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METROPOLITAN AIRPORTS COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 1990

METROPOLITAN AIRPORTS COMMISSION

MINNEAPOLIS - ST. PAUL, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 1990

PREPARED BY THE FINANCE DEPARTMENT

DENISE A. KAUTZER, DIRECTOR OF FINANCE

Minneapolis - St. Paul
Metropolitan Airports Commission 1991

Chairman: Thomas Holloran*

Commissioners:

Precinct 1	Sam Grais
Precinct 2	Virginia Lanegran
Precinct 3	Ronald Jerich
Precinct 4	Howard Mueller
Precinct 5	Tim Lovaasen
Precinct 6	Wilfred Viitala
Precinct 7	Robert McNulty
Precinct 8	Alton Gasper
City of Minneapolis	Jan Del Calzo
City of St. Paul	Thomas Kayser*
Representing Greater Minnesota Area:	Faye Petron
	Thomas A. Vecchi
	Mark Brataas
	Clinton Dahl
Executive Director:	Jeffrey W. Hamiel

* On January 23, 1991, Hugh Schilling was appointed chairman by the Governor and Nick Mancini was appointed by the Mayor of Saint Paul to represent the City of Saint Paul.

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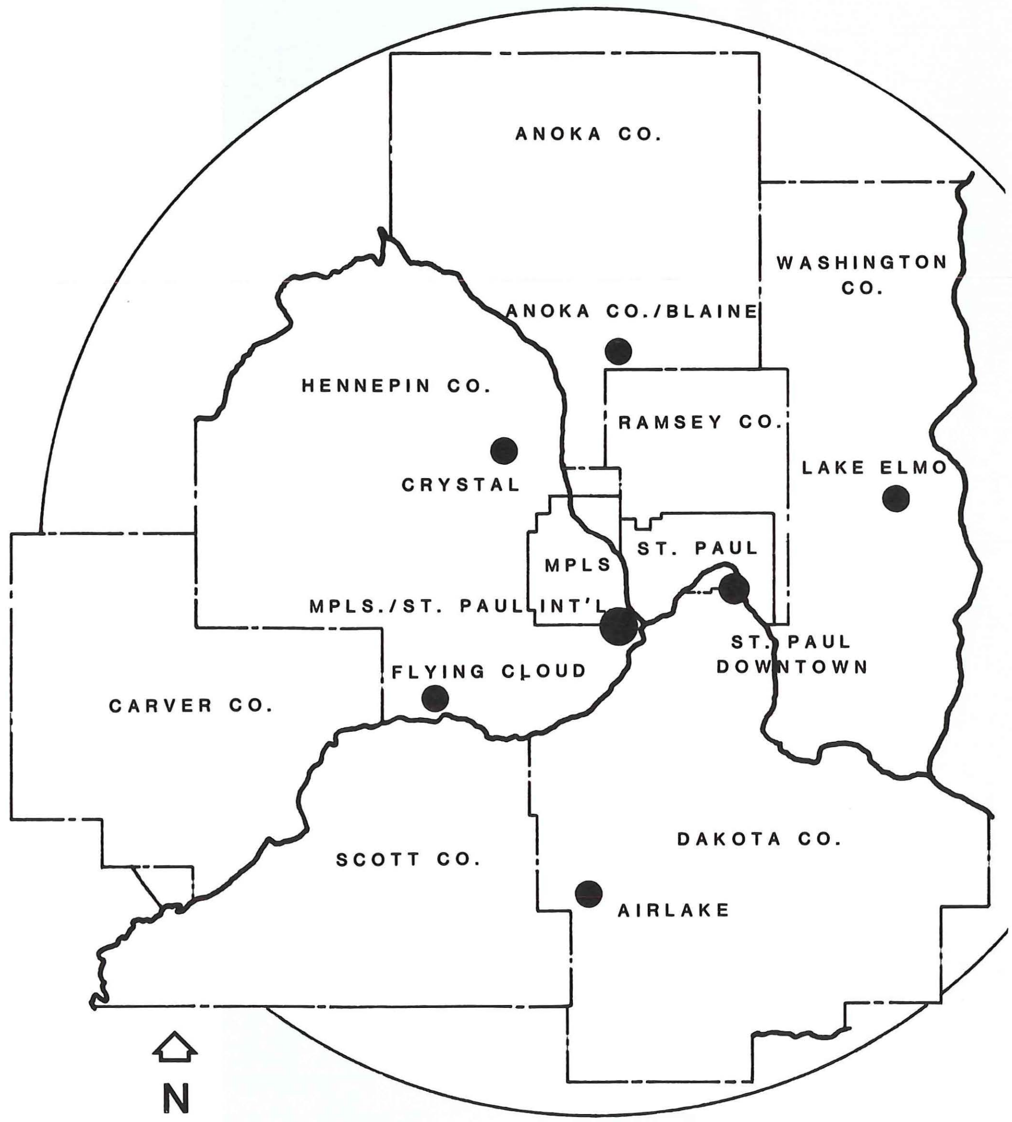

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Minneapolis-St. Paul Metropolitan Airports Commission, Minnesota

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 1989

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) achieve the highest standards in government accounting and financial reporting.

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March 8, 1991

To The Public:

The Comprehensive Annual Financial Report of the Metropolitan Airports Commission, Minneapolis-St. Paul, Minnesota, for the fiscal year ended December 31, 1990, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures rests with the Commission. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of various funds and account groups of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections—Introductory, Financial, and Statistical. The Introductory Section includes this Transmittal Letter, the Commission's organization chart, and a list of principal officials. The Financial Section includes the general purpose financial statements and schedules, as well as the Report of Independent Auditors on financial statements. The Statistical Section includes selected financial and activity information generally presented on a multi-year basis.

The Commission is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget, Circular A-128, Audits of States and Local Governments. Information related to this single audit including the Schedule of Federal Financial Assistance, findings and recommendation, and auditors report on the internal control structure and compliance with applicable laws and regulations are issued as a separate report.

The Metropolitan Airports Commission (MAC) was created in 1943 by the Minnesota Legislature to provide for efficient development of air transportation facilities in the Metropolitan Area. The purpose of MAC is to promote air navigation and transportation, international, national and local, in and through the State of Minnesota. In addition to promoting the efficient, safe and economical handling of air commerce, MAC has the responsibility of assuring residents of the Metropolitan Area of the minimum environmental impact from air navigation and transportation.

MAC jurisdiction is throughout the Minneapolis-St. Paul Metropolitan Area radiating 35 miles from the Minneapolis and St. Paul City Halls, and including Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. The Commission owns and operates seven airports in the Metropolitan Area including Minneapolis-St. Paul International Airport (MSP) serving as the primary air carrier facility and the following Reliever Airports serving general aviation:

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

The MAC may, under the Airport Law, (Minn. Stat. §473.667) borrow money and issue General Obligation Bonds for the purpose of acquiring property, constructing and equipping new airports, acquiring and equipping existing airports and making capital improvements to any airport constructed or acquired by the Commission. Other powers delegated to the Commission include power to levy taxes against property of the Metropolitan Area in order to pay debt service on bonds issued by the Commission. In addition, the Commission can levy taxes, not in excess of .00121 percent in each year, upon the valuation of all taxable property in the Metropolitan Area to meet operation and maintenance costs of airport facilities. The Commission is governed by fifteen Commissioners. Eight Commissioners are appointed by the Governor of the State of Minnesota from designated districts within the Metropolitan Area. The mayors of St. Paul and Minneapolis also have seats on the Commission with the option to appoint a surrogate to serve in their place. The Governor also appoints four Commissioners representing the Greater Minnesota Area, (i.e. outside the Metropolitan Area). The Chairperson of the Commission is appointed by the Governor and may be from anywhere in the state. These appointing authorities, however, do not exercise direct financial oversight; and thus, the Commission is independent for financial reporting purposes.

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

ECONOMIC CONDITION AND OUTLOOK

Changes in the operation and technical requirements of the nation's system of airports and airways continue to occur at a faster pace than that of other types of public works and facilities. Aviation's long-term growth rates have exceeded that of most other industries. Trends in traffic for commercial aviation at MSP have reflected the increased volatility of the market in which it operates. Primarily, as a result of the emergence of MSP as a hub, growth of air traffic at MSP has outpaced national trends. At MSP, total passengers have shown an average annual growth rate of 11.7% from 1981 to 1989. In 1990 total passengers increased 4.5% from 1989 levels. In terms of operations, the average annual growth from 1981 to 1989 is 4.5%. In 1990 operations at MSP increased 4.3% from 1989 levels. Recent projections forecast growth at MSP of 4.0% per year. Regional airline activity and enplanements are a primary contributor to this projected growth rate.

At the reliever airports, the picture is considerably different, between 1981 and 1982 operations at reliever airports actually declined by 16%; however, since that time, operations have rebounded increasing at an average annual rate of 6%. Even with these fluctuations, no single reliever airport has come to dominate the market with the distribution of operations remaining relatively stable over the past 10 years.

The financial trends for the MAC suggest a strong and stable financial presence. Even while coping with strong growth at MSP the finances at MAC have remained strong and shown growth.

MAJOR INITIATIVES FOR THE YEAR

The past year was a busy one for the MAC, particularly for those involved with planning, airport development and environmental affairs. The MAC also was closely involved with the Minnesota congressional delegation and the U.S. House of Representatives Aviation Subcommittee, chaired by Minnesota Eighth District Congressman James Oberstar, where landmark legislation was drafted enacting a national noise policy, reauthorization of the Aviation Trust Fund and paving the way for Passenger Facility Charges (PFC's). The new law prohibits the importation into the United States of State 2 aircraft from overseas, mandates the phase out of noisy, Stage 2 aircraft in U.S. service by the year 2000 and preserves the right of airport operators and local communities to participate in aircraft noise abatement planning. In regards to PFC's, they can be a possible source of funding for airport projects that:

- Enhance competition
- Increase security
- Increase capacity
- Increase safety
- Mitigate noise impacts

Airports may charge up to $3 per enplaned passenger. The Commission is still in the process of analyzing PFC's and has made no decision whether to implement them.

A major objective of the commission over the years has been to attract more international air service to the state. Last year those efforts paid off following meetings between MAC staff and representatives of KLM Royal Dutch Airlines. The Netherlands carrier will inaugurate new nonstop service between the Twin Cities and Amsterdam in April 1991. The airline will begin service with four round trip flights per week intitially and hopes to operate daily service before year end.

On June 3, MSP was the focus of international attention when Soviet President and Mrs. Mikhail Gorbachev visited the Twin Cities, one of two United States destinations he visited following earlier meetings in Washington with President Bush. Weeks of planning went into the event and security at the airport was unparalleled. The Gorbachev visit was an outstanding success providing the airport and Minneapolis/St. Paul outstanding publicity.

During the year Northwest Airlines temporarily suspended consideration of proposals from various communities for the location of the carrier's new heavy maintenance facility for Airbus A320 aircraft. MSP was one of several communities offering an incentive package to construct the facility on their airports. While the airline continues to consider those proposals, Northwest also has indicated an interest in acquiring maintenance facilities in Atlanta of the now-defunct Eastern Air Lines. Northwest is continuing negotiations for the Eastern facilities in Atlanta while it evaluates the proposals from the various communities. The airline says it expects to announce its decision soon.

The Federal Aviation Administration announced approval of components of the MAC's Part 150 noise abatement program in 1990. The Part 150 program incorporates operational and land use compatibility issues and makes those elements of the program approved by the FAA eligible for FAA funding. Included in the Part 150 program is a permanent off-airport noise monitoring system comprised of a series of microphones at various locations in surrounding communities that would record and distribute to a central computer aggregate noise levels at each location. The system will be installed and become operational during 1991.

The last 2,000 feet of each end of Runway 11L/29R were reconstructed during 1990. The project was done in phases allowing lighter aircraft to operate from the shortened runway while construction progressed. In late spring 1991, a resurfacing of Runway 11R/29L will begin. The work is to be done at night allowing aircraft to operate from the runway during the day. The $3.5 million project is expected to take 60 days to complete.

The "dual track" airport planning process, established by the 1989 session of the Minnesota State Legislature, continued during the year. The process recognizes the need to proceed with the development of MSP, ensuring that it remains safe and efficient with adequate capacity to meet existing and forecast demand (Track "A"), while the MAC and Metropolitan Council work on site selection and planning for a possible new airport (Track "B"). The Metropolitan Council has identified three candidate search areas - one north of the Twin Cities metro area and two south of the Twin Cities. By December the Council will designate a single search area. The MAC will then select a site within that search area for a possible airport. The process will continue through 1996 when the legislature will determine whether or not a new airport is needed.

In December the $1.5 million Super America Ground Transportation Center was dedicated. The new facility, located at the intersection of Post Road and Highway 5, provides facilities for the 350 taxi operators and other ground service operators who serve MSP, and for the general public. The center includes a retail Super America store, a Super Mom's bakery, a delicatessen-restaurant and large dining area. The five acre site includes a parking lot and queuing lines where the cabs can wait for their calls to the Lindbergh Terminal. Separate car wash and fueling facilities for the cab operators and for the public also are located at the center.

Host International, the food and beverage concessionaire, and the Commission completed negotiations for a "Branded Program" which converts many of the food and beverage facilities in the Lindbergh Terminal to "Brand Name" facilities. This "Branded Program" will have a significant impact on the price and value of services to the public by providing familiar products at comparable prices. Depending on the growth of sales, the Commission can expect to earn an additional $3.9 to $7 million over the next 12 years. By the end of 1991 the following branded facilities are expected to be operational:

Burger King
Taco Bell
A "Cheers" bar (based upon the TV show)
Nathan's Hot Dogs
Pizza Hut
Mrs. Field's Cookies

In 1990, the Commission contracted with a professional appraisal firm to complete a fair rental value appraisal of the properties located at MSP. The impetus for intiating this project was to develop a process through which rental rates for property at MSP are determined. The objectives of the appraisal process will be to better align MSP rates with local market conditions and to adjust MSP ground rents to be more in line with existing ground rents in use at comparable airports. Public hearings concerning the rates were held in December 1990.

FINANCIAL INFORMATION

Management of the MAC is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Commission are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) The cost of a control should not exceed the benefits likely to be derived and 2) The evaluation of costs and benefits requires estimates by management.

For financial reporting purposes and in conformance with the Government Accounting Standards Board Pronouncements, MAC is defined as an enterprise fund. This report includes all funds and account groups of the MAC. Accounting records are maintained on an accrual basis in accordance with generally accepted accounting principles.

BUDGETING CONTROLS

The MAC annually adopts an Operating Budget which is organized by functional responsibility according to cost centers assigned to each airport. A monthly budget variance analysis, as required by Commission by-laws, reports significant variations from the adopted plan and directs management action for correction as required. A system of purchase requisitions, purchase orders and authorized signature approvals provide the basis for positive management responsibility and control for each of the budget line items.

Significant elements of the Commission's accounting, budgeting and reporting system are established and described in the lease/use agreement between the MAC and the air carriers serving MSP, which was signed in 1989. The agreement provides for the definition of eligible costs and methodology for determining rates and charges to be paid by the airlines that are parties to the agreement.

REVENUES AND EXPENDITURES

Operating revenues for the MAC come 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 the late 1960's without general tax support. Revenue sources have been grouped into the following categories in the Statement of Revenues and Expenses:

Traffic	— Aircraft landing and parking fees
Commercial:	
Concessions:	— Revenue from food & beverage sales, merchandise sales, auto parking, etc.
Rentals	— Fees for ground and building rentals
Utilities	— Charges for tenants use of water and sewer
Miscellaneous	— Charges for other services provided by MAC

During 1990 MAC operating revenues increased by 12.4% to $69,666,000 from $62,000,000 in 1989. Changes in major categories are summarized below (dollars in thousands):

	1990		1989		DOLLAR	PERCENT
	$	%	$	%	CHANGE	CHANGE
TRAFFIC	$16,176	23.2%	$14,005	22.6%	$2,171	15.5%
COMMERCIAL:						
CONCESSIONS	26,206	37.6	25,062	40.4	1,144	4.6
RENTALS	25,051	36.0	21,712	35.0	3,339	15.4
UTILITIES	1,137	1.6	607	1.0	530	87.3
MISCELLANEOUS	1,096	1.6	614	1.0	482	78.5
OPERATING REVENUES	**$69,666**	**100.0%**	**$62,000**	**100.0%**	**$7,666**	**12.4%**

Increases in operating revenues occurred in all categories. Traffic increased $2,171,000 or 15.5% because of landing fees and an off-airport noise surcharge. Landing fees are calculated on a breakeven basis with revenue and expense being equal, an increase in revenue, therefore, is a result of an increase in the Field and Runway area expenses. The increase in the Field and Runway area can be attributed to depreciation on various runway rehabilitation projects that were completed in late 1989 and 1990. In 1990, the Commission implemented a noise surcharge and created a new cost center for off-airport noise projects. Projects included in this cost center are those for insulation and replacement of windows at four schools. These schools are located in neighborhoods highly impacted by noise. The surcharge is based upon a breakeven philosophy where total revenues equal total expenses. Depreciation and interest for off-airport noise attenuation projects are the only expenses included in this cost center.

Concession increased $1,144,000 or 4.6%. This increase is attributed to auto parking. In October 1989, the Commission completed an addition to its parking facility. In 1990 the Commission realized a full year of revenue from that facility.

Rentals increased from $21,712,000 to $25,051,000. This is a result of rentals received from the completion of a 747 maintenance facility for Northwest Airlines. This $53.5 million project was substantially completed in March 1990.

Utilities increased from $607,000 to $1,137,000. In 1989, a one-time reduction to revenue for steam and chilled water billings for the period 1985 through 1988 was made. MAC had previously overbilled Northwest Airlines during this period.

Miscellaneous increased $482,000 in 1990. This additional revenue was a result of an increase in fees needed to operate the employee shuttle bus and a one time refund of sales tax.

Major investments in facilties for MSP are secured by lease agreements with the airlines using the facilities. Major sections of the agreements include definitions of eligible costs to be included in the formula for determining rates to be charged and procedures for the adjustment or collection of fees due to the Commission. A new agreement with the airlines was negotiated in 1989.

In order to promote and encourage the efficient use of facilities at all MAC airports as well as attempting to 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.

In 1990 and 1989, net revenues for each airport were as follows (in thousands):

	Operating Revenue	Operating Expense	1990 Net Revenue	1989 Net Revenue
MSP	$68,846	$53,720	$15,126	$14,790
St. Paul Downtown	403	2,311	(1,908)	(1,699)
Flying Cloud	198	792	(594)	(463)
Crystal	61	414	(353)	(305)
Anoka	78	549	(471)	(517)
Lake Elmo	39	307	(268)	(241)
Airlake	41	378	(337)	(278)
TOTAL	**$69,666**	**$58,471**	**$11,195**	**$11,287**

In 1990 MAC operating expenses increased by 15.3% to $58,471,000 from $50,713,000 in 1989. Changes in major categories are summarized below (dollars in thousands):

	1990 $	1990 %	1989 $	1989 %	DOLLAR CHANGE	PERCENT CHANGE
SALARIES, WAGES AND EMPLOYEE BENEFITS	$19,153	32.8%	$17,551	34.6%	$1,602	9.1%
ADMINISTRATIVE, SUPPLIES & EXPENSES	715	1.2	512	1.0	203	39.6
PROFESSIONAL SERVICES	3,043	5.2	3,229	6.4	(186)	(5.8)
UTILITIES	4,070	7.0	3,704	7.3	366	9.9
OPERATING SERVICES	5,074	8.7	4,272	8.4	802	18.8
MAINTENANCE:						
BUILDING	1,906	3.3	1,732	3.4	174	10.0
FIELD	941	1.6	980	1.9	(39)	(4.0)
EQUIPMENT	1,142	2.0	980	1.9	162	16.5
CLEANING	2,774	4.7	2,452	4.9	322	13.1
DEPRECIATION	19,087	32.6	15,018	29.6	4,069	27.1
OTHER	566	.9	283	.6	283	100.0
OPERATING EXPENSES	**$58,471**	**100.0%**	**$50,713**	**100.0%**	**$7,758**	**15.3%**

Major changes occurred in all but one expense category.

Salaries, wages, and employee benefits are up 9.1% because of increased staffing, wages and workers compensation. The workers compensation increase consisted of a contribution required by state law to the Special Fund. The contribution was for the years 1986 through 1990.

The increase in administrative supplies and expenses is attributed to printing costs and travel. In 1989 costs associated with the printing of various reports for MAC were shown under professional services. In 1990 these costs were classified as administrative supplies and expense. Travel costs increased as a result of increased participation by MAC staff and commissioners on various national airport committees and travel associated with federal legislation and planning.

Utilites increased as a result of an increase in rates and consumption.

Operating services increased by 18.8%. Some of the increase can be attributed to a new contract for the operation of the shuttle bus service at MSP. In addition, increased operating costs associated with management of the parking facilities occurred during 1990.

Overall maintenance increased $619,000 in 1990. This is a result of:

- Carrousels - In order to keep MAC's carrousels at peak operating condition, a regular maintenance schedule was developed. In order to maintain this maintenance schedule, service had to be done when the carrousels were not in use. This required additional overtime by the repair service.
- Parts - An inventory and supply review of all MAC maintenance facilities was completed in 1990. This review showed that these facilities were considerably under stocked. An effort was undertaken during 1990 to bring the stock up to the level required to maintain the facilities.

- Contract Cleaning - A new cleaning contract went into effect in 1990 and additional space created through expanded facilities was added to the cleaning contract.
- Rubbish Disposal - MAC continues to experience increasing costs in the area of rubbish disposal. In the fall of 1990 MAC initiated a recycling program to reduce rubbish disposal costs. The program is in its infant stage with only a few items being recycled initially. The intent is to expand the program throughout the airport in 1991.

Depreciation increased $4,069,000 or 27.1%. The majority of the increase comes primarily from three projects:

- A $53.5 million 747 maintenance hangar for Northwest Airlines was completed in the spring of 1990.
- A $30 million parking facility was completed in late 1989, a full year of depreciation was recognized in 1990.
- A $12.5 million runway reconstruction was completed in 1990.

The increase in Other is attributed to a decrease in reimburse expense. Reimbursed expense consists of costs which are paid by MAC intially, then billed back to tenants. In 1990, Northwest Airlines' billing for reimbursement of MAC police, fire and administrative services decreased approximately $264,000. This is per a lease agreement with Northwest Airlines.

DEBT ADMINISTRATION

The MAC has issued two forms of indebtedness: Airport Revenue Bonds and General Obligation Revenue Bonds. From 1943 to 1975 MAC issued Airport Revenue Bonds to provide funds for its capital improvement program. Since 1976 General Obligation Revenue Bonds which are backed by Commission revenues and the authority to levy any required taxes on the assessed valuation of the seven county Metropolitan Area have been used. 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 10 of each year to an amount equal to all principal and interest to become due on all Airport Improvement Bonds and General Obligation Revenue Bonds payable from October 10 to the end of the second following year. The required balance as of October 10 in the Debt Service Account for the next five years is as follows:

1991	$37,355,983
1992	$37,059,810
1993	$36,461,502
1994	$35,881,535
1995	$35,272,304

MAC last sold bonds ($51,150,000) in August, 1988, at which time it received AAA rating from both Moody's and Standard & Poor's rating services. Authority for issuing bonds is obtained from the Minnesota State Legislature. Currently the authorization permits the issuance of an additional $99 million of bonds.

CAPITAL PROJECTS

Each year the MAC approves capital projects that are planned to start within the next 12 months, and a Capital Improvement Program which covers all projects which are to be started during the second calendar year. In addition, a Capital

Improvement Plan which covers an additional 5 years is adopted. These serve as a basis for determining funding requirements, and other operational planning decisions. Certain projects which have a metropolitan significance are also submitted to the Metropolitan Council for review and approval. The Metropolitan Council is a regional planning agency responsible for coordination and planning of certain governmental services for the Metropolitan Area.

Funds required for completion of all capital projects come from three sources: a) General Obligation Revenue Bonds, b) state or federal grants and c) internally generated funds from operations. In order to limit the cost of facilities at the reliever airports, MAC uses only grant funds or retained earnings to finance all construction projects at these airports. Capital improvements at MSP are financed from all three sources as appropriate.

Anticipated projects planned for 1991 and 1992, as well as the extended period 1993-1997, are summarized as follows: (The amounts shown represent the estimated total cost for projects planned to be initiated, but not necessarily completed during that period.)

AIRPORTS	**1991**	**1992**	**1993-97**
MSP:			
FIELD AND RUNWAYS	$ 17,475,000	$ 20,525,000	$ 53,825,000
ENVIRONMENTAL	11,350,000	4,000,000	20,000,000
SELF-LIQUIDATING	45,600,000	14,000,000	18,600,000
TERMINAL BUILDING AND OTHERS	36,225,000	41,575,000	5,750,000
ST. PAUL DOWNTOWN	5,880,000	550,000	2,550,000
FLYING CLOUD	310,000	1,800,000	500,000
CRYSTAL	100,000	375,000	600,000
ANOKA COUNTY	2,375,000	1,650,000	350,000
LAKE ELMO	100,000	500,000	300,000
AIRLAKE	1,100,000	500,000	2,100,000
TOTALS	**$120,515,000**	**$85,475,000**	**$104,575,000**

CASH MANAGEMENT

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 restricted to various United States government securities, certificates of deposits, commercial paper and repurchase agreements. All securities must mature within three years from the date of purchase.

In addition to the legal requirements, the MAC has an investment policy to further enhance the safety of its investments. In accordance with this policy, securities with a maturity of over 7 days are safekept at one institution and purchases can be made only from dealers located in the State of Minnesota. To ensure competitive prices on all purchases, the policy requires bids to be taken from several different dealers.

The Government Accounting Standards Board requires disclosure of types of investments and the safekeeping arrangement in the notes to the financial statements. Custodial agreements are disclosed as three levels of risk. At year end 1990, the majority of the MAC's investment portfolio was being held by a third party agent of the Commission. There were, however, a few securities held by brokers that were not in the Commission's name. In accordance with Commission policy, these were investments that matured within seven days from the date of purchase. Because of their short maturity, this arrangement does not expose our investment portfolio to unnecessary risk. Total investment earnings for 1990 were $7,448,000. The average yield on investments during the year was 8.25%.

RISK MANAGEMENT

The MAC Risk Department is responsible for administrating the purchase and maintenance of all insurance coverages and related programs. Coverages included are: Airport Liability, including automobile and equipment; Property; Health and Dental; Workers' Compensation; and other miscellaneous coverages.

The Risk Department coordinates claims payment, major claims management, and early intervention where needed in order to promote cost containment and overall claims handling efficiency. Loss Prevention and Wellness Committees, composed of MAC staff and airport community representatives with the Risk Department advisor, endeavor to identify exposures, make recommendations to MAC management and promote wellness and awareness among employees and all MAC facilities. Also, the Risk Department maintains open communication and positive relationships with other departments, brokers, insurance companies to ensure good working relationships and access to competent professional advice. The Risk Department serves as an advisor to public needs, airport tenants, other MAC departments and special action committees.

INDEPENDENT AUDIT

The financial records of the MAC are audited annually by a firm of independent certified public accountants. The audit for the years ended December 31, 1990 was performed by Deloitte and Touche. Their opinion on the financial statements is presented in this report. The audit for the year ended December 31, 1989 was performed by another auditor.

In conjunction with the annual audit, Deloitte and Touche performs procedures consistent with the Single Audit Act of 1984 (The Act), OMB Circular A-128 and guidelines in relation to grant award agreement between the MAC and FAA in progress during the year. The reports issued as required by the act, are intended for the use of MAC and the FAA, do not change in any way the financial statements and have not been included in this report.

In accordance with Minnesota State Law, the Legislative Auditor may conduct a financial audit of the MAC or allow this service to be contracted. In 1990, the financial audit has been performed by the firm Deloitte and Touche. In addition, the Legislative Auditor periodically conducts a separate audit to examine the Commission's compliance with applicable laws, policies, and procedures.

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, 1989. For the fifth consecutive year, the Commission has received the prestigious award.

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 generally accepted accounting principles 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.

In addition, the Commission also received for the fifth consecutive year the GFOA Award For Distinguished Budget Presentation for its Annual Operating Budget for 1990. 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.

ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contribution made in preparation of this report.

In closing, without the leadership and support of the governing body of the Metropolitan Airports Commission, preparation of this report would not have been possible.

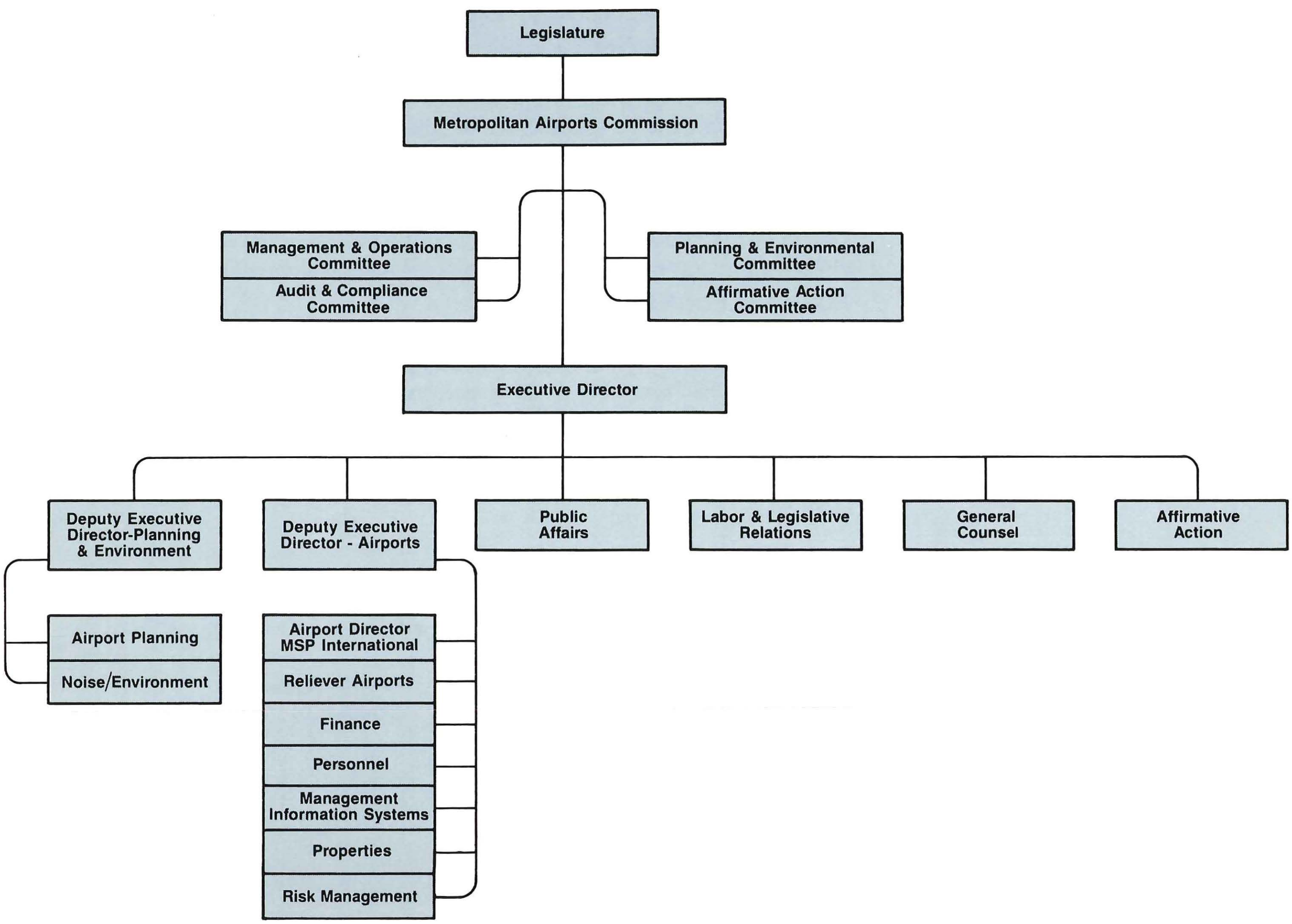
Respectfully submitted,

Jeffrey W. Hamiel
Executive Director

Denise A. Kautzer
Director of Finance

Organizational Chart

Minneapolis-St. Paul Metropolitan Airports Commission



Financial Section

Independent Auditors' Report

Members of the Commission
Minneapolis-Saint Paul Metropolitan
Airports Commission

We have audited the accompanying balance sheet of Minneapolis-Saint Paul Metropolitan Airports Commission (the Commission) as of December 31, 1990 and the related statements of revenues and expenses, changes in retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit. The Commission's financial statements as of December 31, 1989 were audited by other auditors whose report dated March 2, 1990 expressed an unqualified opinion on these statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 1990 financial statements present fairly, in all material respects, the financial position of the Commission at December 31, 1990 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Deloitte + Touche

March 8, 1991

Balance Sheets

Minneapolis-St. Paul Metropolitan Airports Commission

(Dollars in Thousands)

	December 1990	December 1989
ASSETS		
Cash and investments—Note B:		
Unrestricted:		
Cash and cash equivalents	$ 1,007	$ 36
Investments	6,651	6,863
	7,658	6,899
Restricted—Note C:		
Cash and cash equivalents	14	58
Investments	90,397	105,279
	90,411	105,337
	98,069	112,236
Accounts receivable	3,070	3,276
Government grants in aid of construction receivable	1,338	1,926
Airport and facilities—Notes E and F	368,385	337,745
Deferred compensation benefits - Note J	3,978	3,610
Other	412	158
TOTAL ASSETS	**$475,252**	**$458,951**
LIABILITIES AND FUND EQUITY		
Accounts payable and accrued expenses	$ 4,739	$ 4,640
Payables from restricted assets:		
Debt service—Note F	26,942	27,396
Construction	4,752	7,930
Other	779	478
Employee compensation and payroll taxes	2,487	1,700
Deferred revenue	11,863	11,015
Deferred compensation benefits—Note J	3,978	3,610
Bonds payable—Note F	120,592	128,478
TOTAL LIABILITIES	**176,132**	**185,247**
FUND EQUITY		
Contributed capital	87,755	77,164
Retained earnings:		
Reserved—Note C	57,938	69,533
Unreserved	153,427	127,007
TOTAL FUND EQUITY	**299,120**	**273,704**
TOTAL LIABILITIES AND FUND EQUITY	**$475,252**	**$458,951**

See notes to financial statements.

Statements of Revenues and Expenses and Changes in Retained Earnings

Minneapolis-St. Paul Metropolitan Airports Commission

(Dollars in Thousands)

	Year Ended December 31 1990	1989
OPERATING REVENUES		
Traffic	$ 16,176	$ 14,005
Commercial:		
Concession	26,206	25,062
Rentals	25,051	21,712
Utilities	1,137	607
Miscellaneous	1,096	614
TOTAL OPERATING REVENUES	**69,666**	**62,000**
OPERATING EXPENSES		
Salaries, wages and employee benefits	$19,153	$17,551
Administrative supplies and expenses	715	512
Professional services	3,043	3,229
Utilities	4,070	3,704
Operating services	5,074	4,272
Maintenance:		
Building	1,906	1,732
Field	941	980
Equipment	1,142	980
Cleaning	2,774	2,452
Depreciation	19,087	15,018
Other	566	283
TOTAL OPERATING EXPENSES	**58,471**	**50,713**
OPERATING INCOME	**11,195**	**11,287**
OTHER REVENUES (EXPENSES)		
Interest income	7,448	9,921
Bond interest expense	(7,943)	(7,058)
NET INCOME	**10,700**	**14,150**
Add depreciation of facilities provided by government grants	4,125	3,506
INCREASE IN RETAINED EARNINGS	**14,825**	**17,656**
Retained earnings—beginning of year	196,540	178,884
RETAINED EARNINGS—END OF YEAR	**$211,365**	**$196,540**

See notes to financial statements.

Statements of Cash Flows

Minneapolis-St. Paul Metropolitan Airports Commission

(Dollars in Thousands)

	Year Ended December 31 1990	1989
Cash flows from operating activities:		
Operating income	$ 11,195	$ 11,287
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	19,087	15,018
Change in assets and liabilities:		
Accounts receivable	206	(123)
Other assets	(254)	270
Accounts payable	99	(75)
Other restricted liabilities	301	213
Employee compensation and payroll taxes	787	235
Deferred revenue	848	4,821
NET CASH PROVIDED BY OPERATING ACTIVITIES	**32,269**	**31,646**
Cash flows from capital and related financing activities:		
Payments for airports and facilities	(50,474)	(80,707)
Proceeds from disposal of airports and facilities	176	115
Payments on bonds	(8,385)	(7,740)
Interest paid on bonds	(10,498)	(10,931)
Receipts of government grants in aid of construction	15,297	13,532
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	**(53,884)**	**(85,731)**
Cash flows from investing activities:		
Purchase of investment securities	(270,345)	(484,209)
Proceeds from maturities of investment securities	285,439	527,463
Interest on investments	7,448	10,319
NET CASH PROVIDED BY INVESTING ACTIVITIES	**22,542**	**53,573**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**927**	**(512)**
Cash and cash equivalents, beginning of year	94	606
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 1,021**	**$ 94**

See notes to financial statements.

December 31, 1990

NOTE A SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Minneapolis-Saint Paul Metropolitan Airports Commission (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. In addition to promoting the efficient, safe and economical handling of air commerce, it has the responsibility of assuring residents of the Metropolitan Area of minimal environmental impact from air navigation and transportation.

The area over which the Commission exercises its jurisdiction is the Minneapolis-Saint 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-Saint Paul International Airport, which services scheduled air carriers, and six reliever airports, serving general aviation.

The Commission is governed independently by a fifteen member Board of Commissioners that is directly responsible to the Minnesota State Legislature. 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.

The Commission's financial statements include only funds and departments which commission officials exercise oversight responsibility. No other agencies, boards, commissions, or other organizations have been included in the Commission's financial statements.

Oversight responsibility includes such aspects as budget review, approval of property tax levies, outstanding debt secured by the Commission's full faith and credit or revenues, responsibility for funding deficits, and others.

Basis of Accounting

The system of airports operated by the Commission is accounted for as an Enterprise Fund and reported on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Budgeting Process

As required by Minnesota State Statute, the Commission adopts an annual operating and capital expenditures budget for purposes of determination of 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 MAC 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 is directed to provide for the daily operation and management

NOTE A
SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

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 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'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 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 may recommend to the full Commission the appropriation of additional funds above and beyond those approved at the time of budget adoption."

The Commission is not required to demonstrate statutory compliance with its annual operating budget. Accordingly, budgetary data is 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

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.

Statement of Cash Flows

For purpose of the statement of cash flows, the Metropolitan Airports Commission considers cash on hand plus overnight investments to be cash equivalents.

Government Grants in Aid of Construction

Government grants in aid of construction represent the estimated portion of construction costs incurred for which airport aid grants are expected to be paid to the Commission by the United States Government and the State of Minnesota. These amounts are recorded as a receivable and as contributed capital. As assets acquired with grants in aid are depreciated, the related contributed capital is transferred to retained earnings (Note D).

Airports and Facilities

As required under Chapter 500, Laws of Minnesota 1943—the law under which the Commission was created—certain properties, classified as airports and facilities, were contributed by the cities of Minneapolis and Saint Paul. Fee title to the land and improvements remains with the two cities.

Land contributed to the Commission from the cities has been recorded at the cost reported by the cities. Airport improvements and buildings acquired from the cities at the time of the takeover, and similar facilities acquired

NOTE A SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

since that time from United States government agencies, have been recorded principally on the basis of replacement cost, less allowance for depreciation, to reflect sound value as of the date of acquisition. Subsequent additions to the property accounts have been recorded at cost.

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

Airport improvements and buildings	20-40 years
Moveable equipment	3-10 years

For facilities constructed and leased under self-liquidating arrangements, depreciation is recorded equal to the bond principal payments.

Costs incurred for major improvements are carried in projects 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 as properties.

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 rentals equal to the debt service requirements of the bonds issued to construct the facilities, or the debt service requirements which would have been required if bond funds were used. These self-liquidating lease agreements contain provisions which give the Commission the sole option to cancel the lease. As a result, these leases are recorded as operating leases in accordance with FASB No. 13. Other facilities at Minneapolis-Saint 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 depreciation and interest, in the terminal building, ramp and runway areas. Other facilities, to the extent they are leased, are leased under conventional agreements, primarily percentage leases. Revenues above costs recovered are used to defray the costs of maintaining reliever airports and public areas at Minneapolis-Saint Paul International Airport. Revenues from one major airline account for approximately 40% of operating revenues and 76% of revenues from major airlines.

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 the interest cost of the 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.

NOTE B
CASH AND INVESTMENTS

Cash

Cash balances are as follows (in thousands):

	December 31 1990	December 31 1989
Financial statement balances	$ 207	$(546)
Bank balances:		
Insured or collateralized by securities held in the Commission's name by a financial institution other than that furnishing the collateral	$4,282	$ 957

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.

Investments

Investments are recorded at cost plus accrued interest and unamortized purchase discounts or premiums.

The Commission invests funds as authorized by Minnesota Statutes in direct obligations or obligations guaranteed by the United States or its agencies, general obligations of the State of Minnesota or any of its municipalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's, certificates of deposit issued by official depositories of the Commission, and repurchase agreements with financial institutions.

The Commission's investments at December 31, 1990 are categorized below to give an indication of the level of credit risk assumed. Category 1 includes investments that are insured or registered or for which the securities are held by the Commission or its agent in the Commission's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Commission's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Commission's name. In accordance with Commission policy, Category 3 amounts are securities with a maturity less than seven days from the purchase date.

NOTE B
CASH AND INVESTMENTS—CONTINUED

	Carrying Amount				
	Credit Risk Category				Market
Type of Security	1	2	3	Total	Value
	(In Thousands)				
	December 31, 1990				
U.S. Government and agencies	$85,357		$ 875	$86,232	$85,371
Commercial paper ...	11,132		$ 498	11,630	11,534
	$96,489	$ —	$1,373	$97,862	$96,905
Cash on Hand				207	
TOTAL CASH AND INVESTMENTS				$ 98,069	

NOTE C
RESTRICTED CASH AND INVESTMENTS AND RESERVED RETAINED EARNINGS FOR FUTURE DEBT SERVICE AND CONSTRUCTION

Minnesota Statutes require the Commission to have a balance on hand in a Debt Service Account on October 10 of every year equal to the total amount of principal and interest due on all outstanding bonds for the next 27 months. Cash and investments to meet this requirement plus interest earned thereon are restricted.

Cash and investments segregated as regular construction funds include amounts received from issuance of

NOTE C
RESTRICTED CASH AND INVESTMENTS AND RESERVED RETAINED EARNINGS FOR FUTURE DEBT SERVICE AND CONSTRUCTION—CONTINUED

Commission bonds, government grants in aid of construction, rental receipts on assets purchased with grants in aid not utilized for aviation, and cumulative interest earned from the investment of such funds. These amounts are used principally for construction at Minneapolis-Saint Paul International Airport.

The Commission also segregates certain amounts from operating cash flows which it designates as restricted in special construction funds for use at secondary airports or additional Minneapolis-Saint Paul International Airport projects that are not funded by bond issues.

Cash and securities segregated and restricted are as follows (in thousands):

	December 31	
	1990	1989
Debt service	$ 26,942	$ 27,396
Construction:		
Regular	5,560	13,336
Special	57,129	64,128
Other	780	477
TOTAL RESTRICTED CASH AND INVESTMENTS	**90,411**	**105,337**
Less payables to be paid from restricted cash and investments:		
Debt service	$ 26,942	$ 27,396
Construction	4,752	7,930
Other	779	478
	32,473	35,804
RESERVED RETAINED EARNINGS	**$ 57,938**	**$ 69,533**

NOTE D
CHANGES IN FUND EQUITY

Changes in fund equity are as follows (in thousands):

	Contributed Capital	Retained Earnings Reserved	Retained Earnings Unreserved	Total
Balance January 1, 1989	**$66,192**	**$113,165**	**$ 65,719**	**$245,076**
Government grants in aid of construction	14,478			14,478
Net income for the year			14,150	14,150
Depreciation of facilities provided by government grants	(3,506)		3,506	
Net change in restricted assets and liabilities		(43,632)	43,632	
Balance December 31, 1989	**77,164**	**69,533**	**127,007**	**273,704**
Government grants in aid of construction	14,710			14,710
Net income for the year			10,700	10,700
Depreciation of facilities provided by government grants	(4,125)		4,125	
Donated asset	6			6
Net change in restricted assets and liabilities		(11,595)	11,595	
Balance December 31, 1990	**$87,755**	**$ 57,938**	**$153,427**	**$299,120**

NOTE E
AIRPORTS AND FACILITIES

Changes in airports and facilities by major classification are as follows (in thousands):

Airports and Facilities	Balance January 1, 1990	Additions	Transfers In (Out)	Deductions	Balance December 31, 1990
Land	$ 12,881	$ 251			$ 13,132
Airport improvements and buildings	457,352	297	$83,137	$ (168)	540,618
Moveable equipment	17,325	1,633	144	(568)	18,534
Projects-in-progress	54,188	47,722	(83,281)		18,629
TOTAL AIRPORTS AND FACILITIES	**541,746**	**49,903**	**—**	**(736)**	**590,913**
Accumulated depreciation	(204,001)	(19,087)		560	(222,528)
NET AIRPORTS AND FACILITIES	**$337,745**	**$30,816**	**$ —**	**$ (176)**	**$368,385**

Airports and Facilities	Balance January 1, 1989	Additions	Transfers In (Out)	Deductions	Balance December 31, 1989
Land	$ 12,601	$ 280			$ 12,881
Airport improvements and buildings	391,728	1,228	$64,396		457,352
Moveable equipment	16,109	1,527		$ (311)	17,325
Projects-in-progress	35,470	83,169	(64,396)	(55)	54,188
TOTAL AIRPORTS AND FACILITIES	**455,908**	**86,204**	**—**	**(366)**	**541,746**
Accumulated depreciation	(189,234)	(15,018)		251	(204,001)
NET AIRPORTS AND FACILITIES	**$266,674**	**$71,186**	**$ —**	**$ (115)**	**$337,745**

NOTE F
LONG-TERM DEBT

The acquisition and construction of facilities at the airports operated by the Commission have been substantially financed by the issuance of Airport Improvement Bonds and General Obligation Revenue Bonds. Airport Improvement Bonds are repaid from Commission revenue; however, if the principal and interest cannot be paid from revenue, a tax can be levied on property within the cities of Minneapolis and Saint Paul, Minnesota for debt service.

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, subject to the prior pledge of such revenues for the payment of outstanding Airport Improvement Bonds. The Commission 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 Airport Improvement Bonds and General Obligation Revenue Bonds.

Authority for issuing bonds is obtained from the Minnesota State Legislature. Current authorization permits the issuance of an additional $99 million of bonds.

Bonds payable, due serially (in thousands):

	Final Payment In	Outstanding as of December 31 1990	1989
Airport Improvement Bonds:			
Series 14—3.5 to 4.0%	1997	$ 6,020	$ 6,760
Series 15—3.5 to 4.0%	1997	355	400
Series 16—4.25 to 4.5%	1998	6,625	7,305
Series 17—5.5 to 6.375%	1999	2,535	2,745
Series 19—5.5 to 6.3%	1999	6,350	6,860
Series 20—4.5 to 5.0%	2002	3,010	3,185
		24,895	27,255
General Obligation Revenue Bonds:			
Series 1—6.0 to 7.0%	2005	7,430	7,715
Series 2—4.9 to 5.2%	2002	6,550	6,950
Series 3—5.25 to 5.75%	2000	9,675	10,425
Series 4—6.2 to 6.5%	2002	10,600	11,400
Series 5—8.9 to 9.1%	2002	17,500	18,500
Series 6—5.7 to 6.25%	2006	26,600	28,300
Series 7—7.8%	2015	51,150	51,150
		129,505	134,440
TOTAL BONDS OUTSTANDING		**154,400**	**161,695**
Net unamortized discount		(876)	(938)
Accrued interest due		4,977	5,175
		158,501	165,932
Less:			
Prepayments		(10,967)	(10,058)
Payable from restricted assets—debt service		(26,942)	(27,396)
TOTAL BONDS PAYABLE		**$120,592**	**$128,478**

NOTE F
LONG TERM DEBT—CONTINUED

Future debt service requirements after December 31, 1990, are as follows (in thousands):

Year(s)	Airport Improvement Bonds	General Obligation Bonds	Total Bonds Outstanding	Interest	Total Principal & Interest
1991	$ 2,470	$ 6,030	$ 8,500	$ 10,209	$ 18,709
1992	2,530	6,175	8,705	9,687	18,392
1993	2,715	6,520	9,235	9,138	18,373
1994	2,850	6,695	9,545	8,561	18,106
1995	3,000	6,795	9,795	7,965	17,760
1996-2015	11,330	97,290	108,620	61,281	169,901
	$ 24,895	$129,505	$154,400	$106,841	$261,241

Of the future debt service requirements listed above, $86,429,000 of principal and $76,326,000 of interest, are leased under self-liquidating agreements with a major airline. These self-liquidating agreements require the lessee to pay annual rentals equal to the debt service requirements of the bonds.

Rental agreements between the Commission and its tenants, including the compensatory rental agreement, the self-liquidating agreements and other arrangements, are intended to provide for revenues which allow for the above required principal and interest payments. Other Commission revenue to be received under minimum rental revenue provisions is not significant in the aggregate.

NOTE G
CAPITALIZATION OF INTEREST

Total interest costs incurred were $10,481,000 and $10,975,000 in 1990 and 1989, respectively. Interest costs excluded from interest expense and capitalized as part of the costs of constructed assets were $1,650,000 and $3,917,000 in 1990 and 1989, respectively. Total interest paid was $10,498,000 and $10,931,000 in 1990 and 1989, respectively.

NOTE H
PENSION AND RETIREMENT PLANS

All full-time and certain part-time employees of the Commission participate in the Minneapolis Employees Retirement Fund (MERF) (participation restricted to employees hired prior to July 1, 1978) or the Public Employees Retirement Association (PERA). Both are cost-sharing multiple employer retirement plans.

1. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

A. 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. PERF members belong to the Coordinated Plan. Coordinated 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. The payroll for employees covered by PERF and PEPFF for the year ended December 31, 1990, is as follows (in thousands):

	1990
Covered payrolls:	
PERF participants	$7,095
PEPFF participants	1,193
Total covered payrolls	**$8,288**

The Commission's total payroll was $14,150,703.

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 average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for coordinated 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 member is 1% of average salary for each of the first ten years and 1.5% for each remaining year. Using Method 2, the annuity accrual rate is 1.5% of average salary for coordinated members. For PEPFF members, the annuity accrual rate is 2.5% for each of the first 25 years and 2% for each remaining year. For PERF members whose annuity is calculated using Method 1, and for all PEPFF members, a full annuity is available when age plus years of service equals 90.

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 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 but before retirement benefits begin.

NOTE H
PENSION AND RETIREMENT PLANS—CONTINUED

B. Contributions Required and Contributions Made

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. The Commission makes annual contributions to the pension plans equal to the amount required by state statutes. According to Minnesota Statutes Chapter 356.215 Subd. 4(6), the date of full funding required for the PERF and the PEPFF is the year 2020. As part of the annual actuarial valuation, PERA's actuary determines the sufficiency of the statutory contributions rates towards meeting the required full funding deadline. The actuary compares the actual contribution rate to a "required" contribution rate. Current combined statutory contribution rates and actuarially required contribution rates for the plans are as follows:

	Statutory Rates		Required
	Employee	Employer	Rates
PERF (Coordinated Plan)	4.23%	4.48%	8.83%
PEPFF	8.00%	12.00%	16.21%

Total contributions made by the Commission for the fiscal year ended December 31, 1990, were as follows (in thousands):

	Amounts		Percentage of Covered Payroll	
	Employee	Employer	Employee	Employer
PERF	$300	$318	4.23%	4.48%
PEPFF	95	143	8.00%	12.00%
Total	$395	$461		

The Commission's contribution for the year ended June 30, 1990, to the PERF represented .3% of total contributions required of all participating entities. For the PEPFF, contributions for the year ended June 30, 1990, represented .6% of total contributions required of all participating entities.

NOTE H
PENSION AND RETIREMENT PLANS—CONTINUED

C. Funding Status and Progress

1. Pension Benefit Obligation

The "pension benefit obligation" is a standard disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess PERA's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among Public Employees Retirement Systems and among employers. PERA does not make separate measurements of assets and pension benefit obligations for individual employers.

The pension benefit obligation as of June 30, 1990 is shown below (in millions):

The measurement of the pension benefit obligation is based on an actuarial valuation as of June 30, 1990. Net assets available to pay pension benefits were valued as of June 30, 1990.

2. Changes in Actuarial Methods and Benefits Provisions

For the fiscal year 1990 actuarial valuation, the PERA Board of Trustees approved the use of new withdrawal rates. The change was made to reduce, if not eliminate, the series of large, annually recurring actuarial losses in the last few years due to lower than expected terminations.

With the adoption of new withdrawal rates, the pension benefit obligation increased $59,942,000 in the PERF and $6,978,000 in the PEPFF.

	PERF	PEPFF
June 30, 1990:		
Total pension benefit obligation	$ 4,090	$ 657
Net assets available for benefits, at cost (Market Value: $4,350)	3,250	739
Unfunded (assets in excess of) pension benefit obligation	$ 840	$ (82)

NOTE H
PENSION AND RETIREMENT PLANS—CONTINUED

D. Ten Year Historical Trend Information

Ten year historical trend information is presented in PERA's Comprehensive Annual Financial Report for the year ended June 30, 1990. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

E. Related Party Investments

As of June 30, 1990 and for the fiscal year ended December 31, 1990, PERA held no securities issued by the Commission or other related parties.

2. MINNEAPOLIS EMPLOYEES RETIREMENT FUND

A. 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 Minneapolis Employees Retirement Fund (MERF). MERF is a cost-sharing multiple employer retirement plan. The payroll for employees covered by MERF for the year ended December 31, 1990 is as follows (in thousands):

	1990
Covered payrolls:	
MERF participants	$5,489

The Commission's total payroll for the year ended December 31, 1990 was $14,150,703.

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:

A) With 30 or more years of service at any age; or
B) At age 60 with ten or more years of service; or
C) At age 65 with less than ten years of service; or
D) 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 non-refundable

NOTE H
PENSION AND RETIREMENT PLANS—CONTINUED

term insurance premium. Employees who leave public service after age 60 may not withdraw personal contributions with interest unless they have worked under ten years and do not qualify for monthly retirement benefits. The survivor benefits contribution is non-refundable.

B. Contributions Required and Contributions Made

Employee Contributions: Minnesota Statute Sections 422A.010 and 422A.25 require members to contribute 9.75% of their earnings to MERF which includes .5% for survivor benefits.

Employer Contributions: Required employer contributions are established by Minnesota Statute Section 422A.101 and include the normal cost, as reported in the annual actuarial valuation, plus an amount to cover administrative costs. Employers also contribute an additional 2.5% of covered employees payroll and an annual total of $3.9 million which is required by Minnesota statutes to be applied against the unfunded liability. Commencing in 1986, the Commission if required to make additional contributions towards the unfunded liability. This contribution was previously made by the State of Minnesota.

State of Minnesota Contributions: Minnesota Laws of 1979 provide for an annual contribution to MERF for the purpose of eliminating the unfunded liability by December 31, 2017. The consulting actuary for the Fund determines the unfunded liability at the end of the fiscal year. By using a 5% interest assumption rate, an annual contribution to provide full funding by December 31, 2017, is determined. That amount is reduced by the employers 2.5% of payroll and further reduced by the $3.9 million unfunded liability contribution requirement and the additional contributions made by the Commission and others. The balance is the amount of the state contribution.

Current required contribution rates are as follows:

	Employee	Employer	Additional Employer
Retirement Contributions	9.25%	10.24%	2.50%
Survivor Benefits	.50%		

Total contributions made by the Commission for the fiscal year ended December 31, 1990, are as follows (in thousands):

1990	Contributions	Percentage of Covered Payroll
Employer	$ 699	12.74%
Employee	$ 535	9.75%

The Commission's contribution for the year ended June 30, 1990 represented 4.5% of the total contributions required of all participating entities.

NOTE H
PENSION AND RETIREMENT PLANS—CONTINUED

C. Funding Status and Progress

1. Pension Benefit Obligation

The "pension benefit obligation" is a standard disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess MERF's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among Public Employees Retirement Systems and among employers. MERF does not make separate measurements of assets and pension benefit obligations for individual employers.

D. Ten Year Historical Trend Information

Ten year historical trend information is presented in MERF's Comprehensive Annual Financial Report for the year ended June 30, 1990. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

E. Related Party Investments

As of June 30, 1990, and for the fiscal year ended December 31, 1990, MERF held no securities issued by the Commission or other related parties.

The pension benefit obligation as of June 30, 1990, is shown below (in millions):

	1990
Total pension benefit obligation	$1,049
Net assets available for benefits, at lower of cost or market value: $856	847
Unfunded (assets in excess of) pension benefit obligation	$ 202

The measurement of the pension benefit obligation is based on an actuarial valuation as of June 30, 1990. Net assets available to pay pension benefits were valued as of June 30, 1990.

No changes in actuarial assumption that would significantly affect the valuation of the pension benefit obligation occurred during 1990.

NOTE I
POST EMPLOYMENT BENEFITS

The Commission provides health insurance benefits for retired employees. Substantially all employees become eligible for these benefits if they reach normal retirement age while working for the Commission. The Commission recognizes its portion of the cost of providing these benefits by expensing claims when paid. The total cost of health insurance benefits for retired employees for the years December 31, 1990 and 1989 is presented below (in thousands):

	1990	1989
Health Insurance	$ 321	$ 328
Retired Employees	97	93

NOTE J
DEFERRED COMPENSATION PLAN

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Commission employees, permits employees to defer up to 25% of salary, limited to $7,500 per year. Amounts deferred are available to employees or beneficiaries only at termination, retirement, death or unforeseeable emergency. Amounts deferred are placed with a trustee for investment purposes. Investments deposited for deferred compensation benefits are valued at fair market value.

All amounts of compensation deferred under the plan, property and rights purchased with those amounts, and income attributable to those amounts, property, or rights are solely the property and rights of the Commission (without being restricted to the provisions of the benefits under the plan), subject only to the claims of the Commission's general creditors (until paid or made available to the employee or other beneficiary). The Commission is responsible only for the prudent administration of the plan and is not responsible for market losses from investments that may result. Participants' rights under the plan are equal to those of general creditors of the Commission in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Commission's legal counsel that the Commission has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Commission believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE K
ARBITRAGE

Every five years the Commission is required to rebate arbitrage profits earned in relation to General Obligation Revenue Bond Series 6 and 7. Arbitrage profits are earned when investment income relating to these issues exceeds the yield on the bonds. The Commission's liability for the years ended December 31, 1990 and 1989 was $1,491,308 and $1,267,012, respectively.

NOTE L
RISK MANAGEMENT

It is the policy of the Commission to act as a self-insurer for workers compensation and health/dental claims. The liability recorded by the Commission includes estimated settlements for claims reported but not settled as of December 31, 1990, as well as an estimate of claims incurred but not reported. The liability for the year ended December 31, 1990 is as follows (in thousands):

Workers Compensation	$155
Health/Dental Insurance	$557

NOTE M
CONTINGENT LIABILITIES AND COMMITMENTS

The Commission is a defendant in actions by certain property owners claiming damages arising from taking of plaintiffs' property through intrusion of noise-effective aircraft passing over and near their properties. The State of Minnesota Supreme Court originally upheld a district court's ruling that class action treatment was not to be accorded the suit. At the same time the Court established the authority and the responsibility of the Commission to pay damages to landowners affected as claimed by these plaintiffs.

The claims of three of the multiple plaintiffs proceeded to trial in District Court in early 1989. These cases were tried by a jury and a verdict was rendered in favor of the Commission. Plaintiffs' counsel has appealed this ruling to the Minnesota Court of Appeals which refused to grant a new trial. Following potential appeal of the decision to the Minnesota Supreme Court, the claims of five additional plaintiffs are scheduled for trial in District Court.

On April 25, 1988, the Minnesota Pollution Control Agency (MPCA) notified the Commission that contaminants were present in the groundwater underlying the Lake Elmo Airport. While the Commission has confirmed that indeed the groundwater immediately beneath its property is contaminated, they have been unable, at this point, to connect any activity on the property with that contamination. However, the MPCA is unwilling to abandon its presumption that the Commission is responsible until they identify the source. These positions, if maintained, will likely lead to an administrative action by the MPCA attempting to force the Commission to conduct additional testing and/or possible cleanup activities.

Liability of the Commission, if any, which may result from these actions are not determinable at this time. In the opinion of the Commission, the liability, if any, arising from these claims will not have a significant effect on the financial condition of the Commission.

Contractual obligations for construction were approximately $5,944,597 at December 31, 1990.

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Statistical Section

Total Annual Revenues 1981-1990

Minneapolis-St. Paul Metropolitan Airports Commission

(Dollars in Thousands)

	1981	1982	1983	1984
Traffic	$ 6,671	$ 6,850	$ 7,775	$ 9,176
Concessions	12,806	13,538	15,713	18,582
Rentals	10,400	11,419	14,863	14,798
Other	1,329	1,310	1,649	1,139
Total Operating Revenues	**$31,206**	**$ 33,117**	**$40,000**	**$43,695**
Add: Interest Income	9,232	10,514	10,700	11,223
Add: Gain on sale of Airports and Facilities				
Total Revenues	**$40,438**	**$43,631**	**$ 50,700**	**$ 54,918**

Source: Audit reports for the last ten years.

Total Annual Expenses 1981-1990

(Dollars in Thousands)

	1981	1982	1983	1984
Personnel	$ 8,666	$ 9,467	$ 10,162	$ 10,671
Administrative Supplies & Expenses	180	190	249	252
Professional Services	705	618	776	1,141
Utilities	2,439	2,924	2,831	3,089
Operating Expenses	2,514	2,367	2,618	3,346
Maintenance:				
Building	810	1,144	987	1,106
Field	490	690	1,044	952
Equipment	295	124	428	362
Cleaning	1,201	1,269	1,256	1,370
Depreciation	9,168	9,661	11,304	12,257
Other	(38)	52	50	(92)
Total Operating Expenses	**$26,430**	**$28,506**	**$ 31,705**	**$34,454**
Add: Interest Expense -1	5,589	5,539	7,443	6,932
Loss on Building Disposition				
Total Expenses	**$ 32,019**	**$34,045**	**$ 39,148**	**$ 41,386**

Source: Audit reports for the last ten years.

1—Interest Expense is net of capitalized interest.
See Note G to financial statement.

1985	1986	1987	1988	1989	1990
$11,330	$12,213	$13,258	$12,872	$14,005	$16,176
21,555	23,425	24,433	23,554	25,062	26,206
15,649	18,854	20,247	21,600	21,712	25,051
1,223	1,562	1,618	1,883	1,221	2,233
$49,757	**$56,054**	**$59,556**	**$59,909**	**$62,000**	**$69,666**
9,827	7,589	8,283	9,587	9,921	7,448
			1,081		
$59,584	**$63,643**	**$67,839**	**$70,577**	**$71,921**	**$77,114**

1985	1986	1987	1988	1989	1990
$12,430	$12,217	$14,784	$15,116	$17,551	$19,153
762	76	414	406	512	715
1,339	2,014	2,193	3,063	3,229	3,043
3,308	3,134	3,072	3,809	3,704	4,070
3,899	4,048	3,281	3,600	4,272	5,074
1,408	1,405	1,542	1,813	1,732	1,906
1,426	1,256	1,134	971	980	941
569	481	348	515	980	1,142
1,521	1,600	1,790	2,152	2,452	2,774
13,244	14,517	15,912	16,485	15,018	19,087
273	526	731	150	283	566
$40,179	**$41,274**	**$45,201**	**$48,080**	**$50,713**	**$58,471**
5,889	6,013	7,050	7,640	7,058	7,943
452					
$46,520	**$47,287**	**$52,251**	**$55,720**	**$57,771**	**$66,414**

Operating Ratio 1981-1990

(Dollars in Thousands)

	1981	1982	1983	1984
Operating Expense	$17,262	$18,845	$20,401	$22,197
Operating Revenues	31,206	33,117	40,000	43,695
Operating Ratio	55%	57%	51%	51%

1—Operating ratio is operating expense net of depreciation divided by total operating revenue.

Ratio of Annual Debt Service to Total Expenses 1981-1990

(Dollars in Thousands)

	1981	1982	1983	1984
Principal	$ 5,190	$ 5,190	$ 6,415	$ 6,830
Interest - 1	8,011	7,822	7,511	7,167
Total Debt Service	$ 13,201	$ 13,012	$ 13,926	$ 13,997
Total Expenses	$ 32,019	$34,045	$ 39,148	$ 41,386
Ratio of Debt Service to Total Expenses	**41%**	**38%**	**36%**	**34%**

1—Does include capitalized interest.

Revenue Available for Debt Service 1981-1990

(Dollars in Thousands)

	1981	1982	1983	1984
Operating Revenue	$31,206	$ 33,117	$40,000	$43,695
Interest Income	9,232	10,514	10,700	11,223
Operating Expense - 1	(17,262)	(18,845)	(20,401)	(22,197)
Revenue available for debt service	$ 23,176	$24,786	$30,299	$32,721
Debt Service	$ 13,201	$ 13,012	$ 13,926	$ 13,997
Coverage of debt service	**1.76**	**1.90**	**2.18**	**2.34**

1—Operating expense excludes depreciation.

1985	1986	1987	1988	1989	1990
$26,935	$26,757	$29,289	$31,595	$35,695	$39,384
$49,757	$56,054	$59,556	$59,909	$62,000	$69,666
54%	48%	49%	53%	58%	57%

1985	1986	1987	1988	1989	1990
$ 7,080	$ 7,460	$ 7,545	$ 7,545	$ 8,035	$ 7,295
6,812	6,470	7,892	9,127	10,975	10,645
$13,892	$13,930	$15,437	$16,672	$19,010	$17,940
$46,520	$47,287	$52,251	$55,720	$57,771	$66,414
30%	29%	30%	30%	33%	27%

1985	1986	1987	1988	1989	1990
$49,757	$56,054	$59,556	$59,909	$62,000	$69,666
9,827	7,589	8,283	9,587	9,921	7,448
(26,935)	(26,757)	(29,289)	(31,595)	(35,695)	(39,384)
$32,649	$36,886	$38,550	$37,901	$36,226	$37,730
$13,892	$13,930	$15,422	$16,672	$19,010	$17,940
2.35	2.65	2.50	2.27	1.91	2.10

Activity Statistics for Minneapolis-St. Paul International Airport 1981-1990

Minneapolis-St. Paul Metropolitan Airports Commission

	1981	1982	1983	1984
Total Passengers - 1	7,732,828	9,727,913	11,134,919	12,039,411
Aircraft Operations - 2	264,914	252,151	307,801	337,838
Mail and Cargo Volumes (Metric Tons)	109,467	106,752	117,316	139,859

Source: Metropolitan Airports Commission Activity Report

1—Statistical reporting requirements were revised as follows:
—In 1986, on-line connecting passengers were included in the totals. 1982-1985 were restated to reflect this change. (On-line connecting passengers are passengers that change to another flight on the same carrier.)

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

Aircraft Operations at the Reliever Airports 1981-1990

	1981-1	1982	1983	1984
St. Paul Downtown Airport	107,305	77,509	97,118	103,118
Flying Cloud Airport	194,229	145,718	166,266	165,542
Crystal Airport	154,436	123,577	136,314	140,704
Anoka County/Blaine Airport	150,000	150,000	140,000	145,000
Lake Elmo Airport	90,000	90,000	90,000	92,000
Airlake Airport			20,000	23,000
Total Aircraft Operations at the Reliever Airports	**695,970**	**586,804**	**649,698**	**669,364**

Source: Metropolitan Airports Commission Activity Report

1—Due to the FAA/PATCO labor dispute, FM control tower hours varied greatly. The reduction in hours has had a significant effect on the recording of operations data.

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

1985	1986	1987	1988	1989	1990
14,803,833	17,073,605	17,858,984	17,733,837	18,346,095	19,167,427
372,911	389,012	373,660	373,851	364,030	379,785
144,925	199,319	206,799	246,734	241,725	266,824

1985	1986	1987	1988	1989	1990
112,019	124,786	135,397	151,869	166,436	190,333
176,246	191,350	209,423	186,699	207,661	227,408
143,665	152,773	165,367	172,074	177,679	189,910
160,000	165,000	180,000	200,000	212,000	215,000
82,000	70,000	63,000	65,000	65,000	66,950
35,000	40,000	52,000	64,000	66,000	67,980
708,930	**743,909**	**805,187**	**839,642**	**894,776**	**957,581**

Schedule of Airline Rates and Charges 1981-1990

Minneapolis-St. Paul Metropolitan Airports Commission

	1981	1982	1983	1984
Landing Fee/1000 lbs.	$ 0.46	$ 0.47	$ 0.47	$ 0.47
Ramp Fees/Lineal Foot	$135.13	$152.26	$169.15	$185.07
Terminal Building Rentals:				
Common Use/Square Foot	$ 11.08	$ 13.16	$ 13.35	$ 13.10
Finished/Square Foot	9.47	11.36	11.61	11.39
Finished Janitored/Square Foot	13.44	15.78	15.92	15.57
Unfinished/Square Foot	8.98	10.83	11.08	10.90

Source: Compensatory Rental Report

Population of Seven County Metropolitan Area 1981-1990

1981	1982	1983	1984
1,993,400	2,002,000	2,033,080	2,057,157

Source: Metropolitan Council

1985	1986	1987	1988	1989	1990
$ 0.57	$ 0.55	$ 0.65	$ 0.62	$ 0.58	$ 0.65
$185.64	$178.83	$177.01	$186.48	$310.20	$306.76
$ 14.13	$ 13.79	$ 15.15	$ 16.06	$ 17.39	$ 17.60
12.30	11.84	12.68	14.06	17.39	17.60
16.89	16.68	18.32	18.76	22.22	22.24
11.82	11.38	12.24	13.56	17.39	17.60

1985	1986	1987	1988	1989	1990
2,086,356	2,118,445	2,153,533	2,200,321	2,240,850	2,288,721

Insurance Coverage

Minneapolis-St. Paul Metropolitan Airports Commission

Policy Number	Insurer	Inception	Expiration	Coverage	Policy Limits (Thousands of Dollars)
240392	Arkwright Insurance	01/01/89	01/03/93	Blanket Fire & extended coverage on building & contents 90% co-insurance. Heavy equipment, boiler and machinery, and builder's risk.	$219,000
Self-Insured	Sedgwick-James Third Party Admin.	03/01/90	03/01/92	Statutory Workers' Compensation	$100/$500/$100
60195113	Fidelity & Deposit Company of Maryland	03/01/90	03/01/92	Comprehensive crime employee bond	$1,000
1APL-21441	Associated Aviation Underwriters	12/23/90	12/23/91	General Aviation Liability including personal injury	$300,000
AD8701194C	Lloyds of London	12/23/90	12/23/91	Excess Liability	$100,000
7748-31-90	Chubb	01/01/91	01/01/92	Auto Liability and physical coverage and hired automobiles	$1,000 per Occurrence
7748-31-90	Chubb	01/01/91	01/01/92	Garage keepers liability	$120
7748-31-90	Chubb	01/01/91	01/01/92	Fleet physical damage	Values Over $50

At the end of 1990, major scheduled airlines serving the Twin Cities were:

America West
American Airlines
Continental Airlines
Delta Airlines
Midway Airlines
Northwest Airlines
PanAm Airlines
TWA
United Airlines
USAir

Commuter service offers an extensive feeder route system to MSP International for connecting flights. Regional/Commuter airlines serving Minneapolis/Saint Paul at the end of 1990 were:

Bemidji Airlines
Express I
Great Lakes Aviation
Mesaba Airlines
Midwest Aviation
Time Air

Three branches of United States Armed Forces are represented at Minneapolis/Saint Paul International Airport; the Air Force Reserve 934th Tactical Airlift Group, the Marine Air Reserve Training Detachment, and the Naval Air Reserve—Twin Cities Center. Also at MSP is the Minnesota Air National Guard 133rd Tactical Airlift Group. At Saint Paul Downtown the Army maintains a dozen support helicopters and the National Guard bases its Fixed Wing Squadron. Training flights, servicing, and simulated emergencies are conducted on a regular basis.

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