

**REI - City of Philadelphia LOCs**  
**Questions and Answers**

1. Is there an estimated draw schedule available reflecting the timing of any planned draws associated with the transaction?

The Airport has approximately \$230 million drawn on its current CP facilities. The Airport expects a portion of that amount to be rolled into the new \$500mm program with periodic draws of \$10-20 million every three to six months leading up to the Airport’s next bond transaction currently anticipated in spring/summer 2025. The Airport expects most of its outstanding CP to be refunded with this next bond transaction.

2. The \$350 million CP Program established in August 2019 had an average outstanding balance of approximately \$132 million, or 37.5% of the commitment amount, at the last 4 fiscal year-ends. Is this also the average outstanding balance since August 2019 or is there a different amount?

The Airport has approximately \$230mm of outstanding CP on its current program.

3. With a fiscal year-end of June 30, 2024, are there any preliminary indications or unaudited financial statements available for July 1, 2023 – June 30, 2024?

The Airport’s financial statements will be available February 2025. Please see FY24 unaudited estimates below.

	<u>FY2024 (Estimate)</u>
Airline Revenue	\$ 261,276,000
Non-Airline Revenue	206,877,000
COVID-19 relief grants	15,000,000
PFC Revenues for Debt Service	42,163,000
Total Expenses	297,304,000
Debt Service net of PFC Revenues	152,745,000
DSC Ratio (Test 1)	4.23x
DSC Ratio (Test 2)	3.48x
CPE	\$14.26

4. If available, please provide an estimated Rate Covenant calculation for the GARB Ordinance for the fiscal year-ending June 30, 2024.

See response to question #3 above.

5. Please describe any new debt issuances for the Airport over the next 3-5 years including the estimated amount and timing of refunding and/or new money debt.

The Airport expects to next come to market in spring/summer 2025 with a new money and refunding transaction. We expect new money to be approximately \$260-300mm and will also include a roughly \$60mm refunding of the Series 2015A bonds, depending on market conditions.

We also have an approximately \$100mm taxable loan in the form of a direct purchase with a tender date in June 2025. We have commenced a tax analysis and expect a portion of the loan will be eligible to be refunded with AMT bonds proceeds.

We currently anticipate a second new money transaction of approximately of \$300mm to be issued in 2027 along with a possible Series 2017AB refunding.

6. Please confirm the existing date of expiration for the Airport-Airline Use and Lease Agreements. I believe they expire June 30, 2026 with the option for two 1-year extensions.  
The Airport's current ULA term is from July 1, 2023 through June 30, 2026 with the option for two one-year renewals.
7. Will the City consider proposals for less than the \$500 million requested amount?  
Yes
8. Provide enplanements for FY2024, detailing domestic/international and O&D/connecting.  
**FY24 Estimate:** 14.671mm enplaned passengers  
87% domestic, 13% international  
74% O&D
9. Provide breakdown of O&D/connecting enplanements for FY2021. FY2022 and FY2023.  
FY2021 – 77% O&D  
FY2022 – 77% O&D  
FY2023 – 76% O&D
10. Why is enplanement slow to recover and when are you expecting enplanement to recover to pre-pandemic levels?  
PHL's recovery is in line with comparable airports. As of May 2024, enplanements overall were at 93% of pre-Covid levels. PHL's forecasted airline capacity for July – August 2024 is anticipated to increase more than 1,300,000 seats (a 13.6% increase) compared to the same period in 2023. International passenger traffic was at 96% of 2019 levels when comparing May 2024 to May 2019. We expect full recovery in FY2025.
11. Explain total Project Revenues increasing year-over-year by 50% from \$355.9M in FY2022 to \$535.6M in FY2023.  
Airline revenue continues to increase with the return of enplaned passengers. Non-airline revenue has also significantly increased with the return of passengers, increase in parking activity and additional revenue from the new Chase Sapphire lounge.
12. What is expected debt service coverage for FY2024?  
See response to question #3
13. Provide the following tables found in the statistical section of the Annual Financial Information disclosure with FY2024 numbers (draft numbers acceptable):
  - a. Exhibit S-12: Operating Revenues by Source (table detailing Airline and Non-airline revenues), and
  - b. Exhibit S-15: Pledged Debt Service CoverageSee response to question #3
14. Provide a table detailing federal stimulus aid (CARES, CRRSA & ARPA) usage and planned usage by fiscal year.  
The Airport's final year of CARES, CRRSA and ARPA usage was FY2024.

Fiscal Year	Covid Grant Usage
2020	\$78,849,832
2021	\$37,589,111
2022	\$28,914,468
2023	\$100,354,166
2024	\$15,000,000

15. Please discuss the key changes of the new lease agreement.

As of July 1, 2023 the Airport entered into a new Airline Use and Lease Agreement. The Agreement runs for three-years with the option for two one-year renewals. See below for highlights of the new agreement:

- Pre-approval of \$935 million in new capital funding to support operations at PHL and PNE over the term of this agreement – funding will be used for state of good repair work, upgrades throughout PHL’s terminals, cargo program projects, as well as initial funding to support aviation-related development within the closed section of the PHL Economy Lot
- Ability for Airport to establish more robust cash reserves. Additional funding will be set aside for reserves to increase funding to the Airport’s operating reserves from \$1 million to up to \$10 million annually, which will allow the Airport to increase the balance in its O&M Account from 7% to 25% of annual operating expenses over the term of the agreement.
- Hybrid agreement in the Airport’s Outside Terminal Area – the Airport will split revenue 50/50 with the airlines (including parking revenue)

16. Please discuss the ongoing relationship with American Airlines.

The Airport continues to have a strong relationship with American as it continues to bring back routes and invest in new routes at PHL. American has also announced both a new Admirals Club and Flagship Lounge to be opened in Philadelphia next year.

American added direct flights in 2024 to: Naples (Italy), Nice (France), Copenhagen (Denmark), Liberia (Costa Rica) and Barbados. New domestic destinations include: Atlantic City, Altoona, Panama City, Hilton Head, Lancaster, Destin-Fort Walton Beach, Traverse City, Martha’s Vineyard, Nantucket, Ogdensburg, Plattsburgh, Washington-IAD.

American also continues to grow its Landline service at PHL, connecting smaller regional airports by bus to flights out of Philadelphia. The program has transported over 150,000 passengers since inception and is expected to transport an average of 200,000 passengers per year to/from PHL.

17. Is the Airport aware of anything that could reduce American Airlines operations in PHL?

No.

18. Please provide 5-year forecasts of the enplanements/O&D.

Year	Enplanement Forecast	O&D Forecast
2025	16,616,716	70%
2026	17,137,420	70%

2027	17,463,197	70%
2028	17,757,512	70%
2029	18,044,179	70%

19. Which are the main drivers of enplanements growth?

Significant demand for travel, return of pre-covid routes plus additional new routes, growth of ultra-low cost carriers such as Frontier and Spirit.

20. Please provide updated financial projections including DSCR, airline and non-airline revenues.

	<u>FY2024 (Estimate)</u>	<u>FY2025 (Budget)</u>	<u>FY2026 (Forecast)</u>	<u>FY2027 (Forecast)</u>	<u>FY2028 (Forecast)</u>
Airline Revenue	\$ 261,276,000	\$ 303,198,000	\$ 289,140,000	\$ 296,957,000	\$ 297,544,000
Non-Airline Revenue	206,877,000	209,858,000	221,040,000	226,190,000	230,022,000
COVID-19 relief grants	15,000,000	-	-	-	-
PFC Revenues for Debt Service	42,163,000	42,326,000	46,872,000	46,944,000	47,614,000
Total Expenses	297,304,000	327,763,000	344,091,000	354,200,000	364,647,000
Debt Service net of PFC Revenues	152,745,000	161,411,000	141,848,000	142,883,000	135,897,000
DSC Ratio (Test 1)	4.23x	4.39x	5.3x	5.67x	6.35x
DSC Ratio (Test 2)	3.48x	3.62x	4.38x	4.72x	5.32x
CPE	\$14.26	\$14.52	\$14.36	\$14.45	\$14.21

21. What is the timeline of the capital improvement plan?

Our current \$1.813 billion dollar program is a five-year plan.

22. How is the Airport planning to finance the totality of the plan? Please discuss future debt issuance, if any.

<b>Capital Program Funding Sources</b>	<b>(\$millions)</b>
PFC/Grants	\$291.5
Operating Funds	\$80.0
Existing Debt	\$200.0
2025 Bonds	\$266.0
Future Debt	\$975.5
<b>Total</b>	<b>\$1,813.0</b>

23. If a revolving credit facility structure is chosen, what is the planned usage of the facility (on a percentage basis or dollar basis estimate annually)?

See response to question #1.

24. Is the CP program established by the Aviation Fund in August 2019 still in the amount of \$350 million? -or- has it already been increased to \$500 million (the amount listed in the REI)?

The ordinance increasing the CP program authorization to \$500 million was approved by City Council and signed by the Mayor in June 2024.

25. Is there currently one Direct Pay L/C provider?

Yes.

26. What is the brief project description for the additional \$150 million of CP program funding? - and- what are your projections on its utilization?

The Airport's \$1.8B capital program was approved in the latest ULA on 7/1/2023. It includes \$935 million in new projects. Funding will be used for state of good repair work, upgrades throughout PHL's terminals, cargo program projects, as well as initial funding to support aviation-related development within the closed section of the PHL Economy Lot. Additional highlights of the program include: Restroom renovation program, terminal refresh work – painting walls, replacing tiles/flooring, new hold room furniture etc., rehab and reconstruction of taxiways S, K, P, J, Y & U plus runway 9R-27L, passenger loading bridge replacement, energy efficiency upgrades throughout the terminal and other buildings, replacement of exterior façade and glass in Terminals D/E to be more energy efficient/sustainable, roadway signage upgrades, IT upgrades to arrival/departure screens, CCTV system and terminal announcement system.

We continue to focus on repair and rehab of our existing facilities while also accelerating certain projects such as restroom renovation and terminal refresh as we prepare for increased passenger traffic expected as part of festivities happening in Philadelphia (and the region) in 2026, including: the nation's 250<sup>th</sup> birthday, MLB All-Star Game, PGA Championship and FIFA World Cup.

27. Please provide any interim financial or budget to actual analysis available.

Please see response to question #20

28. Where there any other changes made to the PHL Commercial Paper Program other than the amount (now \$500MM vs. \$350MM (prior))? Please confirm all security, conditions, covenants, Flow of Funds rights (etc.) remain the same.

- a. If changes were made, please indicate and/or provide the applicable documentation.

The only change was sizing, from \$350mm to \$500mm.

29. Purpose for expanding the CP Program and is there an applicable change to the Capital Plan?

- a. Please provide an updated Capital Plan and projections regarding future debt issuances, as available.

See response to questions #22 and #26

30. Please provide any available (but not yet publicly posted) information related to enplanements/deplanements and performance.

Discussed above.

31. Is PHL Airport anticipating an Operating Deficit at FYE24?

No.

32. Is a Rate Covenant projection available for FYE 24? If so, please provide.

Please see question #3

33. Please provide any information regarding airline relationships or changes that might be pertinent.

Please see response to question #16

34. Please provide any details regarding changes to other third-party liquidity facility or direct placement providers.

[The Airport executed an extension with its LOC provider to 2/22/2025.](#)

35. What impact does a CrowdStrike, or ransomware event have on PHL's profitability? Is any revenue loss covered under business interruption insurance policies?

[The Airport is still assessing any revenue loss due to the CrowdStrike interruption.](#)

36. What is PHL's plan for outstanding CP Notes?

[See response to question #1](#)

37. Do you mind sharing expected usage of the increased CP Program, relative to existing?

[See response to question #1](#)

38. Any remaining stimulus funds from CARES/CRRSAA/ARPA?

[No.](#)

39. Any additional details about upcoming capital plans and planned debt issuances PHL can share?

[See response to questions #22 and #26](#)