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: February 5, 2021

*The Metropolitan Airports Commission (the "**Commission**" or "**MAC**") is providing this Voluntary Statement Regarding Impacts of COVID-19 (this "**Statement**") to describe some of the impacts that the COVID-19 pandemic has had, and will continue to have, on passenger traffic at Minneapolis-St. Paul International Airport (the "**Airport**") and on the Commission's finances, and to describe some of the actions that the Commission has taken, and is taking, in response to the pandemic. The filing of this Statement is made voluntarily by the Commission, without an intention to provide any update to this Statement 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 year, the worldwide outbreak of novel coronavirus SARA-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. The President of the United States has issued the Coronavirus Guidelines for America, calling upon Americans to take actions to slow the spread of COVID-19 in the United States, including, among other things, avoiding discretionary travel. Various state and local governments, agencies, and others have also imposed restrictions on travel, limited public gatherings and large group events, ordered residents to stay at home, promoted or required working from home, and ordered closure of schools, restaurants, bars, and other public venues.

The Airport is subject to certain state and local public health orders directed to limit the spread of COVID-19. On March 13, 2020, Minnesota's Governor declared a Peacetime Emergency. Since then, the Governor has implemented multiple executive orders and has taken various actions to protect the health of Minnesotans and prevent the spread of COVID-19. Actions have included closing non-essential businesses and on-site school operations as well as implementing a stay-at-home order. On March 16, 2020, Minnesota's Executive Council approved an extension of the Peacetime Emergency. There have been several additional approved extensions since then, most recently on January 13, 2021.

On May 18, 2020, the Governor lifted the State's stay-at-home order and implemented an order called "Stay Safe Minnesota," which included a phased approach to reopening the economy. Beginning May 18, 2020, retail stores and main street businesses reopened with social distancing plans and a 50 percent capacity maximum. On June 1, 2020, bars and restaurants reopened for patio and outdoor service with social distancing and limitations on seating. On June 10, 2020, the State further loosened restrictions as the State entered phase III of the Stay Safe Minnesota plan, which allowed Minnesotans to gather outdoors with friends and family in groups of 25 or less, and indoors in groups of 10 or less with safe social distancing practices in place. Tighter restrictions were reimposed in November 2020 due to a surge in COVID-19 cases in Minnesota and lasted through the remainder of 2020.

While steps toward reopening the State have begun, the speed and scope of the reopening process is dependent upon progress toward limiting the continued spread of the disease. A January 6, 2021, Executive Order eased restrictions on indoor dining in Minnesota; however, for the first time, it made airport restaurants subject to those restrictions that remained, including limitations on capacity and operating hours of on-site dining services. The order also included a requirement for restaurants with on-site dining to gather contact information about customers for contact-tracing purposes.

The COVID-19 pandemic and the related restrictions have had an adverse effect on both international and domestic travel and travel-related industries, including airlines, concessionaires and rental car companies serving the Airport. Passenger airlines have experienced a significant downturn in demand, causing the cancellation of numerous flights and a dramatic reduction in network capacity. Currently, this reduction in demand and capacity is expected to continue in the near term, although with modest incremental improvement. Retail, food, and other service concessionaires located in terminal facilities at the Airport have reported significant declines in sales and nearly half the locations are temporarily closed as the result of reduced passenger levels. In addition, the reduction in air travel has had an adverse effect on parking, ground transportation companies and rental car activity and, consequently, the revenues of the Commission.

Enplanements

During the 2020 calendar year, enplanements at the Airport decreased by 62.52% as compared to the 2019 calendar year. Beginning in March 2020, because of the impact of the COVID-19 pandemic, enplanements at the Airport decreased significantly compared to the same period in 2019. The following table shows monthly enplanements at the Airport for the 2019 and 2020 calendar years.

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

Month	2019	2020	Percent Change
January	1,385,714	1,472,573	6.27%
February	1,323,615	1,438,475	8.68%
March	1,778,471	831,321	(53.26%)
April	1,517,998	70,492	(95.36%)
May	1,662,439	138,760	(91.65%)
June	1,827,624	254,312	(86.09%)
July	1,918,669	472,528	(75.37%)
August	1,915,988	567,563	(70.38%)
September	1,629,734	519,169	(68.14%)
October	1,699,277	587,602	(65.42%)
November	1,486,197	504,130	(66.08%)
December	1,637,654	558,278	(65.91%)
Total	19,783,380	7,415,203	(62.52%)

Source: Metropolitan Airports Commission

Financial Condition and Liquidity

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

Commission Responses. Beginning in March 2020, the Commission has taken several actions in response to the adverse financial impacts caused by the COVID-19 pandemic: (a) the Commission instituted a hiring freeze on all Commission personnel positions, except those deemed critical and approved by the Commission's CEO; (b) the Commission delayed, reduced, or decelerated capital program projects over the next several years; and (c) the Commission delayed or reduced non-essential expenditures totaling $24 million (e.g., travel, training, shuttle services, consulting services, select maintenance items, equipment purchases, supplies, marketing, and landscaping) for calendar year 2020. The Commission continues to closely monitor and evaluate expenses for additional savings and to restrict expenses to essential work only.

The Commission has invested 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, binds 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 numerous requests from the airlines, concessionaires and rental car companies operating at the Airport for rent relief. After consideration of numerous factors, the Commission has developed and approved several temporary relief programs, including the following:

Airlines

- Deferral of terminal, ramp and airfield rents and fees for April, May and June 2020, which were repaid in full in August, October and December 2020.
- Provision of free aircraft parking in designated airfield areas to accommodate additional aircraft parked due to COVID-19.
- Credit of approximately $41 million toward airline rates and charges related to the airfield and terminal cost centers in 2020 and 2021, 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

- Deferral of certain April, May and June 2020 rents, fees and charges, which were fully repaid in fourth quarter 2020.
- Waiver of minimum annual guarantees (MAGs) for nine months in 2020, totaling approximately $24 million.
- Provision of additional relief for 2021, including MAG relief through June 2021 for concessionaries and through March 2021 for rental auto companies, totaling approximately $9.5 million.

CARES Act and Other 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 CARES Act provides $10 billion in grant assistance to airports, including: (a) $3.7 billion to be allocated among all U.S. commercial service airports based on the number of enplanements in calendar year 2018; (b) $3.7 billion to be allocated among all U.S. commercial service airports based on formulas that consider Fiscal Year 2018 debt service relative to other airports and cash-to-debt service ratios; (c) $2 billion to be apportioned in accordance with the Airport Improvement Program ("***AIP***") entitlement formulas, subject to CARES Act formula revisions; (d) $500 million to increase the federal share to 100% for grants awarded in federal Fiscal Year 2020 under certain grant programs such as the AIP; and (e) $100 million to benefit general aviation airports.

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 drew approximately $87.6 million of the CARES Act grant in Fiscal Year 2020 exclusively for the Commission's benefit and expects to draw the remaining approximately $38.2 million of the CARES Act grant over the next couple of fiscal 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 MAC estimates its allocation will be between $25 million and $27 million but, as of the date hereof, the exact allocation has not been awarded.

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.

<u>*Estimated Financial Results for Fiscal Year 2020*</u>. Although each of the actions described in the "*Commission Responses*" and "*Temporary Relief Programs Provided to Airlines, Concessionaires and Rental Car Companies*" sections above are appropriate under the circumstances, some of those actions are expected to have significant impact on the Commission's financial performance for the year that ended December 31, 2020 ("***Fiscal Year 2020***"). Total operating revenues for Fiscal Year 2020 are estimated to be approximately $215 million, which is approximately $193 million below the Commission's Fiscal Year 2020 budget (the "***Fiscal Year 2020 Budget***"). Airline revenues for Fiscal Year 2020 are estimated to be approximately $90 million, which is approximately $46 million below the Fiscal Year 2020 Budget; and non-airline revenues are estimated to be approximately $125 million, which is approximately $147 million below the Fiscal Year 2020 Budget. Passenger Facility Charge ("***PFC***") revenue for Fiscal Year 2020 is estimated to be approximately $28 million, which is approximately $49 million below the Fiscal Year 2020 Budget. Operating expenses for Fiscal Year 2020, after adjusting for costs savings undertaken by the Commission in response to the COVID-19 pandemic, are estimated to be at least $24 million below the Fiscal Year 2020 Budget. Notwithstanding the reduced operating revenues in Fiscal Year 2020, the Commission expects that the combined debt service coverage on its Senior Bonds and Subordinate Bonds will be approximately 1.60x for Fiscal Year 2020, which includes the use of CARES Act moneys in the approximate amount of $69.4 million to pay a portion of the debt service and the use of CARES Act moneys to pay a portion of operating expenses in the approximate amount of $18.2 million.

<u>*Liquidity and Available Funds for Operations and Debt Service on Senior and Subordinate Bonds*</u>. As of December 31, 2020, 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.

<u>***Unrestricted Cash and Investments***</u>

Cash and investments	$28,793,501
Cash designated for capital projects	63,541,942
Operation and Maintenance Reserve Account	106,251,681
Other	1,139,897
Total Unrestricted Cash and Investments	$199,727,021

On January 12, 2021, the Commission received $62,072,791 of CARES Act reimbursement, which will enhance and be added to the Unrestricted Cash and Investment amounts. 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 December 31, 2020:

Restricted Cash and Investments (excluding Customer Facility Charges)	
Passenger Facility Charges	$36,239,661
Bond proceeds held by Trustee – Construction	167,431,532
OPEB Trust Fund	75,992,494
Line of Credit – Construction	3,322,909
Debt Service Funds held by Trustee – Debt Service	111,533,034
Debt Service Reserve Funds held by Trustee	116,277,850
Police Funds	2,031,897
Total Restricted Cash and Investments	$512,829,377

Fiscal Year 2021 Budget

On December 21, 2020, the Commission adopted its budget for the year ending December 31, 2021 (the "***Fiscal Year 2021 Budget***"). In the process of developing the Fiscal Year 2021 Budget, the Commission engaged in numerous industry discussions regarding the projected impacts of the COVID-19 pandemic on the aviation industry and the Airport. The revenues and expenses included in the Fiscal Year 2021 Budget assume that enplanements at the Airport will be approximately 13.8 million in Fiscal Year 2021 (an 85% increase of the estimated Fiscal Year 2020 enplanements and a 30% reduction of the enplanements for the year that ended December 31, 2019).

Following are some of the key components of the Fiscal Year 2021 Budget:

2021 Adopted Budget Targets:

- The Commission will maintain a coverage ratio of at least 2.4x on the Senior Bonds and an overall coverage ratio on the combined Senior and Subordinate Bonds of at least 1.4x.
- The Commission will maintain a six-month Operating Fund Reserve.
- The Airline Cost Per Enplaned Passenger (CPE) will be in the lower one-third of large hub airports.
- The budget will have the financial resources to operate the Commission's system of airports, meet its debt service obligations, and fund its reserves and capital requirements.

Operating and Non-Operating Budget Summary:

- Operating and non-operating revenues are budgeted to be $339.8 million (a decrease of $76.7 million or 18.4% compared to the Fiscal Year 2020 Budget).
- Airline revenues are budgeted to be $131.2 million (a decrease of $5.1 million or 3.7% compared to the Fiscal Year 2020 Budget). The majority of the decrease is attributable to

the reduction in passenger activity forecast, as well as reductions in operating expenses related to airfield and terminal costs.

- Non-airline revenues are budgeted to be $200.2 million (a decrease of $72.1 million or 26.5% compared to the Fiscal Year 2020 Budget). The decrease includes of a reduction of $1.6 million in auto rentals revenue and $14.5 million in terminal concessions revenue (reflecting both the decrease in enplanements and the MAG waivers granted to the concessionaires through June 2021 and the rental car companies through March 2021), $39.3 million in parking revenue, and $7.5 million in ground transportation revenue.

- Non-operating revenues are budgeted to be $8.4 million (a net increase of $.5 million compared to the Fiscal Year 2020 Budget).

- Operating expenses are budgeted to be $194.5 million (a decrease of $18.0 million or 8.5% compared to the Fiscal Year 2020 Budget). The decrease in operating expenses as compared to the Fiscal Year 2020 Budget include the following cost reductions:

    - A $4.0 million reduction for parking, shuttle services, and Rental Car Center operations;

    - Continued closure of the employee, valet and Quick ride ramp remote lots through Fiscal Year 2021;

    - A $2.3 million reduction to overtime and temporary employees to align with the 2021 passenger forecast;

    - A $1.6 million reduction in airline incentives for new routes in 2021;

    - A 65% reduction on all MAC travel and training; and

    - A continued hiring freeze, except for those positions deemed critical and approved by the Commission's CEO.

2021 to 2023 Capital Program

In light of the COVID-19 pandemic, the Commission has evaluated its entire Capital Program. Select capital projects totaling approximately $130 million have been delayed, reduced in scope, or decelerated to accommodate a slower spend rate.

Important Notes Regarding this Statement

Notwithstanding anything in this Statement 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 Statement is provided as of the date on the first page above. If you are viewing this Statement 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 Statement, and the Commission does not undertake any obligation to update this Statement. The information provided in this Statement is subject to change without notice. All numbers contained in this Statement 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 Statement 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 Statement 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 Statement will be achieved, and actual results may differ materially from the expectations and forecasts described in this Statement. 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 Statement. 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 Statement which involves estimates, forecasts, or other matters of opinion, whether or not expressly so described in this Statement, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained in this Statement are subject to change without notice and the delivery of this Statement 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 Statement, the Commission does not imply or represent (a) that all information provided in this Statement 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 Statement 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.