



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: September 9, 2021

*On June 3, 2021, the Metropolitan Airports Commission (the “**Commission**” or “**MAC**”) provided an “Update to Voluntary Statement Regarding Impacts of COVID-19” (the “**June 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 June 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 seventeen 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. 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 are monitoring the virus to determine travel restrictions and warnings. The Delta variant is causing COVID-19 cases to increase particularly among the unvaccinated. This variant is causing new uncertainty in the marketplace and could potentially soften the market for travel in certain destinations. MAC will be watching closely and is prepared to adapt as necessary.

Governor Walz ended the COVID-19 peacetime emergency on July 1. According to the Governor, *“we built testing sites from the ground up, we secured emergency personal protective equipment to protect our healthcare workers and the frontlines, and we developed a nation-leading vaccination program to get life-saving shots into the arms of Minnesotans.”*

The MAC is continually monitoring COVID related guidance from Federal and Local agencies and reviewing existing policies and health safety plans to ensure they are current.

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 at the Airport to enhance passenger safety.

Enplanements

During calendar year 2020, enplanements at the Airport decreased by 62.5% 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 (first seven months only) and percent change from 2021 compared to 2019.

Minneapolis-St. Paul International Airport Enplanements 2019, 2020 and 2021 Calendar Years

<u>Month</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>% Change 2021 vs. 2019</u>
January	1,385,714	1,472,573	549,637	(60.3%)
February	1,323,615	1,438,475	575,313	(56.5%)
March	1,778,471	831,321	882,993	(50.4%)
April	1,517,998	70,492	805,280	(47.0%)
May	1,662,439	138,760	1,023,836	(38.4%)
June	1,827,624	254,312	1,206,423	(34.0%)
July	1,918,669	472,528	1,432,491	(25.3%)
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 auto companies serving the Airport and on the overall financial health of the airline and travel industries.

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 Airport Improvement Program (AIP) grants. The Commission has drawn approximately \$108.8 million of the CARES Act Funds and expects to draw the remaining approximately \$17 million in 2021.

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. The Commission anticipates approximately \$3 million in FEMA funding will be received later in 2021 by the Commission.

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriation Act (“*CRRSAA*”). *CRRSAA* provides \$2 billion in funds to U.S. airports and eligible concessions at those airports. The Commission was awarded \$33,615,863 in *CRRSAA* funds, including \$4,192,835 in concession relief. To date, the Commission has not drawn any of the *CRRSAA* funds but expects to draw the funds in 2021.

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 Commission was awarded \$135,284,602 in *ARPA* funds, including \$16,442,491 in concessions relief. To date, the Commission has not drawn any of the *ARPA* funds and anticipates using the funds over the next couple of years based on actual performance in 2022 and beyond.

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.

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

As of July 31, 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	\$88,868,068
Cash designated for capital projects	71,985,182
Operation and Maintenance Reserve Account	106,251,681
Other	<u>1,139,772</u>
<i>Total Unrestricted Cash and Investments</i>	\$268,244,703

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 July 31, 2021:

Restricted Cash and Investments (excluding Customer Facility Charges)

Passenger Facility Charges	\$27,961,176
Bond proceeds held by Trustee – Construction	124,259,381
OPEB Trust Fund	78,526,608
Line of Credit – Construction	5,167,260
Debt Service Funds held by Trustee – Debt Service	8,058,296
Debt Service Reserve Funds held by Trustee	114,940,183
Police Funds	<u>2,200,688</u>
<i>Total Restricted Cash and Investments</i>	\$361,113,592

On September 3, 2021, the Commission entered into a credit agreement with CN Financing, Inc. (a subsidiary of City National Bank), which provides the Commission a \$150 million revolving line of credit for a 3-year term. The CN Financing revolving line of credit replaced the expiring \$100 million revolving line of credit provided by Wells Fargo Bank, National Association. The Commission uses the revolving line of credit to interim fund capital projects. As of the date hereof, the Commission had drawn approximately \$64.8 million on the CN Financing revolving line of credit.

Fiscal Year 2021 Unaudited YTD Monthly Finance Report

Total unaudited operating revenue through the 2nd Quarter of 2021 is under budget by \$15.2 million or 10.5 percent. Total unaudited operating expenses are under budget by \$1.1 million or 1.3 percent.

Monthly Financial Report

As of June 2021

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	Year to Date		\$	%
	2021 Actual	2021 Budget		
Total Operating Revenue	\$ 129,607	\$ 144,844	\$ (15,237)	-10.5%
Total Operating Expenses	87,116	88,246	1,130	1.3%
Net Operating Revenue	\$ 42,491	\$ 56,598	\$ (14,107)	-24.9%
Non-Operating Revenue/(Expenses)	(23,740)	(27,889)	(4,149)	14.9%
Net Revenue	\$ 18,751	\$ 28,709	\$ (9,958)	

The Commission submitted a CARES Act grant reimbursement for a portion of debt service in the amount of \$16.9 million on June 28, 2021. The reimbursement was received on August 12, 2021, which is not reflected in these totals.

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.

Any investment decisions regarding the Commission's securities should only be made after a careful review of an Official Statement of the Commission, as applicable, related to such securities. In no event will the Commission be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained in this Update and such information may not be relied upon by any party in evaluating the merits of participating in any transaction. Past performance is not indicative of future returns, which will vary. Transactions involving the Commission's securities may not be suitable for all investors. Each investor should consult with his, her or its own advisors as to the suitability of securities or other financial instruments for the investor's particular circumstances.

Certain statements included in this Update constitute "forward-looking statements." The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that any future results discussed in this Update will be achieved, and actual results may differ materially from the expectations and forecasts described in this Update. All projections, forecasts, assumptions, expressions of opinion, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Update. The Commission does not plan to issue any updates or revisions to those forward-looking statements if or when the expectations, or events, conditions or circumstances on which such statements are based occur. Information contained in this Update which involves estimates, forecasts, or other matters of opinion, whether or not expressly so described in this Update, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained in this Update are subject to change without notice and the delivery of this Update will not, under any circumstances, create any implication that there has been no change in the affairs of the Commission.

By providing the information in this Update, the Commission does not imply or represent (a) that all information provided in this Update is material to investors' decisions regarding investment in the Commission's securities, (b) the completeness or accuracy of any financial, operational or other information not included in this presentation, (c) information regarding any other financial, operating or other information about the Commission, or its outstanding securities, (d) that no changes, circumstances or events have occurred since the date of this Update or (e) that no other circumstances or events have occurred or that no other information exists concerning the Commission, its outstanding securities or any contemplated transactions which may have a bearing on the Commission's financial condition, the security for the Commission securities, or an investor's decision to buy, sell, or hold any of the Commission's securities.