

Minneapolis/St. Paul, Minnesota

Metropolitan Airports Commission

Comprehensive Annual Financial Report

Year Ended December 31, 2013

Prepared by
The Finance Department

Bob Schauer
Director of Finance

Stephen L. Busch
Vice President, Finance & Administration



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Minneapolis/St. Paul, Minnesota

Metropolitan Airports Commission

Comprehensive Annual Financial Report

Year Ended December 31, 2013

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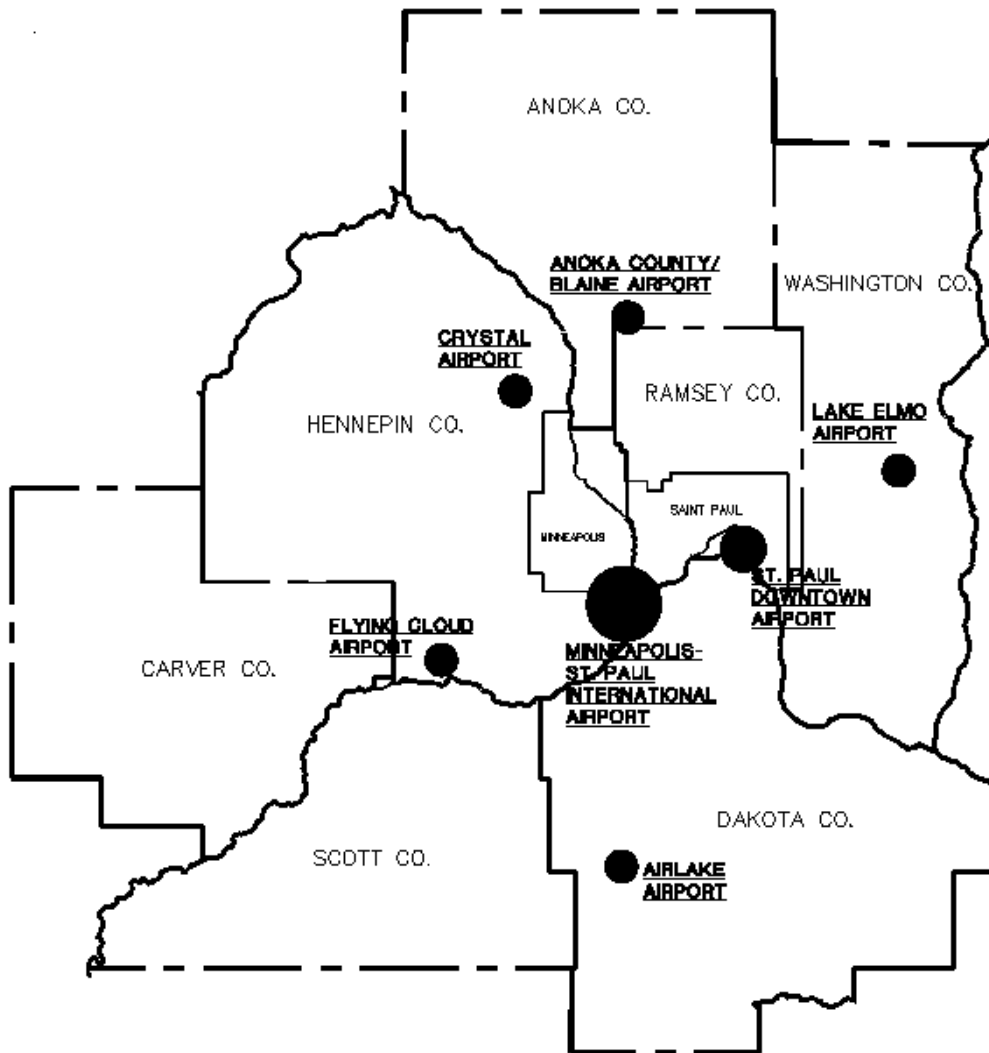


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MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

AIRPORT LOCATIONS

Introductory Section



Commission Jurisdiction 35 Mile Radius

Introductory Section

METROPOLITAN AIRPORTS COMMISSION - 2013/2014

Chair: Daniel Boivin

Commissioners:

District A	Carl Crimmins
District B	Rick King
District C	Lisa Peilen
District D	Steve Cramer
District E	James Deal
District F	Michael Madigan
District G	James Hamilton
District H	Tammy Mencil
City of Minneapolis	Erica Prosser
City of Saint Paul	Pat Harris
Representing Greater Minnesota Area	Timothy Geisler Patti Gartland Donald Monaco Paul Rehkamp

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

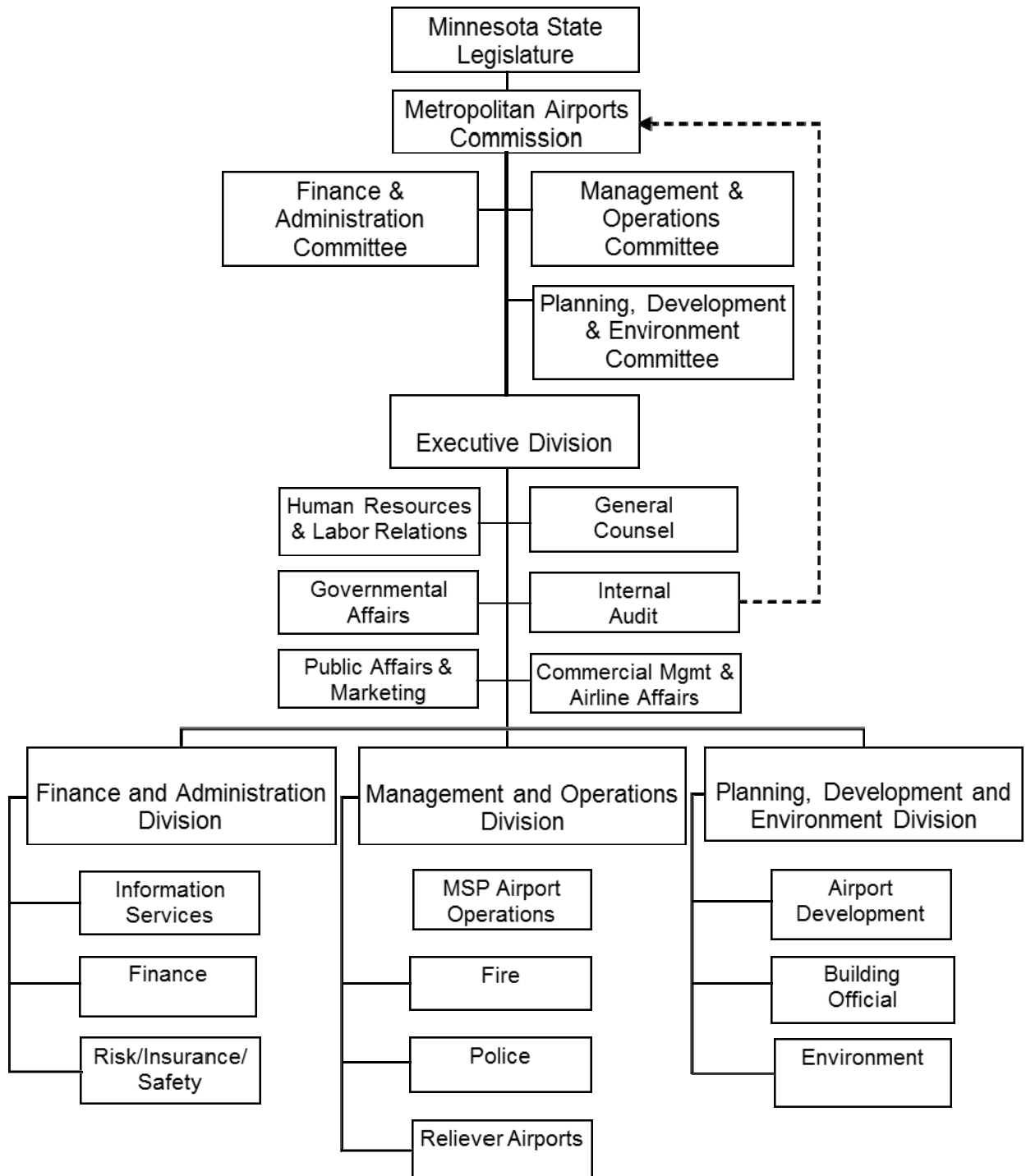
Executive Director/CEO: Jeffrey Hamiel

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

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

ORGANIZATION CHART

Introductory Section



METROPOLITAN AIRPORTS COMMISSION

Minneapolis–Saint Paul International Airport

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

OFFICE OF EXECUTIVE DIRECTOR

May 1, 2014

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Metropolitan Airports Commission, Minneapolis-St. Paul, Minnesota, for the fiscal year ended December 31, 2013.

Management's Responsibility:

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

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

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

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

Independent Audit:

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

For the years ended December 31, 2013 and 2012, the annual financial statements of the MAC has been audited by BKD, LLP, a firm of independent Certified Public Accountants. BKD's opinion on the financial statements is presented in this report.

Also, as part of the annual audit, BKD performs procedures in accordance with the Single Audit Act (The Act), OMB Circular A-133 and the provisions of grant award agreements between the MAC and the Federal Aviation Administration (FAA) and other federal agencies. Finally, the auditors perform procedures to help ensure the MAC's compliance with the FAA regulations to implement the Aviation Safety and Capacity Expansion Act of 1990 in relation to Passenger Facility Charge (PFC) revenues and expenses. The resulting reports are intended for the use of the MAC and the FAA and have not been included in this report.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

LETTER OF TRANSMITTAL

Introductory Section

THE COMMISSION:

Purpose:

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

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

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

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

Powers:

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

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

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

- Issue tax-exempt debt;
- Adopt ordinances, enforce them through its police powers, and acquire property through eminent domain;

and, most important the MAC *may*

- Levy taxes on real property in the Metropolitan Area for debt service or to meet operations and maintenance costs of airport facilities.

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

Governance:

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

The Chairperson may be from anywhere in the State. Only the Chairperson can be removed before his or her term expires. Mr. Daniel Boivin was appointed to Chair the Commission in 2011 by Governor Mark Dayton.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

LETTER OF TRANSMITTAL

Introductory Section

Mr. Boivin has served on the Commission since May 2002. Boivin is the Executive Vice President, and General Counsel for See Change Health, a health insurance and technology company. Previously, Boivin served as attorney and partner with the Meshbeshier & Spence law firm. He served as the Chair of the Minnesota Bar Association Civil Litigation Section. The board appoints the Executive Director/CEO who serves at the pleasure of the Commission and is the “chief executive” of the MAC. The Executive Director/CEO is accountable for meeting all the Commission’s expectations for organizational performance.

Jeffrey W. Hamiel was appointed Executive Director/CEO of the Commission in 1985. He holds a doctorate in Public Administration from Hamline University. Hamiel began his career with the Commission in 1977, becoming its first Manager of Noise Abatement and Environmental Affairs. In 1980 he was promoted to Assistant Director of Operations and to Director of Operations in 1983. Between 1984 and 1985 he served as Airport Director and was promoted to Deputy Executive Director before becoming Executive Director/CEO.

Jurisdiction and Facilities:

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

The Commission owns and operates seven airports in the Metropolitan Area. Minneapolis-St. Paul International Airport (MSP) serves as the primary air carrier facility. MSP is one of the highest activity airports in the United States: it is the 11th largest among U.S. airports based on the number of operations (takeoffs or landings) and 17th largest based on passenger volume.

The following reliever airports complement MSP to serve general aviation needs:

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

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

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

SIGNIFICANT ACCOUNTING AND BUDGETING CONVENTIONS:

The MAC and the State of Minnesota have agreed that under Governmental Accounting Standards Board (GASB) Statements No. 14 and No. 39, the Commission is not financially accountable to any other organization; it is a stand-alone government unit (corporation).

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

LETTER OF TRANSMITTAL

Introductory Section

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

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

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

ACTIVITY HIGHLIGHTS

Minneapolis-St. Paul International Airport (the airport or MSP) is classified by the FAA to be one of the large hub airports in the United States. According to Airports Council International statistics, in calendar year 2013 MSP was the 17th busiest airport in the United States in terms of passenger volume, 11th in terms of takeoffs and landings and 26th in cargo traffic.

In 2013, approximately 33,900,000 passengers passed through MSP; a 2.2% increase in total passengers over 2012 levels. The top five carriers serving MSP in 2013 by enplaned passengers are shown in the

accompanying table. Revenue passengers enplaned (including those connecting) at MSP in 2013 totaled 16,367,267. (Totals may differ from the passenger statistics reported by the air carriers to the Department of Transportation).

Carrier		Total Enplaned Revenue Passengers	% of Total Enplaned Revenue Passengers
1	Delta	8,076,972	49.4%
2	Endeavor Air	1,634,337	10.0%
3	Compass	1,184,213	7.2%
4	Skywest	1,134,982	6.9%
5	Sun Country	757,552	4.6%
		12,631,260	79.0%

Compass, Skywest and Endeavor Air are all codeshares with Delta.

FACTORS AFFECTING THE MAC's FINANCIAL CONDITION:

Demand for Air Transportation

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

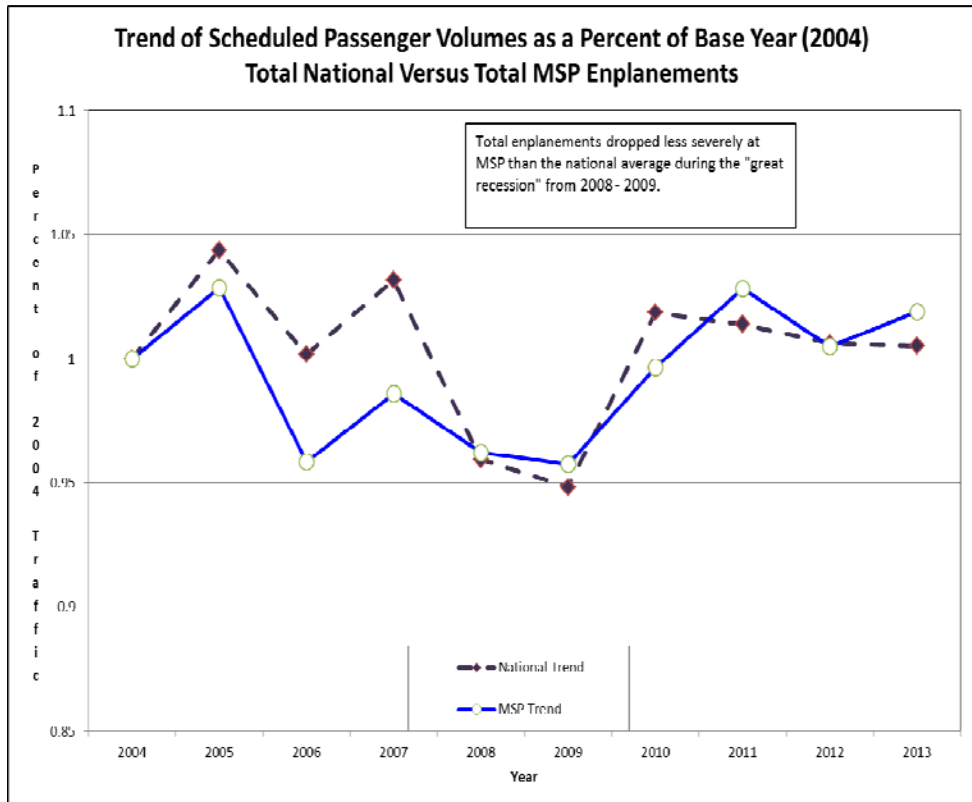
MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

LETTER OF TRANSMITTAL

Introductory Section

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

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



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

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

- Size: Minnesota is the 21st most populous State in the U.S. The Twin Cities metropolitan area is the 16th most populous metropolitan area in the nation.
- Economic Strength and Diversity:
 - ✓ Minnesota is headquarters to 19 Fortune 500 companies, which places it first among the 50 States in terms of numbers of Fortune 500 firms headquartered within the State on a per-capita basis.
 - ✓ Minnesota is headquarters to 7 of the 250 largest private companies including the largest privately held company in the United States: the Cargill Corporation.
 - ✓ Minneapolis has the fourth largest concentration of Fortune 500 company headquarters among cities in the United States.
- High per capita income:
 - ✓ The Bureau of Economic Analysis reports that the Twin Cities average per capita is approximately 17% higher than the national average.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

LETTER OF TRANSMITTAL

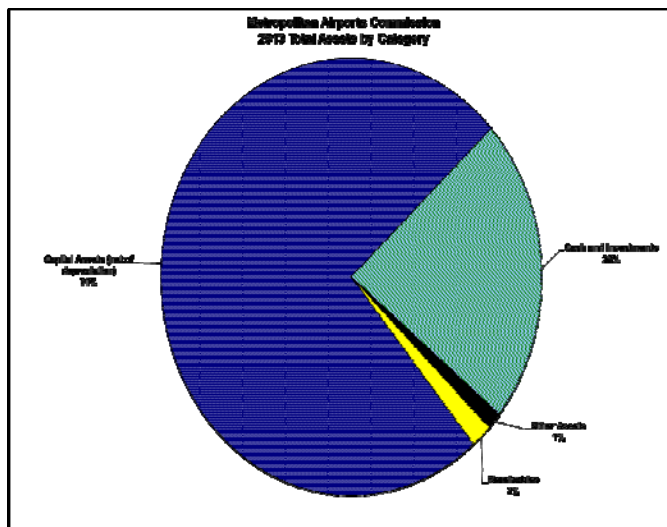
Introductory Section

- Stronger than National Average Growth in Population and Employment:
 - ✓ The Metropolitan Council, a regional planning organization for the eleven-county area including the Twin Cities, projects average annual population growth of 1.0% through 2040 versus the Census Bureau's projected national population growth rate of 0.7%.
 - ✓ The Metropolitan Council foresees a 1.2% annual average growth rate for Twin Cities area employment growth through 2040 versus the Bureau of Labor Statistics' projected growth in national employment of 1.0%.

Demand for Connecting Traffic:

Traffic at MSP is split almost 50/50 between O&D and connecting traffic. The strong demand for O&D traffic from MSP can be leveraged by tenant airlines to fill their planes by scheduling connecting flights through the airport. Historically, MSP was the “home-town” hub for the former Northwest Airlines, which had its headquarters in Eagan, Minnesota. After the merger of Northwest and Delta, the headquarters of the combined company was located in Atlanta. Although no longer the home-town company, Delta has made significant commitments to MSP. For example, Delta elected to extend its airline lease agreement with the MAC through December 31, 2020. In addition, Delta made a significant commitment to the airport in signing a “hub covenant”. In its hub covenant, Delta agreed to maintain an annual average of 400 daily departing flights from MSP, at

least 250 of which must be aircraft with greater than 70 seats and that a minimum of 30% of enplaned passengers must be connecting.



Supplying the Demand:

Airports are “landlords”—they build, own, maintain, and rent facilities and related services. Because an airport’s main job is to provide runways, terminals, etc., it is a capital-intensive business. The MAC’s balance sheet is dominated by capital assets which, at approximately \$2,500,000,000 (net of depreciation), represent more than two-thirds of the Commission’s total assets. Constructing, maintaining, and

improving our capital assets is critical to meeting the demand of our customers.

During 2013, the Commission expended \$121,000,000 on its on-going capital improvement program. Approximately \$15,000,000 was associated with various airfield and runway projects. Approximately \$49,000,000 was related to Terminal 1-Lindbergh projects. Projects at Terminal 1-Lindbergh include expansion of the customs hold area and baggage handling system, roofing rehabilitation, restroom rehabilitations as well as a checked baggage screening system project. Approximately \$46,000,000 was spent on various Terminal 2 - Humphrey projects, landside/parking and miscellaneous building projects with the largest projects being a baggage handling system at Terminal 2-Humphrey and rental car facility. Approximately \$750,000 was spent on the Commission’s ongoing residential sound insulation program. Approximately \$4,000,000 was spent on the Commission’s reliever airport system. The remaining \$16,000,000 was spent for equipment purchases and various technology and miscellaneous improvements. Average monthly capital spending in 2013 was approximately \$10,000,000.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

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Introductory Section

The 2014 -15 CIP includes approximately \$131,000,000 of planned projects, as set forth in the accompanying table. CIPs are revised from time to time and additional projects could be added to the 2014 - 15 CIP including, but not limited to, one or more of the Demand Driven CIP Projects.

Projects 2014 - 2015	2014 planned construction	2015 planned construction
Noise Mitigation Program	600,000	-
Terminal-1 Rehabilitation & Repair	32,050,000	44,650,000
Environmental	1,700,000	1,000,000
Parking Facilities	3,950,000	3,500,000
Airfield and Runway Rehabilitation Program	5,250,000	9,150,000
Terminal-2 Rehabilitation & Repair	1,900,000	-
Police & Fire	3,600,000	7,550,000
Reliever Airports Program	4,300,000	3,700,000
Other	6,100,000	2,400,000
Total	59,450,000	71,950,000

Financing the Supply

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

Under its Master Indenture, the MAC has promised to maintain a debt service coverage ratio of 1.25 times the following year's scheduled payments. In July 2008, the board of Commissioners directed that the MAC increase its debt service coverage above the contractual obligation to 1.4 times annual debt service for its Senior General Obligation Revenue Bonds (GORBs) and Senior General Airport Revenue Bonds (GARBs)—(see Note F to the financial statements). The MAC exceeded the July requirement. As of December 31, 2013, projected debt coverage on Senior Debt obligations is approximately 3.0 times scheduled payments.

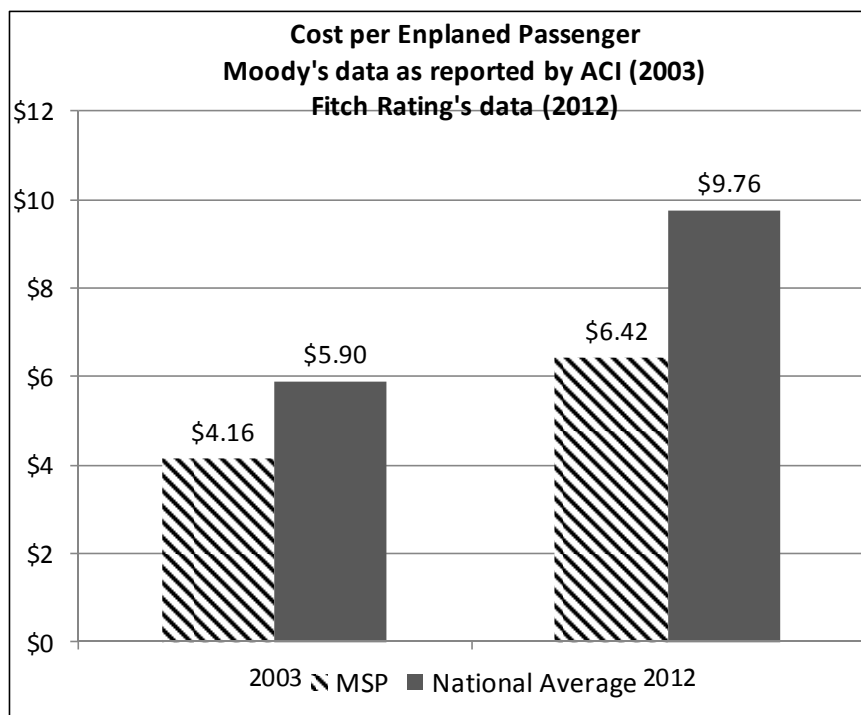
At year-end 2013, the MAC had long-term debt (including the currently payable portion) of approximately \$1,500,000,000 supporting approximately \$2,500,000,000 of capital assets as discussed above (also see notes E and F to the financial statements). Despite its significant debt, the MAC is highly liquid. Also at year-end 2013, MAC had cash and investments totaling more than \$760,000,000 and has continued to maintain strong debt service coverage ratios (currently at 3.0). The MAC's conservative financial practices have been rewarded with AA- debt rating on its senior debt (the second highest rating given to any airport debt) by both the Standard and Poor's and Fitch rating agencies. High bond ratings reduce borrowing costs to the MAC and, therefore, help moderate the cost per enplaned passenger incurred by the airlines operating at MSP. In addition, high bond ratings ensure access to capital markets. Access to capital ensures that customers can depend on finding the high quality runways, terminals and other capital assets at MAC airports in good repair.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

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Introductory Section

Because of the Commission's conservative financial practices, the cost to airlines of enplaning passengers at MSP is significantly lower than the national average. Because of inconsistencies in methods of calculating the cost per enplanement, it is difficult to have fully comparable statistics. However, recently reported comparative data from an Airports Council International (ACI) study shows the cost to airlines of enplaning passengers at MSP to be significantly cheaper than the national average. Nationally reported data from both Moody's and Standard and Poor's show MSP to have consistently lower costs of enplanement irrespective of how the data are calculated. This makes MSP a profitable venue for client airlines.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS:

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

AWARDS:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the MAC for its Comprehensive Annual Financial Report for the year ended December 31, 2012. The Commission has received this prestigious GFOA award for twenty-eight consecutive years.

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

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

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

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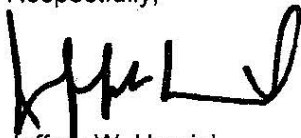
The Commission also received for the twenty-fifth consecutive year the GFOA Award for Distinguished Budget Presentation for its Annual Operating Budget for 2013. In order to qualify for the Distinguished Budget Presentation, the Commission's budget document was judged to be proficient in several categories, including policy documentation, financial planning and organization.

ACKNOWLEDGEMENTS:

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

In addition, we would like to express our appreciation for the leadership and support of the governing body of the Metropolitan Airports Commission and for their sincere interest in operating the Metropolitan Airports Commission in a sound financial manner.

Respectfully,



Jeffrey W. Hamiel
Executive Director/CEO



Stephen L. Busch
Vice President, Finance
& Administration



Robert C. Schauer
Director of Finance

CERTIFICATE OF ACHIEVEMENT

Introductory Section



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Minneapolis-St. Paul
Metropolitan Airports Commission
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

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Minneapolis/St. Paul, Minnesota

Metropolitan Airports Commission

Comprehensive Annual Financial Report

Year Ended December 31, 2013

Financial Section



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Independent Auditor's Report on Financial Statements and Supplementary Information

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

We have audited the accompanying basic financial statements of Minneapolis/St. Paul Metropolitan Airports Commission (Commission), which are comprised of balance sheets as of December 31, 2013 and 2012, and statements of revenues, expenses and changes in net position and of cash flows for the years then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Minneapolis/St. Paul Metropolitan Airports Commission as of December 31, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A to the financial statements, in 2013, the Commission changed its method of accounting for bond issuance costs and reclassified deferred losses and gains on refundings of debt to deferred outflows of resources and deferred inflows of resources, respectively. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

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

BKD, LLP

Indianapolis, Indiana
May 14, 2014

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

The following discussion and analysis of the financial performance and activity of the Minneapolis/St. Paul Metropolitan Airports Commission (the Commission or MAC) is to provide an introduction and understanding of the basic financial statements of the Commission for the year ended December 31, 2013 with selected comparative information for the years ended December 31, 2012 and 2011. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and the notes thereto, which follow this section.

USING THE FINANCIAL STATEMENTS

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

FINANCIAL HIGHLIGHTS

General

The Commission has entered into, and receives payment under, agreements with various air carriers and other parties, including the airline lease agreements relating to landing fees and the leasing of space in terminal buildings, other building leases regarding the leasing of cargo and miscellaneous hangar facilities, concession agreements relating to sale of goods and services at the airport and specific project leases relating to the construction of buildings and facilities for specific tenants. Below is a brief description of each agreement along with the revenue generated in 2013.

Airline Lease Agreements

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

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

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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 ¹	Percent Shared with Passenger Signatory Airlines
Greater than \$42,835,789	25% up to \$42,835,789 and 50% for amounts above \$42,835,789
\$33,154,636 to \$42,835,789	25%
\$31,828,451 to \$33,154,635	20%
\$30,502,266 to \$31,828,450	15%
\$29,176,080 to \$30,502,265	10%
\$27,849,895 to \$29,176,079	5%

¹ Selected Concession Revenues were \$39,556,524 for fiscal year 2013, resulting in shared concession revenue of \$9,889,131. 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, 2013 and 2012, the aggregate rentals earned by the Commission pursuant to the airline lease agreements were approximately \$94,946,000 and \$88,622,000, respectively. The annual rentals due under each lease may be adjusted each year to reflect actual costs of the airport.

Other Building and Miscellaneous Leases

The other building and miscellaneous leases relate to rentals and other fees associated with the Hubert H. Humphrey Terminal (Terminal 2), miscellaneous hangar facilities, and office rentals for non-airline tenants in Terminal 1. For the years ended December 31, 2013 and 2012, the aggregate annual rentals under these leases were approximately \$26,550,000 and \$25,293,000, respectively.

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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, 2013 and 2012, the aggregate lease rentals paid to the Commission under specific project leases was approximately \$11,939,000 and \$11,667,000, respectively.

Concession Agreements

The Commission has entered into concession agreements with various firms to operate concessions inside the terminal building at the airport including, among others, food and beverage services, newsstands, advertising, amusements/games, insurance, personal service shops, and telephones. For the years ended December 31, 2013 and 2012, the aggregate fees earned by the Commission under the existing concession agreements were approximately \$28,050,000 and \$26,983,000, 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 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, 2013 and 2012, the aggregate fees earned by the Commission under the existing rental car agreements and parking lot management contract were approximately \$105,514,000 and \$96,898,000, respectively. Of this amount, parking revenue was approximately \$76,569,000 for 2013 and \$72,621,000 for 2012. Auto rental revenue for both on and off airport auto rentals for December 31, 2013 and 2012 was approximately \$28,945,000 and \$24,278,000, 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, 2013 and 2012, revenues from these agreements were approximately \$6,702,000 and \$5,661,000, respectively.

Miscellaneous Off-Airport Concession Leases and Ground Transportation Fees

The Commission has entered into certain leases with off-airport concessionaires that provide off-airport advertising and auto services. Additionally, the Commission charges fees for employee parking, permits and licenses to operate shuttles, vans, buses and taxis at the airport. Such fees are set by Commission ordinances. For the years ended December 31, 2013 and 2012, the Commission earned \$8,444,000 and \$9,000,000, respectively.

Miscellaneous Revenues

In addition to the above agreements, the Commission enters into various other leases and agreements. These include utility charges, 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, 2013 and 2012, the revenues from these agreements were approximately \$15,838,000 and \$13,960,000, respectively.

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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 MAC

For the fiscal years ended December 31, 2013 and 2012, the top ten operating revenue sources for the MAC were as follows:

Top Ten Operating Revenue Sources:

Source	2013 Revenue
1. Parking	\$ 76,568,952
2. Landing fees	56,336,967
3. Terminal rent - airlines	39,182,297
4. Other building rent	20,593,252
5. Auto rental (off- and on-airport)	18,257,162 *
6. Food and beverage	14,797,384
7. Ground rent	9,041,482
8. Merchandise	8,434,509
9. Ramp fees	6,802,666
10. Ground transportation fees	4,876,266

Source	2012 Revenue
1. Parking	\$ 72,620,733
2. Landing fees	52,710,030
3. Terminal rent - airlines	37,121,208
4. Other building rent	19,471,516
5. Auto rental (off- and on-airport)	17,795,456 *
6. Food and beverage	13,862,578
7. Ground rent	8,751,929
8. Merchandise	8,552,586
9. Ramp fees	6,091,980
10. Passenger services	4,778,653

*Excludes customer facility charges.

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The top ten revenue providers for 2013 for the MAC were as follows:

Top Ten Operating Revenue Providers

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

Statements of Revenues, Expenses and Changes in Net Position

During 2013, MAC total revenues and capital contributions increased by 10.0% to \$391,313,000 from \$355,598,000 in 2012. Changes in major categories follow (dollars in thousands):

	2013	% of Total	2012	% of Total	Dollar Change	Percent Change
Operating revenues						
Airline rates and charges	\$ 106,015	27.1%	\$ 98,437	27.7%	\$ 7,578	7.7%
Concessions	131,321	33.5%	126,399	35.5%	4,922	3.9%
Rentals/fees	33,327	8.5%	27,999	8.0%	5,328	19.0%
Utilities and other revenues	15,382	3.9%	13,582	3.7%	1,800	13.3%
Total operating revenues	<u>286,045</u>		<u>266,417</u>		<u>19,628</u>	
Nonoperating revenues						
Investment income	7,066	1.8%	8,182	2.3%	(1,116)	-13.6%
Loss on sale of assets/other	(561)	-0.1%	(1,172)	-0.3%	611	-52.1%
Passenger facility charges (PFC)	65,291	16.7%	62,231	17.5%	3,060	4.9%
Total nonoperating revenues	<u>71,796</u>		<u>69,241</u>		<u>2,555</u>	
Capital contributions and grants	<u>33,472</u>	8.6%	<u>19,940</u>	5.6%	<u>13,532</u>	67.9%
Total revenues and capital contributions	<u>\$ 391,313</u>	100.0%	<u>\$ 355,598</u>	100.0%	<u>\$ 35,715</u>	10.0%

Airline rates and charges increased \$7,578,000 or 7.7% from 2012 levels. A majority of the revenue derived from the airline rates and charges category is based on the amount of expenses incurred in certain cost centers. During 2013, the MAC experienced an above average amount of snow and, as a result, snow removal expenses were significantly higher. In addition, an increase in utility rates and consumption coupled with an increase in activity in Terminal 2-Humphrey (Southwest, Spirit and Sun Country) accounted for the majority of the increase in airline rates and charges.

Concessions increased by 3.9% or \$4,922,000. The majority of the increase is in the public parking category. An increase in users along with a longer length of stay accounted for approximately \$4.0 million of the increase in the concessions category. The remaining increase was in the Food & Beverage category primarily due to the opening of new concessions in Terminal 2 and continued growth in Terminal 1 concessions.

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Rental fees increased \$5,328,000 or 19.0%. This is primarily a result of higher auto rental customer facility charge (CFC) revenue. The current CFC rate increased to \$3.25 per transaction per day from \$2.00 in 2012. The increase in the rate coupled with a slight increase in activity account for the majority of the increase in this category. The remaining increase was an increase in revenue from the Reliever Airports due to a new rate structure implemented in 2013.

Utilities and other revenues increased by \$1,800,000 or 13.3% as a result the following: higher utility costs for ground power; a lease rate increase for consortium fees in which the concessionaires pay for utilities, maintenance, cleaning and distribution services; and a new general aviation fuel flowage fee for tenants at MSP.

Investment income decreased \$1,116,000 or 13.6% due to lower interest rates.

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 2013 comes primarily from an increase in federal grants, primarily for baggage screening projects.

During 2012, MAC total revenues and capital contributions decreased by 2.0% to \$355,598,000 from \$362,937,000 in 2011. Changes in major categories are summarized below (dollars in thousands):

	2012	% of Total	2011	% of Total	Dollar Change	Percent Change
Operating revenues						
Airline rates and charges	\$ 98,437	27.7%	\$ 96,422	26.6%	\$ 2,015	2.1%
Concessions	126,399	35.5%	118,792	32.6%	7,607	6.4%
Rentals/fees	27,999	8.0%	27,575	7.6%	424	1.5%
Utilities and other revenues	13,582	3.7%	13,759	3.8%	(177)	-1.3%
Total operating revenues	<u>266,417</u>		<u>256,548</u>		<u>9,869</u>	
Nonoperating revenues						
Investment income	8,182	2.3%	21,496	5.9%	(13,314)	-61.9%
Gain (loss) on sale of assets/other	(1,172)	-0.3%	14	0.0%	(1,186)	-8471.4%
Passenger facility charges (PFC)	62,231	17.5%	62,244	17.2%	(13)	0.0%
Total operating revenues	<u>69,241</u>		<u>83,754</u>		<u>(14,513)</u>	
Capital contributions and grants	<u>19,940</u>	5.6%	<u>22,635</u>	6.2%	<u>(2,695)</u>	-11.9%
Total revenues and capital contributions	<u>\$ 355,598</u>	100.0%	<u>\$ 362,937</u>	100.0%	<u>\$ (7,339)</u>	-2.0%

Airline rates and charges increased \$2,015,000 or 2.1% from 2012 levels. A majority of the revenue derived from the airline rates and charges category is based on the amount of expenses incurred in certain cost centers. Higher debt service allocations coupled with an increase in activity in Terminal 2-Humphrey (Southwest, Spirit and Sun Country) accounted for the majority of the increase in airline rates and charges

Concessions increased by 6.4% or \$7,607,000. An increase in the general parking rate coupled with an increase in the number of employee parkers accounted for the majority of the increase (\$6.4 million) in the concession category. Also in 2012, Delta started a program of installing a new concession concept in the G concourse. Delta retains a majority of the concession revenue earned in the G concourse. As the existing concessions on the G concourse were closed due to construction, the passengers diverted to other areas in Terminal 1-Lindbergh where the Commission was able to generate additional concession revenue. The remaining increase in the concessions category is due to higher activity levels from on-airport auto rentals and other miscellaneous concessions.

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Rental fees increased \$424,000 or 1.5%. This is primarily a result of higher auto rental customer facility charge (CFC) revenue. The current CFC for 2011-2012 is \$2 per rental car transaction day. The increase in CFC's is due to a higher number of transactions in 2012.

Utilities and other revenues decreased by \$177,000 or 1.3% as a result of lower utility charges due to a mild winter in 2012.

Investment income decreased \$13,314,000 or 61.9% due to lower interest rates earned by the Commission. Also, in November 2011, Delta paid their lease obligations under GO Revenue Bond Series 15. As a result of this payment, the Commission earned less interest income in 2012.

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 2012 comes primarily from a decrease in grant eligible projects.

Expenses

In 2013, MAC total expenses increased by 5.7% to \$339,680,000 from \$321,406,000 in 2012. Changes in major categories are summarized below (dollars in thousands):

	2013	% of Total	2012 Restated	% of Total	Dollar Change	Percent Change
Operating expenses						
Personnel	\$ 71,024	20.9%	\$ 68,145	21.2%	\$ 2,879	4.2%
Administrative	1,407	0.4%	1,561	0.5%	(154)	-9.9%
Professional services	4,514	1.3%	4,536	1.4%	(22)	-0.5%
Utilities	18,633	5.5%	16,288	5.1%	2,345	14.4%
Operating services	18,940	5.6%	17,379	5.4%	1,561	9.0%
Maintenance	29,305	8.6%	26,052	8.1%	3,253	12.5%
Depreciation and amortization	128,010	37.7%	120,201	37.4%	7,809	6.5%
Other	3,055	0.9%	2,631	0.8%	424	16.1%
Operating expenses	<u>274,888</u>		<u>256,793</u>		<u>18,095</u>	
Nonoperating expenses						
Interest expense	<u>64,792</u>	19.1%	<u>64,613</u>	20.1%	<u>179</u>	0.3%
Total nonoperating expenses	<u>64,792</u>		<u>64,613</u>		<u>179</u>	
Total expenses	<u>\$ 339,680</u>	100.0%	<u>\$ 321,406</u>	100.0%	<u>\$ 18,274</u>	5.7%

Personnel increased by 4.2% or \$2,879,000. The majority of the increase is related to annual wage adjustments, overtime due to heavy amounts of snow removal coupled with an increase in employee health insurance costs.

Utilities increased \$2,345,000 or 14.4% due to greater natural gas and heating fuel consumption due to a colder than average winter, higher natural gas prices and higher electricity rates that were effective during 2013.

Operating services increased \$1,561,000 or 9.0% due to a higher amount of spending due to snow removal expenses, a new porter service for Terminal 1, which started in July of 2013, and an increase in parking management expenses due to the increase of parking activity.

Maintenance increased \$3,253,000 or 12.5%. The increase is attributable to an above average winter snowfall in 2013.

Depreciation increased \$7,809,000 or 6.5%. The increase is attributable to new projects placed into service during 2012-2013.

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Other expenses increased \$424,000 or 16.1% due to increases in airport liability and property insurance premiums along with establishing reserves for bad debt for tenants that declared bankruptcy in 2013.

In 2012, MAC total expenses decreased by 3.7% to \$321,406,000 from \$333,771,000 in 2011. Changes in major categories are summarized below (dollars in thousands):

	2012 Restated	% of Total	2011 Restated	% of Total	Dollar Change	Percent Change
Operating expenses						
Personnel	\$ 68,145	21.2%	\$ 66,297	19.9%	\$ 1,848	2.8%
Administrative	1,561	0.5%	1,532	0.5%	29	1.9%
Professional services	4,536	1.4%	4,167	1.2%	369	8.9%
Utilities	16,288	5.1%	16,568	5.0%	(280)	-1.7%
Operating services	17,379	5.4%	17,151	5.1%	228	1.3%
Maintenance	26,052	8.1%	27,057	8.1%	(1,005)	-3.7%
Depreciation and amortization	120,201	37.4%	118,985	35.6%	1,216	1.0%
Other	2,631	0.8%	3,530	1.1%	(899)	-25.5%
Operating expenses	<u>256,793</u>		<u>255,287</u>		<u>1,506</u>	
Nonoperating expenses						
Interest expense	<u>64,613</u>	20.1%	<u>78,484</u>	23.4%	<u>(13,871)</u>	-17.7%
Total nonoperating expenses	<u>64,613</u>		<u>78,484</u>		<u>(13,871)</u>	
Total expenses	<u>\$ 321,406</u>	100.0%	<u>\$ 333,771</u>	100.0%	<u>\$ (12,365)</u>	-3.7%

Personnel increased by 2.8% or \$1,848,000. The majority of the increase is related to annual wage adjustments coupled with an increase in employee health insurance.

Professional services increased \$369,000 or 8.9%. This increase is due to expense incurred in area navigation (RNAV) departure modeling at MSP, as well as expensing projects that were in the capital improvement program and will not be completed.

Utilities decreased \$280,000 or 1.7% due to lower natural gas prices and lower consumption, resulting from a mild winter offset partially by higher electricity rates.

Operating services increased \$228,000 or 1.3% due to a higher amount of spending on technology-related service agreements offset partially by lower storm water monitoring, resulting from a mild winter in 2012.

Maintenance decreased \$1,005,000 or 3.7%. The decrease is attributable to a mild winter.

Depreciation increased \$1,216,000 or 1.0%. The increase is attributable to new projects placed into service during 2011-2012.

Other expenses decreased \$899,000 or 25.5% due to an airline incentive payment made in 2011 coupled with lower airport liability claims and premiums.

Interest expense decreased \$13,971,000 or 17.7%. This is primarily a result of lower interest payments due to the refunding or retirement of debt and an increase in capitalized interest.

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Net Revenues

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

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:

(in thousands)	2013	2012 Restated	2011 Restated
Operating revenues	\$ 286,045	\$ 266,417	\$ 256,548
Operating expenses	(274,888)	(256,793)	(255,287)
Operating income	11,157	9,624	1,261
Nonoperating revenues	71,796	69,241	83,754
Nonoperating expenses	(64,792)	(64,613)	(78,484)
Capital contributions and grants	33,472	19,940	22,635
Increase in net position	\$ 51,633	\$ 34,192	\$ 29,166

The Commission shows an increase in the total change in its net position in 2013 from 2012. This is primarily a result of increased concession revenues (parking, food and beverage) and capital contributions offset partially by lower interest income.

The Commission shows an increase in the total change in its net position in 2012 from 2011. This is primarily a result of increased concession revenues (parking) offset partially by lower capital contributions and interest income.

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

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BALANCE SHEETS

The Balance Sheets 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 balance sheet information at December 31, 2013, 2012 and 2011 follows (in thousands):

	2013	December 31, 2012 Restated	2011 Restated
Assets			
Current assets - unrestricted	\$ 286,278	\$ 250,088	\$ 261,565
Restricted assets - current	80,389	72,234	70,983
Noncurrent assets:			
Other noncurrent assets	496,204	512,247	484,900
Capital assets - net	<u>2,488,762</u>	<u>2,490,651</u>	<u>2,464,393</u>
Total assets	<u>3,351,633</u>	<u>3,325,220</u>	<u>3,281,841</u>
Deferred Outflows of Resources	<u>41,087</u>	<u>44,323</u>	<u>47,559</u>
Total assets and deferred outflows of resources	<u>\$ 3,392,720</u>	<u>\$ 3,369,543</u>	<u>\$ 3,329,400</u>
Liabilities			
Current liabilities - unrestricted	\$ 83,466	\$ 52,283	\$ 48,644
Payable from restricted current assets	98,504	88,501	85,246
Noncurrent liabilities:			
Bonds payable	1,449,102	1,512,911	1,528,094
Other noncurrent liabilities	<u>67,300</u>	<u>73,116</u>	<u>59,345</u>
Total liabilities	<u>1,698,372</u>	<u>1,726,811</u>	<u>1,721,329</u>
Deferred Inflows of Resources	<u>399</u>	<u>416</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>1,698,771</u>	<u>1,727,227</u>	<u>1,721,329</u>
Net Position			
Net investment in capital assets	1,141,111	1,123,522	1,144,522
Restricted	389,886	373,736	306,528
Unrestricted	<u>162,952</u>	<u>145,058</u>	<u>157,021</u>
Total net position	<u>1,693,949</u>	<u>1,642,316</u>	<u>1,608,071</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,392,720</u>	<u>\$ 3,369,543</u>	<u>\$ 3,329,400</u>

Overall, the majority of the increase in net position from 2012 to 2013 is due to an increase in operating income and capital contributions.

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CASH AND INVESTMENT MANAGEMENT

The following summary shows the major sources and uses of cash (in thousands):

	2013	2012	2011
Cash received from operating activities	\$ 281,963	\$ 267,813	\$ 255,800
Cash expended from operating activities	(139,634)	(128,365)	(141,243)
Net cash provided by operating activities	142,329	139,448	114,557
Net cash used in capital and related financing activities	(140,119)	(116,208)	(174,424)
Net cash provided by (used in) investing activities	1,415	(21,434)	39,607
Net increase (decrease) in cash and cash equivalents	3,625	1,806	(20,260)
Cash and cash equivalents, beginning of year	8,866	7,060	27,320
Cash and cash equivalents, end of year	\$ 12,491	\$ 8,866	\$ 7,060

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, certificates of deposits, mutual funds, state and local obligations, commercial paper and repurchase agreements. All securities must mature within three years from the date of purchase. During 2013, the MAC's average portfolio balance was \$745,194,000 and total investment earnings were \$4,404,000 for an average yield on investments during the year of 0.59%. This compares to an average portfolio balance of \$728,532,000; investment earnings of \$4,044,000 and average yield of 0.56% in fiscal year 2012.

The Commission currently has a policy of keeping a six-month working capital reserve in its operating fund. At the end of 2013, the Commission has in its operating fund approximately \$46,800,000 over and above its 2013 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 2013, the Commission expended \$121,000,000 on its on-going capital improvement program. Approximately \$15,000,000 was associated with various airfield and runway projects. Approximately \$49,000,000 was related to Terminal 1-Lindbergh projects. Projects at Terminal 1-Lindbergh include expansion of the customs hold area and baggage handling system, roofing rehabilitation, restroom rehabilitations as well as a checked baggage screening system project. Approximately \$46,000,000 was spent on various Terminal 2 - Humphrey projects, landside/parking and miscellaneous building projects with the largest projects being a new baggage handling system at Terminal 2-Humphrey and rental car facility. Approximately \$750,000 was spent on the Commission's ongoing residential sound insulation program. Approximately \$4,000,000 was spent on the Commission's reliever airport system. The remaining \$6,000,000 was spent for equipment purchases and various technology and miscellaneous improvements. Average monthly capital spending in 2013 was approximately \$10,000,000.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

During 2012, the Commission expended \$141,000,000 on its on-going capital improvement program. Approximately \$11,000,000 was associated with various airfield and runway projects. Approximately \$61,000,000 was related to Terminal 1-Lindbergh projects. Projects at Terminal 1-Lindbergh include jet bridge replacements, roofing rehabilitation, restroom rehabilitations as well as a checked baggage screening system project. Approximately \$35,000,000 was spent on various Terminal 2-Humphrey projects, landside/parking and miscellaneous building projects with the largest projects being a new security checkpoint at Terminal 2-Humphrey and a data center located on the MSP campus. Approximately \$14,000,000 was spent on the Commission's ongoing residential sound insulation program. Approximately \$4,000,000 was spent on the Commission's reliever airport system. The remaining \$16,000,000 was spent for equipment purchases and various technology and miscellaneous improvements. Average monthly capital spending in 2012 was approximately \$12,000,000.

Further information can be found in Note E.

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.

The MAC is required by law to maintain Debt Service funds sufficient to bring the balance on hand in the Debt Service Account on October 10th of each year to an amount equal to all principal and interest to become due on all General Obligation Revenue Bonds payable from October 10th to the end of the second following year. The required balance as of October 10th in the Debt Service Account for the General Obligation Revenue Bonds for the next year is as follows (in thousands):

October 10, 2014	\$	2,897
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Statutory authority for issuing bonds is obtained from the Minnesota State Legislature. Authorization as of December 31, 2013, permits the issuance of an additional \$55,000,000 of General Obligation Revenue Bonds.

On November 20, 2012, the Commission issued two new series of General Airport Revenue Bonds. The first series labeled 2012 Series A General Airport Revenue Bonds was issued for \$39,770,000 and the proceeds are being used to construct facilities at Terminal 2 for the auto rental industry. The second series labeled 2012 Series B General Airport Revenue Bonds was issued for \$42,015,000. The Series B bonds are being used to advance refund \$48,255,000 the remaining principal outstanding of the Series 2003A General Airport Revenue Bonds, which were called on January 1, 2013.

On October 26, 2011, Delta prepaid all of the lease payments due under the General Obligation Revenue Bond (Series 15) Series 15 lease agreements by depositing \$175,049,336 with the Commission. On October 26, 2011, the Commission irrevocably deposited the \$175,049,336 received from Delta, along with \$52,500,000 on deposit in the Series 15 Bond Account of the Commission's debt service fund, to the Series 15 Escrow Fund. The amounts deposited to the Series 15 Escrow Fund was used on January 1, 2012 to: (a) pay the principal of the Series 15 bonds maturing on January 1, 2012, (b) redeem all of the outstanding Series 15 bonds maturing after January 1, 2012 at a redemption price of 103% of principal thereof, and (c) pay the interest due on such date on all outstanding Series 15 bonds.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Section

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

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

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

Irrevocably Committed PFCs

<u>Fiscal Year</u>	<u>Irrevocably Committed PFCs</u>	<u>Fiscal Year</u>	<u>Irrevocably Committed PFCs</u>
2012	\$5,026,513	2022	\$9,332,650
2013	5,026,513	2023	9,333,150
2014	5,026,513	2024	9,333,400
2015	9,336,513	2025	9,337,650
2016	9,335,238	2026	9,334,900
2017	9,337,150	2027	9,334,650
2018	9,338,400	2028	9,465,900
2019	9,337,650	2029	9,467,625
2020	9,339,400	2030	9,462,475
2021	9,337,900		

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 F, 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 – <http://www.mspairport.com/mac/organization/financial/default.aspx>.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Financial Section

BALANCE SHEETS

(Dollars in Thousands)

	December 31	
	2013	2012 Restated
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents	\$ 12,491	\$ 8,866
Investments	223,865	217,767
Accounts receivable (net of allowances for uncollectibles of \$550 and \$296, respectively)	12,422	8,340
Receivable - government grants in aid of construction	33,621	11,087
Other	3,879	4,028
Restricted assets:		
Investments	67,313	60,516
Leases receivable	5,154	4,591
Passenger facility charge receivable	7,922	7,127
Total current assets	<u>366,667</u>	<u>322,322</u>
Noncurrent Assets:		
Investments, restricted	456,719	464,206
Leases receivable, restricted	32,943	41,215
Other receivable, restricted	1,750	1,750
Other	4,792	5,076
Capital assets:		
Land	402,625	402,625
Airport improvements and buildings	3,676,976	3,483,320
Moveable equipment	128,117	116,814
Construction in progress	109,849	190,583
Less accumulated depreciation	(1,828,805)	(1,702,691)
Total capital assets (net of accumulated depreciation)	<u>2,488,762</u>	<u>2,490,651</u>
Total noncurrent assets	<u>2,984,966</u>	<u>3,002,898</u>
Total assets	<u>3,351,633</u>	<u>3,325,220</u>
Deferred Outflows of Resources:		
Deferred losses on refunding of debt	<u>41,087</u>	<u>44,323</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,392,720</u>	<u>\$ 3,369,543</u>

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Financial Section

BALANCE SHEETS

(Dollars in Thousands)

	December 31	
	2013	2012 Restated
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts payable	\$ 50,388	\$ 34,664
Accounts payable due to airlines	8,383	9,770
Current portion of notes payable	17,777	1,685
Employee compensation, payroll taxes and other	6,918	6,164
Payable from restricted current assets:		
Current portion of bond payable	57,835	48,035
Construction and other	4,194	3,644
Unearned revenue	1,719	2,007
Interest payable	34,756	34,815
Total current liabilities	<u>181,970</u>	<u>140,784</u>
Noncurrent Liabilities:		
Employee compensation, payroll taxes and other	2,007	2,108
Unearned revenue, restricted	1,325	1,543
Notes payable	8,338	16,283
Postemployment medical	55,630	53,182
Bonds payable	1,449,102	1,512,911
Total noncurrent liabilities	<u>1,516,402</u>	<u>1,586,027</u>
Total liabilities	<u>1,698,372</u>	<u>1,726,811</u>
Deferred Inflows of Resources:		
Deferred gain on refunding of debt	399	416
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,698,771</u>	<u>1,727,227</u>
NET POSITION		
Net investment in capital assets	1,141,111	1,123,522
Restricted		
Debt service	137,336	143,675
Construction	249,862	227,491
Other	2,688	2,570
Unrestricted	162,952	145,058
TOTAL NET POSITION	<u>1,693,949</u>	<u>1,642,316</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 3,392,720</u>	<u>\$ 3,369,543</u>

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Financial Section

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

(Dollars in Thousands)

	Fiscal Years Ended December 31	
	2013	2012 Restated
OPERATING REVENUES		
Airline rates and charges	\$ 106,015	\$ 98,437
Concessions	131,321	126,399
Rentals/fees	33,327	27,999
Utilities and other revenues	15,382	13,582
TOTAL OPERATING REVENUES	286,045	266,417
OPERATING EXPENSES		
Personnel	71,024	68,145
Administrative	1,407	1,561
Professional services	4,514	4,536
Utilities	18,633	16,288
Operating services	18,940	17,379
Maintenance	29,305	26,052
Depreciation and amortization	128,010	120,201
Other	3,055	2,631
TOTAL OPERATING EXPENSES	274,888	256,793
OPERATING INCOME	11,157	9,624
NONOPERATING REVENUES (EXPENSES)		
Investment income	7,066	8,182
Passenger facility charges	65,291	62,231
Loss on disposal of assets	(561)	(1,172)
Interest expense	(64,792)	(64,613)
TOTAL NONOPERATING REVENUES (EXPENSES)	7,004	4,628
INCOME BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	18,161	14,252
Capital Contributions and Grants	33,472	19,940
CHANGE IN NET POSITION	51,633	34,192
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	1,642,316	1,613,593
CHANGE IN ACCOUNTING PRINCIPLE	-	(5,469)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	1,642,316	1,608,124
NET POSITION, END OF YEAR	\$ 1,693,949	\$ 1,642,316

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Financial Section

STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

	Fiscal Years Ended December 31	
	2013	2012
Cash received from customers and users	\$ 281,963	\$ 267,813
Cash paid to employees and benefit providers	(67,923)	(64,519)
Cash paid to suppliers	(71,711)	(63,846)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	142,329	139,448
Payments for airport improvements and facilities	(115,789)	(148,511)
Proceeds from bond/note issuance	12,551	46,422
Receipt of lease payments	7,446	8,587
Receipt of passenger facility charges	64,496	62,570
Principal paid on bonds/notes	(52,439)	(47,029)
Interest paid on bonds/notes	(67,322)	(61,742)
Receipt of government grants	10,938	23,495
NET CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(140,119)	(116,208)
Purchase of investment securities	(759,225)	(842,081)
Proceeds from maturities of investment securities	753,210	814,099
Investment income	7,430	6,548
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,415	(21,434)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,625	1,806
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	8,866	7,060
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 12,491	\$ 8,866
Reconciliation of Operating Income to Net Cash Flows Provided by Operating Activities:		
Operating income	\$ 11,157	\$ 9,624
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	128,010	120,201
Changes in assets and liabilities:		
Accounts receivable	(4,082)	1,396
Other assets	149	(605)
Accounts payable and accrued expenses	3,994	5,206
Postretirement medical	2,448	2,997
Employee compensation and payroll taxes	653	629
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	\$ 142,329	\$ 139,448
Noncash investing, capital and related financing activities:		
Changes in fair value of investments	\$ (607)	\$ (66)
Additions to capital assets included in construction and accounts payable	29,672	18,779
Bond payments funded from escrow account	-	(48,255)
Refunding bond proceeds deposited to escrow account	-	48,791

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

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

Reporting Entity

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

The area over which the Commission exercises its jurisdiction is the Minneapolis/St. Paul metropolitan area, which includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. The Commission controls and operates seven airports within the metropolitan area, including the Minneapolis/St. Paul International Airport, which services scheduled air carriers and six reliever airports serving general aviation.

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

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

Basis of Accounting

Under GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the Commission is considered to be a special-purpose government engaged primarily in business type activities (BTA). As a BTA, the Commission prepares its financial statements using the accrual basis of accounting and the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when they are earned or when services are provided, and expenses are recognized when they are incurred.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and Expense Recognition

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

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

Budgeting Process

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

The process to amend the budget is set forth in the Commission bylaws, Article III, Section 8(a), and presented below:

"8(a) Establishment of the annual budget setting out anticipated expenditures by type of expenditure and/or upward or downward revision of that budget in the course of the corporation's fiscal year shall constitute prior approval of each type of expenditure. Authorization by vote of the Commission is required for transfer of budgeted amounts between or among line items or to appropriate additional funds for each line item. The Executive Director/CEO is directed to provide for the daily operation and management of the Commission within the expenditure guidelines of the annual budget. Commission approval of a contract shall constitute prior approval of disbursements made pursuant to terms of the contract within the constraints of the budget for all contract payments, except final construction contract payments, which shall require Commission approval.

The Executive Director/CEO shall have the responsibility of securing adequate quantities of office, janitorial, maintenance and repair materials and supplies, and the rent of sufficient equipment necessary for the smooth, continuous operation of the Commission's system of airports and all facilities associated with the system of airports. The Executive Director/CEO's authority to secure these items shall be subject to the Commission's purchasing procedures and be subject to the line-item budget constraints of the annual budget.

At any time during the fiscal year, the Executive Director/CEO may recommend to the full Commission that all or any unencumbered appropriation balances of individual line-items be transferred to those line-items that require additional budgeted funds. In addition, the Executive Director/CEO may recommend to the full Commission the appropriation of additional funds above and beyond those approved at the time of budget adoption."

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

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 statements 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 balance sheets and changes in the fair value of investments are reported as investment income in the statements of revenues, expenses and changes in net position.

Inventory

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

Leases

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

Federal and State Grants

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

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

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

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

PFC Application	Approval Date	Initial Approval Amount	Amended Approval Amount
1	June, 1992	\$ 66,356	\$ 92,714
2	August, 1994	113,064	140,717
3	June, 1998	32,700	36,377
4	April, 1999	55,460	47,801
5	August, 1999	106,874	112,533
6	April, 2003	1,161,479	759,735
7	April, 2003	-	14,479
8	August, 2005	191,380	147,986
9	February, 2006	7,316	8,659
10	May, 2008	128,448	128,448
		<u>\$ 1,863,077</u>	<u>\$ 1,489,449</u>

Applications one through five were originally approved for the collection of a \$3.00 PFC on each enplaning passenger. However, as a result of the AIR 21, the Commission amended its fifth PFC application, which was subsequently approved by the FAA, authorizing the Commission to collect an additional \$1.50 PFC per enplaning passenger. The collection of a \$4.50 PFC was approved by the FAA for PFC applications six, eight, nine and ten. PFC applications one through five are fully funded and have been closed out.

PFC's, which are recognized as earned, are included in nonoperating revenues and amounted to approximately \$65,290,600 and \$62,231,000 for 2013 and 2012, respectively.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

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 \$11,304,000 and \$11,265,000 for the years ended December 31, 2013 and 2012, 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, 2013 and 2012 was approximately \$96,202,000 and \$73,284,000, respectively.

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 fair value.

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

Airport improvements and buildings	10-40 years
Moveable equipment	3-15 years

Costs incurred for major improvements are carried in construction in progress until disposition or completion of the related projects. Costs relating to projects not pursued are expensed, while costs relating to completed projects are capitalized. The capitalization threshold for capital assets is \$10,000.

Capitalized Interest

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

Total interest expense was approximately \$64,792,000 and \$64,613,000 for the years ended December 31, 2013 and 2012, respectively, while interest capitalized as part of the cost of constructed assets was approximately \$2,635,000 and \$5,654,000, respectively.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

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 balance sheets.

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 rental payments received in advance of billing.

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 significant, is reported using the straight-line method rather than using the terms of the lease agreements.

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Customer Facility Charges

With respect to on-airport rental car companies, the Commission is assessing a customer facility charge (CFC) per transaction day to recover the rental car portion of capital costs associated with the construction of the auto rental/public parking garage located adjacent to Terminal 1 (formerly the Lindbergh Terminal), as well as to recover certain maintenance costs relating to the auto rental facilities. During 2013, the Commission increased the fee to \$3.25 per rental car transaction per day from \$2.00.

Adoption of New Accounting Standard

The Commission also implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during 2013. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources and recognizes as expenses and revenues certain items that were previously reported as assets and liabilities. With the implementation of GASB Statement No. 65, the Commission eliminated \$5,469,000 of debt issuance costs that were previously classified as assets against the Commission's 2012 beginning net position. The Commission also increased the December 31, 2012 interest expense by \$416,000 by recognizing as expense the 2012 bond issuance costs it had originally capitalized during 2012, offset by the elimination of the 2012 amortization on deferred bond issuance costs. Finally, the Commission reclassified \$44,323,000 of deferred losses on refundings of debt and a deferred gain on refunding of debt of \$416,000 to deferred outflows of resources and deferred inflows of resources, respectively, in the 2012 balance sheet.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on the change in net position.

NOTE B: DEPOSITS AND INVESTMENTS

Cash Deposits

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

The Commission's interest-bearing deposit accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). For 2013 and 2012, 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.

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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 the State of Minnesota and its 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.

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 three years from the date of purchase. The Commission manages interest rate risk by maintaining sufficient liquidity to enable the Commission to meet anticipated cash requirements. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

The maturity ranges and credit ratings for the Commission's investment securities at December 31, 2013 follow (dollars in thousands):

Security Type	Ratings	Maturing in Years (Dollars in thousands)			Total
		0 - 1	1 - 2	2 - 3	
Government-Sponsored Enterprises					
Farmer Mac	Aa+ / AAA	\$ 2,028	\$ -	\$ 4,990	\$ 7,018
Federal Farm Credit Bank	Aa+ / AAA	-	13,185	7,291	20,476
Federal Home Loan Mortgage Corporation	Aa+ / AAA	58,496	20,386	10,018	88,900
Federal National Mortgage Association	Aa+ / AAA	61,823	74,383	4,188	140,394
Federal Home Loan Bank	Aa+ / AAA	152,822	67,162	55,344	275,328
Financing Corp. US Government Agency	Aa+ / AAA	-	-	5,826	5,826
Municipal Bonds	Aa / AA2	20,123	11,275	6,555	37,953
Money Market Mutual Funds	-	172,002	-	-	172,002
Totals		\$ 467,294	\$ 186,391	\$ 94,212	\$ 747,897

Ratings: Aa+ Moody's; AAA Standard & Poors

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Credit risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statute 118A (as referenced on the previous page) limits the types of investment instruments that may be purchased by the Commission. The ratings of the Commission's debt investments are shown in the table 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. For commercial paper securities, the Commission cannot hold more than 30% of its portfolio in commercial paper and further cannot hold more than 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.

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, 2013 and 2012, none of the Commission's investments were exposed to custodial credit risk.

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

The Commission's cash, cash equivalents and investments are reported as follows in the balance sheets at December 31 (dollars in thousands):

	2013	2012
Cash and cash equivalents - unrestricted	\$ 12,491	\$ 8,866
Investments - unrestricted	223,865	217,767
Investments, current - restricted	67,313	60,516
Investments, noncurrent - restricted	456,719	464,206
Total cash, cash equivalents and investments	<u>\$ 760,388</u>	<u>\$ 751,355</u>

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

	2013	2012
Investment income from leases	\$ 3,835	\$ 4,140
Investment income from investments	3,838	4,108
Net decrease in fair value of investments	<u>(607)</u>	<u>(66)</u>
	<u>\$ 7,066</u>	<u>\$ 8,182</u>

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NOTE C: RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

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

	2013	2012
General Obligation Revenue Bond Fund	\$ 6,327	\$ 6,915
Coverage Account	17,013	17,013
Police Federal Forfeiture Fund	307	235
Police State Forfeiture Fund	96	113
Passenger Facility Charge Fund	241,940	220,364
911 Emergency Communications Fund	535	472
Revenue Bond Interest and Principal Fund	89,172	83,257
Revenue Bond Reserve Fund	126,090	126,041
Revenue Bonds Construction Fund	42,552	70,290
Revenue Bond Cost of Issuance Fund	-	22
	<u>\$ 524,032</u>	<u>\$ 524,722</u>

Minnesota Statutes require the Commission to have a balance on hand in a debt service account on October 10th of every year equal to the total amount of principal and interest due on all general obligation revenue bonds outstanding to the end of the second following year. Cash and investments to meet this requirement, plus interest earned thereon, are restricted.

NOTE D: 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, 2013 and 2012 consist of (dollars in thousands):

	2013	2012
Federal Aviation Administration	\$ 7,083	\$ 5,860
Transportation Security Administration	23,068	3,979
State of Minnesota	3,470	1,248
	<u>\$ 33,621</u>	<u>\$ 11,087</u>

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NOTE E: CAPITAL ASSETS

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

	Balance January 1, 2013	Additions	Transfers In (Out)	Retirements or Disposals	Balance December 31, 2013
Capital assets - not depreciated:					
Land	\$ 402,625	\$ -	\$ -	\$ -	\$ 402,625
Projects-in-progress	190,583	120,807	(201,541)	-	109,849
Total capital assets - not depreciated	593,208	120,807	(201,541)	-	512,474
Capital assets - depreciated:					
Airport improvements and buildings	3,483,320	25	193,631	-	3,676,976
Less: accumulated depreciation	(1,617,430)	(121,008)	-	-	(1,738,438)
Net airport improvements and buildings	1,865,890	(120,983)	193,631	-	1,938,538
Movable equipment	116,814	5,850	7,910	(2,457)	128,117
Less: accumulated depreciation	(85,261)	(7,002)	-	1,896	(90,367)
Net movable equipment	31,553	(1,152)	7,910	(561)	37,750
Total capital assets - depreciated	1,897,443	(122,135)	201,541	(561)	1,976,288
Net capital assets	\$ 2,490,651	\$ (1,328)	\$ -	\$ (561)	\$ 2,488,762
	Balance January 1, 2012	Additions	Transfers In (Out)	Retirements or Disposals	Balance December 31, 2012
Capital assets - not depreciated:					
Land	\$ 402,625	\$ -	\$ -	\$ -	402,625
Projects-in-progress	151,016	142,998	(103,431)	-	190,583
Total capital assets - not depreciated	553,641	142,998	(103,431)	-	593,208
Capital assets - depreciated:					
Airport improvements and buildings	3,380,978	23	102,319	-	3,483,320
Less: accumulated depreciation	(1,504,285)	(113,145)	-	-	(1,617,430)
Net airport improvements and buildings	1,876,693	(113,122)	102,319	-	1,865,890
Movable equipment	112,732	3,448	1,112	(478)	116,814
Less: accumulated depreciation	(78,673)	(7,056)	-	468	(85,261)
Net movable equipment	34,059	(3,608)	1,112	(10)	31,553
Total capital assets - depreciated	1,910,752	(116,730)	103,431	(10)	1,897,443
Net capital assets	\$ 2,464,393	\$ 26,268	\$ -	\$ (10)	\$ 2,490,651

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NOTE F: LONG-TERM DEBT

The Commission's long-term debt at December 31, 2013 and 2012 consisted of the following (dollars in thousands):

Type of Issue	Issue Date	Interest Rates	Maturing on January 1	Maturity Amounts	2013	2012 Restated
General Airport Revenue Bonds						
Series 2005A **	5/26/2005	5.000%	2014 - 2018	\$ 28,040		
Original amount - \$136,110		4.250%	2026	2,700		
		5.000%	2027 - 2035	98,745	\$ 129,485	\$ 136,110
Series 2005B **	5/26/2005	5.000%	2014 - 2026	81,610	81,610	86,695
Original amount - \$113,155						
Series 2005C **	5/26/2005	4.000%	2014 - 2021	3,675		
Original amount - \$123,750		5.000%	2022 - 2031	104,150		
		4.500%	2032	13,490	121,315	121,700
Series 2007A *	1/9/2007	5.000%	2017 - 2026	223,090		
Original amount - \$440,985		4.500%	2027 - 2032	217,895	440,985	440,985
Series 2007B **	1/9/2007	5.000%	2016 - 2026	108,150		
Original amount - \$197,360		4.500%	2027 - 2032	89,210	197,360	197,360
Series 2008A *	1/15/2008	5.000%	2014 - 2016	30,200	30,200	39,355
Original amount - \$72,035						
Series 2009A *	11/10/2009	3.000%	2014	1,910		
Original amount - \$23,075		4.000%	2015 - 2019	10,700		
		5.000%	2020 - 2021	4,920		
		4.125%	2022	205	17,735	19,595
Series 2009B *	11/10/2009	5.000%	2014 - 2017	44,195		
Original amount - \$128,835		4.500%	2018	2,000		
		5.000%	2018	10,465		
		4.700%	2019	2,000		
		5.000%	2019	11,075		
		4.800%	2020	2,000		
		5.000%	2020 - 2022	29,955	101,690	111,455
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	3.000%	2014	3,640		
Original amount - \$73,475		4.000%	2015 - 2016	7,640		
		5.000%	2017 - 2026	50,980		
		4.000%	2027 - 2028	8,915	71,175	72,575
Series 2010C **	10/01/2010					
Original amount - \$21,600		4.000%	2014 - 2016	9,435		
		3.000%	2017	635		
		3.500%	2018	655		
		5.000%	2019 - 2021	2,145		
		3.250%	2022 - 2023	1,595		
		3.500%	2024	55	14,520	18,190

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Type of Issue	Date	Rates	on January 1	Amounts	2013	2012 Restated
Series 2010D ** (AMT)	10/01/2010	5.000%	2014 - 2022	\$ 49,020		
Original amount - \$68,790		4.000%	2023	5,690		
		4.125%	2024	1,010	\$ 55,720	\$ 62,645
Series 2011A **	10/04/2011	5.000%	2016 - 2023	39,570		
Original amount - \$52,015		3.500%	2024	6,115		
		5.000%	2025	6,330	52,015	52,015
Series 2012A **	11/20/2012	0.486%	2014	5,395		
Original amount - \$39,770		1.151%	2015	5,500		
		1.499%	2016	5,565		
		1.849%	2017	5,650		
		2.238%	2018	5,755		
		2.438%	2019	5,880		
		2.755%	2020	6,025	39,770	39,770
Series 2012B ** (Taxable)	11/20/2012	5.000%	2026-2031	42,015	42,015	42,015
Original amount - \$42,015						
Total General Airport Revenue Bonds					<u>1,457,805</u>	<u>1,502,675</u>
General Obligation Revenue Bonds						
Series 16	10/28/2010	4.000%	2014 - 2015	6,075	6,075	9,240
Original amount - \$12,205						
Notes Payable					<u>26,115</u>	<u>17,968</u>
					1,489,995	1,529,883
Unamortized premium, net					43,057	49,031
Current portion of long-term debt					<u>(75,612)</u>	<u>(49,720)</u>
Total Long-Term Bonds and Notes Payable					<u>\$ 1,457,440</u>	<u>\$ 1,529,194</u>

* Senior General Airport Revenue Bonds

** Subordinate General Airport Revenue Bonds

Future debt service requirements as of December 31, 2013 are as follows (dollars in thousands):

	Notes Payable	General Airport Revenue Bonds	General Obligation Revenue Bonds	Total Debt Outstanding	Interest	Total Principal and Interest
2014	\$ 17,777	\$ 54,600	\$ 3,235	\$ 75,612	\$ 68,370	\$ 143,982
2015	1,738	57,015	2,840	61,593	65,772	127,365
2016	1,618	59,560	-	61,178	63,057	124,235
2017	1,655	62,760	-	64,415	60,208	124,623
2018	972	65,675	-	66,647	57,172	123,819
2019 - 2023	2,246	334,955	-	337,201	238,176	575,377
2024 - 2028	109	417,635	-	417,744	147,118	564,862
2029 - 2033	-	361,290	-	361,290	44,760	406,050
2034 - 2035	-	44,315	-	44,315	2,243	46,558
	<u>\$ 26,115</u>	<u>\$ 1,457,805</u>	<u>\$ 6,075</u>	<u>\$ 1,489,995</u>	<u>\$ 746,876</u>	<u>\$ 2,236,871</u>

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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. The long-term capital improvement program details the expansion of the airport system, which includes the construction of a new runway at the airport, the construction of two new public/car rental garages at the airport, the expansion and upgrading of the passenger terminal facilities at the airport and certain other projects at the reliever airports.

On October 23, 2012, the Commission issued \$39,770,000 of Series 2012A Subordinate Airport Revenue Bonds (Taxable) and \$42,015,000 of Series 2012B Subordinate Airport Revenue Refunding Bonds to finance certain capital improvements at the airport and to current refund the remaining \$48,255,000 of Series 2003A Subordinate Airport Revenue Bonds, respectively. As a result of this refunding, the Commission reduced its total debt service requirements by \$8,652,748, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) in the amount of \$5,271,997. The Commission recognized an accounting gain of \$425,907 in connection with this refunding that is reflected as a deferred outflow of resources in the balance sheets and is being amortized to interest expense on a straight-line basis through January 1, 2031.

On November 2, 2011, the Commission issued \$52,105,000 of Series 2011A Subordinate Airport Revenue Bonds, to advance refund \$54,435,000 of the total \$102,690,000 of Series 2003A Subordinate Airport Revenue Bonds. The \$54,435,000 in Series 2003A Bonds were called on January 1, 2013.

The Commission's General Obligation Revenue Bonds are general obligations of the Commission, payments of which are secured by the pledge of all operating revenues of the Commission. The Commission also has the power to levy property taxes upon all taxable property in the seven-county metropolitan area in order to pay debt service on outstanding General Obligation Revenue Bonds. The Commission has not levied taxes for the payment of debt service since 1969. Since then, Commission revenues have been sufficient to pay principal and interest due on General Obligation Revenue Bonds.

The Commission has statutory authority to issue General Obligation Revenue Bonds. The Commission currently has \$6,075,000 outstanding in General Obligation Revenue Bonds. The present statutory general obligation bonding limit as of December 31, 2013, would permit the issuance of an additional \$55,000,000 of General Obligation Revenue Bonds.

The Commission has a \$75,000,000 revolving line of credit to fund certain capital improvement program projects. The revolving line of credit is secured by a subordinate pledge of the Commission's net revenues and expires on November 3, 2014. Interest is payable monthly and varies with the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index plus 0.70%, which was 0.76% and 0.83% on December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, there was \$15,950,000 and \$11,300,000, respectively, outstanding under this line.

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NOTE G: CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended December 31, 2013 and 2012 was as follows (dollars in thousands):

	Balance January 1, 2013	Additions	Retirements and Other	Balance December 31, 2013	Current Portion
Unearned revenue	\$ 3,550	\$ 4,313	\$ (4,819)	\$ 3,044	\$ 1,719
Employee compensation and other	8,272	66,553	(65,900)	8,925	6,918
Postemployment medical	53,182	5,617	(3,169)	55,630	-
Notes payable	17,968	12,551	(4,404)	26,115	17,777
Bonds payable	1,560,946	-	(54,009)	1,506,937	57,835
	<u>\$1,643,918</u>	<u>\$ 89,034</u>	<u>\$ (132,301)</u>	<u>\$ 1,600,651</u>	<u>\$ 84,249</u>

	Balance January 1, 2012	Additions	Restated Retirements and Other	Balance December 31, 2012	Current Portion
Unearned revenue	\$ 4,260	\$ 3,708	\$ (4,418)	\$ 3,550	\$ 2,007
Employee compensation and other	7,643	64,611	(63,982)	8,272	6,164
Postemployment medical	50,185	5,602	(2,605)	53,182	-
Notes payable	6,792	13,425	(2,249)	17,968	1,685
Bonds payable	1,572,877	88,562	(100,493)	1,560,946	48,035
	<u>\$1,641,757</u>	<u>\$ 175,908</u>	<u>\$ (173,747)</u>	<u>\$ 1,643,918</u>	<u>\$ 57,891</u>

NOTE H: DIRECT FINANCING LEASES

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

	2013	2012
Total minimum lease payments to be received	\$ 66,621	\$ 78,221
Less: Unearned income	<u>(25,684)</u>	<u>(29,180)</u>
Net investment in leases	40,937	49,041
Less: Prepaid principal	<u>(2,840)</u>	<u>(3,235)</u>
Leases receivable - current and noncurrent	<u>\$ 38,097</u>	<u>\$ 45,806</u>

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As of December 31, 2013, future minimum lease payments are as follows (dollars in thousands):

	<u>December 31</u>
2014	\$ 11,347
2015	7,876
2016	6,034
2017	6,068
2018	6,128
2019 - 2023	23,439
2024 - 2028	5,419
2029 - 2030	310
	<u>\$ 66,621</u>

NOTE I: PENSION AND RETIREMENT PLANS

All full-time and certain part-time employees of the Commission participate in the Public Employees Retirement Association of Minnesota (PERA) or the Minneapolis Employees Retirement Fund (MERF) (participation is restricted to employees hired prior to July 1, 1978). In 2010, legislation was passed that consolidated MERF as a separate plan administered by PERA effective June 30, 2010.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

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 Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security. All police officers, fire fighters, and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon 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 highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

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Fiscal years ended December 31, 2013 and 2012

Two methods are used to compute benefits for Coordinated Plan members. The retiring member receives the higher of 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. Using Method 2, the annuity accrual rate is 1.7% of average salary for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For PERF members and for all PEPFF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age, plus years of service equals at least 90.

Normal retirement age is 55 for PEPFF and 65 for Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits and is capped at 66 for Coordinated Plan members hired after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement. There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree. No survivor annuity is payable. There are also various types of joint and survivor annuity options available, which will be payable over joint lives. Members may also leave their contribution in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service before retirement benefits begin.

The benefit provisions stated in the previous 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

Funding Policy

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. PERF Coordinated Plan members are required to contribute 6.25% of their annual covered salary. PEPFF members are required to contribute 9.60% of their annual covered salary. The Commission is required to contribute the following percentages of annual covered payroll: 7.25% for Coordinated Plan PERF members and 14.40% for PEPFF members. The Commission's required contributions to the Public Employees Retirement Fund for the years ended December 31, 2013, 2012 and 2011 were approximately \$2,470,000, \$2,321,000 and \$2,284,000, respectively. The Commission's required contributions to the Public Employees Police and Fire Fund for the years ended December 31, 2013, 2012 and 2011 were approximately \$1,563,000, \$1,581,000 and \$1,526,000, respectively. The Commission's contributions were equal to the contractually required contributions for each year as set by state statute.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

MINNEAPOLIS EMPLOYEES RETIREMENT FUND

Plan Description

All full-time and certain part-time employees of the Commission (hired before July 1, 1978) are covered by a defined-benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). MERF is a cost-sharing, multiple-employer retirement plan.

MERF provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after ten years of credited service. Members are eligible for service retirement either:

- 1) With 30 or more years of service at any age; or
- 2) At age 60 with three or more years of service; or
- 3) At age 65 with one year of service; or
- 4) With 20 or more years of service at age 55, if a MERF member prior to June 28, 1973.

The defined retirement benefits are based on the average of the highest five years' salary within the last ten years of employment. The member will receive a benefit amount of 2% of that average salary for each of the first ten years of service and 2.5% of that salary for each year over ten years of service. The formulas used in calculating pension benefit increases are contained in Minnesota State Law. Increases may only be paid from investment earnings which exceed the actuarial assumption of a 5% return set for Minnesota public employment retirement funds. The annual increase for MERF is calculated from information supplied by the consulting actuary who determines the reserves required to maintain MERF as an actuarially and financially sound pension fund. Increases in pension benefits are permanent and guaranteed because they are fully funded, that is, the amount necessary to sustain the increase has been set aside.

There are different types of annuities available to members upon retirement. A normal annuity is a lifetime annuity that ceases upon the death of the retiree. No survivor annuity is payable. There are also various types of joint and survivor annuity options available, which will reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members leaving public service any time before retirement and before age 60 may receive a refund of all personal contributions, with interest, except for the survivor benefit contribution, which is the equivalent of a nonrefundable term insurance premium. Employees who leave public service after age 60 may not withdraw personal contributions with interest unless they have worked less than three years and do not qualify for monthly retirement benefits. The survivor benefits contribution is nonrefundable.

MERF issues a publicly available financial report that includes financial statements and required supplementary information for MERF. That report may be obtained by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

Contributions Required and Contributions Made

Minnesota Statutes require members to contribute 9.75% of their earnings to MERF, which includes .5% for survivor benefits. Required employer contributions are also established by Minnesota Statutes and include the normal cost, as reported in the annual actuarial valuation, plus an amount to cover administrative costs. Employers also contribute an additional 2.68% of covered employees' payroll and an annual total of \$3,900,000, which is required by Minnesota Statutes to be applied against the unfunded liability. Commencing in 1986, the Commission is required to make additional contributions toward the unfunded liability. This contribution was previously made by the State of Minnesota. Minnesota Laws of 1991 provide for a maximum annual contribution of \$9,000,000 by the State of Minnesota to MERF for the purpose of amortizing the unfunded liability by June 30, 2020. The consulting actuary for the fund determines the unfunded liability at the end of the fiscal year. By using a 6% interest assumption rate, an annual contribution to provide full funding by June 30, 2020 is determined. That amount is reduced by the employer's 2.68% of covered payroll and is further reduced by the aforementioned \$3,900,000 and any additional contributions made by the Commission and others. If the balance exceeds the amount of the state maximum contribution, the excess is contributed by the employers.

Current required contribution rates are as follows:

	Employee	Employer	Additional Employer
Retirement contribution	9.25%	13.80%	2.68%
Survivor benefits	0.50%	0.00%	0.00%

Total required contributions made by the Commission for the fiscal year ended December 31 are as follows (dollars in thousands):

Contributions	2013	2012	2011
Employer (100% of required)	\$ 2,002	\$ 2,006	\$ 2,010

NOTE J: POSTEMPLOYMENT BENEFITS

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

The Commission provides health insurance benefits for certain retired employees under a single employer self-insured plan. Active employees who retire from the Commission and who have become vested in either the Minneapolis Employees Retirement Fund (MERF) or the Public Employees Retirement Association (PERA), and who do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the Commission's health benefits program. The Commission does not issue a stand-alone financial report for its retiree health plan.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

Funding Policy

The contribution requirements of employees and retirees are established and may be amended by the Commission. The required contribution is based upon projected pay-as-you-go financing requirements and funding for future benefits. For employees hired prior to January 1, 1991, the Commission will make 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 will then pay 100% of the premium for the retired employee, spouse over age 65, and legal dependents, provided that the retired employee is receiving benefits from either MERF or PERA, and is enrolled in Medicare Part A and B as their primary health insurance. As of January 1, 1991, all employees hired by the Commission will only be 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 medical plan provided that the retiree pay 100% of the total premium cost plus a 2% administrative fee. As of December 31, 2013, there were 244 retired employees and 531 active employees receiving health benefits from the Commission's health plan.

The Commission contributed approximately \$3,272,000 to the plan in fiscal year 2013, \$2,899,000 to the plan in fiscal year 2012 and \$2,563,000 in fiscal year 2011. Retirees contributed approximately \$128,000 for fiscal year 2013, \$125,000 for fiscal year 2012 and \$160,000 for fiscal year 2011. Monthly contributions for retirees under 65 for 2013 are shown below:

Plan	Retiree Only	Family
Blue Plan	\$ 28.00	\$ 171.00
HRA/HSA	14.00	109.00

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

Annual OPEB Cost and Net OPEB Obligation

The Commission's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined as of January 1, 2013, 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 2013, 2012 and 2011, the amount actually contributed to the plan, and changes in the Commission's net OPEB obligation (dollars in thousands):

	2013	2012	2011
Annual required contribution (ARC)	\$ 6,567	\$ 6,502	\$ 7,088
Interest on net OPEB obligation	2,131	2,019	1,878
Adjustment to ARC	(3,081)	(2,919)	(2,715)
Annual OPEB cost	5,617	5,602	6,251
Contributions during the year	(3,169)	(2,605)	(2,563)
Increase in net OPEB obligation	2,448	2,997	3,688
Net OPEB - beginning of year	53,182	50,185	46,497
Net OPEB - end of year	\$ 55,630	\$ 53,182	\$ 50,185

The percentage of the Commission's annual OPEB cost contributed to the plan was: 58.25% for 2013; 46.50% for 2012; and 41.00% for 2011.

Funding Status and Funding Progress

The Commission has set aside cash and investments to pay for future health benefits of approximately \$55,903,000, \$54,677,000 and \$51,873,000 in 2013, 2012 and 2011, respectively. However, since such designated cash has not been irrevocably deposited in trust for future health benefits, the actuarial value of plan assets is \$0.

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

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

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

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, 2013, was as follows:

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
01/01/2013	\$ -	\$ 87,020	\$ 87,020	0.0%	\$ 42,025	207.1%

Actuarial Methods and Assumptions

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

In the January 1, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions used include an initial annual health care cost trend rate of 8%, which decreases to 5% over 6 years. Additional assumptions used include a discount rate of 4% and an inflation rate of 3%. 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 K: 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 2013 and 2012 were approximately \$515,000 and \$384,000, respectively. Claims paid for health and dental coverage for 2013 and 2012 were approximately \$6,198,000 and \$6,523,000, respectively. The unpaid claims for workers compensation at December 31, 2013 and 2012 were approximately \$1,199,000 and \$1,174,000, respectively. The health and dental unpaid claims at December 31, 2013 and 2012 were approximately \$496,000 and \$408,000, 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, 2013 and 2012, as well as an estimate of claims incurred but not reported. The entire liability is included in the current liabilities section of the balance sheets, since any amounts considered to be noncurrent are believed to not be material. Changes in the balances of claim liabilities during the past two years are as follows (dollars in thousands):

	2013	2012
Unpaid claims - beginning of year	\$ 1,582	\$ 1,513
Incurred claims and changes in estimates	6,826	6,976
Claims paid	(6,713)	(6,907)
Unpaid claims - end of year	\$ 1,695	\$ 1,582

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

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 L: 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 \$47,767,000 at December 31, 2013.

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 is uncertain until the program is completed in 2014 and is dependent upon submission of applications by homeowners to receive noise mitigation and subsequent approval by the Commission; however, it is estimated the program may cost as much as \$96,000,000. As discussed previously in the notes, noise mitigation costs are being capitalized as incurred and amortized over ten years.

The costs related to the noise abatement settlements will be funded from internally generated funds of the Commission and rates and charges paid by air carriers operating at the Airport.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Financial Section

Fiscal years ended December 31, 2013 and 2012

Runway 17/35 Land Acquisition

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

NOTE M: 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 28% of operating revenues and 72% of total revenues from major airlines. Approximately 74% of total 2013 enplanements are attributable to Delta's operation. In the event that Delta discontinues its operations, there are no assurances that another airline would replace its hub activities.

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

NOTE N: 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. Minimum future rentals scheduled to be received on operating leases that have initial or remaining noncancelable terms in excess of one year are:

	<u>December 31</u>
2014	\$ 93,933
2015	94,017
2016	86,273
2017	84,142
2018	76,633
Thereafter	91,967

Contingent rentals and fees aggregated approximately \$91,300,000 and \$88,400,000 in 2013 and 2012, respectively.

Required Supplementary Information

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MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION
Schedule of OPEB Funding Progress
(Unaudited)

Financial Section

Fiscal years ended December 31, 2013 and 2012

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
01/01/2013	\$ -	\$ 87,020	\$ 87,020	0.0%	\$ 42,025	207.1%
01/01/2012	-	85,989	85,989	0.0%	40,231	213.7%
01/01/2011	-	92,693	92,693	0.0%	39,104	237.0%

Actuarial Valuation Date	Participant Summary		
	Active Employees	Retirees and Beneficiaries	Total
01/01/2013	531	244	775
01/01/2012	536	245	781
01/01/2011	542	242	784

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Minneapolis/St. Paul, Minnesota

Metropolitan Airports Commission

Comprehensive Annual Financial Report

Year Ended December 31, 2013

Statistical Section



Statistical Section (Unaudited)

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time. (Pages 46 - 49)

Revenue Capacity

These schedules are intended to assist the reader in understanding and assessing the factors that affect the Commission's ability to generate its own revenues. (Pages 50 - 57)

Debt Capacity

These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future. (Pages 58 - 60)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place. (Pages 61 - 64)

Operating Information

These schedules are intended to provide contextual information about the Commission's operations and resources in order for readers to understand and assess its economic condition. (Pages 65 - 73)

Sources:

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

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
OPERATING REVENUES										
Airline rates and charges	\$ 77,368	\$ 89,540	\$ 78,270	\$ 85,475	\$ 87,244	\$ 89,867	\$ 90,376	\$ 96,422	\$ 98,437	\$ 106,015
Concessions	87,544	101,273	110,139	115,857	112,365	109,636	112,503	118,792	126,399	131,321
Rentals/fees	21,321	23,489	19,777	20,560	28,632	28,435	29,609	27,575	27,999	33,327
Utilities and other revenues	9,908	14,174	15,941	16,359	13,313	12,937	12,555	13,758	13,581	15,382
TOTAL OPERATING REVENUES	<u>196,141</u>	<u>228,476</u>	<u>224,127</u>	<u>238,251</u>	<u>241,554</u>	<u>240,875</u>	<u>245,043</u>	<u>256,547</u>	<u>266,416</u>	<u>286,045</u>
OPERATING EXPENSES										
Personnel	50,429	59,049	54,258	56,278	59,811	59,304	63,412	66,297	68,145	71,024
Administrative	1,089	1,179	1,240	1,538	1,298	1,301	1,271	1,532	1,561	1,407
Professional services	3,745	3,359	4,091	4,474	4,161	4,004	3,519	4,167	4,536	4,514
Utilities	12,684	14,444	14,820	16,466	18,089	16,553	16,238	16,568	16,288	18,633
Operating services	13,394	12,492	14,485	15,437	17,540	16,043	17,278	17,151	17,379	18,940
Maintenance	17,249	18,944	19,417	21,527	22,140	23,718	27,088	27,057	26,052	29,305
Depreciation and amortization	83,273	93,566	111,429	115,329	117,999	123,060	121,555	118,985	120,201	128,010
Other	3,206	3,758	3,323	8,922	3,696	2,510	2,583	3,531	2,632	3,055
TOTAL OPERATING EXPENSES	<u>185,069</u>	<u>206,791</u>	<u>223,063</u>	<u>239,971</u>	<u>244,734</u>	<u>246,493</u>	<u>252,944</u>	<u>255,288</u>	<u>256,794</u>	<u>274,888</u>
OPERATING INCOME (LOSS)	<u>11,072</u>	<u>21,685</u>	<u>1,064</u>	<u>(1,720)</u>	<u>(3,180)</u>	<u>(5,618)</u>	<u>(7,901)</u>	<u>1,259</u>	<u>9,622</u>	<u>11,157</u>
NONOPERATING REVENUES (EXPENSES)										
Investment income	32,257	40,646	52,895	62,271	49,938	30,625	33,933	21,440	8,184	7,066
Passenger facility charges	69,557	69,944	67,573	66,662	54,682	67,481	59,453	62,244	62,231	65,291
Gain (loss) on disposal of assets	(1,531)	(209)	(828)	(70)	5,178	205	119	14	(1,172)	(561)
Interest expense	(67,247)	(76,777)	(94,069)	(95,556)	(88,722)	(84,198)	(85,141)	(78,186)	(64,613)	(64,792)
Part 150 home insulation expenses	(13,134)	(8,419)	(5,395)	(2,308)	-	-	-	58	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>19,902</u>	<u>25,185</u>	<u>20,176</u>	<u>30,999</u>	<u>21,076</u>	<u>14,113</u>	<u>8,364</u>	<u>5,570</u>	<u>4,630</u>	<u>7,004</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	<u>30,974</u>	<u>46,870</u>	<u>21,240</u>	<u>29,279</u>	<u>17,896</u>	<u>8,495</u>	<u>463</u>	<u>6,829</u>	<u>14,252</u>	<u>18,161</u>
Capital Contributions and Grants	<u>27,835</u>	<u>25,137</u>	<u>34,276</u>	<u>22,805</u>	<u>30,149</u>	<u>26,918</u>	<u>24,723</u>	<u>22,635</u>	<u>19,940</u>	<u>33,472</u>
CHANGE IN NET POSITION	<u>58,809</u>	<u>72,007</u>	<u>55,516</u>	<u>52,084</u>	<u>48,045</u>	<u>35,413</u>	<u>25,186</u>	<u>29,464</u>	<u>34,192</u>	<u>51,633</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	1,165,846	1,224,655	1,296,662	1,352,178	1,412,574	1,523,530	1,558,943	1,584,129	1,613,593	1,642,316
CHANGES IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENTS ^{1,2}	-	-	-	8,312	62,911	-	-	-	(5,469)	-
NET ASSETS - BEGINNING OF YEAR, AS RESTATED	<u>1,165,846</u>	<u>1,224,655</u>	<u>1,296,662</u>	<u>1,360,490</u>	<u>1,475,485</u>	<u>1,523,530</u>	<u>1,558,943</u>	<u>1,584,129</u>	<u>1,608,124</u>	<u>1,642,316</u>
NET POSITION, END OF YEAR	<u>\$ 1,224,655</u>	<u>\$ 1,296,662</u>	<u>\$ 1,352,178</u>	<u>\$ 1,412,574</u>	<u>\$ 1,523,530</u>	<u>\$ 1,558,943</u>	<u>\$ 1,584,129</u>	<u>\$ 1,613,593</u>	<u>\$ 1,642,316</u>	<u>\$ 1,693,949</u>

1 - For the years ended December 31, 2004-2007, the amounts shown do not reflect the change in accounting principle adopted January 1, 2008.

2 - For the years ended December 31, 2004-2011, the amounts shown do not reflect the adoption of GASB Statement No. 65.

Source: Audited financial statements for the last ten years

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Historical Revenues 2004 - 2013 Pursuant to the Commission's Master Trust Indenture (Dollars in Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Airline Rates & Charges										
Landing fees	\$ 38,365	\$ 45,683	\$ 38,245	\$ 49,626	\$ 47,163	\$ 48,736	\$ 48,223	\$ 50,957	\$ 51,964	\$ 55,753
Ramp fees	5,608	6,105	4,611	5,238	5,619	6,531	5,901	6,328	6,092	6,803
Lindbergh Terminal building rents	26,195	28,834	33,920	29,378	34,196	33,003	34,296	36,244	37,423	39,626
Other Lindbergh Terminal charges	3,038	3,234	3,475	3,105	3,496	3,410	3,714	3,841	3,351	3,506
Concessions rebate	-	-	(9,070)	(10,160)	(9,886)	(8,739)	(8,817)	(9,324)	(9,597)	(9,889)
Humphrey Building Rentals	4,162	5,684	7,089	8,288	6,583	6,729	6,815	8,148	8,991	10,160
Apron Fees - Non-Signatory	-	-	-	-	73	197	244	228	213	266
Total Airline Rates & Charges	<u>77,368</u>	<u>89,540</u>	<u>78,270</u>	<u>85,475</u>	<u>87,244</u>	<u>89,867</u>	<u>90,376</u>	<u>96,422</u>	<u>98,437</u>	<u>106,225</u>
Concessions										
Auto parking	50,466	60,213	64,266	66,765	62,748	61,546	63,682	66,612	72,621	76,569
Rental car	14,220	14,693	15,699	17,043	17,011	15,357	15,364	17,112	17,324	17,732
Food and beverage	7,311	9,790	11,552	12,645	12,808	13,052	12,957	13,398	13,808	14,743
Merchandise	5,572	6,120	8,515	8,537	8,689	8,082	8,027	8,373	8,607	8,489
Employee parking	1,573	1,691	1,758	2,063	2,423	2,254	2,473	2,578	2,929	2,414
Other	8,402	8,766	8,349	8,804	8,686	9,345	10,000	10,719	11,110	11,374
Total Concessions Revenue	<u>87,544</u>	<u>101,273</u>	<u>110,139</u>	<u>115,857</u>	<u>112,365</u>	<u>109,636</u>	<u>112,503</u>	<u>118,792</u>	<u>126,399</u>	<u>131,321</u>
Other Revenues										
Utilities	1,705	2,515	2,350	2,473	2,528	2,315	2,591	3,006	2,784	3,181
Other building and land rent	20,196	22,101	18,434	18,821	23,445	23,547	24,544	25,299	26,199	31,095
Other	6,282	8,160	10,111	10,315	10,785	10,605	9,940	7,567	6,937	7,731
Total Other Revenues	<u>28,183</u>	<u>32,776</u>	<u>30,895</u>	<u>31,609</u>	<u>36,758</u>	<u>36,467</u>	<u>37,075</u>	<u>35,872</u>	<u>35,920</u>	<u>42,007</u>
Total MSP Revenue	193,095	223,589	219,304	232,941	236,367	235,970	239,954	251,086	260,756	279,553
Total Reliever Airports	<u>3,046</u>	<u>4,887</u>	<u>4,823</u>	<u>5,310</u>	<u>5,187</u>	<u>4,905</u>	<u>5,089</u>	<u>5,461</u>	<u>5,661</u>	<u>6,492</u>
Total Operating Revenues	<u>196,141</u>	<u>228,476</u>	<u>224,127</u>	<u>238,251</u>	<u>241,554</u>	<u>240,875</u>	<u>245,043</u>	<u>256,547</u>	<u>266,417</u>	<u>286,045</u>
Investment income										
Capital lease interest	23,698	22,820	22,815	22,570	20,896	20,017	19,720	16,133	4,140	3,835
Other ²	7,512	9,532	14,509	18,957	15,281	10,620	13,402	3,948	2,926	2,648
Total Investment Income	<u>31,210</u>	<u>32,352</u>	<u>37,324</u>	<u>41,527</u>	<u>36,177</u>	<u>30,637</u>	<u>33,122</u>	<u>20,081</u>	<u>7,066</u>	<u>6,483</u>
Capital lease principal payments	<u>12,046</u>	<u>12,475</u>	<u>14,199</u>	<u>14,442</u>	<u>15,345</u>	<u>18,413</u>	<u>17,956</u>	<u>19,294</u>	<u>7,805</u>	<u>8,107</u>
Total Revenues ¹	<u>\$ 239,397</u>	<u>\$ 273,303</u>	<u>\$ 275,650</u>	<u>\$ 294,220</u>	<u>\$ 293,076</u>	<u>\$ 289,925</u>	<u>\$ 296,121</u>	<u>\$ 295,922</u>	<u>\$ 281,288</u>	<u>\$ 300,635</u>

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

² Interest income on PFC's and Bond Series 1998-2005 Construction Funds are not included as defined by the master trust indenture.

Source: Audited financial statements for the last ten years

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Percentage Distribution of Operating Revenues 2004 - 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Airline Rates & Charges										
Landing fees	19.6%	20.0%	16.9%	20.9%	19.6%	20.1%	19.5%	19.7%	19.6%	19.5%
Ramp fees	2.9%	2.7%	2.1%	2.2%	2.3%	2.7%	2.4%	2.5%	2.3%	2.4%
Lindbergh Terminal building rents	13.4%	12.6%	15.1%	12.3%	14.2%	13.7%	14.0%	14.1%	14.0%	13.9%
Other Lindbergh Terminal charges	1.5%	1.4%	1.6%	1.3%	1.4%	1.4%	1.5%	1.5%	1.3%	1.2%
Concessions rebate	0.0%	0.0%	-4.0%	-4.3%	-4.1%	-3.6%	-3.6%	-3.6%	-3.6%	-3.5%
Humphrey Building Rentals	2.1%	2.5%	3.2%	3.5%	2.8%	2.9%	2.9%	3.3%	3.4%	3.6%
Total Airline Rates & Charges	39.5%	39.2%	34.9%	35.9%	36.2%	37.2%	36.7%	37.5%	37.0%	37.1%
Concessions										
Auto parking	25.7%	26.4%	28.7%	28.0%	26.0%	25.6%	26.0%	26.0%	27.3%	26.8%
Rental car	7.2%	6.4%	7.0%	7.2%	7.0%	6.4%	6.3%	6.7%	6.5%	6.2%
Food and beverage	3.7%	4.3%	5.2%	5.3%	5.3%	5.4%	5.3%	5.2%	5.2%	5.2%
Merchandise	2.8%	2.7%	3.8%	3.6%	3.6%	3.4%	3.3%	3.3%	3.2%	3.0%
Employee parking	0.8%	0.7%	0.8%	0.9%	1.0%	0.9%	1.0%	1.0%	1.1%	0.8%
Other	4.3%	3.8%	3.7%	3.7%	3.6%	3.9%	4.1%	4.2%	4.2%	4.0%
Total Concessions Revenue	44.5%	44.3%	49.2%	48.7%	46.5%	45.6%	46.0%	46.4%	47.5%	46.0%
Other Revenues										
Utilities	0.9%	1.1%	1.0%	1.0%	1.0%	1.0%	1.1%	1.2%	1.0%	1.1%
Other building and land rent	10.3%	9.7%	8.2%	7.9%	9.7%	9.8%	10.0%	9.9%	9.8%	10.9%
Other	3.2%	3.6%	4.5%	4.3%	4.5%	4.4%	4.1%	2.9%	2.6%	2.7%
Total Other Revenues	14.4%	14.4%	13.7%	13.2%	15.2%	15.2%	15.2%	14.0%	13.4%	14.7%
Total MSP Revenue	98.4%	97.9%	97.8%	97.8%	97.9%	98.0%	97.9%	97.9%	97.9%	97.8%
Total Reliever Airports	1.6%	2.1%	2.2%	2.2%	2.1%	2.0%	2.1%	2.1%	2.1%	2.2%
Total Operating Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Minneapolis/St. Paul Metropolitan Airports Commission

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Net Position by Business-Type Activities 2004 - 2013 (Dollars in Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business Type Activities										
Net investment in capital assets	\$ 1,055,827	\$ 1,078,276	\$ 1,077,822	\$ 1,083,959	\$ 1,097,417	\$ 1,145,797	\$ 1,140,449	\$ 1,144,522	\$ 1,123,522	\$ 1,141,111
Restricted	92,723	109,022	146,742	189,224	272,695	253,811	273,540	306,528	373,736	389,886
Unrestricted	<u>76,105</u>	<u>109,364</u>	<u>127,614</u>	<u>139,391</u>	<u>153,418</u>	<u>159,335</u>	<u>170,140</u>	<u>162,543</u>	<u>145,058</u>	<u>162,952</u>
Total business type activities	<u>\$ 1,224,655</u>	<u>\$ 1,296,662</u>	<u>\$ 1,352,178</u>	<u>\$ 1,412,574</u>	<u>\$ 1,523,530</u>	<u>\$ 1,558,943</u>	<u>\$ 1,584,129</u>	<u>\$ 1,613,593</u>	<u>\$ 1,642,316</u>	<u>\$ 1,693,949</u>

Source: Audited financial statements for the last ten years

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Delta Airlines Revenue Summary 2004 - 2013 (Dollars in Thousands)

	2004	2005	2006	2007	2008 ²	2009	2010	2011	2012	2013
Delta Revenue as a Percentage of Total Adjusted MAC Operating Revenues										
Total MAC Operating Revenues	\$ 196,141	\$ 228,476	\$ 224,127	\$ 238,251	\$ 241,554	\$ 240,875	\$ 245,043	\$ 256,547	\$ 266,418	\$ 286,045
Lease Principal/Interest Payments	35,744	35,319	37,014	36,246	36,277	38,430	37,676	37,973	11,945	11,939
Interest Income-MAC Funds ¹	7,116	14,426	24,474	31,628	21,318	5,193	11,183	3,467	2,862	3,215
Total Adjusted MAC Operating Revenues	<u>239,001</u>	<u>278,221</u>	<u>285,615</u>	<u>306,125</u>	<u>299,149</u>	<u>284,498</u>	<u>293,902</u>	<u>297,987</u>	<u>281,225</u>	<u>301,199</u>
Delta Portion of Operating Revenues	52,892	60,004	52,265	55,080	62,970	66,503	66,711	70,910	71,144	75,391
Delta Portion of Lease Payments	30,760	30,890	31,301	31,605	31,875	32,127	33,336	33,736	7,655	7,599
Total Delta Revenue	<u>83,652</u>	<u>90,894</u>	<u>83,566</u>	<u>86,685</u>	<u>94,845</u>	<u>98,630</u>	<u>100,047</u>	<u>104,646</u>	<u>78,799</u>	<u>82,990</u>
Delta % of Total Adjusted MAC Operating Revenues	<u>35.00%</u>	<u>32.67%</u>	<u>29.26%</u>	<u>28.32%</u>	<u>31.70%</u>	<u>34.67%</u>	<u>34.04%</u>	<u>35.12%</u>	<u>28.02%</u>	<u>27.55%</u>
Total Adjusted MAC Operating Revenues	\$ 239,001	\$ 278,221	\$ 285,615	\$ 306,125	\$ 299,149	\$ 284,498	\$ 293,902	\$ 297,987	\$ -	\$ -
Less: Delta GO 9/15 Lease Payments ³	(24,348)	(24,648)	(24,931)	(25,222)	(25,413)	(25,721)	(26,037)	(26,376)	-	-
Total Adjusted MAC Operating Revenues, Net of GO 9/15 Financing	<u>214,653</u>	<u>253,573</u>	<u>260,684</u>	<u>280,903</u>	<u>273,736</u>	<u>258,777</u>	<u>267,865</u>	<u>271,611</u>	<u>-</u>	<u>-</u>
Total Delta Revenue	83,652	90,894	83,566	86,685	94,845	98,630	100,047	104,646	-	-
Less: Delta GO 9/15 Lease Payments ³	(24,348)	(24,648)	(24,931)	(25,222)	(25,413)	(25,721)	(26,037)	(26,376)	-	-
Total Delta Revenue, Net of GO 9/15 Financing	<u>59,304</u>	<u>66,246</u>	<u>58,635</u>	<u>61,463</u>	<u>69,432</u>	<u>72,909</u>	<u>74,010</u>	<u>78,270</u>	<u>-</u>	<u>-</u>
Delta % of Total Adjusted MAC Operating Revenues, Net of GO 9/15 Financing	<u>27.63%</u>	<u>26.13%</u>	<u>22.49%</u>	<u>21.88%</u>	<u>25.36%</u>	<u>28.17%</u>	<u>27.63%</u>	<u>28.82%</u>	<u>0.00%</u>	<u>0.00%</u>
Delta Revenue as a Percentage of Total Airline Rates & Charges										
Total Airline Rates & Charges Revenue	\$ 77,368	\$ 89,540	\$ 78,270	\$ 85,475	\$ 87,244	\$ 89,867	\$ 90,376	\$ 96,422	\$ 98,536	\$ 106,015
Air Carrier Lease Payments	33,587	33,678	34,364	34,231	34,262	36,188	35,658	35,960	9,933	9,932
Total Air Carrier Revenue	<u>110,955</u>	<u>123,218</u>	<u>112,634</u>	<u>119,706</u>	<u>121,506</u>	<u>126,055</u>	<u>126,034</u>	<u>132,382</u>	<u>108,469</u>	<u>115,947</u>
Total Delta Revenue	<u>83,652</u>	<u>90,894</u>	<u>83,566</u>	<u>86,685</u>	<u>94,845</u>	<u>98,630</u>	<u>100,047</u>	<u>104,646</u>	<u>78,799</u>	<u>82,990</u>
Delta % of Total Air Carrier Revenue	<u>75.39%</u>	<u>73.77%</u>	<u>74.19%</u>	<u>72.41%</u>	<u>78.06%</u>	<u>78.24%</u>	<u>79.38%</u>	<u>79.05%</u>	<u>72.65%</u>	<u>71.58%</u>
Total Air Carrier Revenue	\$ 110,955	\$ 123,218	\$ 112,634	\$ 119,706	\$ 121,506	\$ 126,055	\$ 126,034	\$ 132,382	\$ -	\$ -
Less: Delta GO 9/15 Lease Payments ³	(24,348)	(24,648)	(24,931)	(25,222)	(25,413)	(25,721)	(26,037)	(26,376)	-	-
Total Air Carrier Revenue, Net of GO 9/15 Financing	<u>86,607</u>	<u>98,570</u>	<u>87,703</u>	<u>94,484</u>	<u>96,093</u>	<u>100,334</u>	<u>99,997</u>	<u>106,006</u>	<u>-</u>	<u>-</u>
Total Delta Revenue	83,652	90,894	83,566	86,685	94,845	98,630	100,047	104,646	-	-
Less: Delta GO 9/15 Lease Payments ³	(24,348)	(24,648)	(24,931)	(25,222)	(25,413)	(25,721)	(26,037)	(26,376)	-	-
Total Delta Revenue, Net of GO 9/15 Financing	<u>59,304</u>	<u>66,246</u>	<u>58,635</u>	<u>61,463</u>	<u>69,432</u>	<u>72,909</u>	<u>74,010</u>	<u>78,270</u>	<u>-</u>	<u>-</u>
Delta % of Total Air Carrier Revenue, Net of GO 9/15 Financing	<u>68.47%</u>	<u>67.21%</u>	<u>66.86%</u>	<u>65.05%</u>	<u>72.26%</u>	<u>72.67%</u>	<u>74.01%</u>	<u>73.84%</u>	<u>0.00%</u>	<u>0.00%</u>

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

² In 2008, Northwest Airlines merged with Delta.

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

Source: Minneapolis/St. Paul Metropolitan Airports Commission

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Top Ten Revenue Providers 2013 and 2004 (Dollars in Thousands)

Company	2013		2004	
	Rank	Revenue	Rank	Revenue
Northwest/Delta Airlines	1	\$ 75,391	1	\$ 54,702
HMS Host	2	12,023	2	10,214
Enterprise Rent A Car ¹	3	11,872	-	-
Hertz	4	8,005	3	6,103
Sun Country Airlines	5	7,753	6	3,077
Minnesota Retail Partners	6	5,331	-	-
Avis	7	5,203	4	4,667
Southwest Airlines	8	4,324	-	-
United Airlines	9	4,017	8	2,479
American Airlines	10	3,039	10	2,098
Signature Flight Support	----	-	7	2,607
National/Alamo Car Rental ¹	----	-	5	4,477
Budget Rent A Car	----	-	9	2,384

1 - Enterprise Rent a Car owns National Car Rental and Alamo.

Source: Comprehensive Annual Financial Report 2004 and 2013

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Air Carrier Market Share - Total Enplaned Passengers¹ For the Years Ended December 31 Ranked on Year 2013 Results

2013 Ranking	Air Carrier	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 % of Total
1	NWA/Delta	12,904,363	12,780,697	11,946,378	11,489,712	10,274,202	8,967,602	8,453,914	8,041,859	7,953,185	8,076,972	49.4%
2	Endeavor Air ²	970,567	1,187,110	1,223,597	1,271,310	865,941	722,510	707,641	727,037	1,453,778	1,634,337	10.0%
3	Compass ²	-	-	-	68,174	620,165	905,487	1,078,771	1,270,728	1,418,939	1,184,213	7.2%
4	Skywest ²	-	-	-	113,853	98,574	26,549	529,568	836,730	1,181,445	1,134,982	6.9%
5	Sun Country	508,405	728,513	726,359	752,691	640,902	496,622	470,474	554,434	616,320	757,552	4.6%
6	Southwest	-	-	-	-	-	283,986	500,493	609,692	623,913	742,664	4.5%
7	US Airways	131,951	57,764	21,625	174,910	389,052	455,163	430,890	465,967	532,384	592,391	3.6%
8	American	347,618	462,914	476,228	589,989	571,930	508,470	445,125	374,080	376,370	377,739	2.3%
9	Spirit Airlines	-	-	-	-	-	-	-	-	108,866	307,298	1.9%
10	ExpressJet ⁷	-	-	129,609	47,472	22,269	1,799	6,314	89,688	132,885	263,821	1.6%
11	Shuttle America ³	-	-	-	-	-	-	-	191,296	308,820	209,015	1.3%
12	United	507,724	489,899	559,618	555,520	488,566	470,403	396,060	340,920	227,392	190,994	1.2%
13	Frontier	126,434	120,962	123,056	132,633	164,798	183,393	188,438	260,492	191,650	177,613	1.1%
14	Air Tran Airways ⁸	168,227	149,844	290,390	316,667	256,310	247,834	261,709	295,675	269,552	159,983	1.0%
15	Continental Express	-	-	-	-	-	130,794	159,781	94,753	96,550	116,724	0.7%
16	American Eagle ⁵	-	-	-	-	-	-	-	-	128,382	115,022	0.7%
17	Alaska Airlines	-	-	-	-	-	91,064	94,491	95,269	84,588	93,635	0.6%
18	Republic ⁴	-	-	-	-	-	-	-	63,092	63,947	72,328	0.4%
	Comair ²	-	-	-	-	-	-	298,339	124,125	94,350	-	0.0%
	Continental ⁶	222,114	240,622	250,502	169,853	119,994	83,999	32,278	25,689	48,800	-	0.0%
	Mesaba Aviation ²	551,521	539,388	431,668	547,608	1,303,619	1,577,271	1,249,049	1,200,611	6,899	-	0.0%
	Midwest	-	-	-	66,215	67,032	79,803	61,165	-	-	-	0.0%
	Champion	-	-	113,849	73,790	25,898	-	-	-	-	-	0.0%
	America West	244,176	279,965	298,126	193,185	-	-	-	-	-	-	0.0%
	Ryan Int'l	-	-	32,607	7,768	-	-	-	-	-	-	0.0%
	American Trans Air	238,073	207,414	-	-	-	-	-	-	-	-	0.0%
	Other	676,466	739,219	554,695	397,734	475,020	318,385	350,309	310,052	101,023	159,984	1.0%
		<u>17,597,639</u>	<u>17,984,311</u>	<u>17,178,307</u>	<u>16,969,084</u>	<u>16,384,272</u>	<u>15,551,134</u>	<u>15,714,809</u>	<u>15,972,189</u>	<u>16,020,038</u>	<u>16,367,267</u>	<u>100.0%</u>

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

² Codeshare with Northwest/Delta. Its decrease was picked up by Northwest Airlines (NWA) and NWA-affiliated carrier, Endeavor Air (formerly Pinnacle Airlines), which commenced its operations at MSP International Airport in July 2001. Comair ceased operations in September 2012.

³ Codeshare with United.

⁴ Codeshare with US Airways.

⁵ Codeshare with American.

⁶ Continental and United began operating under a single carrier code in 2012.

⁷ Atlantic Southeast Airlines and ExpressJet Airlines began operating under a single carrier code in 2011.

⁸ Air Tran Airways merged with Southwest Airlines in 2012 with full integration expected in 2014.

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

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Enplaned Passenger Trends For the Years Ended December 31

	Originating		Connecting		Total	% Change From Previous Year
	Enplaned Passengers ¹	% of Total	Enplaned Passengers ¹	% of Total		
2004	7,954,133	45.2%	9,643,506	54.8%	17,597,639	4.00%
2005	8,193,652	45.6%	9,790,659	54.4%	17,984,311	2.20%
2006	10,066,488	58.6%	7,111,819	41.4%	17,178,307	-4.48%
2007	9,943,883	58.6%	7,025,201	41.4%	16,969,084	-1.22%
2008	8,355,979	51.0%	8,028,293	49.0%	16,384,272	-3.45%
2009	8,318,949	53.5%	7,232,185	46.5%	15,551,134	-5.08%
2010	9,147,140	58.2%	6,567,669	41.8%	15,714,809	1.05%
2011	8,676,764	54.3%	7,295,425	45.7%	15,972,189	1.64%
2012	8,667,889	54.1%	7,352,149	45.9%	16,020,038	0.30%
2013	8,927,053	54.5%	7,440,214	45.5%	16,367,267	2.17%

Average Annual Compound Growth

2004 - 2013	1.16%	-2.56%	-0.72%
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¹ Includes passengers who connected to domestic flights at MSP but were bound for international destinations via other U.S. gateway airports. Includes domestic-to-domestic, domestic-to-international, and international-to-domestic connections.

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

Sources: DOT, Schedules T-100 and T-3, DOT, Air Passenger Origin - Destination Survey, reconciled to Schedules T-100 and 298C T-1; John F. Brown Company, Inc.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Air Carrier Market Share - Total Enplaned Cargo (in tons) For the Years Ended December 31 Ranked on Year 2013 Results

2013 Ranking	Air Carrier	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 % of Total
1	Federal Express	84,255.0	77,531.7	74,311.2	72,391.0	65,700.1	52,480.1	49,154.0	47,830.8	49,923.0	49,450.0	45.2%
2	UPS	29,408.3	30,884.8	31,048.6	31,933.9	28,495.6	26,514.7	30,038.6	31,154.8	27,746.2	28,958.8	26.4%
3	Northwest/Delta	19,537.4	21,673.7	20,379.9	20,120.6	18,119.2	14,041.5	18,275.6	20,959.3	22,784.5	24,270.2	22.1%
4	DHL	4,507.1	4,161.6	7,654.9	5,668.8	4,057.3	17.6	-	1,196.4	1,943.9	2,206.1	2.0%
5	Sun Country	415.4	2,199.6	2,372.9	2,402.8	1,721.7	946.5	425.2	531.7	1,167.0	1,876.7	1.7%
6	US Airways	418.7	108.1	108.1	242.5	1,127.5	1,114.7	1,410.5	1,433.5	1,039.0	911.9	0.8%
7	Mountain Air Cargo	-	-	-	-	-	-	-	679.4	643.6	758.6	0.7%
8	Other	1,413.2	1,499.0	640.0	310.0	725.1	419.5	54.7	126.2	211.6	386.4	0.4%
9	United	1,282.2	1,209.1	571.5	173.8	459.1	877.2	972.3	741.9	975.6	372.5	0.3%
10	Southwest	-	-	-	-	-	204.9	350.1	489.7	420.2	362.7	0.3%
11	Airborne	6,810.0	4,915.5	114.8	857.1	1,853.2	506.6	1,949.0	785.2	81.5	55.8	0.1%
12	Alaska Airlines	-	-	-	-	-	-	-	41.5	43.6	48.1	0.0%
13	Frontier	-	-	-	-	-	-	114.4	92.0	53.9	47.1	0.0%
14	American	1,543.9	934.9	985.1	946.3	1,052.4	440.2	210.0	175.2	1.0	5.9	0.0%
15	ATI/BAX Global	4,179.8	5,263.9	4,994.2	4,235.1	2,193.9	4,222.7	8,846.5	6,188.8	-	-	0.0%
16	Continental ¹	662.0	373.4	431.0	346.4	519.4	289.7	131.2	100.6	283.3	-	0.0%
	Mesaba	-	-	-	-	422.4	661.7	-	-	-	-	0.0%
	Kitty Hawk/AIA*	2,697.4	3,665.6	2,730.8	970.6	-	-	-	-	-	-	0.0%
	America West	-	-	411.1	257.0	-	-	-	-	-	-	0.0%
	Emery Worldwide ²	4,358.2	4,196.5	1,757.2	-	-	-	-	-	-	-	0.0%
	KLM Royal Dutch	480.0	-	-	-	-	-	-	-	-	-	0.0%
	Midwest	-	-	-	326.4	239.9	8.9	0.6	-	-	-	0.0%
		<u>161,968.6</u>	<u>158,617.4</u>	<u>148,511.3</u>	<u>141,182.3</u>	<u>126,686.8</u>	<u>102,746.5</u>	<u>111,932.7</u>	<u>112,527.0</u>	<u>107,317.9</u>	<u>109,710.8</u>	<u>100.0%</u>

¹ Continental and United began operating under a single carrier code in 2012.

² New name: UPS Supply Chain Solutions.

Source: Minneapolis/St. Paul Metropolitan Airports Commission

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Enplaned Cargo Trends For the Years Ended December 31

Air Carrier	(Freight and mail in thousands of tons)										Average Annual Growth Compound
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Passenger	25.4	28.0	25.9	25.1	24.2	19.0	21.9	24.6	26.9	27.9	1.0%
All Cargo	<u>136.6</u>	<u>130.6</u>	<u>122.6</u>	<u>116.1</u>	<u>102.5</u>	<u>83.7</u>	<u>90.0</u>	<u>87.9</u>	<u>80.4</u>	<u>81.8</u>	-5.0%
Total	<u><u>162.0</u></u>	<u><u>158.6</u></u>	<u><u>148.5</u></u>	<u><u>141.2</u></u>	<u><u>126.7</u></u>	<u><u>102.7</u></u>	<u><u>111.9</u></u>	<u><u>112.5</u></u>	<u><u>107.3</u></u>	<u><u>109.7</u></u>	-3.8%

AAG - Average annual compound growth

Source: Minneapolis/St. Paul Metropolitan Airports Commission

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

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

	Passenger Carriers		All Cargo Carriers		Total Cargo
	Tons	% of Total	Tons	% of Total	
2004	25,353	15.7%	136,616	84.3%	161,969
2005	27,992	17.6%	130,625	82.4%	158,617
2006	25,900	17.4%	122,611	82.6%	148,511
2007	25,124	17.8%	116,058	82.2%	141,182
2008	24,179	19.1%	102,508	80.9%	126,687
2009	19,004	18.5%	83,742	81.5%	102,746
2010	21,942	19.6%	89,990	80.4%	111,932
2011	24,595	21.9%	87,932	78.1%	112,527
2012	26,876	25.0%	80,442	75.0%	107,318
2013	27,945	25.5%	81,766	74.5%	109,711

Average Annual Compound Growth

2004 - 2013	0.98%	-5.00%	-3.82%
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Source: Minneapolis/St. Paul Metropolitan Airports Commission

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

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

	Freight/Express		Mail		Total Cargo
	Tons	% of Total	Tons	% of Total	
2004	156,795	96.8%	5,174	3.2%	161,969
2005	153,548	96.8%	5,069	3.2%	158,617
2006	143,753	96.8%	4,758	3.2%	148,511
2007	136,511	96.7%	4,671	3.3%	141,182
2008	121,037	95.5%	5,650	4.5%	126,687
2009	98,493	95.9%	4,253	4.1%	102,746
2010	105,919	94.6%	6,013	5.4%	111,932
2011	104,455	92.8%	8,072	7.2%	112,527
2012	97,220	90.6%	10,098	9.4%	107,318
2013	101,337	92.4%	8,374	7.6%	109,711

Average Annual Compound Growth

2004 - 2013	-4.27%	4.93%	-3.82%
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Source: Minneapolis/St. Paul Metropolitan Airports Commission

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues per Master Trust Indenture	\$ 239,397	\$ 273,303	\$ 275,650	\$ 294,220	\$ 293,076	\$ 289,925	\$ 296,121	\$ 295,922	\$ 281,288	\$ 300,635
Expenses										
Operating expenses	185,069	206,791	223,063	239,971	244,330	246,493	252,944	255,287	256,793	274,888
Less: Depreciation expense	(83,273)	(93,566)	(111,429)	(115,329)	(117,595)	(123,060)	(121,555)	(118,985)	(120,201)	(128,010)
Amount paid from nonrevenue sources	-	-	-	-	-	-	-	-	-	-
Total operating expenses, excluding depreciation expense	101,796	113,225	111,634	124,642	126,735	123,433	131,389	136,302	136,592	146,878
Net Revenues	137,601	160,078	164,016	169,578	166,341	166,492	164,732	159,620	144,696	153,757
Annual debt service - Senior Airport Revenue Bonds	(54,851)	(50,384)	(48,212)	(46,685)	(46,321)	(45,887)	(44,540)	(41,525)	(43,436)	(48,274)
Annual debt service - General Obligation Revenue Bonds	(33,211)	(31,899)	(32,165)	(32,276)	(32,542)	(32,797)	(29,532)	(29,843)	(3,414)	(2,954)
Principal and interest on other indebtedness ¹	(15,636)	(9,468)	(17,452)	(16,299)	(30,335)	(32,356)	(31,118)	(42,285)	(40,970)	(47,809)
Must not be less than zero	33,903	68,327	66,187	74,318	57,143	55,452	59,542	45,967	56,876	54,720
Requirement Section										
Net revenues	137,601	160,078	164,016	169,578	166,341	166,492	164,732	159,620	144,696	153,757
Transfer - Coverage Fund ²	13,713	12,596	12,053	11,671	11,580	11,472	11,579	10,381	10,859	12,069
Total available	151,314	172,674	176,069	181,249	177,921	177,964	176,311	170,001	155,555	165,826
Senior Debt Service times 125% ³	(68,564)	(62,980)	(60,265)	(58,356)	(57,901)	(57,359)	(55,675)	(57,896)	(54,295)	(60,343)
Must not be less than zero	82,750	109,694	115,804	122,893	120,020	120,605	120,636	112,105	101,260	105,483
Pro Forma Coverage on Senior Lien Debt										
Net revenues	137,601	160,078	164,016	169,578	166,341	166,492	164,732	159,620	144,696	153,757
Transfer - Coverage Fund ²	12,596	12,053	11,671	11,580	11,472	11,579	10,381	10,381	10,859	12,069
Total available	150,197	172,131	175,687	181,158	177,813	178,071	175,113	170,001	155,555	165,826
Annual debt service - Senior Airport Revenue Bonds	(54,851)	(50,384)	(48,212)	(46,685)	(46,321)	(45,887)	(44,540)	(41,525)	(43,436)	(48,274)
Annual debt service - General Obligation Revenue Bonds	(33,211)	(31,899)	(32,165)	(32,276)	(32,542)	(32,797)	(29,532)	(29,843)	(3,414)	(2,954)
Total Debt Service - Senior Lien Debt	(88,062)	(82,283)	(80,377)	(78,961)	(78,863)	(78,684)	(74,072)	(71,368)	(46,850)	(51,228)
Coverage with Transfer	171%	209%	219%	229%	225%	226%	236%	238%	332%	324%
Coverage without Transfer	156%	195%	204%	215%	211%	212%	222%	224%	309%	300%

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

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

³ Using Annual Debt Service on Senior Airport Revenue Bonds.

Source: Minneapolis/St. Paul Metropolitan Airports Commission

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues per Master Trust Indenture	\$ 239,397	\$ 273,303	\$ 275,650	\$ 294,220	\$ 293,076	\$ 289,925	\$ 296,121	\$ 295,922	\$ 281,288	\$ 300,635
Expenses										
Operating expenses	185,069	206,791	223,063	239,971	244,330	246,493	252,944	255,287	256,793	274,888
Less: Depreciation expense	(83,273)	(93,566)	(111,429)	(115,329)	(117,595)	(123,060)	(121,555)	(118,985)	(120,201)	(128,010)
Amount paid from non-revenue sources	-	-	-	-	-	-	-	-	-	-
Total operating expenses, excluding depreciation expense	101,796	113,225	111,634	124,642	126,735	123,433	131,389	136,302	136,592	146,878
Annual debt service - Senior Airport Revenue Bonds	54,851	50,384	48,212	46,685	46,321	45,887	44,540	41,525	43,436	48,274
Annual debt service - General Obligation Revenue Bonds	33,211	31,899	32,165	32,276	32,542	32,797	29,532	29,843	3,414	2,954
Subordinate revenues	49,539	77,795	83,639	90,617	87,478	87,808	90,660	88,252	97,846	102,529
Principal and interest on Subordinate Bonds	(15,636)	(9,468)	(17,452)	(16,299)	(30,335)	(32,356)	(31,118)	(35,393)	(40,970)	(47,807)
Must not be less than zero	<u>\$ 33,903</u>	<u>\$ 68,327</u>	<u>\$ 66,187</u>	<u>\$ 74,318</u>	<u>\$ 57,143</u>	<u>\$ 55,452</u>	<u>\$ 59,542</u>	<u>\$ 52,859</u>	<u>\$ 56,876</u>	<u>\$ 54,722</u>
Requirement Section										
Subordinate revenues	\$ 49,539	\$ 77,795	\$ 83,639	\$ 90,617	\$ 87,478	\$ 87,808	\$ 90,660	\$ 88,252	\$ 97,846	\$ 102,529
Transfers ¹	1,564	947	1,745	1,630	3,034	3,236	3,112	4,229	4,097	4,781
Total available	51,103	78,742	85,384	92,247	90,512	91,044	93,772	92,481	101,943	107,310
Outstanding Subordinate Debt Service Times 110% ²	(1,990)	(17,091)	(10,299)	(29,239)	(22,743)	(33,354)	(32,358)	(35,393)	(45,583)	(44,686)
Must not be less than zero	<u>\$ 49,113</u>	<u>\$ 61,651</u>	<u>\$ 75,085</u>	<u>\$ 63,008</u>	<u>\$ 67,769</u>	<u>\$ 57,690</u>	<u>\$ 61,414</u>	<u>\$ 57,088</u>	<u>\$ 56,360</u>	<u>\$ 62,624</u>
Pro Forma Coverage on Subordinate Lien Debt										
Subordinate revenues	\$ 49,539	\$ 77,795	\$ 83,639	\$ 90,617	\$ 87,478	\$ 87,808	\$ 90,660	\$ 88,252	\$ 97,846	\$ 102,529
Principal and interest in Subordinate Bonds ²	15,537	9,363	26,581	20,675	30,322	29,416	30,887	32,175	41,439	40,624
Coverage without Transfer	<u>319%</u>	<u>831%</u>	<u>315%</u>	<u>438%</u>	<u>289%</u>	<u>299%</u>	<u>294%</u>	<u>274%</u>	<u>236%</u>	<u>252%</u>
Pro Forma Coverage on Senior and Subordinate Lien Debt										
Net Revenues	\$ 137,601	\$ 160,078	\$ 164,016	\$ 169,578	\$ 166,341	\$ 166,492	\$ 164,732	\$ 159,620	\$ 144,696	\$ 153,757
Total Debt Service - Senior and Subordinate Debt	103,599	91,646	106,958	99,636	109,185	108,100	104,959	103,543	88,289	91,852
Coverage without Transfer	<u>133%</u>	<u>175%</u>	<u>153%</u>	<u>170%</u>	<u>152%</u>	<u>154%</u>	<u>157%</u>	<u>154%</u>	<u>164%</u>	<u>167%</u>

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

² Using Annual Debt Service on Subordinate Airport Revenue Bonds.

Source: Minneapolis/St. Paul Metropolitan Airports Commission

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Operating Ratio¹ For the Years Ended December 31 (Dollars in Thousands)

	Operating Expenses ²	Operating Revenues	Operating Ratio
2004	\$ 101,796	\$ 196,141	52%
2005	113,225	228,476	50%
2006	111,634	224,127	50%
2007	124,642	238,251	52%
2008	126,735	241,554	52%
2009	123,433	240,875	51%
2010	131,389	245,043	54%
2011	136,302	256,548	53%
2012	136,592	266,417	51%
2013	146,878	286,045	51%

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

² Operating expenses exclude depreciation.

Source: Minneapolis/St. Paul Metropolitan Airports Commission

Debt per Enplaned Passenger For the Years Ended December 31

	General Airport Revenue Bonds Outstanding	General Obligation Revenue Bonds Outstanding	Notes Payable Outstanding	Other Debt	Subtotal	Enplaned Passengers	Debt per Enplaned Passenger
2004	\$ 1,424,853,095	\$ 332,455,138	\$ 106,945,000	\$ 101,176,000	\$ 1,965,429,233	17,597,639	\$ 111.69
2005	1,683,005,750	318,412,726	51,077,000	45,987,000	2,098,482,476	17,984,311	116.68
2006	1,657,725,049	304,359,078	50,374,000	45,887,000	2,058,345,127	17,178,307	119.82
2007	1,659,743,445	290,930,431	49,750,000	45,887,000	2,046,310,876	16,969,084	120.59
2008	1,525,522,000	276,522,000	39,726,000	33,887,000	1,875,657,000	16,384,272	114.48
2009	1,483,445,000	261,193,000	6,337,000	30,587,000	1,781,562,000	15,551,134	114.56
2010	1,587,837,000	241,727,000	6,885,000	-	1,836,449,000	15,714,809	116.86
2011	1,560,345,000	12,530,000	6,792,000	-	1,579,667,000	15,972,189	98.90
2012	1,551,546,000	9,400,000	6,680,000	11,300,000	1,578,926,000	16,020,038	98.56
2013	1,500,811,000	6,126,000	10,165,000	15,950,000	1,533,052,000	16,367,267	93.67

Source: Minneapolis/St. Paul Metropolitan Airports Commission

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Population For the Years Ended December 31 (In thousands)

	Minnesota	MSA ¹	% of Total
2004	5,094	3,112	61%
2005	5,127	3,141	61%
2006	5,167	3,172	61%
2007	5,198	3,208	62%
2008	5,231	3,238	62%
2009	5,266	3,270	62%
2010	5,303	3,349	63%
2011	5,347	3,389	63%
2012	5,379	3,422	64%
2013	5,420	3,459	64%

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

Civilian Unemployment Rate For the Years Ended December 31

	United States	Minnesota	MSA
2004	5.6%	4.6%	4.3%
2005	5.1%	4.2%	3.8%
2006	4.6%	4.0%	3.7%
2007	4.6%	4.6%	4.3%
2008	7.2%	6.8%	6.4%
2009	9.3%	8.0%	7.8%
2010	9.1%	6.8%	6.6%
2011	8.3%	5.7%	5.5%
2012	7.8%	5.5%	5.1%
2013	6.7%	4.6%	4.3%

Sources:

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

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Personal Income For the Years Ended December 31

	(In millions of dollars)		% of
	Minnesota	MSA ¹	Total
2004	\$ 184,225	\$ 127,315	69%
2005	193,938	132,210	68%
2006	205,803	140,158	68%
2007	216,678	150,181	69%
2008	224,671	154,283	69%
2009	220,438	149,594	68%
2010	227,288	152,789	67%
2011	238,768	161,468	68%
2012	248,047	172,004	69%
2013	259,397	Not available	

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

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

Per Capita Personal Income For the Years Ended December 31

	Minnesota	MSA ¹
2004	\$ 36,163	\$ 40,915
2005	37,991	42,091
2006	40,015	44,295
2007	41,739	46,870
2008	43,238	47,653
2009	41,859	45,750
2010	42,798	46,498
2011	44,560	48,657
2012	46,227	50,260
2013	47,856	Not available

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

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

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

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

Company	2013 Employees	Rank	% of Total Employment	2004 Employees	Rank	% of Total Employment
Mayo Foundation	41,431	1	1.48%	32,500	3	1.21%
State of Minnesota	36,899	2	1.32%	55,321	1	2.06%
Target Corporation	31,100	3	1.11%	24,294	5	0.91%
United States Federal Government	30,567	4	1.09%	35,000	2	1.31%
Allina Health System	25,176	5	0.90%	22,500	6	0.84%
University of Minnesota	25,000	6	0.89%	30,240	4	1.13%
Fairview Health Services	22,168	7	0.79%	18,500	8	0.69%
HealthPartners, Inc.	21,255	8	0.76%	-	-	0.00%
Wal-Mart Stores, Inc.	20,689	9	0.74%	17,964	9	0.67%
Wells Fargo & Co.	20,000	10	0.71%	19,100	7	0.71%
MN State Colleges/Universities	17,865	11	0.64%	-	-	0.00%
3M Co.	15,000		0.54%	16,289	10	0.61%
Total	<u>307,150</u>			<u>271,708</u>		
Total Nonfarm Employment	<u>2,797,700</u>			<u>2,681,005</u>		

Sources:

Minnesota Business Journal Book of Lists

Minnesota Department of Employment and Economic Development

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Employment Share by Industry For the Year Ended December 31

	2013 Minnesota
Education and Health Services	23.2%
Trade, Transportation and Utilities	19.5%
Manufacturing	11.5%
Professional and Business Services	13.1%
Leisure and Hospitality	10.4%
Financial Activities	6.7%
Public Administration	4.8%
Construction	4.5%
Other Services	3.2%
Information	2.1%
Natural Resources and Mining	1.0%
	100.0%

2004 information not available

Source: Minnesota Department of Employment and Economic Development

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Activity Statistics For the Years Ended December 31

	Total Passengers ¹	Aircraft Operations ²	Mail and Cargo Volume (Metric Tons)
2004	35,786,634	541,093	300,969
2005	36,678,868	532,240	283,450
2006	34,580,769	475,668	275,451
2007	34,108,743	452,972	257,691
2008	32,917,480	450,044	253,374
2009	31,273,224	432,395	209,097
2010	31,734,714	436,625	211,778
2011	31,977,163	436,506	208,637
2012	32,070,628	425,332	198,684
2013	32,763,027	431,328	197,384

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

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

Source: Metropolitan Airports Commission Operations Report

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Historical Aircraft Operations ² For the Years Ended December 31

	Air Carrier Operations ²	Commuter Operations	Cargo Operations	Total Commercial Operations ¹	Percent Commercial Operations	General Aviation Operations	Military Operations	Total Operations
2004	347,605	135,785	16,709	500,099	92.42%	39,018	1,976	541,093
2005	329,956	146,400	17,182	493,538	92.73%	36,472	2,230	532,240
2006	283,844	135,286	16,355	435,485	91.68%	37,473	2,040	474,998
2007	263,816	141,013	15,292	420,121	92.75%	30,562	2,289	452,972
2008	226,646	176,237	14,361	417,244	92.71%	30,685	2,115	450,044
2009	211,085	183,911	11,146	406,142	93.93%	24,361	1,892	432,395
2010	191,341	203,169	12,049	406,559	93.11%	27,921	2,145	436,625
2011	178,896	217,267	12,203	408,366	93.55%	26,157	1,983	436,506
2012	184,134	203,684	11,231	399,049	93.82%	24,903	1,380	425,332
2013	193,470	203,106	11,701	408,277	94.66%	21,866	1,185	431,328

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

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

Source: Metropolitan Airports Commission Operations Report

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

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

	Passengers	Cargo	Total Landed Weight
2004	25,532,738	1,030,214	26,562,952
2005	24,663,179	1,217,140	25,880,319
2006	22,266,525	1,174,305	23,440,830
2007	21,846,071	1,152,231	22,998,302
2008	21,047,357	1,095,773	22,143,130
2009	20,352,347	918,453	21,270,800
2010	19,856,212	986,029	20,842,241
2011	19,945,169	897,211	20,842,380
2012	19,625,108	885,442	20,510,550
2013 ¹	20,225,040	926,429	21,151,469

¹ In 2013, Delta's activity represented approximately 72% of the total landed weight at the Airport.

Source: Minneapolis/St. Paul Metropolitan Airports Commission

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Employee Counts ¹ For the Years Ended December 31

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Minneapolis Employees Retirement Fund	21	13	8	6	5	4	4	4	3	3
Public Employee Retirement Association	521	552	566	558	570	564	578	585	583	582
Total	<u>542</u>	<u>565</u>	<u>574</u>	<u>564</u>	<u>575</u>	<u>568</u>	<u>582</u>	<u>589</u>	<u>586</u>	<u>585</u>

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

Airline Cost per Enplaned Passenger For the Years Ended December 31

	(Dollars and Passengers in thousands)									
	2004	2005	2006 ²	2007	2008	2009	2010	2011	2012	2013
Total cost ¹	\$ 80,053	\$ 92,818	\$ 82,242	\$ 88,454	\$ 91,908	\$ 94,003	\$ 94,768	\$ 100,961	\$ 102,789	\$ 110,378
Enplaned passengers	<u>17,598</u>	<u>17,984</u>	<u>17,178</u>	<u>16,969</u>	<u>16,384</u>	<u>15,551</u>	<u>15,715</u>	<u>15,972</u>	<u>16,020</u>	<u>16,367</u>
Airline Cost per Enplaned Passenger	<u>\$ 4.55</u>	<u>\$ 5.16</u>	<u>\$ 4.79</u>	<u>\$ 5.21</u>	<u>\$ 5.61</u>	<u>\$ 6.04</u>	<u>\$ 6.03</u>	<u>\$ 6.32</u>	<u>\$ 6.42</u>	<u>\$ 6.74</u>

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

² In 2006 and beyond, the figures represent an amended airline use agreement.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

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

	Landing Fee Per 1,000 Lbs	Ramp Fees Per Linear Foot	Common Use Per Square Foot	Finished Per Square Foot	Finished Janitored Per Square Foot	Unfinished Per Square Foot
2004	\$ 1.40	\$ 457.30	\$ 43.54	\$ 43.54	\$ 49.35	\$ 43.54
2005	1.71	498.26	48.20	48.20	53.85	48.20
2006	1.65	429.73	47.39	47.39	53.29	47.39
2007	1.94	458.87	50.24	50.24	56.42	50.24
2008	2.11	502.98	52.88	52.88	59.58	52.88
2009	2.27	581.93	50.67	50.67	57.43	50.67
2010	2.31	522.40	52.64	52.64	59.77	52.64
2011	2.46	562.05	56.37	56.37	63.11	56.37
2012	2.53	536.38	58.60	58.60	65.16	58.60
2013	2.62	594.50	62.86	62.86	69.80	62.86

In 2006, the schedule of airline rates and charges reflects a new/amended airline agreement calculation.

Source: Minneapolis/St. Paul Metropolitan Airports Commission

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

	St. Paul Downtown Airport	Flying Cloud Airport	Crystal Airport	Anoka County Blaine Airport	Lake Elmo Airport	Airlake Airport	MSP
2004	127,478	163,196	75,023	109,853	49,855	53,309	39,018
2005	129,814	157,710	72,205	101,267	48,329	51,678	36,472
2006	125,669	144,178	65,528	92,947	44,903	48,014	37,473
2007	117,535	117,492	53,038	80,508	38,617	41,292	30,562
2008	110,846	119,139	48,877	69,406	37,612	39,021	30,685
2009	91,507	117,180	42,311	68,534	34,509	35,802	24,361
2010	88,995	94,244	44,229	79,589	34,374	35,662	27,921
2011	87,229	114,574	43,986	73,292	33,032	34,270	26,157
2012	79,238	88,663	43,986	79,190	33,319	34,560	24,903
2013	69,277	79,511	50,949	76,721	33,022	31,346	21,866

Source: Minneapolis/St. Paul Metropolitan Airports Commission

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Air Carriers Serving MSP ^A As of December 31, 2013

U.S. – FLAG CARRIERS

AirTran * ¹²
American * ¹³
Compass * ³
ExpressJet * ³
Great Lakes *
Republic Airlines * ⁵
Southwest * ^{11 12}
US Airways * ¹³

SCHEDULED SERVICES

Air Wisconsin * ¹
American Eagle *
Delta * ⁴
Frontier *
Mesa ⁶
Shuttle America * ¹
Spirit *

Alaska Airlines * ²
Chautauqua *
Endeavor * ⁹
Go Jet *
MN Airlines dba Sun Country *
Sky West * ^{1 3}
United * ⁸

NON-SCHEDULED (CHARTER) SERVICES

Omni Air International *

ALL-CARGO SERVICES

ABX Air * ⁹
FedEx *

Atlas Air Cargo * ⁹
Mountain Air Cargo

Bemidji *
UPS *

FOREIGN-FLAG CARRIERS

Air France *

Icelandair *

Jazz Air, LP. dba Air Canada * ¹⁰

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- * Denotes those Air Carriers that are Signatory Airlines to the Airline Lease Agreements.
- A Excludes carriers reporting fewer than 1,000 enplaned passengers.
1. Flies for United Airlines.
2. Commenced its operations at MSP Airport in October 2008.
3. Codeshare with Delta Air Lines.
4. Filed for bankruptcy protection on September 14, 2005. DAL emerged from bankruptcy on April 30, 2007 along with Comair. DAL's plans to merge with NWA were officially approved by the U.S. Department of Justice on October 29, 2008. Both announced plans to merge in April 2008.
5. Codeshare with US Airways.
6. Wholly owned by Northwest Airlines (NWA) after Mesaba emerged from bankruptcy protection on April 30, 2007. It had filed for bankruptcy on October 13, 2005. Its operations were included in NWA and reported by NWA starting 2008.
7. Wholly owned by Delta Air Lines.
8. United filed for bankruptcy on December 9, 2002. Emerged from bankruptcy on February 1, 2006. United and Continental announced plans to merge in May 2010. The plans to merge were approved by the U.S. Department of Justice on August 27, 2010.
9. ABX Air and Atlas Air Cargo provide air service to DHL.
10. Air Canada filed for bankruptcy protection on April 1, 2003. Emerged from bankruptcy on September 30, 2004 after 18 months in protection.
11. Commenced its operations at MSP International Airport, Humphrey Terminal on March 8, 2009
12. Southwest and AirTran announced plans to merge in September 2010. The plans to merge were approved by the U.S. Department of Justice on April 27, 2011.
13. American Airlines and US Airways announced plans to merge in February 2013. The plans to merge were approved by the U.S. Department of Justice on December 9, 2013.

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Minneapolis/St. Paul Metropolitan Airports Commission

Insurance Coverage As of December 31, 2013

Insurer	Expiration	Coverage	Policy Limits (Thousands of Dollars)
ACE/USA	1/1/14	General aviation liability including personal injury	\$ 500,000
Alliant	7/1/14	Blanket fire and extended coverage on building and contents. Boiler and machinery	\$ 1,050,000
Self-Insured ¹	Continuous	Statutory workers' compensation	
		Workers' Compensation Reinsurance Association	\$ 470
Great American	6/1/14	Comprehensive Crime Employee/Police Policies	\$ 3,000
Minnesota Risk Management Fund	7/1/14	Auto Liability (licensed vehicles), physical damage (all vehicles) hired automobiles, valet parking, inland marine and garage keepers	MN Tort Cap Limits/value
Minnesota Risk Management Fund	7/1/14	Non-Aviation General Liability	MN Total Cap Limits

¹ Funded from current operating revenues of the Commission.

Statistical Section (Unaudited)

Square Feet		
Terminal 1 (Lindbergh)	Terminal 2 (Humphrey)	Total
655,685	130,002	785,687
199,226	22,898	222,124
155,119	-	155,119
167,156	15,564	182,720
37,470	22,972	60,442
954,315	129,043	1,083,358
54,062	10,575	64,637
438,631	97,474	536,105
108,213	40,036	148,249
66,676	20,186	86,862
2,836,553	488,750	3,325,303
13,447	8,911	22,358

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MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Statistical Section (Unaudited)

Airport Information As of December 31, 2013

Airport Code: MSP

Runways ¹

Minneapolis-St. Paul:

Runway 4-22	11,000 Ft
Runway 12R-30L	10,000 Ft
Runway 12L-30R	8,200 Ft
Runway 17-35	8,000 Ft

Airlake

Runway 12-30	4,100 Ft
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Anoka County/Blaine

Runway 9-27	5,000 Ft
Runway 18-36	4,900 Ft

Crystal

Runway 14L-32R	3,300 Ft
Runway 14R-32L	3,300 Ft
Runway 6L-24R	2,500 Ft
Runway 6R-24L	2,100 Ft

Flying Cloud

Runway 10R-28L	3,900 Ft
Runway 10L-28R	5,000 Ft
Runway 18-36	2,700 Ft

Lake Elmo

Runway 14-32	2,900 Ft
Runway 4-22	2,500 Ft

St. Paul Downtown

Runway 14-32	6,500 Ft
Runway 13-31	4,000 Ft
Runway 9-27	3,600 Ft

¹ Amounts rounded to the nearest hundred.

USER NOTES