNL 60 contours of the Airport, soundproofing of existing public and private schools and day care facilities, public hospitals, nursing homes, private single- and multi-family residences, and other categories of land use, and implementing other programs to prevent, reduce or mitigate non-compatible land uses within the 2005 DNL 60 contours of the Airport resulting from aircraft noise emissions from turbojet aircraft. Such costs shall also include but not be limited to liabilities or responsibilities imposed upon MAC for noise in connection with the operation or use of the Airport, or from flights to or from the Airport, or from aircraft thereon, or from takings or any other causes of action related to aircraft noise or for settlement of claims based on such causes of action.

74. "OI Program" means the multi-year construction program designed to provide significant enhancements to the Terminal 1 arrivals and departures levels, affecting many areas and functions, as approved by the MAC Board of Commissioners and described further in the annual Board-adopted Capital Improvement Program (CIP); a copy of the most recent CIP is available on the MAC website.
75. "Operation and Maintenance Expenses" (or a phrase of similar import) means, for any Fiscal Year, the costs incurred by the Commission to operate, maintain, and administer the Airport System, including but not limited to items (a) through (j) listed below, but excluding operation and maintenance reserves and amounts funding the Coverage Account.
- a. Personnel costs, including salaries and wages of Commission employees and temporary workers (including overtime pay), together with payments or costs incurred for associated payroll expenses such as life, health, accident, and unemployment insurance premiums; contributions to pension funds, retirement funds, union funds, and unemployment compensation funds; vacation and holiday pay; post-retirement benefits; and other fringe benefits;
 - b. Costs of materials, supplies, machinery and equipment, and other similar expenses, which are not capitalized under generally accepted accounting principles as evidenced by a written opinion of MAC's independent auditors;
 - c. Costs of maintenance, landscaping, decorating, repairs, renewals, and alterations, which are not reimbursed by insurance and which are not capitalized under generally accepted accounting principles as evidenced by a written opinion of MAC's independent auditors;
 - d. Costs of water, electricity, natural gas, fuel oil, telephone service, and all other utilities and services whether furnished by the Commission or furnished by independent contractors and purchased by the Commission;
 - e. Cost of operating services, including services for stormwater, airport shuttle bus, service agreements, and other cost of operating services;

- f. Costs of premiums for insurance covering the Airport System and its operations maintained by MAC pursuant to this Agreement;
- g. Costs incurred in collecting and attempting to collect any sums for the Commission in connection with the operation of the Airport System and the write-off of bad debts;
- h. Except to the extent capitalized, the compensation paid or credited to persons or firms engaged by the Commission to render advice and perform architectural, engineering, program management, construction management, financial, legal, accounting, testing, or other professional services in connection with the operation of the Airport System;
- i. Except to the extent capitalized, the fees of trustees and paying agents, and all other fees and expenses incurred in order to comply with the provisions of a master or supplemental trust indentures; and
- j. All other expenses, which arise out of the operation of the Airport System and which are properly regarded as operating expenses under generally accepted accounting principles; provided, however, that Operation and Maintenance Expenses shall not include any allowance for depreciation, payments in lieu of taxes, the costs of improvements, extensions, enlargements or betterments, or any charges for the accumulation of reserves for capital replacements.

76. "Original Agreement" is defined in the Recitals.
77. "Originating Passengers" means Airline passengers for whom the Airport is the point of origin in their air travel itinerary.
78. "Outbound BHS" means the outbound baggage handling system in Terminal 1, as depicted on Exhibit I attached hereto, the checked baggage inspection system ("CBIS"), and the Joint Use Space outbound baggage handling system.
79. "Outbound BHS Actual Cost" is defined in Section VIII.C.2.e.
80. "Outbound BHS Budgeted Cost" is defined in Section VIII.C.2.a.
81. "Passenger Facility Charges" or "PFCs" means charges authorized by 49 U.S.C. § 40117, or any successor program authorized by federal law, and the rules and regulations promulgated thereunder (14 C.F.R. Part 158, hereafter the "PFC Regulations"), as they may be amended from time to time.
82. "Planned Future Use" means the planned future use contemplated for an affected portion of the Airport in the MAC Capital Improvement Program (CIP) or Long-Term Comprehensive Plan, including such bona fide plans in effect or under development at the time of a Release.

83. "Premises" means the areas at the Airport leased by AIRLINE pursuant to this Agreement, as set forth in Exhibit J and Exhibit D.
84. "Rate Differential" means the difference between the rates and charges calculated under the Alternate Rate Structure and the rates and charges calculated in accordance with the applicable terms and conditions of Articles V and VI (other than Section VI.J.).
85. "Rentable Space" means the space in Terminal 1 available for lease to Airlines, concessionaires, and other rent-paying tenants and for public automobile parking. Rentable Space for Airline-use is separated into the following categories:
- a. "Exclusive Use Space", "Exclusive Premises" or "Exclusive Use Premises" means office space, storage areas, Airline Clubs, employee break rooms, baggage service office or other areas in Terminal 1 that may be leased by an Airline for its exclusive use and occupancy.
 - b. "Preferential Use Space" means space leased by an Airline on a preferential basis.
 - c. "Joint Use Space" means the areas designated in Section IV.A to be leased jointly by two or more Airlines.
 - d. "Common Use Space" means those holdrooms, ramps and ticket counter areas within the exclusive control and management of MAC that are made available by MAC to Airlines on a common use basis in accordance with Section III.D.
86. "Repair and Replacement Amount" means a \$22,848,274 deposit for Fiscal Year 2019, and increased by three percent (3%) per annum for each Fiscal Year thereafter compounded annually, to be made into the Repair and Replacement subaccount within the construction fund to be expended for major maintenance and minor (less than \$5 million) Capital Projects; provided, however, it shall not be used for automobile parking facilities and roadways.
87. "Requesting Airline" is defined in Section IV.E.2.c.
88. "Revenue Sharing" is defined in Section VI.I.1.
89. "Rules and Regulations and Ordinances" or "Ordinances" or "MAC Ordinances" means (a) rules, regulations, and ordinances adopted by the Commission pursuant to Minn. Stat. 473.608 et seq., and (b) rules and regulations promulgated by the MAC staff (provided that where such rules and regulations promulgated by the MAC staff are discretionary under Minnesota Law they shall not materially increase AIRLINE's obligations, or decrease AIRLINE's rights, hereunder); provided, however, that such Rules and Regulations and Ordinances shall be reasonable, lawful, and enforced in a non-discriminatory manner.

90. "Security Area" means the Security Identification Display Area, the Air Operations Area, and any other area defined by the FAA or MAC as an area of restricted access requiring display of appropriate MAC-issued or MAC-approved security identification for unescorted access rights.
91. "Security Identification Display Area" or "SIDA" (or a phrase of similar import) means that area defined as such in the Master Security Program adopted by MAC, approved by the FAA, and amended from time to time.
92. "Senior Trust Indenture" means the Master Trust Indenture dated as of June 1, 1998, as amended, between the Commission and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, N.A.), as Trustee.
93. "Selected Concessions" means Food and Beverage Concessions, Merchandise Concessions, and Auto Rental Concessions.
94. "Short Term Gate" is defined in Section IV.H.
95. "Signatory Airlines" means Airlines that have executed agreements with the Commission substantially the same as this Agreement.
96. "Subordinate Trust Indenture" means the Master Subordinate Trust Indenture, dated as of October 1, 2000, as amended, between the Commission and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association), as Trustee.
97. "Term" is defined in Article II.
98. "Terminal 1 Repair and Replacement Surcharge" shall be equal to 21.9 percent (21.9%) of the Repair and Replacement Amount divided by Airline Rented Space. This allocation may be reasonably adjusted on January 1, 2020 or anytime thereafter based on increases/decreases to the Terminal 1 cost center's book value.
99. "Terminal 2 Repair and Replacement Surcharge" shall be equal to 8.7 percent (8.7%) of the Repair and Replacement Amount. This allocation may be reasonably adjusted on January 1, 2020 or anytime thereafter based on increases/decreases to the Terminal 2 cost center's book value.
100. "Terminal Apron Repair and Replacement Amount" shall be equal to 3.9 percent (3.9%) of the Repair and Replacement Amount. This allocation may be reasonably adjusted on January 1, 2020 or anytime thereafter based on increases/decreases to the Terminal Apron cost center's book value.
101. "Terminal Apron Cost" is calculated as set forth in Section VI.D.1.
102. "Terminal Building Cost" is calculated as set forth in Section VI.E.1.a.

103. "Through Passengers" means Airline passengers for whom the Airport is an intermediate stop in their itinerary between their point of origin and their point of destination, when such intermediate stop does not involve a change of aircraft and Airline is not obligated to remit a PFC to MAC for such passenger.
104. "Total Landed Weight" means the sum of the Maximum Certificated Gross Landing Weight for all aircraft arrivals over a stated period of time. Said sum shall be rounded to the nearest thousand pounds for all landing fees.
105. "Trust Indentures" means, collectively, the Senior Trust Indenture and the Subordinate Trust Indenture.
106. "Turn" means the arrival and departure of an aircraft from a gate.

B. HEADINGS AND CROSS REFERENCES

References in the text of this Agreement to articles, sections, or exhibits of this Agreement, unless otherwise specified, are for convenience in reference and are not intended to define or limit the scope of any provisions of this Agreement.

II. TERM

The term of this Agreement (the "Term") shall begin on January 1, 1999 and end December 31, 2030.

Notwithstanding the foregoing, in the event that MAC, in its sole discretion, determines that (1) due to actual gate expansion at Terminal 2 or proposed gate expansion at Terminal 2, as set forth in the MAC's Commission-approved Capital Improvement Plan for the Airport, the rates and charges at Terminal 1 have become, or are projected to be, inequitable in relation to those at Terminal 2, or vice versa, or (2) loss of concessions revenue (which, for these purposes, shall include in-terminal concessions, parking, and ground transportation revenues) causes rates and charges at the Airport to be unsustainable (provided that the foregoing shall not apply to temporary decreases or losses in concession revenue due to Terminal 1 or Terminal 2 renovations), then AIRLINE agrees to negotiate with MAC in good faith regarding the adjustment of rates and charges at the Airport, consistent with all applicable federal grant assurances; provided, however, that such adjusted rates and charges at the Airport shall not be effective prior to January 1, 2028. This provision is not intended to limit MAC's or AIRLINE's rights under this Agreement or any applicable law or regulation whatsoever.

III. USE OF THE AIRPORT

A. AIRLINE RIGHTS

AIRLINE shall have the following rights to use the Airfield, the Premises, and other areas of the Airport (to the extent necessary for any such permitted use) for the conduct of AIRLINE's Air Transportation Business at the Airport. These rights are subject to the

terms of this Agreement and to MAC Rules and Regulations and Ordinances. These rights are as follows:

1. To land upon, takeoff from, and fly over the Airport using aircraft operated by AIRLINE in areas designated for such purposes by MAC.
2. To taxi, tow, and park aircraft operated by AIRLINE in areas designated for such purposes by MAC. Subject to reasonable Rules and Regulations and Ordinances, AIRLINE may operate regional jets on the Terminal Apron.
3. To provide (or have provided on its behalf) the following services for itself and any of its Affiliated Airlines or Alliance Partners and, either directly or through an Airline consortium or an approved handling agreement, for other Airlines, either by itself or in conjunction with other Signatory Airlines:
 - a. Passenger handling services, including enplaning and deplaning passengers, handling reservations, ticketing, billing, manifesting, baggage check-in, interline and lost baggage services, and other services necessary to process passengers and baggage for air travel.
 - b. Ground Handling.
 - c. Aircraft and equipment services, including services to repair, maintain, test, park, and store aircraft and ground support equipment.
 - d. Operational services, including de-icing aircraft and ramp services, dispatching and communication services, and meteorological and navigational services.
 - e. Porter services.
 - f. Security screening services; provided that the level and quality of such services shall meet or exceed the level and quality of such services at comparable airports.
 - g. Mail, freight, and express package services.
4. To train personnel in the employ, or working under the direction, of AIRLINE or of any other Airline, but only to the extent that such training is incidental to the conduct of AIRLINE's Air Transportation Business at the Airport.
5. To sell, lease, transfer, dispose, or exchange AIRLINE's aircraft, aircraft engines, aircraft accessories, other equipment, and supplies to any other party, but only to the extent that such activities are incidental to the conduct of AIRLINE's Air Transportation Business at the Airport.
6. To acquire by purchase or otherwise any goods or services required by AIRLINE in the conduct of its Air Transportation Business at the Airport from any supplier, contractor, or Signatory Airline subject to the conditions of this Agreement.

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7. To install and maintain in AIRLINE's Exclusive Use Space and Preferential Use Space, at AIRLINE's sole cost and expense, signs, posters, displays, banners, pamphlets, and other materials that identify and promote the Air Transportation Business and frequent flier programs of AIRLINE or its Affiliated Airlines or Alliance Partners or luxury retailers or program partners (but, with respect to luxury retailers and program partners, only in AIRLINE's Airline Club areas, subject to the applicable terms and conditions of Section III.A.15). Such signs shall be constructed, installed and maintained consistent with professional, first class standards. AIRLINE shall not place such signs, posters, displays, banners, pamphlets and other materials outside of AIRLINE's Exclusive Use Space and Preferential Use Space without MAC's prior written consent. Any signs in violation of this Section may be removed by MAC.
8. To install, maintain and operate at no cost to MAC, alone or in conjunction with any other Signatory Airline, radio communication, computer, meteorological and aerial navigation equipment and facilities on AIRLINE's Premises; provided, however, that any such future installations shall be subject to the prior written approval of MAC (not to be unreasonably withheld).
9. To maintain and operate directly or through a subcontractor a kitchen or other plant without cost to MAC within areas leased to it at the Airport outside of Terminal 1 or Terminal 2 for the purpose of preparing and dispensing in-flight food and beverages (for consumption by passengers and crews on board aircraft of AIRLINE or any Affiliated Airline or Alliance Partner), including alcoholic beverages subject to procuring licenses and insurance therefor.
10. To install, maintain, and operate, as required by AIRLINE, customer relations, security and holdroom facilities and equipment, administrative offices, crew facilities, ready rooms, operations offices, training facilities, and related facilities, and to install personal property, including furniture, furnishings, supplies, machinery and equipment, in AIRLINE's Exclusive Use Space.
11. To have ingress to and egress from the Airport and AIRLINE's Premises for AIRLINE's and its Affiliated Airlines' and Alliance Partners' officers, employees, agents, contractors, passengers, and invitees, including furnishers of goods and services.
12. To use, for the benefit of AIRLINE's employees who perform substantially all of their work at or from the Airport, vehicular parking areas not leased by AIRLINE designated by MAC, subject to current MAC Policies and fees.
13. To obtain valet parking privileges subject to current MAC Policies and fees.
14. To install soft drink vending machines and snack vending machines in that section of AIRLINE's Exclusive Use Space which are not intended to be open to the general public and are for the sole use of AIRLINE's and its contractors' and subcontractors' officers, employees and agents. Vending machines shall not be within the view of the general public and locations of all vending machines

installed after the date of this Agreement are subject to the prior written approval of MAC, acting reasonably.

15. To operate Airline Clubs in areas authorized by this Agreement subject to the following conditions: (a) AIRLINE may provide food, beverage, newspapers and magazines to Airline Club users provided that it is without charge, except that alcoholic beverages may be sold if AIRLINE pays to MAC a concessions fee in an amount equal to twelve percent (12%) of gross sales of alcoholic beverages; (b) AIRLINE may provide Airline Club users access to telephones, facsimile machines, copy machines, computers and the internet (via data ports or Wi-Fi); (c) AIRLINE may rent to Airline Club users only conference rooms that are no larger than 300 square feet each and limited to an aggregate of 1,000 square feet per Airline Club; and (d) AIRLINE must pay the portion of costs associated with the operation of MAC's consolidated loading dock for the Airline Club(s), which shall be calculated based on volume of deliveries to the Airline Club(s). AIRLINE may not install cash machines or vending machines, sell merchandise or conduct any other retail business within an Airline Club, provided, however, that the foregoing exclusion shall not apply to (w) marketing or promotion of its frequent flier program, (x) ticket sales, upgrades, or other standard ticketing services, (y) sales of memberships in a TSA approved third party registered traveler program or similar service, or (z) marketing or promotion of luxury retailers and program partners (but only at no charge to such luxury retailer or program partner) provided that such marketing or promotion of luxury retailers and program partners do not conflict with or devalue MAC's advertising concession or sponsorships as determined by MAC in its reasonable discretion. AIRLINE shall endeavor to provide MAC with notice of any such luxury retailer or program partner marketing or promotion prior to installing the same. If MAC determines, in its reasonable discretion that such luxury retailer or program partner marketing or promotion conflicts with or devalues MAC's advertising concession or sponsorship, AIRLINE shall either not install, or promptly remove, any such marketing or promotion. No other services may be provided unless prior written approval is obtained from the Executive Director. AIRLINE may charge a daily or annual membership fee paid by the users in an amount consistent with AIRLINE's practices in the United States of America or provide complimentary or reduced fee access to select customers and guests based on AIRLINE established criteria that are consistent with AIRLINE's practices in the United States of America.
16. To install telephones, facsimile machines, and other telecommunications and internet devices and conduit in AIRLINE's Premises that are not accessible to the public, subject to Section IV.L.
17. To install ramp information display systems ("RIDS") in the Premises and other areas approved by the Executive Director at no cost to MAC.
18. To install self-service ticketing devices ("SSDs"), self-service baggage drop devices, and other self-service devices, each as reasonably approved by the MAC in areas approved by the Executive Director and added to the Premises.

19. To maintain and operate without cost to MAC a reasonable amount of air conditioning equipment, including without limiting the generality thereof the operation of air conditioning truck equipment for the air conditioning of aircraft, either alone or in conjunction with other Signatory Airlines.
20. To maintain combination lunch and locker rooms in AIRLINE's Exclusive Use Space for use by AIRLINE's employees.
21. To provide, during irregular operations, its, its Affiliated Airlines' and its Alliance Partners' passengers with food and beverages at no charge.

B. EXCLUSIONS, RESERVATIONS, AND CONDITIONS

Except as authorized by this Agreement, AIRLINE may conduct no business on the Airport without the prior written consent of MAC.

1. Wherever under this Article III, AIRLINE or AIRLINE in conjunction with other Airlines carries on permitted operations through the agency of third persons or corporations not employees or subsidiaries of AIRLINE or of such other Airlines such third persons or corporations shall first be approved by the Executive Director in writing, which approval will not be unreasonably withheld, conditioned, or delayed.
2. MAC reserves the right to contract for the sale to the public of food, beverages (including alcoholic beverages), tobacco, merchandise, personal services, and business services within Terminal 1 and Terminal 2, and to charge for the privilege so to do. Subject to the conditions set forth below, AIRLINE hereby consents to allow any Concessionaires within the Airport, if so authorized by MAC, to deliver goods (food and alcohol included) to any customer located within AIRLINE's holdroom areas. This consent includes allowing the Concessionaires or MAC-approved contractors or subcontractors providing delivery services on behalf of the Concessionaires to enter the AIRLINE's holdroom area for the purpose of delivering goods to the customer and securing payment. AIRLINE also consents to allow vendors, deliveries, and the general public to have reasonable access, through its holdrooms, to any concessions space which requires such access. The foregoing consent is given subject to the following conditions:
 - a. MAC shall not allow any use of AIRLINE's holdroom areas by any Concessionaire or MAC-approved contractors or subcontractors providing delivery services on behalf of the Concessionaires in any way that could, as reasonably determined by AIRLINE, adversely impact AIRLINE's conduct of its airline operations from such holdrooms. At AIRLINE's request, MAC shall limit or modify Concessionaire's or MAC-approved contractors' or subcontractors' providing delivery services on behalf of the Concessionaires activities in AIRLINE's holdroom areas if necessary to prevent interference with AIRLINE's operations in or from such areas.

- b. Prior to allowing any Concessionaires or MAC-approved contractors or subcontractors providing delivery services on behalf of the Concessionaires to AIRLINE's holdroom areas for the purposes described in this Section III.B.2, MAC shall require such Concessionaires and MAC-approved contractors or subcontractors providing delivery services on behalf of the Concessionaires to indemnify AIRLINE to the same extent such Concessionaires indemnify MAC with respect to claims and damages that arise out of Concessionaires' and MAC-approved contractors or subcontractors providing delivery services on behalf of the Concessionaires operations in AIRLINE's holdroom areas and to add AIRLINE as an additional insured to Concessionaires' and the MAC-approved contractors' or subcontractors' providing delivery services on behalf of the Concessionaires liability insurance policies required under MAC's agreement with such parties.
- c. AIRLINE shall not be obligated to indemnify, defend, or hold harmless the Indemnitees from or against the actions, negligence, or willful misconduct of any Concessionaire or MAC-approved contractors or subcontractors providing delivery services on behalf of the Concessionaires.

MAC shall not authorize any other activity by any Concessionaire or MAC-approved contractor or subcontractor providing delivery services on behalf of the Concessionaires within AIRLINE's holdroom area without first consulting with AIRLINE in good faith and giving AIRLINE a reasonable opportunity to voice any objections it may have to such activity. However, if such activity involves the construction of improvements or placement of property in the AIRLINE'S holdroom area, consent by AIRLINE will be required and may be granted or withheld in AIRLINE'S sole and absolute discretion.

3. MAC reserves the right to assess the following fees and charges to suppliers of goods and services:
 - a. MAC may charge suppliers, including Airlines, of in-flight food and beverages and vending unless the supplier is an Airline that is supplying itself or its Affiliated Airline or Alliance Partner, provided that such charge shall not exceed 5% of gross receipts and a reasonable annual administrative fee, for their right to provide such products and services to AIRLINE or Airlines.
 - b. MAC shall have the right to charge suppliers to AIRLINE of goods and services, fees and rentals for exclusive use of MAC property or improvements thereon leased or licensed by such entity from the MAC or, as to suppliers not under contract with AIRLINE, when their use is such as to constitute the performance of a commercial business at the Airport.
 - c. MAC shall have the right to charge ground transportation companies, including AIRLINE, or ground transportation companies under

agreement with AIRLINE, if regularly engaged in ground transportation business, for ground transportation of passengers or others to or from the Airport.

4. AIRLINE shall take all reasonable steps within its control so as not to unreasonably interfere with the effectiveness or accessibility of the drainage and sewage system, electrical system, air conditioning system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, installed or located on or within the Premises or the Airport.
5. AIRLINE shall not do or authorize to be done any act upon the Airport that will invalidate or conflict with any fire or other casualty insurance policies of MAC covering the Airport or any part thereof.
6. AIRLINE shall not dispose of or authorize any other person to dispose of any waste material taken from or products used (whether liquid or solid) with respect to its aircraft into the sanitary or storm sewers at the Airport unless such waste material or products are disposed of pursuant to Environmental Law. All such disposal shall comply with the applicable regulations of the United States Department of Agriculture and shall be in compliance with this Agreement.
7. AIRLINE shall not keep or store, during any 24-hour period, flammable liquids within the enclosed portion of the Premises in excess of AIRLINE's working requirements during said 24-hour period, except in storage facilities and containers especially constructed for such purposes in accordance with standards established by the National Board of Fire Underwriters and approved by a governmental agency with authority to inspect such facilities for safety compliance. Any such liquids having a flash point of less than 100°F shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories.
8. AIRLINE shall promptly remove and dispose of any of AIRLINE'S disabled aircraft that obstruct any part of the Airport, including any parts thereof, subject, however, to any requirements or direction by the National Transportation Safety Board, the FAA, or the Executive Director that such removal or disposal be delayed pending an investigation of an accident. AIRLINE consents: that, if AIRLINE has not removed or disposed of any of AIRLINE'S disabled aircraft as set forth above, the Executive Director may take any and all necessary actions to effect the prompt removal or disposal of any of AIRLINE'S disabled aircraft that obstructs any part of the Airport; and that any costs incurred by or on behalf of MAC for any such removal or disposal of any of AIRLINE'S aircraft shall be paid by AIRLINE to MAC; that any claim for compensation against MAC, and any of its officers, agents, or employees, for any and all loss or damage sustained to any such disabled aircraft, or any part thereof, by reason of any such removal or disposal is waived; and that AIRLINE shall indemnify, hold harmless, and defend MAC, and all of its officers, agents, and employees against any and all liability for injury to or the death of any person, or for any injury to any property arising out of such removal or disposal of said aircraft.

9. Unless otherwise authorized by this Agreement, AIRLINE shall not maintain or operate on the Airport a cafeteria, restaurant, bar, or cocktail lounge, stand, or any other facility for the purpose of providing (and AIRLINE shall not otherwise provide) food, beverages, tobacco, or merchandise for sale to the public. Notwithstanding the foregoing, during irregular operations, AIRLINE may provide its passengers with food and beverages at no charge.
10. MAC has provided for underground aircraft fueling facilities under agreements with Airlines and other users which agreements control as to installation, maintenance, and operation of the fueling facilities on the Terminal Apron and the Airport.
11. MAC may prohibit the use of the Airfield or Terminal Apron by any aircraft operated or controlled by AIRLINE which exceeds the design strength of the paving of the Airfield or Terminal Apron facilities, so long as such prohibition also extends to similar aircraft operated by other Airlines.
12. Except as otherwise authorized by this Agreement, AIRLINE shall not install, maintain or operate in Terminal 1 or Terminal 2, or authorize the installation, maintenance, or operation in Terminal 1 or Terminal 2, of any vending machine or device designed to dispense or sell food, beverages, tobacco, or merchandise of any kind.
13. Access to or egress from the Airport and the AIRLINE's Premises shall not be used, enjoyed, or extended to any person engaging in any activity or performing any act or furnishing any service for or on behalf of AIRLINE that is not authorized under the provisions of this Agreement unless expressly authorized by MAC.
14. Subject to AIRLINE's consent and AIRLINE's rights and obligations hereunder, MAC retains the right to install all public telephones, facsimile machines, and other telecommunications devices and conduit in the Premises leased to AIRLINE, and to collect the proceeds therefrom.
15. MAC may designate points at which all-cargo flights may load and unload.
16. Except as otherwise authorized by this Agreement, AIRLINE shall not sell, take orders for, or deliver duty free merchandise and international travel merchandise on any outbound flight from the Airport under a program in which AIRLINE solicits or accepts order for purchase by passengers of duty free merchandise at any time prior to the departure of AIRLINE's aircraft on the outbound flight from the Airport.
17. AIRLINE shall not contract to provide Ground Handling services and shall not permit the use of its Premises through a Ground Handling agreement except in accordance with the terms and conditions of this Agreement.
18. Except as otherwise provided in this Agreement, MAC reserves the right to place advertising or sponsorship displays in all areas of the Airport, except within

AIRLINE's Exclusive Use Space or on any equipment owned by Airline; provided, however, that (a) any MAC advertising display shall not unreasonably interfere with the use of AIRLINE's Premises by AIRLINE, or its Affiliates or Alliance Partners, and (b) AIRLINE shall have the right to disapprove of any and all advertising proposed in its Preferential Use Space in AIRLINE's sole and absolute discretion, subject to the procedure herein. With respect to proposed advertisements in AIRLINE's Preferential Use Space, MAC shall provide AIRLINE with the location of the proposed advertising, drawings and specifications for the proposed advertising, and such other information as reasonably requested by AIRLINE to review such proposed advertising. Within 30 days' after AIRLINE's receipt of the foregoing information for such proposed advertising, AIRLINE shall respond whether it approves or disapproves, in its sole and absolute discretion, such advertising. AIRLINE's failure to respond shall be subject to notice and cure as and to the extent provided hereunder, but, in no event, shall AIRLINE be deemed to have approved any such advertising due to its failure to respond within the required time period. If AIRLINE does not expressly approve such proposed advertising, such proposed advertising shall not be installed in AIRLINE's Preferential Use Space. AIRLINE shall not sell any advertising space anywhere within the Airport, including but not limited to within its Leased Premises or on any information display equipment that AIRLINE may own, whether such equipment is located within AIRLINE's Leased Premises or not, unless otherwise agreed by MAC in its sole and absolute discretion.

C. USE OF THE INTERNATIONAL ARRIVALS FACILITY

MAC will control prioritization and utilization of the IAF and associated gates for international arrivals by Airlines and may develop prioritization procedures not inconsistent with the terms of this Agreement.

1. In order to use the International Arrivals Facility, AIRLINE must obtain and maintain all necessary government approvals to operate such international Flights. AIRLINE shall provide MAC all reasonably necessary information and copies of government approvals including scheduling, inter-line, code-share or other information, upon request. MAC retains the right to verify the status of AIRLINE to determine whether AIRLINE qualifies to use the IAF. Other than DELTA international Flights which shall be accommodated at Terminal 1 unless otherwise agreed to by DELTA, MAC will determine to which terminal to assign an international Flight. In making such determination, MAC will consider reasonable factors, including but not limited to:
 - a. If such Airline is a Signatory Airline;
 - b. If such Airline leases Exclusive Use Space or Preferential Use Space at Terminal 1;
 - c. If such Airline has an inter-line or code-share agreement with a Signatory Airline operating at Terminal 1 on a Preferential Use gate;

- d. If such Airline is providing International Regularly Scheduled Airline Service;
 - e. If such international Flight is seasonal or year-round;
 - f. Input from US Customs and Border Control; and
 - g. Gate, ramp, and ticket counter availability.
2. Gates G1 through G10 and associated passenger loading bridges, ramp access and lobby and baggage facilities on Concourse G currently leased by DELTA are available for access to the International Arrivals Facility based on the following priority of use:
 - a. International Regularly Scheduled Airline Service.
 - b. DELTA or a DELTA Affiliated Airline domestic arrivals and departures.
 - c. Non-scheduled irregular or delayed international charter arrivals when the expected delay for the flight to use the Terminal 2 facility will exceed 90 minutes and the use of an IAF gate will not interfere with the scheduled use of that gate. Such interference shall be defined as the overlap of the non-scheduled use with the scheduled use such that the scheduled flight will have to be relocated to another concourse for its operation or will have to wait for a gate due to the unavailability of any gate. DELTA has committed to MAC to designate an individual on site to give necessary approvals.
 3. So long as DELTA leases gates G1-G10 or any supplemental or replacement gates and unless otherwise agreed by MAC and DELTA, DELTA has committed to MAC that it shall provide all Ground Handling at the IAF gates subject to either (i) air carrier self-handling rights contained in AIP grant assurances, at rates that do not exceed those specified in the applicable IATA ground handling agreement, or (ii) the authorized use of a third party ground handling company to provide Ground Handling at the IAF gates upon a requesting airline executing the memorandum of understanding included as Exhibit W. Further, so long as DELTA leases gates G1-G10 or any supplemental or replacement gates and unless otherwise agreed by MAC and DELTA, DELTA has committed to MAC to provide Airlines with reasonable access to DELTA data and communications systems at gates G1-G10; provided, however, that Airlines shall not have a right to utilize DELTA's computer equipment, make alterations to the gate holdroom or millwork, or use any system or equipment that DELTA reasonably determines may jeopardize or interfere with DELTA's operations.
 4. So long as DELTA leases gates G1-G10, no Airline aircraft, other than a DELTA aircraft, will remain on gates G1-G10 over two hours if a narrow-body or three hours if a wide-body. So long as DELTA leases gates G1-G10 or any supplemental or replacement gates and unless otherwise agreed by MAC and DELTA, DELTA has committed to MAC that it will coordinate any moving of

aircraft with MAC's operations department, FAA and appropriate federal inspections agencies.

5. AIRLINE, if it self-handles, or DELTA, if it provides Ground Handling to AIRLINE, on gates G1-G10, shall handle and dispose of all international waste on AIRLINE's aircraft in accordance with the requirements of the United States Department of Agriculture.

So long as DELTA leases gates G1-G10 or any supplemental or replacement gates and unless otherwise agreed by MAC and DELTA, DELTA has committed to MAC that it will perform all maintenance, repair, and operation of MAC jet bridges provided by MAC as part of the IAF as and to the extent set forth in Section VIII.E. So long as DELTA leases gates G1-G10 or any supplemental or replacement gates and unless otherwise agreed by MAC and DELTA, DELTA has committed to MAC to make the MAC jet bridges available for use by all users of the IAF without charges in addition to those required to be paid hereunder.

6. The use by an Airline, including AIRLINE, if applicable, under this Section III.C. of a gate leased by DELTA shall be subject to the following conditions as well as applicable charges set forth herein:

- a. Any such Airline shall be responsible for the payment of all applicable fees and charges for its use of DELTA's premises pursuant to this Section III.C., including but not limited to appropriate IAF charges and overtime fees, and DELTA shall be released from any liability therefor.
- b. Except for Airlines landing under an emergency or other irregular operation, such Airline shall have an Airline Operating Agreement and Terminal Building Lease or other agreement with MAC. Such agreement shall include a provision that provides, in connection with such Airline's use of the premises of DELTA under this Section III.C.: (i) Airline shall indemnify, defend, release, and save harmless DELTA to the same extent that Airline indemnifies, defends, releases, and saves harmless MAC through its agreement for the period of use; (ii) the insurance and indemnification obligations therein shall inure to the benefit of the DELTA for the period of use; and (iii) Airline shall (A) ensure that its agents, employees, and contractors are properly qualified prior to operating any and all equipment, (B) secure jetway doors upon completion of use, and (C) be responsible for any cost DELTA or MAC incurs due to damage caused to DELTA's or MAC's premises or equipment (e.g. passenger boarding bridge) by Airline. DELTA shall be an intended third party beneficiary of such provision. If AIRLINE uses DELTA's premises under this Section III.C., AIRLINE hereby agrees, (i) it shall indemnify, defend, release, and save harmless DELTA to the same extent that AIRLINE indemnifies, defends, releases, and saves harmless MAC through this Agreement for the period of use, (ii) its insurance and indemnification obligations herein shall inure to the benefit of DELTA for the period of the use, and (iii) AIRLINE shall (A)

- c. ensure that its agents, employees, and contractors are properly qualified prior to operating any and all equipment, (B) secure jetway doors upon completion of use, and (C) be responsible for any cost DELTA or MAC incurs due to damage caused to DELTA's or MAC's premises or equipment (e.g. passenger boarding bridge) by AIRLINE. DELTA is an intended third-party beneficiary of the foregoing sentence.
- d. DELTA shall not be required to indemnify, defend, release, or save harmless MAC, its employees or agents with regard to any claim for damages or personal injury arising out of any other Airline's use of DELTA's premises under this Section III.C., except to the extent caused by the negligence or willful misconduct of DELTA.
- e. DELTA shall not be liable to any Airline or any of its agents, employees, servants or invitees, for any damage to persons or property due to the condition or design or any defect in DELTA's premises used by any Airline under this Section III.C. which may exist or subsequently occur, and any such Airline, with respect to it and its agents, employees, servants and invitees shall be deemed to have expressly assumed all risk and damage to persons and property, either proximate or remote, by reason of the present or future condition or use of DELTA's premises under this Section III.C.

7. MAC shall ensure that any such Airline using DELTA's premises under this Section III.C. has in full force and effect MAC's required insurance coverages, except Airlines without a written agreement with the MAC.

D. USE OF COMMON USE SPACE AND PUBLIC AREAS

MAC shall have exclusive control and management of Common Use Space in accordance with this Agreement and MAC's Rules and Regulations and Ordinances. AIRLINE's, its Affiliates' and its Alliance Partners' passengers, employees, officers, invitees, contractors, subcontractors, agents, and representatives shall have the right to use the space, facilities and conveniences of the Airport provided by MAC for use by aircraft passengers and other persons, including, without limitation, the circulation space, restrooms, lobbies, concession space, and other like facilities; provided, however, that such use (1) shall be in common with others authorized to so use such facilities, space, and conveniences, (2) shall be only at the times, to the extent and in the manner for which they are made available for use, and (3) shall be subject to applicable security directives and requirements and MAC's Rules and Regulations and Ordinances.

IV. PREMISES LEASED AND EQUIPMENT LICENSED HEREUNDER

A. LEASED PREMISES

1. For the Term of this Agreement, MAC, in consideration of the compensation, covenants, and agreements set forth herein to be kept and performed by AIRLINE, hereby leases to AIRLINE, upon the conditions set forth in this Agreement, the Premises in Terminal 1 as described and identified in Exhibit J

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and the initial assignment of aircraft parking positions as described and identified in Exhibit D. AIRLINE shall lease these Premises on an Exclusive Use Space, Preferential Use Space, Joint Use Space, or Common Use Space basis as follows:

Ground Transportation Center Offices	Exclusive Use Space
Office	Exclusive Use Space
Baggage make-up area and claim office	Exclusive Use Space
Airline Clubs	Exclusive Use Space
Operations areas	Exclusive Use Space
Enclosed storage areas	Exclusive Use Space
Ticket counter (including kiosk space)	Preferential Use Space
Holdroom	Preferential Use Space
Aircraft parking positions on Terminal Apron	Preferential Use Space
Outbound baggage area (DELTA)	Preferential Use Space
Outbound baggage belt area (other airlines)	Joint Use Space
Tug drive	Joint Use Space
Inbound baggage area	Joint Use Space
Baggage claim area	Joint Use Space
IAF sterile circulation corridor	Joint Use Space
IAF Inspections Area	Joint Use Space
IAF baggage claim	Joint Use Space
IAF ticketing and baggage recheck	Joint Use Space
Common Use Ticket Counter	Common Use Space
Common Use Holdroom	Common Use Space
Common Use Ramp	Common Use Space

MAC and AIRLINE may, from time to time, add, subject to availability, additional space to the various Premises of AIRLINE by jointly executing revised Exhibits J or D as appropriate. Space added to AIRLINE's Premises shall be subject to all of the terms, conditions, requirements, and limitations of this Agreement and AIRLINE shall pay to MAC all rents, fees, and charges applicable to such additional space in accordance with the provisions of this Agreement.

2. MAC shall provide, repair, and maintain the following fixtures, equipment and services within Common Use Space: computer equipment, holdroom podium and seating, utilities, ticket counters, aircraft parking areas, non-proprietary signage, snow removal, and cleaning of the holdroom and ticketing area. MAC may, but is not required to, provide ticketing kiosks and automated bag drop devices for the Common Use Space.
3. MAC-Owned Systems and Equipment. MAC hereby grants to AIRLINE a limited non-exclusive license to use, subject to MAC's control and maintenance, all current and future MAC-Owned Systems and Equipment at the Airport in the ordinary course of its business at the Airport and otherwise in accordance with this Agreement. Subject to MAC's obligations herein, AIRLINE agrees to accept and use the MAC-Owned Systems and Equipment in "as is" condition, without any representations or warranties of any kind whatsoever, except to the extent

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expressly set forth herein, from MAC as to any matters concerning the MAC-Owned Systems and Equipment, and further agrees to assume all risk of loss, damage and injury arising out of, or alleged to have arisen out of, AIRLINE's use of the MAC-Owned Systems and Equipment except to the extent arising from the negligence or willful misconduct of MAC or any of its contractors, or subcontractors or any of their respective employees, agents, or representatives; provided, however, that if (a) AIRLINE suffers damages due to the negligence or willful misconduct of MAC or its employees in connection with the MAC-Owned Systems and Equipment, and (b) a Majority-In-Interest of Signatory Airlines disapprove the purchase of a policy under Section VI.M that would have provided insurance coverage for such damages and as a result such damages are not covered by insurance, AIRLINE hereby waives any claim it may have against MAC or its employees for such damages to the extent they would have been covered by the aforementioned insurance. AIRLINE hereby waives all claims to special, indirect, and consequential damages, which shall include but not be limited to, losses of use, income, profit, financing, business and reputation, that might be asserted by AIRLINE against MAC or its commissioners, officers, employees, or directors, in connection with MAC's providing or maintaining the MAC-Owned Systems and Equipment, except (a) to the extent such damages arise from the gross negligence or willful misconduct of MAC or its commissioners, officers, directors, or employees, in which case AIRLINE may recover from parties and in amounts in accordance with common law unaltered by this Agreement, or (b) damages recoverable under insurance policies described herein, or would have been so recoverable if insurance had been properly maintained in accordance with this Agreement. The foregoing shall not waive any rights or obligations under Minnesota Statutes Section 466.01 *et seq.* or limit any other form of immunity available to MAC or its commissioners, officers, employees, or directors under law or at equity. All content and data feeds on MAC-Owned Systems and Equipment shall be subject to MAC control and written approval, not to be unreasonably withheld, conditioned, or delayed; provided however, that the foregoing shall not be deemed to grant MAC any license or right to use AIRLINE's intellectual property without AIRLINE's authorization. MAC during the Term of this Agreement shall, in accordance with applicable statutes or regulations, operate, maintain, and keep in good repair the MAC-Owned Systems and Equipment and essential instruments thereof (other than (w) Preferential Use Space kiosks which shall be maintained and operated by the applicable Airline, (x) any proprietary systems owned by an Airline, (y) the Inbound BHS and the Outbound BHS so long as they are being maintained by DELTA, and (z) PBBs which shall be maintained and operated as described further herein). MAC shall make repairs thereto, though caused by negligence of AIRLINE or its employees, agents, or invitees, and MAC may recover from AIRLINE such portion of the cost of such repairs caused by negligence of AIRLINE or its employees, agents, or invitees as is not recoverable through MAC's insurance on such damaged or destroyed structures or facilities.

B. EXCLUSIVE/PREFERENTIAL USE AREAS IN TERMINAL 1

1. Subject to the terms and conditions hereof and MAC's obligations and express representations and warranties, if any, herein, MAC will provide existing space

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to AIRLINE in "as is" condition. MAC will provide the following for any newly constructed space and for space that is significantly remodeled by MAC (whether paid for by MAC or AIRLINE), in accordance with MAC Design and Construction Standards and applicable codes:

- a. Terminal Building - Main Floor (ticketing area).
 - 1) Finished flooring, finished ceiling, entrance doors and walls enclosing gross rental area. The floor immediately behind ticket counter shall be surfaced with terrazzo flooring or an equivalent alternative upon which AIRLINE may install resilient matting.
 - 2) Conditioned air.
 - 3) Standard lighting fixtures installed and maintenance thereof exclusive of relamping and/or relocation.
 - 4) Finished accessible ticket counter shell or sectional unit (front, top, ends and turrets; AIRLINE to provide inserts.
 - 5) Uniform lighting fixture and airline identification signage suspended over ticket counter; content to be supplied by AIRLINE and subject to MAC's reasonable approval; maintenance of fixtures including re-lamping.
 - 6) Digital displays on wall directly behind the ticket counter AIRLINE to provide content. Material displayed shall be subject to the approval of MAC.
 - 7) Electrical service (120V – 208 AC, 3 phase, 4 wire) to panel within leased space, data conduit and wiring. All other wiring, conduits, ducts and outlets in this space to be installed by AIRLINE.
- b. Terminal Building - Offices.
 - 1) Finished flooring, finished ceilings, entrance doors and walls enclosing gross rental area.
 - 2) Conditioned air.
 - 3) Standard lighting fixtures installed and maintenance thereof exclusive of relamping and/or relocation.
 - 4) Electrical service (120V-AC) through duplex receptacles about ten feet apart along walls enclosing gross rental area. All other wiring, conduits and fittings to be installed by AIRLINE.

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- c. Terminal Building - Operations and baggage make-up areas.
 - 1) Finished concrete floors, exposed concrete structure above, standard pedestrian and manual overhead doors in unpainted concrete block walls enclosing gross rental area.
 - 2) Standard lighting fixtures installed and maintenance thereof exclusive of relamping and/or relocation.
 - 3) Electrical service (120V - 208 AC, 3 phase, 4 wire) to panel within or adjoining leased space; 120V electrical service through duplex receptacles about 15 feet apart (48 inches above floor) along walls enclosing gross rental area. All other wiring, conduits and fittings to be installed by AIRLINE.
 - 4) Heating and ventilation.
- d. Concourses - Operations Areas.
 - 1) Finished concrete floors, exposed structure above, exterior walls, standard pedestrian and manual overhead doors, and unpainted concrete block enclosing leased area.
 - 2) Standard lighting fixtures installed and maintenance thereof exclusive of relamping and/or relocation.
 - 3) Electrical service (120V – 208 AC, 3 phase, 4 wire) to panel within or adjoining enclosed leased space. All other wiring, conduit, duct, fittings and outlets in this space to be installed by AIRLINE.
 - 4) Cold and hot water and sanitary sewer service to designated point within gross rental area, to which AIRLINE may connect and install fixtures at AIRLINE's expense.
 - 5) Standard fin-tube radiation, unit heaters, VAV boxes and steam and/or hot water for heating gross rental area. Packaged air conditioning units and distribution duct work for previously designated areas.
- e. Concourses - Gate Lobbies.
 - 1) Finished carpeted floor, finished ceilings, and painted block walls enclosing lobby.
 - 2) Conditioned air.
 - 3) Standard lighting fixtures installed and maintenance thereof including relamping.

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- 4) Electrical service (120V-AC) through duplex receptacles about 10 feet apart along walls enclosing gross rental area. All other wiring, conduit and fittings to be installed by AIRLINE.
2. AIRLINE will provide the following for its Exclusive Use Space and Preferential Use Space in both the main terminal building and the concourses, in addition to installation and maintenance required of the AIRLINE under Subparagraph 1 above, in accordance with MAC Design and Construction Standards and applicable codes, for newly constructed space and for any space that is significantly remodeled:
 - a. All partitions subject to MAC approval as to materials, methods of attachment and workmanship.
 - b. All utilities, including cost of all roughing-in, and all electrical, mechanical and plumbing fixtures for exclusive use of AIRLINE, except as provided above (other than for the outbound baggage area (DELTA), which will be provided by the MAC).
 - c. All furniture, equipment and fixtures necessary for the conduct of AIRLINE's business, including gate lobby seating, ticket counter inserts, AIRLINE owned jet bridges, scales and baggage handling equipment (other than for the outbound baggage area (DELTA), which will be provided by the MAC), including housings and doors as required, signs and flight schedules, which shall all be subject to approval of MAC, acting reasonably.
 - d. All electrical energy consumed by AIRLINE, excluding lighting in baggage make-up area, gate lobbies, the outbound baggage area (DELTA) and mezzanine, to be metered separately and paid for by AIRLINE to the utilities company or MAC at rates not exceeding those published for equivalent power consumption at this location.
 - e. Electricity for lighting in outbound baggage area (DELTA), baggage make-up area, gate lobbies, and mezzanine will be provided by MAC.
 - f. All other services and supplies not provided in Paragraph 1 of this Section IV.B. All installations by AIRLINE shall conform with the requirements of applicable local, state and federal building standards, submitted for MAC approval prior to construction, and shall be performed by competent contractors acceptable to MAC, acting reasonably.

C. JOINT USE SPACE - BAG CLAIM AREAS

1. MAC will provide in the Joint Use Space - bag claim area, all on the ground floor, the following:
 - a. Finished floors and ceiling, finished walls, for all space excepting porter's toilet.

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- b. Standard lighting and maintenance thereof including re-lamping.
 - c. Heating and mechanical ventilation of space.
 - d. Baggage claim carousels.
2. Airlines using the Joint Use Space - bag claim area will provide the following in the Joint Use Space - bag claim area, and shall pay the pro rata share of the cost thereof:
 - a. All furniture, equipment (other than baggage handling equipment) and fixtures necessary from time to time.
 - b. All other services and supplies not provided by MAC under Paragraph 1 above.

D. MEASUREMENT OF SPACE

In calculating the area of space to be added to or deleted from this Agreement, all measurements to determine the area of space leased or used in Terminal 1 shall be made from the primary interior surface of the exterior walls and from the centerline to centerline of each interior wall, or, in the absence of such interior wall, the point where such said centerline would be located if such interior wall existed.

E. ACCOMMODATION OF OTHER AIRLINES

1. Promptly upon request from MAC, AIRLINE shall provide MAC with a copy of its public schedule on file with the FAA and a gate plot showing all times when its aircraft are scheduled to be utilizing each gate within AIRLINE's Preferential Use Space ("Preferential Use Gates") or Common Use Space ("Common Use Gates") including aircraft type, projected arrival and departure times, and point of origin or destination, including activities by subtenants or airlines being accommodated.
2. In furtherance of the public interest of having the Airport's capacity fully and more effectively utilized, it is recognized by AIRLINE and MAC that from time to time during the Term of this Agreement it may become necessary for the AIRLINE to accommodate another Airline within its Premises or for MAC, acting reasonably and in accordance with the terms and conditions hereof, unilaterally to require AIRLINE to accommodate another Airline(s) within AIRLINE's Premises as required for the following:
 - a. To comply with any applicable rule, regulation, order or statute of any governmental entity that has jurisdiction over MAC, and to comply with federal grant assurances applicable to MAC.
 - b. To implement a Capital Project at the Airport.
 - c. To facilitate the providing of air services at the Airport by an Airline ("Requesting Airline") when (i) MAC does not have sufficient space

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available to accommodate the Requesting Airline at existing Common Use Gates or on unassigned gates, (ii) no other Airline serving the Airport is willing to accommodate the Requesting Airline's operational needs or requirements for facilities at reasonable costs or on other reasonable terms, and (iii) MAC has determined, in accordance with the terms of Section 4 below, that AIRLINE is underutilizing its facilities or has capacity available.

- d. To accommodate, on a short-term basis, the irregular activity ("Irregular Need") of another Airline (an "Irregular Need Airline") when no other Airline serving the Airport is willing to accommodate the Irregular Need of Airline. Notwithstanding the foregoing, to the extent possible, AIRLINE shall accommodate its own Irregular Need on its Preferential Use Gate(s). When such activity may not be accommodated on AIRLINE'S Preferential Use Gate(s), AIRLINE shall seek accommodation from other Airlines on its own through coordination among such Airlines' supervisors and managers. In the event accommodation cannot be found on another Airline's premises, AIRLINE may seek assistance from MAC. MAC's options shall include assigning use of non-leased gate premises, assigning a remote parking location, or requiring accommodation for an Irregular Need Airline on another Airline's Preferential Use Gate or Common Use Gate.
 - e. To accommodate a flight that has declared an emergency and such flight shall have priority over all other flight scheduling.
3. In responding to a request for facilities from a Requesting Airline or an Irregular Need Airline, MAC shall first work with the Requesting Airline or Irregular Need Airline to use existing Common Use Space or unassigned space in the same terminal as Requesting Airline operates (if applicable), if any is available.
4. When necessary because MAC is not able to accommodate a Requesting Airline and no Airline serving the Airport is willing to accommodate the Requesting Airline's operational needs or requirements for facilities at reasonable costs or on other reasonable terms, MAC shall make a determination as to whether any Airline has underutilized facilities or capacity available. In making such determination MAC shall act reasonably. Such determinations by MAC shall take into consideration the following:
- a. The then existing utilization of AIRLINE's Premises (including any requirements for spare gates and accommodation of AIRLINE's Affiliates), the existing utilization of other Airlines of their premises, and any bona fide plan of AIRLINE or any other Airline for the increased utilization of the AIRLINE's Premises or such Airline's premises to be implemented within twelve (12) months thereafter (any non-public information provided by AIRLINE regarding planned or proposed routes, schedules or operations shall be treated as confidential by MAC to the maximum extent permitted by law).

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- b. The need for compatibility among the current schedules and any bona fide plan of AIRLINE or another Airline to modify its schedule, including RON requirements, flight times, operations, operating procedures and equipment of AIRLINE (and its Affiliate(s)) or any other Airline and those of the Requesting Airline as well as the need for labor harmony, facilities, resources, and other relevant factors.
- c. The following turn times and gate occupancy:

The Requesting Airline must vacate the Preferential Use Gate(s) at least 45 minutes before the Accommodating Airline needs to commence using the Preferential Use Gate for enplaning passengers. The maximum gate occupancy by domestic narrow body aircraft for a Requesting Airline or an Irregular Need Airline shall be 45 minutes for an arrival, 45 minutes for a departure, or 1 hour and 30 minutes for a combined turn. The maximum scheduled gate occupancy by domestic wide body aircraft for a Requesting Airline or an Irregular Need Airline shall be 1 hour for an arrival, 1 hour for a departure, or 2 hours for a combined turn. The maximum gate occupancy by international narrow body aircraft for a Requesting Airline or an Irregular Need Airline shall be 1 hour for an arrival, 1 hour for a departure, or 2 hours for a combined turn. The maximum scheduled gate occupancy by international wide body aircraft for a Requesting Airline or an Irregular Need Airline shall be 1 hour and 15 minutes for an arrival, 1 hour and 15 minutes for a departure, or 2 hours and 30 minutes for a combined turn.

5. If MAC determines, using the factors above, that AIRLINE should accommodate a Requesting Airline, the following procedures shall apply:
- a. Before MAC accommodates a Requesting Airline within AIRLINE's Premises, MAC must give AIRLINE ten (10) business days prior written notice of its intent, describing the Requesting Airline's request and MAC's efforts to accommodate it. AIRLINE must accept accommodation or notify MAC within ten (10) business days after AIRLINE's receipt of such notice that it wishes to meet with MAC to show cause why the accommodation should not be made.
 - b. If, after providing notification and, if requested, meeting with AIRLINE, MAC, acting reasonably, requires AIRLINE to accommodate the Requesting Airline, AIRLINE shall determine which of AIRLINE's Preferential Use Gates and ticket counters (if needed) will be used for the accommodation and the accommodation shall continue until the earliest of the date: (i) the Requesting Airline discontinues the flight or no longer requires accommodation; (ii) a Common Use Gate or unassigned space becomes available during a time that will accommodate the Requesting Airline's requested aircraft and schedule; or (iii) another Airline is willing to accommodate the Requesting Airline.

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- c. Either the Requesting Airline or AIRLINE may, six months after an accommodation commences, and no more often than once every six months thereafter, request that MAC review whether a Common Use Gate, unassigned space, or another Airline's Preferential Use Gate is available during a time that will accommodate the Requesting Airline's requested aircraft and schedule. MAC will reconsider all the factors in Section 4 in reviewing this request to relocate the Requesting Airline's operation.
- d. During an Irregular Need, AIRLINE'S scheduled operations will have priority over any Accommodated Airline on its Premises. Notwithstanding the foregoing, in the event an Irregular Need of AIRLINE prevents its accommodation of a Requesting Airline, AIRLINE shall accommodate the Requesting Airline on another Preferential Use Gate assigned to AIRLINE when one becomes available, provided, however that AIRLINE agrees to use reasonable efforts to select a gate in close proximity to the gate originally designated by AIRLINE for the accommodation.
6. In the event that any portion of AIRLINE'S Premises are used to accommodate a Requesting Airline or an Irregular Need Airline (in each such case, an "Accommodated Airline"), the following provisions shall apply:
- a. AIRLINE shall not be required to change its current or future flight schedule as published on the day MAC receives the request from the Accommodated Airline.
- b. Any aircraft occupying a gate longer than the timeframes set forth in Section IV.E.4.c. above may be required by AIRLINE to vacate the gate to accommodate other operations. Should this occur, upon AIRLINE'S request MAC will notify the Accommodated Airline as soon as MAC becomes aware of the requirement, but in any event no later than 15 minutes before the time that actual vacating is required. Failure to vacate shall result in the imposition of reasonable overtime fees by AIRLINE to the Accommodated Airline. If an Accommodated Airline does not vacate a gate as required, and AIRLINE requires the use of such gate, upon AIRLINE'S request MAC shall instruct the Accommodated Airline to remove its aircraft to another location leased by the Accommodated Airline or to a remote location as designated by MAC'S agent. If failure of the Accommodated Airline to remove its aircraft results in AIRLINE requiring remote parking from MAC, MAC shall invoice the Accommodated Airline for any remote parking fees that would be charged to AIRLINE, and AIRLINE shall have no liability therefor.
- c. The Accommodated Airline shall be responsible for the payment of all applicable fees and charges for its use of AIRLINE'S premises, including but not limited to appropriate FIS charges and overtime fees, and AIRLINE shall be released from any liability therefor.

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- d. For the use of a Preferential Use Gate, AIRLINE shall be authorized to charge the Accommodated Airline no more than the sum of: (a) the Terminal 1 Common Use Gate Fee, and (b) a reasonable administrative fee, not to exceed fifteen percent (15%) of (a). For space other than gates, AIRLINE shall be authorized to charge the Accommodated Airline the sum of (x) the Accommodated Airline's pro-rata share of the rent and fees paid by AIRLINE for the space, and (y) a reasonable administrative fee, not to exceed fifteen percent (15%) of (x).
- e. Except for Irregular Need Airlines who are not Signatory Airlines or airlines landing under an emergency, MAC shall require the Accommodated Airline to execute an Airline Operating Agreement and Terminal Building Lease or other agreement with MAC. Such agreement shall include a provision that provides, in connection with Accommodated Airline's use of the premises of the Airline providing accommodations (the "Accommodating Airline"): (i) Accommodated Airline shall indemnify, defend, release, and save harmless the Accommodating Airline to the same extent that the Accommodating Airline indemnifies, defends, releases, and saves harmless MAC through its agreement for the period of accommodation, (ii) the insurance and indemnification obligations therein shall inure to the benefit of the Accommodating Airline for the period of accommodation, and (iii) Accommodated Airline shall (A) ensure that its agents, employees, and contractors are properly qualified prior to operating any and all equipment, (B) secure jetway doors upon completion of use, and (C) be responsible for any cost Accommodating Airline or MAC incurs due to damage caused to Accommodating Airline's premises or equipment (e.g. passenger boarding bridge) by the Accommodated Airline. Accommodating Airline shall be an intended third party beneficiary of such provision. If AIRLINE is or becomes an accommodated Requesting Airline or Irregular Need Airline, in connection with its use of the Accommodating Airline's premises, AIRLINE hereby agrees, (i) it shall indemnify, defend, release, and save harmless the Accommodating Airline to the same extent that AIRLINE indemnifies, defends, releases, and saves harmless MAC through this Agreement for the period of accommodation, (ii) its insurance and indemnification obligations herein shall inure to the benefit of the Accommodating Airline for the period of the accommodation, and (iii) Airline shall (A) ensure that its agents, employees, and contractors are properly qualified prior to operating any and all equipment, (B) secure jetway doors upon completion of use, and (C) be responsible for any cost Accommodating Airline or MAC incurs due to damage caused to Accommodating Airline's premises or equipment (e.g. passenger boarding bridge) by AIRLINE. Any such Accommodating Airline is an intended third-party beneficiary of the foregoing sentence. An Accommodating Airline shall not be required to accommodate an Airline if such Airline's insurance and indemnification obligations are not satisfied. This Section shall not apply to Airlines without a written agreement with the MAC including such an Irregular Need Airline that is not a Signatory Airline or does not otherwise have

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- any agreement with MAC or that are landing at the Airport in the event of an emergency.
- f. AIRLINE shall not be required to indemnify, defend, release, or save harmless MAC, its employees or agents with regard to any claim for damages or personal injury arising out of any Accommodated Airline's use of AIRLINE's premises, except to the extent caused by the negligence or willful misconduct of AIRLINE.
 - g. AIRLINE shall not be liable to any Accommodated Airline or any of its agents, employees, servants or invitees, for any damage to persons or property due to the condition or design or any defect in the Premises which may exist or subsequently occur, and such Accommodated Airline, with respect to it and its agents, employees, servants and invitees shall be deemed to have expressly assumed all risk and damage to persons and property, either proximate or remote, by reason of the present or future condition or use of AIRLINE'S Premises.
 - h. MAC shall be responsible for ensuring that such Accommodated Airline has in full force and effect MAC's required insurance coverages, except Airlines without a written agreement with the MAC which may include an Irregular Need Airline that is not a Signatory Airline or that are landing at the Airport in the event of an emergency.
 - i. No Accommodated Airline shall have the right to use AIRLINE's computer equipment or make physical alterations to the gate holdroom or millwork.
 - j. Without limiting any other provision of this Agreement, AIRLINE's duty to accommodate another Airline shall be conditioned on and subject to the satisfaction of all requirements of this Section IV.E.6 by the Accommodated Airline.
7. In the event of a labor stoppage or other event which results in the permanent cessation or substantial reduction in AIRLINE's flights at the Airport, AIRLINE will immediately take all reasonable efforts, including but not limited to, moving of aircraft or equipment, providing access to AIRLINE's holdrooms and jet bridges or anything else in AIRLINE's control, in order to accommodate the operations of other Airlines providing air service to the Airport; provided that: (a) AIRLINE at all times will have access to its Premises and equipment for operational reasons and (b) AIRLINE shall not be required to take any action which would interfere with its ability to re-institute service upon cessation of labor stoppage or other event. Subject to a mutually acceptable agreement between MAC and AIRLINE covering such use, AIRLINE shall have the right to charge the fees set forth in Section IV.E.6.d. above and to require reasonable advance payment for such use of AIRLINE's gates, holdroom areas, and loading bridges.

IV. Premises Leased and Equipment Licensed Hereunder

8. Except as expressly set forth herein, the foregoing shall not be deemed to abrogate, change, or affect any restrictions, limitations or prohibitions on assignment or use of the AIRLINE's Premises by others under this Agreement and shall not in any manner affect, waive or change any of the provisions thereof.

F. WIDE BODY AND BOEING 757 ACCESS

Notwithstanding any other provisions in this Agreement, so long as DELTA leases such gates and unless otherwise agreed by MAC and DELTA, DELTA has committed to MAC that it will accommodate the requirements of any Requesting Airline for scheduled wide body or Boeing 757 (or similarly sized aircraft) service at one of its gates within Terminal 1, provided that: (1) Requesting Airline must not be able physically to accommodate such wide body or Boeing 757 (or similarly sized aircraft) service on any of its own leased premises; and (2) MAC will make all reasonable efforts to provide access for any narrow body aircraft operated by DELTA which is displaced. Any such Airline accommodated by Delta shall be deemed an "Accommodated Airline" and shall be subject to the applicable provisions of Section IV.E.6. above.

G. ACCESS AND RELOCATION

MAC shall have the right at any time or times to (a) close, relocate, reconstruct, change, alter, or modify any means of access to or egress from the Airport or AIRLINE's Premises, and (b) relocate AIRLINE's Premises in connection with the OI Program or other MAC Commission-approved Capital Improvement Program, either temporarily or permanently; provided that MAC provides reasonable notice to AIRLINE and that a reasonably convenient and adequate means of access, ingress, and egress or replacement portion of Premises, as applicable, shall exist or be provided in lieu thereof. This right is subject to the following conditions:

1. There shall not be a net increase in AIRLINE's Premises without AIRLINE's consent.
2. MAC must consult with AIRLINE to take any Premises away from AIRLINE.
3. Reasonable replacement facility space shall be provided.
4. Cost of work including Capital Costs associated with reestablishing AIRLINE's "in-kind" facilities, shall be borne by MAC and allocated to the appropriate cost center.
5. MAC shall compensate AIRLINE for the unamortized cost of any leasehold improvements to the extent that such improvements cannot be reused by AIRLINE in AIRLINE's new or existing space at the Airport.
6. If loss of space is 60 days or less there shall be no rent adjustment. If loss of space is temporary but greater than 60 days, AIRLINE's rent will be proportionately abated and the amount of the rent abatement shall be allocated to the appropriate cost center. If the loss of space is permanent, the Premises and

corresponding rent shall be adjusted by a written lease amendment executed by the parties.

H. SHORT TERM GATES

The holdrooms, aircraft parking positions and operations space associated with gates as shown on Exhibit V (hereinafter referred to as "Short Term Gates") shall be made available to Airlines on the following basis in order to promote Airport access on fair and reasonable terms:

1. AIRLINE shall lease Short Term Gate space under its control on the same basis as provided in this Agreement, except as provided in this Section.
2. MAC may, in its discretion, cancel the lease of a Short Term Gate leased by AIRLINE if an Airline is proposing to add additional air service and desires to lease a gate directly from MAC or MAC needs to convert a Short Term Gate to Common Use Space to accommodate such additional air service. The following procedures shall be followed before a Short Term Gate lease may be cancelled:
 - a. If an Airline is proposing to add additional air service and desires to lease a gate directly from MAC, MAC may in its discretion issue a notice to AIRLINE cancelling the lease of the applicable Short Term Gate. Such notice may become effective no earlier than ninety (90) days after it is delivered.
 - b. In the event of a decision to cancel a Short Term Gate, MAC will work with AIRLINE in good faith to accommodate AIRLINE's schedule pursuant to the procedures of Section IV.E.
 - c. MAC may extend the time periods set forth in this provision for good cause, e.g. the unavailability of replacement jet bridges or other ground equipment.
3. In the event MAC cancels the lease of a Short Term Gate pursuant to this Section IV.H., it shall compensate AIRLINE for the unamortized cost of improvements made to the leased premises of a Short Term Gate. AIRLINE shall retain and remove AIRLINE property (e.g. jet bridge or other ground equipment, computers, inserts) or may negotiate their sale.
4. The appearance of a Short Term Gate shall be "generic" i.e. generic carpet, neutral wall finishes and no distinguishing colors on the podium or backwall except as to improvements existing as of the date of this Agreement. AIRLINE may hang corporate banners or posters and name identification signs so long as they can be detached without significantly damaging the premises or AIRLINE commits to restoring the premises without cost to MAC.
5. If AIRLINE is leasing only one gate, MAC will not cancel the lease on such gate until all other Short Term Gates (excluding B14, B16, D1, D5) have been reclaimed by MAC provided that AIRLINE has maintained for each

of the previous twelve consecutive months, and continues to maintain in its published schedule, an Average Daily Utilization at least equal to three departures on such Short Term Gate and AIRLINE has not been in default on any rental, security deposit, PFC or other payment obligation to MAC under this Agreement during the prior twelve consecutive months. For purposes of this provision "Average Daily Utilization" shall mean the number of AIRLINE's and any Affiliated Airline's scheduled aircraft departures using the gate with aircraft of fifty or more seats in a calendar month, divided by the number of days in that calendar month; provided, however, that if AIRLINE's or the Affiliated Airline's actual flight activity differs by more than five percent (5%) from its published schedule in any calendar month, MAC shall use AIRLINE's or the Affiliated Airline's actual total departures for purpose of calculating Average Daily Utilization.

6. If AIRLINE is leasing three (3) or fewer holdrooms from MAC, MAC agrees to not cancel the lease of more than one Short Term Gate AIRLINE may be leasing in accordance with the procedures identified in Section IV.H.2. as long as AIRLINE has adhered to the payment and utilization requirements identified within Section IV.H.5. for all leased gates for the previous twelve (12) consecutive months.
7. With respect to DELTA's Short Term Gates, MAC shall have the right to designate (a) Gate B14 as a Short Term Gate in which case Gate D5 shall no longer be designated a Short Term Gate and the terms and conditions of this Section IV.H. shall no longer apply to Gate D5 and/or (b) Gate B16 as a Short Term Gate, in which case Gates D1 shall no longer be designated a Short Term Gate and the terms and conditions of this Section IV.H. shall no longer apply to Gate D1.

I. RELINQUISHMENT OF PREMISES

1. Notice of Intent to Relinquish Premises

If AIRLINE desires to relinquish any of its Premises, AIRLINE shall provide written notice to MAC thirty (30) days in advance of such relinquishment and shall identify in such notice all areas it wishes to relinquish. MAC shall make its best efforts to lease such areas to another Airline, to the extent the proposed relinquished Premises is suitable for another Airline.

2. Non-Waiver of Responsibility

AIRLINE shall continue to be solely responsible pursuant to this Agreement for the payment of all rents, charges and fees related to the Premises until another Airline commences payment for said Premises as provided below.

3. Reduction of Rents, Fees, and Charges

AIRLINE's rents, fees and charges related to that portion of the Premises taken by another Airline, pursuant to such Airline's agreement with MAC, shall be reduced in the amount of the rent, fees and charges paid by such other Airline. This reduction shall begin only when the Airline that contracted with MAC for its use of the Premises begins payment for the Premises and shall end if such Airline becomes delinquent in payment for the Premises.

J. OUTBOUND BAGGAGE AREAS

MAC will provide an outbound baggage area that will include a Joint Use Space outbound baggage area for shared Airline use and a Preferential Use Space outbound baggage area for Airline use that is not shared.

K. SURRENDER OF PREMISES

1. Upon termination of this Agreement in its entirety, whether by its terms or by earlier cancellation, AIRLINE's rights to use the Premises, facilities, rights, licenses, services and privileges hereby given shall cease, and AIRLINE shall forthwith surrender possession to MAC.
2. All structures, fixtures, improvements, equipment and other property bought, installed, erected or placed by AIRLINE on the Premises or elsewhere on the Airport, including without limiting the generality thereof storage tanks, pipes, pumps, wires, poles, machinery and air conditioning equipment, shall be deemed to be personal property and remain the property of the AIRLINE, and AIRLINE shall have the right to remove the same if AIRLINE is not then in default; provided that, if AIRLINE elects to remove such property, AIRLINE shall remove its property within a period of ninety (90) days after termination, and shall restore the Premises to substantially the same condition as its condition as of the commencement of the Term hereof, ordinary wear and tear or damage by the elements, fire, explosion and other casualty excepted, but including any environmental restoration required of AIRLINE hereunder.
3. If AIRLINE's property is not so removed and the Premises restored prior to the expiration of the aforesaid period of ninety (90) days MAC shall thereafter have the right, by giving AIRLINE written notice thereof, to remove and store such property at AIRLINE'S cost, provided that MAC may immediately remove any property that is materially interfering with Airport operations after giving AIRLINE a reasonable opportunity to remove such property. If AIRLINE does not reimburse MAC for the costs of such removal and storage within an additional ninety (90) days thereafter, MAC may take title to such property and (a) take possession of such property, or (b) alternatively, cause such property to be sold or otherwise disposed of as MAC may elect, and AIRLINE hereby constitutes MAC its agent for the purpose of such removal and sale, and authorizes MAC in its sole discretion to determine the method of disposition. AIRLINE shall be responsible for any and all reasonable costs incurred by MAC in the removal of AIRLINE's property from the Premises and the disposition

4. thereof and for restoration of the Premises to substantially the same condition as existed prior to such removal, reasonable wear and tear and damage by casualty excepted. MAC shall pay over to AIRLINE any amount received from disposition of AIRLINE's property in excess of the cost of removal, disposition, and restoration. Notwithstanding the foregoing, for any of AIRLINE'S aircraft, aircraft engines, and aircraft parts not so removed from the Premises within the aforesaid ninety (90) day period, MAC shall thereafter have the right, by giving AIRLINE prior written notice thereof, to cause such property to be removed and stored at AIRLINE'S cost and expense but MAC may not sell or take ownership of such property.
5. MAC reserves the right to make a reasonable rental charge covering the period following termination of the Agreement to the date of removal of AIRLINE'S property or until MAC gives AIRLINE notice of taking title thereto, or removal thereof, as set out above, provided that no charge shall be made for the first thirty (30) days following termination of the Agreement.

L. TELECOMMUNICATIONS ROOMS AND FIBER/CABLING

MAC may provide AIRLINE access to MAC telecommunication rooms, fiber-optic cable and associated infrastructure, depending on availability, pursuant to a separate license agreement. To the extent AIRLINE uses MAC telecommunication rooms, fiber-optic cable and associated infrastructure, AIRLINE agrees to do so according to the terms and conditions set forth in a MAC provided license agreement that is reasonably acceptable to AIRLINE, which shall be executed by MAC and AIRLINE. To the extent AIRLINE installs fiber/cabbling within the Airport, AIRLINE agrees to follow MAC's Design and Construction Standards for such installation.

M. MONTH TO MONTH PREMISES

AIRLINE and MAC agree that the month-to-month premises shown on Exhibit T attached hereto are leased to AIRLINE on a month-to-month term; and that all of the terms and conditions of this Agreement, other than Article II, shall apply to such month-to-month premises.

V. RENTS, FEES, AND CHARGES

A. GENERAL

For use of the Premises, facilities, rights, licenses, services and privileges granted hereunder, AIRLINE agrees to pay MAC during the Term of this Agreement the rents, fees and charges as hereinafter described. Other than landing fees and the charges specified under Section V.B.8.a through h., all rents, fees and charges under Articles V and VI of this Agreement shall apply only to AIRLINE's use of Terminal 1. AIRLINE's use of Terminal 2 shall be governed by Ordinance 115, as the same has been or may be amended, or any other applicable ordinance.

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B. RENTS, FEES, AND CHARGES

1. Landing Fees

AIRLINE shall pay to MAC monthly landing fees to be determined by multiplying the number of 1,000-pound units of AIRLINE's Total Landed Weight during the month by the then-current landing fee rate. The landing fee rate shall be calculated according to procedures set forth in Article VI.

2. Common Use Space Charges.

AIRLINE shall pay for its use of the Common Use Space, calculated according to procedures set forth in Article VI.

3. Terminal Apron Fees

AIRLINE shall pay to MAC monthly Terminal Apron fees to be determined by multiplying the number of lineal feet of Terminal Apron Preferential Use Space that is leased to AIRLINE (excluding Concourses A and B) during the month by the then-current Terminal Apron rate. AIRLINE shall pay to MAC monthly Terminal Apron fees associated with the Terminal Apron Preferential Use Space that is leased to AIRLINE for Concourses A and B to be determined by multiplying the number of lineal feet at the rate of fifty percent (50%) of the lineal feet associated with the Terminal Apron of Concourses A and B during the month by the then-current Terminal Apron rate. The Terminal Apron rate shall be calculated according to the procedures set forth in Article VI hereof.

4. Terminal 1 Building Rents and Surcharge

AIRLINE shall pay to MAC monthly Terminal 1 rentals and the Terminal 1 Repair and Replacement Surcharge for its Exclusive Use Space (janitored and unjanitored), Preferential Use Space and Joint Use Space in Terminal 1. The Terminal 1 rental rates shall be calculated according to the procedures set forth in Article VI.

Terminal 1 rentals and Terminal 1 Repair and Replacement Surcharge for Joint Use Space (except the IAF) shall be prorated among Signatory Airlines using the Joint Use Formula.

Terminal 1 rentals for Preferential Use Space and Exclusive Use Space shall be determined by multiplying the square feet of the applicable space times the then current Terminal 1 rental rate according to the procedures set forth in Article VI.

The Terminal 1 Repair and Replacement Surcharge for Preferential Use Space and Exclusive Use Space shall be determined by multiplying the applicable square feet of the space times the then current Terminal 1 Repair and Replacement Surcharge rate.

5. Carrousel and Conveyor Charges

AIRLINE shall pay to MAC monthly carrousel and conveyor charges based upon Operation and Maintenance Expenses and Debt Service. The carrousel and conveyor charges shall be calculated according to the procedures set forth in Article VI and shall be prorated among Signatory Airlines using the Joint Use Formula, provided however, that as long as DELTA operates and maintains the Inbound BHS and Outbound BHS, such costs incurred by DELTA will be charged to AIRLINE as specified in Sections VIII.C and VIII.D.

6. IAF Gate Fees

If AIRLINE does not lease the applicable IAF gate as Preferential Use Space, AIRLINE shall pay to MAC monthly IAF gate fees determined by multiplying the number of arrivals at the IAF by AIRLINE's propeller aircraft, narrow-body jet aircraft, and wide-body jet aircraft by \$400, \$800, and \$1,200, respectively. MAC may reasonably increase these rates at any time with 60 days' advance written notice to AIRLINE.

7. IAF Use Fees

AIRLINE shall pay to MAC monthly IAF use fees determined by multiplying the number of AIRLINE's international passengers arriving at the IAF during the month by the IAF use fee rate. The IAF use fee rate shall be calculated according to procedures set forth in Article VI.

8. Other Fees and Charges

AIRLINE shall pay to MAC reasonable fees for the various other services provided by MAC to AIRLINE. These services include, but may not be limited to, the following:

- a. Use of Terminal 2 and the Terminal 2 ramp at rates established from time to time by MAC.
- b. Use of valet parking for AIRLINE's employees at rates set forth in MAC Policies.
- c. Use of designated employee parking facilities by AIRLINE's employees at rates established from time to time by MAC.
- d. Non-routine Terminal Apron cleaning and other special services requested by AIRLINE at rates that reflect the costs incurred by MAC.
- e. Security and personnel identification badges for AIRLINE's personnel at rates established from time to time by MAC.
- f. Charges for the cost of separately metered water and sewer and other such utilities not otherwise included in the calculation of rents, fees, and charges.

- g. Other charges as described in Section VI.M.
- h. Other charges as described in Section VI.K.

C. MONTHLY ACTIVITY REPORT

1. Contents and Due Date

Without any demand therefor AIRLINE shall furnish MAC on or before the 10th day of each and every month, the IAF reports and an accurate written report of AIRLINE's operations during the preceding month, setting forth all data necessary to calculate the AIRLINE's fees and charges due under this Agreement. Said report shall be in a format prescribed by MAC and shall include the following: (a) AIRLINE's actual aircraft revenue flight arrivals at the Airport by type of aircraft, Maximum Certificated Gross Landing Weight of each type of aircraft, and Total Landed Weight; (b) the total number of Enplaned Passengers, Deplaned Passengers, and Non-Revenue Passengers and Through Passengers of AIRLINE at the Airport, breaking Enplaned Passengers into originating and connecting passengers; (c) the amount of domestic and international cargo, mail, and express packages (in pounds) enplaned and deplaned by AIRLINE at the Airport; (d) the total number of scheduled and nonscheduled aircraft operations at the Airport; and (e) a summary reflecting all of AIRLINE's actual flight activity by aircraft type for gates, and the IAF. MAC may require AIRLINE to submit such reports through a portal or other database prescribed by MAC.

AIRLINE shall also provide to MAC a separate report for each Affiliated Airline. AIRLINE shall provide to MAC additional reports MAC may reasonably request.

2. Failure to Report

If AIRLINE fails to furnish MAC with the monthly activity report by the due date, AIRLINE's landing fees, IAF gate fees, and IAF use fees, as provided for hereinafter, shall be determined by assuming that AIRLINE's activity factor, as appropriate for each fee, for such month was one hundred percent (100 percent) of its activity factor, as appropriate for each fee, during the most recent month for which such data are available for AIRLINE. Any necessary adjustment in such fees shall be calculated after an accurate report is delivered to MAC by AIRLINE for the month in question. Resulting surpluses or deficits shall be applied as credits or charges to the appropriate invoices in the next succeeding month.

3. Inspection and Maintenance of Records

AIRLINE shall maintain records, accounts, books and data with respect to its operations at the Airport sufficient to permit MAC to calculate and verify the rents, fees and charges due under this Agreement, which shall cover a period of not less than three (3) years beyond the end of AIRLINE's fiscal year in which such record was created. Such records shall be subject to inspection and audit by MAC at all reasonable times.

D. SECURITY DEPOSITS

1. Unless AIRLINE has provided regularly scheduled passenger, all cargo or combination flights to and from the Airport for the twelve (12) months immediately prior to AIRLINE's execution of this Agreement (or immediately prior to the assignment of this Agreement to AIRLINE) without an act or omission having occurred that would have been an event of default under Article XIV of this Agreement if this Agreement had been in effect during this period, AIRLINE shall provide MAC upon the execution of this Agreement (or upon the assignment of this Agreement to AIRLINE) with a contract bond, irrevocable letter of credit or other security acceptable to MAC ("Contract Security") in an amount equal to the total of three (3) months' estimated rents, fees and charges payable by AIRLINE under Article V of this Agreement plus three (3) months' estimated PFC collections under this Article V, to guarantee the faithful performance by AIRLINE of all of its obligations under this Agreement and the payment of all rents, fees, and charges due hereunder and of all PFCs due to MAC. Such Contract Security shall be in such form and with such company licensed to do business in the State of Minnesota as shall be acceptable to MAC within its reasonable discretion.
2. AIRLINE shall be obligated to maintain Contract Security in an amount equal to MAC's estimate of three months' rents, fees, and charges plus three (3) months' estimated PFC collections payable hereunder and to maintain this Contract Security in effect until the expiration of twelve (12) consecutive months (including any period prior to AIRLINE's execution of this Agreement during which AIRLINE provided regularly scheduled flights to and from the Airport) during which no event of default under Article XIV of this Agreement (and for any such prior period, no act or omission that would have been such an event of default hereunder) has occurred. If such Contract Security should be canceled, AIRLINE shall provide a renewal or replacement Contract Security for the period required pursuant to this Section. AIRLINE shall provide at least sixty (60) days prior written notice of the date on which any Contract Security expires or is subject to cancellation.
3. If an event of default, beyond any applicable notice and cure period, under Section XIV. A. 1, 2, or 5 of this Agreement shall occur, MAC shall have the right, by written notice to AIRLINE given at any time within ninety (90) days of such event of default, to impose or reimpose the requirements of this Section on AIRLINE. In such event, AIRLINE shall within ten (10) days from its receipt of such written notice provide MAC with the required Contract Security and shall thereafter maintain such Contract Security in effect until the expiration of the required period during which no event of default under Article XIV of this Agreement occurs. MAC shall have the right to reimpose the requirements of this Section on AIRLINE each time an event of default occurs during the Term of this Agreement. MAC's rights under this Section shall be in addition to all other rights and remedies provided it under this Agreement.
4. To the extent that AIRLINE holds any property interest in PFC funds collected for the benefit of MAC, AIRLINE hereby pledges to MAC and grants MAC a

first priority security interest in such funds, and in any and all accounts into which such funds are deposited.

5. Affiliated Airlines are excluded from the Contract Security requirement in this Section V.D.

E. PAYMENT PROVISIONS

1. Terminal rentals for Exclusive Use Space and Preferential Use Space, fees per the Joint Use Formula, and Terminal Apron Fees shall be due and payable the first day of each month in advance without invoice from MAC.
2. Within ten (10) days following the last day of each month, AIRLINE shall transmit to MAC payment for the amount of landing fees, IAF gate fees, and IAF use fees incurred by AIRLINE during said month, as computed by AIRLINE without invoice from MAC.
3. For Common Use Space charges, AIRLINE shall transmit to MAC payment within ten (10) days following receipt of an invoice from MAC, for the charges incurred by AIRLINE during the previous month.
4. All other rents, fees, or charges set forth herein, including supplemental billings for year-end adjustments, if any, shall be due within thirty (30) days of the date of the invoice therefor.
5. The acceptance by MAC of any payment made by AIRLINE shall not preclude MAC from verifying the accuracy of AIRLINE's report and computations or from recovering any additional payment actually due from AIRLINE.
6. Any payment not received within thirty (30) days of the due date shall accrue interest at the rate of 1.5 percent per month measured from the due date until paid in full.
7. Payments shall be made to the order of the "Metropolitan Airports Commission." AIRLINE agrees to use electronic transfer of funds as the method of payment.
8. Any non-electronic payments shall be sent to the following address or such other place as may be designated by MAC from time to time:

Metropolitan Airports Commission
NW-9227 PO Box 1450
Minneapolis, MN 55485

F. NET AGREEMENT

This is a net agreement with reference to rents, fees, and charges paid to MAC. AIRLINE shall pay all taxes, fees, or assessments of whatever character that may be lawfully levied, assessed, or charged by any governmental entity upon the property, real and personal, occupied, used, or owned by AIRLINE, or upon the rights of AIRLINE to

occupy and use the Premises, or upon AIRLINE's improvements, fixtures, equipment, or other property thereon, or upon AIRLINE's rights or operations hereunder. AIRLINE shall have the right at its sole cost and expense to contest the amount or validity of any tax or license as may have been or may be levied, assessed, or charged.

G. NO OTHER FEES AND CHARGES

Except as expressly provided for this Agreement, no further rents, fees, or similar charges shall be charged against or collected from AIRLINE by MAC for the Premises, facilities, rights and licenses expressly granted to AIRLINE in this Agreement. Further, except as expressly provided for in this Agreement, including but not limited to Section III.B.3., or MAC Rules and Regulations and Ordinances, no further rents, fees, or similar charges shall be charged against or collected from AIRLINE's shippers, and receivers of freight and express packages and its suppliers of goods and services, by MAC for the Premises, facilities, rights and licenses granted to AIRLINE in this Agreement.

H. PASSENGER FACILITY CHARGES

MAC expressly reserves the right to assess and collect PFCs in accordance with the PFC Regulations. The following shall apply to the collection of PFCs:

1. AIRLINE shall hold the net principal amount of all PFCs that are collected by AIRLINE or its agents on behalf of MAC in trust for MAC as and to the extent required by the PFC Regulations. For purposes of this Section, net principal amount shall mean the total principal amount of all PFCs that are collected by AIRLINE or its agents on behalf of MAC, reduced by all amounts that AIRLINE is permitted to retain pursuant to the PFC Regulations.
2. In the absence of additional regulations governing the treatment of refunds, any refunds of PFCs due to passengers as a result of changes of itinerary shall be paid proportionately out of the net principal amount attributable to such PFCs and the amount that AIRLINE was permitted to retain under the PFC Regulations attributable to such PFCs. AIRLINE hereby acknowledges that the net principal amount of all PFCs collected on behalf of MAC shall remain at all times the property of MAC, except to the extent of amounts refunded to passengers pursuant to the preceding sentence (which shall remain the property of MAC until refunded and become the property of the passenger upon and after refund) or are otherwise not considered property of the airport operator under the PFC Regulations. Other than the amounts that AIRLINE is entitled to retain pursuant to the PFC Regulations, AIRLINE shall be entitled to no compensation.
3. In the event AIRLINE fails to remit PFC revenues to MAC within the time limits required by the PFC Regulations, such event shall be an event of default subject to Article XIV of this Agreement.

I. NON-WAIVER

The acceptance of fees by MAC for any period or periods after a default of any of the terms, covenants and conditions herein contained to be performed, kept and observed by AIRLINE, shall not be deemed a waiver of any right on the part of MAC to terminate this

Agreement for failure by AIRLINE to perform, keep or observe any of the terms, covenants or conditions of this Agreement.

J. NON-SIGNATORY LANDING FEES

The landing fee rate charged to any Airline that is not a Signatory Airline shall be in accordance with the rates established by ordinance from time to time by MAC.

K. AFFILIATED AIRLINES

Affiliated Airlines (including AIRLINE if it is an Affiliated Airline) shall not count for the purpose of apportioning the fixed (i.e. 20%) portion of the Joint Use Formula, but their Enplaned Passengers shall be included in assessing and apportioning the variable (i.e. 80%) portion of the Joint Use Formula to the Airline for which they are an Affiliate while flying as an Affiliate of such Airline at the Airport. If AIRLINE has designated an Airline as an Affiliated Airline, AIRLINE hereby unconditionally guarantees all rents, fees and charges including passenger facility charges of any Affiliated Airline so designated by AIRLINE while it is flying on behalf of AIRLINE at the Airport, and upon receipt of notice of payment default by such Affiliated Airline (with a copy to AIRLINE), AIRLINE will pay such amounts to MAC on demand pursuant to the payment provisions of this Agreement. AIRLINE must give MAC thirty (30) days advance written notice in order to designate an Airline as an Affiliated Airline or to revoke such status.

L. ALLIANCE PARTNERS

Alliance Partners shall not count for the purpose of apportioning the fixed (i.e. 20%) portion of the Joint Use Formula, but their Enplaned Passengers shall be included in assessing and apportioning their share of the variable (i.e. 80%) portion.

VI. CALCULATION OF RENTS, FEES, AND CHARGES

A. GENERAL

Each Fiscal Year, rents, fees, and charges will be reviewed and recalculated based on the principles and procedures set forth in this Article VI. The annual costs associated with each of the indirect cost centers shall be allocated to each of the applicable Airport Cost Centers based on the allocations as set forth in Exhibit M, Indirect Cost Center Allocation, which allocations may be reasonably adjusted from time to time by MAC and approved by a Majority-In-Interest of Signatory Airlines. Such approval may not be unreasonably withheld. Such allocation adjustment shall be deemed approved by a Majority-In-Interest of Signatory Airlines unless MAC receives, within forty-five (45) days after emailing or mailing such allocation adjustment: (a) written responses from a Majority-In-Interest of Signatory Airlines and such responses signify that a Majority-In-Interest of Signatory Airlines disapprove of such allocation adjustment or (b) a certificate from the chair of the MSP Airport Affairs Committee stating such disapproval, with supporting documentation establishing that a Majority-In-Interest of Signatory Airlines disapprove of such allocation adjustment.

B. CALCULATION/COORDINATION PROCEDURES

1. AIRLINE shall provide to MAC: (a) on or before August 1 of each year a preliminary estimate of Total Landed Weight and Enplaned Passengers for the succeeding calendar year of AIRLINE and each Affiliated Airline, unless separately reported to MAC by such Affiliated Airline; and (b) on or before October 1 of each year a final estimate of such weight. If the final estimate is not so received, MAC may continue to rely on the preliminary estimate for the MAC budgeting process. MAC will utilize the forecast in developing its preliminary calculation of Total Landed Weight and Enplaned Passengers for use in the calculation of rents, fees, and charges for the ensuing Fiscal Year.
2. On or before October 15 of each Fiscal Year, MAC shall submit to AIRLINE a preliminary calculation of rents, fees, and charges for the ensuing Fiscal Year. The preliminary calculation of rents, fees, and charges will include, among others, MAC's estimate of all revenue items, Operation and Maintenance Expenses, Debt Service, Capital Outlays, required deposits, including amounts necessary to be deposited in the Coverage Account in order to meet MAC's rate covenant under the Trust Indenture, and Rentable Space.
3. Within fifteen (15) days after receipt of the preliminary calculation of rents, fees, and charges, if requested by the Signatory Airlines, MAC shall schedule a meeting between MAC and the Signatory Airlines to review and discuss the proposed rents, fees, and charges.
4. MAC shall then complete a calculation of rents, fees, and charges at such time as the budget is approved, taking into consideration the comments or suggestions of AIRLINE and the other Signatory Airlines.
5. If, for any reason, MAC's annual budget has not been adopted by the first day of any Fiscal Year, the rents, fees, and charges for the Fiscal Year will initially be established based on the preliminary calculation of rents, fees, and charges until such time as the annual budget has been adopted by MAC. At such time as the annual budget has been adopted by MAC, the rents, fees, and charges will be recalculated, if necessary, to reflect the adopted annual budget and made retroactive to the first day of the Fiscal Year and any difference shall be charged, credited, or refunded to AIRLINE and paid or credited by AIRLINE or MAC, as applicable, within thirty (30) days thereafter.
6. If, during the course of the year, MAC believes significant variances exist in budgeted or estimated amounts that were used to calculate rents, fees, and charges for the then current Fiscal Year, MAC may after notice to Airlines adjust the rents, fees, and charges to reflect current estimated amounts.

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C. LANDING FEES

MAC shall calculate the landing fee rate in the following manner and as illustrated in Exhibit N.

1. The total estimated "Airfield Cost" shall be calculated by totaling the following annual amounts:
 - a. The total estimated direct and allocated indirect Operation and Maintenance Expenses allocable to the Airfield cost center.
 - b. The estimated direct and allocated indirect Debt Service net of amounts paid from PFCs or grants allocable to the Airfield cost center.
 - c. The cost of Runway 17/35 deferred and not yet charged will be charged through December 31, 2035 at \$79,535.16 annually.
 - d. The Landing Fee Repair and Replacement Amount.
 - e. The amount of any fine, assessment, judgment, settlement, or extraordinary charge (net of insurance proceeds) paid by MAC in connection with the operations on the Airfield, to the extent not otherwise covered by Article X hereof.
 - f. The amounts required to be deposited to funds and accounts pursuant to the terms of the Trust Indentures, including, but not limited to, its Debt Service reserve funds directly or indirectly allocable to the Airfield cost center. MAC agrees to exclude from the calculation of landing fees the amounts which it may deposit from time to time to the maintenance and operation reserve account and the Coverage Account established and maintained pursuant to the Senior Trust Indenture except for such amounts which are necessary to be deposited to the Coverage Account in order for MAC to meet its rate covenants under the Trust Indentures.
2. The total estimated Airfield Cost shall be adjusted by the total estimated annual amounts of the following items to determine the "Net Airfield Cost":
 - a. Service fees received from the military, to the extent such fees relate to the use of the Airfield;
 - b. General aviation and non-signatory landing fees;
 - c. Debt Service on the Capital Cost, if any, disapproved by a Majority-Interest of Signatory Airlines.
3. The Net Airfield Cost shall then be divided by the estimated Total Landed Weight (expressed in thousands of pounds) of the Signatory Airlines operating at

the Airport to determine the landing fee rate per 1,000 pounds of aircraft weight for a given Fiscal Year.

D. TERMINAL APRON FEES

MAC shall calculate the Terminal Apron rate in the following manner and as illustrated in Exhibit N.

1. The total estimated "Terminal Apron Cost" shall be calculated by totaling the following annual amounts:
 - a. The total estimated direct and allocated indirect Operation and Maintenance Expenses allocable to the Terminal Apron cost center.
 - b. The estimated direct and allocated indirect Debt Service net of amounts paid from PFCs or grants allocable to the Terminal Apron cost center (excluding hydrant fueling repairs and modifications).
 - c. The cost of Concourse A and B Apron Area deferred and not yet charged will be charged through December 31, 2035 at \$159,950.19 annually.
 - d. The amounts required to be deposited to funds and accounts pursuant to the terms of the Trust Indentures, including, but not limited to, its Debt Service reserve funds directly or indirectly allocable to the Terminal Apron cost center. MAC agrees to exclude from the calculation of Terminal Apron fees the amounts which it may deposit from time to time to the maintenance and operation reserve account and the Coverage Account established and maintained pursuant to the Senior Trust Indenture except for such amounts which are necessary to be deposited to the Coverage Account in order for MAC to meet its rate covenants under the Trust Indentures.
 - e. The Terminal Apron Repair and Replacement Amount.
2. The Terminal Apron Cost shall then be divided by the total estimated lineal feet of Terminal Apron, to determine the Terminal Apron rate per lineal foot for a given Fiscal Year. For the purposes of this calculation, lineal feet of Terminal Apron shall be computed as the sum of the following:
 - a. Lineal feet of the Terminal Apron (excluding the Terminal Apron associated with Concourses A & B); and
 - b. Fifty percent (50%) of lineal feet of the Terminal Apron associated with Concourse A & B.

E. TERMINAL 1 BUILDING RENTS

MAC shall calculate the Terminal 1 building rental rate for unjanitored and janitored space in the Terminal 1 building as set forth in subsections 1 and 2 of this Section VI.E.

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1. MAC shall calculate the Terminal 1 building rental rate for unjanitored space in the Terminal 1 building in the following manner and as illustrated in Exhibit N.
 - a. The total estimated Terminal Building Cost shall be calculated by totaling the following annual amounts:
 - 1) The total estimated direct and allocated indirect Operation and Maintenance Expenses allocable to the Terminal Building cost center.
 - 2) The estimated direct and allocated indirect Debt Service net of amounts paid from PFCs or grants allocable to the Terminal Building cost center.
 - 3) The cost of Concourse A, B, C and D deferred and not yet charged will be charged through December 31, 2035 at \$2,910,547.40 annually.
 - 4) The amounts required to be deposited to funds and accounts pursuant to the terms of the Trust Indentures, including, but not limited to, its Debt Service reserve funds directly or indirectly allocable to the Terminal 1 cost center. MAC agrees to exclude from the calculation of Terminal Rents the amounts which it may deposit from time to time to the maintenance and operation reserve account and the Coverage Account established and maintained pursuant to the Senior Trust Indenture except for such amounts which are necessary to be deposited to the Coverage Account in order for MAC to meet its rate covenants under the Trust Indentures.
 - b. The total estimated Terminal Building Cost shall be reduced by the total estimated annual amounts of the following items to determine the "Net Terminal Building Cost":
 - 1) Reimbursed expense:
 - a) IAF Operation and Maintenance Expenses;
 - b) Carrousel and conveyor Debt Service and Operation and Maintenance Expense;
 - c) Ground power;
 - d) Loading dock;
 - e) Concession utilities, and
 - f) Items described in Section VI.K. and VI.M. to the extent directly reimbursed.

- 2) Janitorial Operation and Maintenance Expenses incurred by MAC.
- c. The Net Terminal Building Cost shall then be divided by the total estimated Rentable Space in the Terminal 1 building to determine the Terminal 1 building rental rate per square foot for unjanitored space for a given Fiscal Year. (See Initial Rentable Square Footage, Exhibit O).
2. MAC shall calculate the Terminal 1 building rental rate for janitored space by totaling the following rates and as illustrated in Exhibit N:
 - a. The Terminal 1 building rental rate per square foot for unjanitored space for a given Fiscal Year, as calculated in this Section; and
 - b. An additional rate per square foot, the janitored rate, calculated by dividing the total estimated direct Janitorial Operation and Maintenance Expenses, as determined by MAC, by the total janitored space in the Terminal 1 building (excluding MAC and mechanical space).

F. CARROUSEL AND CONVEYOR CHARGE

1. MAC shall calculate the carrousel and conveyor charge by totaling the following annual amounts: equipment charges associated with the carrousel and conveyor (if any), including annual Debt Service; Operation and Maintenance Expense; and service charge (if any).
2. MAC shall prorate the carrousel and conveyor charge among the Signatory Airlines using the Joint Use Formula.
3. Notwithstanding anything herein to the contrary, so long as DELTA operates and maintains the Inbound BHS and Outbound BHS, such costs incurred by DELTA will be charged to AIRLINE as specified in Sections VIII.C and VIII.D.

G. IAF USE FEES

The IAF use fee for use of the IAF shall be based upon:

1. The cost of the maintenance and operation of the International Arrivals Facility which may include, but is not limited to:
 - a. utilities;
 - b. cleaning;
 - c. maintenance (including the costs of maintaining the security equipment that existed as of April 1998);
 - d. police, fire, and administrative cost allocation;
 - e. costs of providing passenger baggage carts, if any;

- f. costs of providing staff parking for federal inspections agency staff; and
 - g. \$35,064 per month for recoupment for lost rental area in the G Concourse.
2. Costs associated with the operation of dual international arrivals facility locations at the Airport, based on the appropriate allocation of costs between the two facilities, not otherwise funded by the federal inspections agencies including, but not limited to additional personnel and equipment used by those agencies; and
 3. Estimated direct and allocated indirect Debt Service, if any.

Each Fiscal Year, the IAF use fee shall be calculated by first summing the budgeted costs for items (1) through (3) above and then dividing by total estimated passengers arriving at the IAF. AIRLINE shall be billed for IAF use fees monthly, and such use fees shall be set annually at an estimated charge through MAC's budget process and then adjusted at year end for actual costs and actual passengers arriving at the IAF pursuant to certified audit by MAC's external auditors and such difference shall be charged, refunded, or credited to AIRLINE and paid or credited by AIRLINE or MAC within thirty (30) days thereafter.

On a monthly basis for compensation for use of gates G1-G10 for scheduled international aircraft arrivals, so long as the applicable gates are leased by DELTA, MAC shall pay DELTA, \$400, \$800 and \$1,200, for each arrival by, respectively, propeller aircraft, narrow-body jet aircraft or wide-body aircraft at the IAF. MAC may reasonably increase these rates at any time with 60 day advance written notice to DELTA.

H. YEAR-END ADJUSTMENTS OF RENTS, FEES, AND CHARGES

1. As soon as practical following the close of each Fiscal Year, but in no event later than July 1, MAC shall furnish AIRLINE with an accounting of the costs actually incurred and revenues and credits actually realized during such Fiscal Year with respect to each of the components of the calculation of the rents, fees, and charges calculated pursuant to this Article broken down by rate making Airport Cost Center.
2. In the event AIRLINE's rents, fees, and charges billed during the Fiscal Year exceed the amount of AIRLINE's rents, fees, and charges required (as recalculated based on actual costs and revenues), such excess shall be refunded or credited to AIRLINE.
3. In the event AIRLINE's rents, fees, and charges billed during the Fiscal Year are less than the amount of AIRLINE's rents, fees, and charges required (as recalculated based on actual costs and revenues), such deficiency shall be charged to AIRLINE in a supplemental billing.
4. This section does not apply to Common Use Space charges. This provision shall survive an expiration or termination of this Agreement.

I. REVENUE SHARING

1. Subject to Section VIJ, in conjunction with its year-end adjustments of rents, fees and charges, MAC will rebate to AIRLINE a percentage of the Annual Gross Revenues for Selected Concessions for the most recent Fiscal Year under the following schedule ("Revenue Sharing").
 - a. For Fiscal Years 2019 and 2020, if the Enplaned Passenger Growth Percentage for the most recent Fiscal Year is one percent or less, the Revenue Sharing percentage for that Fiscal Year shall be 31.00%. For Fiscal Years after 2020, if the Enplaned Passenger Growth Percentage for the most recent Fiscal Year is one percent or less, the Revenue Sharing percentage for that Fiscal Year shall be 33.00%.
 - b. For Fiscal Years 2019 and 2020, if the Enplaned Passenger Growth Percentage for the most recent Fiscal Year is more than one percent, the Revenue Sharing percentage for that Fiscal Year shall be the sum of (i) 31.00% and (ii) one-half of the Enplaned Passenger Growth Percentage. For Fiscal Years after 2020, if the Enplaned Passenger Growth Percentage for the most recent Fiscal Year is more than one percent, the Revenue Sharing percentage for that Fiscal Year shall be the sum of (i) 33.00% and (ii) one-half of the Enplaned Passenger Growth Percentage.
2. The total Revenue Sharing rebate shall be allocated among the Signatory Airlines according to their pro rata share of Enplaned Passengers for the most recent Fiscal Year and shall be structured as a post-year-end rebate to AIRLINE issued by MAC no later than 240 days following each Fiscal Year, subject to correction following any applicable audit. If AIRLINE is in default, as specified in Section XIV.A., beyond any applicable notice and cure period, MAC shall have the right, (a) for monetary defaults, to set off against any Revenue Sharing rebate otherwise due AIRLINE under this Section the amounts, if any, then due and owing by AIRLINE to MAC under this Agreement, and (b) for non-monetary defaults for which damages can be reasonably estimated in MAC's reasonable discretion, to withhold from the Revenue Sharing otherwise due AIRLINE under this Section such amount that is reasonably necessary to cure the default and/or remedy the damage to MAC plus an additional 25 percent (25%) so long as such default remains uncured. Any amounts withheld may be withheld by MAC until the applicable default is cured; at which such time MAC shall rebate any amount withheld to AIRLINE, less any amounts actually incurred by MAC to cure such default and any amounts necessary to remedy financially calculable harm to MAC that actually occurred due to such default. Any offset or reduction in the total rebate payable to any Airline made pursuant to (a) above shall be retained by MAC. Any offset or reduction in the total rebate payable to any Airline made pursuant to (b) above (but not amounts merely withheld) shall be retained by MAC, less any amount rebated to AIRLINE. An Affiliated Airline of AIRLINE shall not be entitled to Revenue Sharing, however its Enplaned Passengers shall be included in the calculation of AIRLINE's share of Revenue Sharing. An EAS Airline shall not be entitled to Revenue Sharing.

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3. Notwithstanding the foregoing, MAC shall have the right to reduce the amount of Revenue Sharing with respect to any Fiscal Year to the extent necessary so that the Net Revenues of the MAC taking into account the Revenue Sharing for such Fiscal Year will not be less than 1.25x of the total Debt Service of MAC for such Fiscal Year. In the event that the Revenue Sharing is reduced in any Fiscal Year by any amount (the "Deferred Revenue Sharing Amount") as a result of the operation of this Article VI, MAC will accrue the Deferred Revenue Sharing Amount and credit such amount to the Signatory Airlines in the subsequent Fiscal Year (or, if such amount may not be credited in accordance with this Article VI in such subsequent Fiscal Year, then such amount will be credited in the next succeeding Fiscal Year in which such credit may be issued in accordance with this Article VI).

J. REVERSION TO ALTERNATE RATE STRUCTURE

1. Notwithstanding anything in the Lease or any other agreement between MAC and AIRLINE, in the event AIRLINE is not in compliance with any payment obligation under any agreement with the MAC during the period following any applicable notice and cure period herein or therein and continuing until payment of any such amounts (the "Payment Default Period"), MAC will have the right, upon written notice to AIRLINE (provided that, if AIRLINE is in bankruptcy, no notice shall be required for the effectiveness of MAC's exercise of such right, in each case so long as AIRLINE is invoiced by MAC for the amounts payable pursuant to the Alternate Rate Structure instead of Section V.B and Article VI and all such invoices reference the additional amounts due as a result of such payment default and set forth the applicable rates that are then in effect as a result of such payment default), to: (i) have AIRLINE's payment obligations under the Lease during the Payment Default Period be governed by the Alternate Rate Structure instead of the rate structure set forth in Section V.B and Article VI, and (ii) apply the amount of any Rate Differential for AIRLINE during such period and the amount of any accrued and unpaid Revenue Sharing credits (if any) otherwise due to AIRLINE pursuant to Article VI for the Payment Default Period against any amounts owed by AIRLINE to MAC to the extent necessary to cure such payment defaults.

K. AIRLINE SERVICES PROVIDED BY MAC IN TERMINAL 1

1. Scope and Costs

In accordance with the terms of this Section VI.K, AIRLINE agrees to reimburse MAC for providing the services described in this Section that generally benefit the Signatory Airlines using Terminal 1 or that primarily benefit AIRLINE. Except as and to the extent set forth in Section VI.K.4. below, MAC is under no obligation to provide any of these airline services. However, if MAC agrees to provide the services it shall charge AIRLINE as specified in this Section VI.K.

2. Existing Services

For existing services historically provided by Airlines, the costs of providing such services will be recovered by MAC as follows: (a) if the services generally benefit the Airlines utilizing Terminal 1, the costs will be assessed using the Joint Use Formula; or (b) if the services primarily benefit a limited number of Airlines utilizing Terminal 1, MAC will directly bill those Airlines benefiting from the services their pro rata share based on Enplaned Passengers.

These airline services include but are not limited to porter services, security line management services, and technology related services such as flight information displays, ticket counter back wall monitors, and content management systems (but exclude future services, Employee Screening services, and services addressed elsewhere in this Agreement), the costs of which are not otherwise included in and recovered through the other rents, fees and charges assessed under this Article VI. Additionally, these airline services shall also include security costs for law enforcement officers within the ticketing or baggage claim or concourse areas of Terminal 1 to the extent these law enforcement officers are specifically requested by one or more Signatory Airlines and are in addition to the law enforcement officers MAC typically provides.

3. Future Services

For future related airline services provided by MAC, AIRLINE shall reimburse MAC for the costs of such services in the manner described in Section VI.K.2, unless such costs are disapproved by a Majority-In-Interest of the Terminal 1 Signatory Airlines in accordance with the procedures in Section VII.B.1. Majority-In-Interest review shall not be required any services that primarily benefit a limited number of Airlines if those Airlines agree to pay for and be directly billed for those services.

4. Terminal 1 Airline Employee Screening

Effective January 1, 2019, MAC shall begin performing (through a 3rd party contractor) the screening of AIRLINE's and its contractors' and subcontractors' employees who enter secure areas from within Terminal 1 ("Employee Screening."). This does not include AIRLINE employees entering secure, SIDA, or AOA areas from outside Terminal 1 such as the Airfield gates or other buildings at the Airport. The indemnification obligations of AIRLINE set forth in Section X.A. shall apply to this Section. MAC shall have sole and absolute discretion establishing Employee Screening locations and, subject to fulfilling its obligations in this Section, MAC makes no guarantee that existing AIRLINE or MAC screening locations will continue to be operated or available for screening functions; provided, however, that such locations shall be sufficient to perform the Employee Screening in a timely manner. Should MAC elect not to provide Employee Screening at an existing AIRLINE operated Employee Screening location, AIRLINE may continue to provide Employee Screening for its own

employees and contractors at its own cost and expense at such location, provided that MAC may require such location to be closed at any time, in MAC's sole discretion, and AIRLINE may elect to close such location at any time. Employee Screening will be performed at locations that screen employees of other tenants, contractors, and subcontractors at the Airport and/or MAC's and its contractors' and subcontractors' employees. At any time, MAC may elect to transfer responsibility for Employee Screening to the Transportation Security Administration (or successor agency) if and to the extent the Transportation Security Administration (or successor agency) is willing to assume such responsibility, and AIRLINE shall reasonably cooperate with MAC to facilitate such move. Any expense MAC incurs for Employee Screening attributed to Signatory Airlines will be prorated among the Signatory Airlines using the Joint Use Formula and AIRLINE's proportionate share shall be billed to AIRLINE directly. MAC may, upon 365 days' advance notice to AIRLINE, stop performing Employee Screening.

L. TERMINAL 1 COMMON USE SPACE CHARGES

Use of and charges for Common Use Space in Terminal 1 shall be governed under a Memorandum of Understanding between MAC and any Airline that desires to use such Common Use Space at Terminal 1. AIRLINE agrees that such Memorandum of Understanding will be superseded and no longer in effect if a MAC Ordinance and/or Rules or Regulations are adopted that governs use of and charges for Common Use Space at Terminal 1.

M. MAC-OWNED SYSTEMS AND EQUIPMENT AND UTILITIES INSURANCE COSTS

MAC may seek to procure certain insurance policies, additional coverages and/or additional limits for the benefit of MAC and/or Airlines that insure against losses incurred by MAC and/or Airlines related to the failure or outage of MAC-Owned Systems and Equipment and/or the failure or outage of utilities or services described in Section VIII.A.4 (such as power, water, gas, fiber, HVAC, etc.). In connection with such procurement, upon AIRLINE's timely request, AIRLINE shall have the opportunity to participate in the procurement and review of any such insurance policies (including the continuation of policies not yet in place as of the effective date of this Agreement if premiums will increase by more than 10%), and MAC shall consider, in good faith, AIRLINE's comments, position, and concerns regarding such procurement. If any such policies are procured, AIRLINE shall reimburse MAC for premiums and other related costs of such insurance policies in the manner described below, unless such insurance policies are disapproved by a Majority-In-Interest of Signatory Airlines in accordance with the procedures in Section VII.B.1 and as modified below, in which case MAC may still elect to procure such insurance policies, but may not charge such insurance premium costs directly to Airlines, but such insurance premium costs will be reasonably allocated by MAC to all Airport Cost Centers that benefit from such insurance policies. Eighty percent (80%) of the premium costs for such insurance policies that are not disapproved by a Majority-In-Interest of Signatory Airlines (except that, for purposes of disapproval under this section, the MII rules will be altered by replacing references to a majority of all Signatory Airlines with reference to a majority of all Signatory Airlines responding to the notice) shall be allocated on a reasonable basis by MAC to Terminal 1 and Terminal

2, and twenty percent (20%) of such premium costs shall be reasonably allocated to other Airport Cost Center(s) that benefit from such insurance policies. Such insurance premium costs allocated to Terminal 1 will be charged to Terminal 1 Signatory Airlines using the Joint Use Formula. Such allocated insurance premium costs allocated to Terminal 2 will be included in Terminal 2 rates and charges prescribed by MAC Ordinance. Notwithstanding anything herein to the contrary, any insurance policies procured under this Section VI.M. shall be primary with respect to any damages covered thereby and respond prior to any insurance AIRLINE is required to maintain hereunder, provided that where more than one party is at fault each party's insurance shall be primary with respect to that party's portion of the liability.

VII. CAPITAL EXPENDITURES

A. GENERAL

1. Subject to the provisions of Sections B and D of this Article, MAC may incur costs to plan, design, and construct Capital Projects to preserve, protect, enhance, expand, or otherwise improve the Airport System, or parts thereof, at such time or times as it deems appropriate, and may recover through airline rents, fees, and charges the costs of such Capital Projects.
2. MAC will use its best efforts to obtain and maximize federal and state grants, including MNDOT and AIP grants.
3. Subject to the provisions of this Article, MAC may pay the Capital Cost associated with any Capital Project using funds lawfully available for such purposes as it deems appropriate, and may issue Airport Bonds and Other Forms of Indebtedness in amounts sufficient to finance any Capital Project.
4. Nothing in this Agreement, including this Article VII, shall be interpreted: (a) to impair the authority of MAC to (i) impose a Passenger Facility Charge or (ii) use the Passenger Facility Charge revenue as required by the PFC legislation or PFC Regulations; (b) to restrict MAC from financing, developing or assigning new capacity at the Airport with Passenger Facility revenue if and to the extent such restriction would not violate the PFC legislation or PFC Regulations; (c) to preclude MAC from funding, developing, or assigning new capacity at the Airport with PFC revenue in any manner required by the PFC legislation or the PFC Regulations; or (d) to prevent MAC from exercising any other right it is required to retain by the PFC legislation or PFC Regulations if and to the extent it is so required to be retained by the PFC legislation or PFC Regulations.
5. Annually MAC shall submit to each Signatory Airline a report on the Capital Projects that MAC plans to commence during a Fiscal Year. MAC may from time to time amend or supplement such report for the then-current Fiscal Year by providing supplementary notice to each Signatory Airline. The report (or supplemental report) shall contain the following information:
 - a. A description of each Capital Project, together with a statement of the need for and benefits to be derived from each Capital Project.

- b. A schedule of estimated project costs and proposed funding sources for each Capital Project.
 - c. A notice requesting MII approval of the Capital Projects, if any, that are subject to MII review.
6. If MAC determines that it is in the Airport's interest to purchase improvements, equipment or to make other capital expenditures which are outside the scope of this Agreement but which may benefit an Airline, MAC may enter into a supplemental agreement with the affected Airline to provide for the payment of the costs of such purchase.

B. CAPITAL PROJECTS SUBJECT TO MII REVIEW

MAC may not recover through airline rents, fees, or charges the Capital Costs, including the Off-Airport Aircraft Noise Costs, of any Capital Project in the Airfield Cost Center whose gross project costs exceed five million dollars (\$5,000,000) without being approved by a Majority-in-Interest of Signatory Airlines.

- 1. Each Capital Project, which is subject to this Section B, shall be deemed to be "Approved by a Majority-In-Interest of Signatory Airlines" unless MAC receives, within forty-five (45) days after emailing or mailing the report specified in Section A of this Article, either: (a) written responses from a Majority-In-Interest of Signatory Airlines and such responses signify that a Majority-In-Interest of Signatory Airlines disapprove such Capital Project or (b) a certificate from the chair of the MSP Airport Affairs Committee, with supporting documentation establishing that a Majority-In-Interest of Signatory Airlines disapprove such Capital Project.
- 2. MAC may proceed with any Capital Project that was disapproved by a Majority-In-Interest of Signatory Airlines; provided, however, that MAC may not recover through airline rents, fees, or charges the Capital Costs, including the Off-Airport Aircraft Noise Costs, of any disapproved Capital Project.

C. CAPITAL PROJECTS NOT SUBJECT TO MII REVIEW

Without the prior approval of a Majority-In-Interest of Signatory Airlines, MAC may incur costs to plan, design, and construct at such time or times as it deems appropriate, and may recover through airline rents, fees, and charges the costs of the following Capital Projects:

- 1. Any Capital Project that is not in the Airfield Cost Center.
- 2. Any Capital Project in the Airfield Cost Center that is necessary to comply with a rule, regulation, or order of any governmental agency, other than an ordinance of MAC, which has jurisdiction over the operation of the Airport.
- 3. Any Capital Project in the Airfield Cost Center that is necessary to satisfy a final judgment against MAC rendered by a court of competent jurisdiction.

- 4. Any Capital Project in the Airfield Cost Center that is necessary to repair casualty damage, the cost of which exceeds the proceeds of applicable insurance; provided that the MAC may recover the Capital Cost of such repair only to the extent that the cost of reconstruction or replacement exceeds the insurance proceeds available for such purposes.

D. MAJORITY-IN-INTEREST WAIVER

AIRLINE agrees that MAC may include in its capital improvement program up to \$72 million per Fiscal Year (in 2018 dollars) for miscellaneous Capital Projects ("Contingency Projects") as determined by MAC. Notwithstanding any other provision of this Agreement, these Contingency Projects may include at MAC's discretion projects to be included in the Airfield Cost Center, and this Agreement shall be deemed to be AIRLINE'S approval (if required) of any such Capital Project without any requirement for Majority-In-Interest review.

E. TERMINAL 1 OPERATIONAL IMPROVEMENTS PROGRAM

MAC is in the process of planning and implementing the OI Program. The OI Program is a series of projects through 2023 to completely overhaul Terminal 1 arrivals and departures level, for the benefit of passengers and the entire Airport community. AIRLINE acknowledges that elements of the OI Program, including but not limited to the following, will materially impact and change AIRLINE's operations both during and after the construction of the program:

- 1. Remodeling and relocation of airline ticket offices and baggage service offices.
- 2. Installation of ticket counter backwall monitors, which will be owned and maintained by MAC. Implementation of content management system to operate ticket counter backwall monitors.
- 3. Installation of automated bag drop devices throughout the ticket lobby.
- 4. Installation of new inbound baggage system.

AIRLINE agrees to cooperate with MAC in good faith to ensure the efficient and timely completion of the OI Program and acknowledges that such cooperation may require reasonable accommodation of other Airlines within AIRLINE's Preferential Use Space and Exclusive Use Space in accordance with Section IV.E. The drawings and the estimated timelines associated with the various phases of each project associated with the OI Program are available to AIRLINE upon request of MAC. MAC shall cooperate with AIRLINE and the other Signatory Airlines and shall use commercially reasonable efforts to minimize, to the greatest extent possible, the adverse impact of the OI Program on AIRLINE's operations.

F. CONCOURSE G PROJECT

Subject to finalization of plans and financing therefor, MAC intends to improve the customer experience at Concourse G of Terminal 1 by expanding, modernizing, and reallocating square footage in Concourse G intended to improve circulation, holdroom, concession, and Airline Club space to support the current Flight activities and anticipated future Flight activities at Concourse G (collectively, the "Concourse G Project"), and

AIRLINE acknowledges that MAC intends to undertake the Concourse G Project; provided, however, that AIRLINE's acknowledgement shall in no way limit MAC's rights or obligations under the MAC Board of Commissioners-adopted Capital Improvement Program (CIP); a copy of the most recent CIP is available on the MAC website.

VIII. INSTALLATION, MAINTENANCE, AND UTILITIES

A. OBLIGATIONS OF MAC

1. MAC shall maintain and operate the Airport in conformance with all rules and regulations of the FAA and any other governmental agency having jurisdiction thereover, provided that nothing herein contained shall be deemed to require MAC to enlarge the Airport, to make expansions or additions to the landing areas, runways or taxiways, or other appurtenances of the Airport. In limitation of the foregoing, it is expressly agreed that if funds for the provision, maintenance and operation of the control tower, instrument landing system, ground control approach and/or other air navigation aids or other facilities required or permitted by the United States and needed by AIRLINE for AIRLINE's operation at the Airport, which are now, or may hereafter be furnished by the United States, are discontinued MAC shall not be required to furnish such facilities; provided, however, that if AIRLINE cannot operate from the Airport or its operations are materially impaired due to such services no longer being provided, AIRLINE shall have the right to seek rent abatement from MAC during such period.
2. Except as otherwise specifically provided herein, MAC during the Term of this Agreement shall, in accordance with acceptable FAA standards, and other applicable statutes or regulations, operate, maintain, and keep in good repair the Airport, including vehicular parking spaces, and all appurtenances, facilities and services therein, including, without limiting the generality hereof, all field lighting and other appurtenances, facilities and services which MAC is to furnish hereunder, Common Use Space, Joint Use Space, and public space. MAC shall make repairs thereto, though caused by negligence of AIRLINE or its employees, agents, or invitees. MAC may recover from AIRLINE such portion of the cost of such repairs caused by negligence of AIRLINE or its employees, agents, or invitees as is not recoverable through MAC's insurance on such damaged or destroyed structures or facilities.
3. It is further agreed that nothing in this Agreement shall prevent MAC from making such commitments to the Federal Government or to the State of Minnesota as may be required in order to qualify for the expenditure of Federal or State funds on the Airport. Such commitments shall be without prejudice to AIRLINE's right to claim damages therefrom. In furtherance of the foregoing, MAC shall:
 - a. Keep the Airport reasonably free from obstructions, including the removal and clearing of snow, grass, stone, or other foreign matter as necessary and with reasonable promptness from the runways, taxiways

and loading areas, and areas immediately adjacent thereto in order to insure the safe, convenient, and proper use of the Airport by AIRLINE and others.

- b. Keep public areas of Terminal 1 and Terminal 2 adequately supplied, equipped, furnished and decorated, and operate and maintain a public address system and adequate directional signs in Terminal 1 and Terminal 2 and throughout the Airport, including but not limited to signs indicating the location of public restaurants, restrooms, newsstands, telephones, telegraph, baggage counters, and all other facilities for passenger or public use in Terminal 1 and Terminal 2 or elsewhere on the Airport.

4. MAC shall:

Provide and supply adequate heat, conditioned air, water and adequate lighting for Terminal 1 and Terminal 2 and loading ramps, and adequate field lighting on or for the Airport (See Section IV.B. for certain obligations), and provide reasonable access to existing sewer, water, heating/cooling, electrical and other available utilities in Terminal 1 and Terminal 2, with cost of connection to be borne by Airlines. MAC shall make diligent and commercially reasonable efforts to supply AIRLINE with these services; provided, however, that if MAC makes such diligent and commercially reasonable efforts, but fails to provide any of said utilities or services, said failure shall not constitute a constructive eviction. Further, MAC shall not be liable to AIRLINE for, and AIRLINE expressly releases and discharges MAC from, any and all claims, demands and causes of action that the AIRLINE may now or hereafter have against MAC, and any reduction in rents, fees and charges, arising or alleged to have arisen out of any interruption of utility services (i) to the extent any utility shall become unavailable from any public utility company, public authority, or any other independent person or entity supplying or distributing such utility except to the extent caused by the negligence or willful misconduct of MAC, its contractor, or subcontractor or any of their respective employees, agents, or representatives, or (ii) for any interruption in any service hereunder (including, without limitation, any heating, ventilation or air-conditioning) caused by the making of any necessary repairs or improvements except to the extent caused by the negligence or willful misconduct of MAC, its contractor, or subcontractor or any of their respective employees, agents, or representatives, or (iii) which results from any cause beyond the MAC's reasonable control and not caused by the negligence or willful misconduct of MAC, its contractor, or subcontractor or any of their respective employees, agents, or representatives; provided, however, that if (a) AIRLINE suffers damages due to the negligence or willful misconduct of MAC or its employees in connection with utilities, and (b) a Majority-In-Interest of Signatory Airlines disapprove the purchase of a policy under Section VI.M that would have provided insurance coverage for such damages and as a result such damages are not covered by insurance, AIRLINE hereby waives any claim it may have against MAC or its employees for such damages to the extent they would have been covered by the aforementioned insurance.

AIRLINE hereby waives all claims to special, indirect, and consequential damages, which shall include but not be limited to, losses of use, income, profit, financing, business and reputation, that might be asserted by AIRLINE against MAC or its commissioners, officers, employees, or directors, in connection with MAC's providing or maintaining utilities, except (a) to the extent such damages arise from the gross negligence or willful misconduct of MAC or its commissioners, officers, directors, or employees, in which case AIRLINE may recover from parties and in amounts in accordance with common law unaltered by this Agreement, or (b) damages recoverable under insurance policies described herein, or would have been so recoverable if insurance had been properly maintained in accordance with this Agreement. The foregoing shall not waive any rights or obligations under Minnesota Statutes Section 466.01 *et seq.* or limit any other form of immunity available to MAC or its commissioners, officers, employees, or directors under law or at equity. All content and data feeds on utility systems shall be subject to MAC control and written approval, not to be unreasonably withheld, conditioned, or delayed; provided, however, the foregoing shall not be deemed to grant MAC any license or right to use AIRLINE's intellectual property without AIRLINE's authorization.

- a. Provide janitors and other cleaners necessary to keep the areas outlined in Exhibit P, the unleased Rentable Space, and the field and runway areas of the Airport at all times safe, clean, neat, orderly, sanitary, and presentable. AIRLINE may provide janitorial services in its Preferential Use holdroom areas if in the judgment of MAC's Executive Director the level of cleaning meets MAC's consistently applied standards.
 - b. Provide space in Terminal 1 and Terminal 2 and arrange for the professional operation of restaurants for the purpose of selling food, beverages, and merchandise to the public.
5. MAC shall perform maintenance in Terminal 1, Terminal 2, and surrounding areas in compliance with Exhibit P and as further defined in this Article. Any changes to that responsibility must be incorporated as an amendment to this Agreement.
6. MAC by its authorized officers, employees, agents, contractors, subcontractors, or other representatives, shall have the right (at such times as may be reasonable under the circumstances and with as little interruption of AIRLINE's operation as is reasonably practicable) to enter AIRLINE's Exclusive Use Space, Preferential Use Space, Joint Use Space, or Common Use Space for the following purposes:
- a. To inspect such space to determine whether AIRLINE has complied and is currently in compliance with the terms and conditions of this Agreement.
 - b. Upon reasonable notice to perform such maintenance, cleaning, or repair as MAC's Executive Director deems necessary, if AIRLINE fails to perform its obligations under this Article VIII, and to recover the reasonable cost of such maintenance, cleaning, or repair from AIRLINE.

7. With regard to the IAF, MAC shall:
- a. Operate, maintain, and keep the IAF space in good condition and repair and shall keep it adequately supplied, equipped, furnished and decorated, and operate and maintain adequate directional signs.
 - b. Provide janitors and other cleaners reasonably necessary to keep the IAF space, including Federal office space, safe, clean, neat, orderly, sanitary, and presentable.

B. OBLIGATIONS OF AIRLINE

1. Subject to MAC or its contractor providing janitorial and cleaning services as specified in Section VIII.A.4 and Exhibit P and MAC's other express obligations herein, AIRLINE shall, in accordance with Exhibit P, attached hereto, be responsible for and shall perform or cause to be performed janitorial, maintenance, and repair of its Preferential Use Space and its Exclusive Use Space such that it is in a neat and orderly condition and shall repair or replace as needed all improvements, installations, fixtures and equipment to be initially installed by it hereunder. Where damage is caused by the negligence or willful misconduct of MAC, its officers, agents, or employees, AIRLINE may recover from MAC the cost of repairs to that extent but, except as set forth in Section VI.M., only to the extent that the cost of such repairs is not recoverable through insurance of AIRLINE on such improvements, installations, fixtures and equipment. AIRLINE shall not commit nor permit any waste of or to the Premises or to apron areas adjacent to AIRLINE's holdroom. Explicitly in furtherance of the foregoing the AIRLINE shall:
- a. Whether alone or in conjunction with other Airlines at the Airport provide sufficient porter service and common bag claim service in the area designated for the convenience of AIRLINE's passengers, and
 - b. Not permit the accumulation in its Preferential Use Space or Exclusive Use Space or on the apron area adjacent to its holdroom of rubbish, debris, waste material, or anything detrimental to health or unsightly or likely to create a fire hazard, but shall make prompt disposition thereof.
2. Subject to MAC's Rules and Regulations and Ordinances and MAC Design and Construction Standards, AIRLINE may, from time to time, install additional facilities and improvements and modify or expand existing facilities or improvements in its Exclusive Use Space and Preferential Use Space, including, without limitation, installing carpet in holdrooms, updating wall finishes, and making other cosmetic changes. Before entering into any contract for such work, or commencing work with its own personnel, AIRLINE shall first submit to MAC for its prior written approval a request (in a form reasonably prescribed by MAC) accompanied by a set of complete construction plans and specifications for the proposed work. The work shall not unreasonably interfere with the operation of the Airport and Flights to and from the same on a 24 hours per day, 7 days per week basis. In completing the work approved the AIRLINE shall:

- a. If requested by MAC (but only to the extent required by law), require the contractor and any subcontractor to furnish a performance bond and payment bond, approved as to form and substance by MAC.
 - b. Deliver to MAC "as built" drawings, if applicable, of the work actually performed by it and shall keep such drawings current showing any changes or modification made in or to its Exclusive Use Space and Preferential Use Space.
3. With regard to the IAF, AIRLINE is responsible for handling and disposing of all international waste on AIRLINE's aircraft in accordance with the applicable requirements of the United States Department of Agriculture.

C. OPERATION AND MAINTENANCE OF OUTBOUND BHS

1. MAC owns the Outbound BHS. As a matter of efficiency, MAC desires DELTA to operate and maintain the Outbound BHS. In consultation with DELTA, MAC will provide the technology infrastructure necessary to host the system, including physical rooms, network and server/storage equipment. Therefore, notwithstanding anything to the contrary contained in this Agreement, but subject to the terms of this Section, DELTA and MAC have agreed that DELTA will, in accordance with acceptable FAA and TSA standards, and other applicable statutes or regulations, operate, maintain and keep in good repair the Outbound BHS. In performing such services:
 - a. DELTA and MAC have agreed that DELTA will train its personnel or cause its contractors to train their personnel in proper baggage system maintenance procedures.
 - b. DELTA and MAC have agreed that DELTA will operate, maintain and repair (or cause its contractor to operate, maintain and repair) the Outbound BHS according to manufacturer's specifications, if any, and in accordance with industry practices.
 - c. DELTA and MAC have agreed that DELTA records of such training and maintenance will be kept by DELTA and summaries of this information will be made available to MAC as requested. Such maintenance reports will include activities related to predictive (*i.e.*, replacement of wear parts) and preventative (*i.e.*, lubrication, exercise, etc.) maintenance as well as any corrective maintenance.
 - d. Except with respect to the Baggage Re-Controls Project being constructed by DELTA on MAC's behalf, no equipment modifications or additions will be made to the Outbound BHS without MAC's advance written consent.
 - e. DELTA and MAC have agreed that DELTA's operation and maintenance responsibilities for the Outbound BHS shall include purchase of any necessary maintenance parts and supplies as well as spare part replacement; provided, however, MAC shall make available to

DELTA for performance of these services the spare parts from initial construction of the Outbound BHS and shall assist DELTA and its contractor in enforcing warranty claims against the supplier and installation contractor for the Outbound BHS.

- f. Except with respect to the Baggage Re-Controls Project being constructed by DELTA on MAC's behalf, DELTA and MAC have agreed that DELTA's operation and maintenance responsibilities for the Outbound BHS shall not include any obligation to incur Capital Costs or to undertake any Capital Project in connection with the Outbound BHS; provided, however, for purposes of the Outbound BHS, a "Capital Project" shall include without limitation the performance of any extraordinary, non-recurring major maintenance of the Outbound BHS, provided that any single item of the foregoing has a Capital Cost of \$30,000 or more and a useful life in excess of three years.
 - g. MAC and DELTA have agreed to cooperate on the information technology roles required by each party to accomplish the responsibilities set forth in this Section.
2. MAC shall reimburse DELTA for its actual costs, without markup, of operating and maintaining the Outbound BHS as follows:
- a. On or about September of each year, DELTA and MAC have agreed that DELTA will submit to MAC for MAC's approval, which approval shall not be unreasonably withheld, conditioned, or delayed, a maintenance schedule and budget for the Outbound BHS for the upcoming Fiscal Year. The budget will include DELTA's estimate of amounts to be paid to DELTA's contractors and employees (at fully-loaded rates) for performing the services. The budget will also include a pass-through of all rental and other charges assessed by MAC to DELTA for storage space that is used exclusively in connection with DELTA's operation and maintenance services for the Outbound BHS for such Fiscal Year (initially estimated at 3,500 square feet). The budget, as approved by MAC for a Fiscal Year, is referred to herein as the "Outbound BHS Budgeted Cost."
 - b. The Outbound BHS Budgeted Cost for a Fiscal Year shall be prorated between DELTA, on the one hand, and the other Airlines that use the Outbound BHS, on the other hand, on the basis of that proportion which the number of DELTA's Enplaned Passengers at Terminal 1 (on the one hand) and the other Airlines' Enplaned Passengers at Terminal 1 (on the other hand) for such Fiscal Year bears to the total number of Enplaned Passengers of all such Airlines (DELTA and other Airlines) at Terminal 1 for such Fiscal Year.
 - c. MAC shall pay DELTA, or credit against DELTA's rents, fees and charges owed by DELTA to MAC under DELTA'S Lease, on a quarterly basis, the other Airlines' share (as determined in Section VIII.C.2.b above) of the Outbound BHS Budgeted Cost. MAC shall allocate the

other Airlines' share (as determined in Section VIII.C.2.b above) of the Outbound BHS Budgeted Cost to the other Airlines by using the Joint Use Formula (omitting DELTA and its Enplaned Passengers from the calculation) and collect such amounts directly from the other Airlines.

- d. If a Signatory Airline fails to pay its share of the Outbound BHS Budgeted Cost in a timely fashion, such costs may be added to an appropriate Airport Cost Center, at MAC's sole discretion.
 - e. DELTA and MAC have agreed that DELTA will report to MAC no later than March 1 of each year DELTA's actual costs, without markup, of operating and maintaining the Outbound BHS during the previous Fiscal Year ("Outbound BHS Actual Cost"). DELTA and MAC have agreed that such report will be supported by back-up documentation to the reasonable satisfaction of MAC. The Outbound BHS Actual Cost will be reconciled against the Outbound BHS Budgeted Cost for such Fiscal Year and all payments based thereon shall be adjusted according to Section VI.H.
3. For and in consideration of DELTA's agreement to provide the operation and maintenance services for the Outbound BHS, AIRLINE hereby waives all claims to special, indirect, and consequential damages that might be asserted by AIRLINE against DELTA, MAC or their respective officers, directors, contractors, employees or agents in connection with the maintenance and operation of the Outbound BHS. AIRLINE agrees that DELTA is an express third party beneficiary of such waiver.
 4. Notwithstanding anything to the contrary contained in this Lease, if an event of default occurs under Section VIII.C of DELTA's lease due to DELTA's failure to perform its operation and maintenance obligations with respect to the Outbound BHS, MAC's sole remedy shall be for actual, direct damages and/or to terminate DELTA's right and obligation to operate and maintain the Outbound BHS.
 5. Notwithstanding anything to the contrary contained in the Agreement, DELTA may elect at a time upon no less than 180 days' advance notice to MAC to cease performing operation and maintenance services with respect to the Outbound BHS.
 6. If DELTA ceases to operate and maintain the Outbound BHS pursuant to Section VIII.C.4 or VIII.C.5 above, MAC shall appoint such other contractor or Airline to perform such services as MAC deems appropriate. Thereafter, DELTA's share (calculated as described in Section VIII.C.2.b) of MAC's or such third-party provider's actual costs of operating and maintaining the Outbound BHS shall be included in DELTA's rents, fees and charges under this Lease and MAC's payment obligation under Section VIII.C.2.c shall terminate.

7. Except as stated in this Section VIII.C, in no event shall MAC have any affirmative duty to operate, maintain, or repair the Outbound BHS, or pay for its operation, maintenance, or repair.
8. Future upgrades to the Outbound BHS may become necessary over time and MAC and DELTA have agreed to meet and mutually negotiate the scope and funding of those upgrades which will be subject to MAC Board approval.
9. Notwithstanding DELTA's or other MAC contractor's operation and maintenance of the Outbound BHS, if AIRLINE's operations unreasonably interfere with the operation of the Outbound BHS as determined by MAC in its sole yet reasonable discretion, MAC shall provide a warning to AIRLINE the first time this occurs in a twelve (12) month period. For any subsequent unreasonable interference in a twelve (12) month period, \$1,000 shall be assessed to AIRLINE as liquidated damages for each such unreasonable interference. The liquidated damages calculated pursuant to this Section are not intended as a penalty. The liquidated damages above are in addition to any other remedy available to MAC under this Agreement, at law, or in equity. Any liquidated damages collected pursuant to this Section VIII.C.9. shall be applied to reduce the carousel and conveyor charges or, if DELTA is maintaining the Outbound BHS, shall be provided to DELTA to reduce the overall Outbound BHS cost.

D. OPERATION AND MAINTENANCE OF INBOUND BHS

1. MAC owns the Inbound BHS. As a matter of efficiency, MAC desires DELTA to operate and maintain the Inbound BHS. Effective January 1, 2019, or another date mutually agreed to by MAC staff and DELTA, subject to the terms of this Agreement, DELTA and MAC have agreed that DELTA will, in accordance with acceptable FAA and TSA standards, and other applicable statutes or regulations, operate, maintain and keep in good repair the Inbound BHS. In performing such services:
 - a. DELTA and MAC have agreed that DELTA will train its personnel or cause its contractors to train their personnel in proper baggage system maintenance procedures.
 - b. DELTA and MAC have agreed that DELTA will operate, maintain and repair (or cause its contractor to operate, maintain and repair) the Inbound BHS according to manufacturer's specifications, if any, and in accordance with industry practices.
 - c. DELTA and MAC have agreed that DELTA that computerized records of such training and maintenance will be kept by DELTA and summaries of this information will be made available to MAC as requested. Such maintenance reports will include activities related to predictive (*i.e.*, replacement of wear parts) and preventative (*i.e.*, lubrication, exercise, etc.) maintenance as well as any corrective maintenance.

- d. Except as expressly set forth herein, no equipment modifications or additions will be made to the Inbound BHS without MAC's advance written consent.
 - e. DELTA and MAC have agreed that DELTA's operation and maintenance responsibilities for the Inbound BHS will include purchase of any necessary maintenance parts and supplies as well as spare part replacement; provided, however, MAC shall make available to DELTA for performance of these services the spare parts from initial construction of the Inbound BHS and MAC shall assist DELTA and its contractor in enforcing warranty claims against the supplier and installation contractor for the Inbound BHS.
 - f. DELTA's operation and maintenance responsibilities for the Inbound BHS shall not include any obligation to incur Capital Costs or to undertake any Capital Project in connection with the Inbound BHS; provided, however, for purposes of the Inbound BHS, a "Capital Project" shall include without limitation the performance of any extraordinary, non-recurring major maintenance of the Inbound BHS, provided that any single item of the foregoing has a Capital Cost of \$30,000 or more and a useful life in excess of three years.
2. MAC shall reimburse DELTA for its actual costs, without markup, of operating and maintaining the Inbound BHS as follows:
- a. On or about September of each year, DELTA and MAC have agreed that DELTA will submit to MAC for MAC's approval, which approval shall not be unreasonably withheld, conditioned, or delayed, a maintenance schedule and budget for the Inbound BHS for the upcoming Fiscal Year. The budget will include DELTA's estimate of amounts to be paid to DELTA's contractors and employees (at fully-loaded rates) for performing the services. The budget will also include a pass-through of any rental and other charges assessed by MAC to DELTA for storage space that is used exclusively in connection with DELTA's operation and maintenance services for the Inbound BHS. The budget, as approved by MAC for a Fiscal Year, is referred to herein as the "Inbound BHS Budgeted Cost."
 - b. The Inbound BHS Budgeted Cost for a Fiscal Year shall be allocated among the Airlines at Terminal 1 using the Joint Use Formula for such Fiscal Year.
 - c. MAC shall pay DELTA, or credit against DELTA's rents, fees and charges owed by DELTA to MAC under DELTA'S Lease, on a quarterly basis, the other Airlines' share (as determined in Section VIII.D.2.b above) of the Inbound BHS Budgeted Cost.
 - d. If any Signatory Airline fails to pay its share of the Inbound BHS Budgeted Cost in a timely fashion, such costs may be added to an appropriate Airport Cost Center, at MAC's sole discretion.

- e. DELTA and MAC have agreed that DELTA will report to MAC no later than March 1 of each Fiscal Year DELTA's actual costs, without markup, of operating and maintaining the Inbound BHS during the previous Fiscal Year ("Inbound BHS Actual Cost"). Such report shall be supported by back-up documentation to the reasonable satisfaction of MAC. The Inbound BHS Actual Cost will be reconciled against the Inbound BHS Budgeted Cost for such Fiscal Year and all payments based thereon will be adjusted according to Section VI.H. Any Inbound BHS Actual Costs that are not paid by a Signatory Airline, plus any costs incurred by MAC for the Inbound BHS, may be added to an appropriate cost center, at MAC's sole discretion.
3. For and in consideration of DELTA's agreement to provide the operation and maintenance services for the Inbound BHS, AIRLINE hereby waives all claims to special, indirect, and consequential damages that might be asserted by AIRLINE against DELTA, MAC or their respective officers, directors, contractors, employees or agents in connection with the maintenance and operation of the Inbound BHS. AIRLINE agrees that DELTA is an express third party beneficiary of such waiver.
4. Notwithstanding anything to the contrary contained in this Agreement, if an event of default occurs under Section VIII.D of DELTA's lease due to DELTA's failure to perform its operation and maintenance obligations with respect to the Inbound BHS, MAC's sole remedy shall be for actual, direct damages and/or to terminate DELTA's right and obligation to operate and maintain the Inbound BHS.
5. Notwithstanding anything to the contrary contained in this Agreement, DELTA may elect at any time upon no less than 180 days' advance notice to MAC to cease performing operation and maintenance services with respect to the Inbound BHS.
6. As part of DELTA's operation and maintenance of the Inbound BHS, DELTA has agreed, after consulting with MAC and other Terminal 1 Airlines, to assign and/or allocate the baggage carousels and other related belts and components in a reasonable and nondiscriminatory manner so that the Inbound BHS functions as intended and provides all Deplaning Passengers at Terminal 1 with checked baggage with reasonable access to the Inbound BHS. DELTA has agreed to reasonably cooperate with MAC and other Terminal 1 Airlines to develop procedures to assign and/or allocate the baggage carousels and other related belts and components. To the extent AIRLINE uses the Inbound BHS, AIRLINE agrees to reasonably cooperate with MAC and DELTA regarding assignment and allocation of the baggage carousels and other related belts and components.
- a. If MAC or another Terminal 1 Airline believes DELTA is not assigning and/or allocating the baggage carousels and other related belts and components in the manner described above or DELTA is not following any applicable baggage carousel assignment or allocation procedures, such Airline or MAC, as applicable, must first attempt to cooperate with

DELTA to address its concerns. If, after a reasonable attempt by MAC or such Airline and DELTA to cooperate to address such concerns, MAC shall investigate the alleged issue (if it hasn't already) and MAC may, but it not required to either: (a) (i) request DELTA assign or allocate the baggage carrousel and other related belts and components in a specific manner to address such concerns, and (ii) if DELTA agrees with such assignment or allocation, DELTA agrees to implement such direction from MAC in such manner, or (b), if DELTA does not agree with such assignment or allocation, MAC may, after sixty (60) days' notice take over responsibility from DELTA for allocating and/or assigning the baggage carrousel and other related belts and components, and DELTA agrees to relinquish such responsibility to MAC in such case, provided that (x) MAC shall assign and/or allocate the baggage carrousel and other related belts and components in a reasonable and nondiscriminatory manner so that the Inbound BHS functions as intended and provides all Deplaning Passengers at Terminal 1 with checked baggage with reasonable access to the Inbound BHS, and (y) MAC shall reasonably cooperate with DELTA and other Terminal 1 Airlines to develop procedures to assign and/or allocate the baggage carrousel and other related belts and components.

b. MAC may, if approved by a Majority-In-Interest of the Terminal 1 Signatory Airlines (excluding Affiliated Airlines) in accordance with the procedures in Section VII.B.1, implement a dynamic baggage allocation system in the Inbound BHS. In such event, DELTA shall integrate the dynamic baggage allocation system into operations consistent with the general requirements of this provision and MAC, DELTA, and other Terminal 1 Airlines will cooperate to develop the dynamic baggage allocation system procedures, rules, and parameters.

7. If DELTA ceases to operate and maintain the Inbound BHS pursuant to Section VIII.D.4 or VIII.D.5 above, MAC shall appoint such other contractor or Airline to perform such services as MAC deems appropriate. Thereafter, DELTA's share (calculated as described in Section VIII.D.2.b) of MAC's or such third-party provider's actual costs of operating and maintaining the Inbound BHS shall be included in DELTA's rents, fees and charges under this Lease and MAC's payment obligation under Section VIII.D.2.c shall terminate.
8. Except as stated in this Section VIII.D, in no event shall MAC have any affirmative duty to operate, maintain, or repair the Inbound BHS, or pay for its operation, maintenance, or repair.

E. PASSENGER BOARDING BRIDGES (PBBs)

1. Provision or Replacement of PBBs

AIRLINE acknowledges that MAC may, at its discretion, provide or replace AIRLINE-owned or MAC-owned passenger boarding bridges and associated equipment where required (e.g. 400 Hz power, pre-conditioned air, luggage lifts, etc.) ("PBB(s)") within Terminal 1.

2. Ownership and Disposal

a. As of the date of this Agreement, MAC owns the PBBs within Terminal 1 as shown below identified by the PBBs gate number. PBBs not shown below are owned either by AIRLINE or other Signatory Airlines at the Airport.

Concourse A gates, Concourse B gates, C1-C8, C11-C27, D1, D5, D6, E1-E6, E11, E13, E15, F5, F8, F10-F16, G1, G2, G4, G5, G6A/B, G8, G9, G19, G20, G22.

b. If MAC replaces an AIRLINE-owned PBB, AIRLINE agrees to transfer the existing PBB, without warranty of any kind, to MAC at no charge and MAC agrees to dispose of the existing PBB and incorporate any salvage value into the PBB replacement project. AIRLINE shall provide MAC with a Bill of Sale or Transfer Agreement in a form reasonably acceptable to MAC and AIRLINE.

c. Where applicable and as directed by AIRLINE, AIRLINE agrees to remove and relocate an existing PBB at no cost to MAC. Existing PBBs may be designated for refurbishment instead of being disposed.

d. MAC will pay for and own all PBBs that it elects to replace per this Section E.

3. Maintenance and Operation

AIRLINE is responsible for all maintenance, repair, and operation of PBBs that AIRLINE owns, and shall pay all costs of maintaining, repairing and operating the PBBs that AIRLINE owns.

For Terminal 1 only, AIRLINE is responsible for all maintenance, repair, and operation of PBBs owned by MAC that AIRLINE uses, and shall pay all costs of maintaining, repairing and operating those PBBs; and shall comply with the following conditions relating to equipment training, maintenance and potential equipment modification needs.

- a. AIRLINE will train its personnel in proper PBB maintenance procedures in accordance with the recommendations and requirements noted in the training section of the O & M manuals that come with each bridge.
- b. AIRLINE will operate and maintain the PBB according to the manufacturer's specifications as again outlined in the associated O & M manual(s), or as modified by mutual agreement with MAC. Purchase of any necessary maintenance parts and supplies as well as spare part replacement shall be the responsibility of the AIRLINE. Computerized records of such training and maintenance will be kept by the AIRLINE and summaries of this information will be made available to MAC on an as requested basis. Such maintenance reports shall include activities related to predictive (i.e. replacement of wear parts) and preventative (i.e. lubrication, exercise, oil changes, etc.) maintenance as well as any corrective maintenance.
- c. Air conditioning units shall be considered as appurtenances integral to the PBB, and will be operated and maintained by the AIRLINE under the same O & M conditions as outlined in this Agreement.
- d. No equipment modifications or additions will be made without MAC's advance written consent as outlined in the standard MAC construction permit process.
- e. On or about July 1 of each year, AIRLINE shall submit to MAC for MAC's approval, which approval shall not be unreasonably withheld or denied, a 12-month maintenance schedule for each MAC-owned PBB being maintained by AIRLINE.
- f. AIRLINE shall report to MAC no later than March 1 any repair and maintenance completed on each PBB within the past Fiscal Year, and the cost expended for all repairs and maintenance.
- g. AIRLINE shall make the MAC owned PBB's available for use by other airlines that use AIRLINE's gates without additional charge.

In the event that AIRLINE fails, after the applicable notice and cure period, to meet its responsibilities under this Section VIII.E.3, MAC shall have the right, but no obligation, to perform any such responsibilities. AIRLINE shall reimburse MAC upon demand for any costs incurred by MAC plus an administrative fee of fifteen percent (15%) of such costs.

Notwithstanding anything to the contrary, AIRLINE's operation and maintenance responsibilities for MAC owned PBBs shall not include any obligation to incur Capital Costs or to undertake any Capital Project in connection with the PBBs unless such Capital Project is a direct result of AIRLINE not maintaining such PBB in accordance with this Section; provided, however, for purposes of the PBBs, a "Capital Project" shall include without limitation the performance of any extraordinary, non-recurring major

maintenance of the PBBs, provided that any single item of the foregoing has a Capital Cost of \$30,000 or more and a useful life in excess of three years.

4. Insurance and Indemnification

AIRLINE agrees to indemnify and hold harmless MAC for the use and operation of any PBBs by AIRLINE, its Affiliated Airlines or its subtenants as and to the extent required by the general indemnity set forth in Section X.A.

5. Accessibility

AIRLINE is responsible for the provision of accessible facilities related to the use of both AIRLINE-owned and MAC owned PBBs used by AIRLINE to individuals with disabilities, if and to the extent required by applicable federal laws and regulations, including 49 CFR 27 and applicable Americans with Disabilities Act rules of the Department of Transportation and Department of Justice for airport operators. AIRLINE is responsible for the provision of accessible services related to the use of all PBBs used by AIRLINE to individuals with disabilities, if and to the extent required by applicable federal laws and regulations, including applicable Air Carrier Access Act rules for carriers.

IX. DAMAGE OR DESTRUCTION OF PREMISES

A. DAMAGE OR DESTRUCTION

1. If any building of MAC in which AIRLINE occupies Premises hereunder shall be partially damaged by fire, explosion, the elements, the public enemy, or other casualty, but shall not be rendered thereby untenable, the same shall be repaired with due diligence by MAC. If the damage shall be so extensive as to render such building untenable in whole or in part but capable of being repaired in ninety (90) days, the same shall be repaired with due diligence by MAC and the rent payable hereunder with respect to the portion of AIRLINE's Premises so rendered untenable shall be proportionately paid up to the time of such damage and shall thence forth cease and be abated until such time as such untenable portion of such building shall be fully restored to tenable condition.
2. If any such building is completely destroyed by fire, explosion, the elements, the public enemy, or other casualty, or be so damaged that the same cannot reasonably be repaired with due diligence by MAC within ninety (90) days of such casualty, MAC shall, within sixty (60) days of such casualty give AIRLINE written notice that it intends or does not intend to repair or reconstruct such building, as follows:
 - a. If MAC elects to repair and reconstruct the building, then the same shall be repaired with due diligence by MAC and the rent payable hereunder with respect to the portion of AIRLINE's Premises rendered untenable as a result of such casualty shall be proportionately paid up

to the time of such casualty and shall thenceforth cease and be abated until such time as such untenable portion of such building shall be restored to tenantable condition.

- b. If MAC determines not to repair or reconstruct such building (whether by delivery of notice to said effect or by deemed notice as hereinafter described), then this Agreement shall be deemed terminated as to the portion of the AIRLINE's Premises rendered untenable as a result of such casualty with respect to such portion, and rent payable hereunder with respect to such portion shall be proportionately paid through the date of such casualty and shall thenceforth cease.

If no written notice of intention to repair and restore is timely received by AIRLINE within the above-referenced sixty (60) day period, then MAC shall be deemed to have elected not to repair or reconstruct the building. Except as expressly set forth in this Article IX, MAC shall have no obligation to repair or rebuild any of the facilities at the Airport in the event of damage by the elements, fire, explosions or other casualty or causes beyond the control of MAC.

- c. Proceeds of any insurance maintained by MAC payable with respect to such casualty shall be applied to such repair or reconstruction or shall be credited to the appropriate Airport Cost Centers.

B. FORCE MAJEURE

Except as expressly provided in this Agreement, neither MAC nor AIRLINE shall be deemed to be in default hereunder if either party is prevented from performing any of the obligations, other than payment of rents, fees and charges hereunder, by reason of strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of the public enemy, terrorism, weather conditions and the results of acts of nature, riots, rebellion, sabotage, or any other similar circumstances for which it is not responsible or which are not within its control.

X. INDEMNITY AND LIABILITY INSURANCE

A. INDEMNIFICATION

1. AIRLINE agrees to indemnify, defend, save and hold harmless MAC and its Commissioners, officers, and employees (collectively, "Indemnitees") from and against any and all liabilities, losses, damages, suits, actions, claims, judgments, settlements, fines or demands of any person other than an Indemnitee arising by reason of injury or death of any person, or damage to any property, including all reasonable costs for investigation and defense thereof (including but not limited to attorneys' fees, court costs, and expert fees), of any nature whatsoever arising out of or incident to (a) the use or occupancy of, or operations of AIRLINE at or about the Airport (unless such use or occupancy or operations are pursuant to another agreement with MAC that provides for indemnification under its terms in which case those terms shall apply), or (b) the acts or omissions of AIRLINE's officers, agents, employees, contractors, subcontractors, licensees, or invitees,

regardless of where the injury, death or damage may occur (unless such acts or omissions are pursuant to another agreement with MAC that provides for indemnification under its terms in which case those terms shall apply), unless such injury, death or damage is caused by (i) the negligent act or omission or willful misconduct of an Indemnitee whether separate or concurrent with negligence of others, including AIRLINE or (ii) the breach by an Indemnitee of this Agreement. MAC shall give AIRLINE reasonable notice of any such claims or actions. In indemnifying or defending MAC, AIRLINE shall use legal counsel reasonably acceptable to MAC and shall control the defense of such claim or action.

2. AIRLINE further agrees that if a prohibited incursion into the Air Operations Area occurs, or the safety or security of the Air Operations Area, the Airfield, or other sterile area safety or security is breached by or due to the negligence or willful act or omission of any of AIRLINE's employees, agents, or contractors and such incursion or breach results in a civil penalty action being brought against the MAC by the U.S. Government, AIRLINE agrees to reimburse MAC for all expenses, including attorney fees, incurred by MAC in defending against the civil penalty action and for any civil penalty or settlement amount paid by MAC as a result of such incursion or breach of airfield or sterile area security; provided, however, MAC shall allow AIRLINE to participate in both the defense of, and any settlement discussions to resolve, such civil penalty. MAC shall notify AIRLINE of any allegation, investigation, or proposed or actual civil penalty sought by the U.S. Government for such incursion or breach. Civil penalties and settlement and associated expenses reimbursable under this Paragraph include but are not limited to those paid or incurred as a result of violation of 49 CFR 1542, "Airport Security," FAR Part 108, "Airplane Operator Security," or FAR Part 139, "Certification and Operations: Land Airports Serving Certain Air Carriers."
3. The provisions of this Article shall survive the expiration of this Agreement with respect to matters arising before such expiration or before early termination or before relinquishment of Premises.

B. LIABILITY INSURANCE

1. AIRLINE shall provide, without cost or expense to MAC, and maintain in force throughout the full Term hereof the following insurance coverages as appropriate, insuring AIRLINE and MAC against the liabilities set forth in Subsection A next above:
- a. Aircraft liability insurance and comprehensive general public liability insurance for claims of property damage, bodily injury, or death allegedly resulting from AIRLINE's activities into, on, and leaving any part of the Airport, in an amount not less than four hundred million dollars (\$400,000,000) per occurrence for Airlines operating aircraft over one hundred (100) seats, and not less than two hundred million dollars (\$200,000,000) for Airlines operating aircraft with ninety-nine (99) or fewer seats, and not less than one hundred million dollars (\$100,000,000)

for Airlines operating aircraft with fifty-nine (59) or fewer seats. For purposes of this Section, the number of seats is determined based upon the largest aircraft in AIRLINE's fleet.

- b. Liquor liability insurance for any facility of AIRLINE serving alcoholic beverages on the Airport in an amount not less than ten million dollars (\$10,000,000).
 - c. Hangarkeepers liability insurance in an amount adequate to cover any non-owned property in the care, custody and control of AIRLINE on the Airport, but in any event in an amount not less than ten million dollars (\$10,000,000).
 - d. Automobile liability insurance in an amount adequate to cover vehicles operating on the Airport in an amount not less than five million dollars (\$5,000,000) combined single limit.
2. Notwithstanding anything to the contrary in this Article, MAC may allow the insurance coverage required herein to be provided through a self-insurance plan established by AIRLINE. The self-insurance plan may consist of a combination of primary, excess umbrella insurance and self-insurance protection and must be no less than the limits stated in the Article. The self-insurance plan must be approved in writing by MAC prior to becoming effective at the Airport. If AIRLINE requests MAC's approval of a self-insurance plan, it must submit a copy of its self-insurance plan current financial statements annually showing the limits of its established self-insurance retention and proof of the primary and excess umbrella insurance, provided AIRLINE shall not be required to submit such financial statements if such financial statements are available at no charge through public sources. If the self-insurance plan is approved by the MAC and becomes effective, AIRLINE shall not increase the self-insurance retention levels stated in the self-insurance plan approved by MAC.
 3. MAC, in operating the Airport, will carry and maintain comprehensive general liability insurance in such amounts as would normally be maintained by public bodies engaged in carrying on similar activities. MAC presently carries three hundred million dollars (\$300,000,000) of comprehensive general liability insurance.
 4. MAC reserves the right to reasonably adjust the limits of coverage required hereunder from time to time throughout the period of this Agreement. In such event, MAC shall provide AIRLINE with written notice of such adjusted limits and AIRLINE shall comply within sixty (60) days of receipt thereof to the extent such coverage is available on commercially reasonable terms to AIRLINE.
 5. All policies of insurance required herein shall be with companies reasonably acceptable to MAC that are licensed, authorized, eligible, or admitted to conduct business with in the State of Minnesota and having a current A.M. Best Key Rating of at least A- VII or its international equivalent and shall name MAC as an additional insured to the extent AIRLINE is required to indemnify MAC

pursuant to Subsection A above. AIRLINE shall provide a copy of the additional insured endorsement to such policy at MAC's request. Each such policy shall provide that such policy may not be materially changed (e.g., coverage limits reduced below the minimum specified in this Agreement) or otherwise materially altered, or cancelled by the insurer during its term without first giving at least thirty (30) days written notice to MAC. Certificates of valid policies of insurance with required coverages shall be delivered to MAC. AIRLINE agrees to allow MAC to inspect, at AIRLINE's headquarters, any insurance policies required of AIRLINE under this Agreement upon reasonable notice to AIRLINE if reasonably necessary in MAC's capacity as an additional insured (or if MAC was required to be an additional insured hereunder and AIRLINE failed to include MAC as an additional insured, in connection with a claim against MAC); provided, however, that an AIRLINE representative shall have the right to be present at such inspection and neither MAC nor its employees, contractors, or representatives, may take any photographs, make any copies, or otherwise reproduce, in whole or in part, any portion of the policies nor shall such persons or entities disclose the contents thereof outside of MAC unless such disclosure is required due to pursuit of a claim by or against MAC under such insurance in its capacity as an additional insured. MAC and AIRLINE understand and agree that MAC is obligated to protect trade secret data in accordance with the Minnesota Government Data Practices Act and further, that MAC shall give AIRLINE reasonable opportunity to demonstrate the trade secret status of any data relating to AIRLINE's insurance, and to procure a court order protecting the same, prior to MAC's release of the same.

6. Before the expiration of any then current policy of insurance, AIRLINE shall deliver to MAC evidence that such insurance coverage has been renewed.
7. If at any time AIRLINE shall fail to obtain or to maintain in force the insurance required herein, MAC may notify AIRLINE of its intention to purchase such insurance for AIRLINE's account. If AIRLINE has not delivered evidence of insurance to MAC before the date on which the current insurance expires, MAC may provide such insurance by taking out policies in companies satisfactory to it. Such insurance shall be in amounts no greater than those stipulated herein or as may be in effect from time to time. The amount of the premiums paid for such insurance by MAC shall be paid by AIRLINE upon receipt of MAC's billing therefor, with interest at the prime interest rate announced by a major money center bank.
8. MAC shall cause Terminal 1 and Terminal 2 including the loading piers, but exclusive of improvements, facilities and fixtures constructed or installed by AIRLINE and concessionaires as their separate leasehold improvements, to be insured throughout the Term of the Agreement for not less than 90 percent of its and their full insurable value against perils of fire, extended coverage, vandalism, and malicious mischief. MAC shall also carry boiler and pressure vessel explosion, sprinkler leakage and glass breakage insurance. AIRLINE shall be relieved from liability under this Article X and Commission waives all right of recovery from AIRLINE hereunder for damage or destruction of its property insured hereunder to the extent but not beyond the extent that such cost of repair

is recoverable through such insurance provided, however, that AIRLINE shall reimburse the Commission for any increase in premium resulting from inclusion therein of a waiver of subrogation endorsement.

9. AIRLINE shall cause all improvements, installations, fixtures and equipment installed by it hereunder to be insured throughout the Term of the Agreement for not less than 90 percent of their full insurable value against perils of fire, extended coverage, vandalism and malicious mischief, and with pressure vessel coverage.

C. OTHER INSURANCE

Subject to Section VI.M., MAC may carry additional insurance in such amounts and of such types as would normally be maintained by public bodies engaged in carrying on similar activities.

D. ENVIRONMENTAL LIABILITY

1. Indemnification

AIRLINE hereby indemnifies and agrees to defend, protect, and hold harmless, MAC and its Commissioners, officers, employees and agents, and their respective successors (hereafter "Environmental Indemnitees"), from and against any and all losses, liabilities, fines, damages, injuries, penalties, response costs, or claims of any and every kind whatsoever paid, incurred or asserted against, or threatened to be asserted against, any Environmental Indemnitee, relating to or regarding the release of any Environmentally Regulated Substances or violation of Environmental Laws arising out of or as a result of AIRLINE'S use or Lease of the Premises, including both within the Premises and on the Airport, (hereinafter "Environmental Claims") including, without limitation: (a) all consequential damages; (b) the reasonable costs of any investigation, study, removal, response or remedial action, as well as the preparation and implementation of any monitoring, closure or other required plan or response action (i) as and to the extent required under applicable Environmental Laws for the current use of the affected portions of the Airport, as directed by the MPCA or other regulating authority, or (ii) as to the extent required by applicable Environmental Laws or the MPCA to allow for a Planned Future Use; (c) all reasonable costs and expenses incurred by any Environmental Indemnitee in connection therewith, including but not limited to, reasonable attorneys' fees and reasonable fees for professional services or firefighting or pollution control equipment related to spills, releases or unintended discharges; and (d) any costs arising from any inaccuracy, incompleteness, breach or misrepresentation under Subsections D.2. of this Article and Section XVI.B.4. of this Agreement. This indemnification, and AIRLINE'S obligations hereunder, shall survive the cancellation, termination or expiration of the Term of this Agreement with respect to matters arising prior thereto. This indemnity and not the general indemnity shall govern AIRLINE'S indemnification, defense, and hold harmless obligations for Environmental Claims.

2. Claims Relating to Environmentally Regulated Substances

AIRLINE represents and warrants that subsequent to November 1, 1989, to the best of AIRLINE'S actual knowledge, except as previously disclosed to the MAC or any applicable regulatory body as required, (a) no enforcement, investigation, cleanup, removal, remedial or response action or other governmental or regulatory actions have been asserted against AIRLINE with respect to the Premises, pursuant to any Environmental Laws or relating to Environmentally Regulated Substances; (b) no violation or noncompliance with Environmental Laws has occurred with respect to AIRLINE'S past or present operations conducted on the Premises; (c) no claims have been made or been threatened by any third party against the AIRLINE with respect to the Premises relating to Environmental Laws or Environmentally Regulated Substances, including by any governmental entity, agency or representative (collectively "Governmental Entity").

3. Testing and Reports

AIRLINE shall provide to MAC within ten (10) business days of request, a copy of any notice regarding violation of any Environmental Law arising out of AIRLINE'S past or present operations on the Premises, a copy of any inquiry regarding violations by Environmental Law arising out of AIRLINE'S past or present operations on the Premises by any Governmental Entity, a copy of any reports required by the Environmental Laws regarding violation of any Environmental Law arising out of AIRLINE'S past or present operation of the Premises, or a copy of any notice of the emission or release of Environmentally Regulated Substances in violation of any Environmental Law arising out of AIRLINE'S past or present operations on the Premises. If MAC has a reasonable basis to believe that AIRLINE is not meeting the obligations of Section XVI.B.3. of this Agreement, MAC may by notice require AIRLINE to conduct a reasonable review of its records for such documents as MAC reasonably believes have not been provided and submit any such documents as required.

4. Notification

AIRLINE shall notify MAC in writing within fifteen (15) business days of any matter that AIRLINE obtains knowledge of that may give rise to an indemnified claim under Subsection D.1. of this Article or that constitutes any emission or release or any threatened emission or release of any Environmentally Regulated Substance in, on, under or about the Premises or the Airport arising out of AIRLINE'S past or present operations which is or may be in violation of the Environmental Laws. AIRLINE shall promptly follow the notification procedures outlined in the MSP Integrated Spill Response and Coordination Plan ("Integrated Plan") regarding any spills, releases or accidental discharges that occur on the Airport. AIRLINE shall use commercially reasonable efforts to notify MAC of any spill of Environmentally Regulated Substances at the Premises or at the Airport which requires notification to a regulatory agency pursuant to any applicable Environmental Law.

5. Right to Investigate

Subject to Subsections D.3. and D.6. of this Article, upon reasonable notice to AIRLINE, MAC shall have the right, but not the obligation or duty, at any time from and after the date of this Agreement, to investigate, study and test the Premises (at MAC's own expense, unless otherwise provided herein) during normal business hours, except under emergency circumstances, to determine whether Environmentally Regulated Substances are located in, on or under the Premises or the Airport, or were emitted or released therefrom, which are not in compliance with Environmental Laws. In conducting such investigation, MAC shall not unreasonably interfere with AIRLINE'S operations on and use of the Premises. AIRLINE shall be entitled to have a representative present during such investigation. Upon the reasonable request of MAC, AIRLINE shall provide a list of any and all Environmentally Regulated Substances used by AIRLINE at the Airport that are required to be listed in the MSP NPDES permit.

6. Right to Take Action

MAC shall have the right, but not the duty or obligation, to take whatever reasonable action it deems appropriate to protect the Premises from any material impairment to its value resulting from any escape, seepage, leakage, spillage, discharge, deposit, disposal, emission or release of Environmentally Regulated Substances from the Premises or the Airport which is not in full accordance with any Environmental Law and arises out of AIRLINE's past or present operations during the Term of this Agreement. The MAC shall notify the AIRLINE of its intention to take such action in writing thirty (30) days before proceeding under this Subsection D.6. Within that thirty (30) day period, AIRLINE shall have the opportunity to take whatever reasonable action is deemed appropriate by MAC or provide MAC a binding commitment to do so within a reasonable time. If AIRLINE does not take such action or provide a binding commitment within the thirty (30) day period, MAC may proceed under the terms of this Subsection D.6. MAC shall not be obligated to provide such 30 days' advance notice if doing so may reasonably result in material harm to person or property, but, in such circumstance, MAC shall provide as much advance notice as reasonably practicable under the circumstances. All costs associated with any action by the MAC in connection with this provision, including but not limited to reasonable attorneys' fees, shall be subject to Subsection D.1. of this Article.

7. Environmental Responsibility

a. Spill Coordination and Responsibility

AIRLINE agrees to implement the Integrated Plan. AIRLINE is obligated to ensure that it has adequate resources to respond to a discharge, including retaining a discharge recovery contractor and providing the necessary equipment to respond to a discharge, in accordance with the Integrated Plan. AIRLINE agrees to supply, upon request by MAC, a copy of AIRLINE'S Spill Prevention, Control and

Countermeasure ("SPCC") plan, if AIRLINE is required to maintain by MPCA or EPA, which details the steps and measures AIRLINE intends to take to prevent spills from occurring on the Airport, the spill preparedness and training that AIRLINE has in place, the response actions AIRLINE intends to take and the notification procedures to be implemented by AIRLINE in the event of a spill at the Airport (caused by AIRLINE) in accordance with the Integrated Plan.

Annually, AIRLINE shall verify to MAC that it is complying with this Section D.7 and the Integrated Plan as detailed in the plan.

Subject to all other terms of this Agreement, if MAC incurs costs related to a spill or other environmental expenses related to Environmentally Regulated Substances as a result of its exercise of its rights pursuant to Section D.6 above, unless due to the gross negligence of MAC, MAC will bill AIRLINE for all MAC's actual third party costs incurred, plus a fifteen percent (15%) administrative fee on such incurred costs, provided that such administrative fee cannot exceed \$200,000 per incident. AIRLINE shall pay MAC within thirty (30) days of AIRLINE'S receipt of the invoice. AIRLINE may then determine which AIRLINE, AIRLINE agent, AIRLINE clientele or other party, is responsible for such costs and AIRLINE may seek reimbursement from such parties at AIRLINE's expense.

b. Minnesota Pollution Control Agency ("MPCA") Permits

AIRLINE agrees to make application as a co-permittee on and comply with the MSP NPDES Permit.

AIRLINE (i) shall only conduct vehicle and aircraft maintenance in accordance with the applicable terms and conditions of the MSP NPDES Permit, and (ii) shall only store waste materials outside in accordance with the applicable terms and conditions of the MSP NPDES permit. AIRLINE shall ensure its dumpsters are covered at all times except when being filled with waste and shall prevent its equipment from having releases to stormwater.

AIRLINE is prohibited from, to the extent in violation of the MSP NPDES permit, discharging wash waters with detergents or containing Environmentally Regulated Substances to stormwater, except as provided below. For products containing Environmentally Regulated Substances that may be exposed to stormwater as part of AIRLINE'S operation on the Premises (e.g. pavement deicers, rubber removal chemicals, detergents, etc.), AIRLINE use shall be limited to those products which are approved by the Minnesota Pollution Control Agency (MPCA).

c. Tanks

AIRLINE shall own and hold title to any aboveground storage tanks installed at any time by AIRLINE at the Premises, and shall apply for and obtain in AIRLINE's or any affiliated company's name any permits required by applicable laws in connection with such tanks. Installation of any underground tanks by AIRLINE shall be prohibited, and any installation of any above ground tanks shall require the written approval of MAC. AIRLINE and MAC acknowledge and agree that any tanks installed on the Premises by AIRLINE during the Term of this Agreement will remain under the ownership and control of AIRLINE until such tanks are removed from the Premises by AIRLINE or AIRLINE no longer leases the premises containing such tanks, whichever is earlier. With respect to tanks closed after January 1, 2019, at the expiration or termination of this Agreement, AIRLINE is required to remove all tanks which it installed within the Premises in accordance with applicable Environmental Laws and provide information to MAC which adequately demonstrates that the tanks have been closed and removed in accordance with applicable Environmental Laws; provided, however, that in the event AIRLINE demonstrates to the reasonable satisfaction of MAC that removal of any such tank is impractical, infeasible or unreasonably costly relative to the benefits of removal, such tank may be closed in place in accordance with applicable Environmental Laws. Provided further, that AIRLINE's obligation to remove or close any tank under this subsection may be waived upon written consent from MAC, which consent may be withheld, conditioned or delayed in its sole yet reasonable discretion. Should a release from any tank installed or operated by AIRLINE be discovered, AIRLINE shall be required to conduct all remediation or corrective action required to bring the Premises into compliance with applicable Environmental Laws or as required pursuant to Section X.D.1 above.

d. Miscellaneous Environmental Operating Conditions

AIRLINE agrees to take steps to implement, maintain and comply with the then-applicable MPCA approved plans or procedures including the Integrated Spill Plan, Recovered Fuels Plan, Oil/Water Separator Plan, and any required procedures as required by the then-applicable MPCA AST program or other MPCA regulations.

XI. ASSIGNMENT, SUBLETTING, AND GROUND HANDLING**A. ADVANCE APPROVAL**

Except as provided in this Article, and except with respect to arrangements in effect on the date of execution of this Agreement for which the consent of MAC has previously been obtained, AIRLINE shall have no right to assign or sublease this Agreement, without the prior written consent of MAC, which rights of consent are granted to MAC

by MAC Ordinance No. 58 §11(a), and which rights are absolute and expressly reserved to the MAC hereby.

1. AIRLINE, when requesting an approval of an assignment or sublease under this Article, shall include with its request a copy of the proposed agreement, if prepared, or a detailed summary of the material terms and conditions to be contained in such agreement. Any proposed agreement or detailed summary thereof shall provide the following information:

- a. The Premises to be assigned, sublet or used;
- b. The terms;
- c. If a sublease, the rentals and fees to be charged; and
- d. All material terms and conditions of the assignment or sublease that MAC may reasonably require.

If the agreement is subsequently executed, AIRLINE shall submit a fully executed copy of such agreement to MAC promptly upon the execution thereof.

2. MAC shall have the right to examine the terms of any agreement or arrangement submitted to it for approval pursuant to this Article and determine whether such agreement or arrangement is most appropriately characterized as an assignment or sublease, regardless of AIRLINE's characterization of such agreement or arrangement.
3. If AIRLINE fails to obtain written approval from MAC prior to the effective date of any such assignment or sublease, MAC, in addition to the rights and remedies set forth in Article XIV, shall have the right to refuse to recognize such agreement, and the assignee or sublessee Airline shall acquire no interest in this Agreement or any rights to use the Premises.

B. ASSIGNMENT

1. AIRLINE shall not assign this Agreement, in whole or part, without the advance written approval of MAC.
2. It shall not be unreasonable for MAC to disapprove or condition an assignment of the Agreement under any or all of the following circumstances, among others:
 - a. MAC determines that the proposed assignee is not substantially as creditworthy as the AIRLINE, unless AIRLINE agrees to guarantee the obligations of the proposed assignee.
 - b. The proposed assignment is either (1) for less than the entire Premises or (2) for less than the remainder of the Term, or both (1) and (2).

- c. The proposed assignment does not require the assignee to accept and comply with all provisions of the Agreement, including but not limited to accepting Signatory Airline status.
3. Notwithstanding the foregoing, this Section shall not be interpreted to preclude the assignment of this Agreement in whole and AIRLINE's rights and obligations hereunder to a parent, subsidiary, or merged company; provided that, such parent, subsidiary, or merged company conducts an Air Transportation Business at the Airport and that such parent, subsidiary, or merged company assumes all rights and obligations hereunder. Written notice of such assumption shall be provided by the parent, subsidiary, or merged company prior to the effective date of such assignment.

C. SUBLEASE AGREEMENT

1. AIRLINE shall not sublet its Premises, except to an Affiliated Airline or Alliance Partner, in whole or part, without the advance written approval of MAC. AIRLINE may sublet or license the Premises to an Affiliated Airline or an Alliance Partner without the advance written approval of MAC.
2. It shall not be unreasonable for MAC to disapprove or condition a sublease of AIRLINE's Premises if the proposed sublessee is not an Air Transportation Company and MAC reasonably concludes that the space can be used by another Air Transportation Company.
3. AIRLINE may, subject to a sublease approved by MAC, charge a sublessee of its Premises:
 - a. A reasonable charge for any services provided by AIRLINE;
 - b. A reasonable charge for any AIRLINE-owned property provided by AIRLINE or actual costs other than rentals incurred by AIRLINE; and
 - c. Reasonable rentals not to exceed one hundred fifteen percent (115%) of AIRLINE's rentals for such portion of the Premises.
4. AIRLINE shall remain fully and primarily liable during the Term of this Agreement for the payment of all rents, fees, and charges due and payable to MAC for the Premises that are subject to a sublease agreement, and the AIRLINE shall remain fully responsible for the performance of all of its other obligations hereunder, unless otherwise agreed to by MAC.

D. GROUND HANDLING AGREEMENT

1. AIRLINE shall be entitled to provide Ground Handling services to other Airlines in Terminal 1 and Terminal 2 and Terminal Ramp, subject to MAC's Rules and Regulations and Ordinances and Section III.C of this Agreement, if applicable.
2. AIRLINE shall not contract with other companies, excluding Signatory Airlines for Ground Handling services in Terminal 1 and Terminal 2 and Terminal Ramp for AIRLINE's aircraft, without advance written approval of MAC, which shall not be unreasonably withheld, conditioned, or delayed so long as such Ground Handling service provider has executed a permit or other agreement reasonably required by MAC to provide such services at the Airport.
3. AIRLINE shall remain fully and primarily liable during the Term of this Agreement for the payment of all rents, fees, and charges due and payable to MAC for the Premises that are subject to a Ground Handling agreement, and the AIRLINE shall remain fully responsible for the performance of all of its other obligations hereunder, unless otherwise agreed to by MAC.
4. MAC reserves the right to charge third parties other than Airlines a reasonable Ground Handling fee not to exceed 5% of gross receipts and a reasonable annual administrative fee, and require such third party to enter into a license agreement with MAC for their right to provide Ground Handling services to AIRLINE or Airlines. Notwithstanding the previous sentence, a third party that is a wholly owned subsidiary of AIRLINE, shall not be charged the Ground Handling fee for Ground Handling services provided to AIRLINE, but shall still be charged the annual administrative fee and the Ground Handling fee for Ground Handling services provided to other Airlines.
5. Ground Handling rights outside Terminal 1 and Terminal 2 will be addressed in separate agreements between MAC and the affected airlines.

E. BANKRUPTCY

Any receiver, trustee, custodian, or other similar official appointed pursuant to any proceeding relating to bankruptcy, reorganization, or other relief as set forth in Section XIV.A.8., herein shall agree to:

1. Perform promptly every obligation of AIRLINE under this Agreement until this Agreement is either assumed or rejected under the Federal Bankruptcy Code;
2. Pay on a current basis all rents, fees and charges set forth in this Agreement;
3. Reject or assume this Agreement within sixty (60) days of filing a petition under the Federal Bankruptcy Code;

4. Cure or provide adequate assurance of a prompt cure of any default of the AIRLINE under this Agreement;
5. Provide to MAC such adequate assurance of future performance under this Agreement as may be requested by MAC, including the procurement of a bond from a financially reputable surety covering any costs or damages incurred by MAC in the event that MAC, within five (5) years after assumption or assignment of this Agreement, exercises its rights to relet the Premises.
6. In addition to the other rights of MAC hereunder, to the extent necessary, to effect its rights under Section VI.J of the Lease in any future bankruptcy involving AIRLINE pursuant to the doctrines of setoff and/or recoupment.

XII. DISPUTE RESOLUTION

Except in respect to proceedings in unlawful detainer, in the event of any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, the parties shall use their best efforts to settle the dispute by negotiation. If MAC and AIRLINE are still unable to resolve their dispute, each agrees to consider submitting such dispute to mediation or other acceptable form of alternate dispute resolution.

XIII. [INTENTIONALLY OMITTED]

XIV. EVENTS OF DEFAULT; REMEDIES

A. EVENTS OF DEFAULT

The occurrence and continuation of any one or more of the following shall constitute an event of default:

1. AIRLINE fails to make payment in full when due of any rents, fees, charges or any other amount payable hereunder within five business days after its receipt of written notice thereof from MAC;
2. AIRLINE shall fail to make any PFC remittance to MAC in a timely fashion and does not remedy such failure within five business days after its receipt of written notice thereof from MAC, or shall fail to timely comply with its PFC reporting requirements to the MAC and does not remedy such failure five business days after its receipt of written notice thereof from MAC, or any other entity, in connection with PFCs collected on behalf of MAC;
3. AIRLINE fails to submit a Monthly Activity Report to MAC on or before the 10th day of each month and does not submit such report within five business days after notice of such failure from MAC;

AIRLINE shall make or permit any unauthorized assignment or transfer of this Agreement, or any interest herein, or of the right to use or possession of the Premises, or any part thereof, and AIRLINE does not remedy such situation five business days after its receipt of written notice thereof from MAC;

4. Any insurance required by the terms hereof shall at any time not be in full force or effect;
5. Failure of AIRLINE to perform, comply with, or observe, in any material respect, any other term, condition or covenant of this Agreement not identified elsewhere in Section A of this Article within thirty (30) days after receipt of notice from MAC of such failure, or for such longer period of time as may be reasonably necessary to cure the event of default, but only for such longer period if: (a) AIRLINE is reasonably capable of curing the event of default and (b) AIRLINE promptly and continuously undertakes to cure and diligently pursues the curing of the event of default at all times until such event of default is cured;
6. Any representation or warranty of a material fact made by AIRLINE herein or in any certificate or statement furnished to the MAC pursuant to or in connection with this Agreement proves untrue in any material and adverse respect as of the date of issuance or making thereof;
7. (a) AIRLINE shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to AIRLINE, or seeking to adjudicate AIRLINE a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution, composition or other relief with respect to AIRLINE or any of its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for AIRLINE or for all or any substantial part of any of its property; or (b) AIRLINE shall make a general assignment for the benefit of its creditors; or (c) there shall be commenced against AIRLINE any case, proceeding or other action of nature referred to in clause (a) above or seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of any of its property, which case, proceeding or other action results in the entry of an order for relief or remains undismissed, unvacated, undischarged and unbonded for a period of sixty (60) days; or (d) AIRLINE shall take any action consenting to or approving of any of the acts set forth in clause (a) or (b) above; or (e) AIRLINE shall generally not, or shall be unable to, pay its debts as they become due or shall admit in writing its inability generally to pay its debts as they become due;
8. Any unappealable money judgment, writ or warrant of attachment or similar process, or any combination thereof, that may reasonably materially and adversely impact AIRLINE's operations hereunder and involves an amount in excess of \$50,000,000 shall be entered or filed against the AIRLINE or any of its assets and shall remain undischarged, unvacated, unbonded and unstayed for a

period of sixty (60) days or in any event later than five (5) days prior to the date of any proposed sale or execution thereunder;

9. Any act occurs that deprives AIRLINE permanently of any material right, power or privilege necessary for the conduct and operation of its Air Transportation Business; or
10. If AIRLINE ceases to provide scheduled air service at the Airport for a period of thirty (30) consecutive days or abandons or fails to use its Exclusive Use Space for a period of thirty (30) consecutive days, except when such cessation or abandonment is due to the default of MAC or the circumstances described in Section IX.B.

B. REMEDIES

If an event of default occurs hereunder, MAC, at its option, may at any time thereafter, do one or more of the following as MAC in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

1. Declare all rents, fees and other charges payable hereunder, whether currently or hereafter accruing, to be immediately due and payable;
2. Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by AIRLINE of the applicable covenants and terms of this Agreement or to recover damages for the breach thereof;

Enter and take possession of the Premises, (and remove and store at AIRLINE'S cost any property including aircraft owned by parties other than AIRLINE) and/or the rights of the AIRLINE hereunder without such re-entry terminating AIRLINE's obligations for the full Term hereof, which remedy shall be in addition to all other remedies at law or in equity, including action for forcible entry and lawful detainer, for ejection or for injunction;
3. Terminate all rights of AIRLINE under this Agreement (without terminating the continuing obligation of AIRLINE to fulfill its past and future obligation hereunder) and in such case AIRLINE further agrees to indemnify and hold harmless MAC against all loss in rents, fees, and charges and other damages which MAC shall incur by reason of such termination, including, without limitation, costs of restoring and repairing the Premises and putting the same in rentable condition, costs of reletting the Premises to another Airline (including without limitation AIRLINE improvement costs and related fees), loss or diminution of rents and other damage which MAC incurs by reason of such termination, and all reasonable attorneys' fees and expenses incurred in enforcing the terms of this Agreement;
4. In the event of any default hereunder, AIRLINE shall reimburse MAC for all reasonable fees and costs incurred by MAC, including reasonable attorneys' fees, relating to such default and/or the enforcement of MAC's rights hereunder; and

5. Apply all Contract Security granted by AIRLINE to any unpaid obligations of AIRLINE hereunder.

XV. TERMINATION

A. TERMINATION BY MAC

This Agreement may be terminated by MAC pursuant to the provisions of Article XIV above and as otherwise specified in this Agreement.

B. TERMINATION BY AIRLINE

1. If MAC shall fail to perform, comply with, or observe, in any material respect, any term, condition or covenant of this Agreement within thirty (30) days after receipt of notice from AIRLINE of such failure, or for such longer period of time as may be reasonably necessary to cure the event of default but only for such longer period if: (a) MAC is reasonably capable of curing the event of default and (b) MAC promptly and continuously undertakes to cure and diligently pursues the curing of the event of default at all times until such event of default is cured, then AIRLINE, if not then in default beyond any applicable notice and cure period, may, without limiting any of its other rights and remedies against MAC, at its option cancel this Agreement and thereby terminate this Agreement.
2. It is further understood and agreed that, at any time when AIRLINE is not then in default, it may cancel this Agreement on sixty (60) days' notice in writing to MAC upon the happening of any one of the following events:
 - a. Issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of the Airport or any part thereof essential for AIRLINE's operations hereunder and the remaining in force of such injunction for a period of at least ninety (90) days. Inability of the AIRLINE to use the Airport or any part thereof essential for AIRLINE's operations hereunder for a period of not less than ninety (90) days because of fire, explosion, earthquake, or other casualty or acts of God or the public enemy, unless within sixty (60) days of the casualty, MAC gave AIRLINE written notice of its intention to repair or reconstruct, as provided in Section IX.A. herein.
 - b. The lawful assumption by the United States of America or any authorized agency thereof of the operation, control, or use of the Airport and the facilities thereon or any substantial part or parts thereof, in such manner as substantially to restrict AIRLINE for a period of not less than ninety (90) days from operating thereon for the carrying of passengers, cargo, express, property, and United States mail.
 - c. Termination or the suspension or substantial modification for a period of not less than ninety (90) days of the operating authority of the AIRLINE to serve the Minneapolis-St. Paul metropolitan area through the Airport

by final order of the DOT or other governmental agency, federal or state, having jurisdiction over the AIRLINE.

3. If any of the foregoing continues for a period of less than ninety (90) days, AIRLINE shall have the right upon written notice to MAC to abatement of rents, fees and charges to the extent and for the period that AIRLINE is unable to carry on its operations hereunder.

C. TERMINATION BY GOVERNMENT TAKING

If the Premises, or any portion thereof, shall be taken by governmental authority through exercise of its power of eminent domain or other authority justifying such taking, the Agreement shall terminate with respect to such portion of the Premises and the rents, fees and charges in respect to the Premises shall cease as of the date possession is taken by the taking authority, and MAC shall be entitled to all damages payable by reason of taking, subject to the claim of AIRLINE for the value of its leasehold, which claim or claims as to validity and amount shall be a matter for determination between AIRLINE and MAC, and if AIRLINE and MAC cannot reach a determination, then by the court having jurisdiction of such proceeding, provided that nothing herein contained shall preclude AIRLINE from asserting any claims or rights it may have against such governmental authority as to its separate property, leasehold improvements, and trade fixtures.

XVI. GENERAL PROVISIONS

A. INTERPRETATION

Nothing herein shall be construed or interpreted in any manner whatsoever as limiting, relinquishing or waiving MAC's right of control over the operation of the Airport, and it is understood and agreed that this Agreement is entered into in recognition of the aforesaid rights and functions of MAC. Subject to the foregoing, this Agreement and the rights of the parties hereunder shall be interpreted in the light of the following:

1. Severability

If any covenant, condition or provision herein is held to be invalid, illegal, or unenforceable by any court of competent jurisdiction, such covenant, condition or provision shall be deemed amended to conform to applicable laws so as to be valid or enforceable or, if it cannot be so amended without materially altering the intention of the parties, it shall be stricken. If stricken, all other covenants, conditions and provisions of this Agreement shall remain in full force and effect provided that the striking of such covenants, conditions or provisions does not materially prejudice either MAC or AIRLINE in either of their respective rights and obligations contained in the valid covenants, conditions or provisions of this Agreement.

2. No Oral Agreements

All agreements related to the conditions, agreements, and understandings between the parties concerning the use and occupancy of the Airfield, Terminal Apron, Terminal 1, and Terminal 2 shall be in writing, duly authorized and

executed by the respective parties and may not be amended, changed, modified, or altered without the written consent of the parties hereto. Nothing herein shall preclude the adoption and enforcement of MAC Rules and Regulations and Ordinances and MAC Policies including but not limited to, Ordinance 115, MSP Field Rules, and Terminal 2 Operating Procedures.

B. COMPLIANCE WITH LAW

1. AIRLINE shall not use the Airport or any part thereof, or knowingly permit the same to be used by any of its employees, officers, agents, subtenants, invitees, or licensees for any illegal purposes. AIRLINE shall, at all times during the Term of this Agreement, comply with all applicable regulations, ordinances, and laws of any Municipal, County, or State government or of the U.S. Government, and of any political division or subdivision or agency, authority, or commission thereof which may have jurisdiction to pass laws or ordinances or to make and enforce rules or regulations with respect to the uses hereunder of the Premises (and, to the extent not in conflict with the foregoing, MAC's Rules and Regulations and Ordinances). AIRLINE agrees to indemnify, defend, and hold MAC harmless from any and all costs incurred by MAC with respect to AIRLINE's failure to comply with any applicable lawful regulations, ordinances, and laws of any Municipal, County, or State government or of the U.S. Government, and of any political division or subdivision or agency, authority, or commission thereof which may have jurisdiction to pass laws or ordinances or to make and enforce rules or regulations with respect to the uses hereunder of the Premises (and, to the extent not in conflict with the foregoing, MAC's Rules and Regulations and Ordinances) as and to the extent required under the general indemnity set forth in Section X.A. hereof. Notwithstanding the foregoing, nothing in this Agreement is intended to waive AIRLINE'S right to challenge the authority or legality of a law, ordinance or regulation.
2. At all times during the Term of this Agreement, AIRLINE shall, in connection with its activities and operations at the Airport:
 - a. Comply with and conform to all present and future applicable lawful statutes and ordinances, and regulations promulgated thereunder, of all Federal, State, and other government bodies of competent jurisdiction that apply to or affect, either directly or indirectly, AIRLINE or AIRLINE's operations and activities under this Agreement. AIRLINE shall comply with all applicable provisions of the Americans with Disabilities Act of 1990, 42 U.S.C. Section 12101 and federal regulations promulgated thereunder 28 C.F.R. parts 35, 36, and 37.
 - b. Make, at its own expense, all non-structural improvements, repairs, and alterations to its Exclusive Use Space and Preferential Use Space (subject to prior written approval of MAC), equipment, and personal property that are required to comply with or conform to any of such statutes and ordinances.

- c. Reimburse MAC for AIRLINE's proportionate share of all non-structural improvements, repairs, and alterations to its Joint Use Space that are required to comply with or conform to any of such statutes and ordinances.
- d. At all times during the Term of this Agreement, AIRLINE shall be an independent contractor.
- e. AIRLINE shall be solely and fully responsible for ensuring that Airline's operations, wherever they may occur at the Airport, and any improvements made by AIRLINE pursuant to this Agreement, shall comply with the applicable provisions of Title II and Title III of the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq., as amended from time to time ("ADA"), and the Air Carrier Access Act, 49 U.S.C. § 41705, as amended from time to time ("ACAA"), including without limitation any obligation to provide boarding and deplaning assistance at the Airport. In the event of a violation of or non-compliance with the applicable provisions of Title II or III of the ADA or the ACAA, AIRLINE shall develop a work plan to correct such violation or non-compliance. MAC's approval of or acceptance of any aspect of AIRLINE's activities under this Agreement shall not be deemed or construed in any way as a representation that such item, activity or practice complies with the ADA or the ACAA. MAC shall comply with the ADA and the ACAA as applicable to any facilities constructed by MAC and any improvements made by MAC at the Airport as well as any operations, services, or procedures offered or controlled by MAC.

3. Compliance with Environmental Laws

AIRLINE shall keep and maintain and shall conduct its operations on the Airport in connection with this Agreement, in full compliance with all applicable Environmental Laws. AIRLINE shall further ensure that its employees, agents, contractors and subcontractors occupying or present on the Airport in connection with this Agreement, and any other invitees or persons conducting any activities on the Airport under the control of AIRLINE in connection with this Agreement comply with all applicable Environmental Laws. By virtue of its operational control of the Premises, AIRLINE shall be fully responsible for obtaining in AIRLINE'S name all necessary permits or other approvals under the Environmental Laws and shall have full responsibility for signing and submitting any necessary applications, forms, documentation, notifications or certifications relating thereto. Upon request of MAC, AIRLINE shall provide copies to MAC of any such applications, forms, documents, notifications or certifications.

C. ADDITIONAL FEDERAL REQUIREMENTS

1. General Civil Rights Provisions

AIRLINE agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating

in any activity conducted with or benefiting from Federal assistance. If AIRLINE transfers its obligation to another, the transferee is obligated in the same manner as AIRLINE.

This provision obligates AIRLINE for the period during which the property is owned, used or possessed by AIRLINE and the Airport remains obligated to the Federal Aviation Administration. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

2. Compliance with Nondiscrimination Requirements

During the performance of this Agreement, AIRLINE, for itself, its assignees, and successors in interest (hereinafter referred to as the "AIRLINE") agrees as follows:

- a. Compliance with Regulations: AIRLINE (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.
- b. Nondiscrimination: AIRLINE, with regard to the work performed by it during the Agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. AIRLINE will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the Agreement covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.
- c. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by AIRLINE for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by AIRLINE of AIRLINE'S obligations under this Agreement and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.
- d. Information and Reports: AIRLINE will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by MAC or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of AIRLINE is in the exclusive possession of another who fails or refuses to furnish the information, AIRLINE will so certify to MAC or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

- e. Sanctions for Noncompliance: In the event of AIRLINE'S noncompliance with the nondiscrimination provisions of this Agreement, MAC will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:
- 1) Withholding payments to AIRLINE under the Agreement until AIRLINE complies; and/or
 - 2) Cancelling, terminating, or suspending the Agreement, in whole or in part.
- f. Incorporation of Provisions: AIRLINE will include the provisions of subparagraphs (a) through (f) in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. AIRLINE will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if AIRLINE becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, AIRLINE may request MAC to enter into any litigation to protect the interests of MAC. In addition, AIRLINE may request the United States to enter into the litigation to protect the interests of the United States.
3. Title VI Clauses for Transfer of Real Property Acquired or Improved Under the Airport Improvement Program
- a. AIRLINE, for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:
 - 1) In the event facilities are constructed, maintained, or otherwise operated on the property described in this Agreement for a purpose for which a Federal Aviation Administration activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, AIRLINE will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Pertinent List of Nondiscrimination Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.
 - b. With respect to this Agreement, in the event of breach of any of the above Nondiscrimination covenants, MAC will have the right to terminate the Agreement and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the (lease, license, permit, etc.) had never been made or issued.

4. Clauses for Construction/Use/Access to Real Property Acquired Under the Activity, Facility or Program
- a. AIRLINE, for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the lessee will use the premises in compliance with all other requirements imposed by or pursuant to the List of Nondiscrimination Acts and Authorities.
 - b. With respect to this Agreement, in the event of breach of any of the above nondiscrimination covenants, MAC will have the right to terminate the lease and to enter or re-enter and repossess said land and the facilities thereon, and hold the same as if said Agreement had never been made or issued.
5. Title VI List of Pertinent Nondiscrimination Acts and Authorities
- During the performance of this Agreement, AIRLINE, for itself, its assignees, and successors in interest (hereinafter referred to as the "AIRLINE") agrees to comply with the following nondiscrimination statutes and authorities; including but not limited to:
- Title VI of the Civil Rights Act of 1964 (42 USC § 2000d *et seq.*, 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
 - 49 CFR part 21 (Non-discrimination in Federally-assisted programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964);
 - The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
 - Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 *et seq.*), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27;
 - The Age Discrimination Act of 1975, as amended (42 USC § 6101 *et seq.*) (prohibits discrimination on the basis of age);

- Airport and Airway Improvement Act of 1982 (49 USC § 471, Section 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
 - The Civil Rights Restoration Act of 1987 (PL 100-209) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
 - Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 USC §§ 12131 – 12189) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;
 - The Federal Aviation Administration’s Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
 - Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
 - Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
 - Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC 1681 et seq).
6. AIRLINE, by accepting this Agreement, agrees for itself and its successors and assigns that it will not make use of the Airport premises in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, MAC reserves the right to enter upon the Airport premises and cause the abatement of such interference at the expense of AIRLINE.
7. AIRLINE, by accepting this Agreement, expressly agrees for itself and its successors and assigns that it will not erect nor permit the erection of any

structure or object, nor permit the growth of any tree on the Airport premises, above the main sea level elevation that would exceed FAR Part 77 standards or elevations affecting the Airport navigable airspace. In the event the aforesaid covenants are breached, MAC reserves the right to enter upon the permitted premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of AIRLINE.

D. ECONOMIC NONDISCRIMINATION

AIRLINE agrees to furnish service on a reasonable, and not unjustly discriminatory basis to all users thereof, and to charge reasonable, and not unjustly discriminatory prices for each unit or service, provided that AIRLINE may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

E. GRANTING OF MORE FAVORABLE TERMS

MAC covenants and agrees not to enter into any lease, contract, or agreement with any other Airline making use of the Airport with more favorable terms, rates or charges or which unjustly discriminates against AIRLINE’s use of the Airport, unless the same rights, privileges, terms, rates, charges and concessions are concurrently and automatically made available to AIRLINE. Without limiting the generality thereof, the foregoing shall not be construed to limit the right of MAC to enter into agreement with any other Airline at varying terms, rates, and conditions for leasing hangars and ground areas.

F. CONSENTS, APPROVALS, AND NOTICES

1. Wherever in this Agreement the consent or approval of MAC or AIRLINE is required, such consent or approval shall mean the consent or approval of the Executive Director in writing on behalf of MAC and a representative designated by AIRLINE in writing on behalf of AIRLINE.
2. All notices required by this Agreement shall be in writing and shall be given by registered or certified mail by depositing the same in the U.S. mail in the continental United States, postage prepaid, return receipt requested, or by personal or courier delivery or by reputable overnight courier or by email with proof of delivery or receipt. Either party shall have the right, by giving written notice to the other, to change the address at which its notices are to be received. Notice shall be given to:

a. MAC:

Director of Commercial Management and Airline Affairs Metropolitan
Airports Commission
6040 28th Avenue South
Minneapolis MN 55450

If by email, to the email address of the current Director of Commercial
Management and Airline Affairs.

b. AIRLINE:

[as set forth below
in AIRLINE's
signature page hereto]

If by email, to the email address of the employee designated by
AIRLINE.

- c. If notice is given in another manner or place, it shall also be given at the
place and in the manner specified above.
- d. The effective date of such notice, consent, or approval shall be the date
of the receipt as shown by the U.S. Postal Service Return Receipt or the
courier receipt, the email confirmation, or the date personal delivery is
certified, unless provided otherwise in this Agreement.

G. WAIVER

1. Waiver of any provision of this Agreement by either party shall not be deemed
binding unless such waiver is in writing, signed by the party making the waiver
and addressed to the other party, nor shall any custom or practice which may
evolve between the parties in the administration of the terms of this Agreement
be construed to waive or lessen the right of either party to insist upon the
performance of the other party in strict accordance with the terms of this
Agreement.
2. Waiver by either party of breach of any covenant, condition, or agreement herein
by the other party shall not operate as a waiver of any subsequent breach by such
other party or release such other party from its obligation under the terms of the
Agreement.

H. APPLICABLE LAW AND FORUM SELECTION

1. This Agreement shall be governed by and construed and enforced in accordance
with the applicable laws of the State of Minnesota, and the Rules and Regulations
and Ordinances of MAC as well as applicable federal law.
2. Subject to Article XII, any cause of action, claim, suit, demand, or other case, or
controversy arising from or related to this Agreement shall only be brought in a
state district court located in the county of Hennepin, Minnesota or in a federal
district court located in Minnesota. The parties irrevocably admit themselves to,
and consent to, the jurisdiction of either or both of said courts. The provisions of
this Section shall survive the termination of this Agreement.

I. SUCCESSORS

All covenants, stipulations, and agreements in this Agreement shall extend to and bind
the legal representatives, successors, and assigns of the respective parties hereto.

J. INSPECTION

1. MAC shall have the right, but not the obligation or duty, to inspect AIRLINE's
operations at all reasonable times and upon reasonable prior written notice to
AIRLINE, for any purpose connected with this Agreement, in the exercise of
MAC's governmental functions, for the purpose of determining whether
AIRLINE is fulfilling the obligations imposed on it under the provisions of this
Agreement.
2. If inspection reveals that AIRLINE is not fulfilling such obligations or any
thereof, and MAC has sent AIRLINE written notice to that effect, and AIRLINE
has not within thirty (30) days proceeded to the fulfillment thereof, MAC may
proceed to do the work necessary to such fulfillment, and AIRLINE shall
reimburse MAC in the amount of the cost thereof plus a 15 percent
administrative charge.
3. The failure of MAC to inspect or monitor or give AIRLINE notice of a default or
a notice of a hazardous or unsafe condition with respect to AIRLINE's operations
under this Agreement shall not release AIRLINE from its liability to perform its
obligations under this Agreement or impose any liability on MAC.
4. AIRLINE shall have the right to inspect the Airport or any part thereof at any
reasonable time, upon request to the Executive Director and the granting of such
request by the Executive Director, such request not to be unreasonably denied,
and the Executive Director or the Executive Director's representative shall
accompany AIRLINE's representative on any and all inspections.

K. QUIET ENJOYMENT

So long as AIRLINE is not in default in its obligations hereunder, MAC covenants and
agrees that AIRLINE shall have, hold and enjoy peaceful and uninterrupted possession of
all of the Premises and of its rights to operate in, to and from the Airport as hereby
granted.

L. NON-LIABILITY OF AGENTS AND EMPLOYEES

1. No member, officer, agent, director, or employee of MAC or AIRLINE shall be
charged personally or held contractually liable by or to the other party under any
term or provision of this Agreement or because of any breach thereof or because
of its or their execution or attempted execution.

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2. AIRLINE expressly agrees that MAC shall not be liable to AIRLINE, its contractors, agents, officers, employees, passengers, or invitees for personal injury or for any loss or damage to real or personal property occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, strike, civil commotion, aircraft, smoke, vandalism, malicious mischief, or acts of civil authority, or other casualty except to the extent caused by the negligence or willful misconduct of MAC, its contractors, subcontractors, agents or any of their employees or officers.
3. MAC expressly agrees that AIRLINE shall not be liable to MAC, its contractors, agents, officers, employees, or invitees for personal injury or for any loss or damage to real or personal property occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, strike, civil commotion, aircraft, smoke, vandalism, malicious mischief, or acts of civil authority, or other casualty except to the extent caused by the negligence or willful misconduct of AIRLINE, its contractors, subcontractors, agents or any of their employees or officers.
4. The provisions of this Section shall survive the termination of this Agreement.

M. NO PARTNERSHIP OR AGENCY

Nothing contained in this Agreement is intended or shall be construed in any respect to create or establish any relationship other than that of lessor and lessee, and nothing herein shall be construed to establish any partnership, joint venture or association or to make AIRLINE the general representative or agent of MAC for any purpose whatsoever.

N. SECURITY

In conjunction with AIRLINE's operations at Airport, reasonable access shall be made available for both persons and vehicles to AIRLINE's aircraft parked in designated parking areas via Terminal 1 or Terminal 2 doors, field access gates, passenger loading bridges, and the ramp gates to the SIDA, AOA, or other defined security area. In order to maintain the security of restricted areas on Airport, AIRLINE will be responsible for the control of persons and vehicles entering the SIDA via the ramp gates to and from AIRLINE's aircraft. AIRLINE agrees to implement and maintain security measures with respect to access control to and from AIRLINE's aircraft and with respect to the use of the SIDA, as required by federal regulations. Such security measures shall be reduced to writing and be provided to the Airport Security Coordinator. AIRLINE agrees to implement and maintain, as a minimum, the following security measures concerning access control to and from the SIDA:

1. During all hours, access points to the SIDA shall be secured and locked.
2. AIRLINE and its agents shall challenge any persons not recognized as being authorized to have access to the SIDA from AIRLINE's operations.
3. AIRLINE and its agents shall restrict the activities of its employees who are authorized to be in the SIDA to that portion of the SIDA in which AIRLINE is authorized to operate.

4. AIRLINE and its agents are responsible for ensuring that personnel are trained in the security procedures described in this Agreement and in all other security procedures, Rules and Regulations and Ordinances developed by MAC. MAC may require attendance at courses conducted by MAC.
5. AIRLINE and its agents shall not allow any unescorted person into the SIDA unless that person has a valid Airport identification badge. Identification badges shall not be considered valid unless the color code of the badge corresponds with the location in which such person may enter, as designated by MAC. People who do not have valid identification badges to be present on the SIDA shall be escorted at all times they are present on the SIDA by a person with a valid identification badge and valid escort endorsement. Issuance of AOA SIDA identification badges shall be made only by MAC and shall be at the sole discretion of MAC. Airport identification badges shall be denied to people not meeting security requirements.
6. AIRLINE and its agents shall abide by the Airport's security program and comply with applicable security procedures including, but not limited to, the wearing of security identification badges by AIRLINE's and its agents' personnel and clearly identifying each of AIRLINE's vehicles by placing AIRLINE's company or agent's name on each vehicle, and fully comply with any vehicle identification or licensing system adopted by MAC.
7. AIRLINE and its agents shall immediately notify the Airport Police of any suspicious activities observed in or about the SIDA.
8. Any unresolved questions concerning Airport security shall be directed to the Airport Security Coordinator.
9. AIRLINE further agrees to reimburse MAC for any penalties or fines levied against MAC by the FAA, Transportation Security Administration, or Customs and Border Patrol due to AIRLINE's or its agents' failure to abide by any applicable security measures.
10. The Airport Security Coordinator or his or her designated alternate will periodically evaluate compliance with this Section. Failure of AIRLINE to fully comply with the procedures set forth in this Section shall be sufficient grounds for MAC to immediately take any and all necessary corrective measures until security that is acceptable to MAC is restored. AIRLINE shall pay any costs of such corrective measures, plus an administrative fee of fifteen percent (15%) of such costs.
11. AIRLINE must immediately return each MAC-issued security identification badge to the airport badging office upon expiration of badge or upon termination of badgeholder's employment or contract. Further, AIRLINE must promptly report any loss or theft of an individual's MAC-issued security identification, the termination of any badgeholder whose security identification is not recovered; or the suspension of any badgeholder.

12. AIRLINE must comply within established timelines with any security audits conducted by the MAC including audits of airport-issued security badges.
13. AIRLINE and AIRLINE contractors must comply with the applicable provisions of MAC Ordinance 117 (or as amended).

O. SUBORDINATION TO AGREEMENTS WITH THE U.S. GOVERNMENT

This Agreement shall be subordinate and subject to the terms of any existing or future agreement between MAC and the United States, relative to the development, operation, or maintenance of the Airport, including but not limited to "Sponsor's Grant Assurances" or like agreement that has been or may be furnished by MAC to the United States of America, its boards, commissions, or agencies, including without limitation the FAA, or any other agreement that is required by applicable laws as a condition precedent to receiving Federal financial assistance for development of the Airport and other Airport programs and activities. In the event that the FAA or its successors require any modifications or changes in this Agreement as a condition precedent to the granting of funds for the further improvement of the Airport or otherwise complying with the MAC's assurances or like agreements, AIRLINE shall not withhold its consent to such amendments, modifications, revisions, supplements or deletions of any of the terms, conditions or requirements of this Agreement as may reasonably be required to obtain such funds. MAC agrees to provide AIRLINE with advance written notice of any provisions that would adversely modify the material terms of this Agreement.

This Agreement and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may acquire affecting the control, operation, regulation, and taking over of said Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

P. PFC ACT AND ASSURANCES

1. Notwithstanding anything to the contrary in this Agreement, no provision of this Agreement shall impair the authority of MAC to impose a Passenger Facility Charge or to use the Passenger Facility Charge revenue as provided in the Aviation Safety and Capacity Expansion Act of 1990, 49 U.S.C. § 40117 (the "PFC Act").
2. AIRLINE acknowledges that MAC has given to the United States of America, acting by and through the FAA, certain assurances set forth in the PFC Act and implementing regulations at 14 C.F.R. Part 158 ("PFC Assurances"), and AIRLINE agrees that this Agreement shall be subordinate and subject to the PFC Assurances.
3. In the event that the FAA or its successors require any modifications or changes in this Agreement as a condition precedent to the collection of PFCs or otherwise complying with the PFC Act, AIRLINE shall not withhold its consent to such amendments, modifications, revisions, supplements or deletions of any of the terms, conditions or requirements of this Agreement as may reasonably be required to collect PFCs or comply with the PFC Act. MAC agrees to provide

AIRLINE with advance written notice of any provisions that would adversely modify material terms of this Agreement.

Q. NO EXCLUSIVE RIGHT

Nothing herein contained shall be deemed to grant to AIRLINE any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport.

R. CONCERNING DEPRECIATION AND INVESTMENT CREDIT

Neither AIRLINE nor any successor of AIRLINE under this Agreement may claim depreciation or an investment credit under the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the Premises. AIRLINE represents as an irrevocable election under Code Section 142(b)(1)(B) that it will not claim such depreciation or investment credit with respect to the Premises. MAC acknowledges this AIRLINE representation and election as part of its books and records.

S. ATTORNEYS' FEES

In any action brought by either party for the enforcement of any provisions of this Agreement, the party prevailing in said action shall be entitled to recover reasonable attorney's fees from the other party, unless the court shall otherwise award.

T. SAVINGS

MAC and AIRLINE acknowledge that they have thoroughly read this Agreement, including all exhibits thereto, and have sought and received whatever competent advice and counsel was necessary for them to form a full and complete understanding of all rights and obligations herein. MAC and AIRLINE further acknowledge that this Agreement is the result of extensive negotiations between them and that this Agreement shall not be construed against either party by reason of that party's preparation of all or part of this Agreement.

U. MASTER TRUST INDENTURES

1. Subordination of Facilities Construction Credits

The obligations of MAC under this Agreement, if any, which constitute Facilities Construction Credits or other forms of rental credits, are made subject and subordinate to the terms and payment provisions of the MAC revenue obligations issued pursuant to Minnesota Statutes, § 473.608, Subd. 12a., and the terms and provisions of Senior Trust Indenture which controls the issuance of such obligations, including MAC's obligation to meet its rate covenants under the Trust Indentures.

2. Airline Cooperation

- a. The AIRLINE agrees that it will cooperate with MAC, the underwriters and their counsel to satisfy any ongoing disclosure requirements

necessary under applicable law in order to market the MAC revenue obligations, including provision of annual reports of AIRLINE or any parent.

- b. AIRLINE shall cooperate with MAC and the underwriters of MAC's revenue obligations so that the provisions of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, are complied with.

V. AIRLINE SPECIFIC PROVISIONS

Exhibit Z (if applicable) is hereby incorporated into this Agreement by reference.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on the dates below.

METROPOLITAN AIRPORTS COMMISSION

By: 
Eric L. Johnson

Its: Director
Commercial Management & Airline Affairs

Date: January 24, 2019

DELTA AIR LINES, INC.

By: 
Holden Shannon

Its: Senior Vice President – Corporate Real Estate

Date: 1/9/2019

Notice Address:
Delta Air Lines, Inc.
Corporate Real Estate
Department 877
P.O. Box 20706
Atlanta, GA 30320
Attention – Vice President – CRE

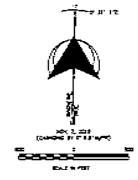
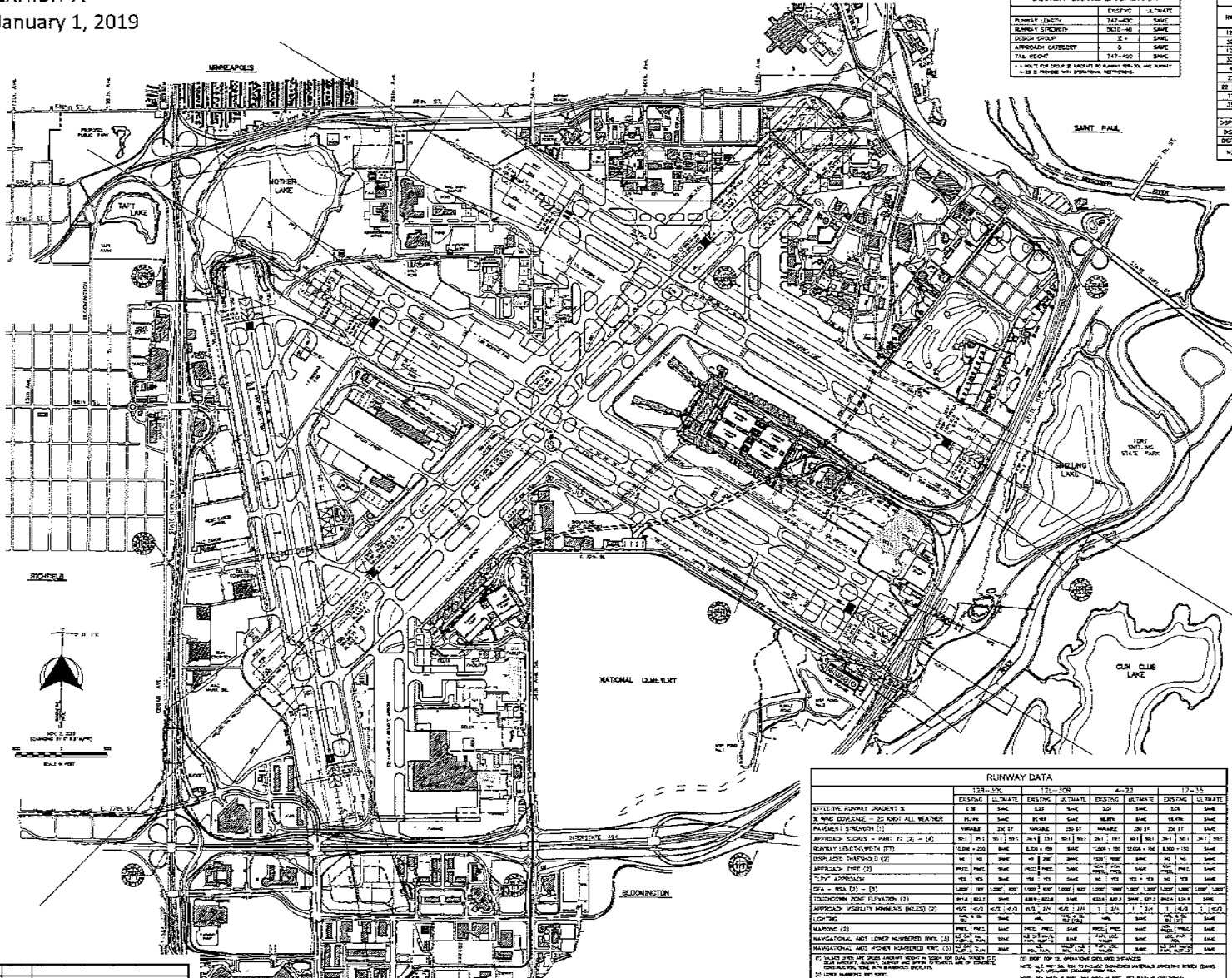
Overnight Deliveries:
Delta Air Lines, Inc.
Corporate Real Estate
Department 877
1030 Delta Boulevard
Atlanta, GA 30354
Attention – Vice President - CRE

EXHIBIT A
January 1, 2019

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DESIGN CRITICAL AIRCRAFT			
	EXISTING	ULTIMATE	
RUNWAY LENGTH	747+000	SAME	
RUNWAY WIDTH	300+0	SAME	
DESIGN GROUP	E-1	SAME	
APPROACH CATEGORY	2	SAME	
TAIL WIND	747+100	SAME	

RUNWAY END / DISPLACED THRESHOLD COORDINATES					
INT	NORTH	EAST	NORTH	EAST	DISCREP
12L	120714.68	140257.27	101313.41	281824.13	0.00000
30R	130474.56	247038.20	101403.82	281553.88	0.00000
12R	131284.12	140257.27	101313.41	281824.13	0.00000
30L	130474.56	247038.20	101403.82	281553.88	0.00000
12L	130474.56	247038.20	101403.82	281553.88	0.00000
30R	130474.56	247038.20	101403.82	281553.88	0.00000
12R	131284.12	140257.27	101313.41	281824.13	0.00000
30L	130474.56	247038.20	101403.82	281553.88	0.00000
12L	130474.56	247038.20	101403.82	281553.88	0.00000
30R	130474.56	247038.20	101403.82	281553.88	0.00000
12R	131284.12	140257.27	101313.41	281824.13	0.00000
30L	130474.56	247038.20	101403.82	281553.88	0.00000



AIRPORT DATA			
	EXISTING	ULTIMATE	
AIRPORT ELEVATION	644	SAME	
AIRPORT REFERENCE POINT (AMP) ELEVATION	644	SAME	
AIRPORT REFERENCE POINT (AMP) LONGITUDE	87-04-44.7	SAME	
MEAN HIGHEST TEMP. OF HOTTEST MONTH	87° F	SAME	
AIRPORT AND TERMINAL MAX. ACES	542, 200, 114	425, 200, 114	
TAXIWAY SAFETY AREA (TSA) WIDTH	75	75	
TAXIWAY OBJECT FREE AREA (OFA) WIDTH	300	SAME	

DIMENSIONS LESS THAN CRITERIA			
DESCRIPTION	FEET	FEET	FEET
HANGAR #1 APPROX. TYP. TYP. S	227.0	100	100
TYP. TYP. S SURFACE NO.	141		

LEGEND			
EXISTING	FUTURE		
---	---	AIRPORT PROPERTY LINE	
---	---	MAE PROPERTY BEYOND AIRPORT BOUNDARY	
---	---	BOUNDARY FENCE	
---	---	HAZARD	
---	---	BUILDING	
---	---	LEASE LINE	
---	---	EXISTING LINE	
---	---	EXISTING AREAS	
---	---	AIRPORT REFERENCE POINT	
---	---	MAE LINE	
---	---	TO BE REMOVED (SEE NOTE 3)	
---	---	BUILDING RESTRICTION LINE (B.R.L.)	
---	---	BOUNDARY TO BE REMOVED (SEE NOTE 3)	

- NOTE:
1. ALL DIMENSIONS ARE IN FEET UNLESS OTHERWISE SHOWN.
 2. ALL AIRPORT PROTECTION ZONES (PAZ) IS 60' WIDE. MAE PROPERTY IS 300' WIDE. TYPICAL CLEARANCE FOR ANY OBSTACLE WHICH IS 200' X 100' X 100'.
 3. BUILDINGS TO BE REMOVED ARE SHOWN SHADDED.
 4. THE EXISTING APPROACH IS TO BE REMOVED AND CLEAR OF OBSTRUCTIONS EXCEPT FOR ANY EX. MAE TOWER.
 5. SURFACE HOLD POSITION APPROXIMATES ARE AT 100' OFFSET FROM RUNWAY CENTERLINE (CPL).
 6. MAE PROTECTION BOUNDARY FREE ZONE (MAE-PBZF) IS 200' WIDE ON THE RUNWAY. REFER TO THE APPROXIMATE DIMENSIONS FOR LOCATIONS.
 7. PROPERTY SECURITY FENCE IS 60' HIGH (TYP.).

DECLARED DISTANCES					
RUNWAY	TDZ	TDZ	OBSTA	TDZ	TDZ
12L	8,200	4,200	4,200	7,800	
30R	8,800	4,200	4,200	8,000	

BENCH MARKS			
NUMBER	DESCRIPTION	MAILL. ELEV.	
12101	BM IN S.E. COR. OF BRIDGE AT 12L, R2 & PAV. 17	628.4	
12102	BM IN S.E. COR. OF BRIDGE AT 12L, R2 & PAV. 12C	628.4	
12103	BM IN S.E. COR. OF BRIDGE AT 12L, R2 & PAV. 12	628.74	
12104	BM IN S.E. COR. OF BRIDGE AT 12L, R2 & PAV. 17	627.11	

	12L-30R				4-22				17-30R			
	EXISTING	ULTIMATE	EXISTING	ULTIMATE	EXISTING	ULTIMATE	EXISTING	ULTIMATE	EXISTING	ULTIMATE	EXISTING	ULTIMATE
EXTENSIVE RUNWAY GRADIENT %	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
WEATHER COVERAGE - 30 FOOT ALL WEATHER PAVEMENT STRUCTURE (1)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
APPROACH GRADIENTS - PART 17 (2) - (4)	8% (1)	8% (1)	8% (1)	8% (1)	8% (1)	8% (1)	8% (1)	8% (1)	8% (1)	8% (1)	8% (1)	8% (1)
APPROACH GRADIENTS (1)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
DISPLACED THRESHOLD ELEV.	644	644	644	644	644	644	644	644	644	644	644	644
APPROACH FENCE (2)	644	644	644	644	644	644	644	644	644	644	644	644
"CPL" APPROACH	644	644	644	644	644	644	644	644	644	644	644	644
DATA - HOLD (1) - (2)	644	644	644	644	644	644	644	644	644	644	644	644
STANDARD ZONE ELEVATION (1)	644	644	644	644	644	644	644	644	644	644	644	644
APPROACH VISIBILITY MINIMUMS (HOLD) (2)	1/2	1/2	1/2	1/2	1/2	1/2	1/2	1/2	1/2	1/2	1/2	1/2
USING	644	644	644	644	644	644	644	644	644	644	644	644
MARKINGS (1)	644	644	644	644	644	644	644	644	644	644	644	644
NAVIGATIONAL AIDS (1)	644	644	644	644	644	644	644	644	644	644	644	644
NAVIGATIONAL AIDS (1)	644	644	644	644	644	644	644	644	644	644	644	644

NO.	DATE	DESCRIPTION
2	12/6/19	ISSUED AS ASSEMBLY UPDATE
1	6/7/19	ISSUED AS ASSEMBLY UPDATE

MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT
WOLD-CHAMBERLAIN FIELD

AIRPORT LAYOUT PLAN

Metropolitan Airports Commission
Engineering Architects Planning
3 of 32

Airfield Cost Center

D-59

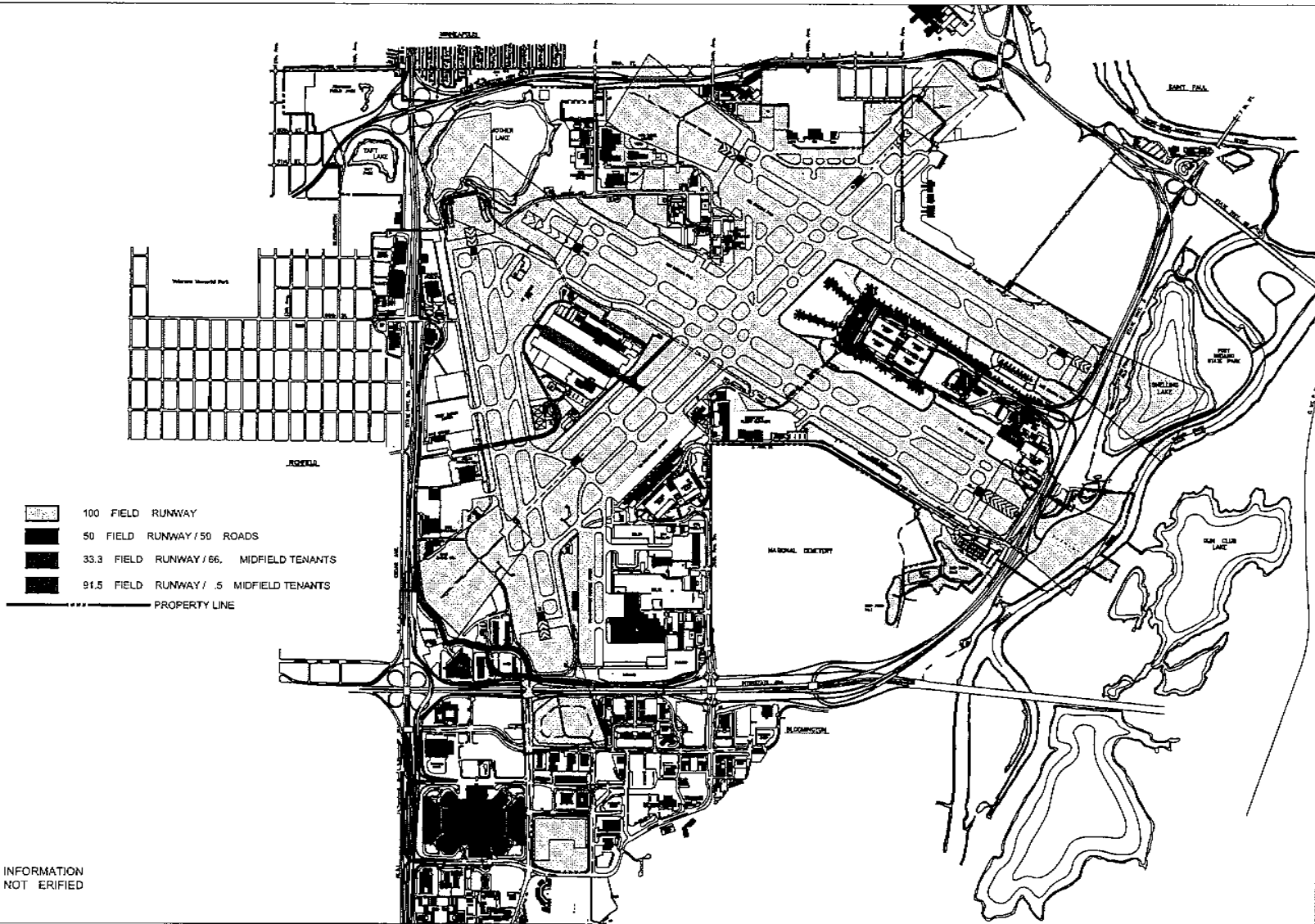



EXHIBIT C

Date: JANUARY 1, 2019
Page 1 of 28

LEGEND

 TERMINAL BUILDING AREA



Metropolitan Airports Commission
5040 28th Avenue So.
Minneapolis, MN 55409

TOYMARK NAME
 3A SPACE CATEGORY
 82B ROOM NUMBER
 14.4 FINISH DATE
 2724 NON-ANCHORED OR JUNCTIONED
 AREA IN SQUARE FEET

Space Category Key

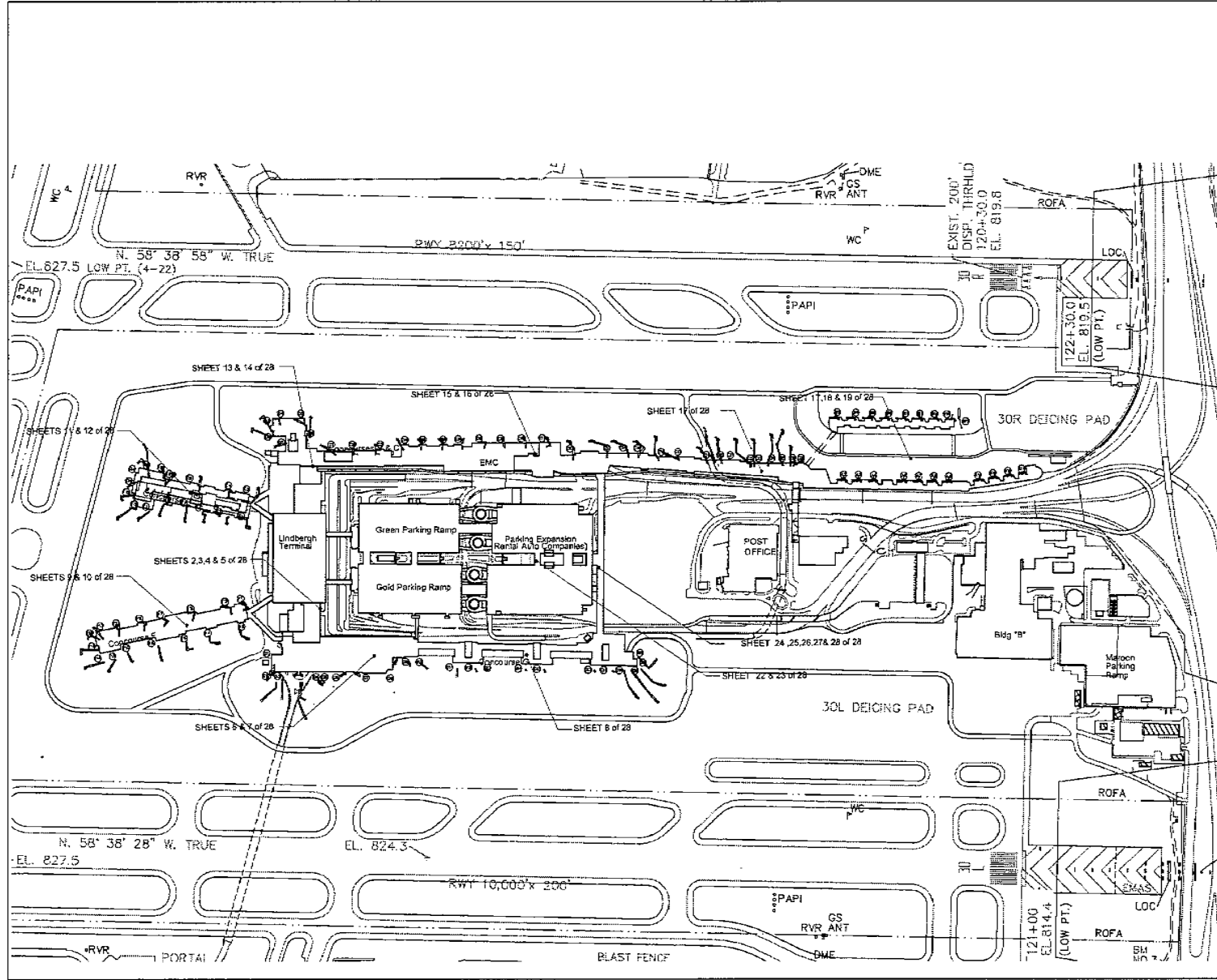
- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A PUBLIC TOLLETS COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TIE TRUNK
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2I AIRLINE MISC. SPACE
- 2A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNENCLOSED SPACE
- 6 MECHANICAL ENCLOSED SPACE (SHOWN HATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MESH
- 8 UNSTRENGTHENED SPACE
- NI NON-ANCHORED SPACE

MINNAPOLIS / ST. PAUL INTERNATIONAL AIRPORT
THE TERMINAL BUILDING

Area

FM002

D-60



D-61

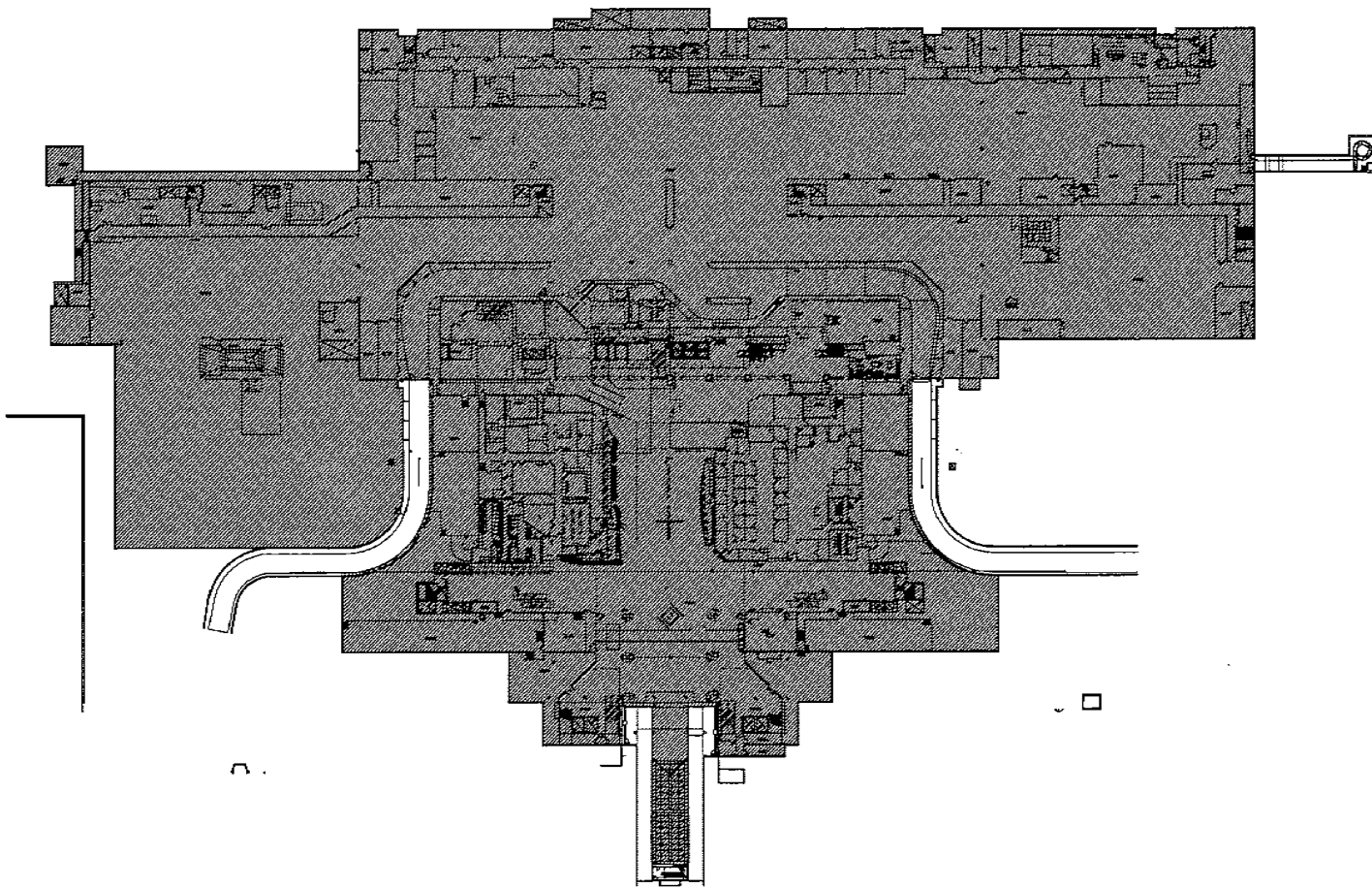



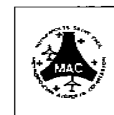
EXHIBIT C

Date : JANUARY 1, 2019

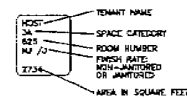
Page 2 of 28

LEGEND

 TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
5045 29th Avenue SE
Minneapolis, MN 55450



Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILET
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG JUMP
- 2G AIRLINE BAGGAGE MAKEUP COWBOY
- 2H AIRLINE TENANT COWBOY USE
- 2J AIRLINE USE SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3A-Y NON-AIRLINE USE SPACE
- 4A-Z NON-AIRLINE USE SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MESH
- J JANITORED SPACE
- NJ NON-JANITORED SPACE

**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**
THE
TERMINAL BUILDING

Area
**MAIN TERMINAL
BASEMENT PLAN**

D-62

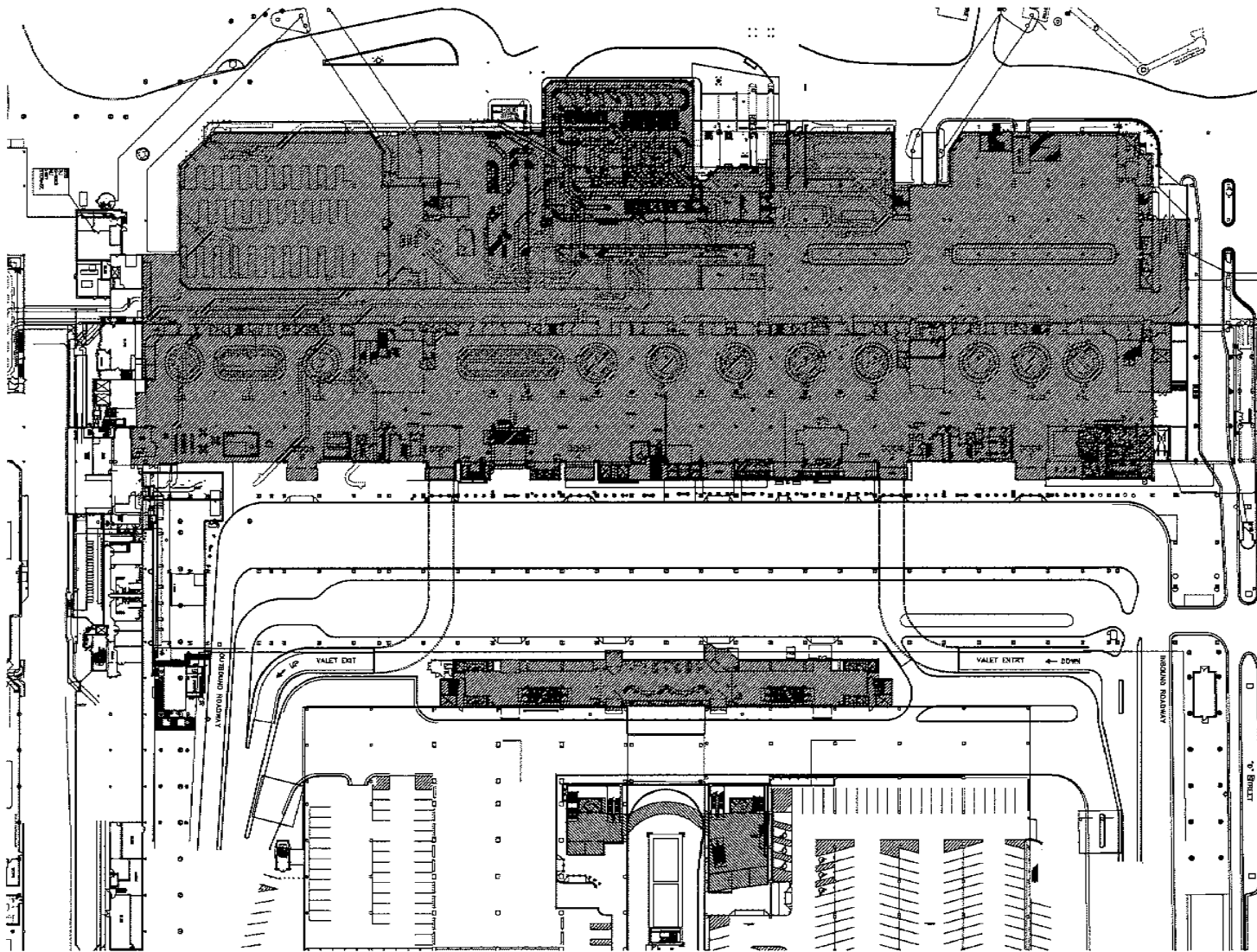



EXHIBIT C

Date : JANUARY 1, 2019

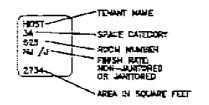
Page 3 of 28

LEGEND

 TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
5140 22nd Avenue So.
Minneapolis, MN 55455



Space Category Key

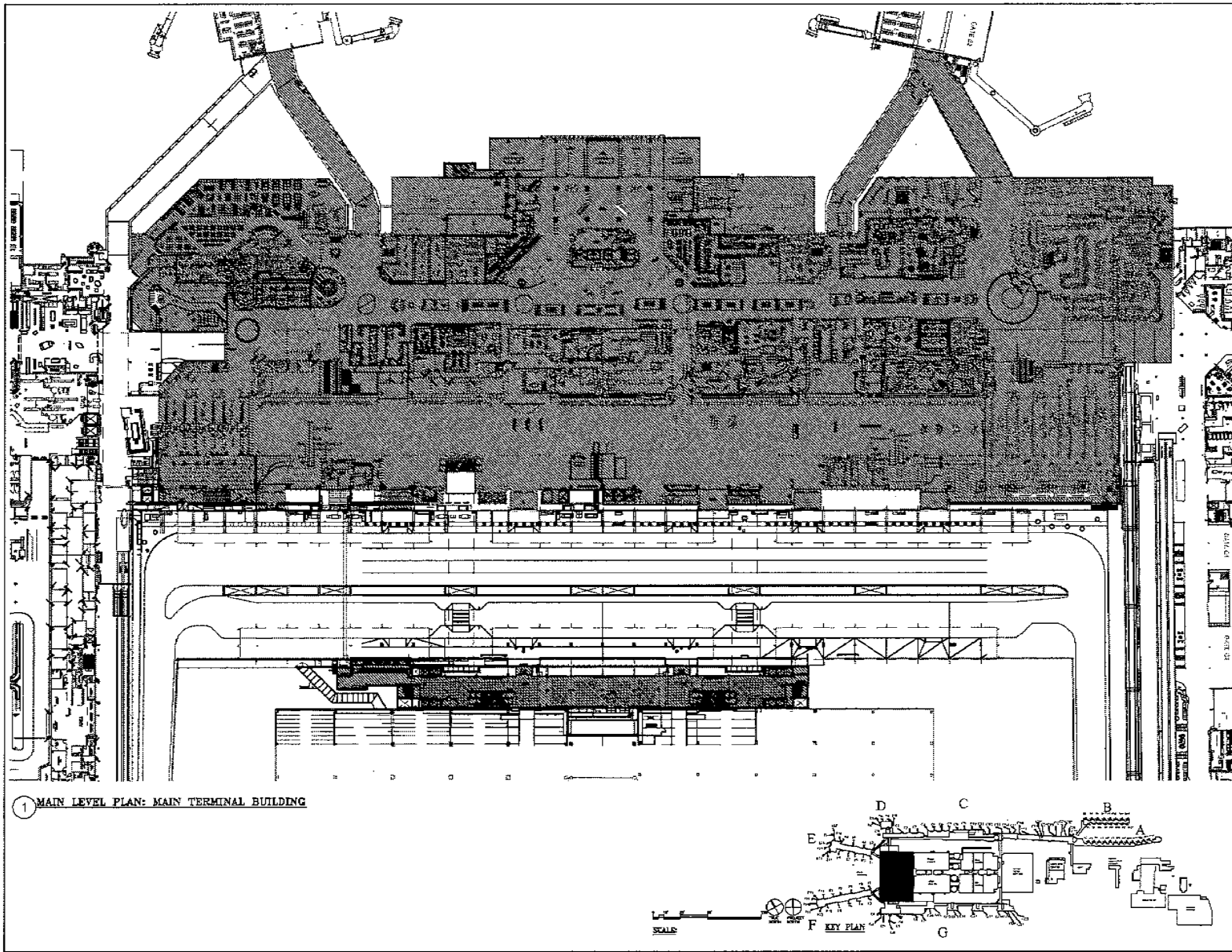
- 10 PUBLIC CIRCULATION
- 19 PUBLIC LOUNGE
- 30 PUBLIC TOILETS
- 20 AIRLINE TICKET COUNTER
- 23 AIRLINE AIRLINE SPACE
- 32 AIRLINE BAGGAGE MAKEUP
- 20 AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 37 AIRLINE TUG DRIVE
- 2C AIRLINE BAGGAGE MAKEUP COMMAND
- 20 AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3M-V NON-AIRLINE MISC. SPACE
- 4A-2 NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOW HATCHES)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MISC.
- 4 UNFURNISHED SPACE
- 101 NON-UNFURNISHED SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT
This
TERMINAL BUILDING

Area
MAIN TERMINAL
BAGGAGE CLAIM

FM101

D-63



1 MAIN LEVEL PLAN: MAIN TERMINAL BUILDING

EXHIBIT C

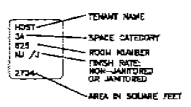
Date : JANUARY 1, 2019
Page 4 of 28

LEGEND

TERMINAL BUILDING AREA



Metropolitan
Airports
Commission
9040 28th Avenue So.
Minneapolis, MN 55450



Space Category Key

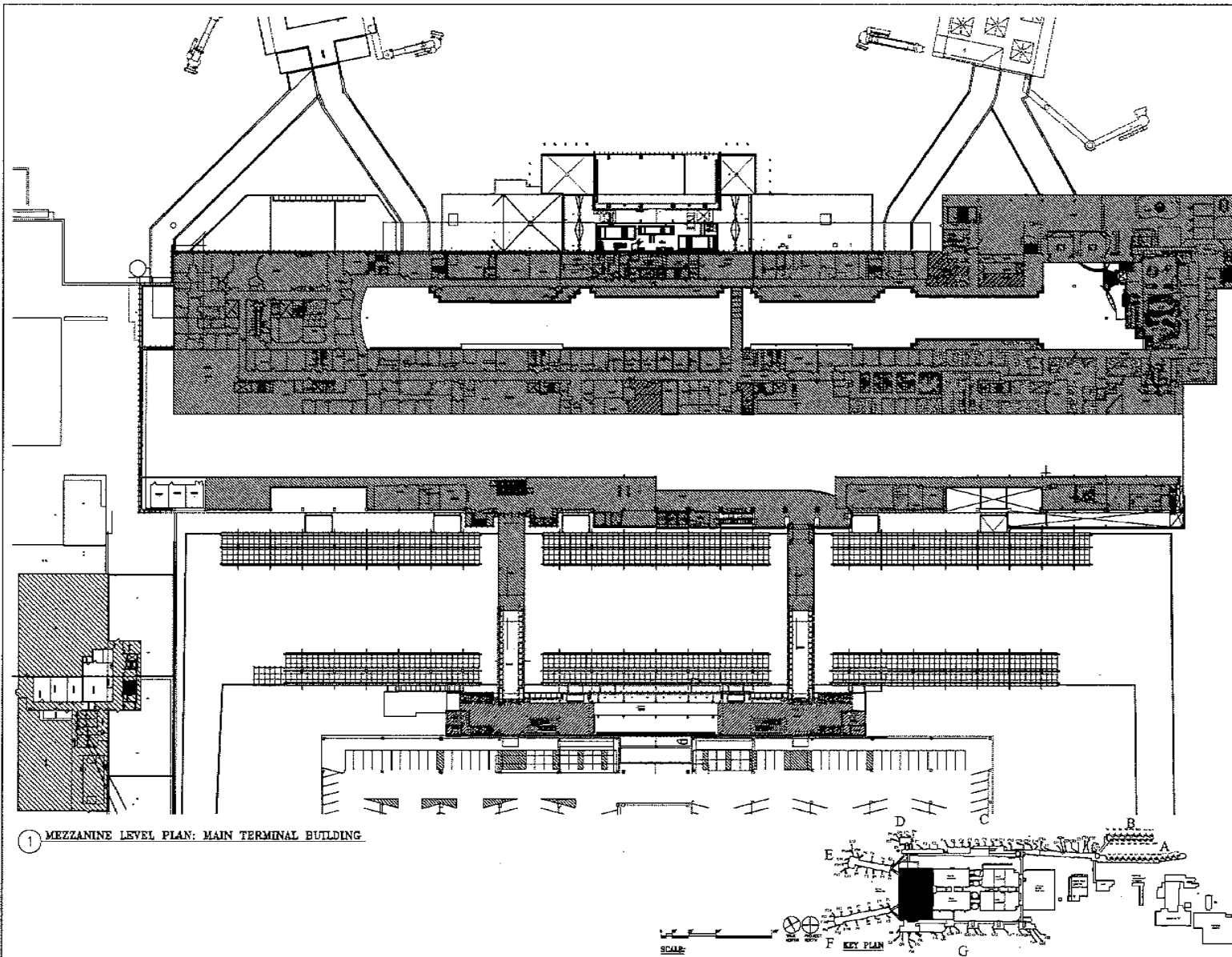
- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE HANDUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE HANDUP COMMON
- 2H AIRLINE TERMINAL COMMON USE
- 2I AIRLINE VISC. SPACE
- 3A-F NON-AIRLINE CONCESSION
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-Y NON-AIRLINE VISC. SPACE
- 4A-2 NON-AIRLINE VISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOLBT
- 7D INT'L ARRIVALS KITCHEN
- 8 JANITORED SPACE
- 9 NON-JANITORED SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT
THE
TERMINAL BUILDING

Area
MAIN TERMINAL
TICKETING LEVEL

FM102

D-64



① MEZZANINE LEVEL PLAN: MAIN TERMINAL BUILDING

EXHIBIT C

Date : JANUARY 1, 2019
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LEGEND

TERMINAL BUILDING AREA



Metropolitan Airports Commission
6040 28th Avenue So.
Minneapolis, MN 55450

TOYUNT NAME
SPACE CATEGORY
ROOM NUMBER
FINISH RATE
NON-MAINTAINED OR MAINTAINED
AREA IN SQUARE FEET

Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENDANT COMMON USE
- 2J AIRLINE USE, SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3A-V NON-AIRLINE MEET. SPACE
- 4A-2 NON-AIRLINE MEET. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN HATCHED)
- 6
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOLLE
- 7D INTL ARRIVALS MECH
- J MAINTAINED SPACE
- NJ NON-MAINTAINED SPACE

MINNEAPOLIS/ST PAUL INTERNATIONAL AIRPORT
THE TERMINAL BUILDING

Area
MAIN TERMINAL
MEZZANINE

FM103

EXHIBIT C

Date : JANUARY 1, 2019

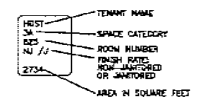
Page 6 of 28

LEGEND

 TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
8040 28th Avenue So.
Minneapolis, MN 55420



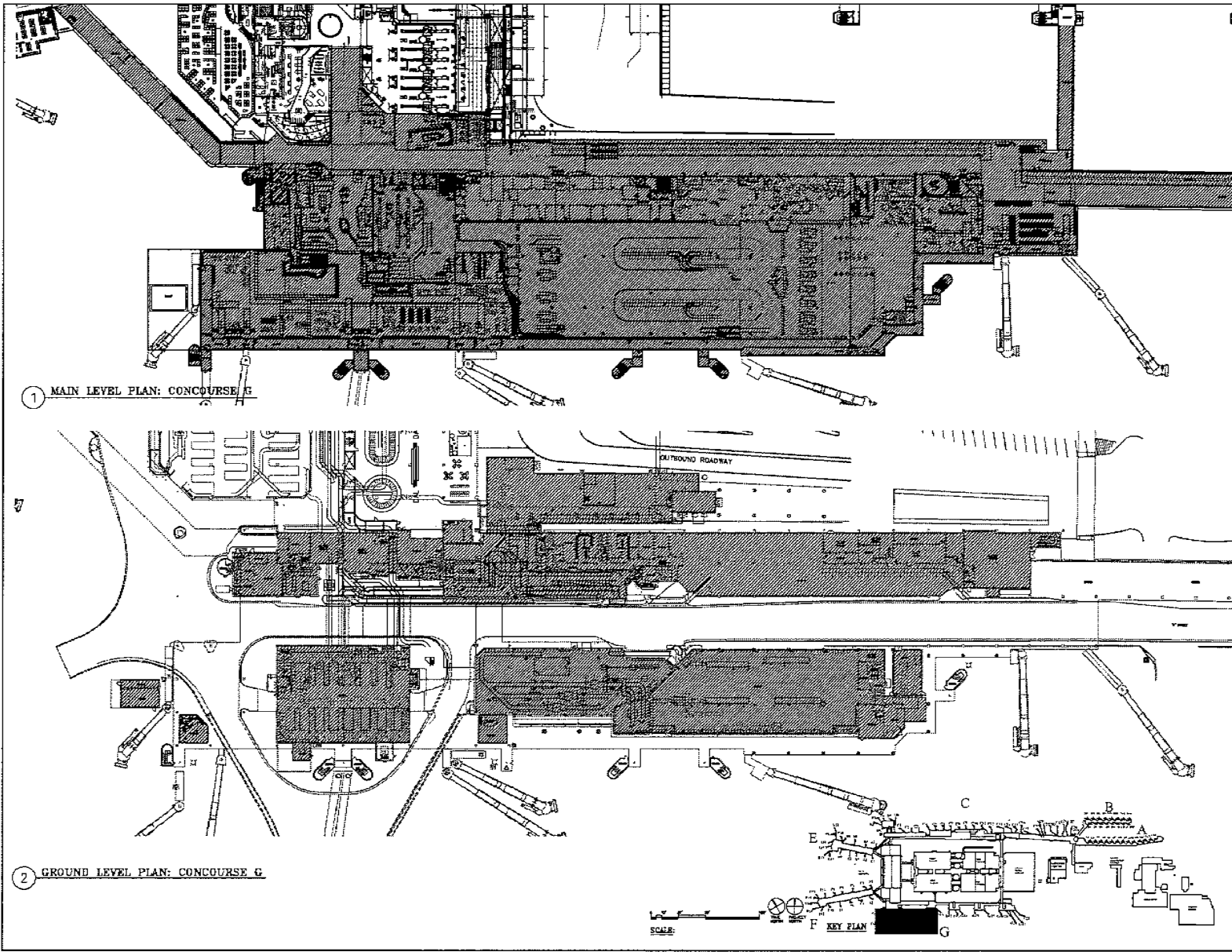
 Hatched box: TENANT NAME
 Solid box: SPACE CATEGORY
 Dashed box: ROOM NUMBER
 Dotted box: FINISH RATE
 Stippled box: NON-INSULATED OR JANITORED
 Large hatched box: AREA IN SQUARE FEET

Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DOCK
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2I AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOW MATCHED)
- 7A INF. ARRIVALS PROCESSING
- 7B INF. ARRIVALS OFFICE
- 7C INF. ARRIVALS TOLL
- 7D INF. ARRIVALS WEIR
- 8 JANITORED SPACE
- 9 NON-JANITORED SPACE

**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**
TERMINAL BUILDING

**Area
CONCOURSE G**



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EXHIBIT C

Date : JANUARY 1, 2019

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LEGEND

TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
8040 28th Avenue So.
Minneapolis, MN 55429

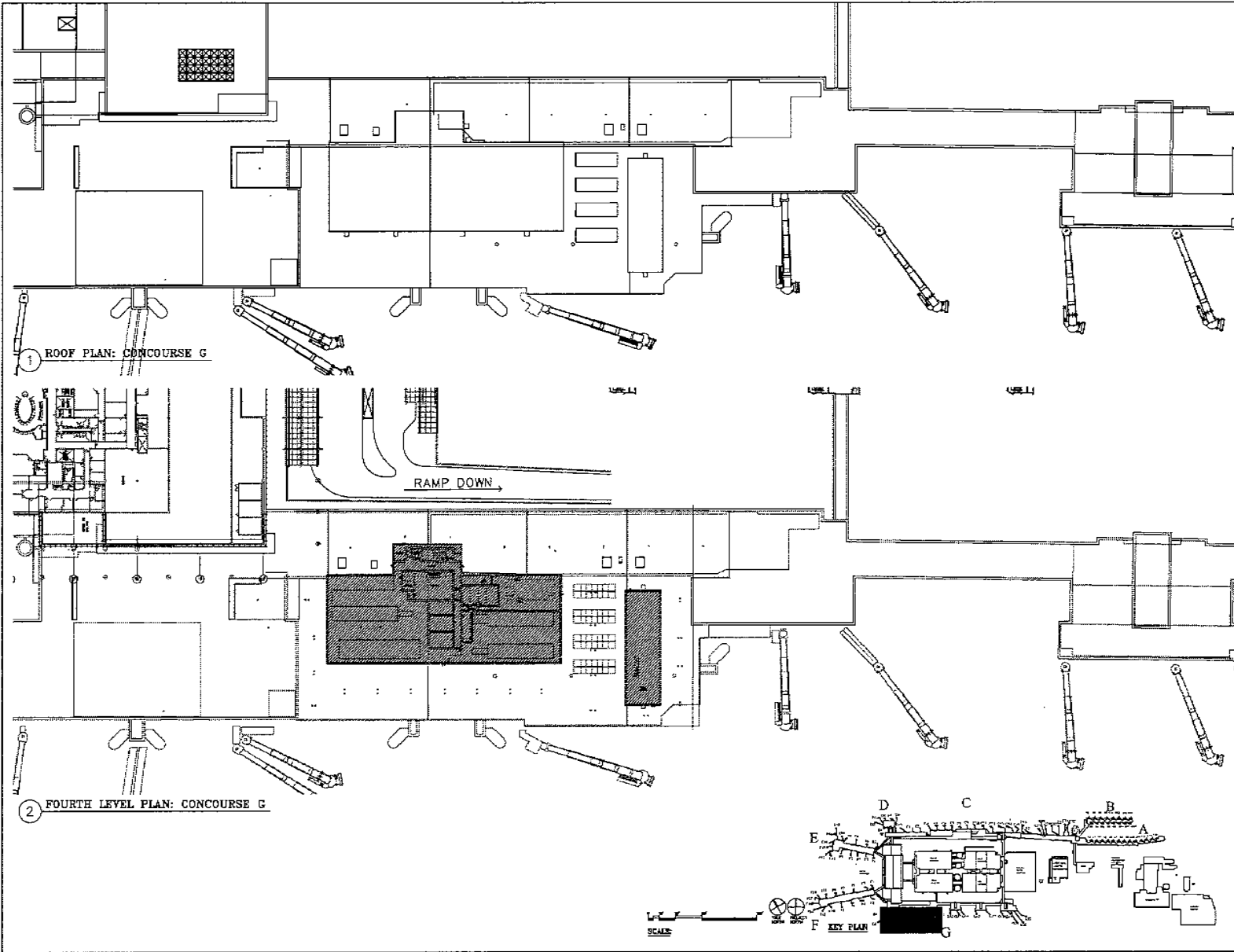
TENANT NAME
 SPACE CATEGORY
 ROOM NUMBER
 FINISH RATES
 NON-VENTILATED OR JANITIERED
 AREA IN SQUARE FEET

Space Category Key

- 1A PUBLIC CONCOURSE
- 1B PUBLIC LOBBY
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2I AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-Y NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN HATCHED)
- 6 UNOCCUPIED SPACE
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS DRIVE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MESH
- 8 UNOCCUPIED SPACE
- NI NON-VENTILATED SPACE

**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**
THE
TERMINAL BUILDING

Area
CONCOURSE G



D-66

EXHIBIT C

Date : JANUARY 1, 2019


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LEGEND

 TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
5040 25th Avenue So.
Minneapolis, MN 55449

KEY:  TENANT NAME
1. SPACE CATEGORY
2. ROOM NUMBER
3. FINISH RATE
4. NON-MATCHED OR MATCHED
AREA IN SQUARE FEET

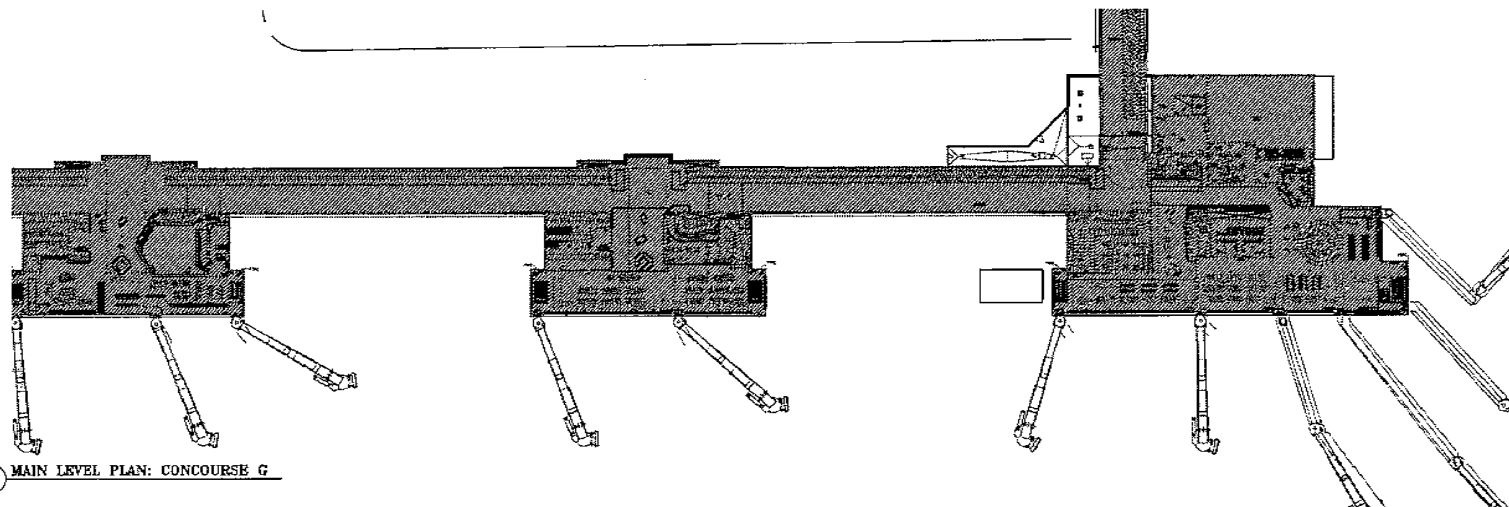
Space Category Key

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- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DOCK
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENDANT EMBARK USE
- 2I AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN MATCHED)
- 6
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MISC
- 8 UNMATCHED SPACE
- 9 NON-MATCHED SPACE

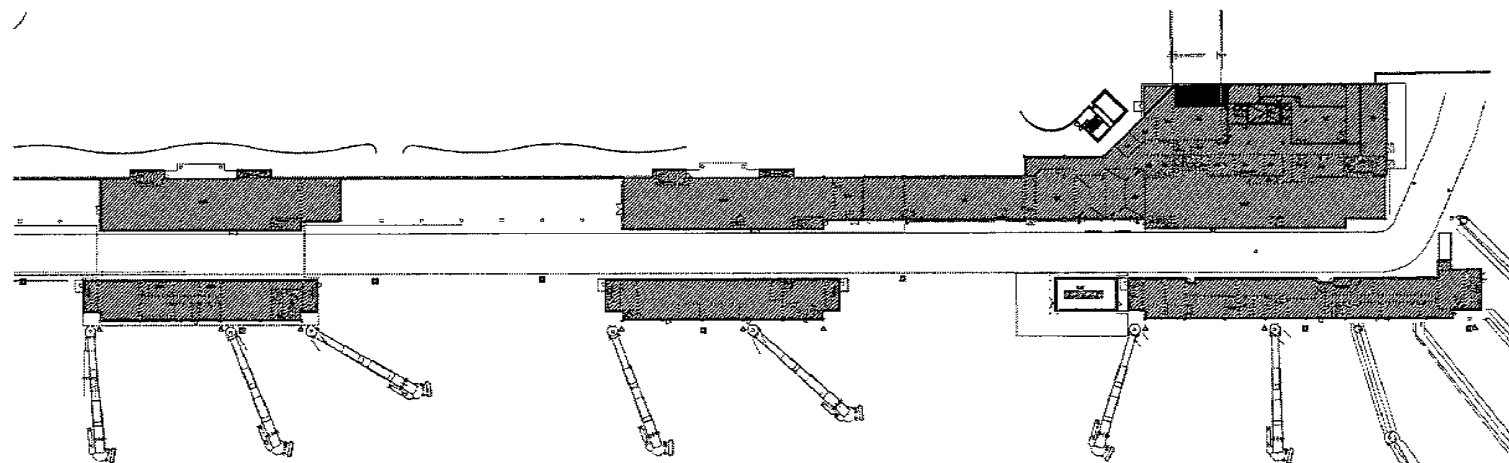
**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**
TERMINAL BUILDING

**Area
CONCOURSE G**

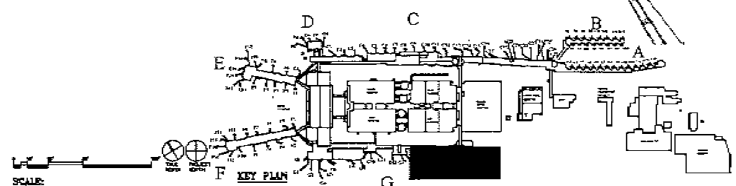
FM108



1 MAIN LEVEL PLAN: CONCOURSE G



2 GROUND LEVEL PLAN: CONCOURSE G



SCALE:

D-67

EXHIBIT C

Date : JANUARY 1, 2019

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LEGEND

TERMINAL BUILDING AREA



Metropolitan Airports Commission
 5040 28th Avenue So.
 Minneapolis, MN 55450

TOWNSHIP NAME
 ROOM NUMBER
 FLOOR NAME
 AREA IN SQUARE FEET

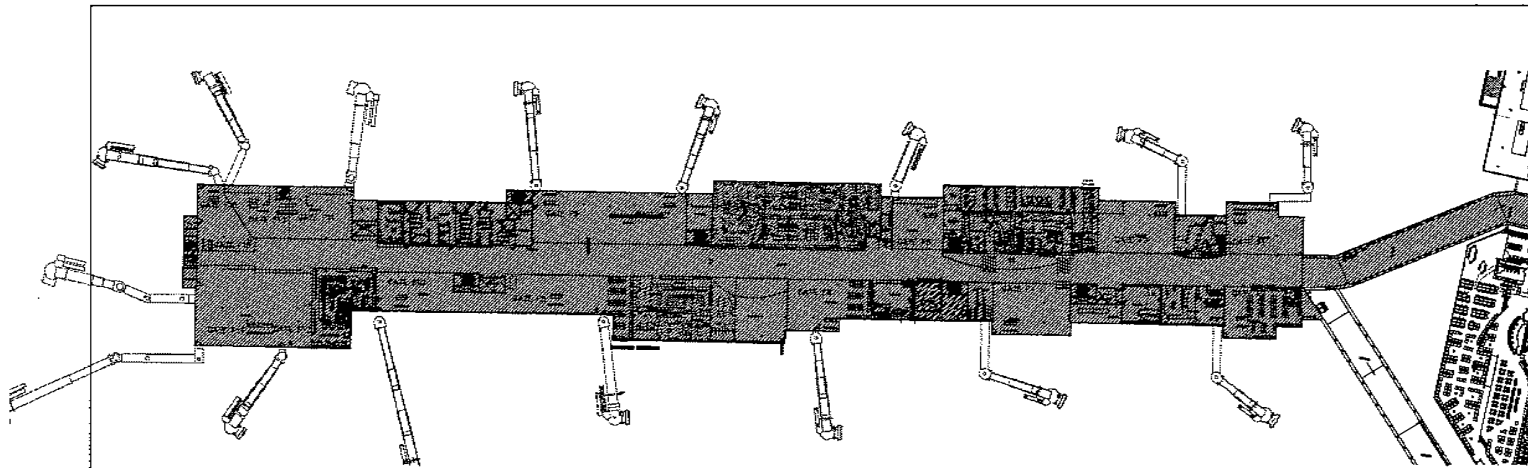
Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOBBY
- 1C PUBLIC TOILET
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2I AIRLINE MISC SPACE
- 3A-F NON-AIRLINE CONCOURSE /
- 3C NON-AIRLINE FOOD & BEVERAGE
- 3H-V NON-AIRLINE AUTO RENTAL FACILITIES
- 4A-Z NON-AIRLINE MISC SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS DUTY-FREE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MEET
- 7E HATCHED SPACE
- 7U NON-ANTICIPATED SPACE

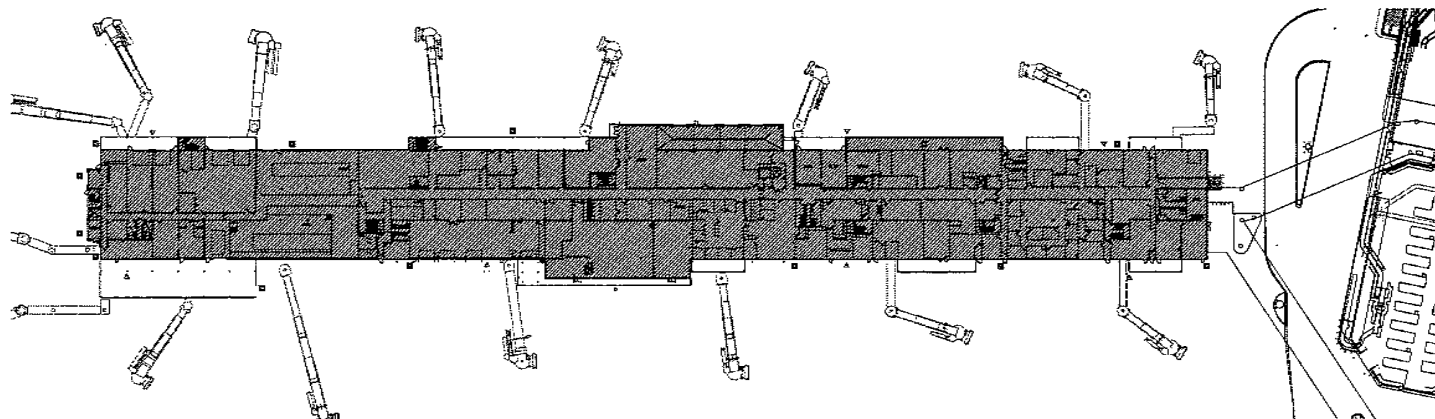
MINNEAPOLIS/ST. PAUL INTERNATIONAL AIRPORT
 The TERMINAL BUILDING

Area CONCOURSE F

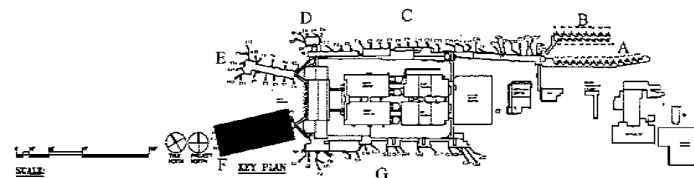
FM110



1 MAIN LEVEL PLAN: CONCOURSE F



2 GROUND LEVEL PLAN: CONCOURSE F




D-68

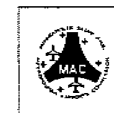
EXHIBIT C

Date : JANUARY 1, 2019

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LEGEND

 TERMINAL BUILDING AREA



Metropolitan Airports Commission
 6540 28th Avenue So.,
 Minneapolis, MN 55450

TITANT NAME
 3A - SPACE CATEGORY
 32B - ROOM NUMBER
 1A / J - FINISH DATE, NON-IMPROVED OR JANTIFIED
 3734 - AREA IN SQUARE FEET

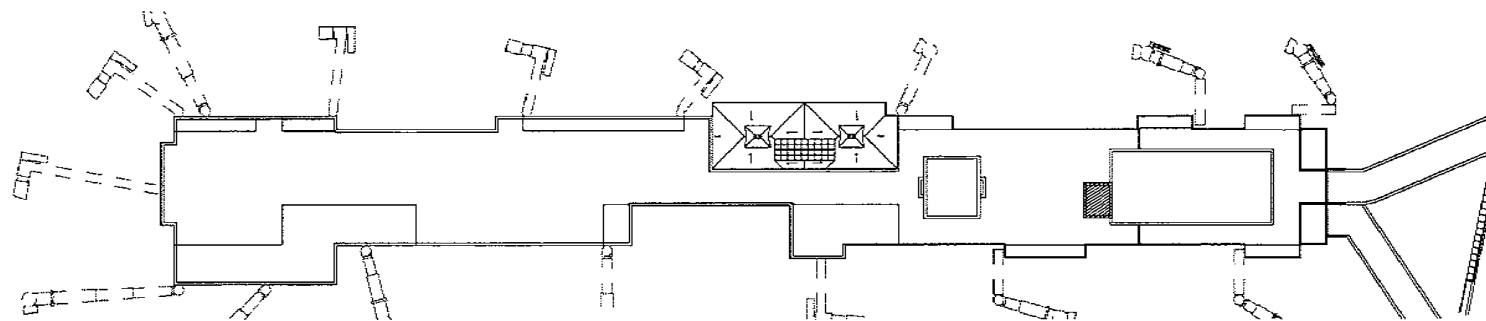
Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOBBY
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TIRE DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-W NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- S MECHANICAL
- U UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INTL. ARRIVALS PROCESSING
- 7B INTL. ARRIVALS OFFICE
- 7C INTL. ARRIVALS TOLLET
- 7D INTL. ARRIVALS MECH
- 7 UNJUSTIFIED SPACE
- UJ NON-IMPROVED SPACE

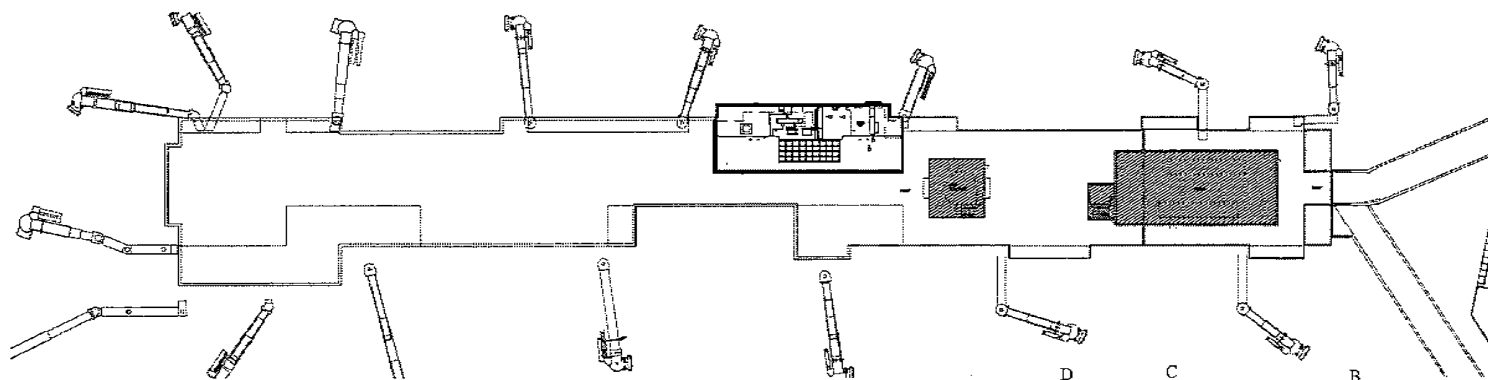
MINNEAPOLIS/ST. PAUL INTERNATIONAL AIRPORT
THE TERMINAL BUILDING

Area
CONCOURSE F

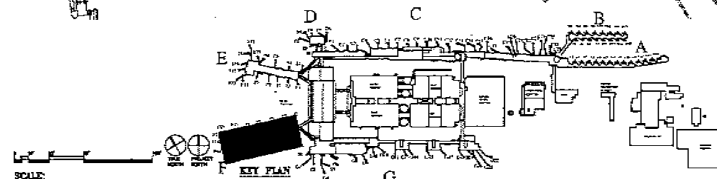
FM111



① FOURTH LEVEL PLAN: CONCOURSE F



② THIRD LEVEL PLAN: CONCOURSE F



SCALE:

D-69

EXHIBIT C

Date : JANUARY 1, 2019
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LEGEND

TERMINAL BUILDING AREA



Metropolitan Airports Commission
 9040 28th Avenue So.
 Minneapolis, MN 55450

--- TENANT NAME
 --- SPACE CATEGORY
 --- ROOM NUMBER
 --- FINISH RATE
 --- NON-ANTORTED OR JANTORTED
 --- AREA IN SQUARE FEET

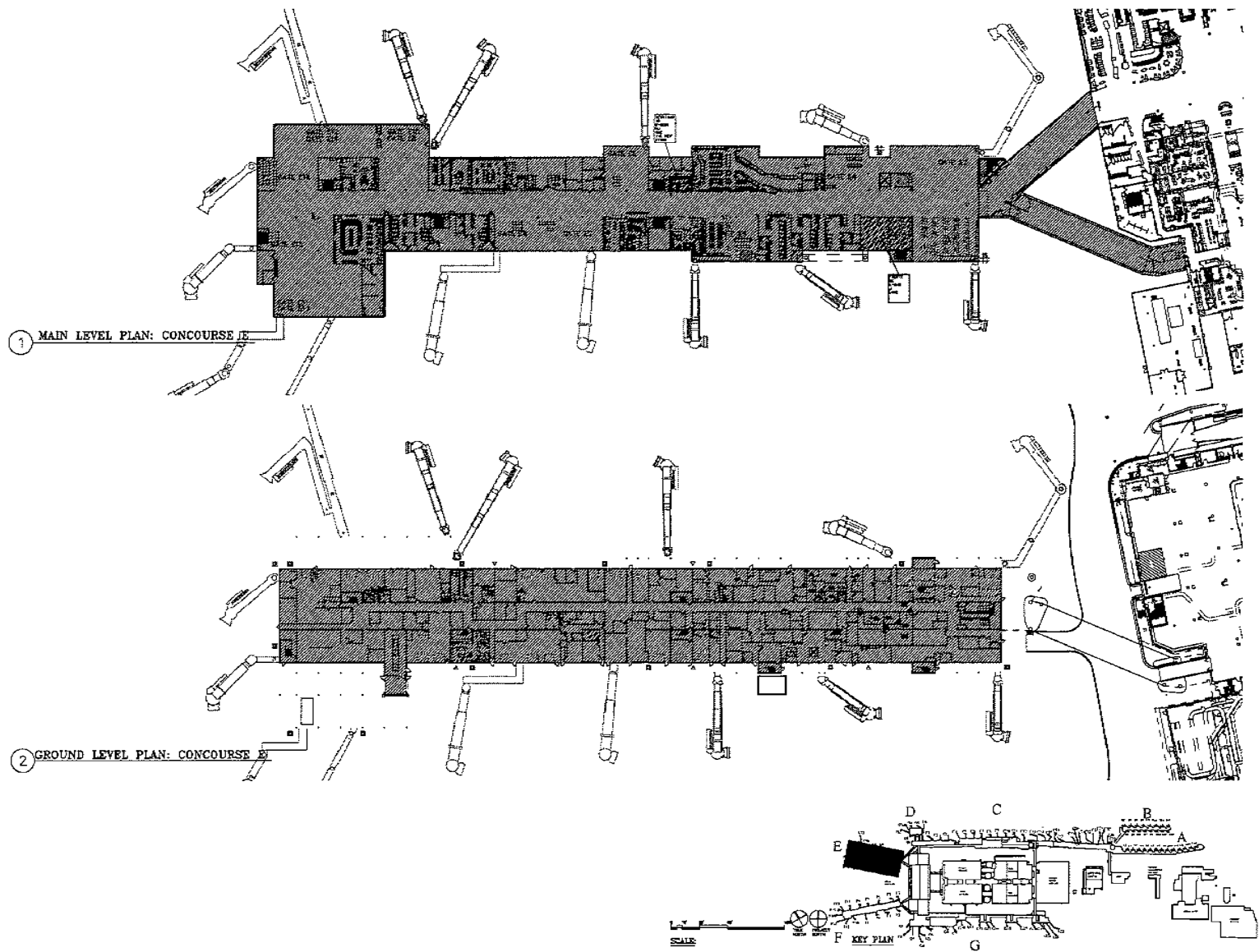
Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONVESSION / FOOD & SERVICE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-Y NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MISC
- J JANTORTED SPACE
- NJ NON-ANTORTED SPACE

MINNEAPOLIS/ST. PAUL INTERNATIONAL AIRPORT
 THE TERMINAL BUILDING

Arve CONCOURSE E

FM112




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EXHIBIT C

Date : JANUARY 1, 2019
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LEGEND

 TERMINAL BUILDING AREA



Metropolitan Airports Commission
6940 28th Avenue So.
Minneapolis, MN 55425

1001-1004 TENANT NAME
 1005-1008 SPACE CATEGORY
 1009-1012 ROOM NUMBER
 1013-1016 FURNISH RATE
 1017-1020 NON-MONITORED OR UNATTENDED
 2234 AREA IN SQUARE FEET

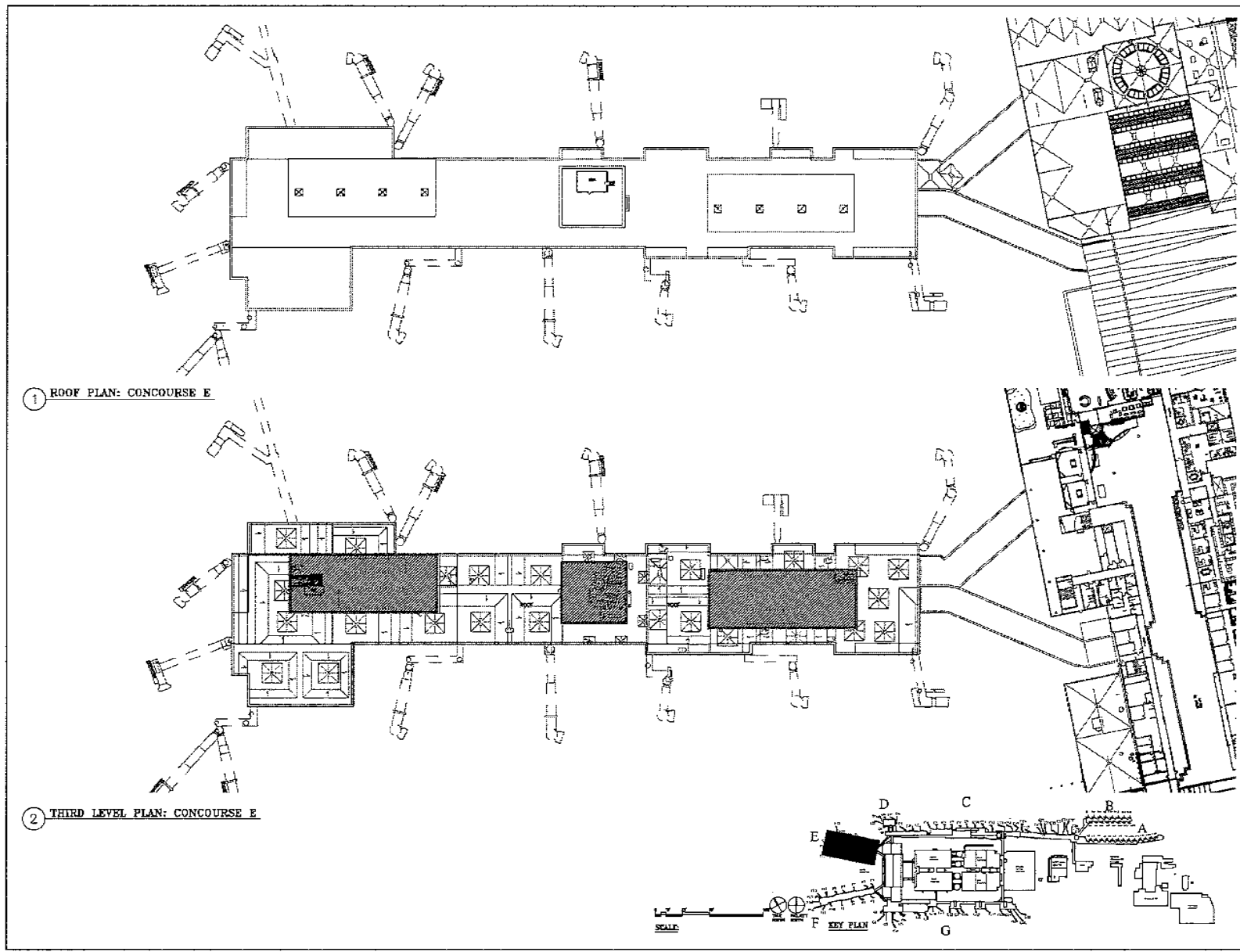
Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TIE DROVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE COMMISSION / FOOD & BEVERAGE
- 3J NON-AIRLINE AUTO RENTAL FACILITIES
- 3K-N NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN HATCHED)
- 6
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MISC.
- 7E UNATTENDED SPACE
- 7F NON-MONITORED SPACE

MINNEAPOLIS/ST. PAUL INTERNATIONAL AIRPORT
THE TERMINAL BUILDING

Area
CONCOURSE E

FM113



① ROOF PLAN: CONCOURSE E

② THIRD LEVEL PLAN: CONCOURSE E

D-71

EXHIBIT C

Date : JANUARY 1, 2019

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LEGEND

TERMINAL BUILDING AREA



Metropolitan
Airports
Commission
8040 28th Avenue So.
Minneapolis, MN 55425

TOWNSHIP NAME
SPACE CATEGORY
ROOM NUMBER
FLOOR PLATE
NON-ANTWERP
OR JANTWERP
AREA IN SQUARE FEET

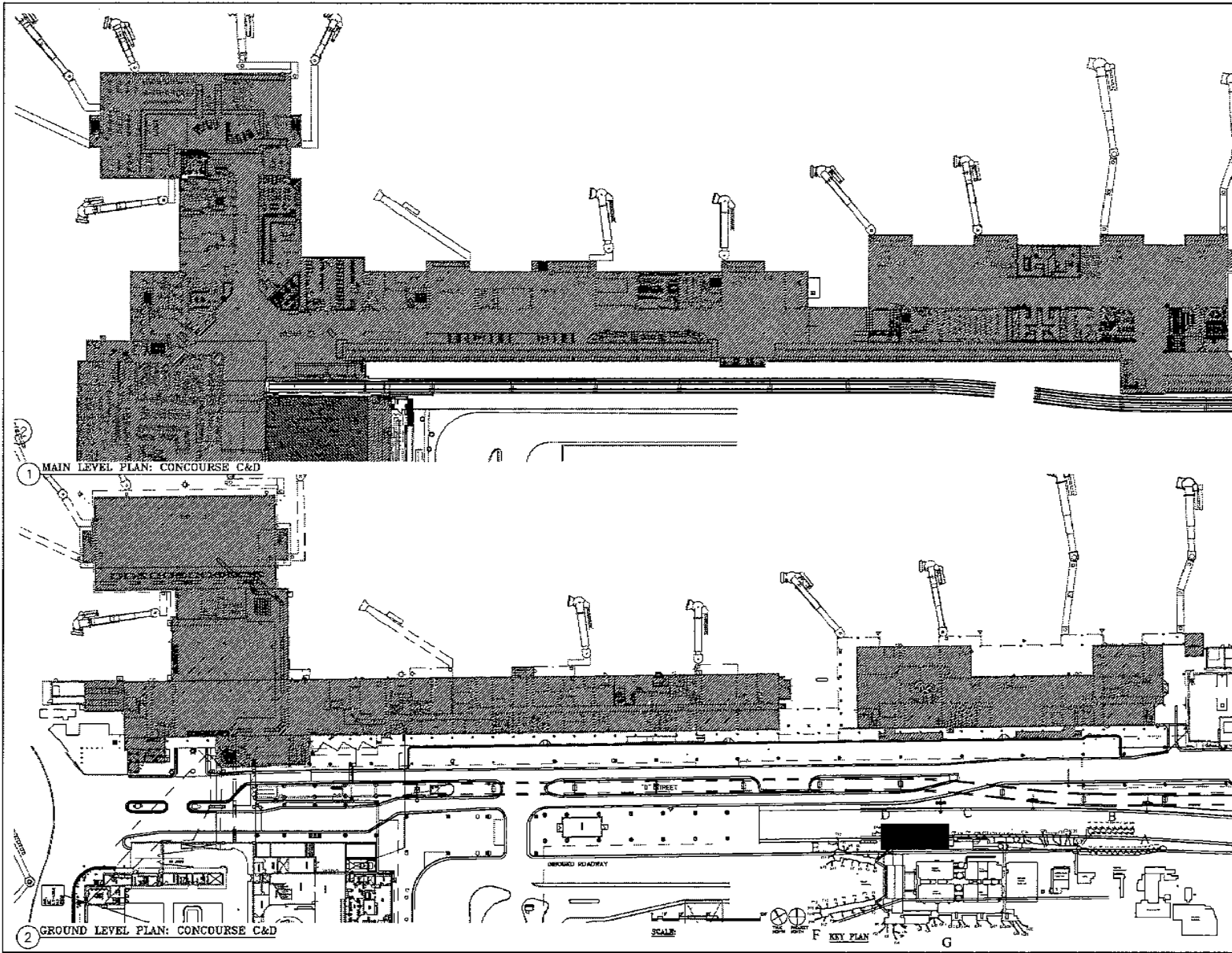
Space Category Key

- 1A PUBLIC OPERATOR
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-Y NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MEDICAL
- 6 UNOCCUPIED SPACE (SHOWS MATCHED)
- 7A INTL. AIRSALS PROCESSING
- 7B INTL. AIRSALS OFFICE
- 7C INTL. AIRSALS TOILET
- 7D INTL. AIRSALS MECH
- J MATCHED SPACE
- KJ NON-ANTWERP SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT
THE
TERMINAL BUILDING

ATRS
CONCOURSE C & D

FM115



D-72

1 MAIN LEVEL PLAN: CONCOURSE C&D

2 GROUND LEVEL PLAN: CONCOURSE C&D

F KEY PLAN

G

EXHIBIT C

Date : JANUARY 1, 2019

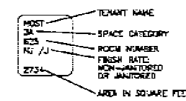
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LEGEND

 TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
6040 28th Avenue So.
Minneapolis, MN 55450



 TENANT NAME
 SPACE CATEGORY
 ROOM NUMBER
 FINISH RATE
 NON-MONITORED
 OR MONITORED
 AREA IN SQUARE FEET

Space Category Key

- 1A PUBLIC CONCILIATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TIE DINE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-W NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- S MEDICAL UNOCCUPIED SPACE (SOME MATCHED)
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MESH
- F JANITORED SPACE
- M NON-MONITORED SPACE

**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**
THE
TERMINAL BUILDING

Area
CONCOURSE C - D

FM116

D-73

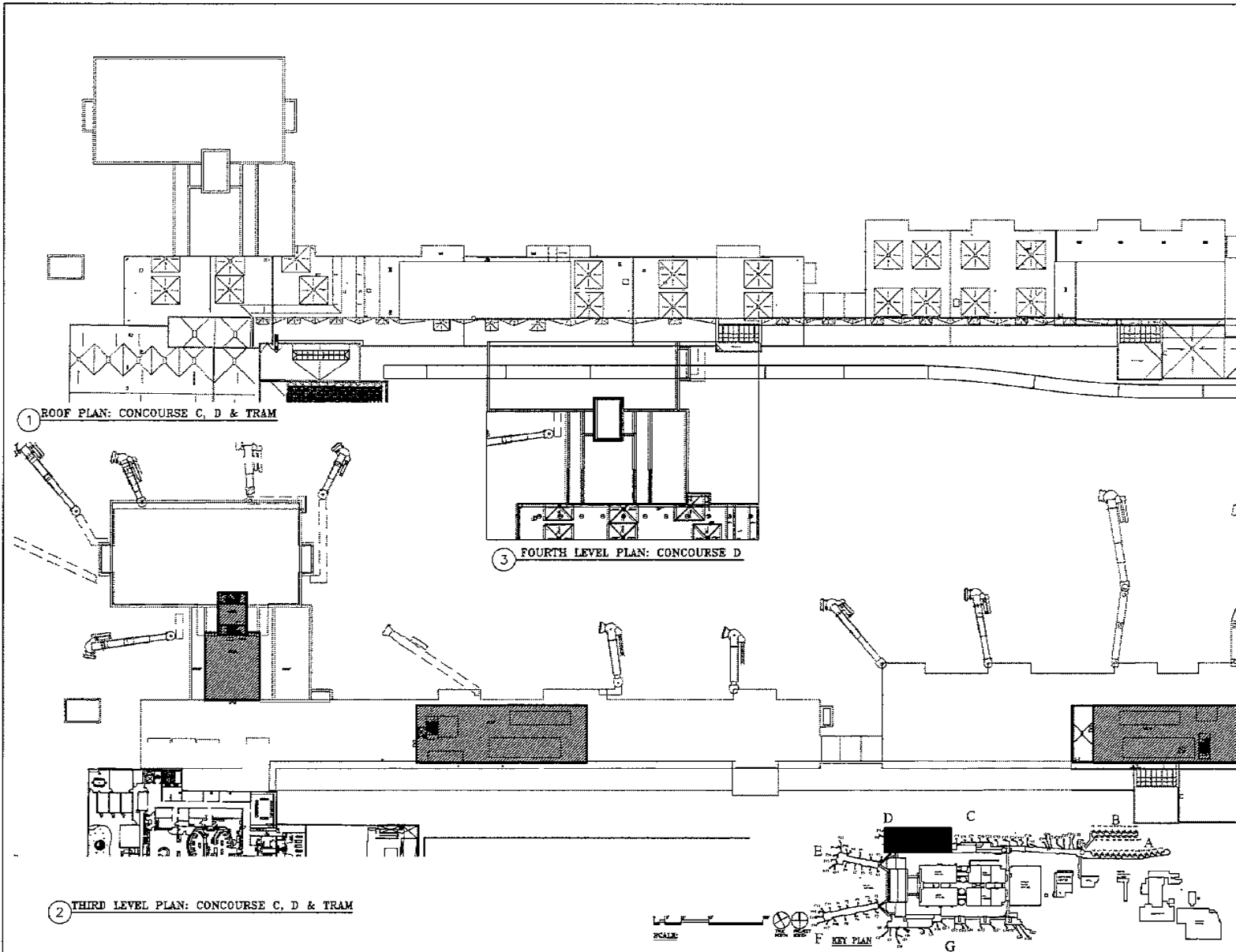



EXHIBIT C

Date : JANUARY 1, 2019

Page 15 of 28

LEGEND

 TERMINAL BUILDING AREA



Metropolitan
Airports
Commission
6040 28th Avenue So.
Minneapolis, MN 55450

148ST	TENANT NAME
14	SPACE CATEGORY
625	ROOM NUMBER
141	FINISH RATE:
233A	NON-ANCHORED OR ANCHORED
	AREA IN SQUARE FEET

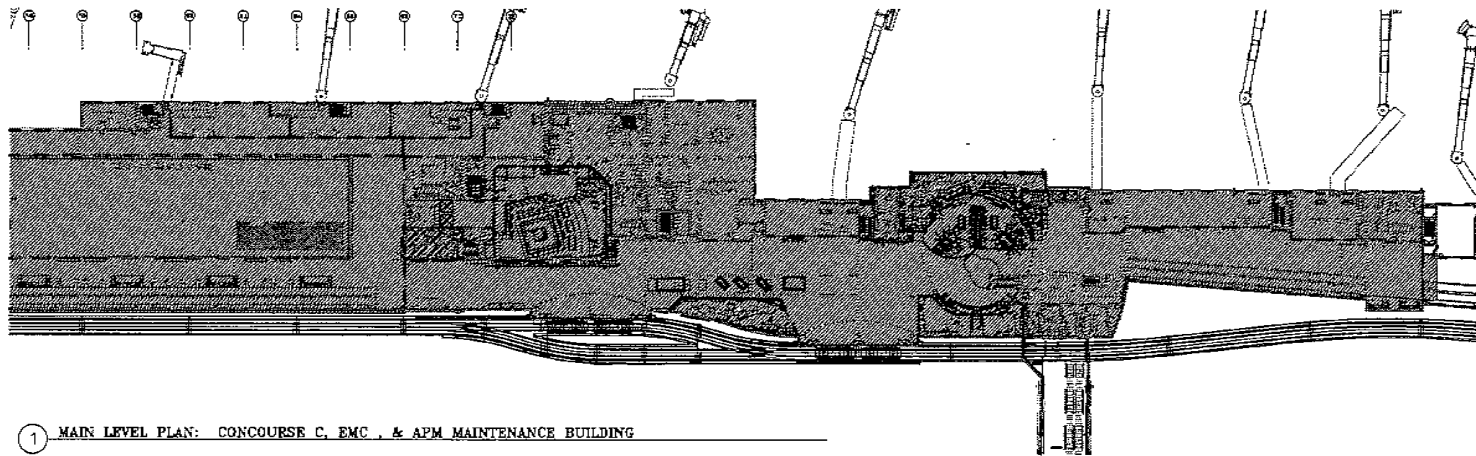
Space Category Key

- 1A PUBLIC OPERATOR
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILET
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TSS DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2I AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3M-V NON-AIRLINE MISC. SPACE
- 4A-2 NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (GREEN HATCHES)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MEET
- 8 UNOCCUPIED SPACE
- 9 NON-ANCHORED SPACE

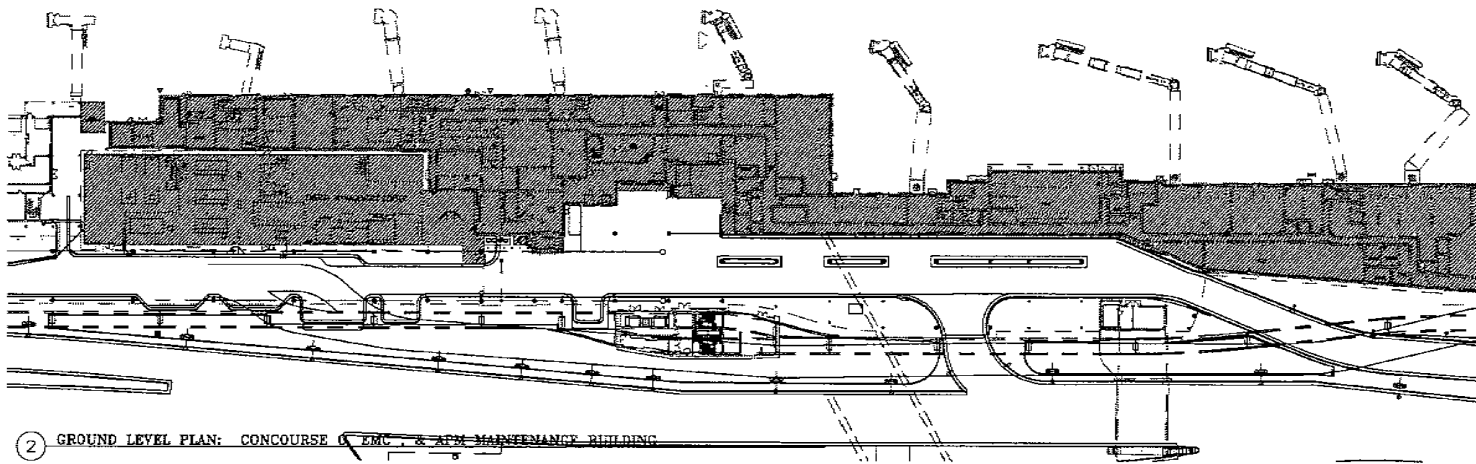
MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT

TRM
TERMINAL BUILDING

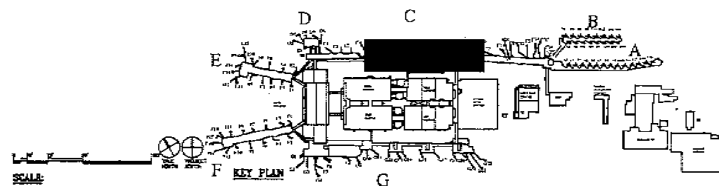
Area
CONCOURSE C



① MAIN LEVEL PLAN: CONCOURSE C, EMC, & APM MAINTENANCE BUILDING



② GROUND LEVEL PLAN: CONCOURSE C, EMC, & APM MAINTENANCE BUILDING



SCALE


D-74

EXHIBIT C

Date : JANUARY 1, 2019

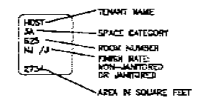
Page 16 of 28

LEGEND

 TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
8040 28th Avenue So.
Minneapolis, MN 55450



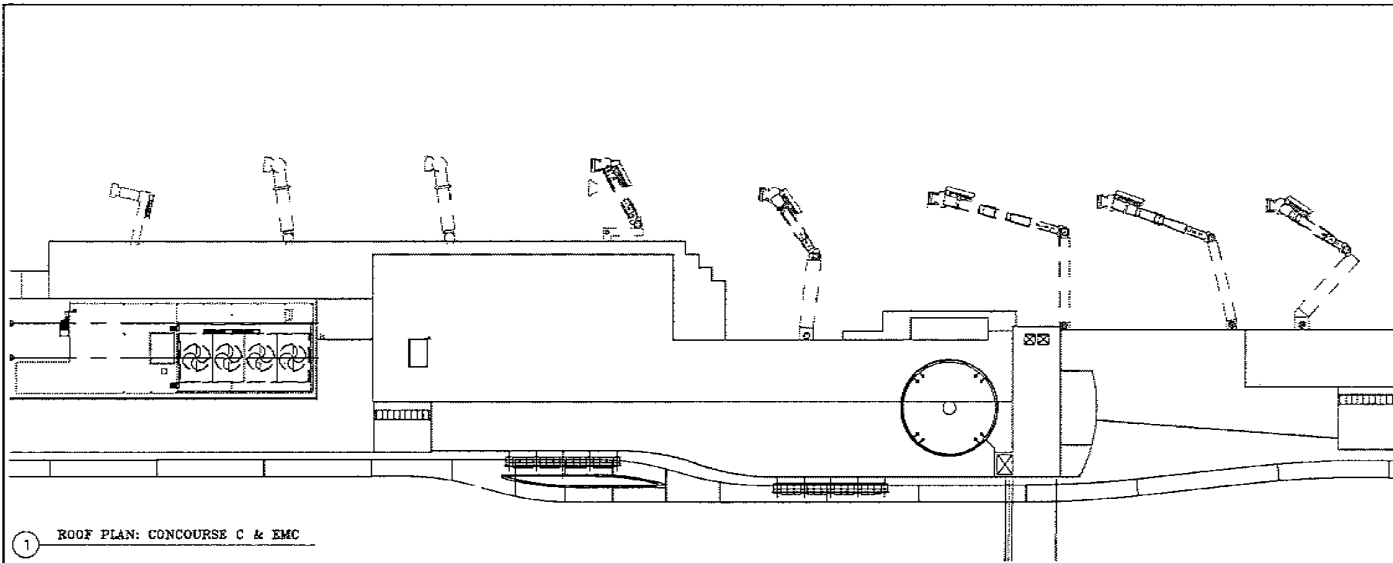
Space Category Key

- 1A PUBLIC CONCOURTION
- 1B PUBLIC LOBBY
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT EDGEMAN USE
- 2J AIRLINE MSC SPACEL
- 3A-F NON-AIRLINE CONCOURTION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE ASSE. SPACE
- 4A-Z NON-AIRLINE MSC SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN HATCHED)
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INT'L AIRPORTS PROCESSING
- 7B INT'L AIRPORTS OFFICE
- 7C INT'L AIRPORTS TOILET
- 7D INT'L AIRPORTS HEALTH
- 7J JANITORED SPACE
- NU NON-JANITORED SPACE

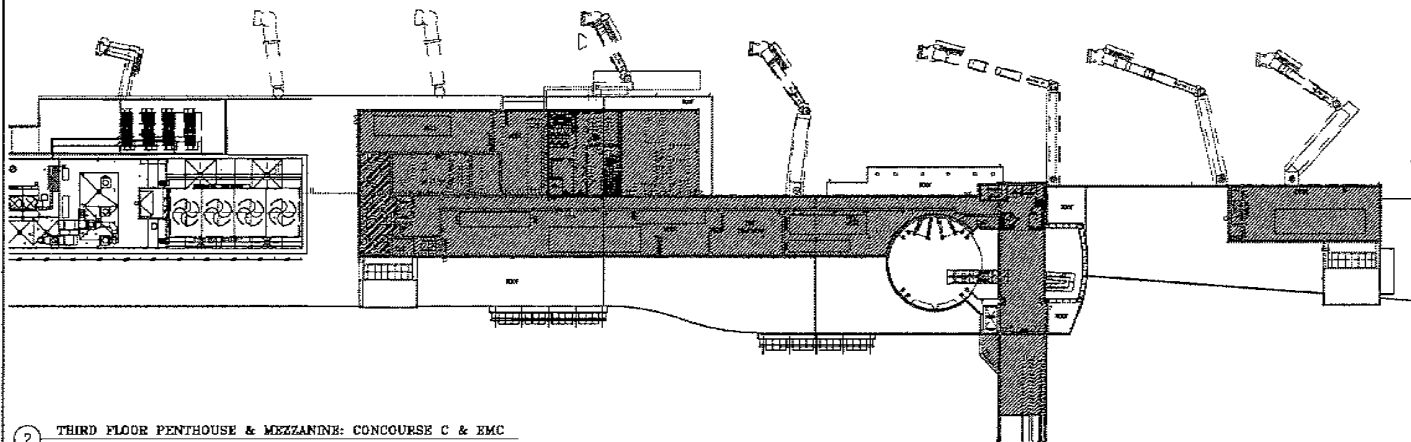
**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**
TR16
TERMINAL BUILDING

Area
CONCOURSE C

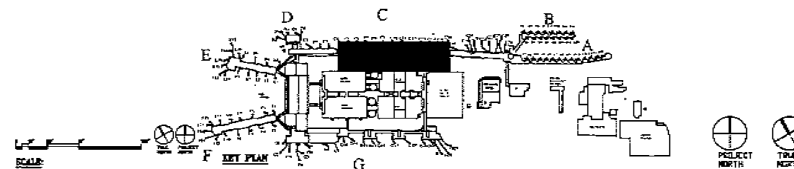
FM120



1 ROOF PLAN: CONCOURSE C & EMC



2 THIRD FLOOR PENTHOUSE & MEZZANINE: CONCOURSE C & EMC



SCALE

F KEY PLAN



D-75

D-76

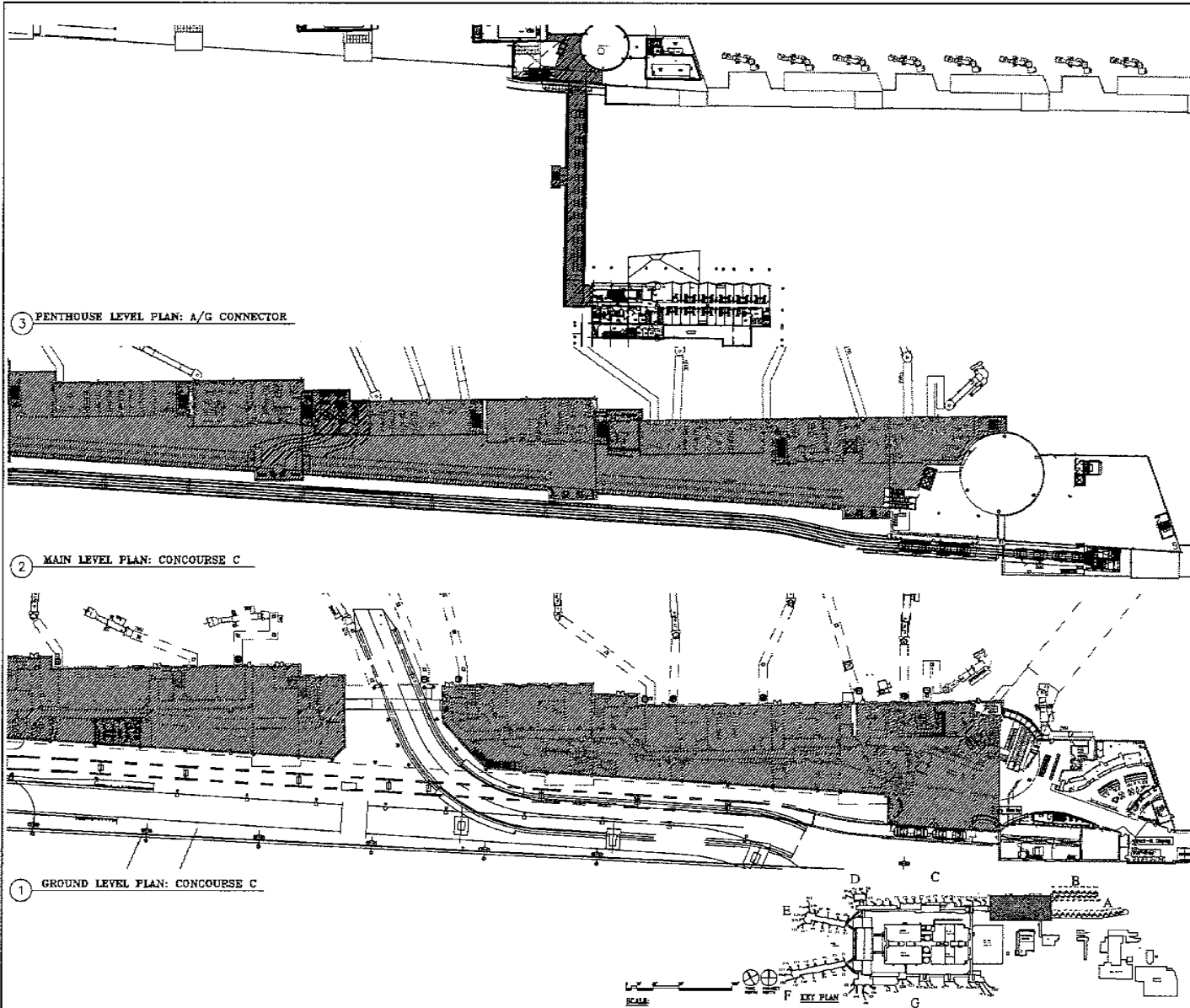


EXHIBIT C

Date : JANUARY 1, 2019

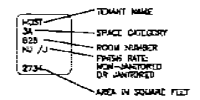
Page 17 of 28

LEGEND

TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
6940 28th Avenue So.
Minneapolis, MN 55455



Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TIE DRESS
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TOWNTOWN COMMON USE
- 2I AIRLINE AIRLINE SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3M-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOLLET
- 7D INTL ARRIVALS MECH
- J JANITORED SPACE
- NJ NON-JANITORED SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT
THE
TERMINAL BUILDING

Area
CONCOURSE C


FM121

EXHIBIT C

Date : JANUARY 1, 2019

Page 18 of 28

LEGEND

 TERMINAL BUILDING AREA



Metropolitan Airports Commission
 6040 2815 Avenue So.
 Minneapolis, MN 55450

TOYANT NAME
 FIRST SPACE CATEGORY
 ROOM NUMBER
 FINISH RATE
 NON-MONITORED OR UNANTICIPATED
 AREA IN SQUARE FEET

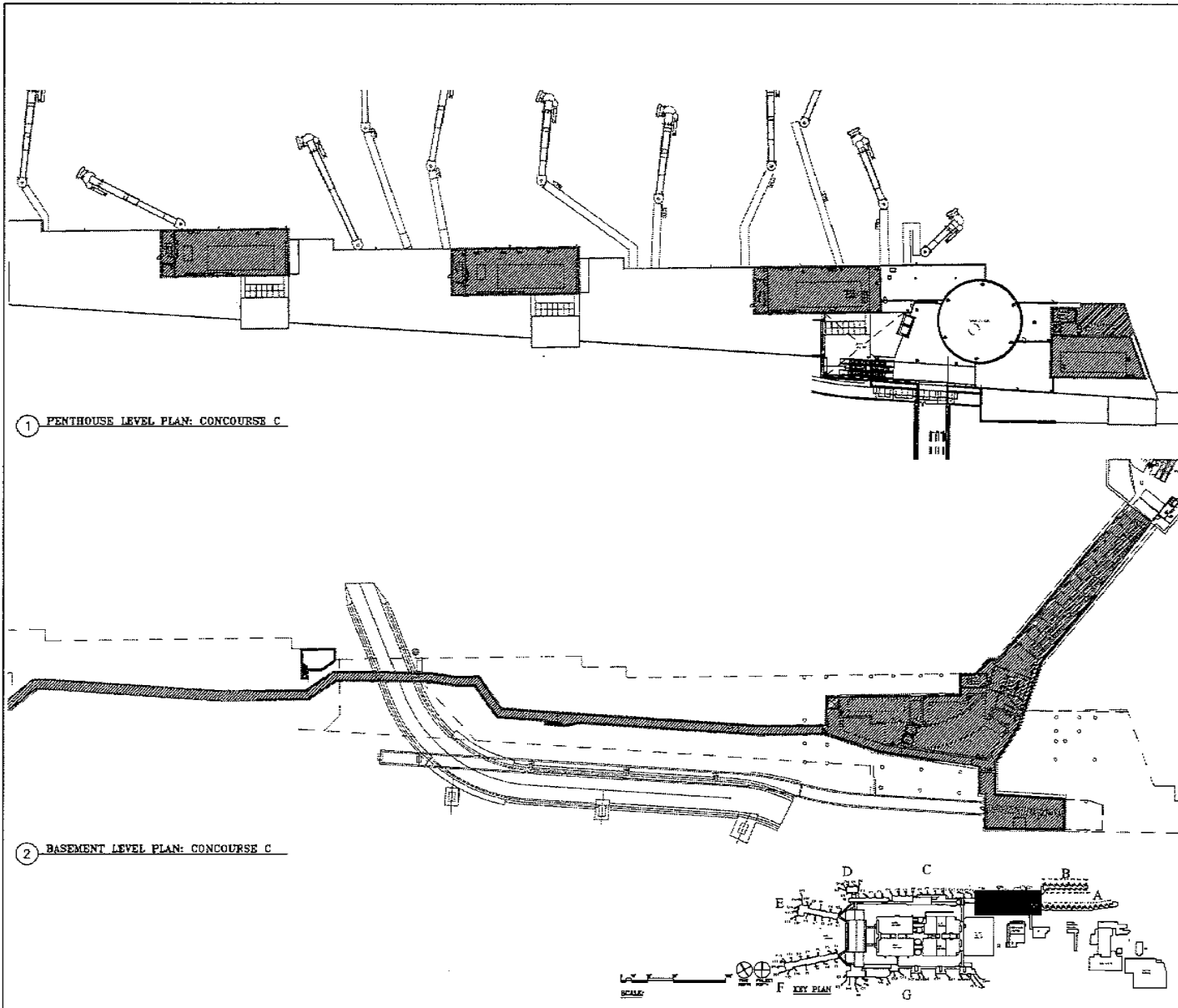
Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE HANDLIP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2H AIRLINE MISC. SPACE
- 2J AIRLINE TOWBAR CONDITION USE
- 3A-F NON-AIRLINE COMMISSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-W NON-AIRLINE MISC. SPACE
- 4-7 NON-AIRLINE MISC. SPACE
- 5 MEDICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MECH
- J JANITORY SPACE
- M NON-MONITORED SPACE

MINNEAPOLIS/ST. PAUL INTERNATIONAL AIRPORT
THE TERMINAL BUILDING

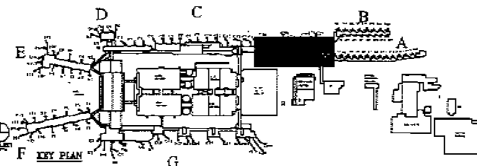
Area
CONCOURSE C

FM122



① PENTHOUSE LEVEL PLAN: CONCOURSE C

② BASEMENT LEVEL PLAN: CONCOURSE C



SCALE

D-77

EXHIBIT C

Date : JANUARY 1, 2019

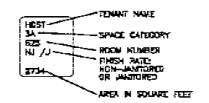
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LEGEND

 TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
8040 28th Avenue So.
Minneapolis, MN 55450



Space Category Key

- 1A PUBLIC CONCULATOR
- 1B PUBLIC LOBBY
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE HANDLING
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TIRE DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2K AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-Y NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN HATCHED)
- 6
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MECH
- J UNFITTED SPACE
- NJ NON-MONITORED SPACE

**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**
TERMINAL BUILDING

Area
CONCOURSE A

D-78

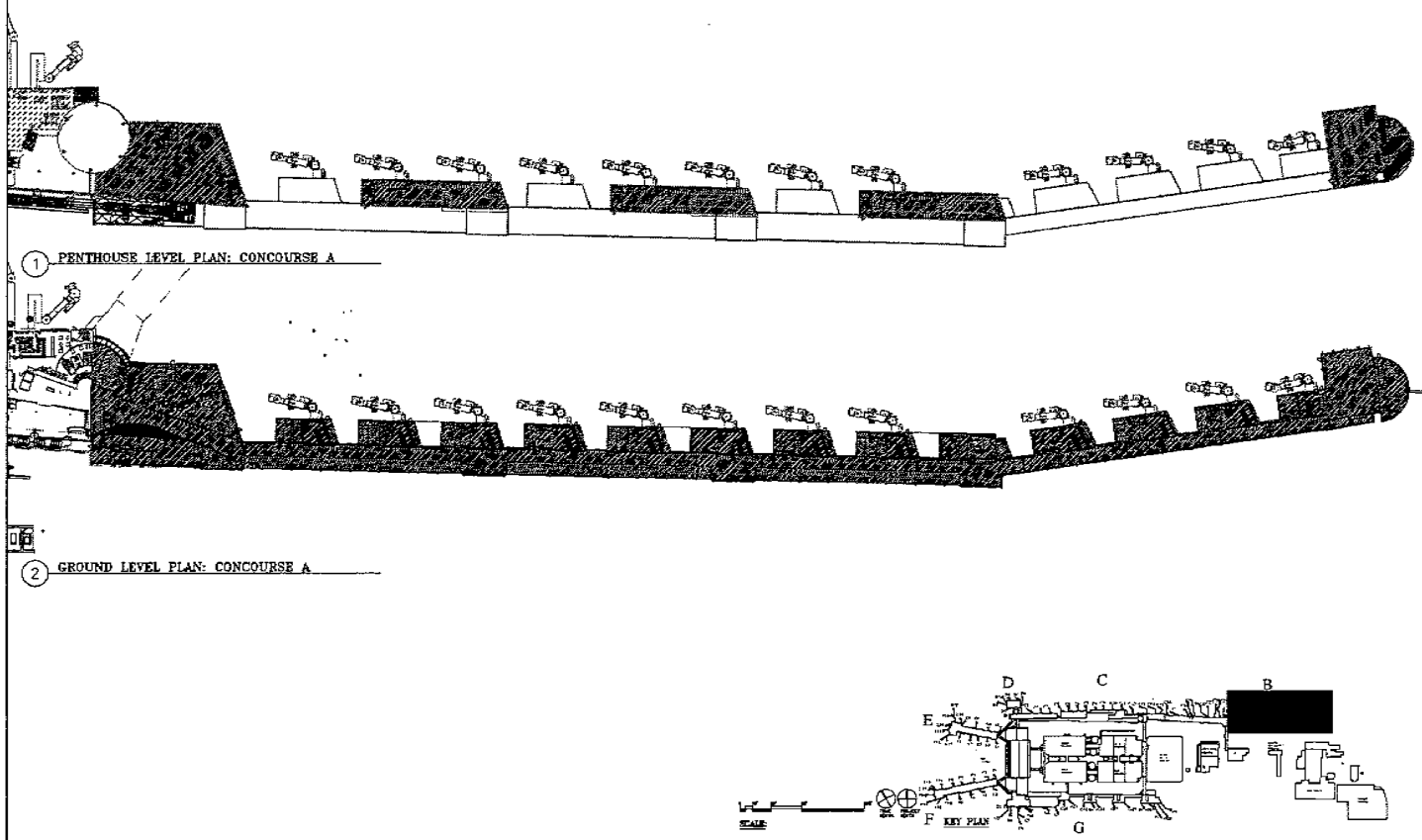



EXHIBIT C

Date : JANUARY 1, 2019

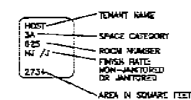
Page 20 of 28

LEGEND

 TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
5040 28th Avenue So.
Minneapolis, MN 55450



 --- TENANT NAME
 --- SPACE CATEGORY
 --- ROOM NUMBER
 --- FINISH DATE
 --- NON-ANTITERRORIZED
 --- AREA IN SQUARE FEET

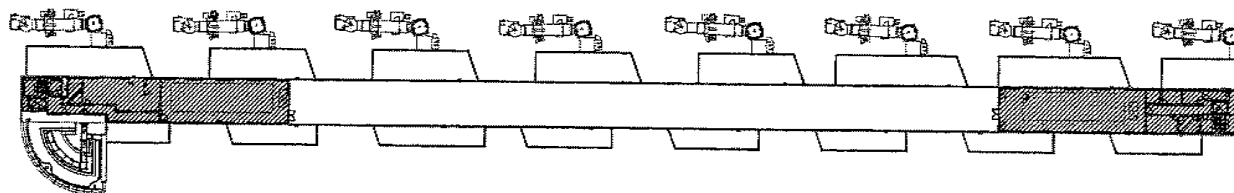
Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOLLETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TIE DYE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENDENT COMMON USE
- 3A AIRLINE TENDENT COMMON USE
- 3A-F NON-AIRLINE CONCILIATION / FOOD & BEVERAGE
- 3B NON-AIRLINE AUTO RENTAL FACILITIES
- 3B-V NON-AIRLINE MISC. SPACE
- 4A-N NON-AIRLINE MISC. SPACE
- 5 MEDICAL
- 6 UNOCCUPIED SPACE (DOWN HATCHED)
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MECH
- 4 JANTITERRORIZED SPACE
- NI NON-ANTITERRORIZED SPACE

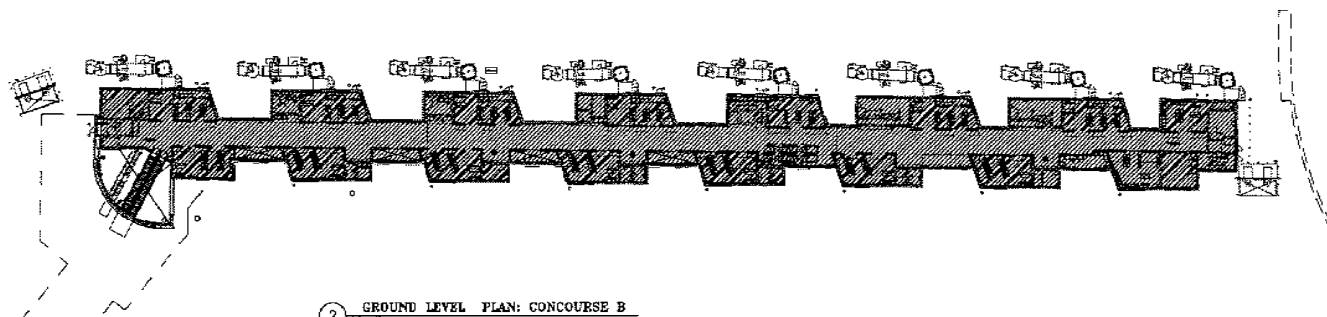
**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**
**THE
TERMINAL BUILDING**

**Area
CONCOURSE B**

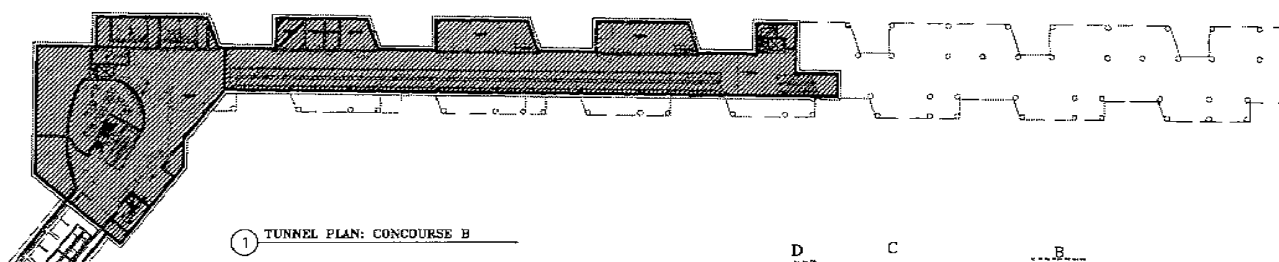
FM125



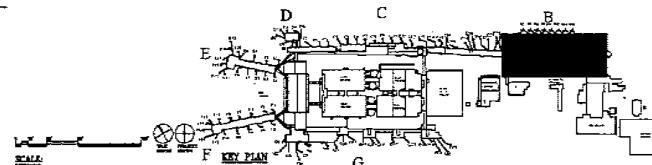
③ PENTHOUSE PLAN: CONCOURSE B



② GROUND LEVEL PLAN: CONCOURSE B



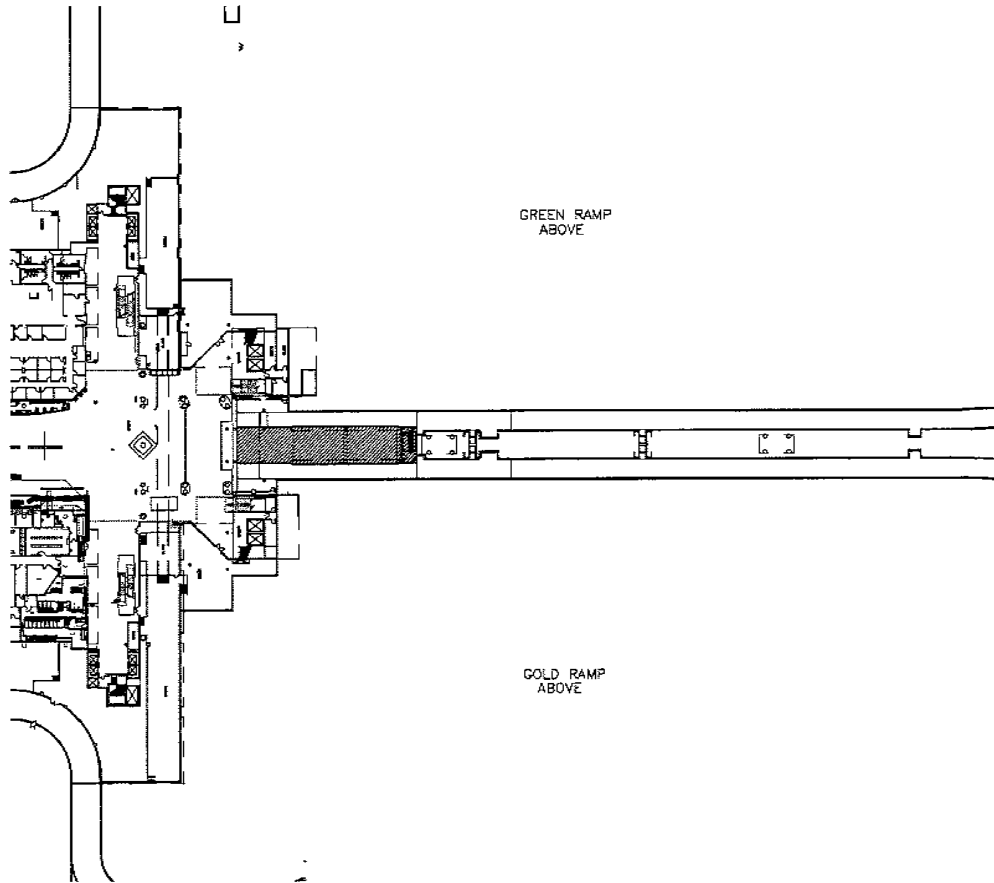
① TUNNEL PLAN: CONCOURSE B



SCALE

D-79

D-80



1 BASEMENT LEVEL PLAN: GREEN/GOLD PARKING & HUB TRAM

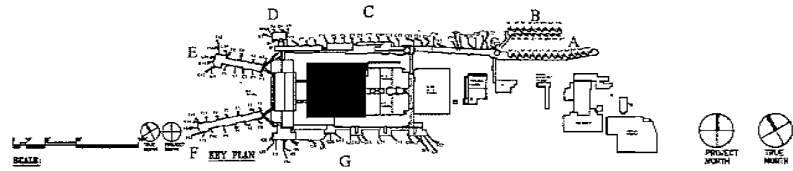
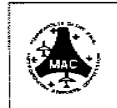


EXHIBIT C

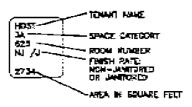
Date : JANUARY 1, 2019
Page 21 of 28

LEGEND

TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
6040 28th Avenue So.
Minneapolis, MN 55450



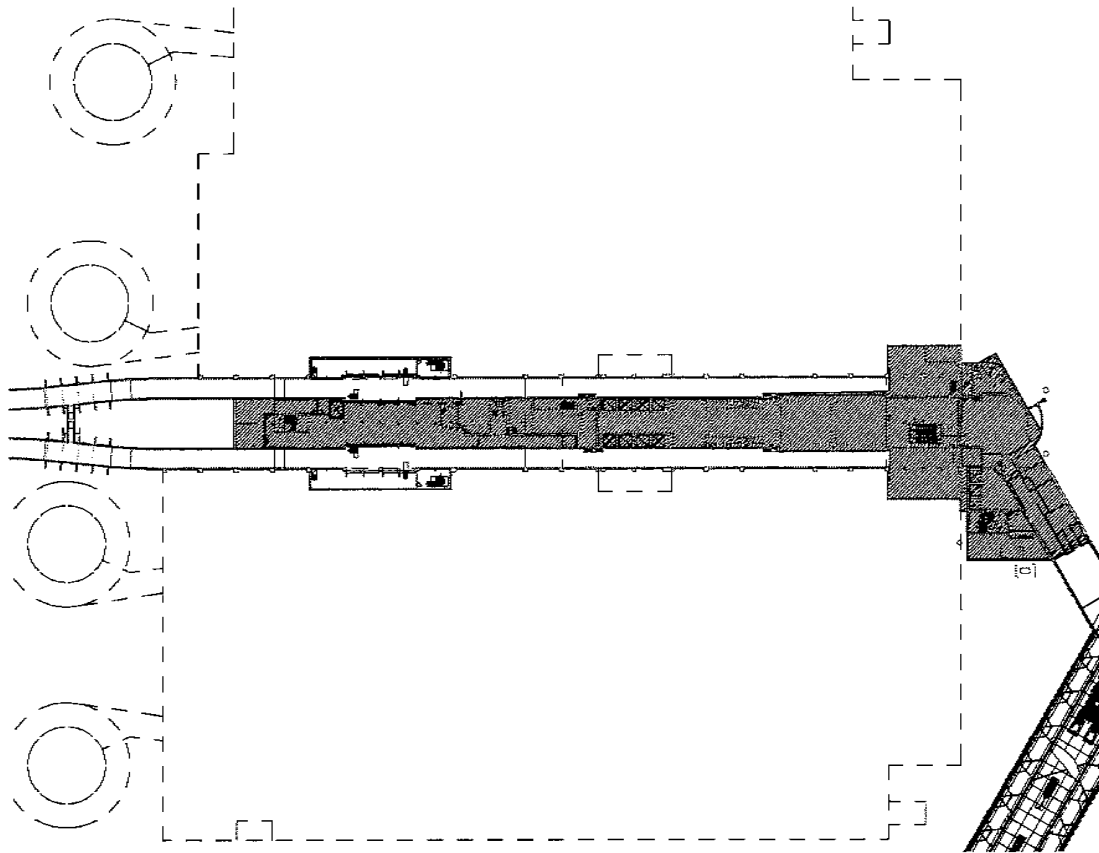
Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE SAGGAGE MAKEUP
- 2D AIRLINE SAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DOPE
- 2G AIRLINE SAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MECH. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & SERVICE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3A-V NON-AIRLINE MISC. SPACE
- 4A-2 NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWS HATCHED)
- 8
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MECH
- J JANITORED SPACE
- UJ NON-JANITORED SPACE

MINNEAPOLIS / ST. PAUL
INTERNATIONAL AIRPORT
THE
TERMINAL BUILDING

Area
HUB AREA
BASEMENT PLAN

D-81



1 BASEMENT LEVEL PLAN: BLUE/RED PARKING & HUB TRAM

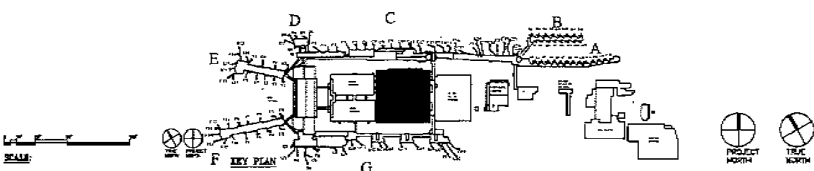


EXHIBIT C

Date : JANUARY 1, 2019

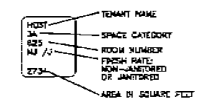
Page 22 of 28

LEGEND

TERMINAL BUILDING AREA



Metropolitan Airports Commission
 5048 25th Avenue So.
 Minneapolis, MN 55450



Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE (DBRY)
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MECH. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3B NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-H NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN HATCHED)
- 6
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MEDIC
- J JANITORED SPACE
- NJ NON-JANITORED SPACE

MINNEAPOLIS / ST. PAUL
 INTERNATIONAL AIRPORT
 THE TERMINAL BUILDING

Area
 HUB AREA
 BASEMENT

EXHIBIT C

Date : JANUARY 1, 2019

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LEGEND

 TERMINAL BUILDING AREA



Metropolitan Airports Commission
 5040 22nd Avenue So.,
 Minneapolis, MN 55409

KEY
 SA - TENANT NAME
 PCP - SPACE CATEGORY
 NU / J - ROOM NUMBER
 F - FINISH DATE
 NM - NON-MANTORED OR UNANTORED
 ITSM - AREA IN SQUARE FEET

Space Category Key

- 1A PUBLIC CONCOURSE
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TSE DINING
- 2G AIRLINE BAGGAGE MAKEUP COUNION
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE NSC SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-Y NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- S MEDICAL
- 6 UNOCCUPIED SPACE (SHOW HATCHED)
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MISC.
- J JANTORED SPACE
- NJ NON-JANTORED SPACE

MINNEAPOLIS/ST PAUL INTERNATIONAL AIRPORT
THE TERMINAL BUILDING

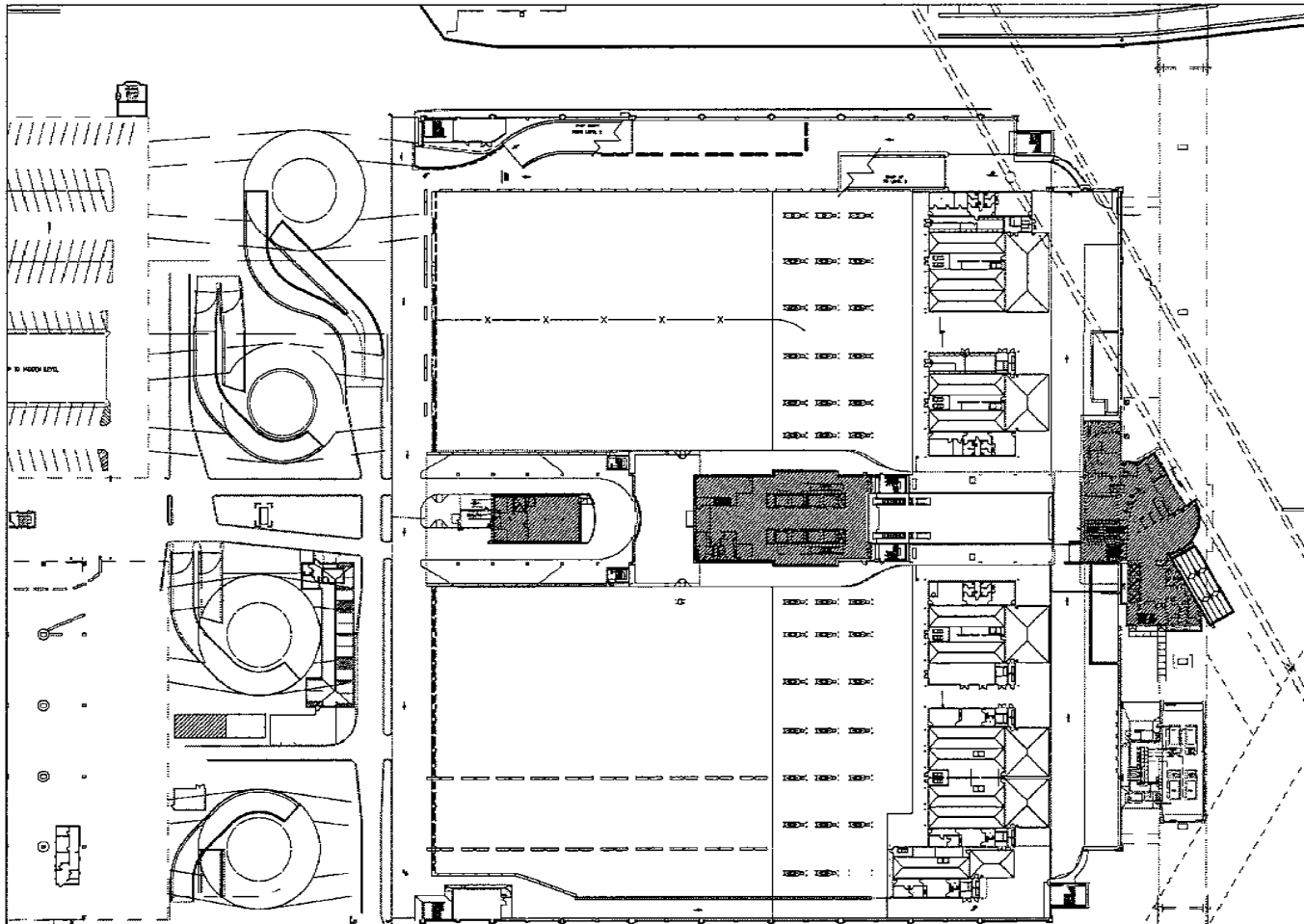
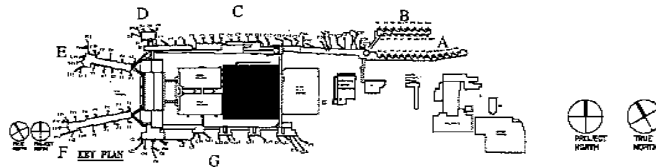
Area
HUB AREA
GROUND LEVEL

FM137

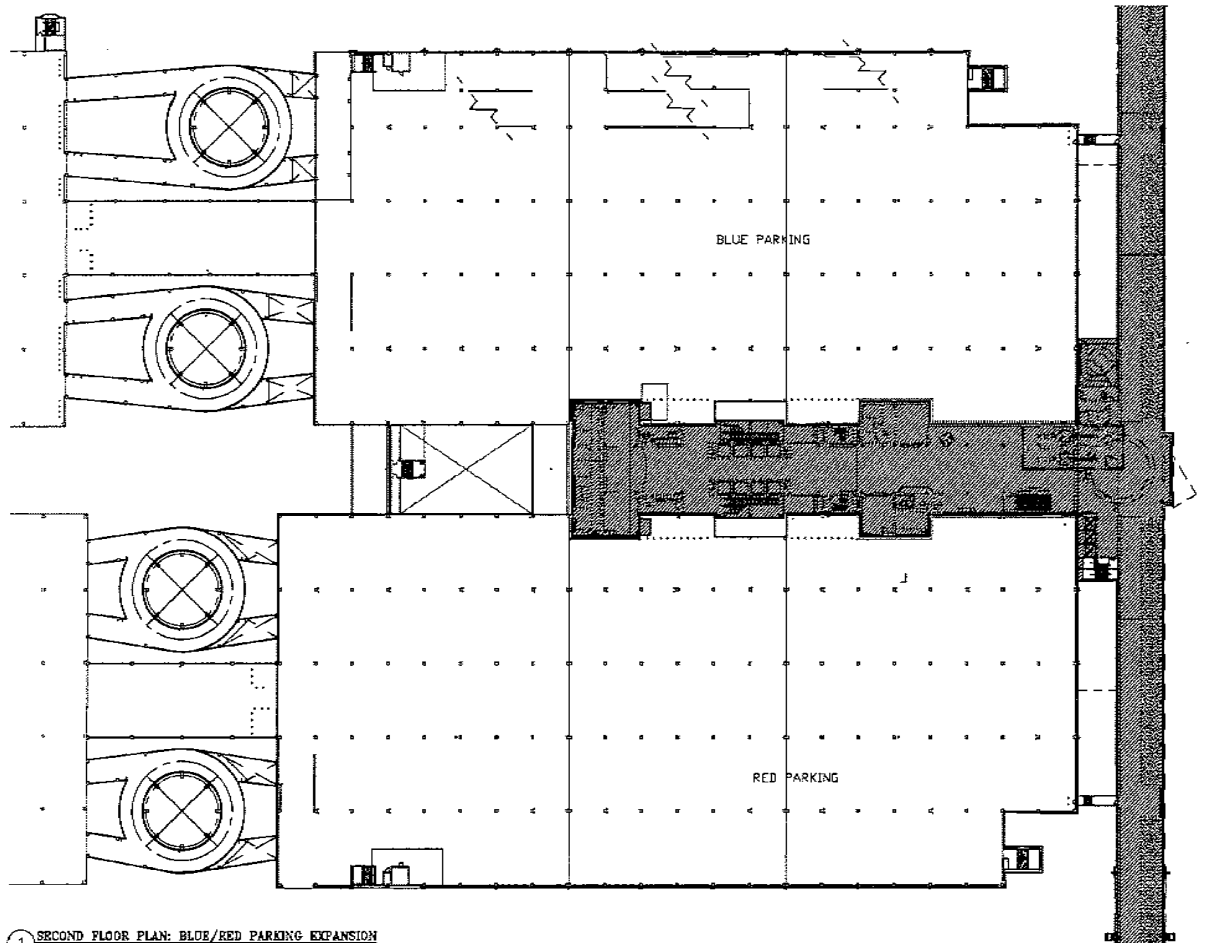
D-82

① GROUND LEVEL PLAN: BLUE/RED PARKING EXPANSION

SCALE



D-83



1 SECOND FLOOR PLAN: BLUE/RED PARKING EXPANSION

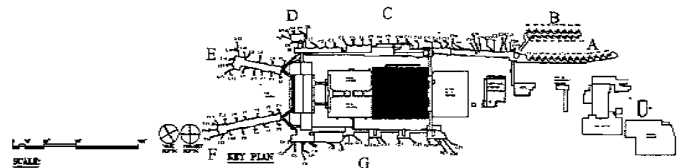


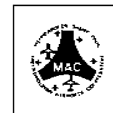
EXHIBIT C

Date : JANUARY 1, 2019

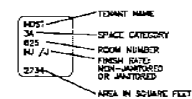
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LEGEND

TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
6040 28th Avenue So.
Minneapolis, MN 55430



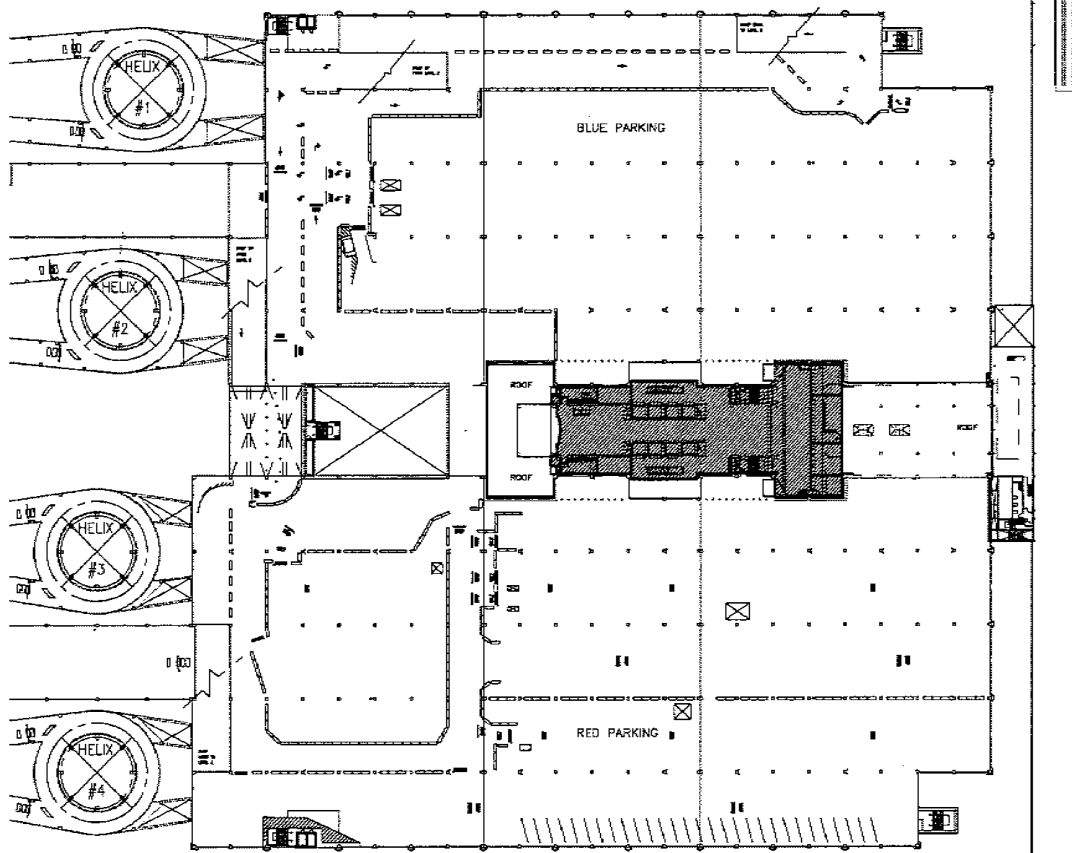
Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TOWBAR COMMON USE
- 2I AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN MATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MECH
- J MONITORED SPACE
- NJ NON-MONITORED SPACE

**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**
**THE
TERMINAL BUILDING**

**AREAS
RED AND BLUE
RAMPS**

D-84



1 THIRD FLOOR PLAN: BLUE/RED PARKING

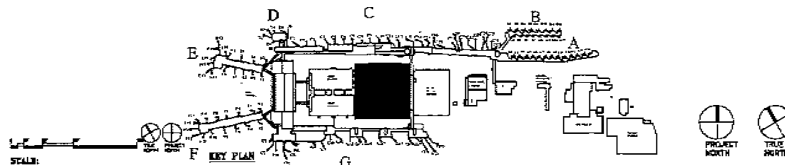


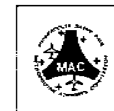
EXHIBIT C

Date : JANUARY 1, 2019

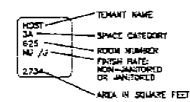
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LEGEND

TERMINAL BUILDING AREA



**Metropolitan
Airports
Commission**
5040 28th Avenue So.
Minneapolis, MN 55450



Space Category Key

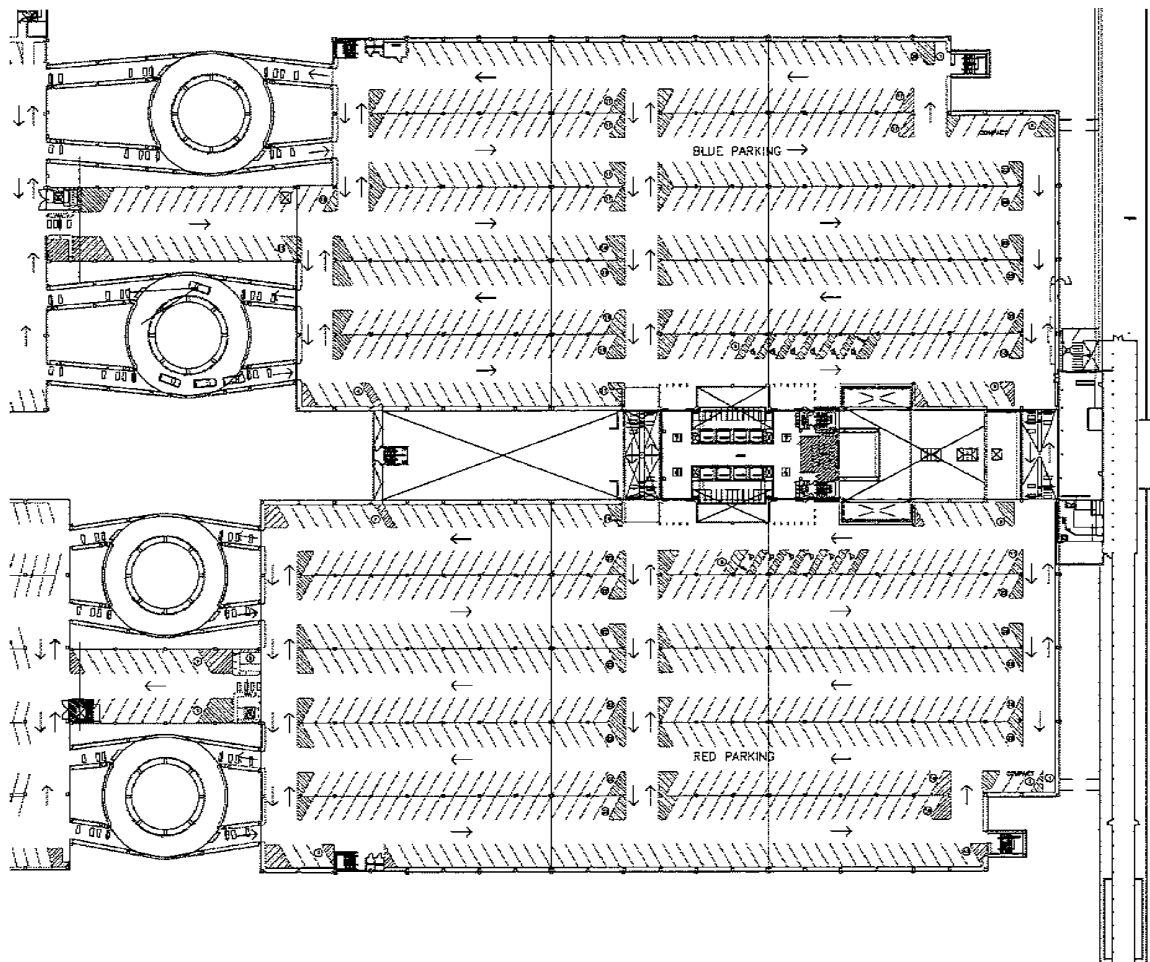
- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2I AIRLINE RESTROOMS
- 2A-F NON-AIRLINE CONCOURSE / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3A-M NON-AIRLINE MISC. SPACE
- 4A-M NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN MATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MESH
- 4 UNOCCUPIED SPACE
- 4I NON-SANITIZED SPACE

MINNEAPOLIS/ST PAUL
INTERNATIONAL AIRPORT
THE
TERMINAL BUILDING

Area
HUB AREA
THIRD FLOOR

FM139

D-85



1 FOURTH FLOOR PLANS: BLUE/RED PARKING

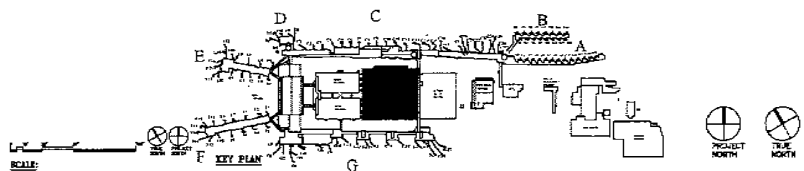


EXHIBIT C

Date : JANUARY 1, 2019

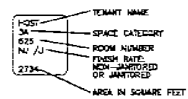
Page 26 of 28

LEGEND

TERMINAL BUILDING AREA



Metropolitan Airports Commission
 5049 28th Avenue So,
 Minneapolis, MN 55450



Space Category Key

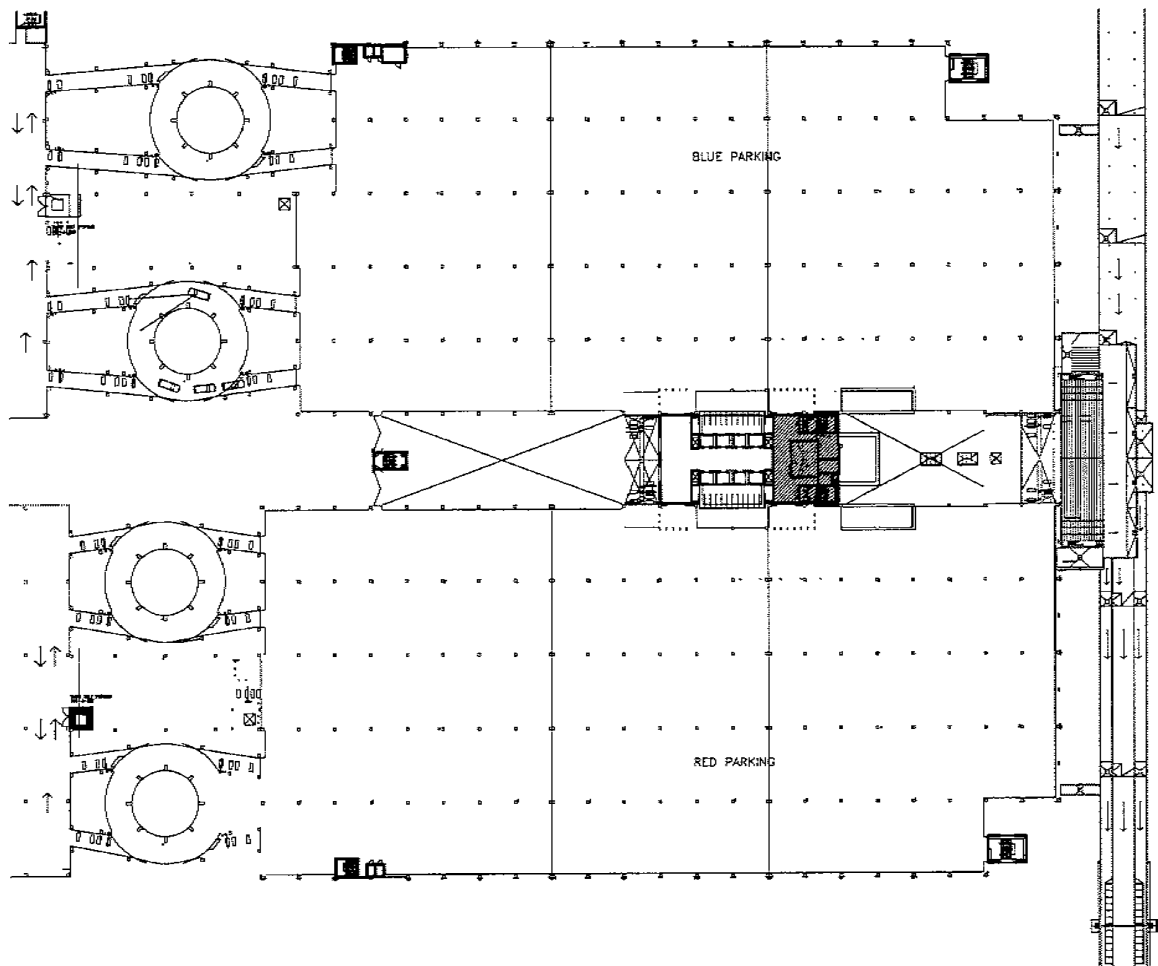
- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3A-Y NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE
- 7A (SHOWN MATCHED)
- 7B INTL. ARRIVALS PROCESSING
- 7C INTL. ARRIVALS OFFICE
- 7D INTL. ARRIVALS TOILET
- 7E INTL. ARRIVALS MESH
- J JANITORED SPACE
- KJ NON-JANITORED SPACE

MINNEAPOLIS/ST. PAUL
 INTERNATIONAL AIRPORT
 THE
 TERMINAL BUILDING

Area
 HUB AREA
 FOURTH FLOOR

FM140

D-86



1 FIFTH THROUGH EIGHTH FLOOR PLANS: BLUE/RED PARKING

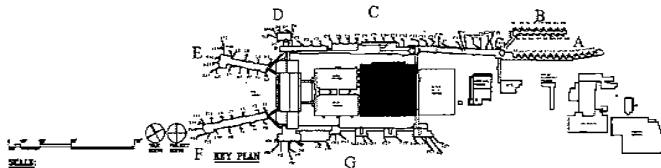


EXHIBIT C

Date : JANUARY 1, 2019

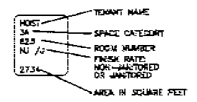
Page 27 of 28

LEGEND

TERMINAL BUILDING AREA



Metropolitan
Airports
Commission
8040 28th Avenue So.
Minneapolis, MN 55439



Space Category Key

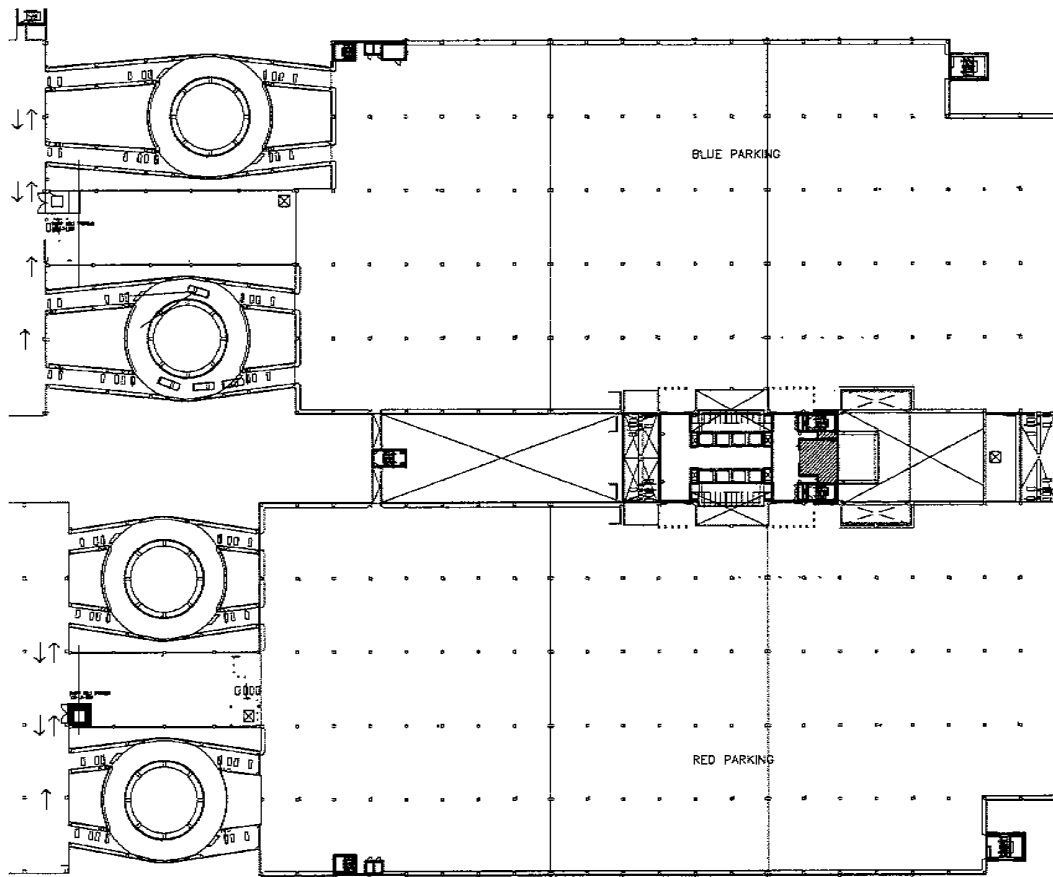
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- 1B PUBLIC LOBBY
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TOWBAR COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE COMPLESS / FOOD & BEVERAGE
- 3K NON-AIRLINE AUTO RENTAL FACILITIES
- 3M-H NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INTL. ARRIVALS PROCESSING
- 7B INTL. ARRIVALS OFFICE
- 7C INTL. ARRIVALS TOILET
- 7D INTL. ARRIVALS MEDIA
- J JANITORED SPACE
- NJ NON-MANTORED SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT

THE
TERMINAL BUILDING

Area
HUB AREA
FIFTH FLOOR

D-87



1 SIXTH FLOOR PLANS: BLUE/RED PARKING

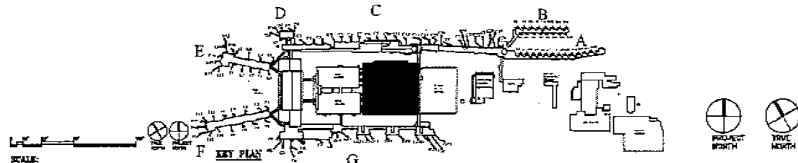


EXHIBIT C

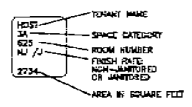
Date : JANUARY 1, 2019
Page 28 of 28

LEGEND

TERMINAL BUILDING AREA



Metropolitan Airports Commission
5048 24th Avenue So.
Minneapolis, MN 55450



Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILET
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TSE DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMAND
- 2H AIRLINE TYPANT COMMON USE
- 2J AIRLINE AIRLINE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3A-L NON-AIRLINE MISC. SPACE
- 4A-L NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INT'L AIRSIALS PROCESSING
- 7B INT'L AIRSIALS OFFICE
- 7C INT'L AIRSIALS TOILET
- 7D INT'L AIRSIALS MESH
- J UNIMPROVED SPACE
- NJ NON-IMPROVED SPACE

MINNEAPOLIS / ST. PAUL INTERNATIONAL AIRPORT
THE TERMINAL BUILDING

Area
HUB AREA
SIXTH FLOOR

**Minneapolis-St. Paul International Airport
Airline Operating Agreement and Terminal Building Lease
Exhibit D**

TERMINAL APRON EFFECTIVE JANUARY 1, 2019

Airline	January 1, 2019
American (E11, E12, E13, E14, E15, E16)	590
Frontier (E3)	139
MAC (E1, B Hardstand)	219
Delta (A, B, C, D, F, G)	8,966
United (E5, E6, E7, E8, E9, E10)	785
Spirit (E2, E4)	302
Total (lineal feet)	11,001

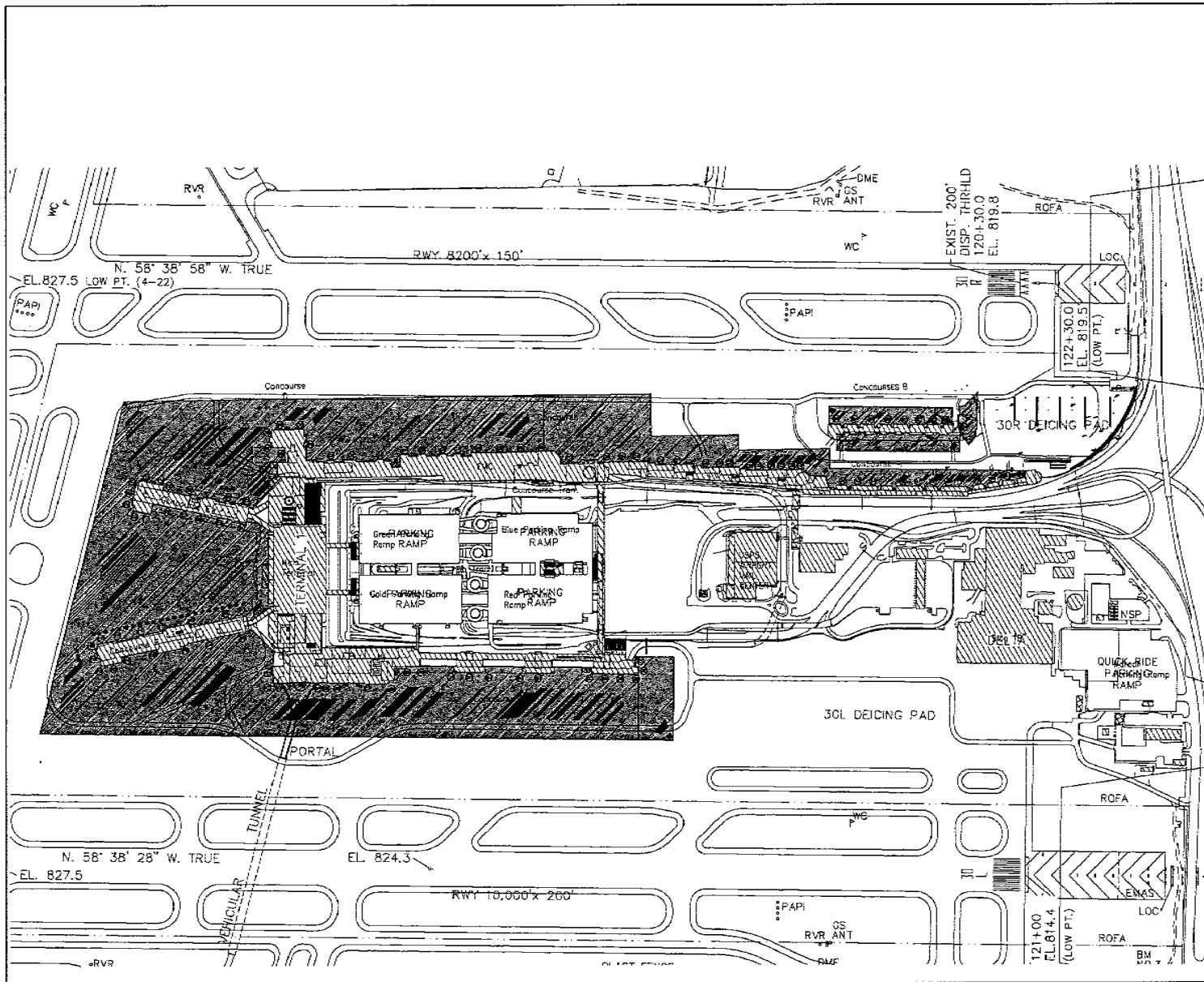
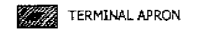


EXHIBIT D

Date : **JANUARY 1, 2019**
 Page **1 of 2**
LEGEND



**Metropolitan
Airports
Commission**
 8040 28th Avenue So.
 Minneapolis, MN 55450

TENANT NAME
 SPACE CATEGORY
 ROOM NUMBER
 FINISH RATE
 TOP-LAMPED OR UNLAMPED
 AREA IN SQUARE FEET

Space Category Key

- 1A PUBLIC CONCOURSE
- 1B PUBLIC LOBBIES
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE PUBLIC SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2H AIRLINE MISC. SPACE
- 2I AIRLINE TENANT COMMON USE
- 3A-P NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3A-V NON-AIRLINE MISC. SPACE
- 4A-2 NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SPONSOR RESERVED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOLLETS
- 7D INTL ARRIVALS MESH
- J UNALTERED SPACE
- NJ NON-ALTERED SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT

TITLE
**TERMINAL
APRON DETAIL**
 Area

APRON LENGTH	
PIER G	2376 L.F.
PIER F	2344 L.F.
PIER E	1964 L.F.
PIER D&C	3180 L.F.
PIER A	1253 L.F.
PIER B	1020 L.F.
GRAND TOTAL	12137 L.F.

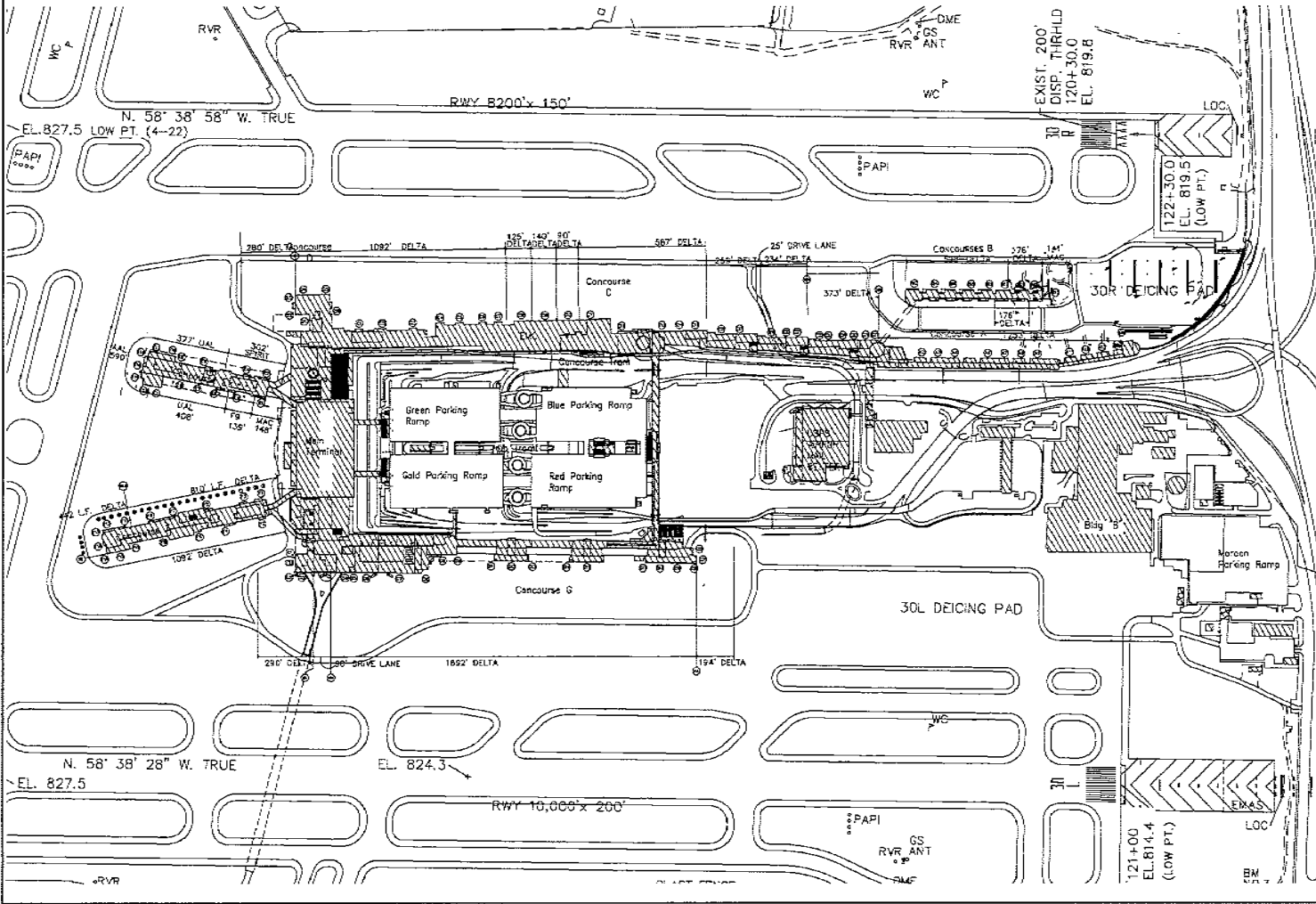


EXHIBIT D

Date: JANUARY 1, 2019

Page 2 of 2

LEGEND

- LEASED AREA
- SHARED AREA
- MTM LEASED AREA
- SHORT TERM LEASE AREA



Metropolitan Airports Commission
 5040 2942 Avenue So.
 Minneapolis, MN 55459

- | | |
|-----|--------------------------|
| --- | TEENANT NAME |
| --- | SPACE CATEGORY |
| --- | ROOM NUMBER |
| --- | FRESH RATE |
| --- | NON-JANTORED OR JANTORED |
| --- | AREA IN SQUARE FEET |

Space Category Key

- 18 PUBLIC CONCINATION
- 19 PUBLIC LOUNGE
- 20 PUBLIC TICKETS
- 21 AIRLINE TICKET COUNTER
- 22 AIRLINE AIRLINE SPACE
- 23 AIRLINE BAGGAGE MAKEUP
- 24 AIRLINE BAGGAGE CLAIM
- 25 AIRLINE GATE LOBBY
- 26 AIRLINE TUG DRIVE
- 27 AIRLINE BAGGAGE MAKEUP COMMON
- 28 AIRLINE TENANT COMMON USE
- 29 AIRLINE MISC. SPACE
- 30 AIRLINE CONCESSION / FOOD & BEVERAGE
- 31 NON-AIRLINE AUTO RENTAL FACILITIES
- 32 NON-AIRLINE MISC. SPACE
- 33 NON-AIRLINE MISC. SPACE
- 34 MEDICAL
- 35 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INTL. ARRIVALS PROCESSING
- 7B INTL. ARRIVALS OFFICE
- 7C INTL. ARRIVALS TOLLET
- 7D INTL. ARRIVALS MECH
- J JANTORED SPACE
- NJ NON-JANTORED SPACE

MINNEAPOLIS/ST. PAUL
 INTERNATIONAL AIRPORT
 THE
 TERMINAL
 APRON DETAIL
 Area

FM001

D-91

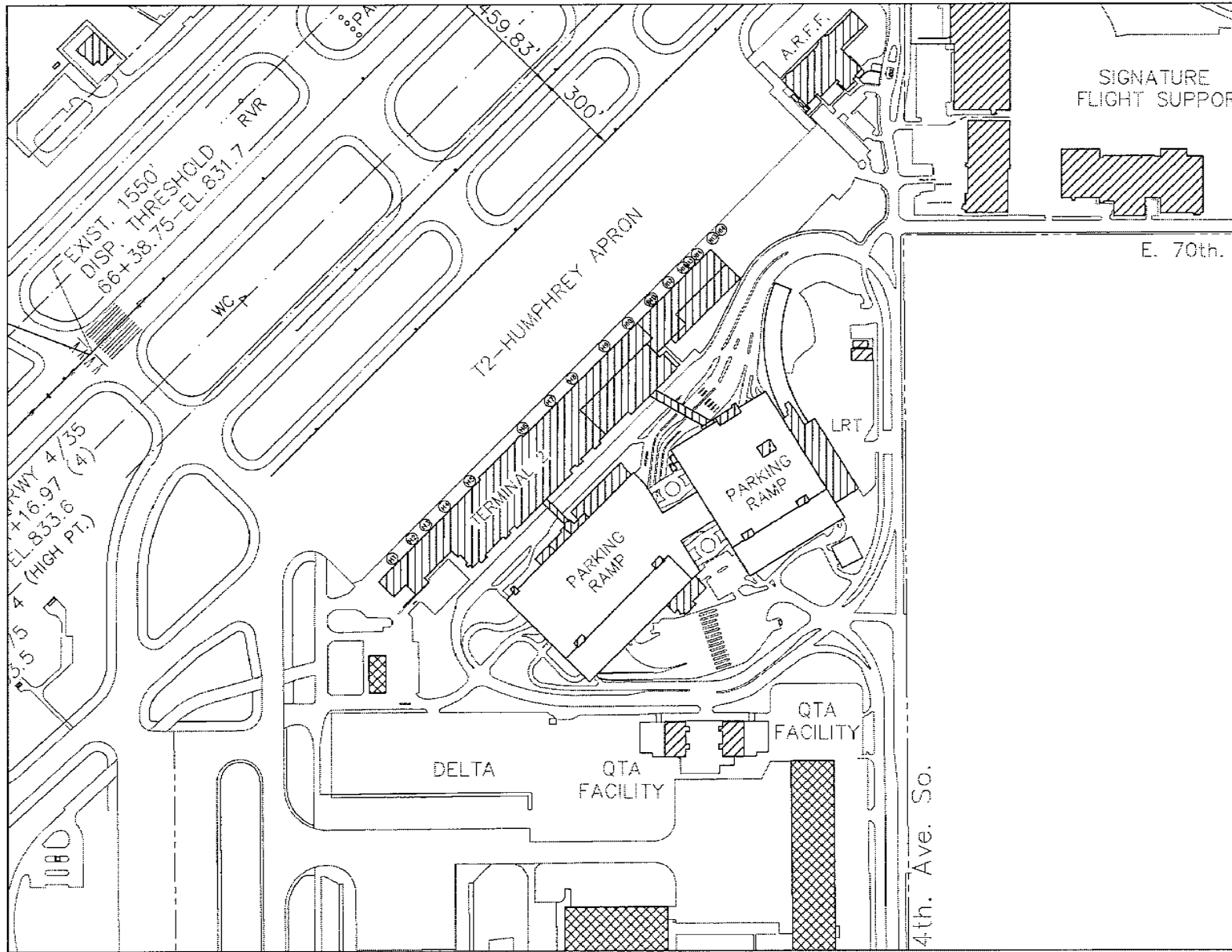


EXHIBIT E

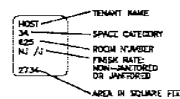
Date: JANUARY 1, 2019
Page 1 of 4

LEGEND

TERMINAL BUILDING AREA



Metropolitan Airports Commission
5046 22th Avenue So.
Minneapolis, MN 55429



Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE AIRLINE
- 3A-T NON-AIRLINE CONCOURSE / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3M-W NON-AIRLINE WARE SPACE
- 4A-2 NON-AIRLINE WARE SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SLOPPY PATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MESH
- 4 UNOCCUPIED SPACE
- 4J NON-MONITORED SPACE

MINNEAPOLIS/ST. PAUL INTERNATIONAL AIRPORT

HUMPHREY TERMINAL


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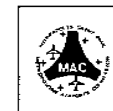
EXHIBIT E

Date : JANUARY 1, 2019

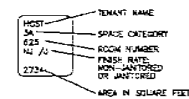
Page 2 of 4

LEGEND

 TERMINAL BUILDING AREA



Metropolitan
Airports
Commission
5040 28th Avenue So.
Minneapolis, MN 55450



 TENANT NAME
 SPACE CATEGORY
 ROOM NUMBER
 FINISH RATE
 NOT-ANTICORDED OR UNANTICORDED
 AREA IN SQUARE FEET

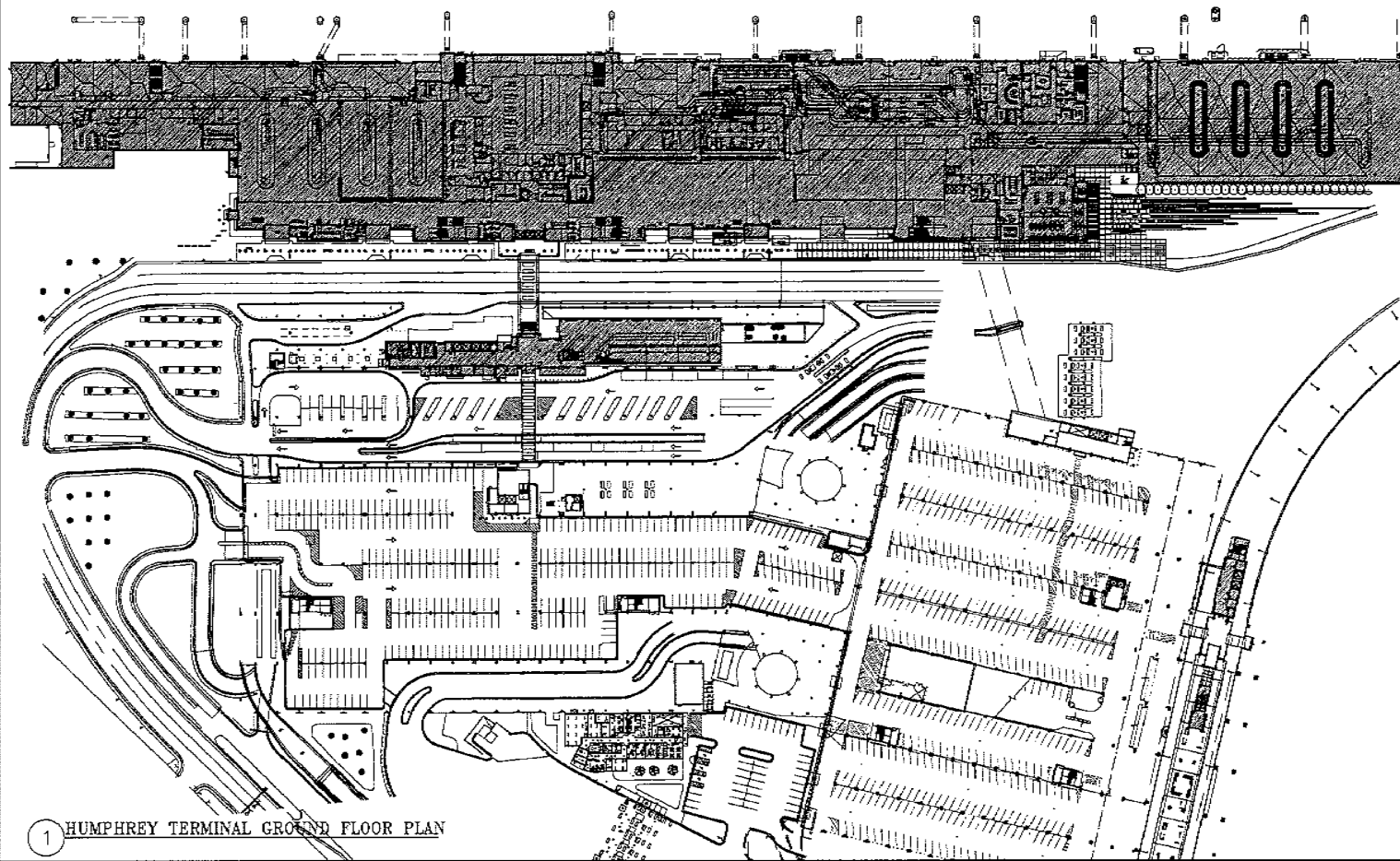
Space Category Key

- 1A PUBLIC CONCOURSE
- 1B PUBLIC LOBBIES
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2I AIRLINE MECH. SPACE
- 3A-3F NON-AIRLINE CONCOURSE /
- 3G FOOD & BEVERAGE
- 3J NON-AIRLINE AUTO RENTAL FACILITIES
- 3K-3V NON-AIRLINE AIRC. SPACE
- 4A-4Z NON-AIRLINE OFFICE SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN PATCHES)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MECH
- 4 UNOCCUPIED SPACE
- 3I NON-ANTICORDED SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT

Title

Area
HUMPHREY TERMINAL
GROUND FLOOR PLAN



D-92

1 HUMPHREY TERMINAL GROUND FLOOR PLAN

EXHIBIT E

Date : JANUARY 1, 2019

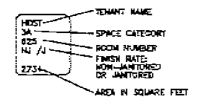
Page 3 of 4

LEGEND

 TERMINAL BUILDING AREA



Metropolitan Airports Commission
 5040 28th Avenue So.
 Minneapolis, MN 55429



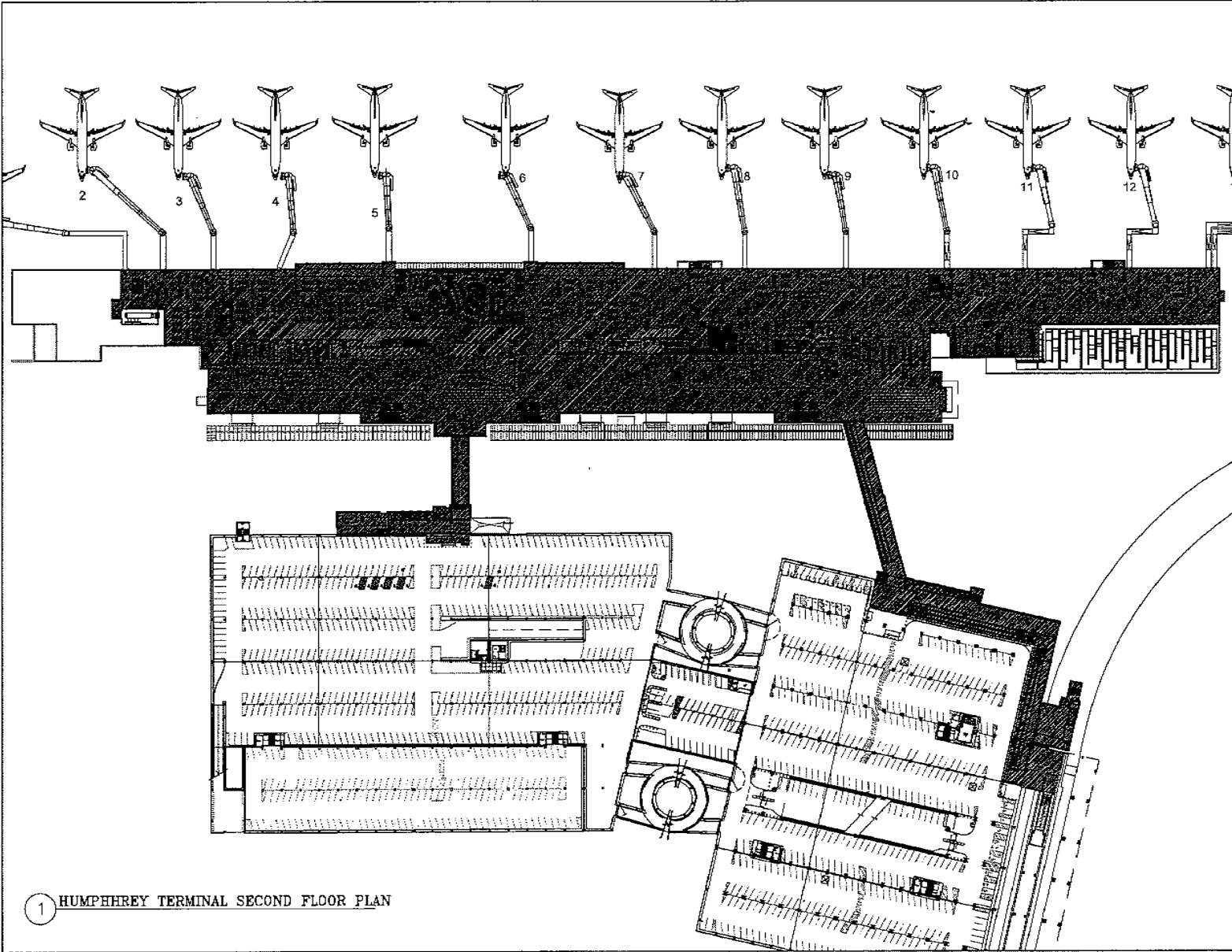
Space Category Key

- 14 PUBLIC CIRCULATION
- 15 PUBLIC LOUNGE
- 16 PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TSG LOBBY
- 2G AIRLINE BAGGAGE MAKEUP (COMMON)
- 2H AIRLINE TENANT COMMON USE
- 2I AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3A-H NON-AIRLINE MISC. SPACE
- 4A-2 NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MESH
- 4 UNOCCUPIED SPACE
- 4J NON-WANTED SPACE

MINNEAPOLIS / ST. PAUL
 INTERNATIONAL AIRPORT

As of
**HUMPHREY TERMINAL
 SECOND FLOOR PLAN**

D-93




① HUMPHREY TERMINAL SECOND FLOOR PLAN

EXHIBIT E

Date : JANUARY 1, 2019

Page 4 OF 4

LEGEND

 TERMINAL BUILDING AREA



Metropolitan
Airports
Commission
6049 28th Avenue So.
Minneapolis, MN 55430

HOST — TENANT NAME
SA — SPACE CATEGORY
R/S — ROOM NUMBER
N/A — FISH RATES
NON-MONITORED OR UNNOTCHED
2736 — AREA IN SQUARE FEET

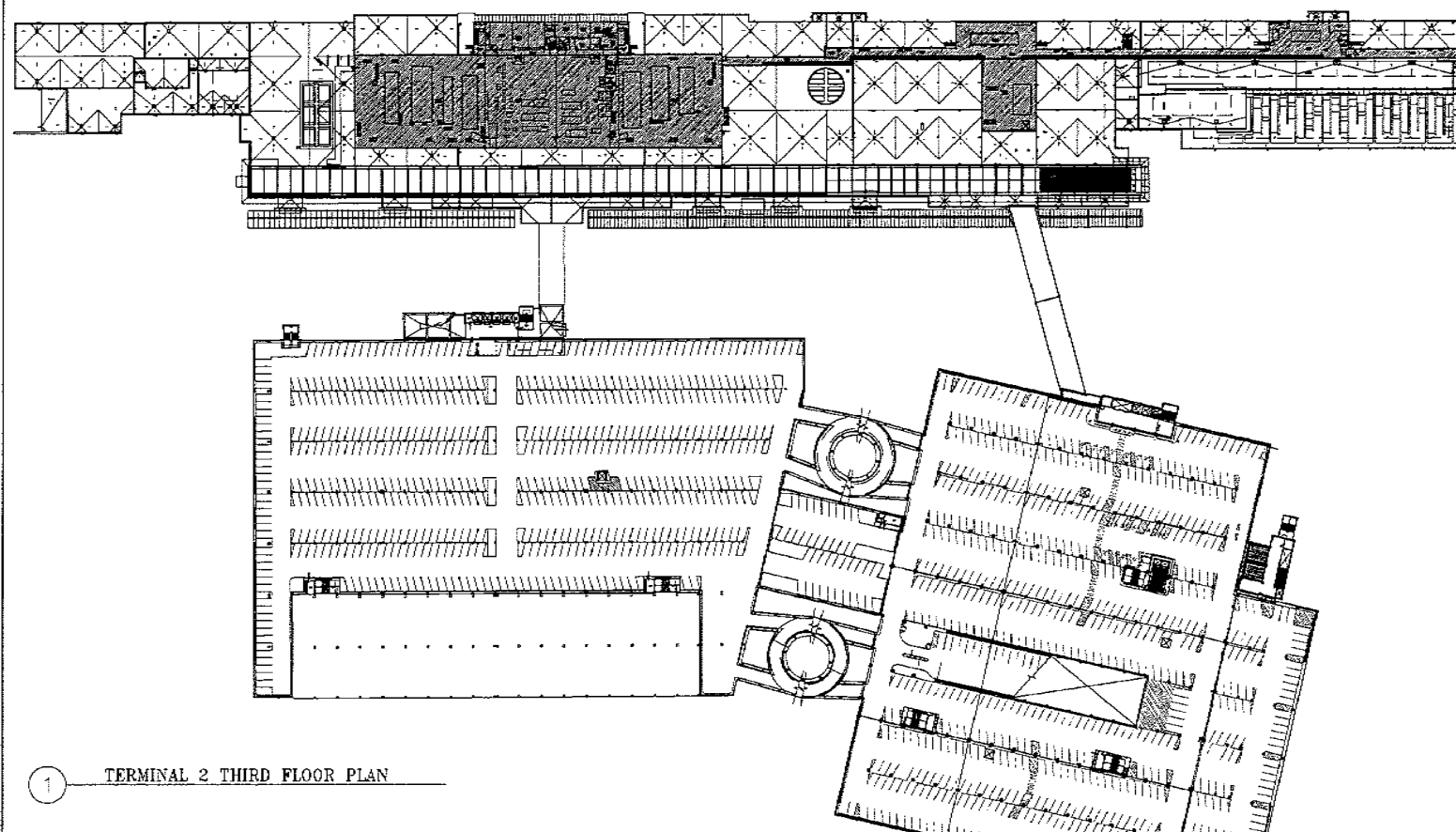
Space Category Key

- 1A PUBLIC CONCOURSE
- 1B PUBLIC LOUNGE
- 1C PUBLIC TICKETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3A-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (EXCEPT UNNOTCHED)
- 7A NTL ARRIVALS PROCESSING
- 7B NTL ARRIVALS OFFICE
- 7C NTL ARRIVALS TOILET
- 7D NTL ARRIVALS MESH
- J UNNOTCHED SPACE
- NJ NON-MONITORED SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT

T238

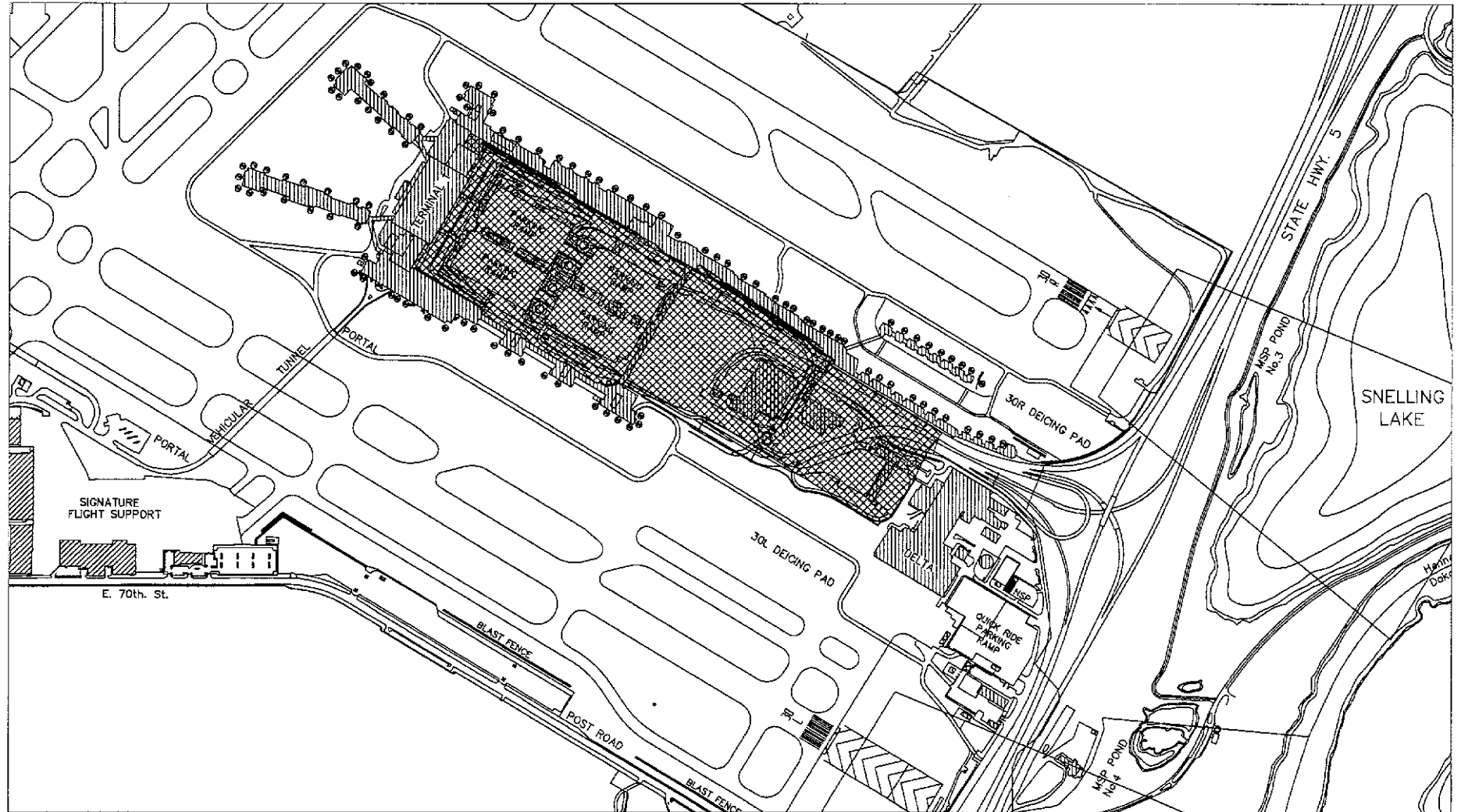
Area
HUMPHREY TERMINAL
THIRD FLOOR PLAN



1 TERMINAL 2 THIRD FLOOR PLAN

D-94

D-95



INFORMATION
NOT VERIFIED



LANDSIDE AREA

EXHIBIT F

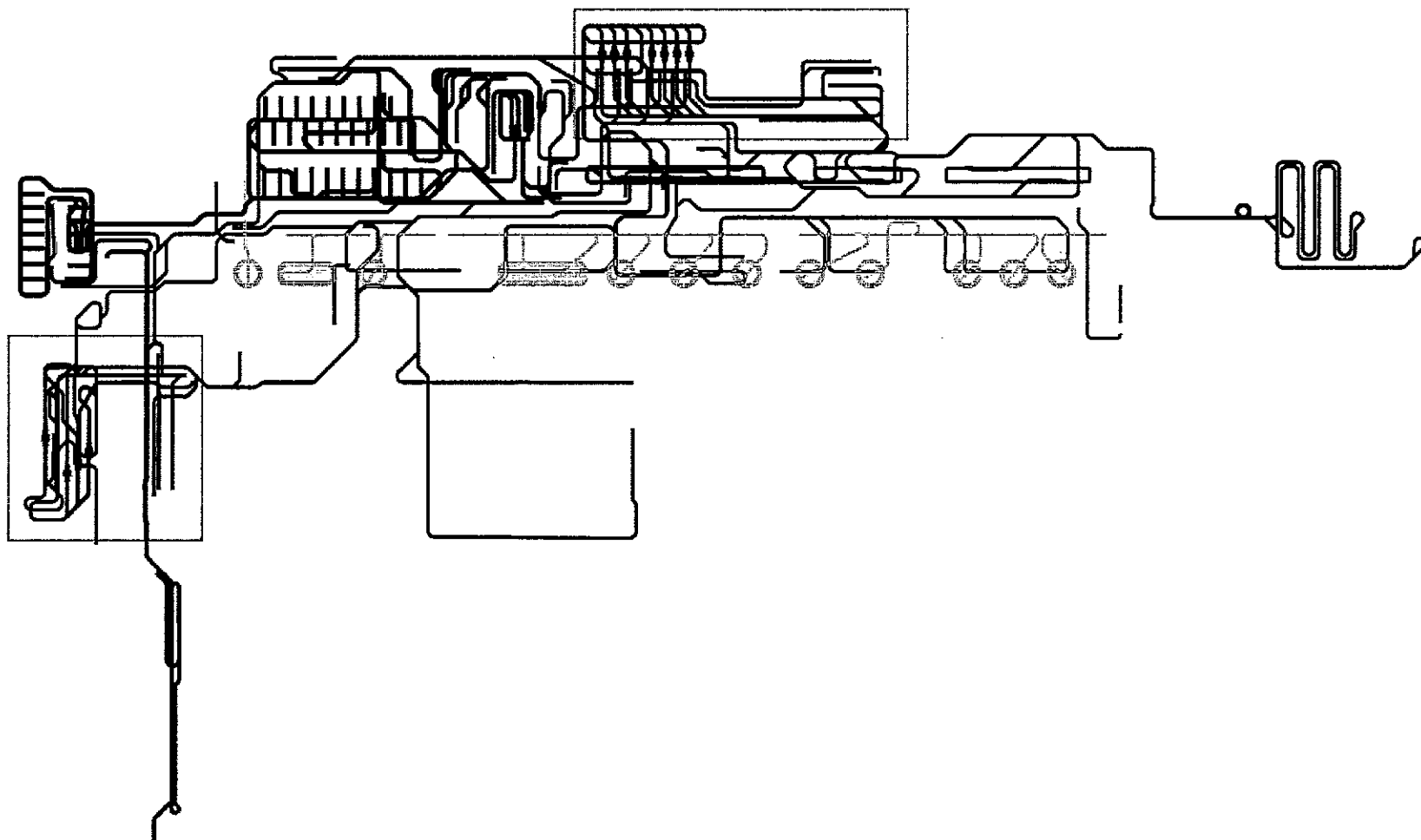
JANUARY 1, 2019

Other Areas

Other Areas includes, but is not limited to, the following MAC facilities:

- Cargo Area
- Other Roads (Non AOA and Non Terminal Area)
- Hangars and Other Buildings (Includes any other MAC facility not flowing to airline rates and charges)

Exhibit G Other Areas



D-97

- INBOUND
TOTAL LENGTH OF SYSTEM: 2,652'-7"
- OUTBOUND
TOTAL LENGTH OF SYSTEM: 31,270'-11"
- TOTAL LENGTH OF CB'S: 33,954'-6"

Metropolitan Airports Commission
 Minneapolis - St. Paul International Airport

Airline Operating Agreement & Terminal Building Lease - 2019

Delta Air Lines, Inc.

Space Adjustments Effective January 1, 2019

Description: Delta adds space to LT-TC4A (188 s.f.). Delta relinquishes C-2160 (490 s.f.) and a portion of F-2210 (37 s.f.).

Finance Billed Space	January 1, 2019
Airline Ticket Counter (UJ)	5,943
Airline Space (UJ)	245,393
Airline Baggage Makeup (UJ)	63,286
Airline Gate Lobby (J)	153,077
Airline Misc. Space (UJ)	2,363
Total	470,062
Ramp (lineal feet)	8,966

D-99

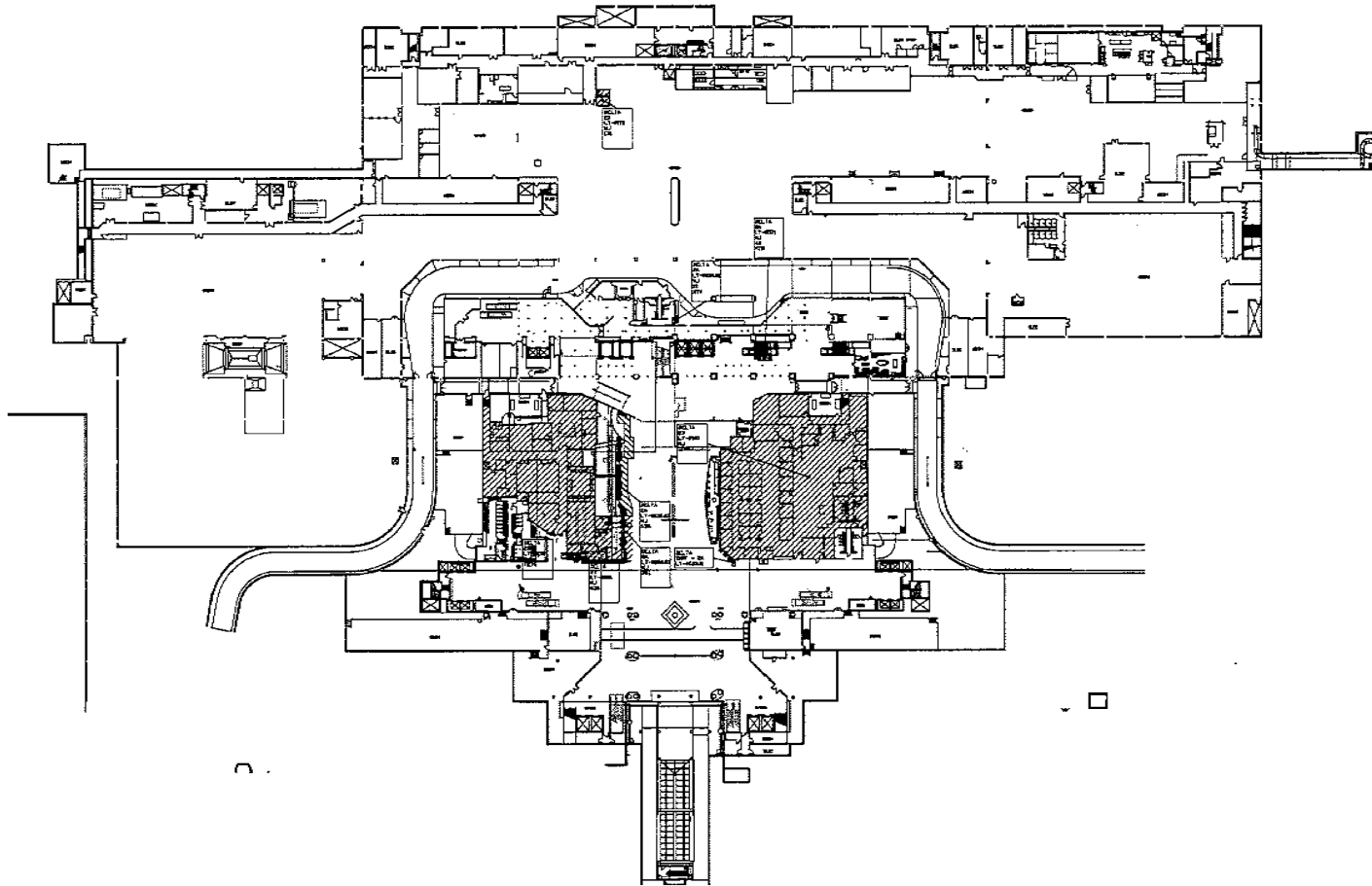


EXHIBIT J

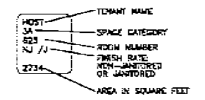
Date : JANUARY 1, 2019

Page 1 of 16

LEGEND



**Metropolitan
Airports
Commission**
5040 28th Avenue So.
Minneapolis, MN 55430



Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILET
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TUGAN COMPANY USE
- 2J AIRLINE TUG SPACE
- 3A-F NON-AIRLINE CONCESSION /
- FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE MISS SPACE
- 4A-L NON-AIRLINE MISS SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE
- (SHOWN HATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MISC
- 4 JANITORED SPACE
- 4J NON-JANITORED SPACE

**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**

**TRM
DELTA**

**Area
MAIN TERMINAL
BASEMENT PLAN**

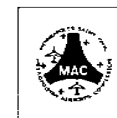
FM100

EXHIBIT J

Date : JANUARY 1, 2019
Page 2 of 16

LEGEND

DAL



Metropolitan
Airports
Commission
5440 28th Avenue So.
Minneapolis, MN 55409

1001- TENANT NAME
 30- SPACE CATEGORY
 825- ROOM NUMBER
 N/A- FINISH RATE
 2734- NON-JANITORED OR JANITORED
 AREA IN SQUARE FEET

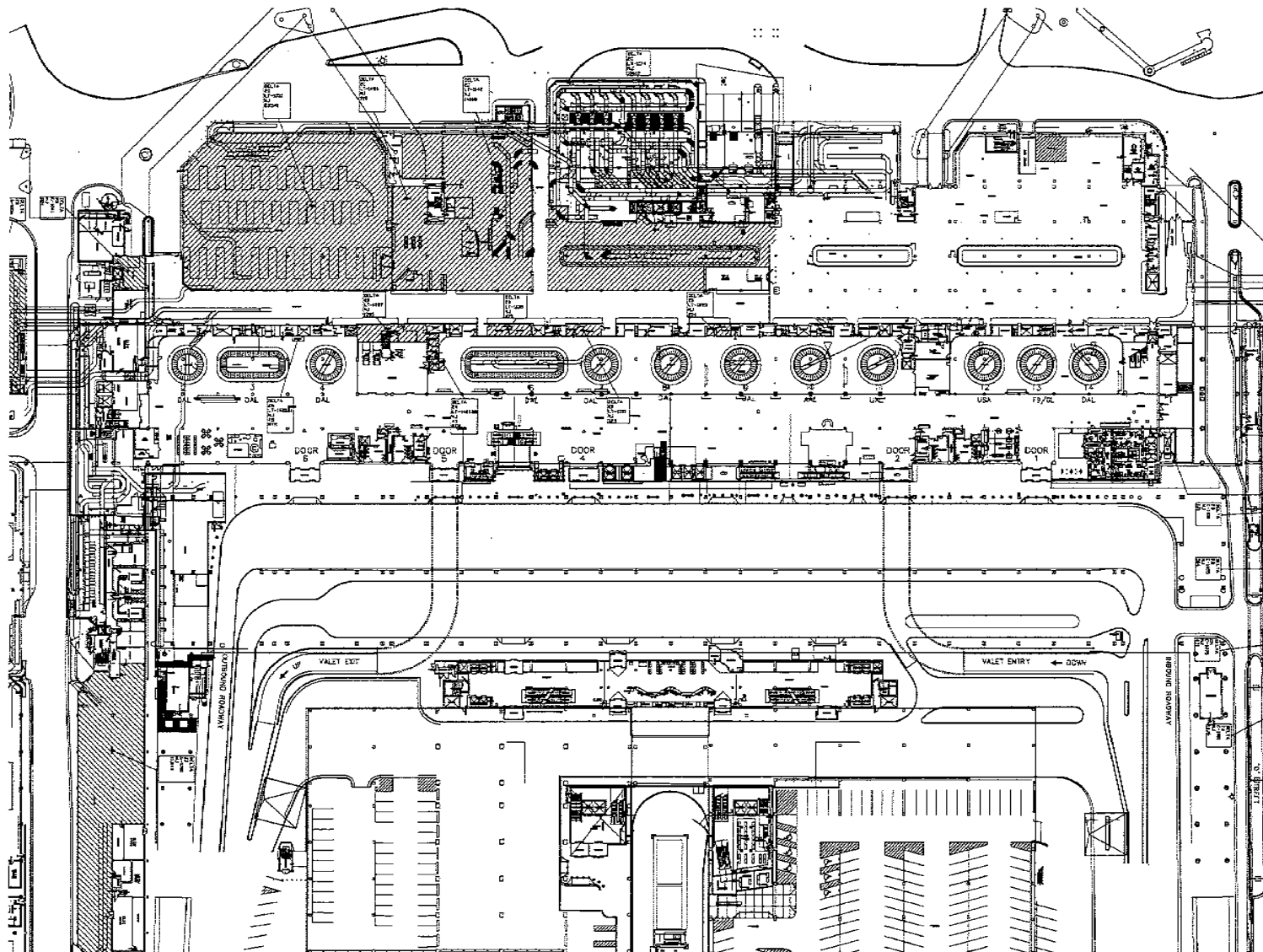
Space Category Key

- 1A PUBLIC CONCUBITUM
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2I AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION /
- 3G NON-AIRLINE FOOD & BEVERAGE
- 3H NON-AIRLINE AIRD RENTAL FACILITIES
- 3H-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 NON-AIRLINE MISC. SPACE
- 6 UNOCCUPIED SPACE
- 7A (SHOWN HATCHED) INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MISC.
- 7 UNTOILETED SPACE
- NJ NON-JANITORED SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT

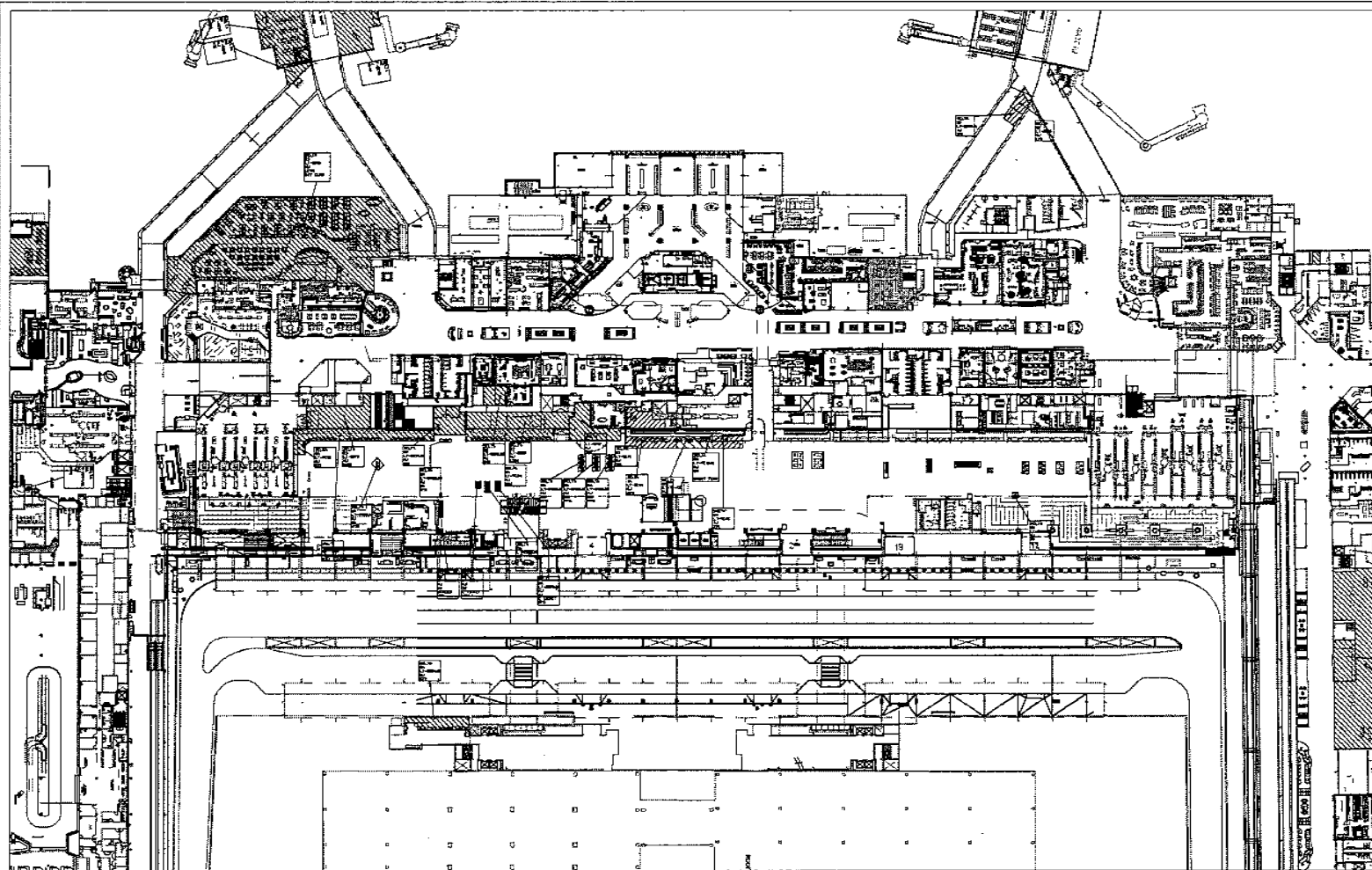
The DELTA

Area
MAIN TERMINAL
BAGGAGE



D-100

D-101



1 MAIN LEVEL PLAN: MAIN TERMINAL BUILDING

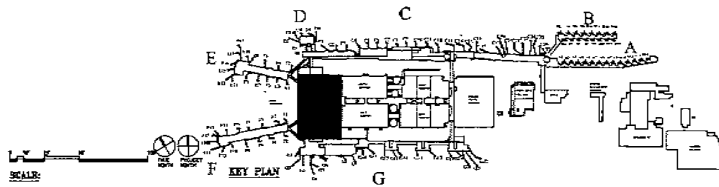


EXHIBIT J

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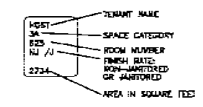
LEGEND



DAL



Metropolitan Airports Commission
 8046 28th Avenue So.
 Minneapolis, MN 55450



Space Category Key

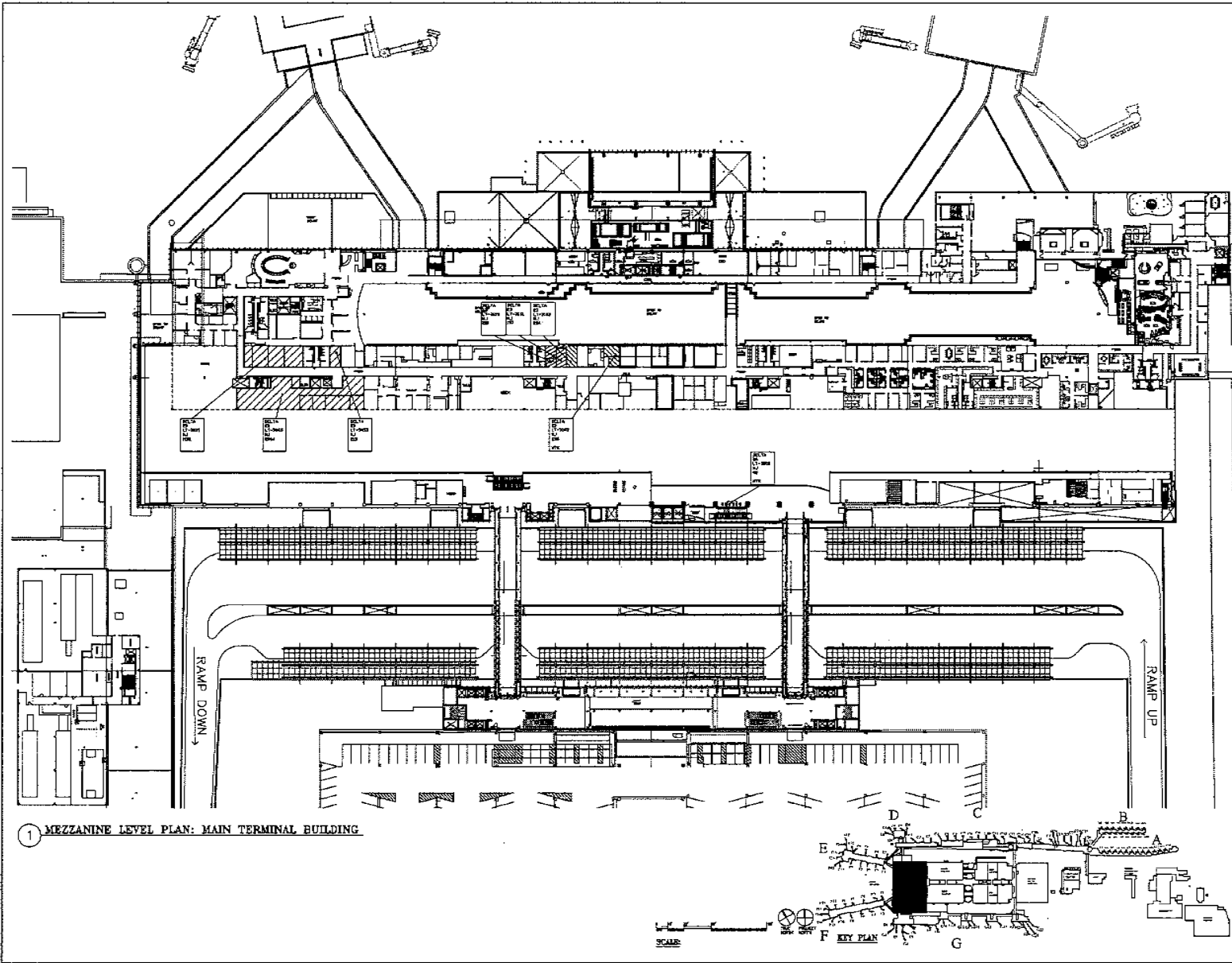
- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE ICE DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMAND
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE RESTROOMS
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE VEHICLE SPACE
- 4A-L NON-AIRLINE VEHICLE SPACE
- 5 MECHANICAL
- 6 UNACCESSED SPACE (SHOWN HATCHED)
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOLLET
- 7D INT'L ARRIVALS MESH
- 8 UNACCESSED SPACE
- 9 INT'L ARRIVALS TOLLET
- 10 NON-ACCESSED SPACE

MINNEAPOLIS/ST. PAUL INTERNATIONAL AIRPORT
THE DELTA

Area: MAIN TERMINAL TICKETING LEVEL

FM102

D-102



① MEZZANINE LEVEL PLAN: MAIN TERMINAL BUILDING

EXHIBIT J

Date : JANUARY 1, 2019

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LEGEND

DAL



**Metropolitan
Airports
Commission**
8049 88th Avenue So.
Minneapolis, MN 55450

TYPED NAME
 SA SPACE CATEGORY
 R/R ROOM NUMBER
 F/R FLOOR RATE
 J/J JANITORED OR JANITORED
 AREA IN SQUARE FEET

Space Category Key

- 1A PUBLIC CIRCULATOR
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOLLBOOTH
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE SLAM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENDANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOLLY
- 7D INT'L ARRIVALS METAL
- 7 UNOCCUPIED SPACE
- 8J NON-JANITORED SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT

TU
DELTA

Area
MAIN TERMINAL
MEZZANINE

FM103

EXHIBIT J

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LEGEND

DAL



**Metropolitan
Airports
Commission**
5042 28th Avenue So.
Minneapolis, MN 55450

TO HATCH NAME
 3A SPACE CATEGORY
 205 ROOM NUMBER
 141 A1 FINISH DATE
 2234 NON-MONITORED OR MONITORED
 AREA IN SQUARE FEET

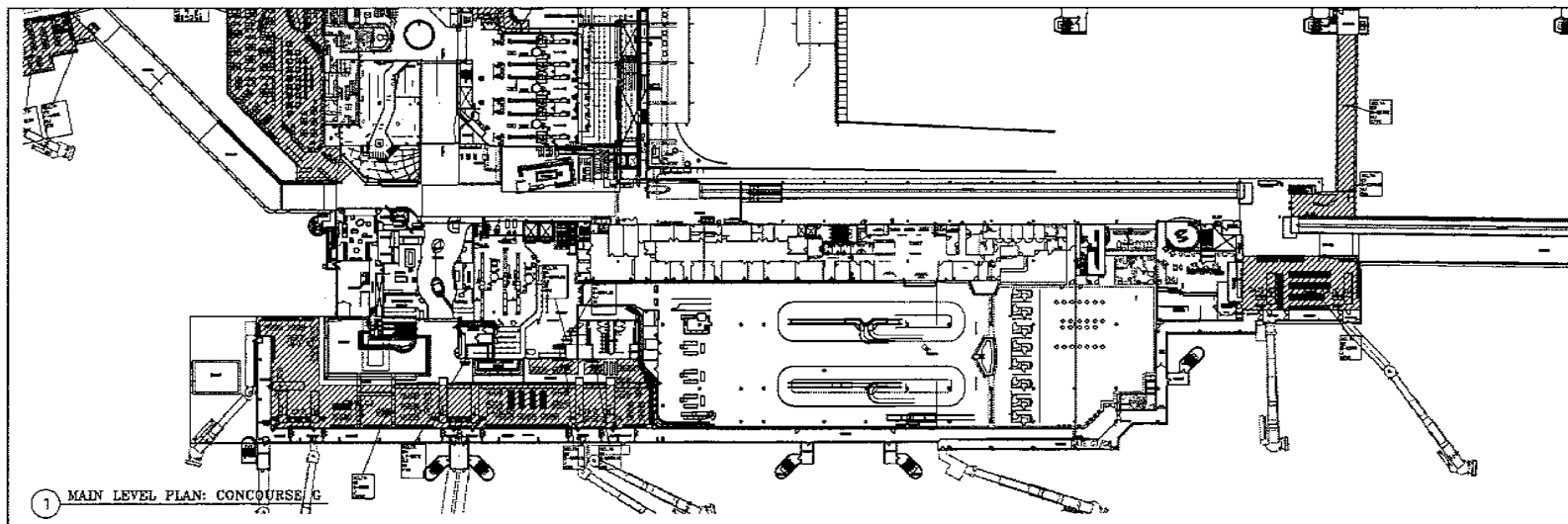
Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENDANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MECK
- J JANITORED SPACE
- MJ NON-MONITORED SPACE

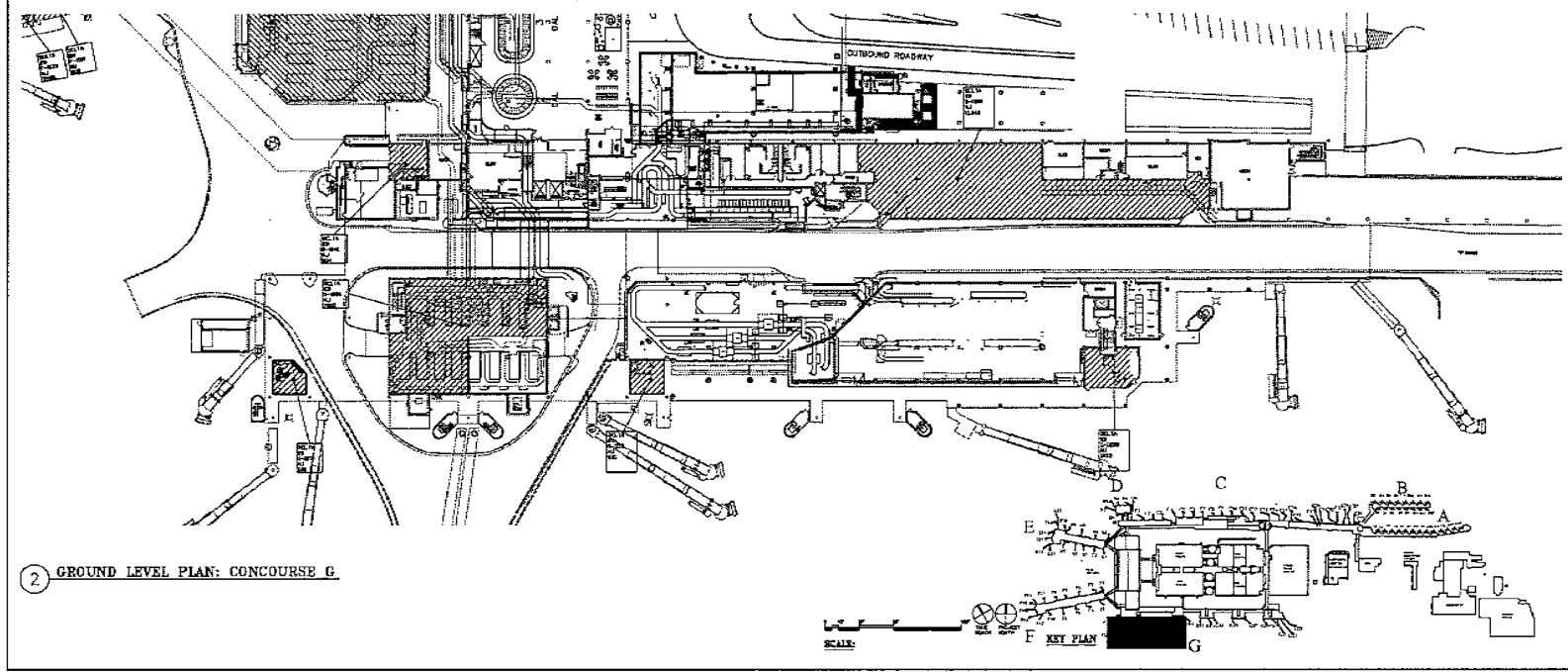
MINNEAPOLIS/ST PAUL
INTERNATIONAL AIRPORT
THE
DELTA

Area
CONCOURSE G

FM106



1 MAIN LEVEL PLAN: CONCOURSE G



2 GROUND LEVEL PLAN: CONCOURSE G

D-103

EXHIBIT J

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LEGEND

 DAL



Metropolitan
Airports
Commission
8040 28th Avenue So.
Minneapolis, MN 55450

TENANT NAME
 H001
 0A SPACE CATEGORY
 R02 ROOM NUMBER
 H1 / J1 ROOM DATE
 0720 NON-ANTONDED OR ANTIONDED
 AREA IN SQUARE FEET

Space Category Key

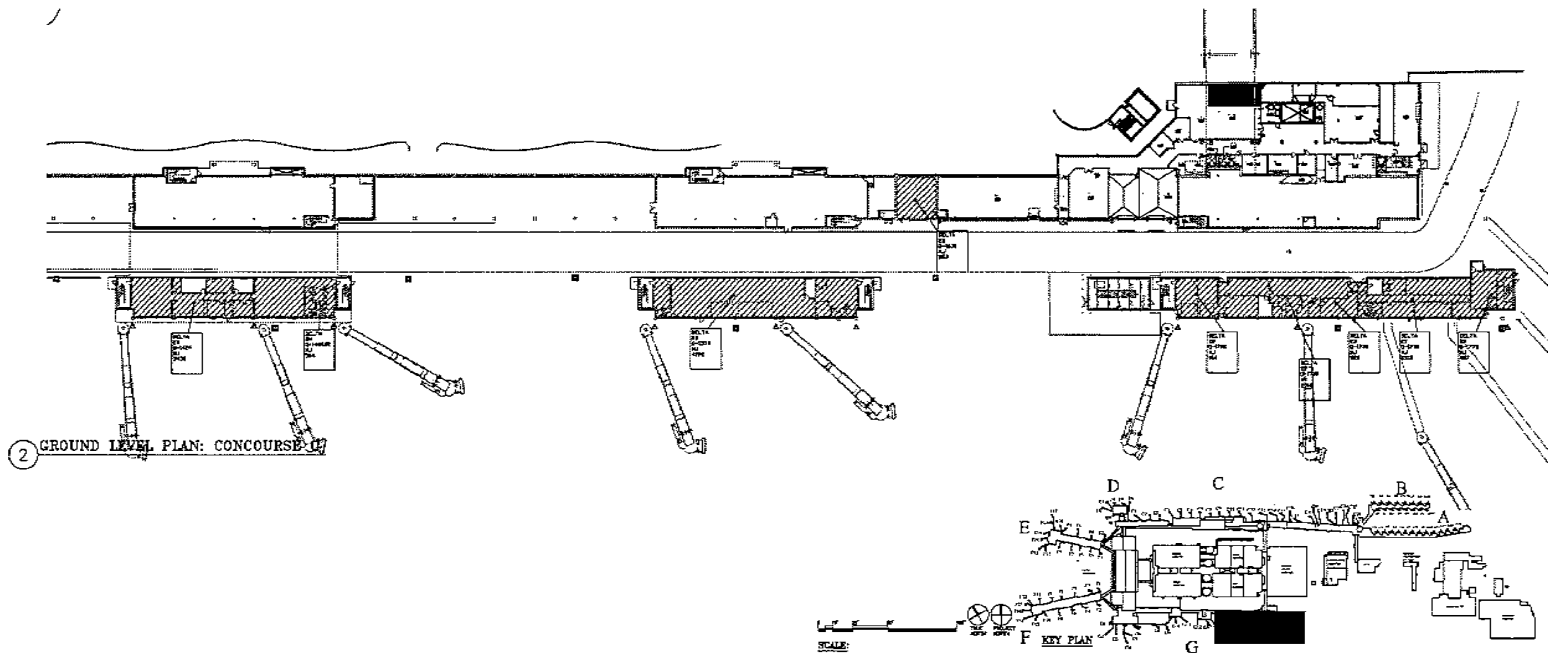
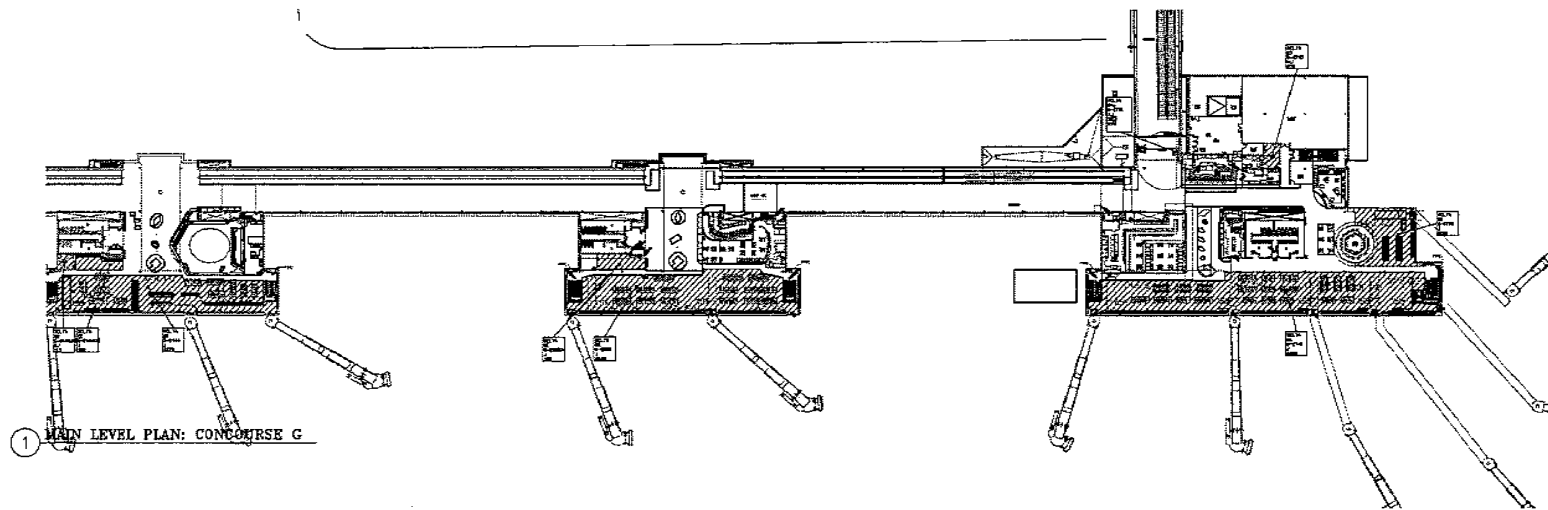
- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOBBY
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE SLIP
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TAG DESK
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 2A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE MISC. SPACE
- 4A-7 NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INT'L AIRMAILS PROCESSING
- 7B INT'L AIRMAILS OFFICE
- 7C INT'L AIRMAILS TOLFT
- 7D INT'L AIRMAILS MESH
- 7 JAMMED SPACE
- 8J NON-ANTIONDED SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT

TEN
DELTA

Area
CONCOURSE G

FM108



D-104

EXHIBIT J

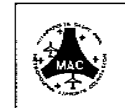
Date: JANUARY 1, 2019

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LEGEND



DAL



**Metropolitan
Airports
Commission**
8040 29th Avenue So.
Minneapolis, MN 55450

TOYANT NAME
HOST: SPACE CATEGORY
G25 ROOM NUMBER
M/J FRESH RATE
E734 NON-MONITORED
OR MONITORED
AREA IN SQUARE FEET

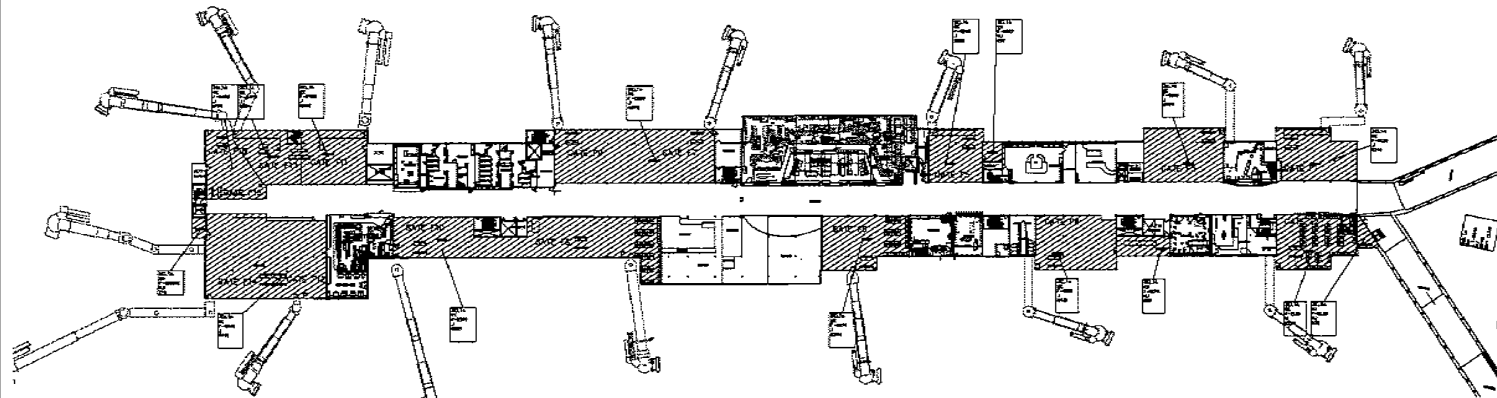
Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOBBY
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TIE DROPE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE NON-SPACE
- 3A-F AIRLINE CONCESSION /
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE BUSC SPACE
- 4A-2 NON-AIRLINE BUSC SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MECH
- 8 SANITIZED SPACE
- 9 NON-MONITORED SPACE

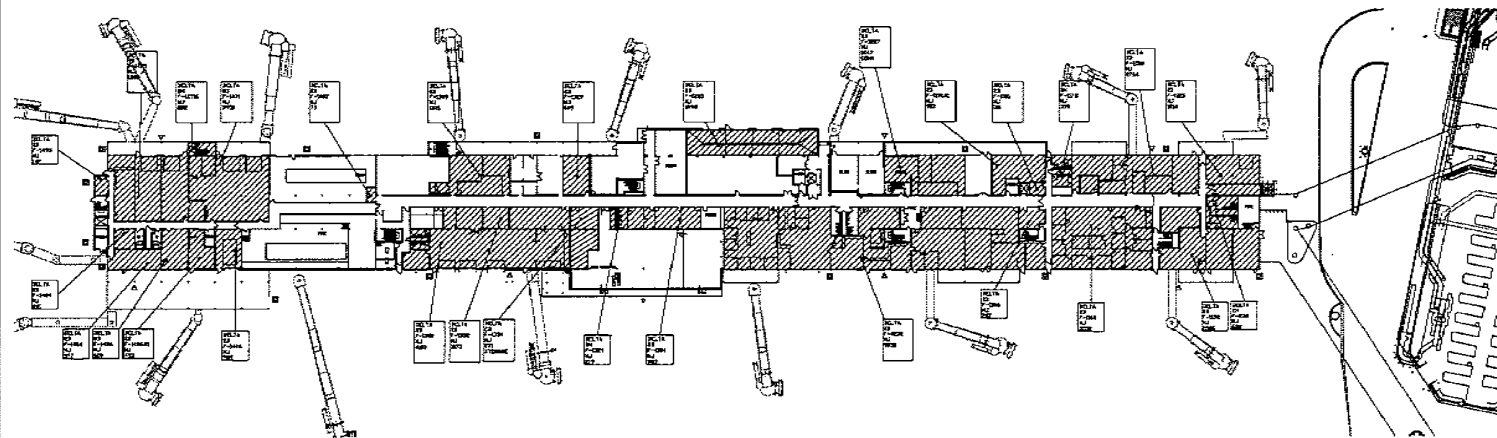
**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**
THE DELTA

Area
CONCOURSE F

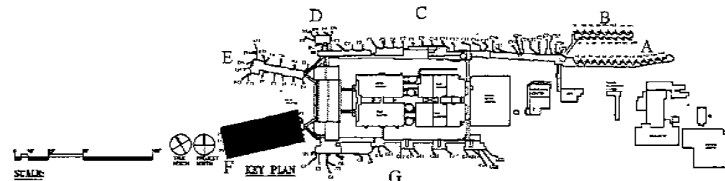
FM110



1 MAIN LEVEL PLAN: CONCOURSE F



2 GROUND LEVEL PLAN: CONCOURSE F



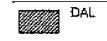
SCALE

D-105

EXHIBIT J

Date : JANUARY 1, 2019
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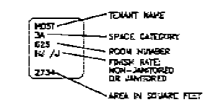
LEGEND



DAL



**Metropolitan
 Airports
 Commission**
 8040 28th Avenue So.
 Minneapolis, MN 55425

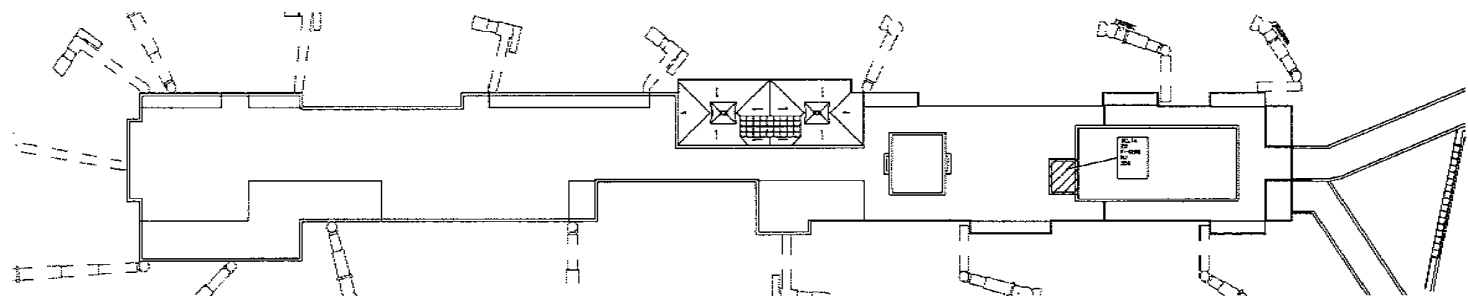


Space Category Key

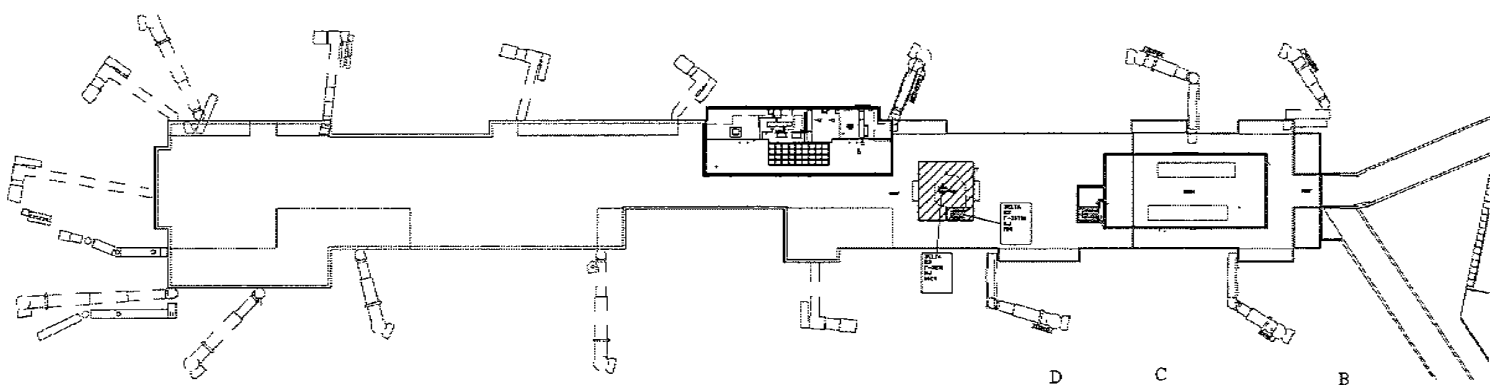
- 1A PUBLIC OBSERVATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE
- 6 (SQUAN HATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MENCH
- J UNOCCUPIED SPACE
- NJ NON-UNOCCUPIED SPACE

**MINNEAPOLIS/ST. PAUL
 INTERNATIONAL AIRPORT**

**Area
 CONOURSE F**



① **FOURTH LEVEL PLAN: CONOURSE F**



② **THIRD LEVEL PLAN: CONOURSE F**

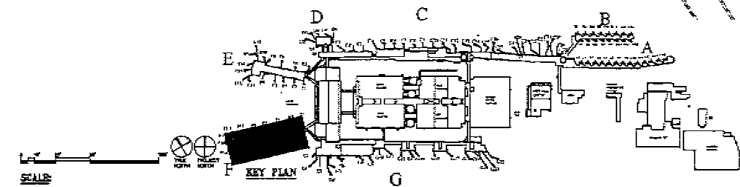


EXHIBIT J

Date : JANUARY 1, 2019







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LEGEND

 DAL



**Metropolitan
Airports
Commission**
6840 28th Avenue So.
Minneapolis, MN 55439

 ROOM NAME
 SPACE CATEGORY
 ROOM NUMBER
 FINISH RATE
 NON-MAINTAINED OR JANTORED
 AREA IN SQUARE FEET

Space Category Key

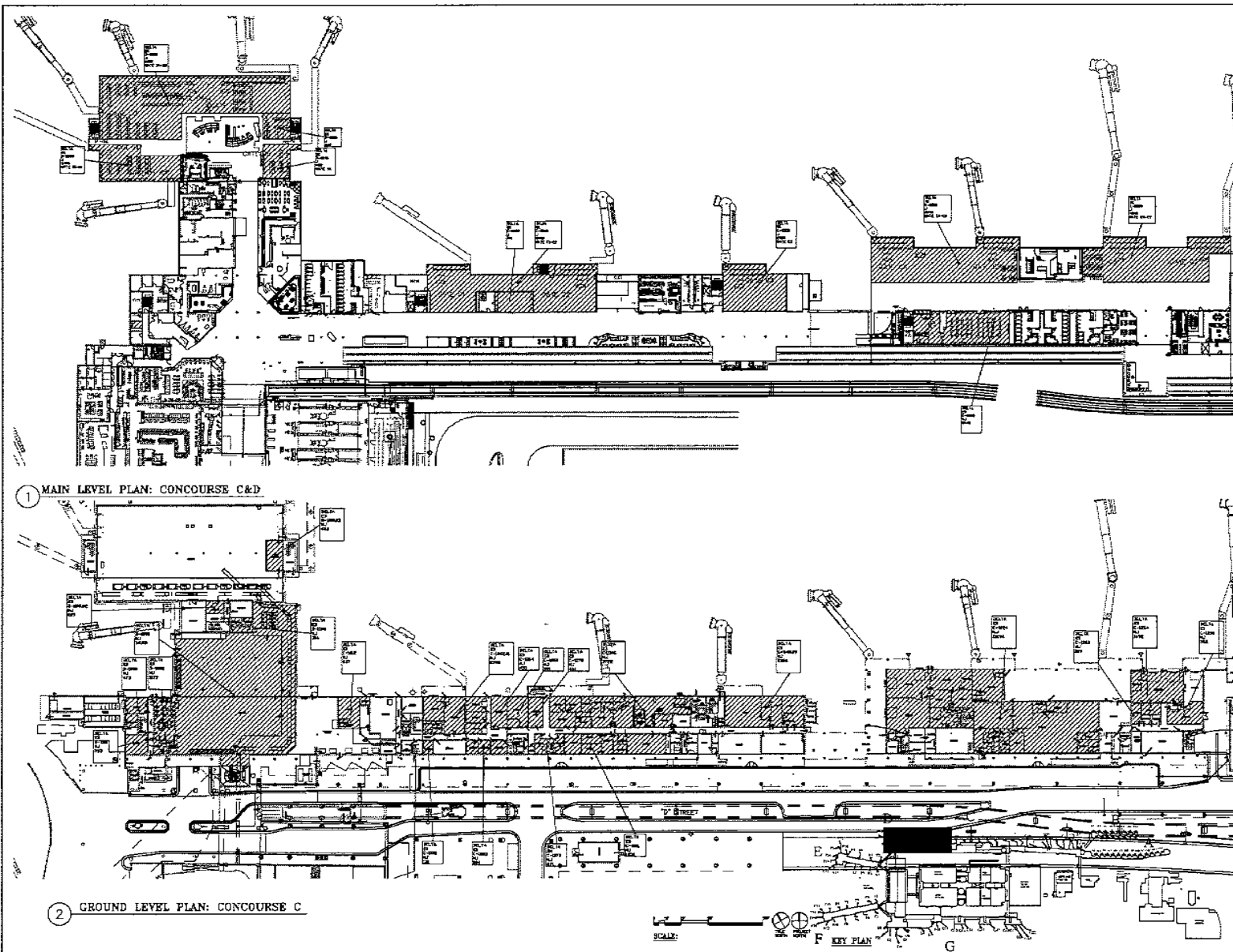
- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOBBY
- 1C PUBLIC TOILET
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TUGWAY COMMON USE
- 2J AIRLINE AIRLINE SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-W NON-AIRLINE USE SPACE
- 4A-Z NON-AIRLINE USE SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MESH
- 7 UNOCCUPIED SPACE
- 8 NON-AIRPORTED SPACE

**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**
THE
DELTA

**AND
CONCOURSE C - D**

FM115

D-107



① MAIN LEVEL PLAN: CONCOURSE C&D

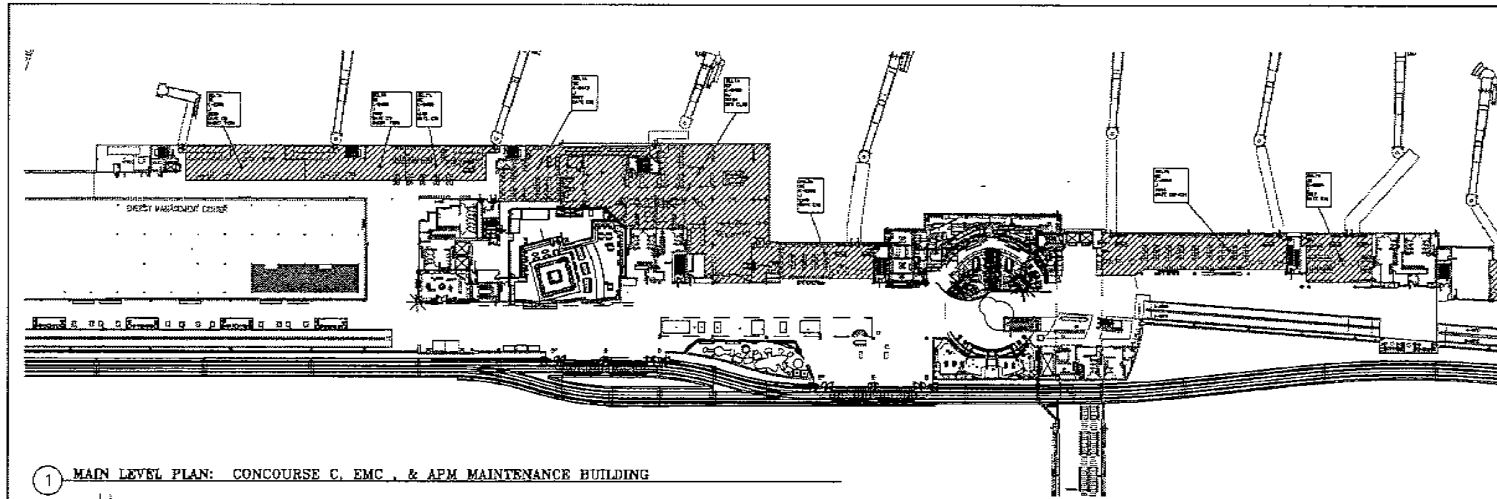
② GROUND LEVEL PLAN: CONCOURSE C

SCALE:

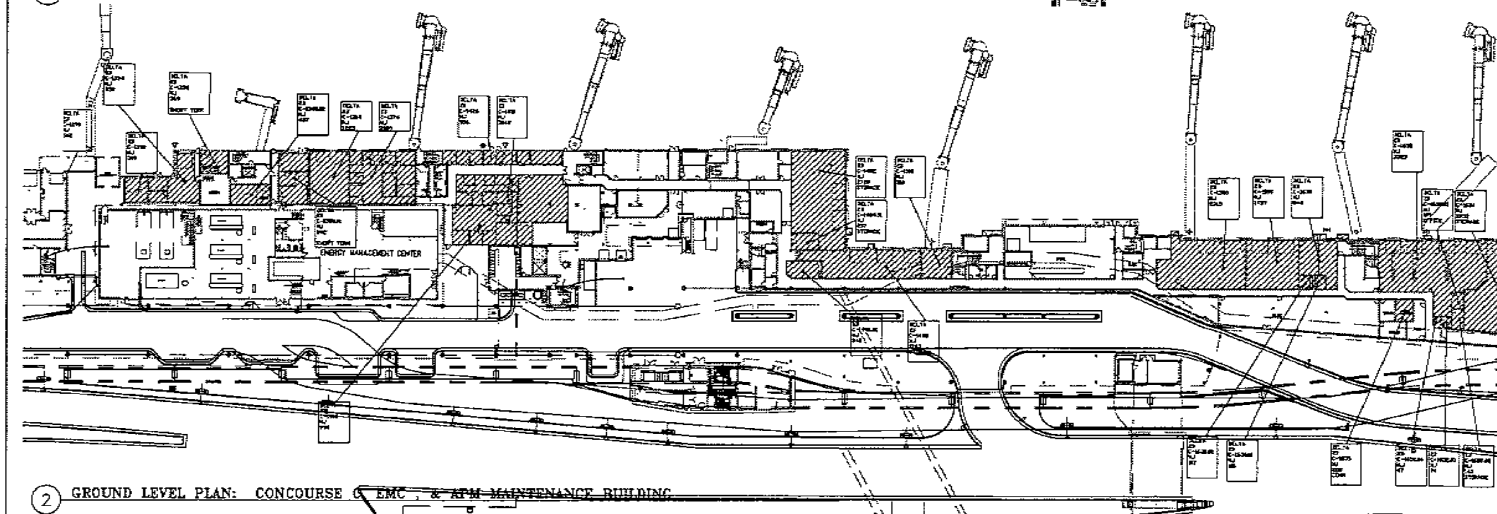
F KEY PLAN

G

D-108



① MAIN LEVEL PLAN: CONCOURSE C, EMC, & APM MAINTENANCE BUILDING



② GROUND LEVEL PLAN: CONCOURSE C, EMC, & APM MAINTENANCE BUILDING

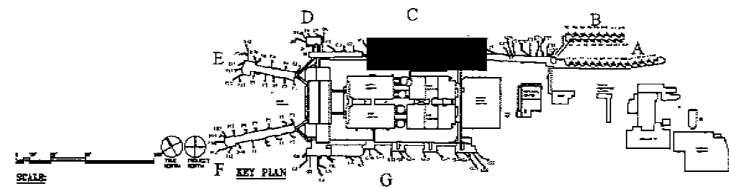


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LEGEND



DAL



Metropolitan
Airports
Commission
8040 28th Avenue So.
Minneapolis, MN 55430

NO.	TEENY NAME
14	SPACE CATEGORY
103	ROOM NUMBER
NO. / 1	FLOOR RATE
2733	NON-UNITED OR UNITED
	AREA IN SQUARE FEET

Space Category Key

14	PUBLIC CIRCULATION
18	PUBLIC LOBBY
19	PUBLIC TOILET
24	AIRLINE TICKET COUNTER
28	AIRLINE AIRSIDE SPACE
29	AIRLINE BAGGAGE MAKEUP
20	AIRLINE BAGGAGE CLAIM
22	AIRLINE GATE LOBBY
27	AIRLINE TUG DRIVE
28	AIRLINE BAGGAGE MAKEUP COMMON
29	AIRLINE TENANT COMMON USE
31	AIRLINE MISC. SPACE
34-F	NON-AIRLINE CONCESSION /
	FOOD & BEVERAGE
36	NON-AIRLINE AUTO RENTAL FACILITIES
34-Y	NON-AIRLINE MISC. SPACE
44-2	NON-AIRLINE MISC. SPACE
5	MECHANICAL
6	UNOCCUPIED SPACE (SHOWN WITH HATCH)
7A	INTL. ARRIVALS PROCESSING
7B	INTL. ARRIVALS OFFICE
7C	INTL. ARRIVALS TOILET
7D	INTL. ARRIVALS MECH.
1	JANITOR SPACE
16	NON-UNITED SPACE

MINNEAPOLIS / ST. PAUL
INTERNATIONAL AIRPORT
THE DELTA

Area
CONCOURSE C

FM118

D-109

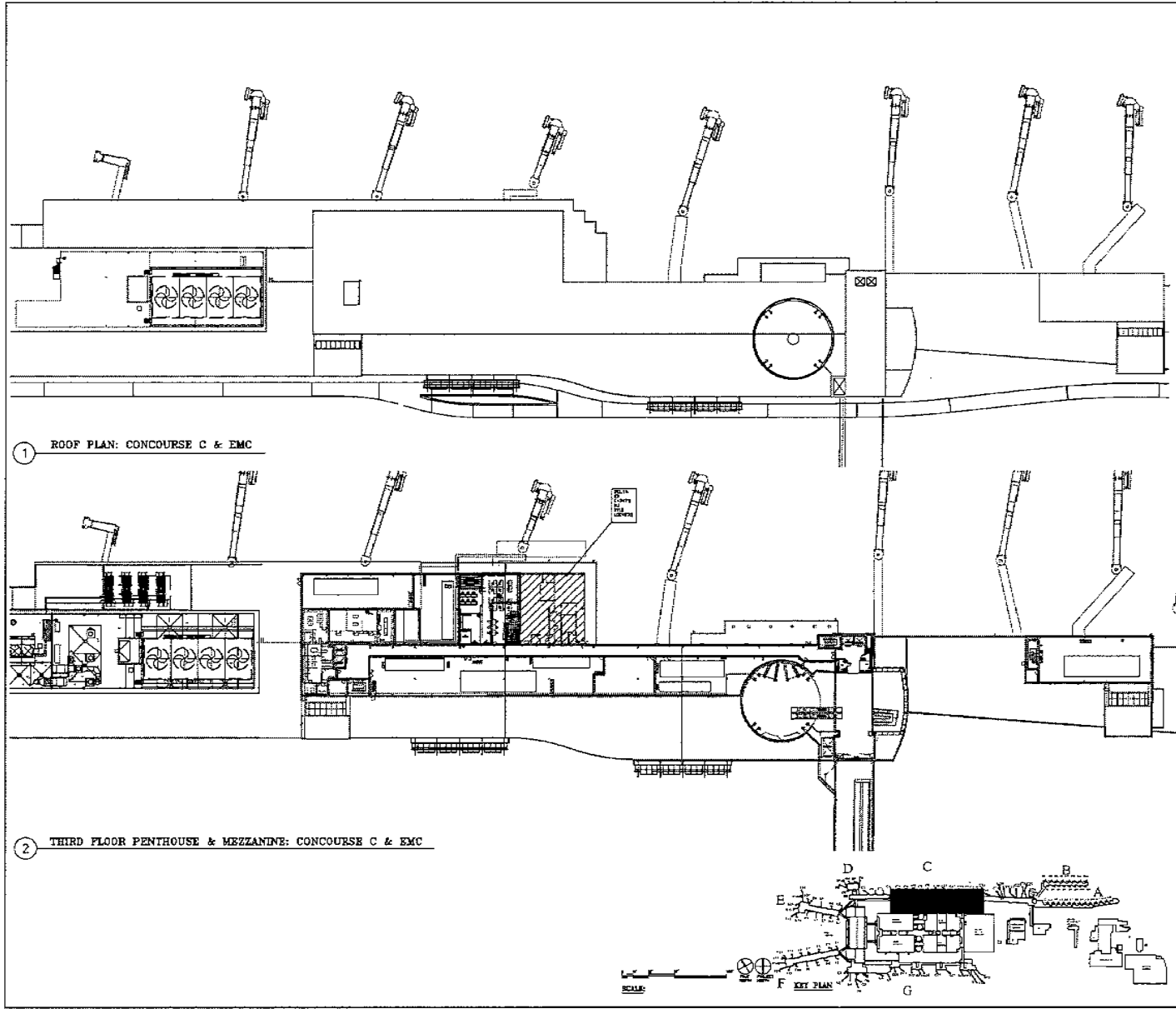


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Date : JANUARY 1, 2019

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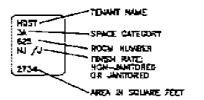
LEGEND



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**Metropolitan
Airports
Commission**
6040 28th Avenue So.
Minneapolis, MN 55450



Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE HANDLEP
- 2D AIRLINE BAGGAGE CLAW
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE HANDLEP COMMON
- 2H AIRLINE TENDANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 2A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-4 NON-AIRLINE MISC. SPACE
- 4A-2 NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MECH
- 7 JANTORED SPACE
- NJ NON-JANTORED SPACE

MINNEAPOLIS / ST. PAUL
INTERNATIONAL AIRPORT

This
DELTA

Area
CONCOURSE C

FM120

EXHIBIT J

Date : JANUARY 1, 2019

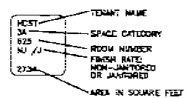
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LEGEND

 DAL



Metropolitan
Airports
Commission
6040 28th Avenue So.
Minneapolis, MN 55420



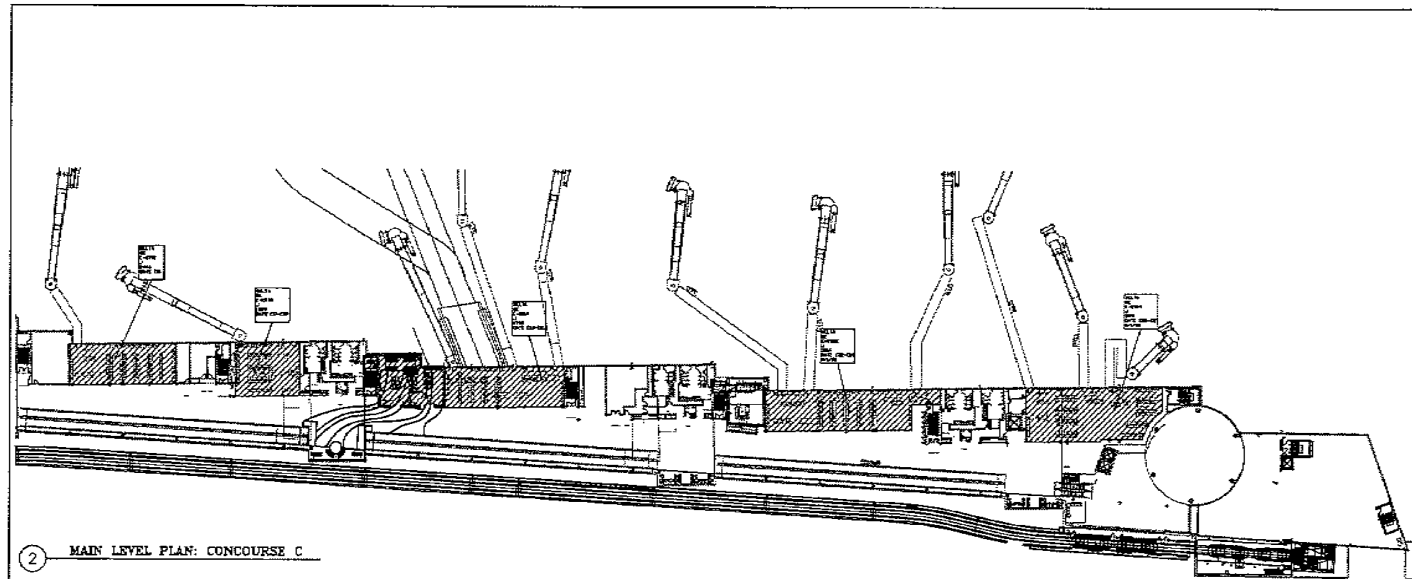
Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOBBY
- 1C PUBLIC TOILET
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE HANDOFF
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TSO BUREAU
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE WSC SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3G NON-AIRLINE AUTO RENTAL FACILITIES
- 3M-V NON-AIRLINE WSC SPACE
- 4A-Z NON-AIRLINE WSC SPACE
- 5 MEDICAL
- 5 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A ITEL ARRIVALS PROCESSING
- 7B ITEL ARRIVALS OFFICE
- 7C ITEL ARRIVALS BOILET
- 7D ITEL ARRIVALS MECH
- J UNJANITORED SPACE
- NJ JANITORED SPACE

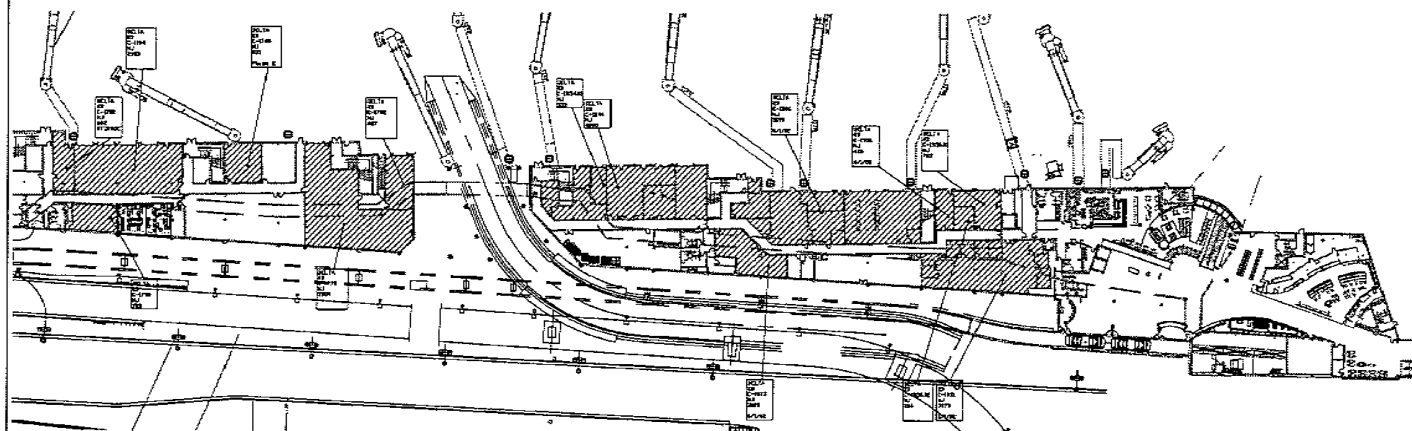
MINNEAPOLIS / ST. PAUL
INTERNATIONAL AIRPORT

The
DELTA

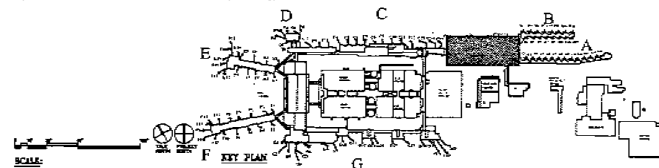
Area
CONCOURSE C



② MAIN LEVEL PLAN: CONCOURSE C



① GROUND LEVEL PLAN: CONCOURSE C



D-110

EXHIBIT J

Date : JANUARY 1, 2019

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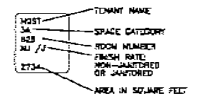
LEGEND



DAL



**Metropolitan
Airports
Commission**
8048 28th Avenue So.
Minneapolis, MN 55450



Space Category Key

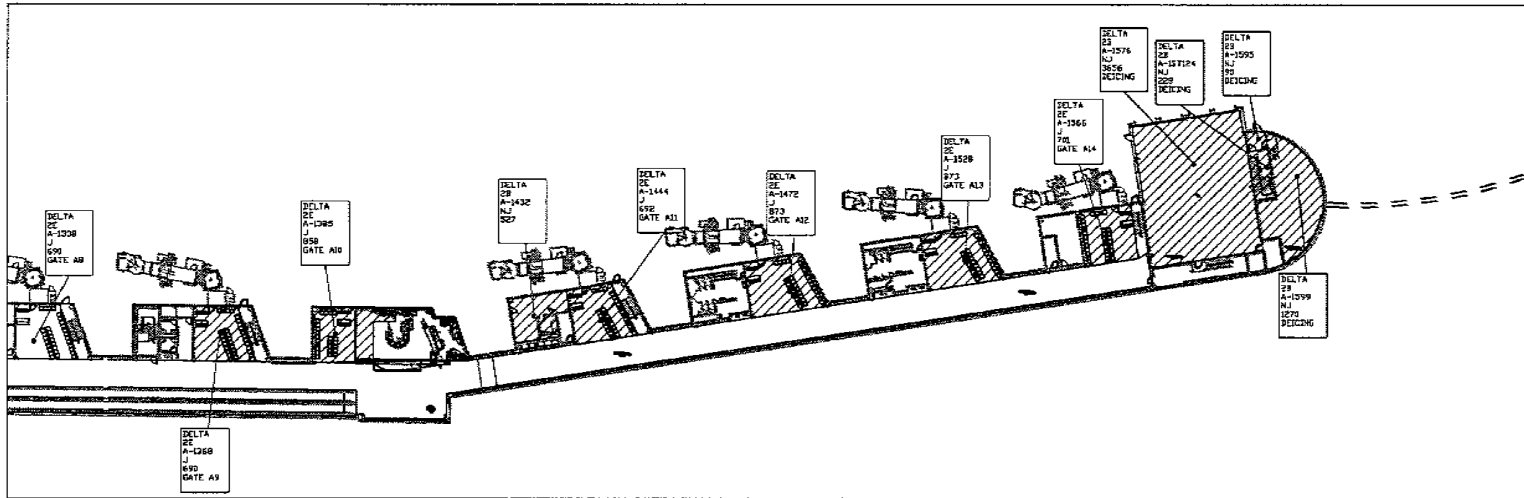
- 1A PUBLIC CONCOURSE
- 1B PUBLIC LOBBY
- 1C PUBLIC TOLL FREE
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TAXI DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENDANT COMMON USE
- 2J AIRLINE AIRLINE SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3B NON-AIRLINE AUTO RENTAL FACILITIES
- 3C NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MECH
- 4 UNDEFINED SPACE
- NI NON-ANTORTED SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT

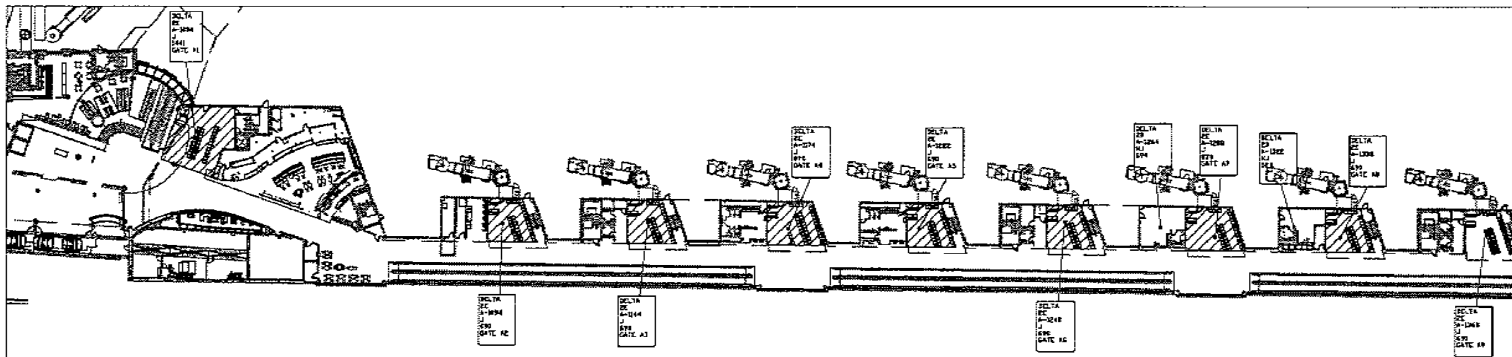
7th
DELTA

Area
CONCOURSE A

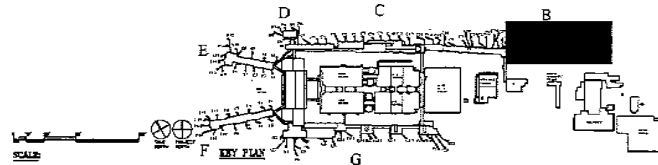
FM123



2 GROUND LEVEL PLAN: CONCOURSE A, SECTION 2

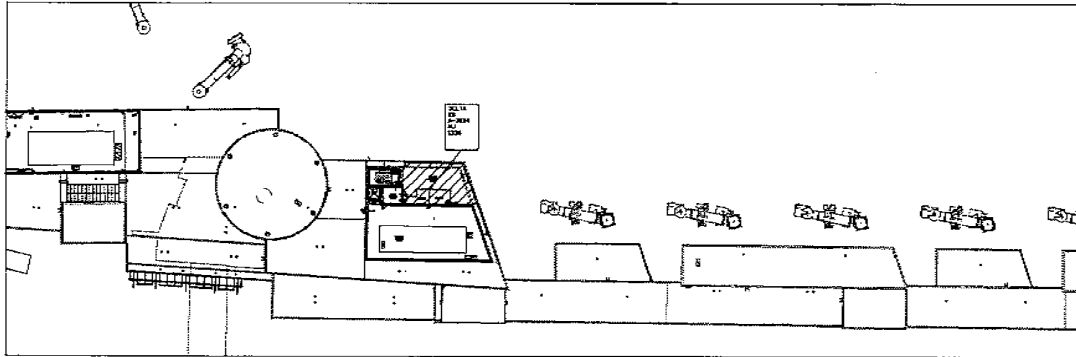


1 GROUND LEVEL PLAN: CONCOURSE A, SECTION 1

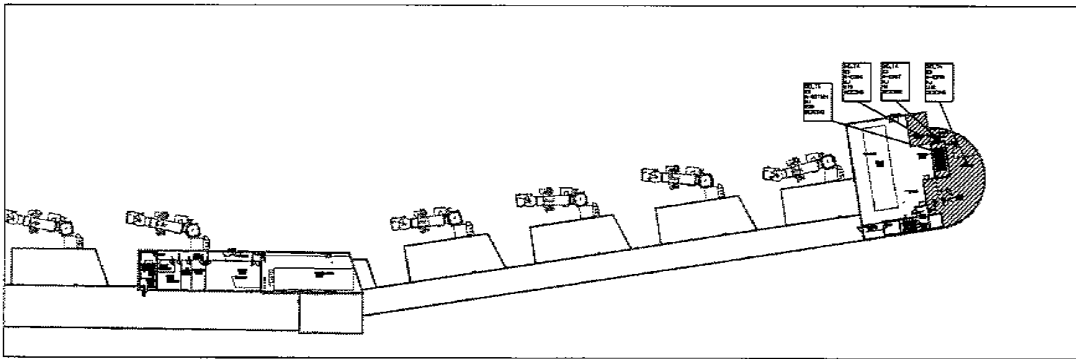


D-111

D-112



① PENTHOUSE LEVEL PLAN: BEGINNING OF CONCOURSE A



② MAIN LEVEL PLAN: END OF CONCOURSE A

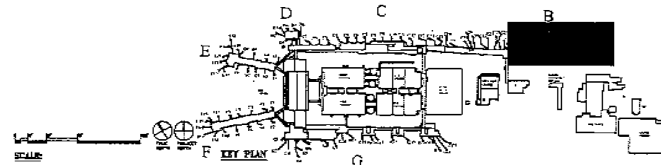


EXHIBIT J

Date : JANUARY 1, 2019

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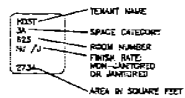
LEGEND



DAL



Metropolitan
Airports
Commission
8040 28th Avenue So.
Minneapolis, MN 55450



Space Category Key

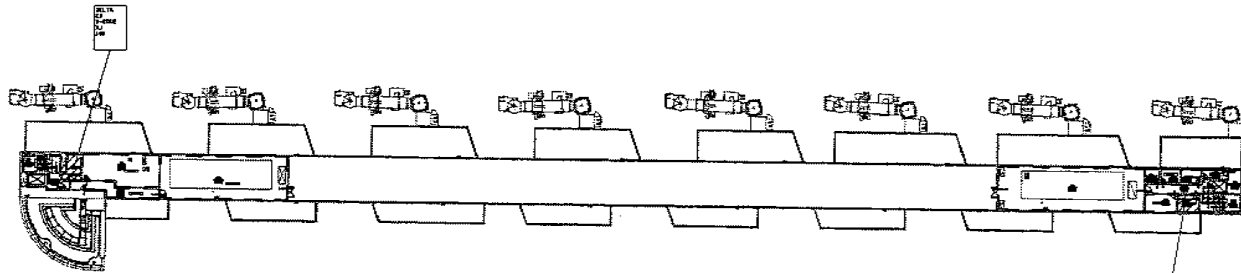
- 1A PUBLIC OBSERVATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE COMMISSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-W NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN MATCHED)
- 7A INTL. ARRIVALS PROCESSING
- 7B INTL. ARRIVALS OFFICE
- 7C INTL. ARRIVALS TOILET
- 7D INTL. ARRIVALS MECK
- 8 JANTORED SPACE
- 8E NON-MANTORED SPACE

MINNEAPOLIS/ST. PAUL
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THE
DELTA

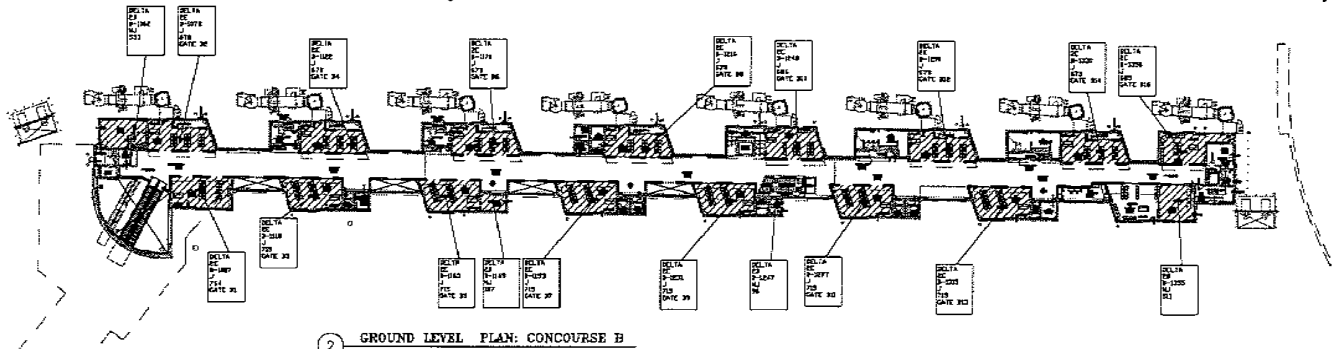
Area
CONCOURSE A

FM124

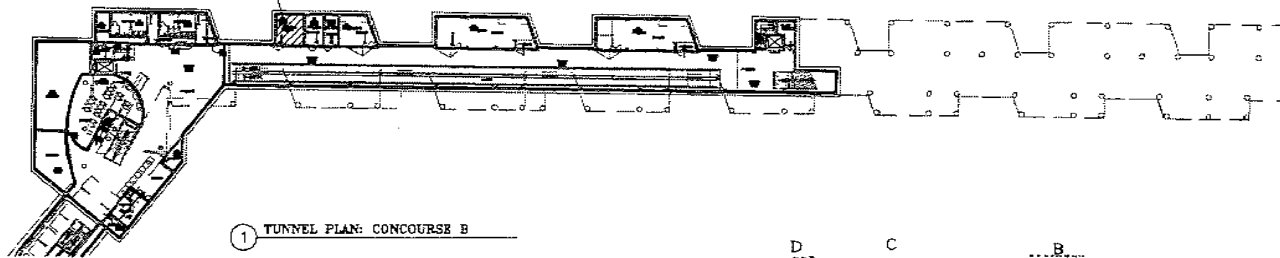
D-113



⑤ PENTHOUSE PLAN: CONCOURSE B



② GROUND LEVEL PLAN: CONCOURSE B



① TUNNEL PLAN: CONCOURSE B

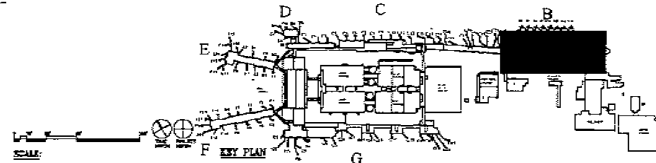


EXHIBIT J

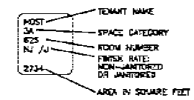
Date : JANUARY 1, 2019

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LEGEND



**Metropolitan
Airports
Commission**
890 28th Avenue So.
Minneapolis, MN 55426



Space Category Key

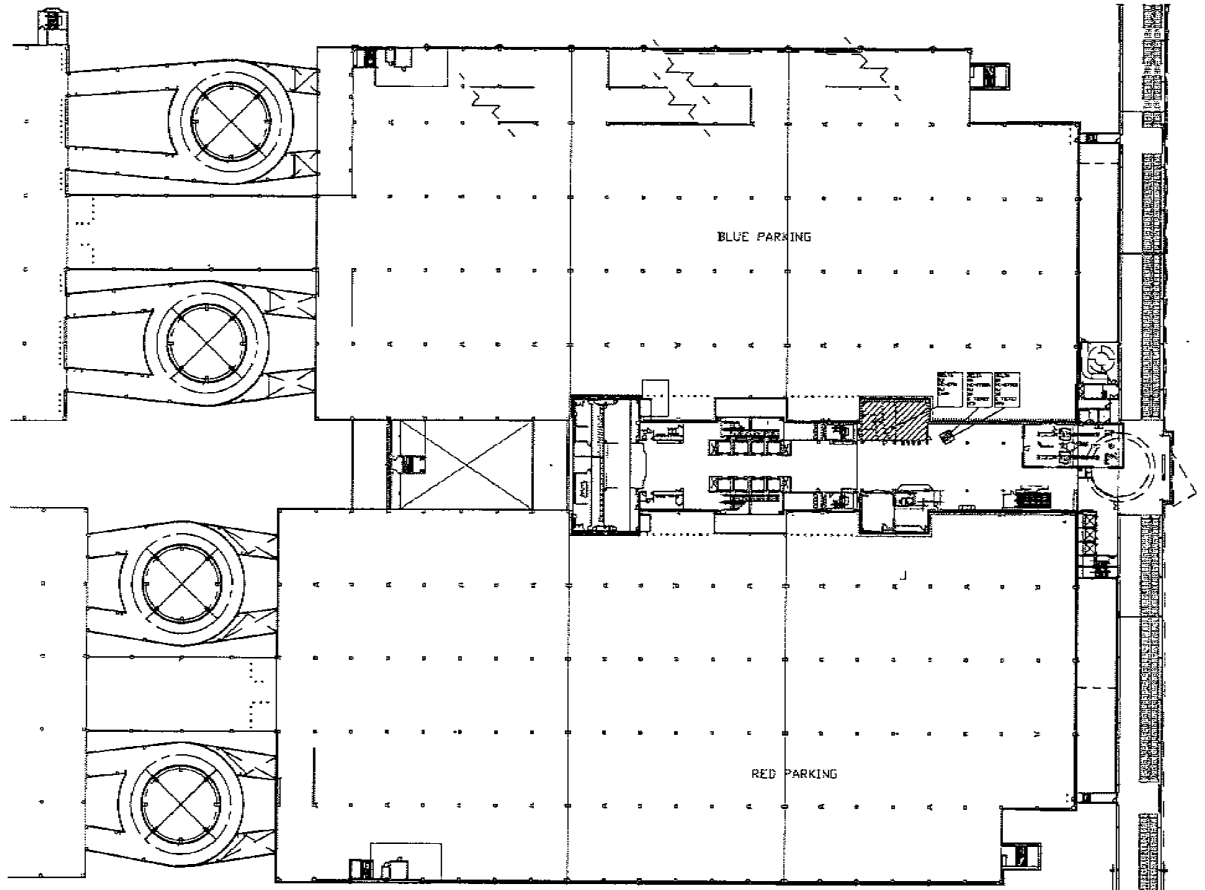
- 1A PUBLIC DISCOUNT
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE HANDLIP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DOOR
- 2G AIRLINE BAGGAGE HANDLIP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 2A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3M-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INTL. ARRIVALS PROCESSING
- 7B INTL. ARRIVALS OFFICE
- 7C INTL. ARRIVALS TOILET
- 7D INTL. ARRIVALS MESH
- J UNFURNISHED SPACE
- MJ NON-MANTORED SPACE

**MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT**

**TRM
DELTA**

**Area
CONCOURSE B**

D-114



1 SECOND FLOOR PLAN: BLUE/RED PARKING EXPANSION

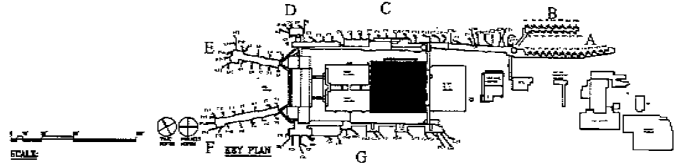


EXHIBIT J

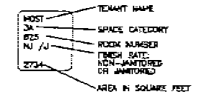
Date : JANUARY 1, 2019
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LEGEND

DAL



Metropolitan
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6040 28th Avenue So.
Minneapolis, MN 55450



Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TAG BOY
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONCESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL UNOCCUPIED SPACE (SHOWN HATCHED)
- 6
- 7A INTL ARRIVALS PROCESSING
- 7B INTL ARRIVALS OFFICE
- 7C INTL ARRIVALS TOILET
- 7D INTL ARRIVALS MCH
- J UNOCCUPIED SPACE
- NJ NON-WATERPROOFED SPACE

MINNEAPOLIS/ST. PAUL
INTERNATIONAL AIRPORT
This DELTA

Area
BLUE RED
PARKING SECOND LEVEL

EXHIBIT M
2019 Version

Metropolitan Airports Commission
Minneapolis-St. Paul International Airport
Indirect Cost Center Allocations

Cost Center	Indirect Cost Centers				
	Maintenance Labor(%)	Equipment Building_(%)	ARFF (%)	Police (%)	Administration (%) /1
Airfield	47.50	52.5	70.0	22.50	
Terminal One	17.25	1.5	20.0	18.00	
Terminal Apron	9.00	30.5			
Humphrey Terminal 2	4.00	1.0	2.5	5.00	
International Arrivals Facility	0.75		1.0	1.25	
Landside Area	11.50	8.0	2.5	30.25	
Other Areas	8.00	6.5	4.0	23.00	
Equipment Buildings	2.00				
Total	100.0	100.0	100.0	100.0	100.0

/1 The annual costs associated with Administration shall be allocated to each of the Airport Cost Centers according to the following calculation: (1) the ratio of (a) (i) the annual costs associated with a particular direct Airport Cost Center plus (ii) the annual amount allocated to such direct Airports Cost Center from the indirect Airport Cost Centers (other than Administration) to (b) the total annual cost of all Airport Cost Centers (other than Administration), times (2) the total annual costs for the Administration Airport Cost Center.

Example:

Terminal Building annual cost	\$ 10,000,000	
Indirect cost center allocations to Terminal Building:		
Maintenance labor	650,000	
Equipment buildings	50,000	
ARFF	200,000	
Police	1,000,000	
Subtotal	\$ 11,900,000	[A]
Total annual costs of all cost centers	\$ 80,000,000	[B]
Terminal Building share of total annual costs of all cost centers	14.9%	[C=A/B]
Administration annual costs	\$ 15,000,000	[D]
Terminal Building share of Administration annual costs	\$ 2,231,250	[C*D]

Metropolitan Airports Commission
Minneapolis-St. Paul International Airport
Indirect Cost Center Allocations

Cost Center	Indirect Cost Centers				
	Maintenance Labor(%)	Equipment Building_(%)	ARFF (%)	Police (%)	Administration (%) <u>/1</u>
Airfield	50.0	55.0	70.0	25.0	
Terminal One	20.0	2.0	20.0	25.0	
Terminal Apron	10.0	25.0			
Humphrey Terminal 2	6.0	1.0	3.0	8.0	
International Arrivals Facility	1.0		1.0	1.5	
Landside Area	10.0	12.0	2.0	20.5	
Other Areas	3.0	5.0	4.0	20.0	
Equipment Buildings					
Total	100.0	100.0	100.0	100.0	100.0

/1 The annual costs associated with Administration shall be allocated to each of the Airport Cost Centers according to the following calculation: (1) the ratio of (a) (i) the annual costs associated with a particular direct Airport Cost Center plus (ii) the annual amount allocated to such direct Airports Cost Center from the indirect Airport Cost Centers (other than Administration) to (b) the total annual cost of all Airport Cost Centers (other than Administration), times (2) the total annual costs for the Administration Airport Cost Center.

Example:

Terminal Building annual cost	\$ 10,000,000	
Indirect cost center allocations to Terminal Building:		
Maintenance labor	650,000	
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ARFF	200,000	
Police	1,000,000	
Subtotal	\$ 11,900,000	[A]
Total annual costs of all cost centers	\$ 80,000,000	[B]
Terminal Building share of total annual costs of all cost centers	14.9%	[C=A/B]
Administration annual costs	\$ 15,000,000	[D]
Terminal Building share of Administration annual costs	\$ 2,231,250	[C*D]

Metropolitan Airports Commission
Minneapolis St Paul International Airport
Illustration of Calculation of Rates for Rents, Fees and Charges
Calculation of Landing Fees

Article Reference		<u>201x</u>
VI.C.1	Direct Operation and Maintenance Expense	\$16,233,184
	Direct Debt Service	7,295,269
	Maintenance Labor Allocation	10,657,735
	Equipment Building Allocation	4,432,320
	Fire Allocation	6,649,950
	Police Allocation	4,366,093
	Administration Allocation	6,725,738
	Fine, Assessment, Judgement, Settlement	0
	Debt Service Reserve Fund Deposit	0
	Operation Reserve Account Deposit	0
	Coverage Account Deposit	0
	Landing Fee Repair and Replacement Amount	14,988,467
	Cost of Runway 17/35 Deferral	<u>79,535</u>
	Total Airfield Cost	\$71,428,291
	Less:	
VI.C.2	Service Fees	\$ (232,275)
	General Aviation and Non-Signatory Landing Fees	(995,000)
	Debt Service on Capital Costs Disapproved by a Majority-In-Interest of Signatory Airlines	<u>0</u>
	Total Adjustments	\$ (1,227,275)
	Net Airfield Cost	\$ 70,201,016
VI.C.3	Total Landed Weight of Signatory Airlines (1,000-lbs Units)	23,186,000
	Landing Fee Rate per 1,000 lbs	\$ <u>3.03</u>

Metropolitan Airports Commission
Minneapolis St Paul International Airport
Illustration of Calculation of Rates for Rents, Fees and Charges
Calculation of Terminal Apron Rates

Article Reference		<u>201x</u>
VI.D.1	Direct Operation and Maintenance Expense	\$ 273,645
	Direct Debt Service	10,931
	Maintenance Labor Allocation	2,019,360
	Equipment Building Allocation	2,574,967
	Administration Allocation	661,116
	Debt Service Reserve Fund Deposit	0
	Operation Reserve Account Deposit	0
	Coverage Account Deposit	0
	Ramp Fee Repair and Replacement Amount	868,234
	Concourse A and B Apron Deferral	<u>159,950</u>
	Total Terminal Apron Cost	\$ 6,568,203
VI.D2	Lineal Feet of Terminal Apron	11,001
	Terminal Apron Rate per Lineal Foot	<u>\$ 597.06</u>

Metropolitan Airports Commission
Minneapolis St Paul International Airport
Illustration of Calculation of Rates for Rents, Fees and Charges
Calculation of Terminal Building Rates, Fees and Charges (Janitored and Unjanitored Space)

<u>Article Reference</u>		<u>201x</u>
VI.E.1.a	Direct Operation and Maintenance Expense	\$ 45,643,223
	Direct Debt Service	25,806,918
	Maintenance Labor Allocation	3,870,440
	Equipment Building Allocation	126,638
	Fire Allocation	1,899,986
	Police Allocation	3,492,874
	Administration Allocation	10,954,248
	Debt Service Reserve Fund Deposit	0
	Operation Reserve Account Deposit	0
	Coverage Account Deposit	0
	Cost of Concourse A, B, C and D Deferral	<u>2,910,537</u>
	Total Terminal Building Cost	\$ 94,704,864
Less:		
VI.E.1.b	IAF Maintenance and Operations Expense	\$ (1,854,994)
	Ground Power	(974,701)
	Loading Dock	(2,108,485)
	Carrousel and Conveyors	0
	Concession Utilities	(1,554,996)
	Items in V1.K	(3,142,896)
	Janitorial Operation and Maintenance Expense	<u>(10,481,262)</u>
	Total Adjustments	\$ (20,117,334)
	Net Terminal Building Cost	\$ 74,587,530
VI.E.1c	Total Rentable Space	1,192,437
	Terminal Building Rental Rate per square foot for Unjanitored Space	<u>\$ 62.55</u>
	<u>Janitored Space Rate Calculation</u>	
VI.E.2	Total Direct Janitored Operation and Maint. Exp.	\$ 10,481,262
	Total Janitored Space /1	1,164,341
	Janitored Rate per square Foot	\$9.00
	Terminal Building Rental Rate per square foot for Unjanitored Space	<u>\$ 62.55</u>
	Terminal Building Rental Rate per square foot for Janitored space	<u>\$ 71.55</u>

/1 Excludes MAC and Mechanical Space

Metropolitan Airports Commission
Minneapolis St Paul International Airport
Illustration of Calculation of Rates for Rents, Fees and Charges
Calculation of Cost per Enplaned Passenger

	<u>Budget 2019</u>
Landing Fees-Signatory	\$ 70,201,016
Landing Fees-T2 Non-Signatory	45,000
Landing Fees-Commuter Non-Signatory	150,000
Ramp Fees-Signatory	6,568,203
Ramp Fees-T2 Non-Signatory	200,000
Airline Repair and Replacement	4,814,528
Terminal 1 Building Rentals	39,645,504
IAF Fees	3,981,832
Queue Line, MUFIDS, PA System, EE Screening	2,235,544
Gate Fee for E1 and B15	429,000
Baggage Maintenance Fee (including Carrousel & Conveyors)	1,550,000
Porter Service Fee-T1	310,000
T2 Lobby Fees	10,992,739
T2 FIS Surcharge	1,885,009
T2 Building Rentals	955,119
Revenue Sharing	<u>(16,181,148)</u>
 Total Costs	 \$ 127,782,346
 Enplaned Passengers	 18,700,000
 Airline Cost per Enplaned Passenger	 \$6.83

**Metropolitan Airports Commission
Minneapolis-St. Paul International Airport
Table of Initial Rentable Square Footage**

The table of initial rentable square footage presented below includes the amount and breakdown of rentable square footage as of January 1, 2019, which amount may change from time to time.

Rentable Square Footage										
<u>Type of Space</u>	<u>Lindbergh Terminal</u>	<u>HUB Building</u>	<u>G Concourse</u>	<u>F Concourse</u>	<u>E Concourse</u>	<u>D Concourse</u>	<u>C Concourse</u>	<u>B Concourse</u>	<u>A Concourse</u>	<u>Total</u>
Airline Space	52,260	1,509	32,720	47,585	26,071	17,314	97,722	2,163	10,542	287,886
Holdroom	--	--	34,572	34,324	26,564	12,238	49,674	10,488	11,317	179,177
Concession	101,756	946	35,049	20,828	12,984	9,070	26,605	3,571	5,877	216,686
Baggage Makeup	65,527	--	7,003	--	--	--	--	--	--	72,530
Tug Drive	44,105	--	--	--	--	--	--	--	--	44,105
Baggage Claim	38,476	--	--	--	--	--	--	--	--	38,476
Ticket Counter	8,736	--	--	--	--	--	--	--	--	8,736
Other*	<u>259,409</u>	<u>23,228</u>	<u>532</u>	<u>3,584</u>	<u>17,145</u>	<u>3,447</u>	<u>32,787</u>	<u>2,531</u>	<u>2,178</u>	<u>344,841</u>
Total	<u>570,269</u>	<u>25,683</u>	<u>109,876</u>	<u>106,321</u>	<u>82,764</u>	<u>42,069</u>	<u>206,788</u>	<u>18,753</u>	<u>29,914</u>	<u>1,192,437</u>

*Other includes non-airline space, other/unoccupied space, holdroom stairs, airline toilets, miscellaneous space and garage.

Metropolitan Airports Commission
 Minneapolis-St. Paul International Airport
 Maintenance Responsibility Matrix

EXHIBIT P

1/1/2019

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SPACE CATEGORY SPACE TYPE (Note 1)	TICKET (3)	AIRLINE (3)	*	MEZZ	OPERATIONS
	COUNTERS	OFFICES	HOLDROOMS	OFFICES	OFFICES
	E	E	P	E	E
RESPONSIBILITY (Note 2)					
<u>Interior Room</u>					
1. Custodial Service	T	O	M	O	O
2. Cleaning, painting, & repair of interior floor covering, walls, ceilings, windows, doors	M	T	M	T	T
3. Trash removal	T	T	M	T	T
4. Door locks & keys	M	M	M	M	M
5. Pest Extermination	M	M	M	M	M
6. Gate Hold Podium/Backwall/Airline Improvements	T	T	T	T	T
<u>Electrical & Lighting</u>					
1. Relamping	M	T	M	T	T
2. Replace ballasts	M	T	M	T	T
3. Replace fixtures	M	T	M	T	T
4. Repair of outlets & fixtures	M	T	M	T	T
<u>HVAC</u>					
1. Maint. & repair of internal distribution system	M	M	M	M	M
2. Conditioned air	M	M	M	M	M
3. Outlets	M	T	M	T	T
<u>Plumbing & Sewer System</u>					
1. Maintenance & Repair of internal distribution system	NA	T	NA	T	T
2. Maint. & Repair of fixtures and drains.	NA	T	NA	T	T
<u>Bag Make Up Devices</u>					
1. Maint & Repair of conveyors	T	NA	NA	NA	NA
2. Cleaning	T	NA	NA	NA	NA
<u>Bag Claim Devices</u>					
1. Maint. & Repair of carousels	M	NA	NA	NA	NA
2. Cleaning	M	NA	NA	NA	NA
<u>Elevators & Escalators</u>					
1. Maint. & Repair	NA	NA	NA	NA	NA
2. Cleaning	NA	NA	NA	NA	NA

* Please note VIII., Sec. A. #4a.

Metropolitan Airports Commission
 Minneapolis-St. Paul International Airport
 Maintenance Responsibility Matrix

EXHIBIT P

1/1/2019

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SPACE CATEGORY	TICKET (3)	AIRLINE (3)	*	MEZZ	OPERATIONS
	<u>COUNTERS</u>	<u>OFFICES</u>	<u>HOLDROOMS</u>	<u>OFFICES</u>	<u>OFFICES</u>
Structural & Exterior					
1. Roof	M	M	M	M	M
2. Exterior Walls	M	M	M	M	M
3. Foundation	M	M	NA	NA	M
4. Floors	M	T	T	T	T
5. Windows	NA	T	M	M	M
6. Public access Doors	NA	T	M	T	T
7. Bag cart o/h Doors	NA	NA	NA	NA	NA
8. Sidewalks	NA	NA	NA	NA	NA
NOTES:					
#1 Key to Space Type					
E= Exclusive Space					
C = Common Use Space					
M= MAC Space					
P = Public Space					
#2 Key to Responsibility					
T- Tenant (Airline or Concessionaire or Other)					
M- MAC					
O- Optional					
N/A- Not Applicable					
#3. Space Type in Auto Rental Building treated the same					

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* Please note VIII., Sec. A. #4a.

Metropolitan Airports Commission
 Minneapolis-St. Paul International Airport
 Maintenance Responsibility Matrix

EXHIBIT P

1/1/2019

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SPACE CATEGORY SPACE TYPE (Note 1)	OPERATIONS	BAG	BAG	CONCESSION	CIRCULATION (3)
	AREAS	MAKE UP	CLAIM		
	E	E	C	E	P
RESPONSIBILITY (Note 2)					
<u>Interior Room</u>					
1. Custodial Service	T	T	M	T	M
2. Cleaning, painting, & repair of interior floor covering, walls, ceilings, windows, doors	T	T	M	T	M
3. Trash removal	T	T	M	T	M
4. Door locks & keys	M	M	M	T	M
5. Pest Extermination	M	M	M	T	M
6. Gate Hold Podium/Backwall/Airline Improvements	T	T	T	T	T
<u>Electrical & Lighting</u>					
1. Relamping	T	T	M	T	M
2. Replace ballasts	T	T	M	T	M
3. Replace fixtures	T	T	M	T	M
4. Repair of outlets & fixtures	T	T	M	T	M
<u>HVAC</u>					
1. Maint. & repair of internal distribution system	M	M	M	M	M
2. Conditioned air	M	M	M	M	M
3. Outlets	T	M	M	T	M
<u>Plumbing & Sewer System</u>					
1. Maintenance & Repair of internal distribution system	T	T	M	T	M
2. Maint. & Repair of fixtures and drains.	T	T	M	T	M
<u>Bag Make Up Devices</u>					
1. Maint & Repair of conveyors	NA	T	NA	NA	NA
2. Cleaning	NA	T	NA	NA	NA
<u>Bag Claim Devices</u>					
1. Maint. & Repair of carousels	NA	NA	M	NA	NA
2. Cleaning	NA	NA	M	NA	NA
<u>Elevators & Escalators</u>					
1. Maint. & Repair	NA	NA	M	NA	M
2. Cleaning	NA	NA	M	NA	M

* Please note VIII., Sec. A. #4a.

Metropolitan Airports Commission
 Minneapolis-St. Paul International Airport
 Maintenance Responsibility Matrix

EXHIBIT P

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SPACE CATEGORY	OPERATIONS	BAG	BAG	CONCESSION	CIRCULATION (3)
	<u>AREAS</u>	<u>MAKE UP</u>	<u>CLAIM</u>		
Structural & Exterior					
1. Roof	M	M	NA	M	M
2. Exterior Walls	M	M	M	M	M
3. Foundation	M	M	M	M	M
4. Floors	T	T	M	T	M
5. Windows	T & M	T	M	T & M	M
6. Public access Doors	NA	NA	M	T	M
7. Bag cart o/h Doors	T	M	M	NA	NA
8. Sidewalks	NA	NA	M	NA	M
NOTES:					
#1 Key to Space Type					
E= Exclusive Space					
C = Common Use Space					
M= MAC Space					
P = Public Space					
#2 Key to Responsibility					
T- Tenant (Airline or Concessionaire or Other)					
M- MAC					
O- Optional					
N/A- Not Applicable					
#3. Space Type in Auto Rental Building treated the same					

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* Please note VIII., Sec. A. #4a.

Metropolitan Airports Commission
 Minneapolis-St. Paul International Airport
 Maintenance Responsibility Matrix

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 1/1/2019
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SPACE CATEGORY	REST (3)	MECH.(3)	MAC	TERMINAL	TUG
SPACE TYPE (Note 1)	<u>ROOMS</u>	<u>ROOMS</u>	<u>OFFICES</u>	<u>RAMP</u>	<u>DRIVE</u>
	P	M	M	P	C
RESPONSIBILITY (Note 2)					
<u>Interior Room</u>					
1. Custodial Service	M	M	M	NA	M
2. Cleaning, painting, & repair of interior floor covering, walls, ceilings, windows, doors	M	M	M	NA	M
3. Trash removal	M	M	M	T	M
4. Door locks & keys	M	M	M	NA	M
5. Pest Extermination	M	M	M	M	M
6. Gate Hold Podium/Backwall/Airline Improvements	T	NA	NA	T	T
<u>Electrical & Lighting</u>					
1. Relamping	M	M	M	M	M
2. Replace ballasts	M	M	M	M	M
3. Replace fixtures	M	M	M	M	M
4. Repair of outlets & fixtures	M	M	M	M	M
<u>HVAC</u>					
1. Maint. & repair of internal distribution system	M	M	M	NA	M
2. Conditioned air	M	M	M	NA	M
3. Outlets	M	M	M	NA	M
<u>Plumbing & Sewer System</u>					
1. Maintenance & Repair of internal distribution system	M	M	M	NA	M
2. Maint. & Repair of fixtures and drains.	M	M	M	NA	M
<u>Bag Make Up Devices</u>					
1. Maint & Repair of conveyors	NA	NA	NA	NA	T
2. Cleaning	NA	NA	NA	NA	T
<u>Bag Claim Devices</u>					
1. Maint. & Repair of carousels	NA	NA	NA	NA	NA
2. Cleaning	NA	NA	NA	NA	NA
<u>Elevators & Escalators</u>					
1. Maint. & Repair	NA	NA	NA	NA	NA
2. Cleaning	NA	NA	NA	NA	NA

* Please note VIII., Sec. A. #4a.

Month-To-Month Premises

The following premise will be leased on a month-to-month basis:

- Airline e-ticket machines, kiosks and cash-to-card machines
- EAS airline space
- Temporary use as a result of construction or other building alternation
- Temporary use for operational necessity

Month-to-month premises will be marked MTM on Exhibit J.

Short Term Gate Summary





The following is a summary of Terminal 1-Lindbergh Short Term Gates:

D1 (potential substitute B16)
D2
D3
D4
D5 (potential substitute B14)
D6
E2
E3
E6
E11

EXHIBIT V

Date : JANUARY 1, 2019
Page 1 of 3

LEGEND

-  TERMINAL BUILDING LEASED AREA
-  SHARED AREA
-  MTM LEASED AREA
-  SHORT TERM LEASE AREA



Metropolitan Airports Commission
6040 28th Avenue So.
Minneapolis, MN 55450

HOST	TENANT NAME
3A	SPACE CATEGORY
625	ROOM NUMBER
NJ / J	FINISH RATE, NON-JANITORED OR JANITORED
2734	AREA IN SQUARE FEET

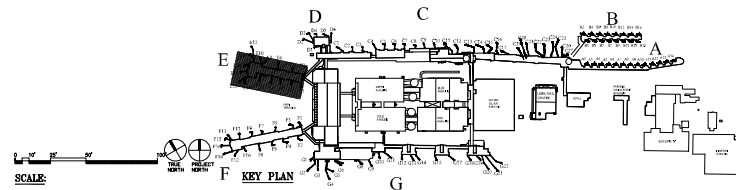
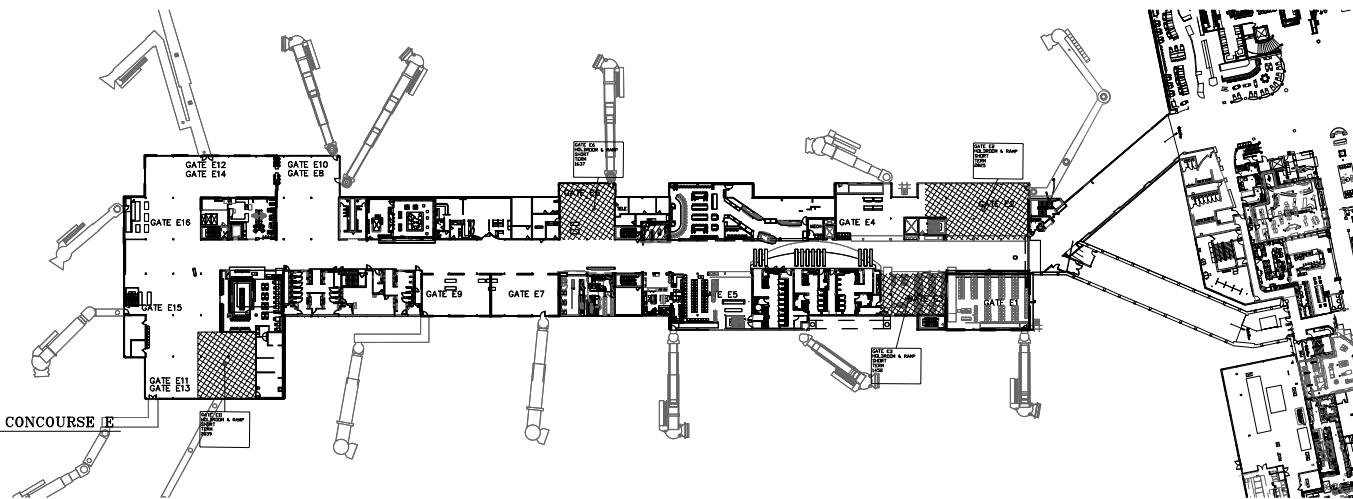
Space Category Key

1A	PUBLIC CIRCULATION
1B	PUBLIC LOUNGE
1C	PUBLIC TOILETS
2A	AIRLINE TICKET COUNTER
2B	AIRLINE AIRLINE SPACE
2C	AIRLINE BAGGAGE MAKEUP
2D	AIRLINE BAGGAGE CLAIM
2E	AIRLINE GATE LOBBY
2F	AIRLINE TUG DRIVE
2G	AIRLINE BAGGAGE MAKEUP COMMON
2H	AIRLINE TENANT COMMON USE
2J	AIRLINE MISC. SPACE
3A-F	NON-AIRLINE CONCESSION / FOOD & BEVERAGE
3G	NON-AIRLINE AUTO RENTAL FACILITIES
3H-V	NON-AIRLINE MISC. SPACE
4A-Z	NON-AIRLINE MISC. SPACE
5	MECHANICAL
6	UNOCCUPIED SPACE (SHOWN HATCHED)
7A	INT'L ARRIVALS PROCESSING
7B	INT'L ARRIVALS OFFICE
7C	INT'L ARRIVALS TOILET
7D	INT'L ARRIVALS MESH
J	JANITORED SPACE
NJ	NON-JANITORED SPACE

MINNEAPOLIS/ST. PAUL INTERNATIONAL AIRPORT
Title
TERMINAL BUILDING

Area
CONCOURSE E

FM112



D-130

D-131

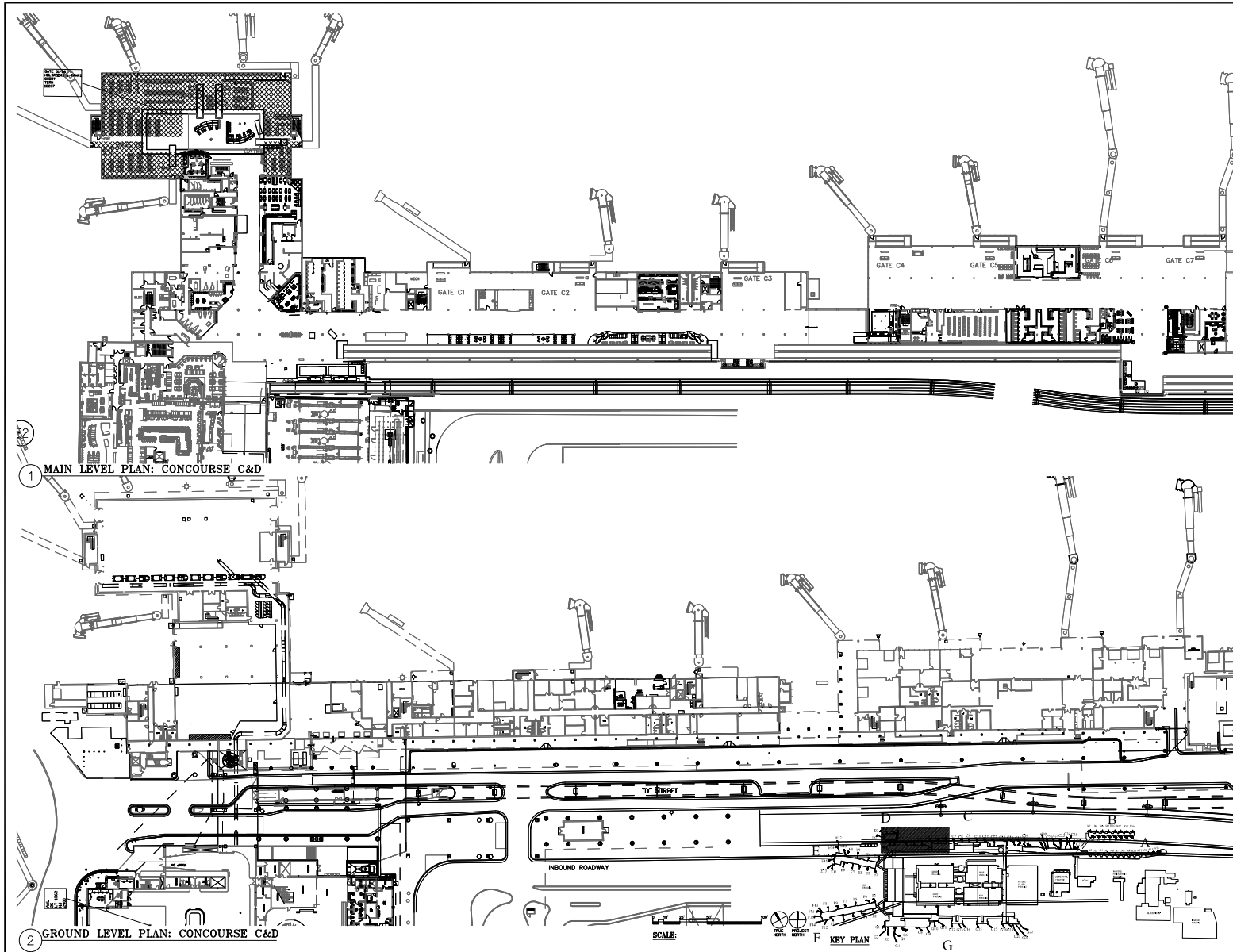


EXHIBIT V

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Page 2 of 3

LEGEND

- TERMINAL BUILDING
- LEASED AREA
- SHARED AREA
- MTM LEASED AREA
- SHORT TERM LEASE AREA



**Metropolitan
Airports
Commission**
6040 28th Avenue So.
Minneapolis, MN 55450

- HOST ————— TENANT NAME
- 3A ————— SPACE CATEGORY
- 625 ————— ROOM NUMBER
- NJ / J ——— FINISH RATE
- 2734 ——— NON-JANTITORED OR JANTITORED
- AREA IN SQUARE FEET

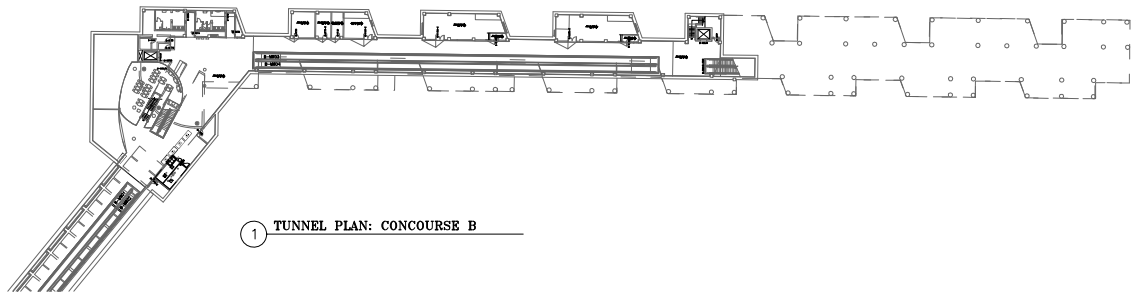
Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONFESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MECH
- J JANITORED SPACE
- NJ NON-JANITORED SPACE

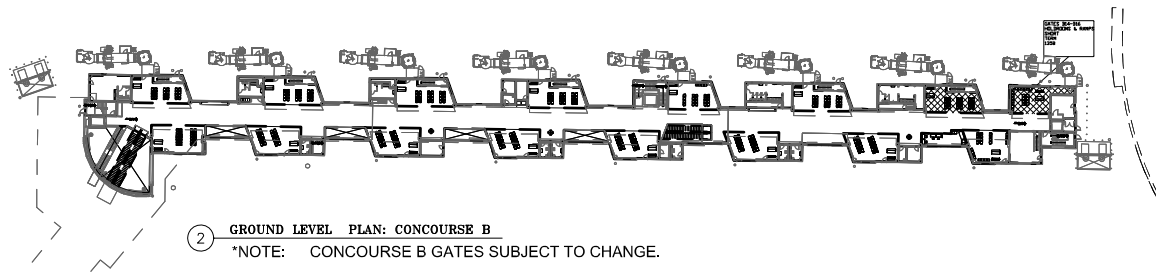
**MINNEAPOLIS / ST. PAUL
INTERNATIONAL AIRPORT**
Title
TERMINAL BUILDING

Area
CONCOURSE C & D

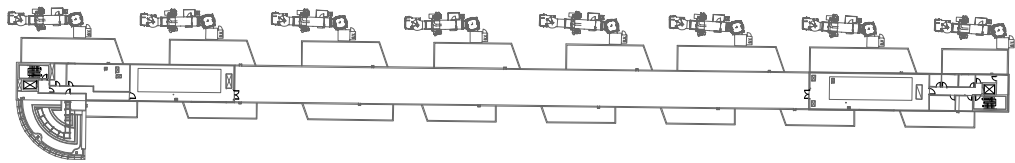
FM115



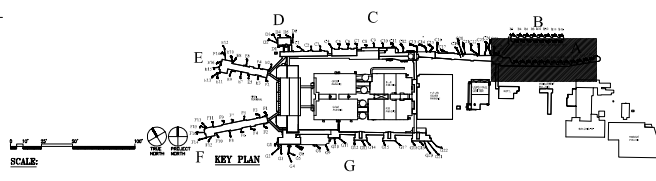
① TUNNEL PLAN: CONCOURSE B



② GROUND LEVEL PLAN: CONCOURSE B
*NOTE: CONCOURSE B GATES SUBJECT TO CHANGE.



③ PENTHOUSE PLAN: CONCOURSE B



SCALE:

EXHIBIT V

Date : JANUARY 1, 2019
Page 3 of 3

LEGEND

- TERMINAL BUILDING
- LEASED AREA
- SHARED AREA
- MTM LEASED AREA
- SHORT TERM LEASE AREA



**Metropolitan
Airports
Commission**
6040 28th Avenue So.
Minneapolis, MN 55450

- HOST — TENANT NAME
- 3A — SPACE CATEGORY
- 625 — ROOM NUMBER
- NJ / J — FINISH RATE
- 2734 — NON-JANTIRORED OR JANTIRORED
- AREA IN SQUARE FEET

Space Category Key

- 1A PUBLIC CIRCULATION
- 1B PUBLIC LOUNGE
- 1C PUBLIC TOILETS
- 2A AIRLINE TICKET COUNTER
- 2B AIRLINE AIRLINE SPACE
- 2C AIRLINE BAGGAGE MAKEUP
- 2D AIRLINE BAGGAGE CLAIM
- 2E AIRLINE GATE LOBBY
- 2F AIRLINE TUG DRIVE
- 2G AIRLINE BAGGAGE MAKEUP COMMON
- 2H AIRLINE TENANT COMMON USE
- 2J AIRLINE MISC. SPACE
- 3A-F NON-AIRLINE CONFESSION / FOOD & BEVERAGE
- 3C NON-AIRLINE AUTO RENTAL FACILITIES
- 3H-V NON-AIRLINE MISC. SPACE
- 4A-Z NON-AIRLINE MISC. SPACE
- 5 MECHANICAL
- 6 UNOCCUPIED SPACE (SHOWN HATCHED)
- 7A INT'L ARRIVALS PROCESSING
- 7B INT'L ARRIVALS OFFICE
- 7C INT'L ARRIVALS TOILET
- 7D INT'L ARRIVALS MECH
- J JANTIRORED SPACE
- NJ NON-JANTIRORED SPACE

**MINNEAPOLIS / ST. PAUL
INTERNATIONAL AIRPORT**
Title
TERMINAL BUILDING

Area
CONCOURSE B

Memorandum of Understanding For Ground Handling on Terminal 1 FIS Gates

This Memorandum of Understanding (“MOU”) is made the _____ day of _____, 20XX, between the Metropolitan Airports Commission, a public corporation of the State of Minnesota (“MAC”), _____ (insert airline name) authorized to do business in the State of Minnesota (“AIRLINE”), and Delta Air Lines, Inc., a Delaware corporation authorized to do business in the State of Minnesota (“Delta”).

WHEREAS, the parties to this MOU desire to establish the terms and conditions by which AIRLINE permitted to contract with a 3rd party for the provision of ground handling services while operating from Terminal 1 of the Minneapolis-St. Paul International Airport (“Airport”).

NOW, THEREFORE, in consideration of the foregoing and mutual promises and covenants set forth, the parties hereby agree as follows:

1. Background Information

AIRLINE has requested from MAC the ability to contract with a 3rd party ground handling company (“Ground Handling Company”) for the provision of below-wing ground handling services for its international operations which occur on Gates G1-G10 of Terminal 1 (the “Gates”).

1. Airline Operating Agreement & Terminal Building Lease

Pursuant to the Airline Operating Agreement and Terminal Building Lease (“Airline Agreement”) that both AIRLINE and Delta have separately entered into with the MAC, Airlines operating on the Gates have the option to either self-handle or utilize Delta for below-wing ground handling services. However, MAC, AIRLINE, and Delta would like to establish alternate terms and conditions by which AIRLINE is permitted to contract with a Ground Handling Company for the provision of below-wing ground handling services at the Gates without amending the Airline Agreement.

3. Effective Date & Term

The effective date of this MOU shall be _____.

This MOU is terminable by any party providing 90 days advance written notice to the other two parties in accordance with this MOU.

4. MAC Commitments

- A. Ensure the Ground Handling Company selected by AIRLINE executes and adheres to all of the requirements of MAC’s Limited Commercial Services License. This License establishes the insurance, indemnification, environmental, and financial requirements for operating at the Airport consistent with AIP grant assurances.
- B. Assist AIRLINE and Delta with ensuring the Ground Handling Company operates within the parameters established by this MOU and the Limited Commercial Services License.
- C. Assist with ensuring AIRLINE is provided access to FIS accessible gates in accordance with the Airline Agreement.
- D. In the event an aircraft is not able to depart the gate within the two hour limit for narrow-body aircraft and the three hour limit for wide-body aircraft identified in Section 5.D. and Delta is requiring use of the gate, MAC shall to the best of its ability assist AIRLINE in relocation of the aircraft to either another gate location designated by Delta or to a remote parking area designated by MAC or MAC’s agent.
- E. Establish ticket counters for AIRLINE and the Ground Handling Company independent of ticket counters occupied by Delta.

5. AIRLINE Commitments

- A. Provide in advance Delta and MAC with AIRLINE's schedule on a monthly basis and the specific time in advance of the aircraft arrival that AIRLINE requests the Ground Handling Company to be allowed to stage equipment on the Delta designated gate. In most cases, Gate TBD shall be the gate designated by Delta; however this gate assignment is subject to change by Delta based on the operating conditions of any given day.
- B. Provide Delta with as much notice as possible of aircraft arrival and departure time changes that occur for various reasons on a day-to-day basis to ensure proper access to gates and the FIS bag room.
- C. To the best of AIRLINE's ability, ensure only ground handling equipment incidental to the servicing of its aircraft operations may be positioned on the ramp adjacent to the applicable gate. Equipment may be staged on the gate no more than 20 minutes in advance of aircraft arrival and must be removed promptly upon departure of the aircraft.
- D. To the best of AIRLINE's ability, ensure its aircraft does not remain on the gate after arrival any longer than two hours for narrow-body aircraft and three hours for wide-body aircraft. In the event an aircraft is not able to depart the gate within the applicable two or three hour limit and Delta is requiring use of the gate, AIRLINE shall relocate the aircraft to either another gate location designated by Delta or to a remote parking area designated by MAC or MAC's agent. AIRLINE shall be responsible for the cost of parking its aircraft on another gate designated by Delta or within a remote parking area designated by MAC.
- E. AIRLINE assumes responsibility for its above-wing operations through use of AIRLINE's employees or a 3rd party handler.
- F. AIRLINE shall secure ticket counter and outbound baggage areas from MAC and shall be responsible for all costs relating to the use of or construction of such areas.
- G. AIRLINE shall pay MAC all fees related to its use of a gate and the FIS facility as required by the Airline Agreement.
- H. In the event Airline exercises its rights pursuant to Section III.C.3 of the Agreement, AIRLINE agrees to indemnify, defend, save and hold harmless MAC and Delta and their respective Commissioners, officers, and employees (collectively, "Indemnitees") from and against any and all liabilities, losses, damages, suits, actions, claims, judgments, settlements, fines or demands of any person other than an Indemnitee arising by reason of injury or death of any person, or damage to any property, including all reasonable costs for investigation and defense thereof (including but not limited to attorneys' fees, court costs, and expert fees), of any nature whatsoever arising out of or incident to the use or occupancy of, or operations of AIRLINE at or about the Gates unless such injury, death or damage is caused by (i) the negligent act or omission of an Indemnitee whether separate or concurrent with negligence of others, including AIRLINE. MAC and Delta shall give AIRLINE reasonable notice of any such claims or actions. In indemnifying or defending MAC and Delta, AIRLINE shall use legal counsel reasonably acceptable to MAC and Delta and shall control the defense of such claim or action.

6. Delta's Commitments

- A. AIRLINE will have gate access in accordance with Article III.C. of the Airline Agreement.
- B. To the best of Delta's ability, the gate designated for AIRLINE's operation shall be clear of Delta's equipment and accessories 30 minutes in advance of the AIRLINE's scheduled arrival.
- C. To the best of Delta's ability, neither Delta nor its equipment shall prevent the Ground Handling Company from reasonable use of and access to the FIS bag room in accordance with this MOU.

7. Notices

All notices and other communications under this Agreement shall be effective two (2) business days after deposit with the United States Postal Service, first class, postage prepaid, or when hand delivered or transmitted by Email, and shall be in writing and addressed to the parties at the following addresses:

To Delta: Delta Air Lines, Inc.
 1030 Delta Blvd.
 Atlanta, GA 30320
 Email: hank.moody@delta.com

To AIRLINE: _____

To MAC: Metropolitan Airports Commission
 6040 28th Avenue South
 Minneapolis, MN 55450
 Attn: Director, Commercial Management & Airline Affairs

Either party may change the address at which notice is to be made by providing notice of the change to the other party, in writing, in the manner provided for in this Section 6.

8. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

9. Integration; Amendment and Modification

This Agreement embodies the entire agreement between the parties hereto relative to the subject matter hereof and shall not be modified, changed or altered in any respect except in writing.

10. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one agreement.

EXHIBIT Y

Alternate Rate Structure

Pursuant to Section VI.J of the Agreement, in the event that MAC elects to exercise its rights under that section, MAC shall use the “Alternate Section V.B.” and “Alternate Article VI” below to calculate rates and charges. Capitalized terms in this Exhibit Y shall have the meanings given to them in the Agreement.

ALTERNATE SECTION V.B. RENTS, FEES, AND CHARGES

B. RENTS, FEES, AND CHARGES

1. **Landing Fees.** AIRLINE shall pay to MAC monthly landing fees to be determined by multiplying the number of 1,000-pound units of AIRLINE’s Total Landed Weight during the month by the then-current landing fee rate. The landing fee rate shall be calculated according to procedures set forth in Article VI.
2. **Common Use Space Charges.** AIRLINE shall pay for its use of the Common Use Space, calculated according to procedures set forth in Article VI.
3. **Terminal Apron Fees.** AIRLINE shall pay to MAC monthly Terminal Apron fees to be determined by multiplying the number of lineal feet of Terminal Apron Preferential Use Space that is leased to AIRLINE (excluding Concourses A and B) during the month by the then-current Terminal Apron rate. AIRLINE shall pay to MAC monthly Terminal Apron fees associated with the Terminal Apron Preferential Use Space that is leased to AIRLINE for Concourses A and B shall be determined by multiplying the number of lineal feet at the rate of fifty percent (50%) of the lineal feet associated with the Terminal Apron of Concourses A and B during the month by the then-current Terminal Apron rate. The Terminal Apron rate shall be calculated according to the procedures set forth in Article VI hereof.
4. **Terminal 1 Building Rents.** AIRLINE shall pay to MAC monthly Terminal 1 rentals for its Exclusive Use Space (janitored and unjanitored), Preferential Use Space and Joint Use Space in Terminal 1. The Terminal 1 rental rates shall be calculated according to procedures set forth in Article VI.

Terminal 1 rentals for Joint Use Space (except the IAF) shall be prorated among Signatory Airlines using the Joint Use Formula.

Terminal 1 rentals for Preferential Use Space and Exclusive Use Space shall be determined by multiplying the square feet of the space times the then current Terminal 1 rental rate in accordance with the procedures of Article VI.
5. **Carrousel and Conveyor Charges.** AIRLINE shall pay to MAC monthly carrousel and conveyor charges based upon Operation and Maintenance Expenses and direct depreciation and interest costs. The carrousel and conveyor charges shall be calculated according to the procedures set forth in Article VI and shall be prorated among Signatory Airlines using the Joint Use Formula, provided however, that as long as DELTA operates and maintains the Inbound BHS and Outbound BHS, such costs incurred by DELTA will be charged to AIRLINE as specified in Sections VIII.C and VIII.D.
6. **IAF Gate Fees.** If AIRLINE does not lease the applicable IAF gate as Preferential Use Space, AIRLINE shall pay to MAC monthly IAF gate fees determined by multiplying the number of arrivals at the IAF by AIRLINE’s propeller aircraft, narrow-body jet aircraft, and wide-body jet aircraft by \$400, \$800, and \$1,200,

respectively. MAC may reasonably increase these rates at any time with 60 day advance written notice to AIRLINE.

7. **IAF Use Fees.** AIRLINE shall pay to MAC monthly IAF use fees determined by multiplying the number of AIRLINE's international passengers arriving at the IAF during the month by the IAF use fee rate. The IAF use fee rate shall be calculated according to procedures set forth in Article VI.
8. **Other Fees and Charges.** AIRLINE shall pay to MAC reasonable fees for the various other services provided by MAC to AIRLINE. These services include, but may not be limited to, the following:
 - a. Use of Terminal 2 and the Terminal 2 ramp at rates established from time to time by MAC.
 - b. Use of valet parking for AIRLINE's employees at rates set forth in MAC Policies.
 - c. Use of designated employee parking facilities by AIRLINE's employees at rates established from time to time by MAC.
 - d. Nonroutine Terminal Apron cleaning and other special services requested by AIRLINE at rates that reflect the costs incurred by MAC.
 - e. Security and personnel identification badges for AIRLINE's personnel at rates established from time to time by MAC.
 - f. Charges for the cost of separately metered water and sewer and other such utilities not otherwise included in the calculation of rents, fees, and charges.
 - g. Other charges as described in Section VI.M.
 - h. Other charges as described in Section VI.K.

ALTERNATE ARTICLE VI. CALCULATION OF RENTS, FEES, AND CHARGES

A. GENERAL

Each Fiscal Year, rents, fees, and charges will be reviewed and recalculated based on the principles and procedures set forth in this Article VI. The annual costs associated with each of the indirect cost centers shall be allocated to each of the applicable Airport Cost Centers based on the allocations as set forth in Exhibit M, Indirect Cost Center Allocation, which allocations may be reasonably adjusted from time to time by MAC and approved by a Majority-In-Interest of Signatory Airlines. Such approval may not be unreasonably withheld. Such allocation adjustment shall be deemed approved by a Majority-In-Interest of Signatory Airlines unless MAC receives, within forty-five (45) days after emailing or mailing such allocation adjustment: (a) written responses from a Majority-In-Interest of Signatory Airlines and such responses signify that a Majority-In-Interest of Signatory Airlines disapprove of such allocation adjustment or (b) a certificate from the chair of the MSP Airport Affairs Committee stating such disapproval, with supporting documentation establishing that a Majority-In-Interest of Signatory Airlines disapprove of such allocation adjustment.

B. CALCULATION/COORDINATION PROCEDURES

1. AIRLINE shall provide to MAC: (a) on or before August 1 of each year a preliminary estimate of Total Landed Weight for the succeeding calendar year of AIRLINE and each Affiliated Airline, unless separately reported to MAC by such Affiliated Airline;

and (b) on or before October 1 of each year a final estimate of such weight. If the final estimate is not so received, MAC may continue to rely on the preliminary estimate for the MAC budgeting process. MAC will utilize the forecast in developing its preliminary calculation of Total Landed Weight for use in the calculation of rents, fees, and charges for the ensuing Fiscal Year.

2. On or before October 15 of each Fiscal Year, MAC shall submit to AIRLINE a preliminary calculation of rents, fees, and charges for the ensuing Fiscal Year. The preliminary calculation of rents, fees, and charges will include, among others, MAC's estimate of all revenue items, Operation and Maintenance Expenses, depreciation and imputed interest, Capital Outlays, required deposits, including amounts necessary to be deposited in the Coverage Account in order to meet MAC's rate covenant under the Trust Indenture, and Rentable Space. The calculation of depreciation and imputed interest will be based on MAC's determination of the useful life of each asset and the weighted average cost of capital, respectively, under generally accepted accounting principles, except that unless specifically prohibited by generally accepted accounting principles applicable to a particular project, (a) Terminal 1 projects involving building or structural changes added to the rate calculation after January 1, 1999 and which would otherwise have been depreciated over 20-25 years shall be depreciated over 30 years, and (b) ramp and runway projects involving replacement concrete or ramp work added to the rate calculation after January 1, 1999 and which would otherwise have been depreciated over 20-25 years shall be depreciated over 30 years.
3. Within fifteen (15) days after receipt of the preliminary calculation of rents, fees, and charges, if requested by the Signatory Airlines, a meeting shall be scheduled between MAC and the Signatory Airlines to review and discuss the proposed rents, fees, and charges.
4. MAC shall then complete a calculation of rents, fees, and charges at such time as the budget is approved, taking into consideration the comments or suggestions of AIRLINE and the other Signatory Airlines.
5. If, for any reason, MAC's annual budget has not been adopted by the first day of any Fiscal Year, the rents, fees, and charges for the Fiscal Year will initially be established based on the preliminary calculation of rents, fees, and charges until such time as the annual budget has been adopted by MAC. At such time as the annual budget has been adopted by MAC, the rents, fees, and charges will be recalculated, if necessary, to reflect the adopted annual budget and made retroactive to the first day of the Fiscal Year and any difference shall be charged, credited, or refunded to AIRLINE and paid or credit by AIRLINE or MAC, as applicable, within thirty (30) days thereafter.
6. If, during the course of the year, MAC believes significant variances exist in budgeted or estimated amounts that were used to calculate rents, fees, and charges for the then current Fiscal Year, MAC may after notice to Airlines adjust the rents, fees, and charges for future reports to reflect current estimated amounts.

C. LANDING FEES

MAC shall calculate the landing fee rate in the following manner:

1. The total estimated Airfield Cost shall be calculated by totaling the following annual amounts:

- a. The total estimated direct and allocated indirect Operation and Maintenance Expenses allocable to the Airfield cost center.
 - b. The estimated direct and allocated indirect depreciation and imputed interest on the net Capital Cost (after grants and PFCs) allocable to the Airfield cost center. MAC agrees to defer the start of recovery through landing fees of depreciation and imputed interest on \$49.683 million of project costs included in the Runway 17/35 Program from their original date of beneficial occupancy to 2006. Carrying costs for such projects during this deferral period shall be calculated with the amount added to the original project cost (which, if debt funded, includes the allocated portion of capitalized interest, debt service reserve funds, issuance costs, and other such cost elements related to such debt) for recovery through the project's depreciation and imputed interest calculations starting in 2006. Depreciation and imputed interest on these projects shall be recovered over the depreciation periods set forth in Section VI.B.2.
 - c. The estimated imputed interest (net of grants and PFCs) on the historical cost of MAC's investment in land.
 - d. The total estimated direct and allocated indirect cost (net of grants and PFCs) of Capital Outlays allocable to the Airfield cost center.
 - e. The amount of any fine, assessment, judgment, settlement, or extraordinary charge (net of insurance proceeds) paid by MAC in connection with the operations on the Airfield, to the extent not otherwise covered by Article X.
 - f. The amounts required to be deposited to funds and accounts pursuant to the terms of the Trust Indenture, including, but not limited to, its debt service reserve funds allocable to the Airfield cost center. MAC agrees to exclude from the calculation of landing fees the amounts which it may deposit from time to time to the maintenance and operation reserve account and the Coverage Account established and maintained pursuant to the Trust Indenture except for such amounts which are necessary to be deposited to the Coverage Account in order for MAC to meet its rate covenant under the Trust Indenture.
2. The total estimated Airfield Cost shall be adjusted by the total estimated annual amounts of the following items to determine the Net Airfield Cost:
 - a. Service fees received from the military, to the extent such fees relate to the use of the Airfield;
 - b. General aviation and nonsignatory landing fees; and
 - c. Depreciation and imputed interest on the Capital Cost, if any, disapproved by a Majority-In-Interest of Signatory Airlines.
 3. The Net Airfield Cost shall then be divided by the estimated Total Landed Weight (expressed in thousands of pounds) of the Signatory Airlines operating at the Airport to determine the landing fee rate per 1,000 pounds of aircraft weight for a given Fiscal Year.

D. TERMINAL APRON FEES

MAC shall calculate the terminal apron rate in the following manner:

1. The total estimated Terminal Apron Cost shall be calculated by totaling the following annual amounts:
 - a. The total estimated direct and allocated indirect Operation and Maintenance Expenses allocable to the Terminal Apron cost center.
 - b. The estimated direct and allocated indirect depreciation and imputed interest on the net Capital Cost (after grants and PFCs) allocable to the Terminal Apron cost center (excluding hydrant fueling repairs and modifications).
 - c. The total estimated direct and allocated indirect cost (net of grants and PFCs) of Capital Outlays allocable to the Terminal Apron cost center.
 - d. The amounts required to be deposited to funds and accounts pursuant to the terms of the Trust Indenture, including, but not limited to, its debt service reserve funds allocable to the Airfield cost center. MAC agrees to exclude from the calculation of landing fees the amounts which it may deposit from time to time to the maintenance and operation reserve account and the Coverage Account established and maintained pursuant to the Trust Indenture except for such amounts which are necessary to be deposited to the Coverage Account in order for MAC to meet its rate covenant under the Trust Indenture.
2. The Terminal Apron Cost shall then be divided by the total estimated lineal feet of Terminal Apron, to determine the terminal apron rate per lineal foot for a given Fiscal Year. For the purposes of this calculation, lineal feet of Terminal Apron shall be computed as the sum of the following:
 - a. Lineal feet of the Terminal Apron (excluding the Terminal Apron associated with Concourses A & B); and
 - b. Fifty percent (50%) of lineal feet of the Terminal Apron associated with Concourse A & B.

E. TERMINAL 1 RENTS

MAC shall calculate the Terminal 1 rental rate for unjanitored and janitored space in Terminal 1 as set forth in Subsections 1 and 2 of this Section.

1. MAC shall calculate the Terminal 1 rental rate for unjanitored space in Terminal 1 in the following manner and as illustrated in Exhibit N.
 - a. The total estimated Terminal Building Cost shall be calculated by totaling the following annual amounts:
 - 1) The total estimated direct and allocated indirect Operation and Maintenance Expenses allocable to the Terminal 1 cost center.
 - 2) The estimated direct and allocated indirect depreciation and imputed interest on the net Capital Cost (after grants and PFCs) allocable to the Terminal 1 cost center. MAC agrees to defer the start of recovery through Terminal 1 rents of depreciation and imputed interest on \$121.574 million of project costs included in the Green Concourse Extension Program from their original date of beneficial occupancy to 2006. Carrying costs for such projects

during this deferral period shall be calculated with the amount added to the original project cost (which, if debt funded, includes the allocated portion of capitalized interest, issuance costs, and other such cost elements related to such debt) for recovery through the project's depreciation and imputed interest calculations starting in 2006. Depreciation and imputed interest on these projects shall be recovered over the depreciation periods set forth by in Section VI. B. 2.

- 3) The total estimated direct and allocated indirect cost (net of grants and PFCs) of Capital Outlays allocable to the Terminal 1 cost center.
 - 4) The amounts required to be deposited to funds and accounts pursuant to the terms of the Trust Indenture, including, but not limited to, its debt service reserve funds allocable to the Airfield cost center. MAC agrees to exclude from the calculation of landing fees the amounts which it may deposit from time to time to the maintenance and operation reserve account and the Coverage Account established and maintained pursuant to the Trust Indenture except for such amounts which are necessary to be deposited to the Coverage Account in order for MAC to meet its rate covenant under the Trust Indenture.
- b. The total estimated Terminal Building Cost shall be reduced by the total estimated annual amounts of the following items to determine the Net Terminal Building Cost:
- 1) Reimbursed expense:
 - a) IAF Operation and Maintenance Expenses;
 - b) Carrousel and conveyor Capital cost and Operation and Maintenance Expense;
 - c) Ground power;
 - d) Loading dock;
 - e) Concession utilities, and
 - f) Items described in Section VI.K and VI.M. to the extent directly reimbursed.
 - 2) Janitorial Operation and Maintenance Expenses, as incurred by MAC.
- c. The Net Terminal Building Cost shall then be divided by the total estimated Rentable Space in the Terminal 1 to determine the Terminal 1 rental rate per square foot for unjanitored space for a given Fiscal Year. (See Initial Rentable Square Footage, Exhibit O).
2. MAC shall calculate the Terminal 1 rental rate for janitored space by totaling the following rates:

- a. The Terminal 1 rental rate per square foot for unjanitored space for a given Fiscal Year, as calculated in this Section; and
- b. An additional rate per square foot, the janitored rate, calculated by dividing the total estimated direct janitorial Operation and Maintenance Expenses, as determined by MAC, by the total janitored space in the Terminal 1 (excluding MAC and mechanical space).

F. CARROUSEL AND CONVEYOR CHARGE

- 1. MAC shall calculate the carrousel and conveyor charge, by totaling the following annual amounts: equipment charges associated with the carrousel and conveyor, including annual depreciation and imputed interest, Operation and Maintenance Expense, and service charge.
- 2. MAC shall prorate the carrousel and conveyor charge among the Signatory Airlines using the Joint Use Formula.
- 3. Notwithstanding anything herein to the contrary, so long as DELTA operates and maintains the Inbound BHS and Outbound BHS, such costs incurred by DELTA will be charged to AIRLINE as specified in Sections VIII.C and VIII.D.

G. IAF USE FEES

The IAF use fee for use of the IAF and any associated gates shall be based upon:

- 1. The cost of the maintenance and operation of the International Arrivals Facility which may include, but is not limited to:
 - a. utilities;
 - b. cleaning;
 - c. maintenance (including the costs of maintaining the security equipment that existed as of April 1998), repair and replacement cost allocation;
 - d. police, fire, and administrative cost allocation;
 - e. costs of providing passenger baggage carts, if any;
 - f. costs of providing staff parking for federal inspections agency staff; and
 - g. \$35,064 per month for recoupment for lost rental area in the G Concourse.
- 2. Costs associated with the operation of dual international arrivals facility locations at the Airport, based on the appropriate allocation of costs between the two facilities, not otherwise funded by the federal inspections agencies including, but not limited to additional personnel and equipment used by those agencies; and
- 3. Excess construction and financing costs, if any.

Each Fiscal Year, the IAF use fee shall be calculated by first summing the budgeted costs for items (1) through (4) above and then dividing by total estimated passengers arriving at the IAF. AIRLINE shall be billed for IAF use fees monthly, and such use fees shall be set annually at an estimated charge through MAC's budget process and then adjusted at year end for actual costs and actual passengers arriving at the IAF pursuant to certified audit by MAC's external auditors and such difference shall be charged, refunded, or credited to AIRLINE and paid or credited by AIRLINE or MAC within thirty (30) days thereafter.

On a monthly basis for compensation for use of gates G1-G10 for scheduled international aircraft arrivals, MAC shall pay DELTA, \$400, \$800 and \$1,200, for each arrival by, respectively, propeller aircraft, narrow-body jet aircraft or wide-body aircraft at the IAF. MAC may reasonably increase these rates at any time with 60 day advance written notice to DELTA.

H. YEAR-END ADJUSTMENTS OF RENTS, FEES, AND CHARGES

1. As soon as practical following the close of each Fiscal Year, but in no event later than July 1, MAC shall furnish AIRLINE with an accounting of the costs actually incurred and revenues and credits actually realized during such Fiscal Year with respect to each of the components of the calculation of the rents, fees, and charges calculated pursuant to this Section broken down by rate making Cost Center.
2. In the event AIRLINE's rents, fees, and charges billed during the Fiscal Year exceed the amount of AIRLINE's rents, fees, and charges required (as recalculated based on actual costs and revenues), such excess shall be refunded or credited to AIRLINE.
3. In the event AIRLINE's rents, fees, and charges billed during the Fiscal Year are less than the amount of AIRLINE's rents, fees, and charges required (as recalculated based on actual costs and revenues), such deficiency shall be charged to AIRLINE in a supplemental billing.
4. This section does not apply to Common Use Space charges. This provision shall survive an expiration or termination of this Agreement.

I. [INTENTIONALLY OMITTED]

J. [INTENTIONALLY OMITTED]

K. AIRLINE SERVICES PROVIDED BY MAC IN TERMINAL 1

1. SCOPE AND COSTS

In accordance with the terms of this Section VI.K, AIRLINE agrees to reimburse MAC for providing the services described in this Section that generally benefit the Signatory Airlines using Terminal 1 or that primarily benefit AIRLINE. Except as and to the extent set forth in Section VI.K.4. below, MAC is under no obligation to provide any of these airline services. However, if MAC agrees to provide the services it shall charge AIRLINE as specified in this Section VI.K.

2. EXISTING SERVICES

For existing services historically provided by Airlines, the costs of providing such services will be recovered by MAC as follows: (a) if the services generally benefit the Airlines utilizing Terminal 1, the costs will be assessed using the Joint Use Formula; or (b) if the services primarily benefit a limited number of Airlines utilizing Terminal 1, MAC will directly bill those Airlines benefiting from the services their pro rata share based on Enplaned Passengers.

These airline services include but are not limited to porter services, security line management services, and technology related services such as flight information displays, ticket counter back wall monitors, and content management systems (but

exclude future services, Employee Screening services, and services addressed elsewhere in this Agreement), the costs of which are not otherwise included in and recovered through the other rents, fees and charges assessed under this Article VI. Additionally, these airline services shall also include security costs for law enforcement officers within the ticketing or baggage claim or concourse areas of Terminal 1 to the extent these law enforcement officers are specifically requested by one or more Signatory Airlines and are in addition to the law enforcement officers MAC typically provides.

3. FUTURE SERVICES

For future related airline services provided by MAC, AIRLINE shall reimburse MAC for the costs of such services in the manner described in Section VI.K.2, unless such costs are disapproved by a Majority-In-Interest of the Terminal 1 Signatory Airlines in accordance with the procedures in Section VII.B.1. Majority-In-Interest review shall not be required any services that primarily benefit a limited number of Airlines if those Airlines agree to pay for and be directly billed for those services.

4. TERMINAL 1 AIRLINE EMPLOYEE SCREENING

Effective January 1, 2019, MAC shall begin performing (through a 3rd party contractor) the screening of AIRLINE's and its contractors' and subcontractors' employees who enter secure areas from within Terminal 1 ("Employee Screening."). This does not include AIRLINE employees entering secure, SIDA, or AOA areas from outside Terminal 1 such as the Airfield gates or other buildings at the Airport. The indemnification obligations of AIRLINE set forth in Section IX.A shall apply to this Section. MAC shall have sole and absolute discretion establishing Employee Screening locations and, subject to fulfilling its obligations in this Section, MAC makes no guarantee that existing AIRLINE or MAC screening locations will continue to be operated or available for screening functions; provided, however, that such locations shall be sufficient to perform the Employee Screening in a timely manner. Should MAC elect not to provide Employee Screening at an existing AIRLINE operated Employee Screening location, AIRLINE may continue to provide Employee Screening for its own employees and contractors at its own cost and expense at such location, provided that MAC may require such location to be closed at any time, in MAC's sole discretion, and AIRLINE may elect to close such location at any time. Employee Screening will be performed at locations that screen employees of other tenants, contractors, and subcontractors at the Airport and/or MAC's and its contractors' and subcontractors' employees. At any time, MAC may elect to transfer responsibility for Employee Screening to the Transportation Security Administration (or successor agency) if and to the extent the Transportation Security Administration (or successor agency) is willing to assume such responsibility, and AIRLINE shall reasonably cooperate with MAC to facilitate such move. Any expense MAC incurs for Employee Screening attributed to Signatory Airlines will be prorated among the Signatory Airlines using the Joint Use Formula and AIRLINE's proportionate share shall be billed to AIRLINE directly. MAC may, upon 365 days' advance notice to AIRLINE, stop performing Employee Screening.

L. TERMINAL 1 COMMON USE SPACE CHARGES

Use of and charges for Common Use Space in Terminal 1 shall be governed under a Memorandum of Understanding between MAC and any Airline that desires to use such Common Use Space at Terminal 1. AIRLINE agrees that such Memorandum of Understanding will be superseded and no longer in effect if a MAC Ordinance and/or Rules or Regulations are adopted that governs use of and charges for Common Use Space at Terminal 1.

M. MAC-OWNED SYSTEMS AND EQUIPMENT AND UTILITIES INSURANCE COSTS

MAC may seek to procure certain insurance policies, additional coverages and/or additional limits for the benefit of MAC and/or Airlines that insure against losses incurred by MAC and/or Airlines related to the failure or outage of MAC-Owned Systems and Equipment and/or the failure or outage of utilities or services described in Section VIII.A.4 (such as power, water, gas, fiber, HVAC, etc.). In connection with such procurement, upon AIRLINE's timely request, AIRLINE shall have the opportunity to participate in the procurement and review of any such insurance policies (including the continuation of policies not yet in place as of the effective date of this Agreement if premiums will increase by more than 10%), and MAC shall consider, in good faith, AIRLINE's comments, position, and concerns regarding such procurement. If any such policies are procured, AIRLINE shall reimburse MAC for premiums and other related costs of such insurance policies in the manner described below, unless such insurance policies are disapproved by a Majority-In-Interest of Signatory Airlines in accordance with the procedures in Section VII.B.1 and as modified below, in which case MAC may still elect to procure such insurance policies, but may not charge such insurance premium costs directly to Airlines, but such insurance premium costs will be reasonably allocated by MAC to all Airport Cost Centers that benefit from such insurance policies. Eighty percent (80%) of the premium costs for such insurance policies that are not disapproved by a Majority-In-Interest of Signatory Airlines (except that, for purposes of disapproval under this section, the MII rules will be altered by replacing references to a majority of all Signatory Airlines with reference to a majority of all Signatory Airlines responding to the notice) shall be allocated on a reasonable basis by MAC to Terminal 1 and Terminal 2, and twenty percent (20%) of such premium costs shall be reasonably allocated to other Airport Cost Center(s) that benefit from such insurance policies. Such insurance premium costs allocated to Terminal 1 will be charged to Terminal 1 Signatory Airlines using the Joint Use Formula. Such allocated insurance premium costs allocated to Terminal 2 will be included in Terminal 2 rates and charges prescribed by MAC Ordinance. Notwithstanding anything herein to the contrary, any insurance policies procured under this Section VI.M. shall be primary with respect to any damages covered thereby and respond prior to any insurance AIRLINE is required to maintain hereunder, provided that where more than one party is at fault each party's insurance shall be primary with respect to that party's portion of the liability.

**EXHIBIT Z
DELTA ONLY PROVISIONS**

I. DEFINITIONS

- A. "Airline Designated Premises" has the meaning set forth in Article I.C. of the G Concourse Concession Agreement.
- B. "Concession Lessor" means MAC, acting as lessor to G Concourse Concessionaire under the G Concourse Concession Agreement.
- C. "Delta Code-Share Airlines" means (i) any subsidiary, parent, or sister airline of DELTA, and (ii) any regional air carrier providing air transportation services for the benefit of Delta pursuant to a contractual arrangement with Delta but solely with respect to Flights operated pursuant to such arrangement, and (iii) to the extent not included in the foregoing, any DELTA Affiliate.
- D. "G Concourse Concession Agreement" means that certain Concession Agreement for Food and Beverage and Retail Concessions among DELTA, MAC and G Concourse Concessionaire dated January 1, 2012.
- E. "G Concourse Concessionaire" means OTG Management Midwest, LLC, as the operator under the G Concourse Concession Agreement.
- F. "Gatehold Improvements" has the meaning set forth in Article I.V. of the G Concourse Concession Agreement.
- G. "Hub" means an airport used by an airline for a significant number of its connecting Flight passengers.
- H. "Hub Covenants" means those covenants specified in Article IX below.
- I. "Major Items of Gatehold Improvements" has the meaning set forth in Article I.CC. of the G Concourse Concession Agreement.
- J. "Substantially" for the purposes of Article IX below means at least ninety percent (90%).

II. USE OF INTERNATIONAL ARRIVALS FACILITY AND WIDE BODY AND BOEING 757 ACCESS

In furtherance of the use of the IAF, DELTA and MAC hereby agree to the provisions of Section III.C. and Section IV.F. of the Agreement, including, without limitation, any commitments of DELTA therein.

III. EMPLOYEE SCREENING EQUIPMENT

DELTA agrees to transfer ownership of its security screening equipment to MAC for \$1.00 in accordance with a quitclaim bill of sale reasonably approved by DELTA and MAC; provided,

however, that if MAC ceases to provide Employee Screening and Delta commences providing Employee Screening, upon DELTA's request, MAC shall transfer such equipment to DELTA.

IV. G CONCOURSE PROVISIONS

A. G CONCOURSE TRANSITION

In order to address the net economic impact of the G Concourse transition that occurred on January 1, 2016, between DELTA and MAC as outlined in the Fifth Amendment to Airline Operating Agreement and Terminal Building Lease, MAC shall credit to DELTA \$150,000 per month through December 31, 2020 through an offset to DELTA's monthly Terminal 1 building rent payment to MAC. If for any reason this Agreement is terminated or rejected in bankruptcy, or DELTA is in default, this credit (offset) to Delta shall be abated.

B. SPECIAL PROVISIONS RELATED TO G CONCOURSE CONCESSION AGREEMENT

While MAC is Concession Lessor under the G Concourse Concession Agreement, MAC shall use commercially reasonable efforts to enforce the obligations of the G Concourse Concessionaire thereunder to the extent such obligations benefit DELTA.

MAC, acting as Concession Lessor under the G Concourse Concession Agreement, will not permit the G Concourse Concessionaire to alter, modify or remove any Gatehold Improvements from DELTA's holdroom areas without DELTA's prior written consent, which may be withheld in DELTA's sole and absolute discretion. Provided DELTA has approved the Concourse G Project as required herein, DELTA hereby consents to removal of Gatehold Improvements necessary for implementation of the Concourse G Project pursuant to and in accordance with applicable drawings and specifications and a schedule approved by Delta for the Concourse G Project.

MAC will not consent to any assignment of the G Concourse Concession Agreement, including without limitation a G Concourse Concessionaire change of control, without DELTA's prior written consent, which may be withheld in DELTA's sole and absolute discretion.

C. CONCOURSE G PROJECT

MAC, in coordination with DELTA, shall use good faith efforts (a) to develop a plan for the Concourse G Project in 2019, including, without limitation, developing the scope, cost estimates, funding sources, and implementation schedule therefor, and (b) to the extent justified by development activities, to finalize the plan therefor, including, without limitation, obtaining final plans and specifications for the Concourse G Project, in due course. The foregoing shall not serve to limit the MAC's discretion with regard to the granting or withholding of approvals regarding MAC's annual Board-adopted Capital Improvement Program (CIP).

Provided that DELTA has approved the conceptual plans, cost estimates, proposed schedule, proposed financing plan, and proposed budget for the Concourse G Project and obtained all necessary internal approvals therefor, DELTA agrees it will lease, on financial terms consistent with the existing Concourse G and Airline Club spaces and

otherwise on the terms and conditions of this Agreement, Exclusive Use Space, Preferential Use Space, and Joint Use Space shown on the conceptual plans as to be developed as part of the Concourse G Project; provided, however, that DELTA shall not be obligated to lease any such space that is not shown on plans approved by DELTA. Further, provided that DELTA has approved the conceptual plans, cost estimates, proposed schedule, proposed financing plan, and proposed budget for the Concourse G Project and obtained all necessary internal approvals therefor, DELTA will contribute not less than \$20 million to improvements, modifications, alterations, furniture, fixtures, and equipment at Terminal 1, including improvements in connection with the Concourse G Project and improvements to Delta's existing Airline Clubs. MAC shall not be obligated to commence construction of the Concourse G Project unless and until DELTA has approved the plans, as described above.

Any costs that DELTA agrees to pay G Concourse Concessionaire for the unamortized portion of any Major Items of Gatehold Improvements located in the Airline Designated Premises under Section XIX.D. of the G Concourse Concession Agreement, as a result of this G Concourse Project, are in addition to the \$20 million commitment set forth above. If MAC is required to make any buyouts or payments of any kind to G Concourse Concessionaire or others, in order to facilitate the G Concourse Project as approved by DELTA, such amounts shall be paid by MAC and included in the costs of the Concourse G Project.

V. BAGGAGE SYSTEM PROJECTS AND OPERATIONS AND MAINTENANCE

A. RE-CONTROLS PROJECT CONSTRUCTION

DELTA shall be responsible for the management, design and construction of the Re-Controls Project (the "Re-Controls Project" or "Project"), as described in the "Project Scope" attached to the Eighth Amendment to Airline Operating Agreement and Terminal Building Lease. Any changes to the Project Scope shall be approved in advance in writing by the MAC Executive Director/CEO, which approval shall not be unreasonably withheld.

Prior to commencement of construction, DELTA provided MAC a bond or other security in an amount, form and with a surety satisfactory to MAC conditioned for the commencement, completion and payment for the Project and against loss or damage by reason of mechanic's liens.

Prior to commencement of construction, DELTA provided MAC evidence of insurance for the Project at limits and terms acceptable to MAC, including MAC being named as an additional insured.

DELTA shall consult with MAC throughout the construction of the Project and has committed to and shall permit MAC or its agents access to the Project site at all times upon reasonable prior notice and provided that such access does not unreasonably interfere with such construction activities. DELTA will supply partial "as-built" drawings prior to final payment and final "as-built" drawings within ninety (90) days of Project completion.

DELTA shall perform the Project work in a good and workmanlike manner, in compliance with all applicable codes, laws, and regulations.

DELTA shall defend, at its own cost and expense, each and every claim or lien asserted or filed in connection with the Project and pay each and every judgment made or given as a result thereof except, in each case, to the extent caused by or resulting from the negligence or intentional misconduct of MAC. Further, except as provided below, DELTA shall indemnify and hold MAC harmless from and against any and all costs incurred by MAC associated with the design and construction of the Project, including the payment of MAC's reasonable attorney's fees in conjunction with any litigation caused by or resulting from the design and construction of the Project except to the extent caused by or resulting from the negligence or intentional misconduct of MAC. MAC shall give notice to DELTA promptly after MAC has actual knowledge of any claim as to which indemnity may be sought hereunder and shall permit DELTA to assume the defense of any such claim or any litigation resulting therefrom using counsel reasonably acceptable to MAC with respect to any claims brought against MAC. MAC may participate in such defense at its sole expense; provided, however, that DELTA shall bear the expense of such defense of MAC if representation of both parties by the same counsel would be inappropriate due to actual or potential conflicts of interest (as determined in good faith by MAC's legal counsel). The failure of MAC to give notice as provided herein shall not relieve DELTA of its obligations unless the failure to do so materially prejudices DELTA. DELTA shall not, in the defense of any such claim or litigation, except with the consent of the MAC, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the MAC of a release from all liability in respect to such claim or litigation.

B. PROJECT REIMBURSEMENT

MAC shall reimburse DELTA for Project costs incurred by DELTA up to \$12 million as outlined below. DELTA has committed to not to exceed the \$12 million budget without the MAC Board's consent.

DELTA shall submit reimbursement requests on a monthly basis, with supporting documentation required by MAC. MAC will reimburse Delta beginning no sooner than when the FAA approves the preliminary draft of PFC application 14. Within thirty (30) days after receipt of reimbursement requests, along with supporting documentation, MAC will pay DELTA the amount of the approved invoices, minus any amount for which adequate documentation has not been supplied or which is not otherwise payable by MAC under the terms of this Agreement. In the event MAC rejects any request for reimbursement submitted by DELTA, whether in whole or in part, MAC shall provide DELTA with a detailed explanation for the reason for such rejection. MAC shall withhold 5% retainage from each reimbursement, which is payable upon approval of final payment.

DELTA shall submit to MAC a statement of all costs incurred by DELTA in connection with the design and construction of the Project upon substantial completion of the Project. DELTA has committed to and shall at the same time provide MAC with copies of all invoices and all necessary schedule and cost reports for review, including but not limited to vendor or consultant or contractor pay requests with all attachments and signed receipts or other proof of payment for expenditures. DELTA has committed to and shall make no markup for its administrative costs associated with managing the Project. For final payment, DELTA has committed to and shall submit a statement of all costs incurred along with any updates to documentation that was previously submitted, along

with lien waivers, consent of surety, and any other documentation required by MAC. MAC shall make final payment to DELTA within thirty (30) days after receipt of the required documentation.

DELTA shall maintain all documents and records associated with its performance for a period of six (6) years and shall permit MAC unrestricted access to all records associated with the Project at all reasonable times, with advance notice. MAC reserves the right to audit all Project costs at the completion of the Project or at any time within six (6) years thereafter.

C. OPERATION AND MAINTENANCE OF OUTBOUND BHS

In furtherance of the operation and maintenance of the Outbound BHS, DELTA and MAC hereby agree to the provisions of Section VIII.C. of the Agreement, including, without limitation, any rights and obligations of DELTA therein. Section VIII.C.3. of the Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

For and in consideration of DELTA's agreement with MAC to provide the operation and maintenance services for the Outbound BHS, MAC hereby waives all claims to special, indirect, and consequential damages that might be asserted by MAC against DELTA or its officers, directors, contractors, employees or agents in connection with the maintenance and operation of the Outbound BHS. For and in consideration of MAC's agreement with DELTA to provide the operation and maintenance services for the Outbound BHS, DELTA hereby waives all claims to special, indirect, and consequential damages that might be asserted by DELTA against MAC or its officers, directors, contractors, employees or agents in connection with DELTA's maintenance and operation of the Outbound BHS.

D. OPERATION AND MAINTENANCE OF INBOUND BHS

In furtherance of the operation and maintenance of the Inbound BHS, DELTA and MAC hereby agree to the provisions of Section VIII.D. of the Agreement, including, without limitation, any rights and obligations of DELTA therein. Section VIII.D.3. of the Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

For and in consideration of DELTA's agreement with MAC to provide the operation and maintenance services for the Inbound BHS, MAC hereby waives all claims to special, indirect, and consequential damages that might be asserted by MAC against DELTA or its officers, directors, contractors, employees or agents in connection with the maintenance and operation of the Inbound BHS. For and in consideration of MAC's agreement with DELTA to provide the operation and maintenance services for the Inbound BHS, DELTA hereby waives all claims to special, indirect, and consequential damages that might be asserted by DELTA against MAC or its officers, directors, contractors, employees or agents in connection with DELTA's maintenance and operation of the Inbound BHS.

VI. CHECK-IN KIOSKS

A. REIMBURSEMENT TO DELTA

MAC shall reimburse DELTA for the purchase of certain check-in kiosks that are required in connection with the Terminal 1 OI Program, for use by DELTA in the Terminal 1 ticket lobby, tram level, and east curbside areas. DELTA represents that, as of the date hereof, only one vendor and model on the market is certified compatible with DELTA's proprietary software (Embross V1).

Each kiosk is estimated to cost \$11,000. DELTA will purchase 22 kiosks initially, for approximately \$242,000, and may purchase additional kiosks in 2019. MAC shall reimburse DELTA no more than \$400,000 total for all kiosks purchased by DELTA under this Article. MAC shall pay DELTA within thirty (30) days after receipt of the following documentation, satisfactory to MAC, from DELTA:

- 1) A statement that the kiosks have been delivered to the Airport or a MAC-approved storage location;
- 2) Copies of invoices from the kiosk vendor and proof of DELTA's payment to the vendor;
- 3) A statement of all other costs incurred (if any); and
- 4) Copies of any applicable warranties.

DELTA shall make no markup for its administrative costs associated with purchasing the kiosks.

Upon MAC's reimbursement to DELTA, DELTA shall provide MAC a quitclaim bill of sale for the applicable kiosks.

DELTA shall maintain all documents and records associated with its purchase for a period of six (6) years and shall permit MAC unrestricted access to all records associated with this purchase at all reasonable times, with advance notice. MAC reserves the right to audit all purchase costs at the completion of the purchase or at any time within six (6) years thereafter.

B. MAINTENANCE AND OPERATION

Unless otherwise agreed by MAC and Delta, DELTA shall maintain and operate the referenced kiosks and provide any necessary upgrades/updates at DELTA's sole cost.

MAC and DELTA may mutually agree to move the kiosks to other areas of the Airport.

After DELTA has repaid MAC for the kiosks as outlined in C. below, if MAC and DELTA agree that some or all of the kiosks are not needed for DELTA's operations, such underutilized kiosks may be moved by MAC or re-configured to allow other Airlines' passengers to check in, in which case DELTA shall no longer be required to maintain and operate such kiosks.

C. REPAYMENT TO MAC

MAC will recover the amount of the kiosk purchase(s) from DELTA as outlined below.

After MAC has paid DELTA for kiosks, MAC will begin to invoice DELTA on a monthly basis for all amounts MAC has paid to DELTA under this Article, which amounts shall be paid by DELTA in 48 equal installments over a 48 month period at

4.5% interest. DELTA shall have the right to use any such kiosks for which DELTA is reimbursing MAC hereunder on a Preferential Use basis for the Term hereof unless otherwise agreed by DELTA.

VII. COMMUNITY NOISE GROUP

The MSP Noise Oversight Committee (NOC) was established in August 2002 as an advisory board appointed to address aircraft noise issues associated with MSP, and DELTA and MAC agree to participate in the NOC, or any successor organization or other organization in lieu thereof that is formed principally to explore programs and procedures working toward the goal of mitigating the impacts caused by aircraft noise.

VIII. ELECTRICAL INFRASTRUCTURE

MAC and DELTA agree to cooperate in reviewing and evaluating the electrical infrastructure in Terminal 1 at the Airport and in determining what Capital Projects, if any, could be made to improve the electrical infrastructure at the Airport. The foregoing shall not serve to limit the MAC's discretion with regard to the granting or withholding of approvals regarding MAC's annual Board-adopted Capital Improvement Program (CIP).

IX. HUB COVENANTS

A. AIRPORT HUB

1. Connecting Passengers Percentage. In order to ensure the continuation of a major DELTA Hub at the Airport, DELTA will maintain a sufficient proportion of connecting Flights at the Airport such that the number of DELTA and DELTA Code-Share Airlines Enplaned Passengers whose Flight travel involves a Flight or Flights which arrive at and depart from the Airport (but whose Flight travel neither originates from nor terminates at the Airport) will not be less than 30% of the total number of DELTA and DELTA Code-Share Airlines Enplaned Passengers whose Flight travel involves a Flight or Flights which arrive at or depart from the Airport (calculated annually); and
2. Number of Flights. DELTA will maintain not less than an average of Substantially 370 departing DELTA and DELTA Code-Share Airlines Flights per day from the Airport, calculated annually with not less than 231 (*i.e.*, not Substantially 231) of said daily Flights being serviced by aircraft with not less than 70 passenger seats, calculated annually.

The Hub Covenants, as set forth in (1) and (2) above, shall not be deemed to prevent DELTA from reducing from time to time the number of departing DELTA and DELTA Code-Share Airlines Flights from the Airport below the levels required above (each, a "**Required Level**" and, collectively, the "**Required Levels**"), as part of one or more system-wide reductions in flying; provided, that (A) any such reduction in such Flights at the Airport, after which the number of such Flights is below the applicable Required Level, and (B) any subsequent increase in such Flights at the Airport up to the applicable Required Level, shall not be substantially disproportionate to the reduction or subsequent increase, as applicable, in such Flights at DELTA's other domestic hubs, as determined below in this paragraph by reference to Compliance Targets (as

hereinafter defined); provided, however, that nothing contained herein shall be deemed to require DELTA to increase the number of departing DELTA and DELTA Code Share Airlines Flights at the Airport above the applicable Required Level. For purposes of this Hub Covenant, DELTA's other current domestic hubs are ATL, DTW, and SLC, and such list of domestic hubs may be modified for purposes of such calculations by mutual written agreement of MAC and DELTA based upon recognized commercial aviation industry standards. Any such reduction or any such subsequent increase in total departing DELTA and DELTA Code-Share Airlines Flights at the Airport and at DELTA's other domestic hubs shall be determined on a calendar year basis based upon a comparison of the aggregate number of departing DELTA and DELTA Code-Share Airline Flights at such airports during said calendar year to the aggregate number of such Flights at such airports during the Applicable Base Year (as hereinafter defined), with such reduction or such subsequent increase determined for (a) all such departing Flights ("**All Flights**"), and (b) such departing Flights serviced by aircraft of 70 or more passenger seats ("**Large Aircraft Flights**").

The number of All Flights or Large Aircraft Flights, as applicable to the particular calculation, at the Airport in any calendar year shall herein be referred to as "**MSP Flights**". The number of MSP Flights required hereunder, after accounting for any applicable system-wide reduction in flying or any subsequent recovery in flying levels up to the Required Levels, shall be referred to herein as the "**Compliance Target(s)**". The average of the number of Flights (for All Flights and Large Aircraft Flights, as the case may be) at DELTA's other domestic hubs in any calendar year (i.e. the total number of such Flights divided by the number of such other domestic hubs), shall be referred to herein as the "**System Average Flights**". Any calendar year preceding the calendar year when MSP Flights were first less than the applicable Required Level (without any intervening calendar year when MSP Flights were at least equal to the applicable Required Level) shall herein be referred to as the "**Applicable Base Year**".

The Compliance Target(s) for any calendar year shall be the lesser of (x) the applicable Required Level or (y) the number of actual MSP Flights in the Applicable Base Year,

- a. plus, in the case of (y) above, such number of MSP Flights multiplied times a percentage equal to ninety percent (90%) of the percentage increase in the number of System Average Flights, from the Applicable Base Year to the then current calendar year; or
- b. minus, in the case of (y) above, such number of MSP Flights multiplied times a percentage equal to one hundred ten percent (110%) of the percentage decrease in the number of System Average Flights, from the Applicable Base Year to the then current calendar year.

Set forth below in C., for illustrative purposes only, are an example of the application of the foregoing requirements.

B. REMEDY

As the sole remedy for breach of the Hub Covenant, Revenue Sharing for DELTA will be eliminated in any year in which DELTA violates the Hub Covenant (and, in the event any such violation continues for three (3) consecutive years, or such covenant is determined to be unenforceable by a court of law, DELTA's Revenue Sharing will be eliminated permanently). MAC shall, in good faith, act reasonably to provide DELTA with notice of any potential violation of a Hub Covenant if MAC has actual knowledge of such violation, in a reasonable time frame, provided, however, that MAC's failure to provide such notice shall not affect MAC's or DELTA's rights and obligations under this Agreement.

C. HUB COVENANT EXAMPLES

HUB COVENANT EXAMPLES

SCHEDULE 1									
HUB COVENANT EXAMPLES									
		System	System %	Allowed		MSP	MSP %		
	System	Decline	Decline	MSP %	Compli-	Decline	Decline	In Compli-	
	<u>MSP</u>	<u>Average</u>	<u>vs. Base</u>	<u>vs. Base</u>	<u>Decline</u>	<u>ance Level</u>	<u>vs. Base</u>	<u>vs. Base</u>	<u>ance?</u>
Base Year	370	450							
Year 1	300	350	(100)	-22.2%	-24.4%	280	(70)	-18.9%	Yes
Year 2	275	375	(75)	-16.7%	-18.3%	302	(95)	-25.7%	No
Year 3	328	400	(50)	-11.1%	-12.2%	325	(42)	-11.4%	Yes
Year 4	340	425	(25)	-5.6%	-6.1%	347	(30)	-8.1%	No

*As the reduction in All Flights at MSP in Year 2 and Year 4 from the Base Year is substantially disproportionate to said reduction in All Flights systemwide, the proportionality exception to compliance with Required Levels is not met in this example.

Hub Covenant

Base level	370
Substantial amount	333
70 or greater seats	231
Connecting Pax	30%

APPENDIX E

PROPOSED FORM OF BOND COUNSEL'S OPINION

[Closing Date]

Metropolitan Airports Commission
Minneapolis, Minnesota

\$96,615,000
Minneapolis–St. Paul
Metropolitan Airports Commission
Subordinate Airport Revenue
and Revenue Refunding Bonds
Series 2019A
(Governmental/Non-AMT)

\$164,320,000
Minneapolis–St. Paul
Metropolitan Airports Commission
Subordinate Airport Revenue
and Revenue Refunding Bonds
Series 2019B
(Private Activity/AMT)

\$31,035,000
Minneapolis–St. Paul Metropolitan Airports Commission
Subordinate Airport Revenue Refunding Bonds
Series 2019C
(Private Activity/Non-AMT)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Metropolitan Airports Commission (the “Commission”) in connection with the issuance by the Commission of its (a) \$96,615,000 Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A (the “Subordinate Series 2019A Bonds”), (b) \$164,320,000 Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019B (the “Subordinate Series 2019B Bonds”), and (c) \$31,035,000 Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2019C (the “Subordinate Series 2019C Bonds,” and collectively with the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds, the “Subordinate Series 2019 Bonds”) . The Subordinate Series 2019 Bonds are being issued pursuant to Section 473.601 et seq. of the Minnesota Statutes (the “Act”), the Master Subordinate Trust Indenture, dated as of October 1, 2000, as amended (the “Master Subordinate Indenture”), by and between the Commission and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association), as trustee (the “Subordinate Trustee”), and a Eighteenth Supplemental Subordinate Trust Indenture, dated as of October 1, 2019 (the “Eighteenth Supplemental Subordinate Indenture,” and together with the Master Subordinate Indenture, the “Subordinate Indenture”), by and between the Commission and the Subordinate Trustee. Issuance of the Subordinate Series 2019 Bonds has been authorized by Resolution No. 2338, adopted by the Commission on August 19, 2019 (the “Resolution”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Subordinate Indenture.

In connection with the issuance of the Subordinate Series 2019 Bonds, we have examined: (a) a copy of the Act; (b) a certified copy of the Resolution; (c) executed copies of the Master Subordinate Indenture and the Eighteenth Supplemental Subordinate Indenture; (d) an executed copy of the Master Trust Indenture, dated as of June 1, 1998, as amended, by and between the Commission and Wells Fargo

Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association), as trustee (the “Senior Trustee”); (e) an executed copy of the Seventh Supplemental Trust Indenture, dated as of November 1, 2009, by and between the Commission and the Senior Trustee; (f) an executed copy of the Eighth Supplemental Trust Indenture, dated as of August 1, 2010, by and between the Commission and the Senior Trustee; (g) an executed copy of the Eighth Supplemental Subordinate Trust Indenture, dated as of November 1, 2010, by and between the Commission and the Subordinate Trustee; (h) certifications of the Commission, the Senior Trustee, the Subordinate Trustee, Piper Jaffray & Co., as representative of the underwriters of the Subordinate Series 2019 Bonds (the “Underwriters”), and others; (j) an executed copy of the Tax Compliance Certificate, dated the date hereof, relating to the Subordinate Series 2019 Bonds and other matters (the “Tax Certificate”); (k) opinions of the Commission’s General Counsel, counsel to the Senior Trustee and the Subordinate Trustee and counsel to the Underwriters; (l) an executed copy of the Escrow Agreement, dated October 3, 2019, by and between the Commission and the Senior Trustee, as trustee and escrow agent, with respect to the Refunded Senior Series 2010A Bonds and the Refunded Senior Series 2010B Bonds; (m) an executed copy of the Escrow Agreement, dated October 3, 2019, by and between the Commission and the Subordinate Trustee, as trustee and escrow agent, with respect to the Refunded Series 2010C/D Bonds; (n) a copy of the Verification Report, dated October 3, 2019, by Robert Thomas CPA, LLC; and (o) such other documents as we deemed relevant and necessary in rendering the opinions set forth herein. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and the validity against, any parties, other than the Commission, thereto. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in this paragraph.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or whether any other matters come to our attention after the date hereof. We call attention to the fact that the obligations of the Commission, the security provided therefor, as contained in the Subordinate Series 2019 Bonds and the Subordinate Indenture, may be subject to general principles of equity which permit the exercise of judicial discretion, and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect, and to the limitations on legal remedies against public corporations in the State of Minnesota. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Subordinate Series 2019 Bonds or the Subordinate Indenture. We have not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement dated August 28, 2019, or any other offering material relating to the Subordinate Series 2019 Bonds and express no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Subordinate Series 2019 Bonds constitute the valid and binding limited obligations of the Commission secured by a pledge of and lien upon and are a charge upon and are payable from the Net Pledged Revenues, certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture, and other amounts payable under the Subordinate Indenture.

2. The Master Subordinate Indenture and the Eighteenth Supplemental Subordinate Indenture have been duly authorized, executed and delivered by the Commission and, assuming the due

authorization, execution and delivery by the Subordinate Trustee, constitute the valid and binding obligations of the Commission, enforceable against the Commission in accordance with their terms. The Subordinate Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Subordinate Series 2019 Bonds, of the Net Pledged Revenues, certain funds and accounts held by the Subordinate Indenture under the Subordinate Indenture, and other amounts payable under the Subordinate Indenture, subject to the provisions of the Subordinate Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

3. The Subordinate Series 2019 Bonds are not general obligations of the Commission. Neither the full faith and credit nor the taxing power of the Commission, the City of Minneapolis, the City of St. Paul, the State of Minnesota or any political subdivision or public agency of the State of Minnesota is pledged to the payment of the principal of and interest on the Subordinate Series 2019 Bonds. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Subordinate Series 2019 Bonds.

4. Under existing laws, regulations, rulings and judicial decisions, interest on the Subordinate Series 2019A Bonds is excluded from gross income for federal income tax purposes. Interest on the Subordinate Series 2019A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Subordinate Series 2019B Bonds is excluded from gross income for federal income tax purposes, except that such exclusion does not apply with respect to interest on any Subordinate Series 2019B Bond for any period during which such Subordinate Series 2019B Bond is held by a person who is a “substantial user” of the facilities financed or refinanced by the Subordinate Series 2019B Bonds or a “related person” to such substantial user within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Subordinate Series 2019B Bonds constitutes an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

6. Under existing laws, regulations, rulings and judicial decisions, interest on the Subordinate Series 2019C Bonds is excluded from gross income for federal income tax purposes, except that such exclusion does not apply with respect to interest on any Subordinate Series 2019C Bond for any period during which such Subordinate Series 2019C Bond is held by a person who is a “substantial user” of the facilities refinanced by the Subordinate Series 2019C Bonds or a “related person” to such substantial user within the meaning of Section 147(a) of the Code. Interest on the Subordinate Series 2019C Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

7. Interest on the Subordinate Series 2019 Bonds is not includible in the taxable net income of individuals, estates and trusts for State of Minnesota income tax purposes, but is includible in the calculation of taxable income of corporations and financial institutions for State of Minnesota franchise tax purposes. Additionally, (a) interest on the Subordinate Series 2019 Bonds is not includible in taxable net income of individuals, estates and trusts for State of Minnesota income tax purposes, but is includible in the calculation of taxable income of corporations and financial institutions for State of Minnesota franchise tax purposes, (b) interest on the Subordinate Series 2019A Bonds and the Subordinate Series 2019C Bonds is not an item of tax preference for purposes of the State of Minnesota alternative minimum tax applicable to individuals, estates and trusts, and (c) interest on the Subordinate Series 2019B Bonds is an item of tax preference for purposes of the State of Minnesota alternative minimum tax applicable to individuals, estates and trusts.

The opinions set forth in numbered paragraphs 4, 5 and 6 above regarding the exclusion of interest from gross income of the recipient is subject to continuing compliance by the Commission with

covenants regarding federal tax law contained in the Subordinate Indenture and the Tax Certificate. Failure to comply with such covenants could cause interest on the Subordinate Series 2019 Bonds to be included in gross income retroactive to the date of issue of the Subordinate Series 2019 Bonds. Although we are of the opinion that interest on the Subordinate Series 2019 Bonds is excluded from gross income for federal tax purposes, the accrual or receipt of interest on the Subordinate Series 2019 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Our engagement with respect to the Subordinate Series 2019 Bonds has concluded with their issuance, and we disclaim any obligation to update, revise or supplement this opinion letter.

Very truly yours,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Certificate”) is executed and delivered by the Metropolitan Airports Commission (the “Commission”) in connection with the issuance of its (a) Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A (the “Subordinate Series 2019A Bonds”), (b) Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019B (the “Subordinate Series 2019B Bonds”), and (c) Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2019C (the “Subordinate Series 2019C Bonds,” and collectively with the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds, the “Subordinate Series 2019 Bonds”).

The Subordinate Series 2019 Bonds were issued pursuant to the Master Subordinate Trust Indenture, dated as of October 1, 2000, as amended (the “Master Subordinate Indenture”), by and between the Commission and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association), as trustee (the “Subordinate Trustee”), and the Eighteenth Subordinate Trust Indenture, dated as of October 1, 2019 (the “Eighteenth Supplemental Subordinate Indenture,” and together with the Master Subordinate Indenture, the “Subordinate Indenture”), by and between the Commission and the Subordinate Trustee.

Additionally, the Subordinate Series 2019 Bonds have been authorized by Resolution No. 2338 adopted by the Commission on August 19, 2019. The Subordinate Series 2019 Bonds were issued under and in accordance with Minnesota Statutes, Sections 473.601, et seq. (the “Act”).

In consideration of the purchase of the Subordinate Series 2019 Bonds by the Participating Underwriter (as defined below), the Commission covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Commission for the benefit of the Holders and Beneficial Owners of the Subordinate Series 2019 Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

Section 2. Definitions. In addition to the definitions set forth in the Senior Indenture and the Subordinate Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Commission pursuant to, and as described in, Sections 3 and 4 hereof.

“*Beneficial Owner*” means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Subordinate Series 2019 Bonds (including persons holding Subordinate Series 2019 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Subordinate Series 2019 Bonds for federal income tax purposes.

“*Dissemination Agent*” means the Commission, or any successor Dissemination Agent designated in writing by the Commission and which has filed with the Commission a written acceptance of such designation.

“*EMMA System*” means the MSRB’s Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

“*Financial Obligation*” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8) of this Certificate, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule

“*Holder*” means either the registered owners of the Subordinate Series 2019 Bonds, or if the Subordinate Series 2019 Bonds are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

“*Listed Events*” means any of the events listed in Section 5(a) or 5(b) hereof.

“*MSRB*” means the Municipal Securities Rulemaking Board, or any successor thereto.

“*Obligated Person*” means the Commission and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Revenues of the Airport System for the prior two Fiscal Years of the Commission.

“*Official Statement*” means the Official Statement, dated August 28, 2019, prepared and distributed in connection with the initial sale of the Subordinate Series 2019 Bonds.

“*Participating Underwriter*” means any of the original underwriters of the Subordinate Series 2019 Bonds required to comply with the Rule in connection with the offering of the Subordinate Series 2019 Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*SEC*” means the Securities and Exchange Commission.

“*State*” means the State of Minnesota.

Section 3. Provision of Annual Reports.

(a) The Commission shall provide, or shall cause the Dissemination Agent to provide, to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 4 hereof by not later than 210 days after the end of the Commission’s fiscal year in each fiscal year. The Commission’s first Annual Report shall be due July 28, 2020 (for the fiscal year ending December 31, 2019). Not later than 15 Business Days prior to said date, the Commission shall provide the Annual Report to the Dissemination Agent (if other than the Commission). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 hereof. The audited financial statements of the Commission may be submitted separately from the balance of the Annual Report if they are not available by the date

of submission, provided such financial statements are submitted within 210 days after the end of the Commission's fiscal year. If the Commission's fiscal year changes, the Commission, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent (if other than the Commission) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Commission to determine if the Commission is in compliance with subsection (a).

(c) If the Commission is unable to provide to the MSRB or the Dissemination Agent (if other than the Commission), an Annual Report by the date required in subsection (a), the Commission shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent (or the Commission, as applicable) shall confirm in writing to the Commission that the Annual Report has been filed as required hereunder, stating the date filed.

(e) The Commission acknowledges that Delta Air Lines, Inc. ("Delta") is the only Obligated Person other than the Commission at present and is required by federal law to file annual reports with the Securities and Exchange Commission. The Commission takes no responsibility for the accuracy or completeness of such filings by Delta or by any future Obligated Person. Unless no longer required by the Rule to do so, the Commission agrees to use its reasonable best efforts to cause Delta (to the extent Delta is not otherwise required under federal law to do so), and any future Obligated Person, to make Annual Reports available as contemplated by this Section 3. Any change in Obligated Persons shall be reported by the Commission in connection with the Annual Reports.

Section 4. Content of Annual Reports.

(a) The Commission's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement):

(i) Audited financial statements of the Commission, updated to incorporate information for the most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Commission's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Commission, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(ii) Table 1 — Metropolitan Airports Commission, Irrevocably Committed PFCs (only if such information changes);

(iii) Table 2 — Metropolitan Airports Commission, Prior Senior Bonds;

- (iv) Table 3 — Metropolitan Airports Commission, Prior Subordinate Bonds;
- (v) Table 5 — Metropolitan Airports Commission, Historical Debt Service Coverage;
- (vi) Table 10 — Minneapolis-St. Paul International Airport, O&D and Connecting Passengers;
- (vii) Table 11 — Minneapolis-St. Paul International Airport, Aircraft Operations;
- (viii) Table 12 — Minneapolis-St. Paul International Airport, Aircraft Landed Weight;
- (ix) Table 13 — Minneapolis-St. Paul International Airport, Air Carriers Serving the Airport;
- (x) Table 14 — Minneapolis-St. Paul International Airport, Air Carrier Market Share, Total Enplaned Passengers;
- (xi) Table 16 — Minneapolis-St. Paul International Airport, Air Carrier Market Share, Total Cargo Handled;
- (xii) Table 18 — Metropolitan Airports Commission, Summary of Statements of Revenues, Expenses and Changes in Net Position;
- (xiii) Table 19 — Minneapolis-St. Paul International Airport, Airline Revenue;
- (xiv) Table 20 — Minneapolis-St. Paul International Airport, Airline Cost Per Enplaned Passenger;
- (xv) Table 21 — Minneapolis-St. Paul International Airport, Landing Fee Rates for Signatory Airlines;
- (xvi) Table 22 — Metropolitan Airports Commission, Top Ten Operating Revenue Providers;
- (xvii) Table 23 — Metropolitan Airports Commission, Top Ten Operating Revenue Sources;
- (xviii) Table 29 — Metropolitan Airports Commission, Approved PFC Applications; and
- (xix) Table 30 — Metropolitan Airports Commission, Annual Collections of PFCs.

(b) All or any portion of the information of the Annual Report may be incorporated in the Annual Report by cross reference to any other documents which have been filed with the MSRB.

(c) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information (as contemplated by Section 8 hereof) for such

fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Commission or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Commission shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Subordinate Series 2019 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions with respect to the tax status of the Subordinate Series 2019 Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Department, any of which reflect financial difficulties

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession

but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(b) The Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Subordinate Series 2019 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5) hereof, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Subordinate Series 2019 Bonds or other material events affecting the tax status of the Subordinate Series 2019 Bonds;

2. Modifications to rights of the Beneficial Owners and/or Holders of the Subordinate Series 2019 Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Subordinate Series 2019 Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the Commission, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Department, any of which affect security holders;

(c) The Commission shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Commission obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Commission shall determine if such event would be material under applicable federal securities laws.

(e) If the Commission learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Commission shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7)

or (b)(3) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders and Beneficial Owners of the affected Subordinate Series 2019 Bonds pursuant to the Subordinate Indenture.

(f) The Commission intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the SEC in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Termination of Reporting Obligation. The Commission’s obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Subordinate Series 2019 Bonds, or upon delivery to the Dissemination Agent (if other than the Commission) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Subordinate Series 2019 Bonds, the Commission shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. From time to time, the Commission may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Commission) shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out of pocket expenses (including, but not limited to, attorneys’ fees). The Dissemination Agent (if other than the Commission) shall not be responsible in any manner for the content of any notice or report prepared by the Commission pursuant to this Certificate.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Certificate, the Commission may amend this Certificate, and any provision of this Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Subordinate Series 2019 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Subordinate Series 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Subordinate Series 2019 Bonds in the same manner as provided in the Subordinate Indenture for amendments to the Subordinate Indenture, as applicable, with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Subordinate Series 2019 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Commission shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative

explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Commission. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Commission from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Commission chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Commission shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Commission to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Subordinate Series 2019 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission or the Dissemination Agent (if other than the Commission), as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Subordinate Indenture and the sole remedy under this Certificate in the event of any failure of the Commission or the Dissemination Agent (if other than the Commission) to comply with this Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are expressly and specifically set forth in this Certificate, and the Commission agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any claims, losses, expenses and liabilities which such Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties given to the Dissemination Agent hereunder, including the costs and expenses (including attorneys' fees) of defending, in any manner or forum, against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, subject to the Subordinate Indenture. The obligations of the Commission under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Subordinate Series 2019 Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Commission, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Subordinate Series 2019 Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Law. This Certificate shall be governed by and construed in accordance with the laws of the State.

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IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Continuing Disclosure Certificate this 3rd day of October, 2019.

METROPOLITAN AIRPORTS COMMISSION

By _____
Name: _____
Title: _____

[Signature page to Continuing Disclosure Certificate]

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Metropolitan Airports Commission

Name of Bond Issue: Minneapolis–St. Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A

Minneapolis–St. Paul Metropolitan Airports Commission Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019B

Minneapolis–St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2019C

Date of Issuance: October 3, 2019

CUSIP: 603827 ____

NOTICE IS HEREBY GIVEN that the Metropolitan Airports Commission (the “Commission”) has not provided an Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated October 3, 2019, executed by the Commission for the benefit of the holders and beneficial owners of the above referenced bonds. The Commission anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

METROPOLITAN AIRPORTS COMMISSION

By _____
Name: _____
Title: _____

APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption “—General” below has been provided by DTC. The Commission makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Subordinate Series 2019 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE COMMISSION NOR THE SUBORDINATE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SUBORDINATE SERIES 2019 BONDS UNDER THE SUBORDINATE INDENTURE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SUBORDINATE SERIES 2019 BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE TO THE OWNERS OF THE SUBORDINATE SERIES 2019 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SUBORDINATE SERIES 2019 BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Subordinate Series 2019 Bonds. The Subordinate Series 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Subordinate Series 2019 Bond certificate will be issued for each maturity of the Subordinate Series 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated

subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Subordinate Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Subordinate Series 2019 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Subordinate Series 2019 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Subordinate Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Subordinate Series 2019 Bonds, except in the event that use of the book-entry system for the Subordinate Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Subordinate Series 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Subordinate Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Subordinate Series 2019 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Subordinate Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Subordinate Series 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Subordinate Series 2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Subordinate Series 2019 Bond documents. For example, Beneficial Owners of Subordinate Series 2019 Bonds may wish to ascertain that the nominee holding the Subordinate Series 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Subordinate Series 2019 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Subordinate Series 2019 Bonds of a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Subordinate Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to

those Direct Participants to whose accounts the Subordinate Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Subordinate Series 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Subordinate Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Subordinate Trustee or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Subordinate Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Subordinate Series 2019 Bonds at any time by giving reasonable notice to the Commission or the Subordinate Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Subordinate Series 2019 Bonds are required to be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Subordinate Series 2019 Bonds will be printed and delivered to DTC.

The information in this Appendix G concerning DTC and DTC's book-entry system has been obtained from sources that the Commission believes to be reliable, but neither the Commission nor the Underwriters take any responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SUBORDINATE SERIES 2019 BONDS AND WILL NOT BE RECOGNIZED BY THE SUBORDINATE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

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