



UPDATE TO VOLUNTARY STATEMENT REGARDING IMPACTS OF COVID-19

Relating to:

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Senior Airport Revenue Refunding Bonds, Series 2016A (Non-AMT)
Senior Airport Revenue Bonds, Series 2016C (Non-AMT)
(collectively, the “**Senior Bonds**”)

Subordinate Airport Revenue Refunding Bonds, Series 2011A (Non-AMT)
Subordinate Airport Revenue Refunding Bonds, Series 2012B (Tax-Exempt – Non-AMT)
Subordinate Airport Revenue Refunding Bonds, Series 2014A (Non-AMT)
Subordinate Airport Revenue Refunding Bonds, Series 2014B (AMT)
Subordinate Airport Revenue Refunding Bonds, Series 2016B (Non-AMT)
Subordinate Airport Revenue Bonds, Series 2016D (Non-AMT)
Subordinate Airport Revenue Bonds, Series 2016E (Taxable)
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)
(collectively, the “**Subordinate Bonds**”)
Base CUSIP: 603827

Dated: June 3, 2021

*On February 5, 2021, the Metropolitan Airports Commission (the “**Commission**” or “**MAC**”) provided a “Voluntary Statement Regarding Impacts of COVID-19” (the “**February 2021 Statement**”), which described some of the impacts that the COVID-19 pandemic had, and continued to have, on passenger traffic at Minneapolis-St. Paul International Airport (the “**Airport**”) and on the Commission’s finances, and described some of the actions that the Commission had taken, and was taking, in response to the pandemic. This Update to Voluntary Statement Regarding Impacts of COVID-19 (this “**Update**”) is being furnished by the Commission to provide certain updates with respect to passenger traffic at the Airport and the Commission’s finances’ that have occurred since the February 2021 Statement. The filing of this Update is made voluntarily by the Commission, without an intention to provide any update to this Update or its subject matter or to file similar voluntary statements in the future. Any obligation to do so is expressly disclaimed.*

Background

Over the past fourteen months, the worldwide outbreak of novel coronavirus SARS-CoV-2 (“**COVID-19**”) has caused, and continues to cause, significant disruptions to domestic and international air travel, including both passenger and cargo operations. The virus has also impacted the conduct of day-to-day business in the United States and throughout the world. The United States government and governments of other countries have closed borders to non-essential travel and issued other travel restrictions and warnings. While steps toward reopening the State of Minnesota (the “State”), the United States and other countries have begun, the speed and scope of the reopening process is dependent upon progress toward limiting the continued spread of the virus.

On May 6, 2021, Governor Walz announced a three-step timeline to end restrictions in Minnesota by May 28, 2021. Step one, which took effect on May 7, 2021, focuses on outdoor settings. Step two, which took effect on May 28, 2021, includes removing any remaining capacity and distancing limits, including at events and gatherings. Face coverings for indoor and outdoor events that exceed 500 people will remain in place. Step three, which is expected to take effect no later than July 1, 2021, will include removing the remaining face covering requirements once 70 percent of Minnesotans age 16 years and older get at least one dose of the COVID-19 vaccine.

On May 14, 2021, Governor Walz announced that, with the Center for Disease Control and Prevention’s (CDC) new recommendations that vaccinated people are not required to wear face coverings in most places, Executive Order 21-23 lifts face-covering requirements in most settings in Minnesota. On the same date, the CDC, the Transportation Security Administration (TSA), and the U.S. Department of Transportation (DOT) issued a statement reminding the traveling public that it is still required to wear a mask on planes and in U.S. transportation hubs, such as airports.

The MAC is assessing what this new guidance means for the Airport, including whether it affects MAC’s existing policies and health safety plans, since airports, airlines and other public transportation are subject to federal requirements pertaining to masks. In addition, the MAC has a regulation requiring mask wearing.

Enplanements

During calendar year 2020, enplanements at the Airport decreased by 62.52% as compared to calendar year 2019. Beginning in March 2021, enplanements at the Airport began to increase compared to the same period in 2020. The following table shows monthly enplanements at the Airport for calendar years 2019, 2020 and 2021.

Minneapolis-St. Paul International Airport				
Enplanements				
2019, 2020 and 2021 Calendar Years				
Month	2019	2020	2021	Percent Change
January	1,385,714	1,472,573	549,637	(62.7%)
February	1,323,615	1,438,475	575,313	(60.0%)
March	1,778,471	831,321	882,993	6.2%
April	1,517,998	70,492	805,280	1,042.4%
May	1,662,439	138,760		
June	1,827,624	254,312		
July	1,918,669	472,528		
August	1,915,988	567,563		
September	1,629,734	519,169		
October	1,699,277	587,602		
November	1,486,197	504,130		
December	<u>1,637,654</u>	<u>558,278</u>		
Total	<u>19,783,380</u>	<u>7,415,203</u>		

Source: Metropolitan Airports Commission

Financial Condition and Liquidity

General. The Commission is still experiencing, and expects to continue to experience, a decrease in revenues compared to 2019 levels because of the COVID-19 pandemic. The Commission's revenues are mainly dependent on aviation activity and passenger traffic at the Airport, on the financial performance of the concessionaires and rental car companies serving the Airport and on the overall financial health of the airline and travel industries.

The Commission has invested and continues to invest resources in an enhanced cleaning regimen, including the formation of high touch point disinfection teams to focus on cleaning door handles, light switches, restroom fixtures, elevator call buttons, handrails, and TSA passenger screening tables, bins and baggage rollers. In addition, the Commission has instituted overnight electrostatic disinfectant spraying – commonly referred to as fogging – in the public spaces of both Terminals 1 and 2 to enhance passenger safety.

Temporary Relief Programs Provided to Airlines, Concessionaires and Rental Car Companies. The Commission has received additional requests from the airlines, concessionaires and rental car companies operating at the Airport for rent relief since February 5, 2021. After consideration of numerous factors, the Commission has developed and either approved or will consider certain temporary relief programs, including the following:

Airlines

- Credit of approximately \$9.6 million toward airline rates and charges related to the airfield and terminal cost centers in 2021 and 2022, subject to several conditions, including the Commission's ability to maintain its debt service ratios and the airlines' ability to remain current on all outstanding balances and not enter bankruptcy.

Concessionaires, Rental Auto Companies & Passenger Services

- Waiver of minimum annual guarantees (MAGs) for six months in 2021, totaling approximately \$9.5 million. Additionally, MAC anticipates that MAGs will be limited to 60 percent of their original value during the last six months of 2021 for concessionaires and various passenger services. This reduction in MAGs is based on Commission-approved phasing of the MAGs during 2021 based on anticipated passenger levels. The estimated value of this reduction in MAGs is approximately \$2.5 million.

Federal Aid Related to COVID-19. The United States government has taken legislative and regulatory actions and has implemented measures to mitigate the broad disruptive effects of the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**"), approved by the United States Congress and signed by the President on March 27, 2020, includes among its relief measures direct aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines.

The Commission was awarded \$125,852,962 in CARES Act funds (the "**CARES Act Funds**"), not including an additional amount increasing the federal share to 100% for federal fiscal year 2020 AIP grants. The Commission has drawn approximately \$91.9 million of the CARES Act Funds and expects to draw the remaining approximately \$33.9 million over the next couple of years to meet its liquidity needs and debt obligations based on actual performance in 2021 and beyond.

On March 13, 2020, the President declared the ongoing COVID-19 pandemic of sufficient severity to warrant an emergency declaration for purposes of obtaining disaster assistance through the Public Assistance program administered by the Federal Emergency Management Agency ("**FEMA**"). The Commission has taken appropriate measures to ensure it will be able to apply for FEMA funding at the appropriate time. It is not known at this time how much, if any, FEMA funding will be received by the Commission.

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriation Act ("**CRRSAA**"). The CRRSAA act provides \$2 billion in funds to U.S. airports and eligible concessions at those airports. The Commission was awarded \$33,505,953 in CRRSAA funds, including \$4,192,835 in concession relief. The Commission has drawn none of the CRRSAA funds and expects to draw the remaining funds in 2021 and 2022.

Additionally, on March 11, 2021, the President signed into law the American Rescue Plan Act ("**ARPA**"). ARPA provides \$8 billion in funds to U.S. airports and eligible concessions at those airports. The MAC estimates its allocation will be between \$125 million and \$135 million but, as of the date hereof, the exact allocation has not been awarded or received.

The Commission continues to evaluate and seek other available sources of state and federal aid as they become available.

Estimated Financial Results and Availability of Funds.

Audited Financial Results for Fiscal Year 2020.

MAC's Fiscal Year 2020 audited financial statements were posted on the Electronic Municipal Market Access (EMMA) on June 1, 2021.

Liquidity and Available Funds for Operations and Debt Service on Senior and Subordinate Bonds.

As of April 30, 2021, the Commission had the following unrestricted funds and investments on hand that could be used for all operating expenses of the Commission and to pay debt service on the Senior and Subordinate Bonds.

Unrestricted Cash and Investments

Cash and investments	\$118,867,849
Cash designated for capital projects	51,739,515
Operation and Maintenance Reserve Account	106,251,681
Other	<u>1,139,667</u>
<i>Total Unrestricted Cash and Investments</i>	<i>\$277,998,712</i>

In addition to the unrestricted funds and investments, the Commission had the following restricted funds and investments on hand (or held by the bond trustees) as of April 30, 2021:

Restricted Cash and Investments (excluding Customer Facility Charges)

Passenger Facility Charges	\$32,524,113
Bond proceeds held by Trustee – Construction	142,893,267
OPEB Trust Fund	77,956,430
Line of Credit – Construction	6,296,092
Debt Service Funds held by Trustee – Debt Service	14,161,705
Debt Service Reserve Funds held by Trustee	114,393,434
Police Funds	<u>2,199,820</u>
<i>Total Restricted Cash and Investments</i>	<i>\$390,424,861</i>

Fiscal Year 2021 Unaudited YTD Monthly Finance Report

On May 17, 2021, the Commission reviewed the 1st quarter budget variance report. Total operating revenue for 1st Quarter 2021 year-to-date is under budget by \$2.3 million or 3.6 percent. Total operating expenses are under budget by \$475,256 or 1.1 percent.

Monthly Financial Report

As of March 2021

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	Year to Date			
	2021 Actual	2021 Budget	\$ Variance	% Variance
Total Operating Revenue	\$ 63,273	\$ 65,609	\$ (2,336)	-3.6%
Total Operating Expenses	41,542	42,017	475	1.1%
Net Operating Revenue	\$ 21,731	\$ 23,592	\$ (1,861)	-7.9%
Non-Operating Revenue/(Expenses)	(2,491)	(2,450)	41	-1.7%
Net Revenue	<u>\$ 19,240</u>	<u>\$ 21,142</u>	<u>\$ (1,902)</u>	

Following are some of the key components of the 1st quarter 2021 year-to-date budget:

Operating Revenue:

- Revenue from airline rates and charges is below budget by \$3.1 million or 10.2 percent as a result of landing fees and Terminal 1 rentals being lower than budget based on activity year-to-date.
- Approximately \$4.8 million in waivers have not yet been included in the figures above and will result in a reduction to concessions revenues once lease amendments have been signed. Parking revenue is \$1.2 million or 10.4 percent higher than budget as sales exceeded projections.

Operating and Non-Operating Expense:

- No major variances in any of the expense categories for 1st quarter.

2021 to 2023 Capital Program

The 2021 Capital Improvement program includes \$185,070,000 in projects. Currently 92.6 percent of those projects are either in design, under construction or waiting for Commission approval.

Important Notes Regarding this Update

Notwithstanding anything in this Update to the contrary, the Commission cannot predict (a) the duration or extent of the COVID-19 pandemic; (b) the duration or expansion of travel restrictions and warnings; (c) whether additional countries or destinations will be added to the travel restrictions or

warnings; (d) what long- and short-term effect the COVID-19 pandemic-related travel restrictions or warnings may have on demand for air travel, including to and from the Airport, and on the Commission's costs or revenues; (e) to what extent the COVID-19 pandemic will disrupt the local or global economy, manufacturing or supply chain, or to what extent any such disruption will adversely impact construction or other operations at the Airport; (f) to what extent the COVID-19 pandemic may result in changes in demand for travel or impact the airlines serving the Airport, the Airport's concessionaires, or the airline and travel industry generally; (g) whether or to what extent the Commission may provide any further deferrals, forbearances, adjustment or other changes to the Commission's arrangements with its counterparties and whether its counterparties will fully perform their obligations under the temporary relief programs described herein; or (h) whether any of the foregoing may have a material adverse effect on the finances and operations of the Commission.

This Update is provided as of the date on the first page above. If you are viewing this Update after that date, there may have been events that occurred subsequent to such date that would have a material adverse effect on the information contained in this Update, and the Commission does not undertake any obligation to update this Update. The information provided in this Update is subject to change without notice. All numbers contained in this Update are approximate.

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