New Money and Refunding Issue – Book-Entry Only **RATINGS: (See "Ratings" herein)**

In the opinion of Co-Bond Counsel, interest on the Series 2025A Bonds (defined herein) is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the condition described in "TAX MATTERS" herein and interest on the Series 2025A Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code") for the purpose of computing the alternative minimum tax imposed on corporations). In the opinion of Co-Bond Counsel, interest on the Series 2025B Bonds (defined herein) is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, except for interest on any Series 2025B Bond during any period such Series 2025B Bond is held by a person who is a "substantial user" of the facilities financed or refinanced by the Series 2025B Bonds or a "related person" within the meaning of Section 147(a) of the Code and subject to the condition described in "TAX MATTERS" herein. Interest on the Series 2025B Bonds is treated as an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax. Under the laws of the Commonwealth of Pennsylvania, interest on the Series 2025 Bonds (defined herein) is exempt from the Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For a more complete discussion, see "TAX MATTERS" herein.

$364,760,000
THE CITY OF PHILADELPHIA, PENNSYLVANIA
AIRPORT REVENUE AND REFUNDING BONDS, SERIES 2025

consisting of

$107,195,000
Airport Revenue Bonds, Series 2025A
(Non-AMT/Governmental)

$257,565,000
Airport Revenue and Refunding Bonds, Series 2025B
(AMT/Private Activity)

Dated: Date of Delivery **Due:** July 1, as shown on inside cover

Terms All capitalized terms that are not otherwise defined on this cover page have the meanings provided to such terms in this Official Statement.

Bonds The City of Philadelphia, Pennsylvania (the "City"), a corporation and body politic and City of the First Class existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") is issuing its $364,760,000 aggregate principal amount of Airport Revenue and Refunding Bonds, Series 2025 consisting of $107,195,000 aggregate principal amount Airport Revenue Bonds, Series 2025A (Non-AMT/Governmental) (the "Series 2025A Bonds") and $257,565,000 aggregate principal amount Airport Revenue and Refunding Bonds, Series 2025B (AMT/Private Activity) (the "Series 2025B Bonds," and together with the 2025A Bonds, the "Series 2025 Bonds") for the benefit of the Philadelphia International Airport (the "Airport") and Northeast Philadelphia Airport (the "Northeast Airport") owned by the City and operated by the Department of Aviation.

Purpose The Series 2025 Bonds are being issued for the purpose of providing funds, together with other available moneys, to: (i) refinance, on a current basis, certain of the City's Outstanding Commercial Paper Notes, (ii) refund, on a current basis, all of the City's Outstanding Airport Revenue Refunding Bonds, Series 2015A (AMT), (iii) finance capitalized interest on a portion of the Series 2025 Bonds and (iii) pay the costs of issuance of the Series 2025 Bonds, as more fully described herein under "PLAN OF FINANCE".

Security **THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE CITY OF PHILADELPHIA PAYABLE SOLELY FROM THE PLEDGED AMOUNTS (AS DESCRIBED HEREIN). THE SERIES 2025 BONDS ARE NOT SECURED BY A PLEDGE OF THE FULL FAITH, CREDIT OR TAXING POWER OF THE CITY. THE SERIES 2025 BONDS DO NOT CREATE ANY DEBT OR CHARGE AGAINST THE TAX OR GENERAL REVENUES OF THE CITY OR CREATE A LIEN AGAINST ANY PROPERTY OF THE CITY OTHER THAN THE PLEDGED AMOUNTS.**

Redemption The Series 2025 Bonds are subject to optional and mandatory redemption prior to maturity. See "DESCRIPTION OF THE SERIES 2025 BONDS – Optional Redemption of the Series 2025 Bonds" and "– Mandatory Redemption".

Payments Interest on the Series 2025 Bonds is payable semiannually on each January 1 and July 1, commencing January 1, 2026.

Tax Status For information on the tax status of the Series 2025 Bonds, see the italicized language at the top of this cover page and "TAX MATTERS" herein.

Delivery It is expected that the Series 2025 Bonds will be available for delivery to The Depository Trust Company ("DTC") via DTC's FAST automated securities transfer program on or about August 26, 2025.

The Sixteenth Supplemental Ordinance provides for certain amendments to the General Ordinance (as defined herein), which will become effective upon 100% Bondholder consent. Upon issuance of the Series 2025 Bonds, such amendments will become effective. By acceptance of a confirmation of purchase of the Series 2025 Bonds, each Beneficial Owner (i.e., the actual purchaser of a Series 2025 Bond) will be deemed to have approved and agreed to the amendments to the General Ordinance described herein. See "AMENDMENTS TO THE GENERAL ORDINANCE" herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE BONDS OR THIS OFFICIAL STATEMENT. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES, WHICH ARE AN INTEGRAL PART HEREOF, TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION REGARDING THE BONDS.

The Series 2025 Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approving legal opinion of Saul Ewing LLP and Andre C. Dasent, P.C., both of Philadelphia, Pennsylvania, Co-Bond Counsel. Certain legal matters relating to disclosure will be passed upon for the City by Hardwick Law Firm, LLC and Greenberg Traurig, LLP, both of Philadelphia, Pennsylvania, Co-Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Underwriters' Counsel, Turner Law, P.C., of Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the City of Philadelphia by the City Solicitor.

Wells Fargo Securities
Loop Capital Markets

Ramirez & Co., Inc.
PNC Capital Markets LLC

Dated: August 15, 2025

$364,760,000
THE CITY OF PHILADELPHIA, PENNSYLVANIA
AIRPORT REVENUE AND REFUNDING BONDS, SERIES 2025

consisting of

$107,195,000
Airport Revenue Bonds, Series 2025A
(Non-AMT/Governmental)

$257,565,000
Airport Revenue and Refunding Bonds, Series 2025B
(AMT/Private Activity)

MATURITY SCHEDULES

Maturity Date (July 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP*
2029	$1,930,000	5.000%	109.420	2.420%	717817ZD5
2030	2,025,000	5.000	111.246	2.520	717817ZE3
2031	2,125,000	5.000	112.130	2.740	717817ZF0
2032	2,235,000	5.000	112.886	2.910	717817ZG8
2033	2,345,000	5.000	113.289	3.080	717817ZH6
2034	2,460,000	5.000	113.357	3.250	717817ZJ2
2035	2,585,000	5.000	112.843	3.450	717817ZK9
2036	2,715,000	5.000	111.078†	3.650	717817ZL7
2037	2,850,000	5.000	109.517†	3.830	717817ZM5
2038	2,990,000	5.000	108.237†	3.980	717817ZN3
2039	3,140,000	5.000	107.058†	4.120	717817ZP8
2040	3,300,000	5.000	106.060†	4.240	717817ZQ6
2041	3,465,000	5.000	104.992†	4.370	717817ZR4
2042	3,635,000	5.000	103.936†	4.500	717817ZS2
2043	3,820,000	5.250	105.337†	4.570	717817ZT0
2044	4,020,000	5.250	104.610†	4.660	717817ZU7
2045	4,230,000	5.250	104.129†	4.720	717817ZV5

$30,665,000, 5.500% Term Bonds due July 1, 2051, Yield: 4.860%, Price 104.954†, CUSIP: 717817ZW3*

$26,660,000, 5.500% Term Bonds due July 1, 2055, Yield: 4.900%, Price 104.635†, CUSIP: 717817ZX1*

* CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Capital IQ, a division of McGraw-Hill Financial, Inc. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Series 2025 Bonds only at the time of issuance of the Series 2025 Bonds and the City and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Series 2025 Bonds as a result of various subsequent actions including but not limited to, a refunding in whole or in part of the Series 2025 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the Series 2025 Bonds.

† Priced to the optional redemption date of July 1, 2035.

MATURITY SCHEDULES

Maturity Date (July 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP*
2026	$ 3,405,000	5.000%	101.800	2.830%	717817YF1
2027	4,490,000	5.000	103.820	2.860	717817YG9
2028	4,720,000	5.000	105.751	2.880	717817YH7
2029	8,625,000	5.000	107.400	2.950	717817YJ3
2030	9,065,000	5.000	108.392	3.120	717817YK0
2031	9,520,000	5.000	108.913	3.310	717817YL8
2032	9,985,000	5.000	108.867	3.530	717817YM6
2033	10,495,000	5.000	108.637	3.720	717817YN4
2034	11,020,000	5.000	108.081	3.910	717817YP9
2035	11,560,000	5.000	107.730	4.040	717817YQ7
2036	5,175,000	5.000	106.226†	4.220	717817YR5
2037	5,430,000	5.000	104.992†	4.370	717817YS3
2038	5,705,000	5.000	103.936†	4.500	717817YT1
2039	5,990,000	5.000	103.053†	4.610	717817YU8
2040	6,290,000	5.000	102.416†	4.690	717817YV6
2041	6,605,000	5.250	104.049†	4.730	717817YW4
2042	6,950,000	5.250	103.095†	4.850	717817YX2
2043	7,315,000	5.250	102.387†	4.940	717817YY0
2044	7,700,000	5.250	102.074†	4.980	717817YZ7
2045	8,105,000	5.250	101.918†	5.000	717817ZA1

$58,740,000, 5.500% Term Bonds due July 1, 2051, Yield: 5.060%, Price 103.372†, CUSIP: 717817ZB9*

$50,675,000, 5.000% Term Bonds due July 1, 2055, Yield: 5.180%, Price 97.273, CUSIP: 717817ZC7*

* CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Capital IQ, a division of McGraw-Hill Financial, Inc. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Series 2025 Bonds only at the time of issuance of the Series 2025 Bonds and the City and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Series 2025 Bonds as a result of various subsequent actions including but not limited to, a refunding in whole or in part of the Series 2025 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the Series 2025 Bonds.

† Priced to the optional redemption date of July 1, 2035.

THE CITY OF PHILADELPHIA, PENNSYLVANIA

MAYOR
HONORABLE CHERELLE L. PARKER

MAYOR'S CHIEF OF STAFF
Tiffany W. Thurman

MAYOR'S CABINET

Adam Thiel.....Managing Director
Rob Dubow.....Director of Finance
Renee Garcia, Esq.....City Solicitor
Sinceré Harris.....Chief Deputy Mayor of Intergovernmental Affairs, Sustainability, and Engagement
Vanessa Garrett Harley, Esq.....Chief Deputy Mayor for Social Impact and Strategic Initiatives
Karen Fegely.....Acting Director of Commerce
Carlton Williams.....Director of Clean and Green Initiatives
Adam Geer.....Chief Public Safety Director
Alexander F. DeSantis.....Inspector General
Kevin Bethel.....Police Commissioner
Dr. Debora Borges-Carrera.....Chief Education Officer
Valerie Gay.....Director of Arts and Culture
Atif Saeed.....Chief Executive Officer, Department of Aviation
Danielle Gardener Wright.....Chief Integrity Officer
Kristin Bray.....Chief Legal Counsel

CITY TREASURER
Jacqueline Dunn

PHILADELPHIA DEPARTMENT AVIATION

Atif Saeed.....Chief Executive Officer
Tracy S. Borda.....Chief Financial Officer
Greg Phillips.....Chief Operating Officer
Kate Sullivan.....Chief Commercial Officer
Cassie Schmid.....Chief Strategy Officer
Api Appulingam.....Chief Development Officer
Delicsha Wilds.....Chief Administrative Officer
Allen Mehta.....Chief Information Officer
Jamaine Mungo.....Chief Information Security Officer
Cassandra Williams.....Vice President of Finance and Accounting

CITY CONTROLLER
Christy Brady

CO-FINANCIAL ADVISORS
Frasca & Associates, LLC and Phoenix Capital Partners, LLP

FISCAL AGENT
U.S. Bank Trust Company, National Association

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriters to give any information or to make representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the City, the Underwriters and the purchasers or owners of any Series 2025 Bonds. The information set forth herein has been furnished by the City and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or of the Department of Aviation or in any other matters discussed herein since the date hereof or the date as of which particular information is given, if earlier. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the cover page, the inside cover page and the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2025 Bonds is made only by means of this entire Official Statement.

References to website addresses presented herein, including websites containing information about the City are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose, including for purposes of Rule 15c2-12 of the United States Securities and Exchange Commission, as amended.

The statements contained in this Official Statement, including the Appendices, and in any other information provided by the City and other parties to this transaction described herein that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "projects," "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these of other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Other such risks and uncertainties include, among others, changes in regional, domestic and international political, social and economic conditions, federal, state and local statutory and regulatory initiatives, the financial condition of individual airlines and carriers and the airline industry generally, changes in the tourism industry, international, federal, state and local regulations regarding air travel, the outbreak of any disease or public health threat, other future global health concerns, and other events or circumstances beyond the control of the City. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement, including the Appendices, and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the Series 2025 Bonds.

The Underwriters (who have provided this sentence for inclusion herein) have reviewed the information in this Official Statement, including the Appendices, in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Upon issuance, the Series 2025 Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other Securities Exchange, nor have the Ordinances been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts.

THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT; ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: HTTPS://WWW.MCELWEEQUINN.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

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Summary of the Offering

This summary is subject in all respects to more complete information contained in this Official Statement and should not be considered a complete statement of the facts material to making an investment decision. The offering of the Series 2025 Bonds to potential investors is made only by means of the entire Official Statement, including the cover page, the inside cover page, and the Appendices.

Issuer:	The City of Philadelphia, Pennsylvania (the "City"), a corporation and body politic and City of the First Class existing under the laws of the Commonwealth of Pennsylvania, for the benefit of the Airport System owned by the City and operated by the Department of Aviation.
Bonds Offered:	$364,760,000 aggregate principal amount of Airport Revenue and Refunding Bonds, Series 2025 consisting of $107,195,000 aggregate principal amount Airport Revenue Bonds, Series 2025A (Non-AMT/Governmental) (the "Series 2025A Bonds") and $257,565,000 aggregate principal amount Airport Revenue and Refunding Bonds, Series 2025B (AMT/Private Activity) (the "Series 2025B Bonds," and together with the Series 2025A Bonds, the "Series 2025 Bonds").
Maturities:	The Series 2025 Bonds mature on the dates and in the principal amounts set forth on the inside cover pages hereof.
Interest Payment Dates:	Interest on the Series 2025 Bonds is payable semiannually on each January 1 and July 1, commencing January 1, 2026.
Use of Proceeds:	The Series 2025A Bonds are being issued for the purpose of providing funds, together with other available moneys, to (i) refinance, on a current basis, certain of the City's Outstanding Commercial Paper Notes, (ii) finance capitalized interest on a portion of the Series 2025A Bonds, and (iii) pay the costs of issuance of the Series 2025A Bonds, as more fully described herein under "PLAN OF FINANCE". The Series 2025B Bonds are being issued for the purpose of providing funds, together with other available moneys, to (i) refinance, on a current basis, certain of the City's Outstanding Commercial Paper Notes, (ii) refund, on a current basis, all of the City's Outstanding Airport Revenue Refunding Bonds, Series 2015A (AMT) (the "2015A Bonds"), (iii) finance capitalized interest on a portion of the Series 2025B Bonds and (iii) pay the costs of issuance of the Series 2025B Bonds, as more fully described herein under "PLAN OF FINANCE". The Commercial Paper Notes and 2015A Bonds to be refinanced or refunded, as applicable, are set forth on Schedule 1 hereto.
Redemption:	The Series 2025 Bonds are subject to optional and mandatory redemption prior to maturity. See "DESCRIPTION OF THE SERIES 2025 BONDS – Optional Redemption of the Series 2025 Bonds" and "– Mandatory Redemption" herein.
Security and Sources of Payment:	Pursuant to the General Ordinance (as defined herein), the City has covenanted that the Series 2025 Bonds, together with all other parity Airport Revenue Bonds (as defined herein) issued under and outstanding or subject to the General Ordinance, are and will be equally and ratably secured by a lien on and security interest in (i) Project Revenues (as

defined herein); (ii) amounts payable to the City under a Qualified Swap; (iii) all amounts on deposit in or credited to the Aviation Funds (including the Parity Sinking Fund Reserve Account), except for amounts deposited into any Non-Parity Sinking Fund Reserve Subaccount; and (iv) proceeds of the foregoing (the amounts described in subsections (i) through (iv) are sometimes hereinafter referred to, collectively, as the "Pledged Amounts"). See "SECURITY FOR THE AIRPORT REVENUE BONDS".

In 2017, the Sixteenth Supplemental Ordinance (the "Sixteenth Supplemental Ordinance") to the General Ordinance was approved by the Mayor. The Sixteenth Supplemental Ordinance provides for certain amendments to the General Ordinance, some of which became effective upon enactment without the consent of any Bondholders, some of which became effective upon the consent of 67% of Bondholders and others which will become effective upon the consent of 100% of Bondholders, as described herein under "AMENDMENTS TO THE GENERAL ORDINANCE".

One of the amendments that will become effective with Bondholder consent of 100% in principal amount (or Original Value in the case of Capital Appreciation Bonds) of Airport Revenue Bonds Outstanding, will permit the City to release certain revenues ("Released Revenues") from the definition of "Project Revenues" upon satisfaction of certain historical and projected debt service coverage tests, delivery of an opinion of Bond Counsel to the effect that the tax-exemption of the Airport Revenue Bonds would not be adversely affected, and receipt of a ratings confirmation for such Airport Revenue Bonds. See "AMENDMENTS TO THE GENERAL ORDINANCE" and APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE" herein.

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED AMOUNTS. THE SERIES 2025 BONDS ARE NOT SECURED BY A PLEDGE OF THE FULL FAITH, CREDIT OR TAXING POWER OF THE CITY. THE SERIES 2025 BONDS DO NOT CREATE ANY DEBT OR CHARGE AGAINST THE TAX OR GENERAL REVENUES OF THE CITY OR CREATE A LIEN AGAINST ANY PROPERTY OF THE CITY OTHER THAN THE PLEDGED AMOUNTS.

See "SECURITY FOR THE AIRPORT REVENUE BONDS" herein.

Parity Sinking Fund Reserve Account:

The City is required to maintain an aggregate balance in the Parity Sinking Fund Reserve Account for all Airport Revenue Bonds which are to be secured by the Parity Sinking Fund Reserve Account equal to the lesser of (a) the greatest amount of Debt Service Requirements on Airport Revenue Bonds payable in any one fiscal year, determined as of any particular date, or (b) the maximum amount permitted by the Internal Revenue Code of 1986, as amended (the "Code"), to be maintained without yield restriction for bonds the interest on which is not includable in gross income for Federal income tax purposes; provided, however, that additional Airport Revenue Bonds may be secured by a Non-Parity Sinking Fund Reserve Account under certain circumstances. See

"SECURITY FOR THE AIRPORT REVENUE BONDS –Sinking Fund Reserve Account" herein.

Under the Sixteenth Supplemental Ordinance, an amendment to the General Ordinance affecting the definition of "Sinking Fund Reserve Requirement" is subject to 100% Bondholder consent. See "AMENDMENTS TO THE GENERAL ORDINANCE" herein.

Amendments to General Ordinance:

The Sixteenth Supplemental Ordinance provides for amendments to the General Ordinance, some of which became effective upon enactment without the consent of any Bondholders, others which became effective upon 67% consent of Bondholders and some of which will become effective upon 100% consent of Bondholders. By acceptance of a confirmation of purchase of the Series 2025 Bonds, each Beneficial Owner (i.e., the actual purchaser of a Series 2025 Bond) will be deemed to have approved and agreed to the amendments to the General Ordinance described herein. Upon the issuance of the Series 2025 Bonds, the consent of 100% of Bondholders will be been obtained, causing the amendments described herein, which are effective upon 100% Bondholder consent, to become effective. See "AMENDMENTS TO THE GENERAL ORDINANCE" herein.

Rate Covenant:

The City covenants with the holders of the Airport Revenue Bonds that it will, at a minimum, impose, charge and recognize as revenues in each fiscal year such rentals, charges and fees as shall, together with that portion of the Aviation Operating Fund balance attributable to Amounts Available for Debt Service and carried forward at the beginning of such fiscal year and together with all other Amounts Available for Debt Service to be received in such fiscal year, be equal to not less than the greater of: (a) the sum of: (i) all Net Operating Expenses payable during such fiscal year; (ii) 150% of the amount required to pay the Debt Service Requirements during such fiscal year; (iii) the amount, if any, required to be paid into the Sinking Fund Reserve Account during such fiscal year; and (iv) the amount, if any, required to be paid into the Renewal Fund during such fiscal year; or (b) the sum of: (i) all Operating Expenses payable during such fiscal year, and (ii) (A) all Debt Service Requirements during such fiscal year, (B) all debt service requirements during such fiscal year in respect of all outstanding General Obligation Bonds issued for improvements to the Airport System and all outstanding NSS (non-self-sustaining) General Obligation Bonds issued for improvements to the Airport System, (C) all the debt service requirements during such fiscal year on Subordinate Obligations and any other subordinate indebtedness secured by any Amounts Available for Debt Service, (D) all amounts required to repay loans among the funds made pursuant to the General Ordinance, (E) the amount, if any, required to be paid into the Sinking Fund Reserve Account or Renewal Fund during such fiscal year, and (F) all amounts required to be paid under Exchange Agreements. See "SECURITY FOR THE AIRPORT REVENUE BONDS – Rate Covenant" herein. See also "SECURITY FOR THE AIRPORT REVENUE BONDS – Certain Provisions of General Ordinance Effective Upon City Election and Certain Consents" for a discussion of certain events that may allow the City to use an alternative rate covenant.

Authorized Denominations:	The Series 2025 Bonds will be issued as registered bonds in denominations of $5,000 or any integral multiple thereof.
Form and Depository:	The Series 2025 Bonds will be delivered solely in registered form under a global book-entry system through the facilities of DTC via DTC's FAST automated securities transfer program. See APPENDIX VIII.
Fiscal Agent:	The fiscal agent for the Series 2025 Bonds is U.S. Bank Trust Company, National Association, Philadelphia, Pennsylvania.
Tax Status:	For information on the tax status of the Series 2025 Bonds, see the italicized language at the top of the cover page and "TAX MATTERS" herein.
Ratings (Outlook):	Moody's "A1", stable outlook Fitch "A+", stable outlook

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Table of Contents

Page

INTRODUCTION **1**
General 1
The Airport System 1
PLAN OF FINANCE **3**
ESTIMATED SOURCES AND USES OF FUNDS **3**
AUTHORIZATION FOR THE SERIES 2025 BONDS **4**
AMENDMENTS TO THE GENERAL ORDINANCE **4**
General 4
Amendments Effective With 100% Bondholder Consent 4
DESCRIPTION OF THE SERIES 2025 BONDS **5**
General 5
Book-Entry Only System 5
Optional Redemption of the Series 2025 Bonds 5
Mandatory Redemption 6
Notice of Redemption 7
SECURITY FOR THE AIRPORT REVENUE BONDS **8**
Pledge of Project Revenues and Funds 8
Definition of Project Revenues 8
City May Pledge Passenger Facility Charges 9
Flow of Funds and Application of Project Revenues 10
Application of PFCs 13
Sinking Fund Reserve Account 13
Renewal Fund 14
Rate Covenant 15
Certain Provisions of General Ordinance Effective Upon City Election and Certain Consents 15
Issuance of Additional Airport Revenue Bonds 15
Authorization for Possible Transfer of Airport System 16
SOURCES OF PROJECT REVENUES UNDER THE GENERAL ORDINANCE **17**
Airport-Airline Use and Lease Agreements 17
Non-Signatory Airline Rentals, Fees, and Charges 17
Certain Other Revenues 18
THE AIRPORT SYSTEM – MANAGEMENT AND DESCRIPTION **18**
General 18
Management of the Airport System 19
Description of the Airport 21
Northeast Airport 23
CAPITAL DEVELOPMENT PROJECTS AT THE AIRPORT **23**
General 23
Funding Sources for Airport System Capital Projects 25
THE AIRPORT SYSTEM – AIRPORT ACTIVITY AND SIGNATORY AIRLINES **27**
Aviation Activity at the Airport 27
Information Concerning Airlines Operating at the Airport 31
American Airlines 32
Landline Motor Coach Services 32
Philadelphia Terminal & Equipment Company 32
THE AIRPORT SERVICE REGION **32**
FINANCIAL FACTORS **33**
Historical Project Revenues and Operating Expenses 33
Management Discussion of Historical Results 34
Non-Airline Revenues 35
Estimated Project Revenues and Expenses 36
Management Discussion of Fiscal Year 2025 (Estimated) and Fiscal Year 2026 (Budget) 37
Outstanding and Additional Indebtedness 37
Schedule of Debt Service 39
Airline Cost per Enplaned Passenger 40
Cash Management and Investment Policies 40

Page

Pensions and OPEBs 40
Hedges and Swaps 40
Aviation Liability and Property Insurance 41
CERTAIN INVESTMENT CONSIDERATIONS 41
General Factors Affecting the Airline Industry 41
Economic Conditions 41
National and International Economic and Political Conditions 42
Aviation Fuel Costs 42
Aircraft Shortages 43
Supply Chain Constraints 43
Growth of Low-Cost Carriers 43
Public Health Concerns 43
Cyber Security 44
Demand for Air Travel 44
Capacity of National Air Traffic Control and Airport Systems 44
Aviation Safety and Security Concerns 44
Climate Change Issues and Possible New Regulation 45
New Technologies and Services 45
Cost of Capital Development Program 45
Dominance of American Airlines Presence at the Airport 45
Forward-Looking Statements 46
Report of the Airport Consultant 46
Passenger Facility Charges 46
Bankruptcies and Mergers of Operating Airlines or Other Tenants 47
Federal Funding Considerations 48
Federal Regulation Regarding Rates and Charges Disputes 48
Litigation 49
Limitations on Bondholders' Remedies 49
Potential Limitation of Tax Exemption of Interest on the Series 2025 Bonds 49
TAX MATTERS 50
Tax Exemption - Opinion of Co-Bond Counsel 50
Alternative Minimum Tax-Series 2025 Bonds 51
Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations 51
Reportable Payments and Backup Withholding 51
Accounting Treatment of Original Issue Discount and Amortizable Bond Premium 51
CHANGES IN FEDERAL AND STATE TAX LAW 52
LEGAL PROCEEDINGS 52
General 52
No Litigation Opinion 52
UNDERWRITING 53
RATINGS 54
CO-FINANCIAL ADVISORS 54
REPORT OF THE AIRPORT CONSULTANT 54
APPROVAL OF LEGALITY 54
RELATIONSHIPS OF CERTAIN PARTIES 54
ADDITIONAL INFORMATION 55
CONTINUING DISCLOSURE AGREEMENT 55
CERTAIN REFERENCES 56

SCHEDULE 1 – REFUNDED BONDS AND REFINANCED COMMERCIAL PAPER NOTES S-1

APPENDIX I – REPORT OF THE AIRPORT CONSULTANT I-1

APPENDIX II – FINANCIAL STATEMENTS OF THE DEPARTMENT OF AVIATION FISCAL YEAR ENDED JUNE 30, 2024 ..... II-1

Page

APPENDIX III – GOVERNMENT AND FINANCIAL INFORMATION OF THE CITY OF PHILADELPHIA III-1

APPENDIX IV – SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE IV-1

APPENDIX V – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENT V-1

APPENDIX VI – FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL VI-1

APPENDIX VII – FORM OF CONTINUING DISCLOSURE AGREEMENT VII-1

APPENDIX VIII – BOOK-ENTRY ONLY SYSTEM VIII-1

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OFFICIAL STATEMENT

relating to

$364,760,000
THE CITY OF PHILADELPHIA, PENNSYLVANIA
AIRPORT REVENUE AND REFUNDING BONDS, SERIES 2025

consisting of

$107,195,000
Airport Revenue Bonds, Series 2025A
(Non-AMT/Governmental)

$257,565,000
Airport Revenue and Refunding Bonds, Series 2025B
(AMT/Private Activity)

INTRODUCTION

General

This Official Statement, including the cover page and appendices attached hereto, sets forth certain information in connection with the offering and sale by the City of Philadelphia, Pennsylvania (the "City"), a corporation and body politic and City of the First Class existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), of its $364,760,000 aggregate principal amount of Airport Revenue and Refunding Bonds, Series 2025 consisting of $107,195,000 aggregate principal amount Airport Revenue Bonds, Series 2025A (Non-AMT/Governmental) (the "Series 2025A Bonds") and $257,565,000 aggregate principal amount Airport Revenue and Refunding Bonds, Series 2025B (AMT/Private Activity) (the "Series 2025B Bonds," and together with the Series 2025A Bonds, the "Series 2025 Bonds"). The Series 2025 Bonds are authorized and are being issued under and pursuant to The First Class City Revenue Bond Act of October 18, 1972, Act No. 234 (the "Act"), the City's Amended and Restated General Airport Revenue Bond Ordinance, approved June 16, 1995 (Bill No. 950282), as amended and supplemented (the "General Ordinance"), including by the Sixteenth Supplemental Ordinance (Bill No. 170308, approved by the Mayor on May 17, 2017) (the "Sixteenth Supplemental Ordinance"), the Nineteenth Supplemental Ordinance (Bill No. 240375, approved by the Mayor on June 26, 2024) (the "Nineteenth Supplemental Ordinance") and Twentieth Supplemental Ordinance (Bill No. 240372, approved by the Mayor on June 26, 2024) (the "Twentieth Supplemental Ordinance" and together with the Sixteenth Supplemental Ordinance, the Nineteenth Supplemental Ordinance and the General Ordinance, the "Ordinances"). U.S. Bank Trust Company, National Association is serving as Fiscal Agent and Sinking Fund Depository for the Series 2025 Bonds (the "Fiscal Agent"). Unless otherwise indicated, capitalized terms used in this Official Statement, including the cover page hereto, are defined in APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE".

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED AMOUNTS (AS DESCRIBED HEREIN). THE SERIES 2025 BONDS ARE NOT SECURED BY A PLEDGE OF THE FULL FAITH, CREDIT OR TAXING POWER OF THE CITY. THE SERIES 2025 BONDS DO NOT CREATE ANY DEBT OR CHARGE AGAINST THE TAX OR GENERAL REVENUES OF THE CITY OR CREATE A LIEN AGAINST ANY PROPERTY OF THE CITY OTHER THAN THE PLEDGED AMOUNTS.

The Airport System

The Airport System consists of the Philadelphia International Airport (the "Airport") and the Northeast Philadelphia Airport (the "Northeast Airport", together with the Airport are collectively, the "Airport System") and is owned by the City and operated by the Department of Aviation (the "Department of Aviation"). Formerly, the Airport System was operated by the Division of Aviation through the Department of Commerce, until former Mayor Kenney created a stand-alone Department of Aviation on January 1, 2023. Pursuant to the Nineteenth Supplemental

Ordinance, the terms "Division of Aviation" and "Department of Commerce" and all references thereto in the General Ordinance were changed to the "Department of Aviation".

According to data reported for calendar year 2023 by Airports Council International – North America (the most recent data available), the Airport was ranked the 21st busiest airport in the United States ("U.S.") in terms of total passengers; 28th busiest in the nation for aircraft operations; and 19th busiest in the nation for cargo tonnage. As set forth in APPENDIX I containing the Report of the Airport Consultant dated July 31, 2025 (the "Report of the Airport Consultant"), the Airport served 14.7 million total enplaned passengers (domestic and international) in fiscal year 2024 (ending June 30, 2024). The Airport is estimating it will have approximately 15.4 million total enplanements in fiscal year 2025, which represents an approximate 4.9% increase from fiscal year 2024. American Airlines (referred to herein as "American" or "American Airlines"), together with its regional airline affiliates, accounted for approximately 9.2 million enplaned passengers in fiscal year 2024. For a further description of the Airport System, the Service Area of the Airport and the Air Transport Industry, see "THE AIRPORT SYSTEM – MANAGEMENT AND DESCRIPTION", "THE AIRPORT SYSTEM – AIRPORT ACTIVITY AND SIGNATORY AIRLINES", "THE AIRPORT SERVICE REGION" and "CERTAIN INVESTMENT CONSIDERATIONS".

Brief descriptions of the Series 2025 Bonds, the security therefor, the Airport System and certain data about the City are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to the Act, the General Ordinance, the Sixteenth Supplemental Ordinance, the Nineteenth Supplemental Ordinance and the Twentieth Supplemental Ordinance are qualified by reference to the definitive form of each such document in its entirety. Copies of the Act, the General Ordinance, the Sixteenth Supplemental Ordinance, the Nineteenth Supplemental Ordinance, the Twentieth Supplemental Ordinance and the financial statements of the City for the fiscal year ended June 30, 2024, are available from the Office of the Director of Finance, 13th Floor, Municipal Services Building, 1401 John F. Kennedy Boulevard, Philadelphia, Pennsylvania 19102. A copy of the financial statements of the City for the fiscal year ended June 30, 2024 may be downloaded at http://www.phila.gov/investor. The foregoing website is not incorporated herein by reference. The Report of the Airport Consultant is attached hereto as APPENDIX I. Financial statements of the Department of Aviation for the fiscal year ended June 30, 2024, are attached hereto as APPENDIX II. Certain information concerning the government of and fiscal affairs of the City is attached hereto as APPENDIX III. A summary of the legislation authorizing the issuance of the City's Airport Revenue Bonds and certain amendments currently in effect is attached hereto as APPENDIX IV. A summary of certain provisions of the Airport-Airline Use and Lease Agreement (the "Airline Agreement") is attached hereto as APPENDIX V. The form of approving opinions of Co-Bond Counsel that will be delivered in connection with the issuance of the Series 2025 Bonds is attached hereto as APPENDIX VI. The form of the Continuing Disclosure Agreement (as defined herein) is attached hereto as APPENDIX VII. The information concerning the book-entry only system is attached hereto as APPENDIX VIII.

The City Controller has examined and expressed opinions on the basic financial statements of the City contained in the Annual Comprehensive Financial Report ("ACFR") for fiscal year 2024. The City Controller has not participated in the preparation of this Official Statement nor in the preparation of the budget estimates and projections and cash flow statements and forecasts set forth in various tables contained in this Official Statement. Consequently, the City Controller expresses no opinion with respect to any of the data contained in this Official Statement other than what is contained in the ACFR for the fiscal year 2024.

Under the caption "CERTAIN INVESTMENT CONSIDERATIONS" is a discussion of certain investment risks which, among others, may affect repayment of and security for the Series 2025 Bonds.

Certain statements contained in this Official Statement, including the Appendices, and in any other information provided by the City and other parties to this transaction described herein that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "projects," "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these of other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including,

but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Other such risks and uncertainties include, among others, changes in regional, domestic and international political, social and economic conditions, federal, state and local statutory and regulatory initiatives, the financial condition of individual airlines and carriers and the airline industry generally, changes in the tourism industry, international, federal, state and local regulations regarding air travel, the outbreak of any disease or public health threat, other future global health concerns, and other events or circumstances beyond the control of the City. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement, including the Appendices, and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the Series 2025 Bonds.

PLAN OF FINANCE

The Series 2025A Bonds are being issued for the purpose of providing funds, together with other available moneys, to: (i) refinance, on a current basis, certain of the City's Outstanding Commercial Paper Notes, (ii) finance capitalized interest on a portion of the Series 2025A Bonds and (iii) pay the costs of issuance of the Series 2025A Bonds.

The Series 2025B Bonds are being issued for the purpose of providing funds, together with other available moneys, to: (i) refinance, on a current basis, certain of the City's Outstanding Commercial Paper Notes, (ii) refund, on a current basis, all of the City's Outstanding Airport Revenue Refunding Bonds, Series 2015A (AMT) (the "2015A Bonds"), (iii) finance capitalized interest on a portion of the Series 2025B Bonds and (iii) pay the costs of issuance of the Series 2025B Bonds.

The Commercial Paper Notes and 2015A Bonds to be refinanced or refunded, as applicable, are set forth on Schedule 1 hereto (collectively, the "Refunded Bonds and Refinanced Commercial Paper Notes").

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES OF FUNDS	Series 2025A Bonds (Non-AMT)	Series 2025B Bonds (AMT)	Total
Principal Amount	$107,195,000.00	$257,565,000.00	$364,760,000.00
Net Original Issue Premium	6,802,126.20	9,051,451.35	15,853,577.55
Parity Sinking Fund Reserve Account	-	11,376,200.00	11,376,200.00
Other Funds on Hand	316,080.63	2,021,206.88	2,337,287.51
Total Sources of Funds	**$114,313,206.83**	**$280,013,858.23**	**$394,327,065.06**
USES OF FUNDS			
Refinancing of Commercial Paper Notes	$111,613,961.21	$210,595,055.14	$322,209,016.35
Refunding of 2015A Bonds (AMT)	-	60,251,638.75	60,251,638.75
Capitalized Interest Deposit	1,909,725.45	7,340,277.61	9,250,003.06
Costs of Issuance*	789,520.17	1,826,886.73	2,616,406.90
Total Uses of Funds	**$114,313,206.83**	**$280,013,858.23**	**$394,327,065.06**

* Includes underwriters' discount, printing costs, rating agency fees, legal fees and other expenses.

AUTHORIZATION FOR THE SERIES 2025 BONDS

The Series 2025 Bonds are authorized and are being issued under the Act, the General Ordinance and the Twentieth Supplemental Ordinance. The Act authorizes a City of the First Class to issue revenue bonds to finance certain revenue producing projects and to refund any such bonds or other bonds of the City issued for the foregoing purposes. Such bonds must be payable solely from Pledged Amounts (as defined in the General Ordinance). See APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE" herein.

All of the bonds and notes, including the City's Airport Revenue Commercial Paper Notes (the "Commercial Paper Notes"), issued under the General Ordinance are referred to herein collectively as the "Airport Revenue Bonds." See APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE – The Amended and Restated General Airport Revenue Bond Ordinance – Summary of Operative Provisions of the General Ordinance-Covenants of the City".

AMENDMENTS TO THE GENERAL ORDINANCE

General

The Sixteenth Supplemental Ordinance was approved by the Mayor on May 17, 2017. The Sixteenth Supplemental Ordinance provides for certain amendments to the General Ordinance, some of which became effective upon enactment without the consent of any Bondholders, others of which became effective upon 67% Bondholder, which consent. Those amendments that will become effective upon 100% consent of Bondholders, which consent will be attained in connection with the issuance of the Series 2025 Bonds, are noted below. Only certain of the amendments of the Sixteenth Supplemental Ordinance are detailed below.

Amendments Effective With 100% Bondholder Consent

The following amendments will become effective upon issuance of the Series 2025 Bonds:

- The addition of a definition of "Released Revenues" and an exclusion of the "Released Revenues" from the definition of "Project Revenues" to permit the City to release certain revenues from the pledge of the Ordinance in favor of the Bondholders upon (a) satisfaction of certain historical and projected debt service coverage tests, (b) delivery of an opinion of bond counsel to that effect that tax-exemption on the Airport Revenue Bonds is not adversely affected, and (c) ratings confirmation; and

- the definition of "Sinking Fund Reserve Requirement" will be amended for all Bonds secured by the Parity Sinking Fund Reserve Account to be the least of (a) 10% of principal amount (or proceeds in the case of discount bonds) of the Bonds, (b) maximum annual debt service on the Bonds or (c) 125% of average annual debt service on the Bonds.

The City's Director of Finance will publish notice to all Bondholders upon the occurrence of the consent of one hundred percent (100%) of the Bondholders. Publication through the Electronic Municipal Market Access System ("EMMA") or such other nationally recognized municipal securities information repository will constitute acceptable notice.

A full list of the amendments effective upon 100% Bondholder consent is included in the footnotes contained in APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE".

BY ACCEPTANCE OF A CONFIRMATION OF PURCHASE OF THE SERIES 2025 BONDS, EACH BENEFICIAL OWNER (I.E., THE ACTUAL PURCHASER OF A SERIES 2025 BOND) WILL BE DEEMED TO HAVE APPROVED AND AGREED TO THE AMENDMENTS TO THE GENERAL ORDINANCE DESCRIBED HEREIN.

DESCRIPTION OF THE SERIES 2025 BONDS

General

The Series 2025 Bonds will be dated, will bear interest at the rates and will mature on the dates (subject to prior redemption) as shown on the inside cover pages of this Official Statement. The Series 2025 Bonds are secured as described herein under "SECURITY FOR THE AIRPORT REVENUE BONDS". The Series 2025 Bonds have been issued in fully-registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC").

Interest on the Series 2025 Bonds is payable semiannually on each January 1 and July 1 (the "Interest Payment Dates"), beginning on January 1, 2026. The record date for the Series 2025 Bonds shall be each December 15 and June 15 preceding the respective Interest Payment Date (each, a "Record Date"). Interest is payable on such Interest Payment Dates until maturity or prior redemption by check or draft mailed by the Fiscal Agent to the registered owners of the Series 2025 Bonds as of the close of business on the respective Record Date. Any person who is the registered owner of at least $1,000,000 principal amount of Series 2025 Bonds may, by written request to the Fiscal Agent, at least three (3) days before the Record Date in connection with which such request is made, request that interest be paid by wire transfer to an account at a financial institution in the U.S. as may be specified in such written request. The principal or redemption price of the Series 2025 Bonds is payable at the principal Philadelphia corporate trust office of the Fiscal Agent upon surrender of the Series 2025 Bonds.

Book-Entry Only System

DTC will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be initially issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Series 2025 Bonds, each in the aggregate principal amount thereof, and will be deposited with DTC.

When the book-entry system is in effect, payments relating to, and transfers of, Beneficial Owner's interests in the Series 2025 Bonds will be accomplished by book entries made by DTC and, in turn, by DTC Participants who act on behalf of the Beneficial Owners. See APPENDIX VIII – "BOOK-ENTRY ONLY SYSTEM".

Optional Redemption of the Series 2025 Bonds

Series 2025A Bonds

The Series 2025A Bonds maturing on and after July 1, 2036, are subject to redemption prior to maturity in whole at any time or in part from time to time (and if in part, in such order of maturity as the City may direct and within a maturity by lot) on and after July 1, 2035, at the redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

Series 2025B Bonds

The Series 2025B Bonds maturing on and after July 1, 2036, are subject to redemption prior to maturity in whole at any time or in part from time to time (and if in part, in such order of maturity as the City may direct and within a maturity by lot) on and after July 1, 2035, at the redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

Mandatory Redemption

The Series 2025A Bonds maturing on July 1, 2051, are subject to mandatory redemption prior to maturity (to the extent that such Series 2025A Bonds in the principal amount otherwise required to be redeemed have not been previously purchased by the City), in part, as drawn by lot by the Fiscal Agent by application of moneys required to be deposited for that purpose in the Sinking Fund at a redemption price equal to 100% of the principal amount of each such 2025A Bond to be redeemed, together with accrued interest to the date of redemption in accordance with the Act and the General Ordinance on the dates and in the principal amounts as set forth below:

Sinking Fund Payment Date July 1	Sinking Fund Payment
2046	$4,450,000
2047	4,695,000
2048	4,955,000
2049	5,230,000
2050	5,515,000
2051†	5,820,000

†Stated Maturity.

The Series 2025A Bonds maturing on July 1, 2055, are subject to mandatory redemption prior to maturity (to the extent that such Series 2025A Bonds in the principal amount otherwise required to be redeemed have not been previously purchased by the City), in part, as drawn by lot by the Fiscal Agent by application of moneys required to be deposited for that purpose in the Sinking Fund at a redemption price equal to 100% of the principal amount of each such 2025A Bond to be redeemed, together with accrued interest to the date of redemption in accordance with the Act and the General Ordinance on the dates and in the principal amounts as set forth below:

Sinking Fund Payment Date July 1	Sinking Fund Payment
2052	$6,140,000
2053	6,475,000
2054	6,835,000
2055†	7,210,000

†Stated Maturity.

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The Series 2025B Bonds maturing on July 1, 2051, are subject to mandatory redemption prior to maturity (to the extent that such Series 2025B Bonds in the principal amount otherwise required to be redeemed have not been previously purchased by the City), in part, as drawn by lot by the Fiscal Agent by application of moneys required to be deposited for that purpose in the Sinking Fund at a redemption price equal to 100% of the principal amount of each such 2025B Bond to be redeemed, together with accrued interest to the date of redemption in accordance with the Act and the General Ordinance on the dates and in the principal amounts as set forth below:

Sinking Fund Payment Date July 1	Sinking Fund Payment
2046	$ 8,530,000
2047	8,995,000
2048	9,490,000
2049	10,015,000
2050	10,565,000
2051†	11,145,000

†Stated Maturity.

The Series 2025B Bonds maturing on July 1, 2055, are subject to mandatory redemption prior to maturity (to the extent that such Series 2025B Bonds in the principal amount otherwise required to be redeemed have not been previously purchased by the City), in part, as drawn by lot by the Fiscal Agent by application of moneys required to be deposited for that purpose in the Sinking Fund at a redemption price equal to 100% of the principal amount of each such 2025B Bond to be redeemed, together with accrued interest to the date of redemption in accordance with the Act and the General Ordinance on the dates and in the principal amounts as set forth below:

Sinking Fund Payment Date July 1	Sinking Fund Payment
2052	$11,755,000
2053	12,345,000
2054	12,965,000
2055†	13,610,000

†Stated Maturity.

Notice of Redemption

As provided more fully in the General Ordinance and in the forms of the Series 2025 Bonds, notice of redemption of such Series 2025 Bonds shall be given by the Fiscal Agent by mailing a copy of the redemption notice by first class mail, postage prepaid, to each Holder of Series 2025 Bonds to be redeemed at such Holder's registered address as it appears in the Bond Register, not less than thirty (30) or more than sixty (60) days prior to the redemption date. Each notice shall be given in the name of the City and shall contain the CUSIP number, and, in the case of partial redemption of any Series 2025 Bonds, the certificate numbers and the respective principal amounts of the Series 2025 Bonds to be redeemed, the publication date, the redemption date, the redemption price and the name and address of the redemption agent, and shall further identify the Series 2025 Bonds by date of issue, interest rate and maturity date. Failure to mail any notice or any defect in a mailed notice or in the mailing thereof in respect of any notice shall not affect the validity of the redemption proceedings.

If at the time of mailing the notice of redemption, the City shall not have deposited with the Fiscal Agent moneys sufficient to redeem the Series 2025 Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the redemption moneys with the Fiscal Agent not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited. Notice having been given, irrevocable instructions having been delivered to the Fiscal Agent to pay the Refunded Bonds and the Refinanced Commercial Paper Notes or portions thereof and funds having been deposited in the Sinking Fund in accordance with the requirements of the General Ordinance, all interest on the Series 2025 Bonds called for redemption shall cease to accrue from the date fixed for redemption.

SECURITY FOR THE AIRPORT REVENUE BONDS

Pledge of Project Revenues and Funds

Pursuant to the General Ordinance, the City has covenanted that the Series 2025 Bonds, together with all other parity Airport Revenue Bonds issued under and outstanding or subject to the General Ordinance, are and will be equally and ratably secured by a lien on and security interest in (i) Project Revenues (as defined below); (ii) amounts payable to the City under a Qualified Swap; (iii) all amounts on deposit in or credited to the Aviation Funds (including the Parity Sinking Fund Reserve Account), except for amounts deposited into any Non-Parity Sinking Fund Reserve Subaccount; and (iv) proceeds of the foregoing (the amounts described in subsections (i) through (iv) are sometimes herein referred to, collectively, as the "Pledged Amounts"). See APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE – The Amended and Restated General Airport Revenue Bond Ordinance – Summary of Operative Provisions of the General Ordinance Pledge of Revenues; Grant of Security Interest; Limitation on Recourse".

The Sixteenth Supplemental Ordinance provides for certain amendments to the General Ordinance, some of which amendments became effective upon enactment without the consent of any Bondholders, others of which became effective upon 67% Bondholder consent and others of which will become effective upon 100% Bondholder consent. See "AMENDMENTS TO THE GENERAL ORDINANCE" and in APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE".

To the extent that the Fiscal Agent maintains such Pledged Amounts, the Fiscal Agent shall hold and apply the Pledged Amounts in trust, for the equal and ratable benefit and security of all Holders of parity Airport Revenue Bonds issued under or subject to the General Ordinance. The General Ordinance provides that such Pledged Amounts may also be pledged for the benefit of a letter of credit issuer, municipal bond insurance provider, standby purchaser, swap provider or any other person who undertakes to provide moneys for the account of the City for the payment of principal or redemption price of and interest on any series of Airport Revenue Bonds on an equal and ratable basis with any other Airport Revenue Bonds.

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED AMOUNTS. THE SERIES 2025 BONDS ARE NOT SECURED BY A PLEDGE OF THE FULL FAITH, CREDIT OR TAXING POWER OF THE CITY. THE SERIES 2025 BONDS DO NOT CREATE ANY DEBT OR CHARGE AGAINST THE TAX OR GENERAL REVENUES OF THE CITY OR CREATE A LIEN AGAINST ANY PROPERTY OF THE CITY OTHER THAN THE PLEDGED AMOUNTS.

Definition of Project Revenues

The General Ordinance defines "Project Revenues" to include all of the revenues, rents, rates, tolls or other charges imposed upon all lessees, occupants and users of the Airport System and all moneys received by or on behalf of the City from all sources during any fiscal year (except as hereinafter excluded) from or in connection with the ownership, operation, improvements and enlargements of the Airport System, or any part thereof and the use thereof including, without limitation, revenues pledged or appropriated for the benefit of the Airport System, all rentals, rates, charges, landing fees, use charges, concession revenues, income derived from the City's sale of services, fuel, oil, and other supplies or commodities and all other charges received by the City or accrued by it from the Airport System, and any investment income realized from the investment of the foregoing, except as provided below, and all accounts, contract rights and general intangibles representing the Project Revenues, all consistently determined in accordance with the accrual basis of accounting adjusted to meet particular requirements of the Airline Agreements (if any of the Airline Agreements are in effect) and the General Ordinance.

Project Revenues as defined in the preceding paragraph *do not include* the following:

(a) (i) any and all Passenger Facility Charges, including pledged Passenger Facility Charges, or any taxes which the City may from time to time impose upon users of the Airport System, and

(ii) Designated PFC Revenues for Debt Service,

(b) any governmental grants and contributions in aid of capital projects,

(c) such rentals as may be received pursuant to Special Facility Agreements for Special Purpose Facilities,

(d) unless pledged pursuant to a Supplemental Ordinance pursuant to Section 4.02 of the General Ordinance, Customer Facility Charges,

(e) proceeds of the sale of Airport Revenue Bonds and any income realized from the investment of proceeds of the sale of Airport Revenue Bonds maintained in the Aviation Capital Fund and income realized from investments of amounts maintained in the Renewal Fund and Sinking Fund Reserve Account,

(f) except as required by applicable laws, rules or regulations, net proceeds from the sale of Airport assets, including the sale or transfer of all or substantially all of the assets of the Airport System under Section 9.01 of the General Ordinance unless the Department of Aviation determines to include any such net proceeds as Project Revenues and such determination is evidenced by written notification by the City to the Fiscal Agent,

(g) proceeds of insurance or eminent domain (other than proceeds that provide for lost revenue due to business interruption or business loss), and

(h) net amounts payable to the City under a Qualified Swap (other than termination amounts payable to a Qualified Swap Provider due as a result of termination of a Qualified Swap).

As described under "AMENDMENTS TO THE GENERAL ORDINANCE", upon the written consent of 100% in principal amount, or Original Value in the case of Capital Appreciation Bonds, of the Airport Revenue Bonds Outstanding, the Sixteenth Supplemental Ordinance adds a definition of "Released Revenues" to the General Ordinance and excludes "Released Revenues" from the definition of "Project Revenues" in the General Ordinance to permit the City to release certain revenues from the pledge of the General Ordinance in favor of the Bondholders upon (a) satisfaction of certain historical and projected debt service coverage tests, (b) delivery of an opinion of bond counsel to the effect that the tax-exempt status of the Airport Revenue Bonds is not adversely affected, and (c) ratings confirmation.

City May Pledge Passenger Facility Charges

Under federal law, the City is permitted under certain circumstances to pledge Passenger Facility Charges ("PFCs") to the payment of debt service on bonds pursuant to a supplemental ordinance or through the City's budgetary processes. Such pledged PFCs do not constitute Project Revenues but do constitute Pledged Amounts. Such Pledged Amounts are security for debt service on any bonds issued by the City under the General Ordinance. However, the pledge of PFCs is limited to the allowable costs of approved PFC projects ("PFC-Eligible" projects) and may not be used to pay debt service on any bonds issued to finance projects that are not PFC-Eligible projects. See also "CAPITAL DEVELOPMENT PROJECTS AT THE AIRPORT – Funding Sources for Airport System Capital Projects – Passenger Facility Charges" for additional information concerning the impact of federal law on the City's ability to collect and pledge PFCs and "CERTAIN INVESTMENT CONSIDERATIONS – Passenger Facility Charges".

Previously, the City pledged PFCs on portions of its Airport Revenue and Refunding Bonds, Series 2017A (Non-AMT) (the "2017A Bonds"), Airport Revenue and Refunding Bonds, Series 2017B (AMT) (the "2017B Bonds"), Airport Revenue Refunding Bonds, Series 2020A (Non-AMT/Private Activity) (the "2020A Bonds"),

Airport Revenue Bonds, Series 2020B (Non-AMT-Governmental) (the "2020B Bonds"), Airport Revenue and Refunding Bonds, Series 2020C (AMT/Private Activity) (the "2020C Bonds") and Airport Revenue and Refunding Bonds, Series 2021 (AMT/Private Activity) (the "2021 Bonds") and has remaining pledged PFCs through fiscal year 2026 of $81.3 million. The City intends to make future pledges of PFCs on existing series of bonds, the Series 2025 Bonds and/or future series of bonds to pay debt service for PFC-Eligible projects in an annual amount equal to a maximum of eighty percent (80%) of annual PFC collections. To the extent collected and available, the Airport anticipates pledging an additional $235.4 million to pay debt service on existing or future bond indebtedness through the end of the projection period from fiscal year 2025 through fiscal year 2031 (the "Projection Period"). The City may issue Airport Revenue Bonds or other obligations that are secured by PFCs on a parity with the Series 2025 Bonds and may pledge PFCs to pay debt service on PFC-Eligible projects financed by the Series 2025 Bonds in the future. See " – Application of PFCs" herein.

Airport Revenue Bonds currently secured by PFCs and any future Airport Revenue Bonds that are issued for PFC-Eligible projects and (to the extent the City pledges PFCs for Debt Service) will share a first priority parity lien with respect to all pledged PFCs up to an amount in any year equal to the PFCs pledged for such PFC-Eligible projects.

Flow of Funds and Application of Project Revenues

The following is a diagram showing the flow of funds under the General Ordinance. A more complete description of the flow of funds follows the diagram.

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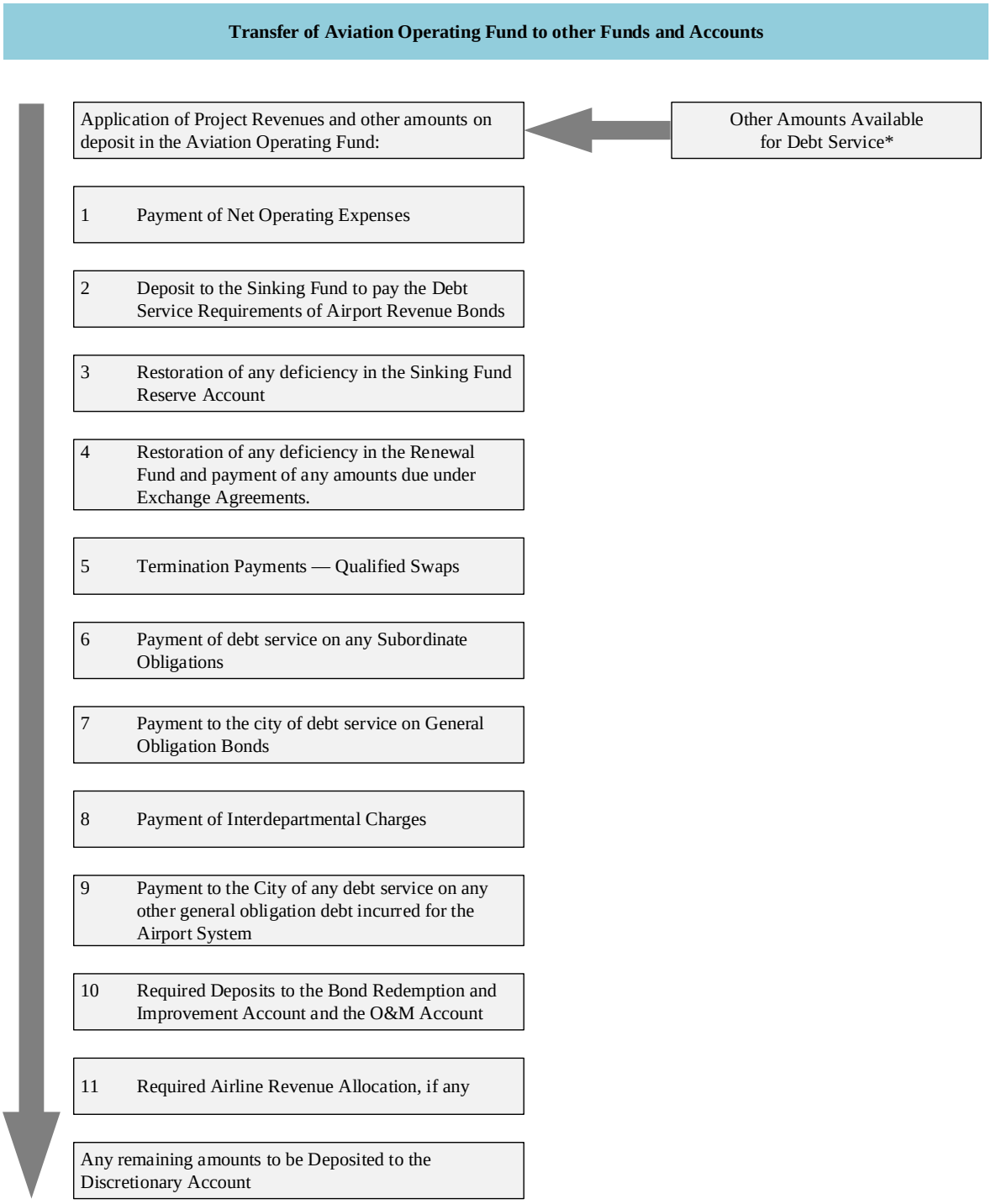
Flow of Funds



* Includes pledged PFC Revenues; grants-in-aid for capital projects deposited into the Sinking Fund; and portions of the Aviation Operating Fund related to the Bond Improvement and Redemption Account, the O&M Account, and the Discretionary Account, created under the Airline Agreement.

SOURCE: General Ordinance, as defined herein.

PREPARED BY: AVK Consulting, Inc., June 2025.

The priority and application of Project Revenues under the terms of the General Ordinance and other amounts received which relate to the Airport System into the Aviation Funds are set forth below:

Under the provisions of the General Ordinance, the City is required to deposit all Project Revenues and other amounts received which relate to the Airport System into the Aviation Funds. The Aviation Funds are to be held separate and apart from all other funds and accounts of the City and the Fiscal Agent and the funds and accounts therein shall not be commingled with or loaned or transferred among themselves or to any other funds or accounts of the City (except for transfers between City funds which are expressly permitted by the General Ordinance). Amounts on deposit in the Aviation Operating Fund shall be applied by the City or the Fiscal Agent, as the case may be, in the following order of priority:

(a) To pay such sums constituting Net Operating Expenses in a timely manner.

(b) For deposit in the appropriate accounts of the Sinking Fund, the amount necessary to provide for the timely payment of the Debt Service Requirements.

(c) For deposit in the Sinking Fund Reserve Account or the appropriate subaccount thereof, the amount, if any, required to eliminate any deficiencies therein; provided, however, in the event there are insufficient amounts available to replenish all of the accounts or subaccounts within the Sinking Fund Reserve Account, the amount to be deposited in each Sinking Fund Reserve Account or subaccount shall be determined by dividing the Sinking Fund Reserve Requirement on the Outstanding Bonds secured thereby by the sum of the Sinking Fund Reserve Requirements on all Bonds Outstanding under the General Ordinance and multiplying that result by the total amount available to be deposited under this clause (c).

(d) For deposit in the Renewal Fund the amount, if any, required to eliminate any deficiency therein, and to pay amounts due and payable under Exchange Agreements.

(e) To pay termination amounts to a Qualified Swap Provider due as a result of the termination of a Qualified Swap and termination amounts.

(f) For deposit in the Subordinate Obligation Fund (i) the amount necessary to provide for the timely payment of the principal or redemption price of and interest on Subordinate Obligations, (ii) on or before the dates that other payments are due under any credit facility, liquidity facility or swap agreement constituting Subordinate Obligations, to deposit the amount necessary to make such payments, (iii) forward to the paying agent in respect of bond anticipation notes (payable by exchange for, or out of the proceeds of the sale of Subordinate Obligations) the amount necessary to provide for the timely payment of interest thereon (to the extent not capitalized), and (iv) deposit in the applicable subaccount of the Sinking Fund Reserve Account for a series of Subordinate Obligations the amounts, if any, required to eliminate any deficiency in such account.

(g) To pay to the City the amount necessary to provide for the timely payment of the principal or redemption price of and interest on General Obligation Bonds[*].

(h) To pay any Interdepartmental Charges.

(i) To pay to the City the amount necessary to provide for the timely payment of the principal or redemption price of and interest on NSS (non-self-sustaining) General Obligation Bonds[*].

Any amounts remaining in the Aviation Operating Fund following any transfer then required to be made pursuant to subparagraphs (a)-(i) above, may be used at the written direction of the City for any Airport System purposes. In the Airline Agreement, the City has provided its written direction to use such remaining amounts as provided in subparagraphs (j)-(m) below.

[*] No such general obligation debt of the City is currently outstanding.

So long as any Series 2025 Bonds or bonds are outstanding, the deposit and application of Project Revenues for each fiscal year during the term of the Airline Agreement shall be governed by the General Ordinance. The City is expressly permitted in the General Ordinance to use amounts remaining in the Aviation Operating Fund following any transfers pursuant to subparagraphs (a)-(i) above for the Bond Redemption and Improvement Requirement, the O&M Requirement, the Airline Revenue Allocation and City Revenue Allocation (as defined in the Airline Agreement). Pursuant to Section 4.06 of the General Ordinance, any amounts remaining in the Aviation Operating Fund following any transfer then required to be made pursuant to subparagraphs (a)-(i) above may be used for any Airport System purposes at the written direction of the City. The City has directed that such amounts remaining will be applied or credited in the following manner:

(j) Bond Redemption and Improvement Account. In accordance with the provisions of the General Ordinance and the Airline Agreement, amounts on deposit in the Bond Redemption and Improvement Account are available for use by the City for the payment of deficiencies with respect to the Debt Service Requirements and the Sinking Fund Reserve Requirement, as provided under the General Ordinance. If (i) no such deficiencies exist, (ii) the City is not in default under the General Ordinance and (iii) a Majority-in Interest of the Eligible Signatory Airlines, determined pursuant to the Airfield Area MII Formula, mutually agree (whose agreement will not be unreasonably withheld), then the Department of Aviation may use such amounts for: repair, renewals, replacements or alterations to the Airport System, redemption of Bonds, costs of Capital Projects or equipment, purchase of Bonds, arbitrage rebate pursuant to Section 148(f) of the Code or for any lawful Airport System purposes.

In accordance with the provisions of the Airline Agreement, the balance of moneys on deposit in the Bond Redemption and Improvement Account shall equal the "Bond Redemption and Improvement Requirement." The Bond Redemption and Improvement Requirement shall mean an amount not to exceed twenty-five percent (25%) of the maximum annual Debt Service Requirement. At the termination of the Airline Agreement, it is the City's intention to retain the balance in the Bond Redemption and Improvement Account in an Airport related account with substantially the same purpose.

(k) O&M Account. The O&M Account is available for use by the City for the payment of Operating Expenses in the City's sole discretion in the event the then current Airport Revenues allocated to Operating Expenses in the Annual Budget are deemed to be insufficient.

(1) Airline Revenue Allocation. For each fiscal year during the term of the Airline Agreement, the Airline Revenue Allocation shall be equal to fifty percent (50%) of the prior fiscal year's total net revenue from the Outside Terminal Areas Cost Center.

(m) Discretionary Account. Following any and all transfers required by subparagraphs (a)-(1) above, any amounts remaining in the Aviation Operating Fund, less the Airline Revenue Allocation shall be deposited in the Discretionary Account to be used at the written direction of the City for any Airport System purposes.

Application of PFCs

The PFCs shall be deposited, upon receipt, in the Aviation Capital Fund, and the amount of PFCs pledged to the PFC-Pledge Bonds (hereinafter defined) shall be transferred therefrom, at least semiannually, and deposited in the Sinking Fund for PFC-Pledge Bonds. Such PFCs deposited into the Sinking Fund for the PFC-Pledge Bonds are on parity with the PFCs deposited into the Sinking Fund for the other PFC-Pledge Bonds.

Sinking Fund Reserve Account

Under the General Ordinance, the City is required to maintain a Parity Sinking Fund Reserve Account within the Sinking Fund known as the Parity Sinking Fund Reserve Account. The City is required to maintain an aggregate balance in the Parity Sinking Fund Reserve Account for all Airport Revenue Bonds which are to be secured by the Parity Sinking Fund Reserve Account, equal to the lesser of (a) the greatest amount of Debt Service Requirements on Airport Revenue Bonds payable in any one fiscal year, determined as of any particular date, or (b) the maximum amount permitted by the Internal Revenue Code of 1986, as amended (the "Code"), to be maintained without yield restriction for bonds the interest on which is not includable in gross income for Federal income tax purposes; provided,

however, that additional Airport Revenue Bonds may be secured by a Non-Parity Sinking Fund Reserve Account under certain circumstances. See APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE – The Amended and Restated General Airport Revenue Bond Ordinance – Summary of Operative Provisions of the General Ordinance –Establishment of Funds and Accounts".

As described above under "AMENDMENTS TO THE GENERAL ORDINANCE", the City has amended the definition of "Sinking Fund Reserve Requirement", which amendment will become effective upon the receipt of consent of 100% in principal amount, or Original Value in the case of Capital Appreciation Bonds, of the holders of Airport Revenue Bonds Outstanding, to be equal to the least of (a) 10% of principal amount (or proceeds in the case of discount bonds) of the Bonds, (b) maximum annual debt service on the Bonds or (c) 125% of average annual debt service on the Bonds. See APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE".

In the event that the moneys in the Debt Service Account of the Sinking Fund are insufficient to pay as and when due, the principal of (and premium, if any) or interest on any Airport Revenue Bonds or other obligations payable from the Debt Service Account then due (including any amounts payable out of the Sinking Fund under Swap Agreements), the Fiscal Agent is authorized and directed (i) with respect to Airport Revenue Bonds secured by the Parity Sinking Fund Reserve Account, to withdraw an amount equal to the deficiency from the Parity Sinking Fund Reserve Account, and use such amount to pay debt service on the Airport Revenue Bonds secured thereby, and (ii) with respect to Airport Revenue Bonds secured by a Non-Parity Sinking Fund Reserve Subaccount, to withdraw an amount equal to the deficiency from such Non-Parity Sinking Fund Reserve Subaccount and use such amount to pay debt service on the Airport Revenue Bonds secured thereby. If by reason of such withdrawal or for any other reason there is a deficiency in the Sinking Fund Reserve Account or any subaccount thereof, the City has covenanted to restore such deficiency promptly from Project Revenues, in no event later than the next interest payment date for Airport Revenue Bonds outstanding under the General Ordinance.

Any moneys in the Sinking Fund Reserve Account or any subaccount thereof in excess of the applicable Sinking Fund Reserve Requirement shall be transferred on an annual basis to the Debt Service Account of the Sinking Fund at the written direction of the City.

Under the General Ordinance, in lieu of the required deposits into the Sinking Fund Reserve Account, the City may cause to be deposited in such Account an unconditional and irrevocable surety bond, an insurance policy or an irrevocable letter of credit in the required amount ("Sinking Fund Reserve Facilities"); provided that such surety bond, insurance policy or irrevocable letter of credit, or the issuer thereof (as applicable), at least meets the credit ratings threshold prescribed in the General Ordinance.

In connection with the amendments made effective upon 67% Bondholder consent, the City has amended the credit ratings threshold applicable to Sinking Fund Reserve Facilities by lowering the rating requirement from "the second highest rating category" to the "A" category.

Upon issuance and delivery of the Series 2025 Bonds, the Parity Sinking Fund Reserve Requirement will be $99,493,389, all of which is expected to be funded with cash or cash equivalents.

Renewal Fund

The General Ordinance establishes a renewal fund (the "Renewal Fund") in the amount of $2,500,000 (the "Renewal Fund Requirement"). The amount required to be maintained in the Renewal Fund may be increased or decreased from time to time as determined by the Consultants. The Renewal Fund is maintained by the Fiscal Agent and, under the General Ordinance, may be used (i) to pay the cost of major repairs, renewals and replacements of Airport System facilities for purposes of meeting unforeseen contingencies and emergencies arising from the operation of the Airport System, (ii) to pay expenses chargeable as Operating Expenses if Project Revenues are insufficient, for whatever reason, to cover such Operating Expenses in any fiscal year, (iii) to pay debt service on Airport Revenue Bonds, or (iv) to repay any loan from the Aviation Capital Fund to the Aviation Operating Fund, in accordance with the requirements of the General Ordinance. If the amount in the Renewal Fund drops below the Renewal Fund Requirement, such deficiency must be restored by regular quarterly deposits from Project Revenues which shall not

be required to exceed the total of $500,000 in any fiscal year. If the moneys and investments in the Renewal Fund are in excess of the Renewal Fund Requirement, the amount of such excess, on order of the Director of Finance, shall be paid over by the City to the Debt Service Account of the Sinking Fund, to be used and applied as are all other moneys deposited in or on deposit therein.

Rate Covenant

The City covenants with the holders of the Series 2025 Bonds, that it will, at a minimum, impose charges and recognize as revenues in each fiscal year such rentals, charges and fees as shall, together with that portion of the Aviation Operating Fund balance attributable to Amounts Available for Debt Service and carried forward at the beginning of such fiscal year and together with all other Amounts Available for Debt Service to be received in such fiscal year, equal not less than the greater of:

(a) the sum of: (i) all Net Operating Expenses payable during such fiscal year; (ii) 150% of the amount required to pay the Debt Service Requirements during such fiscal year; (iii) the amount, if any, required to be paid into the Sinking Fund Reserve Account during such fiscal year; and (iv) the amount, if any, required to be paid into the Renewal Fund during such fiscal year; or

(b) the sum of: (i) all Operating Expenses payable during such fiscal year; and (ii) (A) all Debt Service Requirements during such fiscal year; (B) all debt service requirements during such fiscal year in respect of all outstanding General Obligation Bonds issued for improvements to the Airport System and all outstanding NSS (non-self-sustaining) General Obligation Bonds issued for improvements to the Airport System; (C) all the debt service requirements during such fiscal year on Subordinate Obligations and any other subordinate indebtedness secured by any Amounts Available for Debt Service; (D) amounts required to repay loans among the funds made pursuant to Section 4.05(c) of the General Ordinance; (E) the amount, if any, required to be paid into the Sinking Fund Reserve Account or Renewal Fund during such fiscal year; and (F) all amounts required to be paid under Exchange Agreements.

For a further discussion of the funds and accounts, priority of payment, the Rate Covenant, the Alternative Rate Covenant which may be elected by the City, and other provisions of the General Ordinance, see APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE –The Amended and Restated General Airport Revenue Bond Ordinance" herein. The Airport has not designated any PFCs as Designated PFC Revenues for Debt Service.

Certain Provisions of General Ordinance Effective Upon City Election and Certain Consents

The City may elect an alternative rate covenant in lieu of the Rate Covenant (the "Alternative Rate Covenant"), upon the conveyance of all or substantially all of the City's right, title and interest in the Airport System, the occurrence of certain other circumstances and the consent of certain parties, all as set forth in the General Ordinance. As of the date hereof, the City has no plans to elect the Alternative Rate Covenant, however, the City may elect the Alternative Rate Covenant in the future. For additional information about the City's election and calculation of the Alternative Rate Covenant, see APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE – The Amended and Restated General Airport Revenue Bond Ordinance – Conveyance of System and Assignment, Assumption and Release of Obligations – *Alternative Rate Covenant"*.

Issuance of Additional Airport Revenue Bonds

The General Ordinance permits the issuance of Additional Bonds which, except as otherwise provided in the General Ordinance, will be equally and ratably secured with the Series 2025 Bonds and all other outstanding parity bonds issued under and/or subject to the General Ordinance. Additional Bonds may be issued under the General Ordinance to pay the costs of Projects relating to the Airport System, to reimburse the City for the prior payment of such costs, to fund any such costs for which the City shall have outstanding obligations, to refund bonds of the City previously issued for such purposes or to finance other costs relating to the Airport System permitted under the Act; provided that, among other requirements, in each case other than certain refundings of bonds, the City obtains reports

of the Consultants stating, among other things, that (i) for either the immediately preceding fiscal year of the City, or any period of 12 full consecutive months during the 18-month period preceding the delivery of the Consultants' reports, the Airport System yielded pledged Amounts Available for Debt Service, sufficient to satisfy the Rate Covenant, (ii) the Airport System will, in the opinion of the Consultant, yield pledged Amounts Available for Debt Service for each of the five fiscal years (or three fiscal years in the event that the Consultant is professionally unable to provide an opinion for a period in excess of three fiscal years) ended immediately following the issuance of the Series 2025 Bonds, sufficient to comply with the Rate Covenant, and (iii) a statement that the Airport System is in good operating condition or that adequate steps are being taken to return the Airport System to good operating condition. For a discussion of the issuance and assumption of additional Bonds under the General Ordinance, see APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE – The Amended and Restated General Airport Revenue Bond Ordinance – Summary of Operative Provisions of the General Ordinance – Conditions of and Provisions Relating to Issuing Bonds".

Authorization for Possible Transfer of Airport System

The General Ordinance provides that, under certain circumstances, the City has the ability to transfer the Airport System to a municipal authority created pursuant to the Municipality Authorities Act, P.L. 382, No. 164 (May 2, 1945), as amended, or to an authority created pursuant to other authorizing legislation or to another entity which will assume all of the obligations evidenced by the bonds outstanding under the Ordinances, including the Series 2025 Bonds. See APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE – The Amended and Restated General Airport Revenue Bond Ordinance – Summary of Operative Provisions of the General Ordinance – Conveyance of System and Assignment, Assumption and Release of Obligations" for a summary of the conditions which must be satisfied prior to any such transfer. The City has no plans to transfer the Airport System to a municipal authority at this time.

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SOURCES OF PROJECT REVENUES UNDER THE GENERAL ORDINANCE

Airport-Airline Use and Lease Agreements

Beginning July 1, 2023, the City and the principal airlines serving the Airport operate under the terms of an Airport-Airline Use and Lease Agreement (which is referred to herein as the "Airline Agreement") that, similar to prior agreements, established procedures for the annual review and adjustment of airline rentals, fees, and charges so that the Airport System yielded Amounts Available for Debt Service at least sufficient to comply with the Rate Covenant. The Airline Agreement has a three-year term through June 30, 2026, with options for two one-year extensions.

The City has executed the Airline Agreement with the fifteen airlines at the Airport: Aer Lingus, Aeroméxico, Air Canada, Alaska Airlines, American Airlines, British Airways, Delta Air Lines, FedEx, Frontier Airlines, JetBlue Airways, Lufthansa, Southwest Airlines, Spirit Airlines, United Airlines and United Parcel Service (UPS).

For purposes of developing rentals, fees and charges under the Airline Agreement, the Airport System has been divided into the following cost centers to which all revenues, expenses, and debt service on Airport Revenue Bonds are allocated: Airfield Area, Terminal Area, Ramp Area, Other Buildings and Areas, Northeast Airport and Outside Terminal Area.

The procedures in the Airline Agreement for setting airline rentals, fees and charges are such as to ensure continued compliance with the Rate Covenant.

As more fully described below under "–Non-Signatory Airline Rentals, Fees, and Charges", airlines that do not sign the Airline Agreement are subject to a City regulation that would require them to pay more than the Signatory Airlines. To operate at the Airport, such airlines are required to execute an Operating License Agreement with the City, with most terms and conditions the same as the Airline Agreement, but higher rates and charges.

Certain airlines that supply regional jet service to the Signatory Airlines under the same livery as the Signatory Airline will be asked to execute an Operating License under essentially the same terms and conditions as the Airline Agreement.

Under the Airline Agreement, as of July 2023, the Signatory Airlines have approved approximately $1.8 billion in Capital Expenditures, to be utilized for the approved Capital Development Program ("CDP") discussed more fully under the heading "CAPITAL DEVELOPMENT PROJECTS AT THE AIRPORT". The Airline Agreement does not limit or restrict the right of the City to implement additional Capital Expenditures within the Airport System at any time; the lack of approval of the Capital Expenditures by a Majority-in-Interest of the Signatory Airlines ("MII Approval") after consultation with the City (other than certain exempted projects that do not require approval) prevents the City from including the cost of such Capital Expenditures in the applicable rate base for the Airline Cost Centers during the term of the Airline Agreement. MII Approval obligates the respective Signatory Airlines to pay rentals, fees, and charges as required by the Airline Agreement to enable the City to comply with the Rate Covenant.

A summary of certain provisions of the Airline Agreement are set forth in APPENDIX V – "SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENT". This summary is in all respects subject to and qualified by the complete, definitive form of the Airline Agreement in its entirety, copies of which are available from the Office of the Director of Finance at the address set forth under the heading "ADDITIONAL INFORMATION" herein.

Non-Signatory Airline Rentals, Fees, and Charges

If any airline enters into the Airline Agreement, then such Signatory Airline shall be governed by the rates and charges and terms and conditions as set forth in the Airline Agreement. Non-signatory Airlines rates and charges to use the Airport System are governed by the Airport Rates and Charges Regulation (the "Airport Rates and Charges

Regulation"). The Airport Rates and Charges Regulation became effective July 1, 2025 and supersedes all previous rates and charges regulations.

Pursuant to the Airport Rates and Charges Regulation, Non-Signatory Airlines are required to pay amounts equal to 115% of the calculated Signatory Airline Landing Fee Rate, Terminal Rentals, International Common Use Area Fees, and Domestic Common Use Area Fees.

Certain Other Revenues

Some air carriers operating at the Airport are governed by duly promulgated regulations of the Department of Aviation of the City, rather than pursuant to written agreements. Certain of these carriers are not tenants and, whether scheduled or nonscheduled, their operations at the Airport do not warrant the undertaking of the obligations imposed upon carriers entering into written agreements. Pursuant to the Airline Agreement, rates and charges paid by such carriers may not be substantially less than the rates and charges paid by the Signatory Airlines.

Users of the Airport other than Signatory Airlines and other air carriers include providers of aviation services, such as ground handlers, fixed base operators, fuelers and in-flight kitchen operators. Concessionaires provide services and products to passengers and visitors, and include, among other things, restaurant and fast-food service, newsstands and gift shops, rental cars, taxi and limousine and other forms of ground transportation and on-Airport and off-Airport parking. Lease and license agreements with the providers of these products and services provide the Airport with rentals and concession revenues.

All food, beverage and retail concessions in the terminal buildings are managed and operated under the Master Lease and Concession Management Agreement (the "Master Lease") between the City and MarketPlace PHL LLC ("MarketPlace"), which became effective January 2015. The Master Lease provides for MarketPlace to develop and manage Airport terminal concessions showcasing national brands and local Philadelphia products. The Master Lease Agreement is currently under the second renewal term through December 31, 2026. An additional 3-year renewal option is available, exercisable in the City's sole discretion, which would extend the term to December 31, 2029.

Rental car companies (a) pay ground rent to the Airport on their facilities, (b) pay the Airport a privilege fee pursuant to City regulation, and (c) collect for payment to the Airport the Customer Facility Charges described below under "CAPITAL DEVELOPMENT PROJECTS AT THE AIRPORT – Funding Sources for Airport System Capital Projects – Customer Facility Charges for Rental Car Facility" pursuant to a Commonwealth law and a City enabling ordinance. Customer Facility Charges are not pledged for the payment of the Series 2025 Bonds or any of the other Bonds Outstanding.

In 2016, the Pennsylvania General Assembly passed a bill that allows the Airport to adopt contracts, licenses, and regulations relating to the duties and responsibilities on Airport property of Transportation Network Companies ("TNCs"), including the imposition of reasonable fees. The Airport and the TNCs currently have license agreements entered into as of March 1, 2024 that expire February 28, 2028 and provide that the two TNCs pay per-trip fees to the Airport in the amount of $4.35 per passenger pick-up and drop-off during the first and second years and at least $4.40 per passenger pick-up during the third and fourth years. If certain electrification goals are met, the fees payable to the Airport could reach $4.55 per passenger pick-up.

THE AIRPORT SYSTEM – MANAGEMENT AND DESCRIPTION

General

The Airport System consists of the Airport and the Northeast Airport, and it is owned by the City and operated by the Department of Aviation. The City is classified as a large air traffic hub by the FAA. In calendar year 2023, the Airport was ranked 21st busiest airport in the U.S. in terms of total passengers and 19th in terms of total cargo weight handled according to Airports Council International. In the fiscal year ended June 30, 2024, approximately 14.7 million passengers were enplaned at the Airport. Origin-destination traffic for fiscal year 2024 accounted for approximately 76% of annual passengers, with the remaining 24% being passengers connecting between flights.

Management of the Airport System

The Chief Executive Officer of the Department of Aviation, Atif Saeed, is responsible for the operation of the Airport System. As of June 30, 2024, there were approximately 690 Department of Aviation employees, 109 Police Department, 66 Fire Department, 14 Law Department, and 22 Office of Fleet Management persons employed by the City's Department of Aviation.

Airport System operations are conducted under the supervision of the following members of the Department of Aviation Staff:

Atif Saeed, Chief Executive Officer. Mr. Saeed was appointed Chief Executive Officer ("CEO") of the Airport in December 2022. As CEO, Mr. Saeed serves as the City's chief aviation representative in local, state, national and international affairs. He is responsible for directing the planning, development and administration of all activities of the City's Department of Aviation, including both the Airport and Northeast Airport. Prior to joining the City of Philadelphia, Mr. Saeed held various leadership positions with the Metropolitan Airport Commission of Minnesota, which operates Minneapolis-St. Paul International Airport (MSP) and six general aviation airports, most recently as their Chief Financial Officer. Previously, he served in management roles at Hartsfield-Jackson Atlanta International Airport and City of Minneapolis. Mr. Saeed holds several airport industry certifications, including Accredited Airport Executive (A.A.E.) from American Association of Airport Executives (AAAE), and International Airport Professional (IAP) from Airports Council International (ACI). He also completed the Airport Executive Leadership Program through Concordia University's John Molson School of Business. He was elected to the AAAE Board of Directors in June 2023 and to the Board of Directors for Airports Council International – North America (ACI-NA) in January 2025. He has served on the ACI-NA U.S. Policy Council since January 2024. In addition to a Master of Business Administration degree from Arizona State University, W.P. Carey School of Business, Mr. Saeed holds an undergraduate degree in business management from the University of Phoenix. He is a graduate of the Senior Executives in State and Local Government Program from Harvard Kennedy School and has completed the Advanced Management Program from Harvard Business School.

Tracy S. Borda, Chief Financial Officer. Ms. Borda was appointed Chief Financial Officer ("CFO") in January 2016. She is responsible for the Airport's financial strategy and oversees all financial functions, including financial reporting and forecasting, treasury and investor relations, budget development and management, audit, procurement, and materials management. Ms. Borda joined the Airport in 1995 as the Internal Audit Manager and has held various positions, including Airport Administrative Manager, Assistant Director of Aviation, and Deputy Director of Aviation – Finance and Administration. Ms. Borda holds a Bachelor of Science degree in Finance with a concentration in Economics from the Pennsylvania State University and an MBA from Temple University. She is a Certified Public Accountant in the Commonwealth of Pennsylvania and a Certified Member of the American Association of Airport Executives (AAAE). Ms. Borda serves on the Finance Committee Steering Group for Airports Council International – North America and is a member of the American Institute of Certified Public Accountants, Pennsylvania Institute of Certified Public Accountants, and the Government Financial Officers Association.

Greg Phillips, Chief Operating Officer. Mr. Phillips joined the Department of Aviation as Chief Operating Officer ("COO") in May 2025, overseeing all day-to-day operations of the Airport and the Northeast Airport, including landside and airside operations, security and maintenance of terminals and facilities. He is an instrument rated commercial pilot and former military helicopter pilot, holds an engineering degree from West Point, and an MBA in Executive Leadership from the University of Denver. Following military service, Mr. Phillips worked for Boeing and the FAA, serving a key role during construction of the Denver International Airport. He has filled executive positions at six airports, including the Bend, Oregon Municipal Airport (BDN), the Missoula International Airport (MSO), the Pangborn Memorial Airport in Wenatchee, Washington (EAT), the Vail/Eagle County Colorado Airport (EGE), and the Colorado Springs Airport (COS). He has served on the National Board of Directors for the American Association of Airport Executives (AAAE) and the national Policy Review Council. He is a Past President of the Northwest Chapter for AAAE and currently serves on a number of national aviation committees. He is also an Accredited Airport Executive.

Kate Sullivan, Chief Commercial Officer. Ms. Sullivan was appointed to the position of Chief Commercial Officer ("CCO") in January 2024. As CCO, Ms. Sullivan is responsible for planning, organizing, directing, and controlling all functions and activities within the commercial division, which includes air service development, cargo

development, concessions, retail, food and beverage, parking, real estate development and all other commercial activities at the airport. She's passionate about listening to stakeholders and customers to create initiatives that keep pace with evolving needs and deepen engagement and advocacy. Prior to becoming CCO, Ms. Sullivan was Vice President, Business Investment and Regional Marketing at the Chamber of Commerce of Greater Philadelphia. Before that, she previously served at the Department of Aviation as Deputy Director of Strategic Partnerships after being promoted from Director of Marketing + Brand. Before her earlier role with the Department of Aviation, Ms. Sullivan was Vice President, Digital Engagement at Harte Hankes, a global customer experience company, where she led operations and product innovation for digital agency services. She has a BA degree from Williams College.

Cassie Schmid, Chief Strategy Officer. Ms. Schmid was appointed Chief Strategy Officer ("CSO") in March 2024 to manage enterprise-wide strategic planning and performance management for the Department of Aviation. As part of this role, she oversees the Communications, Guest Experience and Marketing & Brand units. She is charged with creating clear and focused strategies to meet and exceed the expectations of passengers and valuable stakeholders both internally and externally. This is especially important as the airports prepare for the influx of visitors anticipated for the major events taking place in Philadelphia in 2026. Ms. Schmid comes to the Department of Aviation after serving in a leadership role within the Strategy and Stakeholder Engagement division at the Metropolitan Airports Commission (MAC), which owns and operates Minneapolis-St. Paul International Airport and six reliever airports in the Twin Cities area. During her time there, she was responsible for leading strategic marketing and communications functions with a focus on stewarding a consistent brand voice, engaging key stakeholders, and supporting non-aeronautical revenue growth and passenger engagement. Before that, she held leadership roles within several organizations successfully spearheading innovative go-to-market strategies and partnerships.

Api Appulingam, PE, Chief Development Officer. Ms. Appulingam was appointed Chief Development Officer ("CDO") in March 2024. She joined the Airport in June 2019 as Deputy Director of Aviation, Capital Development. She brings innovation to the capital development program, making critical improvements and developing new infrastructure through architectural, engineering, environmental, planning and sustainability projects. Prior to joining the Department of Aviation, Ms. Appulingam served as the Philadelphia Office Leader for RS&H, Inc., where she led significant aviation development projects for general aviation and commercial service airports in the U.S. and internationally. Ms. Appulingam earned a Bachelor of Science degree in Civil Engineering from Texas A&M University and a Master of Business Administration in Project Management/Corporate Finance from University of Dallas. She is also a registered Professional Engineer (P.E.), serves as the Philadelphia Chapter's Immediate Past President for Women's Transportation Seminar (WTS), and as the Vice Chair for the American Association of Airport Executives' (AAAE) Inclusion in Aviation Committee. She is also a member of the Board of Trustees for the Free Library of Philadelphia.

Delicsha Wilds, Chief Administrative Officer. Ms. Wilds was appointed the Chief Administrative Officer ("CAO") in November 2021 and joined the Department of Aviation in 2019 as Deputy Director of Human Resources. As CAO, she oversees the Department's Human Resources, Diversity & Inclusion, Information Security, Government Affairs, Community Engagement, Accessible Programs, Workforce Development and Racial Equity teams. Before joining the Department of Aviation, Ms. Wilds was the Administrative Services Director for the Office of Property Assessment. She was responsible for leading administrative functions including, budget, procurement, payroll, facilities management, and human resources. She began her human resources career as a management trainee in the Philadelphia Department of Prisons, where she was promoted through the ranks to the Human Resources Manager. Ms. Wilds is a member of the Society of Human Resources Management and Airports Council International – North America (ACI-NA) Human Resources Committee. She has an MBA in HR Management from Capella University.

Allen Mehta, Chief Information Officer. Mr. Mehta was appointed to the position of Chief Information Officer ("CIO") in September 2019. He oversees all IT network infrastructure and operations, including network security, telecoms, wireless, data centers, disaster recovery, on-prem and cloud environment, CCTV, access control, software and website development as well as the IT innovation team. He ensures that infrastructure and network operation services operate with a high degree of reliability and resiliency and develops and ensures adherence to yearly business and strategic plan initiatives. Before joining the Airport, Mr. Mehta served as Chief Information Officer at Lanter Delivery Systems. He holds a Bachelor of Science degree in Information Systems from the University of Phoenix and MBA from the University of Southern California, Mr. Mehta is well-versed in emerging IT trends to ensure the Airport is ready for continued industry challenges and changes.

Dr. Jamaine Mungo, Chief Information Security Officer. Dr. Jamaine Mungo was appointed Chief Information Security Officer ("CISO") in January 2024. He brings over 20 years of experience in cybersecurity, implementing next-generation cyber initiatives, delivering advanced technology concepts and gauging cybersecurity risks and automated remediation solutions. He has implemented robust cybersecurity programs for the Department of Defense, state agencies and corporations, leading several high-level cybersecurity initiatives. Dr. Mungo holds several information security industry certifications. He has taught cybersecurity courses at Cornell University, Purdue University and North Carolina A&T State University, and he is a member of the International Information System Security Certification Consortium (ISC2) Philadelphia Chapter. Dr. Mungo holds a Bachelor of Science degree in Information Systems and Decision Sciences from Virginia State University, earned his Master's Degree in Information Security from the New Jersey Institute of Technology and his Doctorate in Cybersecurity and Information Assurance from Capella University.

Cassandra Williams, Vice President of Finance and Accounting. Ms. Williams was appointed Deputy Chief Financial Officer in January 2020 and now serves as Vice President of Finance and Accounting. She is responsible for assisting in the management of all financial and audit matters as well as developing and implementing financial strategies to ensure that the Airport's financial requirements are met while keeping costs of operations at a minimum so as to continue to properly service the airline community and invest in infrastructure and new initiatives. She joined the Department of Aviation as the Controller and was responsible for financial reporting, accounting strategies, and internal controls. Prior to joining the Department of Aviation, Ms. Williams had the opportunity to serve as the Director of Finance in local governments around the state of Pennsylvania. Additionally, she has worked in financial positions at Fortune 500 companies and was an auditor at a Big Four public accounting firm. Ms. Williams holds a Bachelor of Science degree in Accounting from Rutgers University, a Master of Business Administration from St. John's University, and a Juris Doctorate from Temple University. She is a Certified Public Accountant, serves as the Recording Secretary for the East Region of the Government Finance Officers Association, and is a member of the Pennsylvania Institute of Certified Public Accountants, Women's Transportation Seminar (WTS), as well as Airports Council International – North America (ACI-NA).

Description of the Airport

The Airport was opened in 1940 and is owned by the City and operated by the Department of Aviation. The Airport serves residents and visitors from a broad geographic area that includes portions of four states: Pennsylvania, New Jersey, Delaware and Maryland. The primary service region of the Airport consists of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Areas. See "THE AIRPORT SERVICE REGION" herein. The Airport is located partly in the southwestern section of the City and partly in the northeastern section of Delaware County, 7.2 miles from Center City, Philadelphia. It is adjacent to Interstate 95 and is served by a commuter rail line with direct service to Center City, Philadelphia, operated by the Southeastern Pennsylvania Transportation Authority ("SEPTA").

Land. The Airport contains approximately 2,598 acres located partly in the southwestern section of the City and partly in the northeastern section of Delaware County, about 7.2 miles from Center City, Philadelphia.

Airfield. The airfield consists of parallel runways 9L-27R and 9R-27L, crosswind runway 17-35 and commuter runway 8-26, together with interconnecting taxiways and aircraft parking aprons. The runway system can handle the largest commercial aircraft currently operated by the Signatory Airlines. The current lengths and widths of runways comprising the runway system are set forth in the table below.

Runway	Length (ft)	Width (ft)
9R-27L	12,000	200
9L-27R	9,500	150
17-35	6,500	150
8-26	5,000	150

Passenger Terminals. The passenger terminal complex located north of the two main runways comprises seven terminal units, each providing a concourse for aircraft loading and unloading; a landside building for passenger ticketing, check-in, and security screening; and a separate baggage claim building. The landside buildings and

baggage claim buildings are served by separate curbside roadway systems. The terminal complex provides a total of approximately 3.3 million square feet of space and 126 aircraft gates, two of which are used for connecting bus service.

Ticketing and baggage claim operations occupy the ground level and are served by ground level roadways. Airline operational facilities and baggage pick-up areas are located on the ground level of the Terminal Building and in the concourses. While airline office space is provided adjacent to ticket counter locations or in concourses, there are also offices in the connectors, the tower levels in A/B, B, and F Terminals, and the baggage claim buildings. Approximately 184,000 square feet of space in the passenger terminals has been developed for food, beverage and retail concessions, including the new Chase Sapphire lounge, which are located throughout the post-security terminal buildings and concourses and in the baggage claim buildings.

Parking and Outside Terminal Area. The Outside Terminal Area includes public parking facilities, ground transportation and rental car facilities, and a hotel.

The Department of Aviation currently owns five multi-story parking garages (approximately 11,926 spaces) at the Airport, along with a number of surface parking lots (approximately 4,200 spaces) at the Airport.

Eight car rental brands (Alamo, Avis, Budget, Dollar, Enterprise, Hertz, Thrifty, and National) lease facilities and parking areas adjacent to the parking garages and offer shuttle bus pickup and drop-off service to passengers. See "CERTAIN INVESTMENT CONSIDERATIONS – Bankruptcies and Mergers of Operating Airlines or Other Tenants" herein. Off-Airport rental car operators include Payless Car Rental and Sixt. Although the car rental concessions are physically located in the Outside Terminal Area, the majority of the revenues payable by the car rental companies are Project Revenues.

The Airport utilizes a contractor to manage its ground transportation dispatch system and provides for the sequencing of taxicabs and limousines in the Airport's taxicab holding area and their orderly dispatch to and from the terminal baggage claim facilities. An eight-zone system for delineating commercial traffic is in effect on the north and south sides of the baggage claim areas, which provides separate zones for SEPTA's Hi-Speed Line, rental car shuttles, parking shuttles, hotel shuttles, taxicabs, inter-terminal shuttles, limousine and shuttle van services and charter buses and courier services. The City imposes egress fees for commercial vehicles based upon the seating capacity. All commercial vehicles are subject to the fees and must pay to enter the commercial roadway at a tollbooth. The only exception to the fees is for those operators who do not operate "for hire" (i.e., rental car courtesy vehicles and hotel courtesy vehicles). See also "SOURCES OF PROJECT REVENUES UNDER THE GENERAL ORDINANCE – Certain Other Revenues" herein for a discussion of TNCs.

Host Marriott Corporation operates a 14-story hotel adjacent to the Terminals A-B parking garage and connected to Terminal B via a skybridge on approximately three acres leased from the City. It features a restaurant, lounge, meeting rooms and a grand ballroom. Hotel customer parking is provided in the adjacent parking garage and connected to the hotel by a skybridge.

General Aviation Facilities. Atlantic Aviation, a fixed-base operator located at the easternmost end of the Airport, services general aviation operations. This 29-acre facility, constructed and operated by Atlantic Aviation, opened in May 2000 with: an 8,800 square-foot terminal building; two 24,000 square-foot open hangars; a fuel farm consisting of two 20,000-gallon jet fuel tanks and one 10,000-gallon aviation gas tank; and 18 acres of ramp space.

Cargo and Other Facilities. There are six active cargo facilities located at the western end of the Airport, which include: the shared American Airlines/United Airlines building, two American Airlines buildings, two Aero Philadelphia buildings, Aviation Facilities Company ("AFCO") and Ridgely Group. UPS Air Cargo operates its east coast package handling and sorting hub from an approximately 700,000 square-foot building located at the southeastern side of the Airport.

American Airlines operates a 56,000 square foot ground service equipment facility at the west end of the Airport that handles repairs and upkeep on equipment that service American Airlines' daily arrivals and departures to and from Airport. The building achieved Leadership in Energy and Environmental Design (LEED) Silver certification.

American Airlines also operates an aircraft maintenance hangar, a 25,000 square foot cold storage facility and parking apron on 9.15 acres of land located in Cargo City.

Hertz Rent-A-Car operates a maintenance facility located on 10 acres of land at the corner of 84th Street and Bartram Avenue.

In June 2021, the Airport announced plans to expand its cargo facility footprint by approximately 135 acres, including approximately 800,000 square feet of new cargo building space and ten wide-body aircraft parking positions. As part of its strategy, the Airport has solicited private tenants to invest in the phased development of the project. On August 12, 2024, the Airport entered into an agreement with AFCO for the construction of a new 175,000 square foot cargo building, which is currently in the design phase. The Airport also joined The International Air Cargo Association to expand its relationships with other businesses involved in the cargo industry. Finally, the Airport has entered into an agreement for the construction of a cold-storage cargo facility by a third-party developer known as Cool Port. The 261,000 square foot facility will be constructed on a 17-acre parcel. Construction of the cold-storage facility is expected to commence by the end of the calendar year 2025.

Northeast Airport

The Northeast Airport is a general aviation airport that has two runways. The Northeast Airport does not provide commercial service, is owned by the City and operated by the Department of Aviation and is included in the City's Aviation Fund. The Northeast Airport is located on a 1,118-acre site situated within the City limits about 10 miles by road northeast of Center City, Philadelphia, and provides for general aviation, air taxi and corporate aviation, as well as occasional military aviation use.

The Northeast Airport currently has no scheduled commercial service. In recent years, the Northeast Airport has handled approximately 100,000 general aviation operations annually. There are 85 T-hangars and ten corporate hangars in use, and six open hangars available for general aviation activities. General aviation fuel services for both propeller and jet aircraft as well as aircraft and avionics maintenance are available.

One fixed based operator services general aviation operations at the Northeast Airport. Atlantic Aviation is located on the southwest side of the Northeast Airport. This facility consists of the following facilities: an 8,000 square-foot terminal building, six open hangars totaling a combined 93,280 square feet, 85 T-hangars, a fuel farm consisting of two 15,000-gallon tanks, and 21 acres of ramp space.

Leonardo Helicopters ("Leonardo") operates out of a 275,000 square foot facility, on a 39-acre site at Northeast Airport. The facility includes final assembly lines for the AW119Kx, AW139 and AW169 helicopters, a parts supply depot for the Americas and a fully approved FAA and JAA repair station. Leonardo also performs helicopter customization, as well as providing maintenance services for customer aircraft based in the local area. Leonardo is also working on developing the AW609 which is a tiltrotor (VTOL) vertical takeoff and landing aircraft.

CAPITAL DEVELOPMENT PROJECTS AT THE AIRPORT

General

The Department of Aviation maintains an on-going CDP that addresses the Airport's development needs, as well as the repair and maintenance of its existing facilities.

As of March 2021, a total of $1.26 billion in CDP projects had been approved by the Signatory Airlines. During the negotiation process for the latest Airline Agreement, $376.8 million of these projects had either been completed or removed from the list of approved projects. Working with the Signatory Airlines, the Department of Aviation also increased existing approved projects by $927.2 million, resulting in remaining project approvals of $1.81 billion for approved CDP projects, as of June 2025, as set forth on Table 1 – Approved Capital Development Program on the following page.

The CDP is comprised of numerous projects that focus on renewal and rehabilitation of the terminals, airfield pavement, security and information technology enhancements, and airfield enabling projects for cargo development

at the Airport, and airfield pavement and tenant improvements at the Northeast Airport. Below are highlights of the projects currently expected to advance during the Projection Period:

Airfield and Apron Improvements

Airfield and apron improvement projects comprise approximately $544.8 million or 30.0% of the total CDP. Major airfield improvements in the CDP include: Runway 9R-27L rehabilitation work; an airfield pavement program; wetlands mitigation; airfield security and access control; Runway 8-26 safety area Engineered Material Arresting System (EMAS) and tunnel rehabilitation; land acquisition; and additional airfield and apron improvement and equipment.

Terminal and Landside Improvements

Terminal and landside improvement projects comprise approximately $1,031.3 million or 56.9% of the total CDP. Major terminal improvements in the CDP include: planning and design for terminal development and redevelopment; loading bridge replacement; terminal systems rehabilitation and improvements; terminal interior and exterior renovations and improvements; roof replacement program; restroom renovation program; baggage handling system improvements; terminal concession development and redevelopment; and other terminal improvements. Major landside improvements include improvements to pedestrian safety and roadway signage; electrical substation upgrades; and other landside pavement and equipment improvements.

Security and Information Technology

Security and Information Technology (IT) improvement projects comprise approximately $172.6 million or 9.5% of the total CDP. Major security improvements in the CDP include: perimeter surveillance upgrades; badging system upgrades, additional security and perimeter gate improvements, and construction of redundant IT support facilities to maintain business continuity.

Northeast Airport

Northeast Airport improvement projects comprise approximately $64.5 million, or 3.6% of the total CDP. Major improvements in the CDP include Runway rehabilitation, taxiway rehabilitation program, airfield lighting program, Runway Safety Area (RSA) upgrades, and signage improvements.

Table 1
Approved Capital Development Program as of June 2025
City of Philadelphia, Department of Aviation
(in thousands)

Project Description	**Estimated Project Cost**
Airfield and Aprons	$ 544,837
Terminal and Landside	1,031,301
Security and Technology	172,550
PNE Airfield and Taxiways	64,470
Total	$1,813,158

Source: City of Philadelphia, Department of Aviation.
Prepared by: AVK Consulting, Inc., June 2025.

Funding Sources for Airport System Capital Projects

Airport System CDP projects have been financed primarily through Airport Revenue Bonds (including the Commercial Paper Notes), federal and Commonwealth grants-in-aid, PFCs and operating revenues as set forth in Table 2 below. The Airport expects to continue to fund capital development projects with a combination of federal and Commonwealth grants-in-aid, PFCs, operating revenues and proceeds from additional issues of Airport Revenue Bonds. The Airport has used Customer Facility Charge ("CFC") Revenues to finance planning studies and consulting services and may continue to do so from time to time.

Table 2
Estimated Funding of Current Capital Development Program as of June 2025
City of Philadelphia, Department of Aviation
(in thousands)

SOURCES OF FUNDING	
Pay Go PFCs	$ 208,709
Grants	184,536
Operating Funds	1,270
Existing Debt	385,592
2025 Bonds	261,364
2028 Bonds	484,059
Future Debt	287,628
Estimated Total Sources of Funds	$1,813,158

Source: City of Philadelphia, Department of Aviation.
Prepared by: AVK Consulting, Inc., June 2025.

Airport Revenue Bonds. The financing of a portion of the Capital Developments for the Airport System has been accomplished through the sale of Airport Revenue Bonds. See "INTRODUCTION – Outstanding and Additional Indebtedness" for a list of the outstanding Airport Revenue Bonds. No general obligation bonds of the City issued to finance Capital Developments to the Airport System are currently outstanding or contemplated. The Report of the Airport Consultant includes approximately $771.7 million of project costs expected to be funded with Airport Revenue Bonds (excluding the Series 2025 Bonds) through fiscal year 2031, which is the end of the Projection Period. See APPENDIX I – "REPORT OF THE AIRPORT CONSULTANT".

Federal Grants-in-Aid. The Airport and Airway Improvement Act of 1982 created the Airport Improvement Program (the "AIP"), which is administered by the FAA and funded by the Airport and Airway Trust Fund. This fund is financed by various federal aviation user taxes. Grants are available to airport operators across the country in the form of "entitlement" funds and "discretionary" funds. Entitlement funds are apportioned annually based upon cargo volume and enplaned passengers, and discretionary funds are available at the discretion of the FAA based upon a national priority system. Actual entitlement funds will vary with the actual number of passenger enplanements and cargo volume, with total appropriations for the AIP and with any revision of the existing statutory formula for calculating such funds. In addition, pursuant to the PFC Act (defined below) and the Aviation Investment and Reform Act for the 21st Century, an airport's annual Federal entitlement grants are reduced by 50% following the imposition of PFCs at the $3.00 level and by 75% following imposition at the $4.00 or $4.50 level.

In Federal fiscal year 2024, the Airport was awarded approximately $18 million in AIP entitlement and discretionary funds. During the previous five Federal fiscal years (2020-2024), the Airport has received approximately $31 million per year.

Commonwealth Grants-in-Aid and Other Assistance. The Pennsylvania Department of Transportation (PennDOT), through Act 164 of 1984, provides grants for airport improvements. Over the last five years, the Airport has received approximately $2 million per year for improvements at the Airport and received an average of $150,000

per year in matching AIP funds for improvements at the Northeast Airport. In addition, over the last five years, the Airport has received $6 million from the Commonwealth through the Department of Community and Economic Development.

Passenger Facility Charges. PFCs are authorized by the Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), and implemented by the FAA pursuant to published regulations issued with respect to the PFC Act (the "PFC Regulations"). The PFC Act permits a public agency, such as the City, which controls certain commercial service airports to charge each paying passenger enplaning at the Airport (subject to certain limited exceptions) a PFC of up to $4.50. Pursuant to the PFC Act and to the City's current approvals from the FAA, the City may, with certain exceptions, charge each paying passenger who enplanes at the Airport a PFC of $4.50. The annual amount of PFCs payable to the City depends upon the number of passenger enplanements at the Airport. The PFC Act requires air carriers and their agents to collect the PFCs and to remit to the City once each month the proceeds of such collections, less a $0.11 handling fee and without interest earned prior to such remittance.

PFCs are to be used to fund or finance FAA-approved airport-related projects that preserve or enhance capacity, safety or security of the national air transportation system, reduce noise from an airport that is part of the system or provide an opportunity for enhanced competition between or among air carriers or foreign air carriers. Examples of projects that could meet those objectives include airport development or planning, airfield rehabilitation/improvements, airport noise compatibility measures, roads and access projects, and terminal development such as the planning and construction of gates and related areas that facilitate the movement of passengers and baggage.

The FAA provides that bond documents, such as the General Ordinance, may define pledged airport revenues in a manner that would include PFCs. However, the FAA also provides that the use of PFCs is limited to the allowable costs of PFC-Eligible projects and may not be used to pay debt service on any bonds issued to finance non-PFC-Eligible projects. The use of PFCs deposited in the special PFC account in the Aviation Capital Fund for any other project would require special FAA approval. Under the General Ordinance, PFCs do not constitute Project Revenues, but may be included in Amounts Available for Debt Service to the extent that such PFCs have been pledged pursuant to a Supplemental Ordinance or in connection with the City's budgetary process. Such amounts are pledged PFCs and constitute Pledged Amounts. PFCs may also be made available for debt service, including as Designated PFC Revenues for Debt Service pursuant to an amendment made to the General Ordinance by the Sixteenth Supplemental Ordinance. See APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE". PFCs have been pledged as additional security for the PFC-Pledge Bonds through fiscal year 2026, and the City intends to pledge additional PFCs for debt service in subsequent fiscal years as set forth herein. At this time, no Bonds Outstanding are payable from Designated PFC Revenues for Debt Service. Designated PFC Revenues for Debt Service do not constitute Pledged Amounts.

The City has, since September 1992, been authorized by the FAA to impose a PFC on eligible passengers enplaned at the Airport and to use PFCs to pay the costs of various FAA-approved projects. The PFC was initially $3.00 per enplaned passenger and, effective April 1, 2001, was increased to $4.50 per enplaned passenger. The City currently has authority from the FAA to impose the PFC and to collect PFCs, inclusive of investment earnings, in an aggregate amount of $1.56 billion. The estimated expiration date of such authority is December 2028. The City expects to submit additional PFC applications prior to the expiration date to continue collections of PFCs.

As of June 30, 2024, PFCs received by the City, including investment earnings, totaled approximately $1.62 billion, of which approximately $1.4 billion had been expended on approved project costs, including PFC-Eligible Debt Service Requirements of the PFC-Pledge Bonds. Further detail on the City's PFCs is provided in Table 3.

The City is authorized to use PFCs to pay all or a portion of the PFC-Eligible Debt Service Requirements of the PFC-Pledge Bonds in an aggregate amount not exceeding the PFC-Eligible Debt Service Requirements of the PFC-Pledge Bonds. The City pledges PFCs, to the extent annually available to the City, equal to the total amount of the PFC-Eligible Debt Service on the PFC-Pledge Bonds over the life of such PFC-Pledge Bonds. The amount of such PFCs to be applied toward debt service on any annual basis will be determined year-to-year by the City. See also "SECURITY FOR THE AIRPORT REVENUE BONDS – City May Pledge Passenger Facility Charges" for a discussion of PFCs pledged for debt service on a portion of the Series 2025 Bonds.

See “CERTAIN INVESTMENT CONSIDERATIONS – Passenger Facility Charge Revenues”.

Table 3
Annual PFCs
City of Philadelphia, Department of Aviation
Fiscal Years Ending June 30

Fiscal Year	Collections	Interest	Total Revenues
1993-2014	$1,005,568,766	$40,161,222	$1,045,729,988
2015	60,644,306	436,648	61,080,954
2016	61,256,560	538,897	61,795,457
2017	55,151,223	933,337	56,084,560
2018	60,302,833	1,337,307	61,640,140
2019	63,596,713	2,348,424	65,945,137
2020	55,582,198	1,991,200	57,573,398
2021	30,032,505	705,515	30,738,019
2022	48,553,346	400,032	48,953,379
2023	53,393,051	4,634,736	58,027,788
2024	58,978,009	9,272,279	68,250,288
Total	$1,553,059,510	$62,759,597	$1,615,819,107
	Expenditures through June 30, 2024		$1,417,454,193
	PFC Account Balance		$ 198,364,914

Source: City of Philadelphia, Department of Aviation.

Customer Facility Charges For Rental Car Facility. On November 25, 2013, the Governor of Pennsylvania signed a comprehensive transportation bill into law which permitted the Airport to establish and collect a CFC of not more than $8 per rental day on customers renting motor vehicles from Airport rental car operators. The proceeds of the CFC collections are to be used solely for the planning, development, financing, construction and operation of a consolidated rental car facility (“CONRAC”). The Airport currently imposes a $8 per rental day CFC. As of June 30, 2024, CFC collections total approximately $252.3 million.

THE AIRPORT SYSTEM – AIRPORT ACTIVITY AND SIGNATORY AIRLINES

Aviation Activity at the Airport

During fiscal year 2025, 19 US-flag airlines and five foreign flag airlines provided scheduled passenger service at the Airport and two all-cargo airlines provided cargo service.

The Airport is served by a large and relatively stable scheduled passenger airline base. Eleven airlines consistently served the Airport from fiscal year 2015 through fiscal year 2025. American accounts for the largest market share at the Airport. In fiscal year 2024, American enplaned approximately 9.2 million passengers, or 62.7 percent of all enplaned passengers at the Airport. The airline provided service between the Airport and 89 domestic and 34 international destinations in fiscal year 2025.

In addition to passenger airlines serving the Airport, UPS operates a major Air Hub at the Airport and uses the facility as a trans-shipment point for cargo. The Airport is UPS’ East Coast region hub.

Table 4 below provides the air carriers serving the Airport or Signatories to the Airline Agreement as of April 2025.

Table 4
Airlines at the Airport as of April 2025
City of Philadelphia, Department of Aviation

LEGACY/MAINLINE U.S. AIRLINES (4)	LOW-COST AIRLINES (5)	REGIONAL AIRLINES (11)	ALL-CARGO AIRLINES (2)*	FOREIGN AIRLINES (5)
Alaska Airlines	Frontier Airlines	Air Wisconsin (dba American Eagle)	FedEx	Aeroméxico
American Airlines	JetBlue Airways	Commutair (dba United Express)	UPS Air Cargo	Aer Lingus
Delta Air Lines	Southwest Airlines	Endeavor Air (dba Delta Connection)		Jazz Air (Air Canada Express) **
United Airlines	Spirit Airlines	GoJet Airlines (dba United Express)		British Airways
	Sun Country Airlines	Mesa Airlines (dba United Express)		Discover Airlines***
		Piedmont Airlines (dba American Eagle)		
		PSA Airlines (dba American Eagle)		
		Republic Airways (dba American Eagle)		
		Shuttle America (dba Delta Connection and United Express)		
		Sky West Airlines (dba Delta Connection and United Express)		

*Air Transport International provided cargo airline service at the Airport in fiscal year 2025 but has not operated at the Airport as of April 2025.
**Air Canada owns and operates Jazz Air, which currently serves the Airport.
***Lufthansa Group owns and operates Discover Airlines, which currently serves the Airport.
Source: City of Philadelphia, Department of Aviation.

Table 5 presents historical data for domestic and international enplaned passengers at the Airport and Table 6 provides enplanement activity by airline.

As shown in Table 5 below, passenger traffic was generally stable during fiscal years 2015 through 2019 with total enplaned passengers ranging between 14.8 million and 16.1 million. Due to the effects of the COVID-19 pandemic, enplaned passengers dropped below this range during fiscal years 2020 and 2021, with traffic increasing over the last three fiscal years.

In fiscal year 2024, enplaned passenger traffic increased 10.0% year over year. For fiscal year 2025, enplaned passenger traffic is estimated to increase by 4.9% to 15,438,502 total enplaned passengers. See APPENDIX I – "REPORT OF THE AIRPORT CONSULTANT".

Between fiscal year 2015 and fiscal year 2024, the total number of enplaned passengers at the Airport decreased at a compound annual growth rate of (0.4%), as demonstrated on the following table.

Table 5
Historical Enplaned Passengers
City of Philadelphia, Department of Aviation
(Fiscal Years Ending June 30)

Fiscal Year	Domestic	International	Total	Total Annual Increase (Decrease)
2015	13,272,717	2,040,021	15,312,738	0.8
2016	13,695,700	1,987,858	15,683,558	2.4
2017	12,967,584	1,839,298	14,806,882	(5.6)
2018	13,372,943	1,872,510	15,245,453	3.0
2019	14,046,663	2,041,761	16,088,424	5.5
2020	10,531,456	1,315,951	11,847,407	(26.4)
2021	6,286,436	256,206	6,542,642	(44.8)
2022	10,671,423	1,005,967	11,677,390	78.5
2023	11,657,137	1,717,659	13,374,796	14.5
2024	12,862,407	1,851,100	14,713,507	10.0
Compound Annual Growth Rate				
2015-2019				
2015-2024	(0.3%)	(1.1%)	(0.4%)	

Source: City of Philadelphia, Department of Aviation.

American Airlines is the principal air carrier operating at the Airport, and the Airport serves as a primary hub in American Airlines' route system. American Airlines currently leases 74 gates under the Airline Agreement and utilizes another 18 gates on a common-use basis, for 73% of the total 126 gates at the Airport. As set forth in Table 6 below, American Airlines, together with its regional airline affiliates, accounted for approximately 8.3 million enplaned passengers, or 66.4% of the Airport's enplaned passengers for the 10-month period commencing July 2024 through April 2025, followed by Frontier Airlines ("Frontier") with 11.1% of such enplaned passengers for the same 10-month period.

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Table 6
Historical Total Enplaned Passengers
City of Philadelphia, Department of Aviation
(Fiscal Year Ending June 30)

	Fiscal Year 2020		Fiscal Year 2021		Fiscal Year 2022		Fiscal Year 2023		Fiscal Year 2024		Fiscal Year to Date through April 2025	
Airlines [1]	**Enplaned Passengers**	**Share**	**Enplaned Passengers**	**Share**	**Enplaned Passengers**	**Share**	**Enplaned Passengers**	**Share**	**Enplaned Passengers**	**Share**	**Enplaned Passengers**	**Share**
American Airlines	7,965,468	67.2%	4,241,720	64.8%	7,572,240	64.8%	8,425,524	63.0%	9,219,031	62.7%	8,344,902	66.4%
Spirit Airlines	489,571	4.1%	503,388	7.7%	703,708	6.0%	945,257	7.1%	933,894	6.3%	627,092	5.0%
Frontier Airlines	841,985	7.1%	613,995	9.4%	1,177,038	10.1%	1,556,240	11.6%	1,841,003	12.5%	1,401,644	11.1%
Southwest Airlines	744,815	6.3%	383,428	5.9%	581,132	5.0%	540,525	4.0%	669,558	4.6%	547,660	4.4%
Delta Air Lines	751,934	6.3%	270,227	4.1%	623,597	5.3%	815,516	6.1%	857,208	5.8%	756,275	6.0%
United Airlines	429,336	3.6%	124,860	1.9%	426,115	3.6%	536,673	4.0%	572,748	3.9%	506,535	4.0%
JetBlue Airways	177,613	1.5%	150,054	2.3%	114,573	1.0%	90,836	0.7%	67,909	0.5%	64,437	0.5%
Alaska Airlines	114,340	1.0%	43,036	0.7%	79,021	0.7%	78,727	0.6%	94,879	0.6%	81,865	0.7%
Qatar Airways	63,574	0.5%	23,932	0.4%	86,186	0.7%	113,607	0.8%	39,618	0.3%	-	0.0%
Sun Country Airlines	22,880	0.2%	6,955	0.0%	11615	0.0%	13,008	0.1%	22,434	0.2%	16,222	0.1%
British Airways	79,991	0.7%	2,771	0.0%	36,345	0.3%	77,787	0.6%	88,355	0.6%	87,401	0.7%
Air Canada	72,582	0.6%	-	0.0%	36,610	0.3%	66,534	0.5%	82,182	0.6%	61,034	0.5%
Lufthansa German Airlines	56,945	0.5%	-	0.0%	22,081	0.2%	47,493	0.4%	46,178	0.3%	34,949	0.3%
Aer Lingus	29,418	0.2%	-	0.0%	11,922	0.1%	46,704	0.3%	40,487	0.3%	31,042	0.2%
Icelandair	6,492	0.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other [2]	463	0.0%	178,276	2.7%	195,207	1.7%	20,365	0.2%	138,023	0.9%	11,769	0.1%
Total	11,847,407	100.0%	6,542,642	100.0%	11,677,390	100.0%	13,374,796	100.0%	14,713,507	100.0%	12,572,827	100.0%

Notes: Figures may not add to totals shown due to rounding.
[1] Includes regional affiliated airlines, as applicable.
[2] Includes airlines with minimal market shares.
Source: City of Philadelphia, Department of Aviation, April 2025.

The Airport also provides significant air cargo service as shown in Table 7 below. UPS operates a regional cargo hub at the Airport that connects the UPS network with mid-Atlantic and European markets. Additionally, passenger airlines carry belly cargo to and from the Airport.

Table 7
Historical Air Cargo (in US tons)
City of Philadelphia, Department of Aviation
(Fiscal Years Ending June 30)

Fiscal Year	Freight	Mail	Total	Growth
2015	402,194	26,681	428,875	-7.0%
2016	414,891	22,866	437,757	2.1%
2017	424,009	24,659	448,668	2.5%
2018	487,086	23,344	510,430	13.8%
2019	554,606	21,665	576,271	12.9%
2020	573,499	40,341	613,840	6.5%
2021	582,469	62,938	645,407	5.1%
2022	575,274	63,196	638,470	(1.1%)
2023	532,198	50,834	583,032	(8.7%)
2024	443,541	23,559	467,100	(19.9%)
		Compound Annual Growth Rate		
2015-2024	1.1%	(1.4%)	1.0%	

Source: City of Philadelphia, Department of Aviation.

Information Concerning Airlines Operating at the Airport

General. The Airline Agreement requires the Signatory Airlines to make payments in each fiscal year in amounts which, together with other Project Revenues and other pledged Amounts Available for Debt Service such as pledged PFCs, are sufficient to pay Operating Expenses and annual debt service on all of the City's outstanding Airport Revenue Bonds and general obligation bonds issued by the City for the Airport System are sufficient to comply with the Rate Covenant. See "SOURCES OF PROJECT REVENUES UNDER THE GENERAL ORDINANCE – Airport-Airline Use and Lease Agreements".

Certain domestic Signatory Airlines serving the Airport are reporting companies subject to the information requirements of the Securities Exchange Act of 1934 and, in accordance therewith, must file reports and other information with the Securities and Exchange Commission (the "Commission"). Certain information, including financial information, concerning such a Signatory Airline (or its agent corporation) is disclosed in certain reports and statements filed with the Commission. Such reports and statements can be inspected in the Public Reference Room of the Commission at 100 F Street, N.E., Washington, D.C. 20549, or at the Commission website at http://www.sec.gov, and copies of such reports and statements can be obtained from the Public Reference Section of the Commission at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates.

In addition, each Scheduled Airline is required to file periodic reports of financial and operating statistics with the Department of Transportation. Such reports may be inspected at the following location: Office of Aviation Information Management; Data Requirements and Public Reports Division Research and Special Programs Administration, Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590.

Domestic airlines serving the Airport that are privately held, foreign airlines serving the Airport, and foreign corporations operating airlines serving the Airport (unless such foreign airlines have American Depositary Receipts ("ADR") registered on a national exchange) are not required to file information with the Commission. Such airlines, or foreign corporations operating airlines, serving the Airport file limited information only with the Department of Transportation ("DOT"). Additional data may be posted at the websites of the respective airlines. The City makes

no representation as to the accuracy or completeness of any such information prepared and filed by any of the Signatory Airlines.

American Airlines

The Airport currently serves as a major hub for the combined American Airlines system. As set forth in the Table 6 above, American Airlines, together with its regional airline affiliates, accounted for approximately 8.3 million enplaned passengers, or 66.4% of the Airport's enplaned passengers for the 10-month period commencing July 2024 through April 2025. See "CERTAIN INVESTMENT CONSIDERATIONS – Dominance of American Airlines Presence at the Airport" herein.

Based on its current activities at the Airport, American Airlines is an "obligated person" as such term is defined by Rule 15c2-12 promulgated by the Commission ("Rule 15c2-12") and as used in the Continuing Disclosure Agreement to be executed by the City and accepted and acknowledged by American Airlines in connection with the delivery of the Series 2025 Bonds. See "CONTINUING DISCLOSURE AGREEMENT" and APPENDIX VII – "FORM OF CONTINUING DISCLOSURE AGREEMENT".

Landline Motor Coach Services

Through a partnership with Landline Company and American Airlines, the Airport offers premium motor coach services, transporting passengers to the Airport from Atlantic City International Airport (ACY), Lehigh Valley International Airport (ABE), Wilkes-Barre Scranton International Airport (AVP), and Wilmington Airport (ILG), and a new service line to Trenton-Mercer Airport (TTN) starting in September of this year. This service offers connectivity for passengers in underserved markets, helps airlines reduce carbon emissions and is time competitive with flights on routes under 200 miles.

At the beginning of fiscal year 2024, this partnership alliance received Transportation Security Administration (TSA) approval for providing an industry-first airside-to-airside connectivity. This service allows travelers to undergo TSA screening, check into flights, and check their bags at their local airports before being shuttled to the Airport by Landline without needing to be rescreened. Upon arrival at the Airport, passengers are dropped off at Terminal F to proceed to their connecting flights, while their checked luggage is handled by American Airlines. For return trips, travelers board the Landline motor coach airside at the Airport and arrive at their local airport with their checked baggage directly transferred. Robust security protocols are maintained throughout the process and passengers benefit from reduced commuting stress, no additional security lines and the opportunity to enjoy the Airport's services.

Philadelphia Terminal & Equipment Company

In 2016, Airlines operating at the Airport that had executed the Airline Agreement established Philadelphia Terminal & Equipment Company ("PhiliTEC"), a special purpose limited liability company to manage the maintenance and operation of certain facilities, equipment, systems and services at the Airport twenty-four (24) hours a day, seven (7) days a week. The City entered into a Maintenance and Operating License Agreement with PhiliTEC on February 10, 2017, providing for PhiliTEC's assumption (on a staggered basis) of maintenance and operating responsibilities for the operation of, and provision of maintenance services for, aircraft deicing facilities, Airport passenger boarding bridges, outbound baggage handling systems, international recheck systems, inbound arriving baggage handling systems, electric GSE charging stations, and lavatory waste stations. Prior to August 1, 2017, the City paid contractors for such maintenance and operating services. Ownership of the systems and facilities remains with the City.

THE AIRPORT SERVICE REGION

The Airport is the principal airport serving the City of Philadelphia and surrounding areas of Pennsylvania, New Jersey, Delaware, and Maryland. The Airport serves as an international passenger gateway for the region and as a connecting hub and leading transatlantic gateway for American Airlines. The Airport also serves as an international air cargo hub. According to APPENDIX I – "REPORT OF THE AIRPORT CONSULTANT", the Airport Service Region (or Air Trade Area as referred to therein) had a population of approximately 6.2 million in 2022. Its population

has increased at a compound annual growth rate of 0.3% since 2012, compared to a compound annual growth rate of 0.6% for the nation as a whole.

FINANCIAL FACTORS

The City Controller has not participated in the preparation of the budget estimates and projections set forth in various tables contained in this Official Statement or otherwise set forth herein. The financial statements, tables, statistics and other information contained in this Official Statement have been provided by the Department of Aviation and can be reconciled to the financial statements in the City's ACFR for the fiscal years 2020 through 2024.

Historical Project Revenues and Operating Expenses

Table 8 on the following page contains data provided by the Department of Aviation from its unaudited accrual basis reports and presents information regarding Project Revenues and expenses of the City's Airport System. The information presented in Table 8 reconciles to the Basic Financial Statements contained in the City's ACFR, which is audited by the Office of the City Controller. See APPENDIX II – "FINANCIAL STATEMENTS OF THE DEPARTMENT OF AVIATION FISCAL YEAR ENDED JUNE 30, 2024".

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Table 8
Summary of Historical Project Revenues and Expenses of the Airport System
City of Philadelphia, Department of Aviation
(Fiscal Years Ending June 30)
(in thousands)

	Amounts Available for Debt Service	**2020**	**2021**	**2022**	**2023**	**2024**
1.	Space Rentals	$85,717	$109,670	$113,991	$121,861	$134,079
2.	Landing Fees	55,080	79,570	64,619	81,479	86,806
3.	Ramp Area rentals	-13	321	298	0	353
4.	International Terminal revenues	23,616	29,623	17,082	30,918	34,444
5.	Subtotal, Airline Rentals, Fees and Charges	$164,400	$219,185	$195,990	$234,258	$255,683
6.	Nonairline Revenue	221,893	111,628	159,491	295,685	224,160
7.	Interest Income	3,874	1,015	482	5,632	10,221
8.	Total Project Revenues	$390,168	$331,829	$355,963	$535,575	$ 490,063
9.	Pledged Passenger Facility Charges (PFCs) Available for Debt Service	31,200	49,621	31,976	25,625	42,163
10.	Portion of Fund Balance Attributable to Amounts Available for Debt Service	144,218	160,843	173,724	173,724	303,819
11.	Total Amounts Available for Debt Service	$565,586	$542,292	$561,663	$734,924	$836,046
	Expenses					
12.	Net Operating Expenses	$151,739	$130,128	$149,982	$149,255	$185,980
13.	Required Renewal Fund Deposit	0	0	0	0	0
14.	Interdepartmental Charges	123,017	109,798	103,007	117,593	114,465
15.	Total Expenses	$274,756	$239,927	$252,988	$266,848	$300,444
16.	Net Revenue	$290,830	$302,366	$308,675	$468,076	$535,601
17	Revenue Bond Debt Service	$127,910	$124,331	$117,989	$160,421	$152,925
	Rate Covenant Test of the General Ordinance					
18.	Test 1 (Ln 11-Ln 12-Ln 13)/(Ln 17)	3.24	3.32	3.49	3.65	4.25
19.	Test 2 (Ln 11-Ln 15)/(Ln 17)	2.27	2.43	2.62	2.92	3.50

Source: City's ACFR.

Management Discussion of Historical Results

Table 8 presents the annual revenues and expenses of the Airport System for fiscal years 2020 through 2024. The information contained in Table 8 is presented on the accrual basis of accounting adjusted to meet the particular requirements of the General Ordinance and the Airline Agreement. See APPENDIX II – "FINANCIAL STATEMENTS OF THE DEPARTMENT OF AVIATION FISCAL YEAR ENDED JUNE 30, 2024".

Fiscal Years 2023 through 2024

Between fiscal years 2023 and 2024, Total Project Revenues, which consist of both Airline and Non-Airline Revenues, decreased to $490.1 million from $535.6 million due to the inclusion of $100.4 million in Federal COVID-19 Grants under the CARES Act in 2023 and only $15 million in 2024. When Federal COVID-19 grants are excluded from Project Revenues, there is an increase of approximately $40 million in Project Revenues between fiscal years

2023 and 2024. Total Operating Expenses increased to $300.4 million in fiscal year 2024 from $266.8 million in fiscal year 2023 due to increases in contractual services, materials and supplies and personnel costs.

Net Revenue

Net Revenue represents the balance of Total Amounts Available for Debt Service after total Expenses. Net Revenue increased from $468 million in fiscal year 2023 to $536 million in fiscal year 2024. This increase is attributable to an increase in interest income, continued funding of the O&M Account, and an increase in prior fund balances available for Debt Service.

Rate Covenants

As illustrated in Table 8 above, the rate covenants prescribed in the General Ordinance were satisfied in each fiscal year reported.

Non-Airline Revenues

Non-Airline Revenues consist of those Project Revenues generated at the Airport System from sources other than airlines (e.g., automobile parking, rental cars, restaurants, retail, landside building and ground rents, hangar and cargo rentals). A majority of the Airport System's Non-Airline Revenues are generated from concessions. Table 9 presents Non-Airline Revenues of the Airport System for fiscal year 2020 through fiscal year 2024.

Table 9
Summary of Historical Non-Airline Revenues of the Airport System
City of Philadelphia, Department of Aviation
(Fiscal Years Ending June 30)
(in thousands)

	2020	2021	2022	2023	2024
Concessions Non-Airline Revenues					
Automobile Parking	$ 35,024	$ 724	$ 25,304	$ 67,321	$ 65,488
Restaurants and Retail	30,613	8,818	20,297	40,110	44,519
Rental Car	15,473	12,738	21,798	22,152	22,704
Ground Transportation	8,401	3,776	9,501	13,685	16,152
Other Concessions	10,344	5,072	9,215	11,094	11,359
	$99,855	$31,128	$86,115	$154,362	$160,222
Other Non-Airline Revenues					
Building and Ground Rentals	$ 23,153	$ 24,186	$ 26,312	$ 21,102	$ 30,077
Hangar and Cargo Rentals	2,521	2,956	4,280	3,117	3,262
Sales of Utilities	2,565	2,151	2,281	2,775	2,789
Other Landing and Fuel Flowage Fees	2,761	2,798	4,207	3,777	3,472
Federal COVID-19 operating grants	78,850	37,589	28,914	100,354	15,000
Miscellaneous	16,062	11,834	7,863	15,832	19,559
Total Non-Airline Revenues	$ 225,768	$ 112,643	$ 159,972	$ 301,317	$ 234,381

Source: City of Philadelphia, Department of Aviation.

Concession revenues were approximately $99.9 million in fiscal year 2020, and increased to approximately $160.2 million in fiscal year 2024, reflecting a compound annual growth rate of 12.5%. The increase in fiscal year

2020 through fiscal year 2024 resulted from enhanced food, beverage and retail concession offerings at the Airport, the increase in TNCs and increased utilization of the Airport's long-term parking lot.

Estimated Project Revenues and Expenses

Table 10 presents Project Revenues and expenses of the City's Airport System, as estimated for fiscal year 2025 and as budgeted for fiscal year 2026.

Table 10
Summary of Project Revenues and Expenses
City of Philadelphia, Department of Aviation
Estimated FY 2025 and Budget FY 2026
(Fiscal Years Ending June 30)
(in thousands)

		Estimated FY 2025*	Budget FY 2026
Amounts Available for Debt Service			
Airline Rentals, Fees and Charges[1]		$ 304,171	$ 299,725
Non-Airline Revenue		229,824	220,801
Total Project Revenues		$ 533,995	$ 520,526
Pledged Passenger Facility Charges (PFCs) Available for Debt Service[2]		41,340	40,000
Portion of Fund Balance Attributable to Amounts Available for Debt Service[3]		357,973	413,380
Total Amounts Available for Debt Service	[A]	$ 933,308	$ 973,906
Expenses			
Net Operating Expenses	[B]	$ 205,811	$ 221,262
Interdepartmental Charges		120,955	128,368
Total Operating Expenses	[C]	$ 326,766	$ 349,630
Bond Debt Service Requirements	[D]	166,604	144,094
Total Expenses		$ 493,370	$ 493,724
Net Revenue	[A-C=E]	$ 606,542	$ 624,276
1.50x Coverage Requirement (Test 1)	[(A-B) / D]	4.37	5.22
1.00x Coverage Requirement (Test 2)	[E / D]	3.64	4.33

* Fiscal year 2025 information is based on the City's preliminary estimates from eight months of actual data and budgetary projections.

1. Includes required revenue for Terminal Area rentals, International and Common Use Fees, Ramp Area rentals and Airline Landing Fees.
2. Represents pledged PFC Revenues for eligible Debt Service.
3. Per Section 5.01(a) of the General Ordinance, that portion of Aviation Operating Fund balance available for use as Amounts Available for Debt Service.

Source: City of Philadelphia, Department of Aviation.

Management Discussion of Fiscal Year 2025 (Estimated) and Fiscal Year 2026 (Budget)

Based on fiscal year 2026 budgeted Operating Expenses, Debt Service and Non-Airline Revenues, required Airline Rentals, Fees and Charges are estimated to be $299.7 million, a $4.4 million reduction or a 1% decrease as compared to fiscal year 2025 estimated results. Non-Airline Revenues are budgeted to be $9.0 million or 4% lower than estimated fiscal year 2025 results, primarily attributable to the anticipated closure of the Terminal C garage for rehabilitation, which is expected to span more than one year. Other Amounts Available for Debt Service, which include PFCs for eligible Debt Service and portions of fund balances attributable to amounts available for Debt Service, are expected to increase by $54.1 million based on deposits of the Airport's estimated fiscal year share of Outside Terminal Area net revenue of $40.0 million and interest earnings on the Airport's Discretionary Account. Overall, total Amounts Available for Debt Service are budgeted to be $40.6 million or 4% higher than estimated fiscal year 2025 results. Total expenses are expected to increase by less than $1 million dollars, comprised of a $22.9 million increase in Operating Expenses, reflecting increased staffing to pre-pandemic levels and increases in the cost of contracted services, and a $22.5 million decrease in Debt Service, primarily attributable to the maturity of the Series 2005C Bonds in fiscal year 2025.

Outstanding and Additional Indebtedness

The following table reflects the Airport's debt secured on a parity basis by the Pledged Amounts, including its Commercial Paper Notes, and, by series, its Bonds issued under the General Ordinance outstanding as of August 26, 2025, the date of issuance of the Series 2025 Bonds. The table includes the Series 2025 Bonds to be issued and reflects the refunding of the Refunded Bonds and the refinancing of the Refinanced Commercial Paper Notes.

Series	Principal Amount Outstanding
2017A*	$ 102,935,000
2017B*	444,760,000
2017 Taxable Loan**	62,070,000
2020A*	172,050,000
2020B*	41,345,000
2020C*	70,425,000
2021*	278,575,000
2025A	107,195,000
2025B	257,565,000
Subtotal	**$1,536,920,000**
Commercial Paper Notes	31,000,000
Total	**$1,567,920,000**

* The City pledged PFCs to pay Debt Service on a portion of the 2017A Bonds, a portion of the 2017B Bonds, a portion of the 2020A Bonds, a portion of the 2020B Bonds, a portion of the 2020C Bonds and a portion of the 2021 Bonds (collectively, the "PFC-Pledge Bonds"). As discussed herein, the City intends to pledge PFCs to pay debt service on existing and future bonded indebtedness and may pledge PFCs to pay Debt Service on PFC-Eligible projects financed with proceeds of the Series 2025 Bonds in the future. See "SECURITY FOR THE AIRPORT REVENUE BONDS – City May Pledge Passenger Facility Charges Revenues" above.

** The Second Amended and Restated Airport Revenue Bond Series 2017 (Federally Taxable) (Philadelphia Airport System) (the "2017 Taxable Loan") matures on April 1, 2047.

The City may issue additional Airport Revenue Bonds for new capital projects or to refund outstanding Airport Revenue Bonds as more fully described herein under "SECURITY FOR THE AIRPORT REVENUE BONDS – Issuance of Additional Airport Revenue Bonds". If the City receives the approval of the Signatory Airlines as required under the Airline Agreement, or if the project does not require the approval of the Signatory Airlines under the Airline Agreement, the City is authorized to include the debt service on Airport Revenue Bonds issued to finance

such approved capital projects in the airlines' rates, fees and charges. See "CAPITAL DEVELOPMENT PROJECTS AT THE AIRPORT – Funding Sources for Airport System Capital Projects – Airport Revenue Bonds" herein.

The City has a $500 million revolving line of credit with Wells Fargo Municipal Capital Strategies, LLC (the "Commercial Paper Notes") to provide funding for capital projects for the Airport System, among other uses. The revolving line of credit has a term that expires December 2, 2027. As noted in the table above, $31,000,000 of the Commercial Paper Notes will be outstanding after the refinancing of the Refinanced Commercial Paper Notes.

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Schedule of Debt Service

The following schedule of debt service shows the debt service requirements on outstanding Airport Revenue Bonds, including the 2017 Taxable Loan, and reflects the issuance of the Series 2025 Bonds, the refunding of the Refunded Bonds and the refinancing of the Refinanced Commercial Paper Notes. The table below does not reflect the Commercial Paper Notes outstanding.

Table 11[*]
Schedule of Debt Service
City of Philadelphia, Department of Aviation
(As of August 26, 2025)

	Series 2025A Bonds		*Series 2025B Bonds*		*Total Series 2025 Bonds Debt Service[*]*	Existing Debt Service[*]	Total Debt Service[*]
Year[(1)]	Principal	Interest[(2)]	Principal	Interest[(2)]			
2026	-	$ 2,899,574	$ 3,405,000	$ 3,896,971	$ 10,201,545	$ 134,501,957	$ 144,703,502
2027	-	5,676,550	4,490,000	13,093,388	23,259,938	134,492,287	157,752,224
2028	-	5,676,550	4,720,000	12,868,888	23,265,438	127,405,887	150,671,325
2029	1,930,000	5,676,550	8,625,000	12,632,888	28,864,438	85,821,759	114,686,197
2030	2,025,000	5,580,050	9,065,000	12,201,638	28,871,688	82,242,187	111,113,875
2031	2,125,000	5,478,800	9,520,000	11,748,388	28,872,188	82,250,921	111,123,109
2032	2,235,000	5,372,550	9,985,000	11,272,388	28,864,938	79,657,246	108,522,184
2033	2,345,000	5,260,800	10,495,000	10,773,138	28,873,938	79,646,196	108,520,134
2034	2,460,000	5,143,550	11,020,000	10,248,388	28,871,938	79,641,872	108,513,810
2035	2,585,000	5,020,550	11,560,000	9,697,388	28,862,938	79,633,858	108,496,796
2036	2,715,000	4,891,300	5,175,000	9,119,388	21,900,688	79,628,877	101,529,564
2037	2,850,000	4,755,550	5,430,000	8,860,638	21,896,188	79,609,856	101,506,044
2038	2,990,000	4,613,050	5,705,000	8,589,138	21,897,188	68,481,697	90,378,884
2039	3,140,000	4,463,550	5,990,000	8,303,888	21,897,438	68,474,387	90,371,824
2040	3,300,000	4,306,550	6,290,000	8,004,388	21,900,938	68,463,176	90,364,113
2041	3,465,000	4,141,550	6,605,000	7,689,888	21,901,438	52,679,214	74,580,651
2042	3,635,000	3,968,300	6,950,000	7,343,125	21,896,425	52,667,656	74,564,081
2043	3,820,000	3,786,550	7,315,000	6,978,250	21,899,800	58,046,251	79,946,051
2044	4,020,000	3,586,000	7,700,000	6,594,213	21,900,213	58,041,934	79,942,147
2045	4,230,000	3,374,950	8,105,000	6,189,963	21,899,913	58,026,791	79,926,703
2046	4,450,000	3,152,875	8,530,000	5,764,450	21,897,325	58,016,740	79,914,065
2047	4,695,000	2,908,125	8,995,000	5,295,300	21,893,425	57,957,336	79,850,761
2048	4,955,000	2,649,900	9,490,000	4,800,575	21,895,475	17,006,200	38,901,675
2049	5,230,000	2,377,375	10,015,000	4,278,625	21,901,000	17,001,900	38,902,900
2050	5,515,000	2,089,725	10,565,000	3,727,800	21,897,525	17,002,700	38,900,225
2051	5,820,000	1,786,400	11,145,000	3,146,725	21,898,125	11,592,000	33,490,125
2052	6,140,000	1,466,300	11,755,000	2,533,750	21,895,050	-	21,895,050
2053	6,475,000	1,128,600	12,345,000	1,946,000	21,894,600	-	21,894,600
2054	6,835,000	772,475	12,965,000	1,328,750	21,901,225	-	21,901,225
2055	7,210,000	396,550	13,610,000	680,500	21,897,050	-	21,897,050
Total[*]	**$107,195,000**	**$112,401,199**	**$257,565,000**	**$219,608,808**	**$696,770,007**	**$1,787,990,886**	**$2,484,760,893**

[*] Figures may not add due to rounding.
(1) Modified fiscal year running from July 2 to July 1.
(2) Net of Capitalized Interest.
Source: City of Philadelphia, Office of the City Treasurer.

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Airline Cost per Enplaned Passenger

Airline costs for landing fees, terminal rentals and other use charges are often expressed on a cost per enplaned passenger basis. The following Table 12 presents the airline costs (which include landing fees, terminal rentals and other use charges) per enplaned passenger taken from the City's financial records.

Table 12
Airline Cost per Enplaned Passenger
City of Philadelphia, Department of Aviation
(Fiscal Years Ending June 30)

Fiscal Year	Airline Cost Per Enplaned Passenger
2020	$16.09
2021	25.50
2022	16.75
2023	14.44
2024	14.17
2025	15.22*
2026	16.39**

*Estimated.
**Budget.
Source: City of Philadelphia, Department of Aviation.
Prepared by: AVK Consulting, Inc. June 2025.

Cash Management and Investment Policies

As a department of the City, the Airport is subject to the City's cash management and investment policies. See APPENDIX III – "GOVERNMENT AND FINANCIAL INFORMATION OF THE CITY OF PHILADELPHIA – CITY CASH MANAGEMENT AND INVESTMENT POLICIES".

Pensions and OPEBs

As a department of the City, the Airport is subject to the City's pension plan and OPEBs liability. See APPENDIX III – "GOVERNMENT AND FINANCIAL INFORMATION OF THE CITY OF PHILADELPHIA – PENSION SYSTEM" and "– OTHER POST-EMPLOYMENT BENEFITS".

Hedges and Swaps

General. The City has adopted a swap policy for the use of swaps, caps, floors, collars and other derivative financial products. See APPENDIX III – "GOVERNMENT AND FINANCIAL INFORMATION OF THE CITY OF PHILADELPHIA – OTHER FINANCING RELATED MATTERS – Swap Policy".

The General Ordinance authorizes the City, at the time of issuance of a series of Bonds or at any time thereafter, to enter into interest rate exchange agreements, interest rate swap agreements or other similar agreements, to the extent permitted by applicable law and in accordance with the General Ordinance, if the City determines that such agreement will assist the City in more effectively managing its interest costs. Such agreements may be effected as Qualified Swaps or as Exchange Agreements. Payments under Qualified Swaps (other than termination payments) are made from the Sinking Fund and are calculated as part of Debt Service Requirements, and payments under Exchange Agreements (other than termination payments) are made only after required deposits to the Sinking Fund and the Sinking Fund Reserve are made and are on a parity with required deposits to the Renewal Fund. Termination payments on Qualified Swaps and on a certain Exchange Agreement (discussed below) are permitted to be made only after required transfers to the Sinking Fund, Sinking Fund Reserve and the Renewal Fund have been made.

The General Ordinance provides, among other things, that the City will not enter into a Qualified Swap or Exchange Agreement unless it receives written confirmation from a rating agency that such agreement, in and of itself, will not result in a downgrade, withdrawal or suspension of the credit ratings on the series of Bonds.

Aviation Liability and Property Insurance

The City maintains comprehensive insurance coverage for Aviation-related claims arising out of bodily injury, personal injury or property damage arising from the operations of the Airport System. The Aviation General Liability insurance coverage provides a combined single limit of $600 million. The Self-Insured Retention is $1,500,000 each occurrence/$1,500,000 annual aggregate. The Aviation General Liability insurance includes "War Risk" coverage with $150 million limit. The City also maintains "All Risks" Property Insurance coverage for property at the Airport System (including real and business) in the amount of $2 billion with deductibles of $250,000 at the Airport and $100,000 at Northeast Airport and International Plaza (Buildings 1 and 2). The Property policy also includes but is not limited to business interruption (including loss of rents and extra expense), mechanical breakdown coverage, electronic data processing coverage, flood, earthquake, and terrorism coverage.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series 2025 Bonds entails certain investment risks. Prospective purchasers of the Series 2025 Bonds are urged to read this Official Statement, including the Appendices, in its entirety. The factors set forth below, among others, may affect repayment of and the security for the Series 2025 Bonds.

General Factors Affecting the Airline Industry

The revenues of the Airport are affected substantially by the economic health of the airport transportation industry and the airlines serving the Airport. Particularly, since 2001 the airline industry has undergone structural changes and sustained significant financial losses until recently. The economic condition of the industry is volatile and the industry is sensitive to a variety of factors, including (i) the cost and availability of fuel, labor, aircraft, and insurance, (ii) general economic conditions, (iii) international trade, (iv) currency values, (v) competitive considerations, including the effects of airline ticket pricing, (vi) traffic and capacity constraints, (vii) governmental regulation, including security regulations and taxes imposed on airlines and passengers, and maintenance and environmental requirements, (viii) passenger demand for air travel, and (ix) disruption caused by public health risks, airline accidents, criminal incidents and acts of war or terrorism. Due to the discretionary nature of business and personal travel spending, airline passenger traffic and revenues are heavily influenced by the strength of the U.S. economy, other regional economies, corporate profitability, safety and security concerns and other factors. Ongoing structural changes to the industry are the result of a number of factors including the impact of low cost carriers, internet travel web sites and carriers reorganizing under the U.S. Bankruptcy Code.

Economic Conditions

The financial performance of the air transportation industry correlates with the state of the national economy and the global economy. Future increases in passenger traffic will depend largely on the ability of the U.S. to sustain growth in economic output and income. There can be no assurances that prolonged weak economic conditions or other national and international fiscal concerns will not have an adverse effect on the air transportation industry. Historically, the financial performance of the airline industry generally has correlated with the strength of the national and global economy. Local, state, national and global economies are impacted by political instability, international hostilities, and world health concerns. The short and long-term effects of these developments on the broader economy are not known at this time. There can be no assurances that weakness in the international, national, state and/or local economies will not have an adverse effect on the air transportation industry, and on the Airport and its revenues. Certain factors that may materially affect the Airport and the airlines include, but are not limited to: (i) population growth and the economic health of the region and the nation, (ii) airline service and route networks, (iii) national and international economic and political conditions, (iv) changes in demand for air travel, (v) service and cost competition, (vi) mergers and bankruptcy of any airlines, (vii) the availability and cost of aviation fuel and other necessary supplies, (viii) levels of air fares, fixed costs and capital requirements, (ix) the cost and availability of financing, (x) the capacity of the national air traffic control system, (xi) national and international disasters and hostilities, (xii) public health

concerns, such as the spread of severe acute respiratory syndrome and other communicable diseases, (xiii) the cost and availability of employees and labor relations within the airline industry, (xiv) regulation by the federal government, (xv) environmental risks, noise abatement concerns and regulation, (xvi) acts of war or terrorism, (xvii) aviation accidents, and (xviii) other risks. As a result of these and other factors, many airlines have operated at a loss in the past and may (including some that served the Airport) have filed for bankruptcy, ceased operations and/or merged with other airlines. In addition, the so-called legacy carriers have taken many actions to restructure and reduce costs, including reducing their workforce, renegotiating their labor agreements, reducing routes served, consolidating connecting activity and replacing mainline jets with regional jets. The City cannot predict the likelihood of future security incidents or air transportation disruptions or the impact on the Airport or the airlines from such incidents or disruptions.

National and International Economic and Political Conditions

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. Past recessions in the U.S. economy and associated high unemployment reduced discretionary income and negatively impacted airline travel demand. With the globalization of business and the increased importance of international trade and tourism, the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities all influence passenger traffic at major U.S. airports. Aviation security precautions and safety concerns arising from international political conflicts can also affect air carrier travel demand.

Uncertainty associated with war, including the war in Ukraine, conflict and unrest in the Middle East, reduction of economic activities in Europe, the threats of future terrorist attacks and global pandemics may have an adverse impact on air travel in the future. In addition, to the extent travel advisories and warnings or travel bans are imposed by governments domestically or internationally such actions may have an adverse impact on air travel in the future.

The City receives federal funding for the Airport not only in connection with FAA AIP Grants and PFC authorizations, but also in the form of funding for the TSA, air traffic control and other FAA staffing and facilities. Administrative and legislative actions at the federal and state level, and economic conditions and legislative responses thereto, including any future federal government shutdown, may reduce or eliminate federal funds available for such federal assistance to the City and the Airport. Additionally, federal policies involving taxation, appropriations, borrowing, trade, immigration, education, environmental matters, and other topics can shift from one presidential administration or Congress to another. From time to time, such shifts can result in significant fluctuations in the level of federal funding for various policy objectives, leading to unpredictability for state and local governments and other funding recipients. Recently, several such policy shifts have been proposed or promulgated through presidential executive orders and other official and unofficial actions at the federal level that involve, among other things, (a) delaying or canceling various grants and other appropriations, (b) reducing the federal workforce through early buyouts and terminations, (c) eliminating certain federal agencies and departments, (d) imposing new or increased tariffs for certain imported goods and materials, and (e) increasing immigration enforcement actions. Certain of these actions have been the subject of judicial challenges. The City cannot predict the outcome or duration of such proposals and other actions, nor the potential impacts of any future such changes in federal policy. The City's CDP planning and evaluation process allows for projects to be adjusted for various factors leading to cost pressures, including but not limited to, inflation, tariffs, supply chain and labor markets.

Aviation Fuel Costs

Airline earnings are significantly affected by changes in the price of aviation fuel. According to the Air Transport Association (the "ATA"), fuel, along with labor costs, is one of the largest cost components of airline operations, and therefore is an important and uncertain determinate of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but there have been significant fluctuations in the price of fuel.

Airline earnings are affected by changes in the price of aircraft fuel, which in turn is affected by natural disasters, hostilities and political unrest in various parts of the world, Organization of the Petroleum Exporting Countries (OPEC) policy, the increased demand for fuel caused by the rapid growth of the economies of certain

countries, disruptions to production and refining operations, the levels of fuel inventory maintained by certain industries, currency fluctuations, the amount of fuel reserves maintained by governments, and other factors determining demand and supply. While current fuel costs have decreased, significant and prolonged high aviation fuel costs or any decreases in the availability of aviation fuel would likely have an adverse impact on air transportation industry economics and the ability to provide air service.

Aircraft Shortages

After retiring numerous aircraft during the COVID-19 pandemic, airlines are struggling to acquire sufficient aircraft to meet growing demand for air service in the United States and abroad. Those challenges are compounded because aircraft manufacturers, including Airbus and Boeing, have experienced delays in producing and delivering aircraft. Such delays result from several factors, including supply-chain disruptions (which are outlined below) and staffing shortages. Delays in aircraft delivery may hamper airlines' ability to increase capacity to meet travel demand. If such aircraft-delivery delays persist, airlines could reduce service domestically and internationally, including from the Airport.

Supply Chain Constraints

Supply chain constraints causing shortages of aircraft engines, avionics, and other essential components are affecting the ability of aircraft manufacturers, including Airbus and Boeing, to produce larger, more fuel-efficient aircraft in the numbers being sought by airlines even while there is industry-wide domestic overcapacity. Such constraints are causing and may continue to cause a reduction in the number of active aircraft in fleets able to operate service; however, due to the variety and complexity of airline operations, these constraints may affect individual airlines and/or the Airport in disparate ways.

Growth of Low-Cost Carriers

A low-cost airline or ultra-low-cost airline (an "LCC" or "ULCC", as applicable) is an airline that generally provides lower fares for customers and leverages a cost structure that historically has been significantly lower than the cost structures of network carriers. The low-cost structure can include lower labor costs, a streamlined aircraft fleet and more efficient operations. Because of these lower cost structures, LCCs and ULCCs can conceivably remain profitable while offering lower fares to the traveling public. Frontier is the Airport's current leading ULCC in terms of enplanements. For the 10-month period commencing July 2024 through April 2025 Frontier Airlines accounted for 11.1% of enplaned passengers as compared to 12.5% of enplaned passengers in fiscal year 2024 and 11.6% in fiscal year 2023. The continued presence of the LCCs and ULCCs serving the Airport, and the levels at which such airlines might provide service at the Airport, are a function of a variety of factors, including but not limited to: airline airfares and competition; airline industry economics, including labor costs and the price of aviation fuel; capacity of the Airport and competition from other airports; and the strength of the origination and destination market at the Airport. Most of these factors are beyond the control of the Airport. Accordingly, no assurance can be given as to the levels of aviation activity that LCCs and ULCCs will provide at the Airport in the future.

Public Health Concerns

Travel restrictions and alerts, as well as other public health measures, may be imposed to limit the spread of communicable diseases which may arise. In recent years, the World Health Organization and the U.S. Department of Health and Human Services (through the Secretary of the Department of Homeland Security) declared public health emergencies as the result of outbreaks of a certain serious communicable disease, including as a result of the outbreak and continued spread of COVID-19. The widespread outbreak of and any travel-imposed restrictions imposed in relation to the communicable disease could negatively impact passenger activity at the Airport.

Cyber Security

Computer networks, along with data transmission and collection, are crucial for the secure and efficient functioning of the Airport, the airlines operating there, and other airport tenants. Despite implementing security measures, the Airport's information technology and infrastructure, as well as those of the airlines and tenants, remain susceptible target of cyberattacks from adversaries, nation state actors, or breaches due to employee mistakes, negligence, or misconduct. Such breaches or security incidents could compromise systems and the data stored within them. Any disruption or data loss could hinder the Airport's operations and the services provided by the airlines, negatively impacting the Airport's ability to generate revenue.

To counter these cybersecurity risks and protect business operations, the Airport invests in a variety of cybersecurity and operational safeguards. This also includes using a national risk management framework to evaluate the likelihood and impact of cybersecurity incidents. In 2017, the Airport established the position of Chief Information Security Officer to develop a proactive cybersecurity risk mitigation strategy program. Additionally, the Airport provides cybersecurity risk training to its employees and contractors and maintains a cybersecurity liability insurance policy.

Demand for Air Travel

Airline fares have an important effect on passenger demand, particularly for relatively short trips where the automobile, rail or other land travel modes are alternatives and for price-sensitive "discretionary" travel, such as vacation travel. Airfares are influenced by airline operating costs and debt burden, passenger demand, capacity and yield management, market presence and competition. If airlines are unable to charge fares sufficiently high to cover operating costs and interest expense they will experience financial difficulty, which could adversely affect Airport revenues and the willingness of the airlines to approve additional capital development projects.

Many factors have combined to alter consumer travel patterns. The COVID-19 pandemic and the threat of other pandemics have resulted in a marked increase in teleconferencing and video conferencing in lieu of air travel for business. The threat of terrorism against the U.S. remains high. As a result, the federal government has mandated various security measures that have resulted in security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations.

Capacity of National Air Traffic Control and Airport Systems

Demands on the nation's air traffic control system continue to cause aircraft delays and restrictions, both on the number of aircraft movements in certain air traffic routes and on the number of landings and takeoffs at certain airports. These restrictions affect airline schedules and passenger traffic nationwide. In addition, increasing demands on the national air traffic control and airport systems could cause increased delays and restrictions in the future. The FAA is gradually automating and enhancing the computer, radar, and communications equipment of the air traffic control system and assisting in the development of additional airfield capacity through the construction of new runways, and the more effective use of existing runways. However, increasing demands on the national air traffic control and airport systems could cause increased delays and restrictions in the future, such as the delays that occurred during the summer 2024 and spring and summer 2025 travel seasons.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of potential international hostilities and terrorist attacks, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Although the U.S. government, airlines and airport operators have upgraded security measures to guard against terrorist incidents and maintain confidence in the safety of airline travel, no assurance can be given that these precautions will be successful. The possibility of intensified international hostilities and further terrorist attacks

involving or affecting commercial aviation are a continuing concern that may affect future travel behavior and airline passenger demand.

Further, future enhanced securities procedures may significantly increase inconvenience and delays at airports, including the Airport, again impacting passenger demand for air travel.

Climate Change Issues and Possible New Regulation

Numerous scientific studies on global climate demonstrate that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common and extreme weather events will become more common and more frequent because of increasing global temperatures attributable to atmospheric pollution. In the coming years, such extreme events and conditions are expected to increasingly disrupt and damage critical infrastructure and property as well as regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages, supply chain delays, and service disruptions, among others.

The City's geographic location in the northeast of the United States makes it more vulnerable to increased average temperatures, increased precipitation, rise in sea levels and, overall, increased weather variability and other threats due to climate change. The City cannot accurately predict the timing, extent or severity of climate change and its impact on the City's and Airport's operations and finances.

Climate change concerns are shaping laws and regulations at the federal and state levels that could have a material adverse effect on airlines operating at the Airport and could also affect ground operations at the Airport. Studies report that airplane emissions equal approximately 12% of all U.S. transportation and more than 3% of total U.S. greenhouse gas emissions. While the U.S. Environmental Protection Agency (the "EPA") does not currently regulate greenhouse gas ("GHG") emissions from aircraft, it could do so in the future. When drafting aircraft emission regulations, the EPA must consult with the Administrator of the FAA and the Secretary of Transportation, and such regulations must not significantly increase noise or adversely affect safety. The President may also disapprove if the Secretary of Transportation advises that the regulations create a hazard to aircraft safety. No assurances can be provided as to the likelihood or potential impact of any such future proposed or enacted regulations.

New Technologies and Services

The growth of new technologies and services may impact the Airport's ability to generate revenues and its costs to provide services to meet the needs of its tenants and customers. For example, the rising popularity of TNCs such as Uber Technologies Inc. and Lyft, Inc., may impact Airport ground transportation, parking and rental car revenues. At this time, the Airport cannot predict the impact of TNCs on its operating revenues.

Cost of Capital Development Program

The ability of the Airport to complete its Capital Development Program may be adversely affected by various factors including: (1) incorrect assumptions for cost and schedule estimates, (2) design and engineering oversights, (3) changes to the scope of the projects, including changes to federal security regulations, (4) delays in contract awards, (5) material and/ or labor shortages, (6) unforeseen site conditions, (7) adverse weather conditions and other force majeure events, (8) contractor defaults, (9) labor disputes, (10) unanticipated economic events such as inflation, (11) delays related to public health emergencies, and (12) environmental issues. No assurance can be made that the projects will not exceed the currently budgeted amounts. Any schedule delays or cost increases could result in the need to issue additional indebtedness, including additional tax-exempt bonds and may result in increased costs per enplaned passenger to the airlines or other rate increases.

Dominance of American Airlines Presence at the Airport

General. As noted above under "THE AIRPORT SYSTEM – AIRPORT ACTIVITY AND SIGNATORY AIRLINES – American Airlines," American Airlines is, by far, the largest Signatory Airline at the Airport. A large portion of American Airlines' business relates to connecting traffic. If American Airlines ceases or significantly

reduces operations at the Airport, other airlines may not pick up all of the traffic. The loss of American Airlines could also leave the remaining Signatory Airlines with significant additional financial commitments.

The City has no information regarding the financial condition of American Airlines and its future plans generally, and with regard to the Airport in particular, other than from bankruptcy court filings and filings with the Commission. The Commission's web site is http://www.sec.gov.

Neither the City nor the Underwriters undertake any responsibility for or make any representations as to the accuracy or completeness of the content of information available from the Commission, including but not limited to, updates of such information or links to other internet sites accessed through the Commission's web site. See also "Effect of Bankruptcies and Mergers on Various Airline Agreements" and "Limitations on Bondholders' Remedies" below.

Forward-Looking Statements

The statements contained in this Official Statement, including the Appendices, and in any other information provided by the City and other parties to this transaction described herein that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "may," "will," "should," "expects," "projects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these of other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Other such risks and uncertainties include, among others, changes in regional, domestic and international political, social and economic conditions, federal, state and local statutory and regulatory initiatives, the financial condition of individual airlines and carriers and the airline industry generally, changes in the tourism industry, international, federal, state and local regulations regarding air travel, the COVID-19 pandemic, the outbreak of any other disease or public health threat, other future global health concerns, and other events or circumstances beyond the control of the City. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement, including the Appendices, and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the Series 2025 Bonds.

Report of the Airport Consultant

The financial projections in the Report of the Airport Consultant regarding the Airport are based generally upon certain assumptions, as well as economic, demographic and development trends. See APPENDIX I – "REPORT OF THE AIRPORT CONSULTANT", including, particularly, Section 8.1 – "Assumptions Underlying the Projections" therein. Inevitably, some of the assumptions and other data used to develop the projections will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual financial results achieved during the Projection Period will vary from the financial projections, and such differences may be material.

Passenger Facility Charges

In the event that the City does not collect expected PFCs, it may have to use other Pledged Amounts to pay debt service on the PFC-Pledge Bonds. Such an event likely would require the City to increase rates and fees, including landing fees and terminal rentals, and/or reduce operating expenses to pay debt service costs and other costs of capital projects.

The ability of the City to collect annually sufficient PFCs depends upon a number of factors including the operation of the Airport by the City, the number of enplanements at the Airport, the use of the Airport by the carriers collecting the PFCs (the "Collecting Carriers"), and the efficiency and ability of the Collecting Carriers to collect and

remit PFCs to the City. The City relies upon the Collecting Carriers' collection and remittance of PFCs and both the City and the FAA rely upon the air carriers' reports of enplanements and collections.

Further, the City's authority to impose PFCs is currently expected to expire in 2028. The City expects to submit additional PFC applications prior to the expiration date to continue collections of PFCs. The City cannot guarantee that a new application to extend the authority to impose PFCs will be timely submitted to, or approved by, the FAA.

In addition, the FAA may terminate the City's authority to impose PFCs, subject to informal and formal procedural safeguards, or the PFC Act, the PFC Regulations, or the City's approvals from the FAA could be amended in a manner that would adversely affect the City's ability to collect and use PFCs.

The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. However, the airlines are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted. In the event of a bankruptcy, the PFC Enabling Act, as amended in December 2003, provides that (1) PFCs are and remain trust funds, (2) an airline in bankruptcy may not grant to any third party any security or other interest in PFC revenue, and (3) an airline in bankruptcy must segregate in a separate account PFC revenue equal to its average monthly PFC liability. Despite these enhanced statutory protections, it is unclear whether the City would be able to recover the full amount of PFC trust funds collected or accrued with respect to an airline in the event of a liquidation or cessation of business. The City also cannot predict whether an airline operating at the Airport, that files for bankruptcy, would have properly accounted for PFCs owed to the City or whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such airline. All airlines operating at the Airport are current in the payment of PFCs owed to the City.

Bankruptcies and Mergers of Operating Airlines or Other Tenants

General; Bankruptcies and Mergers. The Airport derives a substantial portion of its operating revenues from landing fees, rentals and concession fees. The financial strength and stability of the airlines and other tenants serving the Airport, together with numerous other factors, influence the level of aviation activity at the Airport. In addition, individual airline decisions regarding the level of service, particularly hubbing activity and aircraft size (such as the use of regional jets) can affect total enplanements.

The airlines serving the Airport have all been impacted by the financial difficulties and bankruptcies of other carriers and have experienced an increase in costs and a resulting decline in financial condition to varying degrees. Since 2001, several airlines with operations at the Airport have filed for and have subsequently emerged from bankruptcy protection. The Hertz Corporation filed for bankruptcy in May 2020 but continues to operate. Additional bankruptcies, liquidations, mergers or major restructurings of other airline or tenants could occur. It is not possible to predict the impact on the Airport of the recent, potential and any future bankruptcies, liquidations, mergers or major restructurings of other airlines or tenants.

Further airline consolidation is possible and could change airline service patterns, particularly at the connecting hub airports of the merged airlines. The Airport cannot predict what impact, if any, such consolidations will have on airline traffic at the Airport.

Assumption or Rejection of Agreements. In the event of bankruptcy proceedings involving one or more of the Signatory Airlines, other air carriers or other tenants, the debtor or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the Airline Agreement or other Airport agreements. In the event of assumption, the debtor would be required to cure any prior defaults and to provide adequate assurance of future performance under the relevant agreements. Rejection of a lease or executory contract by any of the Signatory Airlines, other air carriers or other tenants would give rise to an unsecured claim of the City for damages, the amount of which in the case of a lease is limited by the Bankruptcy Code. With respect to the Signatory Airlines, the costs of Terminal Building Area vacated as a result of a rejection of an Airline Agreement by a Signatory Airline in bankruptcy would be passed on to the remaining Signatory Airlines under their Airline Agreements. If the

bankruptcy of one or more Signatory Airlines were to occur, there can be no assurance that the remaining Signatory Airlines would be able, individually or collectively, to meet their obligations under the Airline Agreements. See "THE AIRPORT SYSTEM –AIRPORT ACTIVITY AND SIGNATORY AIRLINES – Information Concerning the Signatory Airlines".

If contractual agreements with the airlines do not exist, rates and charges for use of the Airport System will be set by regulation of the City – currently, the Airport Rates and Charges Regulation.

Federal Funding Considerations

On May 15, 2024, Congress passed a five-year reauthorization bill for the FAA, the FAA Reauthorization Act of 2024, which was signed into law on May 16, 2024 by the President. The FAA Reauthorization Act of 2024, among other things, authorizes the FAA's programs for five federal fiscal years, and provides additional funding for the AIP. The Airport and Airway Improvement Act of 1982 created the AIP, which is administered by the FAA and funded by the Airport and Airway Trust Fund, which is financed by federal aviation user taxes. The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). FAA AIP expenditures are subject to congressional appropriation and no assurance can be given that the FAA will receive spending authority. Additionally, the AIP expenditures could be affected by the automatic across-the-board spending cuts, known as sequestration, described above.

The City is unable to predict whether legislation to extend or reauthorize this statute or otherwise continue FAA programs will be adopted prior to the scheduled expiration date, if not so adopted, the duration of any resulting period of de-authorization, and the impact on the Airport finances which might result therefrom. The City may be required to fund capital expenditures during the forecast period expected to come from federal funds from other sources (including operating revenues and additional bonds), to decrease the CDP or to extend the timing for completion of certain projects.

From time to time, Congress has failed to provide a funding plan for the U.S. government for a succeeding federal fiscal year, and the federal government has "shut down." During a federal government shutdown, thousands of federal workers will be furloughed without pay and many government services and functions will be disrupted. While most airport security agents, customs officials and air traffic controllers are essential employees and would continue working during a shutdown, a shutdown could adversely impact the travel industry by, among other things, reducing air travel demand and reducing government-related business travel. Depending on the length of the shutdown, travelers may experience additional delays in passport and visa processing. National parks, monuments and museums staffed by federal employees would also scale back services or close during a government shutdown which may adversely affect leisure travel.

The City depends upon federal funding for the Airport not only in connection with grants and PFC authorizations but also because federal funding provides for certain expenses respecting TSA, air traffic control and other FAA staffing and facilities. The FAA currently operates under the FAA Reauthorization Act of 2024, which extends FAA's funding and authorities through September 30, 2028. Federal funding is also impacted by sequestration under the federal Budget Control Act of 2011, as amended most recently by the Bipartisan Budget Act of 2019. Except to the extent changed by Congress from time to time, sequestration or other conduct by the federal government could affect FAA, TSA and Customs and Border Protection budgets and staffing, which could result in staffing shortages, furloughs, traffic delays or loss of funding at the Airport and nationwide. No assurances can be made that other conduct by the federal government will not affect staffing or the limits or availability of federal funding.

Federal Regulation Regarding Rates and Charges Disputes

The FAA Authorization Act of 1994 establishes that airline rates and charges set by airports be "reasonable" and mandates an expedited administrative process by which the Secretary of Transportation (the "Secretary") shall review rates and charges complaints. An affected air carrier may file a written complaint requesting a determination of the Secretary as to reasonableness within 60 days after such carrier receives written notice of the establishment or increase of such fee. During the pendency of the review, the airlines must pay the disputed portion of the fee to the airport under protest, subject to refund to the extent such fees are found to be unreasonable by the Secretary. The

airport must obtain a letter of credit, surety bond or other suitable credit facility equal to the amount in dispute unless the airport and the complaining carriers agree otherwise. Application of these provisions could adversely impact the amount of airline rates and charges received by airports.

Litigation

Claims are asserted against the Department of Aviation from time to time and in some cases, lawsuits are instituted and ongoing. Many claims against the Department of Aviation have been reduced to judgments or otherwise settled in a manner requiring payment by the Department of Aviation. Generally, judgments and settlements on claims against the Department of Aviation are payable from the Aviation Fund and only secondarily from the General Fund. In *Condemnation by the City of Philadelphia of the Airport Business Center, Tinicum Township, Delaware County*, the plaintiffs (the "Hendersons") asserted that the City effected a de facto taking of certain properties near the Airport. Oral arguments before the Commonwealth's Supreme Court are scheduled for September 11, 2025, following the expected issuance of the Series 2025 Bonds. See APPENDIX II – "FINANCIAL STATEMENTS OF THE DEPARTMENT OF AVIATION FISCAL YEAR ENDED JUNE 30, 2024" for more detailed information regarding the *Hendersons* case in Note #19. See also APPENDIX III – "GOVERNMENT AND FINANCIAL INFORMATION OF THE CITY OF PHILADELPHIA – Litigation – Aviation Fund." No assurance can be given at this time regarding the outcome of the *Hendersons* case.

Limitations on Bondholders' Remedies

The rights and remedies of the Fiscal Agent and the Bondholders with respect to the Series 2025 Bonds are subject to various provisions of Chapter 9 of the U.S. Bankruptcy Code (the "Bankruptcy Code"), which permits, under certain circumstances, a political subdivision or public agency or instrumentality of a state to file a voluntary petition in bankruptcy in the nature of a plan for adjustment in the repayment of debts if, generally, the entity is insolvent or unable to meet its debts as they mature. Such a petition may be filed by a political subdivision (such as the City) only if the state legislature has specifically authorized (by description or by name) the entity to be a debtor under Chapter 9 of the Bankruptcy Code or a governmental officer or organization empowered by state law to give such authorization has done so. The Financially Distressed Municipalities Act, Act No. 1987-47 of the Commonwealth of Pennsylvania, approved July 10, 1987, amended in 1992 and now known as the Municipalities Financial Recovery Act, Act No. 1992-69 of the Commonwealth, approved June 30, 1992 ("Financial Recovery Act"), provides, among other things, for the restructuring of debt of a financially distressed municipality and the method by which such entities are permitted to apply for relief under the Bankruptcy Code. In addition, the Financial Recovery Act empowered the Department of Community Affairs of the Commonwealth (now the Department of Community and Economic Development) to declare certain municipalities' financially distressed upon the occurrence of certain events and the making of certain determinations by such Department.

With respect to the City, certain provisions of the Financial Recovery Act have been preempted by the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, Act No. 1991-6 of the Commonwealth, approved June 5, 1991 (the "PICA Act"). The provisions of the Financial Recovery Act relating to the City that were not preempted have been suspended with respect to the City by the PICA Act. The PICA Act prohibits the City from filing a petition for relief under Chapter 9 of the U.S. Bankruptcy Code so long as PICA has any power or duty under the PICA Act. The PICA Act provides that PICA shall have continuing existence and succession until the later of January 2, 2047 or one year after all of PICA's liabilities, including without limitation, its bonds, have been fully paid or discharged or after provision for such payment shall have been made as provided for in the applicable indenture. For more information, see APPENDIX III – "GOVERNMENT AND FINANCIAL INFORMATION OF THE CITY OF PHILADELPHIA – The Government of the City of Philadelphia – Local Government Agencies – Non-Mayoral-Appointed or Nominated Agencies – PICA" and see "DEBT OF THE CITY – PICA Bonds." The enforceability of the rights and remedies of the Fiscal Agent and the holders of Series 2025 Bonds may also be limited by other bankruptcy or insolvency or other laws now or hereafter in effect affecting the rights or remedies of creditors generally, or be subject to principles of equity, if equitable remedies are sought.

Potential Limitation of Tax Exemption of Interest on the Series 2025 Bonds

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the treatment of interest on the Series 2025 Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2025 Bonds. See "CHANGES IN FEDERAL AND STATE TAX LAW" below.

TAX MATTERS

Tax Exemption - Opinion of Co-Bond Counsel

The Internal Revenue Code of 1986, as amended (the "Code") contains provisions relating to the tax-exempt status of interest on obligations which apply to the Series 2025 Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the Series 2025 Bonds and the rebate of certain investment earnings derived from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the City subsequent to the issuance and delivery of the Series 2025 Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. The City has covenanted to comply with such requirements.

In the opinion of Co-Bond Counsel, interest on the Series 2025A Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. In the opinion of Co-Bond Counsel, interest on the Series 2025B Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, except for interest on any Series 2025B Bond during any period such Series 2025B Bond is held by a person who is a "substantial user" of the facilities financed or refinanced by the Series 2025B Bonds or a "related person" within the meaning of Section 147(a) of the Code. The opinions of Co-Bond Counsel are subject to the condition that the City complies with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon continues to be excluded from gross income. Failure to comply with certain of such requirements could cause the interest on the Series 2025A Bonds or Series 2025B Bonds, as applicable, to be so includable in gross income retroactive to the date of issuance of the Series 2025A Bonds or Series 2025B Bonds, as applicable. The City has covenanted to comply with all such requirements.

Under Treasury Regulation § l.150-l(c)(3), the City has the ability to treat bonds that would otherwise be treated as one issue as separate issues for certain purposes of the Code if each issue could otherwise qualify as a tax-exempt bond issue. The Series 2025A Bond proceeds will be used to refinance certain outstanding Commercial Paper Notes (Non-AMT) of the City, and provide capitalized interest on a portion of the Series 2025A Bonds for the remaining period during which certain projects are under construction (not to exceed one year) and thus will be treated as a traditional governmental bond issue. The Series 2025B Bonds will be treated as a separate exempt facility bond issue to provide airports under the Section 142 of the Code in that the proceeds thereof will be used to currently refund the City's Airport Revenue Bonds, Series 2015A (AMT), refinance certain Commercial Paper Notes (AMT) of the City, and provide capitalized interest on a portion of the Series 2025B Bonds for the remaining period during which certain projects are under construction (not to exceed one year). However, under Treasury Regulation § 1.150-1 (c)(3), the Series 2025A Bonds and the Series 2025B Bonds may not be treated as separate issues for certain provisions of the Code, including those provisions relating to arbitrage, arbitrage yield and arbitrage rebate. Because separate issue treatment does not apply, for example, for arbitrage purposes, the failure by the City to comply with certain requirements with respect to the Series 2025A Bonds, in addition to causing the interest on the Series 2025A Bonds to be includable in gross income of the holders of the Series 2025A Bonds, could *also* cause the interest on the Series 2025B Bonds to be includable in gross income of the holders of the Series 2025B Bonds retroactive to the date of issuance of the Series 2025 Bonds.

Interest on the Series 2025A Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax. Interest on the Series 2025B Bonds is treated as an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax.

In addition to the matters addressed below, prospective purchasers of the Series 2025 Bonds should be aware that ownership of the Series 2025 Bonds may result in collateral tax consequences to certain taxpayers, including but not limited to, foreign corporations, certain S corporations, financial institutions, recipients of social security and railroad retirement benefits and property or casualty insurance companies. Co-Bond Counsel express no opinion regarding any other federal tax consequences relating to the Series 2025 Bonds or the receipt of interest thereon. **Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors as to the impact of these other tax consequences.**

In the opinion of Co-Bond Counsel, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, interest on the Series 2025 Bonds is free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but such exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Series 2025 Bonds or the interest thereon. Profits, gains or income derived from the sale, exchange, or other disposition of the Series 2025 Bonds are subject to state and local taxation within the Commonwealth of Pennsylvania. Specifically, interest on the Series 2025 Bonds is exempt from the Pennsylvania personal income tax and the Pennsylvania corporate net income tax.

Co-Bond Counsel opinions will be based on existing law, which is subject to change. Such opinion will be further based on factual representations made to Co-Bond Counsel as of the date of delivery of the Series 2025 Bonds. Co-Bond Counsel assume no duty to update or supplement their opinion to reflect any facts or circumstances that may thereafter come to the attention of Co-Bond Counsel, or to reflect any changes in law that may thereafter occur or become effective.

Alternative Minimum Tax-Series 2025 Bonds

The Series 2025A Bonds are not subject to the federal alternative minimum tax. However, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

The Code treats as an item of tax preference, interest on a "specified private activity bond". The Series 2025B Bonds are "specified private activity bonds".

Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations

The Code, subject to limited exceptions not applicable to the Series 2025 Bonds, denies the interest deduction for indebtedness incurred or continued to purchase or carry tax-exempt obligations, such as the Series 2025 Bonds. With respect to banks, thrift institutions and other financial institutions, the denial to such institutions is one hundred percent (100%) for interest paid on funds allocable to the Series 2025 Bonds.

Reportable Payments and Backup Withholding

Under the Internal Revenue Code, payments of interest on the Series 2025 Bonds will be reported to the Internal Revenue Service by the payor on Form 1099 unless the Bondholder is an "exempt person" under Section 6049 of the Code. A Bondholder who is not an exempt person may be subject to "backup withholding" at a specified rate prescribed in the Code if the Bondholder does not file Form W-9 with the payor advising the payor of the Bondholder's taxpayer identification number. Bondholders should consult with their brokers regarding this matter.

The payor will report to the Bondholders and to the Internal Revenue Service for each calendar year the amount of any "reportable payments" during such year and the amount of tax, if any, with respect to payments made on the Series 2025 Bonds.

Accounting Treatment of Original Issue Discount and Amortizable Bond Premium

The Series 2025B Bonds maturing on July 1, 2055 are hereinafter referred to as the "Discount Bonds." In the opinion of Co-Bond Counsel, the difference between the initial public offering price of the Discount Bonds set forth on the inside cover page and the stated redemption price at maturity of each such Discount Bond constitutes "original issue discount," all or a portion of which will, on the disposition or payment of such Discount Bonds, be treated as tax-exempt interest for federal income tax purposes. Original issue discount will be apportioned to an owner of the Discount Bonds under a "constant interest method," which utilizes a periodic compounding of accrued interest. If an owner of a Discount Bond who purchases it in the original offering at the initial public offering price owns that Discount Bond to maturity, that Bondholder will not realize taxable gain for federal income tax purposes upon payment of the Discount Bond at maturity. An owner of a Discount Bond who purchases it in the original offering at the initial public offering price and who later disposes of the Discount Bond prior to maturity will be deemed to have accrued tax-exempt income in a manner described above; amounts realized in excess of the sum of the original offering price of such Discount Bond and the amount of accrued original issue discount will be taxable gain.

Purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on the Discount Bonds. Prospective purchasers of the Discount Bonds should consult their tax advisors regarding the Pennsylvania tax treatment of original issue discount.

The Series 2025A Bonds maturing July 1, 2029 through and including July 1, 2045, July 1, 2051, July 1, 2055 and the Series 2025B Bonds maturing July 1, 2026 through and including July 1, 2045 and July 1, 2051 are herein referred to as the "Premium Bonds." An amount equal to the excess of the initial public offering price of a Premium Bond set forth on the inside cover page over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning Premium Bonds.

CHANGES IN FEDERAL AND STATE TAX LAW

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the treatment of interest on the Series 2025 Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2025 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It cannot be predicted whether or in what form any such proposals may be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. In addition, regulatory or other actions are from time to time announced or proposed which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2025 Bonds. It cannot be predicted whether any such regulatory or other actions will be implemented or whether the Series 2025 Bonds would be impacted thereby.

Purchasers of the Series 2025 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2025 Bonds, and Co-Bond Counsel have expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Series 2025 Bonds should be aware that the ownership of tax-exempt obligations, such as the Series 2025 Bonds, may result in collateral federal income tax consequences. Such prospective purchasers should consult their own tax advisors as to the consequences of investing in the Series 2025 Bonds.

LEGAL PROCEEDINGS

General

The City is involved in several claims and lawsuits arising in the ordinary course of operations of the Airport System. The City estimates that any liability assessed against the City, as a result of claims that are not covered by insurance or otherwise, would not materially and adversely affect the Series 2025 Bonds, the sources of payment and security for the Series 2025 Bonds or the financial condition or operations of the Airport System. There has been no litigation seeking to enjoin the issuance, sale or delivery of the Series 2025 Bonds.

No Litigation Opinion

Upon delivery of the Series 2025 Bonds, the City Solicitor will furnish an opinion, in form satisfactory to Co-Bond Counsel and to the Underwriters, to the effect that, among other things, except for litigation which in the

opinion of the City Solicitor is without merit and except as disclosed in this Official Statement, there is no litigation or other legal proceeding pending in any court, or, to the knowledge of the Law Department after investigation, threatened in writing against the City, to restrain or enjoin the issuance, sale or delivery of the Series 2025 Bonds or in any way contesting the validity or enforceability of the Series 2025 Bonds.

UNDERWRITING

The Series 2025 Bonds are being purchased by the underwriters listed on the cover page of this Official Statement (the "Underwriters"), for which Wells Fargo Bank, National Association, is acting as representative (the "Representative"), at a purchase price of $379,163,438.85, which represents the principal amount of the Series 2025 Bonds of $364,760,000, plus net original issue premium of $15,853,577.55, and less an underwriters' discount of $1,450,138.70. The Underwriters will purchase all of the Series 2025 Bonds if any Series 2025 Bonds are purchased. The obligation of the Underwriters to purchase the Series 2025 Bonds is subject to certain terms and conditions set forth in the purchase contract related to the Series 2025 Bonds.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses. In addition, affiliates of some of the Underwriters are lenders, and in some cases agents or managers for the lenders, under the City's letters of credit.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The initial public offering prices of the Series 2025 Bonds set forth on the inside cover page of this Official Statement may be changed without notice by the Underwriters. The Underwriters may offer and sell Bonds to certain dealers (including dealers' depositing Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at prices lower that the offering prices set forth on the inside cover page.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), the senior underwriter of the Series 2025 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2025 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2025 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2025 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings ("Fitch") have assigned ratings to the Series 2025 Bonds, of "A1", stable outlook, and "A+", stable outlook, respectively.

A rating, including any related outlook with respect to potential changes in such ratings, reflects only the view of the agency giving such rating and is not a recommendation to buy, sell or hold the Series 2025 Bonds. An explanation of the significance of any such rating may be obtained only from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price or marketability of the Series 2025 Bonds.

CO-FINANCIAL ADVISORS

Frasca & Associates, LLC and Phoenix Capital Partners, LLP have been retained by the City as Co-Financial Advisors in connection with the issuance of the Series 2025 Bonds and, in such capacity, have assisted the City in the preparation of documents related to the Series 2025 Bonds.

Although the Co-Financial Advisors have read and participated in the preparation of this Official Statement, they have not independently verified any of the information set forth herein. The information contained in this Official Statement has been obtained primarily from the City's records and from other sources that are believed to be reliable, including financial records of the City, reports of consultants and other entities that may be subject to interpretation. No guarantee is made as to the accuracy or completeness of any such information. No person, therefore, is entitled to rely upon the participation of the Co-Financial Advisors as an implicit or explicit expression of opinion as to the completeness and accuracy of the information contained in this Official Statement.

REPORT OF THE AIRPORT CONSULTANT

The Report of the Airport Consultant contained in APPENDIX I was prepared by Ricondo & Associates, Inc. ("Ricondo") and AVK Consulting, Inc. ("AVK") (collectively, the "Consultants") in connection with the issuance of the Series 2025 Bonds. Such Report of the Airport Consultant is set forth herein in reliance upon the knowledge and experience of such firms as airport consultants. The Consultants have consented to the inclusion of the Report of the Airport Consultant herein.

See "CERTAIN INVESTMENT CONSIDERATIONS – Report of the Airport Consultant" herein.

APPROVAL OF LEGALITY

Certain legal matters incident to the authorization, issuance and sale of the Series 2025 Bonds will be passed upon by Saul Ewing Arnstein & Lehr LLP and Andre C. Dasent, P.C., each of Philadelphia, Pennsylvania, Co-Bond Counsel. The proposed form of such approving opinion is included herein as APPENDIX VI. Certain legal matters incident to the disclosure relating to the Series 2025 Bonds will be passed upon by Hardwick Law Firm, LLC and Greenberg Traurig, LLP, both of Philadelphia, Pennsylvania, Co-Disclosure Counsel. Hawkins Delafield & Wood LLP, as General Fund Disclosure Counsel to the City, will be delivering an opinion to the City and the Underwriters with respect to Appendix III. Certain legal matters will be passed upon for the Underwriters by Turner Law, P.C., of Philadelphia, Pennsylvania, Counsel to the Underwriters. Certain legal matters will be passed upon for the City of Philadelphia by the City Solicitor.

RELATIONSHIPS OF CERTAIN PARTIES

The firms serving as Co-Bond Counsel, Co-Disclosure Counsel and Underwriters' Counsel have each, in the past, provided legal services to the City and periodically (including currently) represent the City on matters unrelated to the issuance and sale of the Series 2025 Bonds. In addition, Wells Fargo Municipal Capital Strategies, LLC has provided a revolving line of credit for the City to finance capital projects for the Airport System, among other uses, and Wells Fargo Bank, National Association is serving as Underwriter for the Series 2025 Bonds. A portion of the

proceeds of the Series 2025 is expected to be used to pay down the revolving line of credit. See "FINANCIAL FACTORS – Outstanding and Additional Indebtedness" and "UNDERWRITING" herein.

ADDITIONAL INFORMATION

It is the practice of the City in connection with the issuance and sale of each issue of the City's bonds or notes, to require in its contract with its underwriters that the underwriters deposit the Official Statement of the City relating to such issue of bonds or notes with a nationally recognized municipal securities information repository (a "Repository") as soon as practicable after delivery of such Official Statement. It is also the City's practice to file its ACFR, which contains the audited combined financial statements of the City with the Municipal Securities Rulemaking Board (MSRB) on EMMA. The ACFR for the City's fiscal year ended June 30, 2024 was filed with EMMA on February 25, 2025. The ACFR is prepared by the Office of the Director of Finance of the City in conformance with guidelines adopted by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants audit guide, Audits of State and Local Government Units. Upon written request to the Office of the Director of Finance and payment of the costs of duplication and mailing, the City will make available copies of the ACFR for the fiscal year ended June 30, 2024. Such a request should be addressed to: Office of the Director of Finance, Municipal Services Building, 1401 John F. Kennedy Boulevard, Philadelphia, PA 19102. A copy of the financial statements of the City for the fiscal year ended June 30, 2024, may be downloaded at http://www.phila.gov/investor. The ACFR contains pertinent information with respect to the Department of Aviation. The City also expects to provide financial and other information as to the City from time to time to Moody's, S&P and Fitch in connection with securities ratings issued by those rating agencies for bonds or notes of the City.

The foregoing statement as to filing or furnishing of additional information reflects the City's current practices but is not a contractual obligation to the holders of the City's bonds or notes.

CONTINUING DISCLOSURE AGREEMENT

In order to assist the Underwriters in complying with the requirements of Section (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will enter into a continuing disclosure undertaking (the "Continuing Disclosure Agreement") with Digital Assurance Certification, L.L.C., as dissemination agent, for the benefit of the owners of the Series 2025 Bonds, in substantially the form set forth in APPENDIX VII. See APPENDIX VII – "FORM OF CONTINUING DISCLOSURE AGREEMENT" for the detailed provisions of the proposed form of Continuing Disclosure Agreement. The City also periodically reviews and updates its disclosure policies and procedures to assist the City in complying with its continuing disclosure undertakings.

At this time, only the City and American Airlines (which is a party to the Airline Agreement and pursuant thereto currently accounts for at least 20% of Project Revenues, as defined in the General Ordinance for the past two fiscal years) are "obligated persons" for annual reporting purposes under the criteria specified in the Continuing Disclosure Agreement. Pursuant to the Continuing Disclosure Agreement, American Airlines has agreed to make available, and the City agrees to use its best efforts to require any future obligated persons to make available financial information and operating data on a timely basis with respect to themselves as required by the Rule. American Airlines will acknowledge the Continuing Disclosure Agreement and agree to make available such information for as long as it remains an obligated person under the criteria specified in the Continuing Disclosure Agreement. Upon expiration of its Airline Agreement, in the absence of another contractual arrangement between the City and American Airlines, American Airlines may cease to be an obligated person under Rule 15c2-12.

CERTAIN REFERENCES

All summaries of the Act, the General Ordinance, the Sixteenth Supplemental Ordinance, the Nineteenth Supplemental Ordinance, the Twentieth Supplemental Ordinance and the Airline Agreements contained in this Official Statement, including the Appendices hereto, are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions. Reference is made hereby to the complete documents for the complete terms and provisions thereof. Copies of these documents are available from the Office of the Director of Finance, 13th Floor, Municipal Services Building, 1401 John F. Kennedy Boulevard, Philadelphia, Pennsylvania 19102.

All quotations from and summaries and explanations of the Constitution and laws of the Commonwealth and Ordinances of the City contained herein do not purport to be complete and are qualified by reference to the official compilations thereof in their entireties and all references to the Series 2025 Bonds are qualified by reference to the complete, definitive forms of the Series 2025 Bonds. All capitalized terms used herein which are not defined herein or in APPENDIX IV shall have the meanings ascribed to them in the Act and the General Ordinance. See APPENDIX IV – "SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE".

Any statements made in this Official Statement involving matters of opinion, projections or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The Appendices are integral parts of this Official Statement and must be read together with all parts of this Official Statement.

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This Official Statement has been duly approved, executed and delivered by the following officer on behalf of the City.

CITY OF PHILADELPHIA

By: /s/Rob Dubow
Rob Dubow, Director of Finance

SCHEDULE 1
REFUNDED BONDS AND REFINANCED COMMERCIAL PAPER NOTES

Below are the Refunded Bonds and the Refinanced Commercial Paper Notes to be refunded or refinanced, as applicable.

Refunded Bonds

Series	Maturity (June 15)	Outstanding Principal Amount	Amount To Be Refunded	Redemption Price	CUSIP*
2015A	2026	$4,765,000	$4,765,000	100.000	717817SF8
2015A	2027	5,005,000	5,005,000	100.000	717817SG6
2015A	2028	5,260,000	5,260,000	100.000	717817SH4
2015A	2029	5,515,000	5,515,000	100.000	717817SJ0
2015A	2030	5,800,000	5,800,000	100.000	717817SK7
2015A	2031	2,190,000	2,190,000	100.000	717817SR2
2015A	2031	3,900,000	3,900,000	100.000	717817SL5
2015A	2032	6,365,000	6,365,000	100.000	717817SM3
2015A	2033	6,625,000	6,625,000	100.000	717817SN1
2015A	2034	6,955,000	6,955,000	100.000	717817SP6
2015A	2035	7,300,000	7,300,000	100.000	717817SQ4

Refinanced Commercial Paper Notes

$321,300,000 Commercial Paper Notes

* Neither the City nor the Underwriters make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future.

APPENDIX I
REPORT OF THE AIRPORT CONSULTANT

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July 31, 2025

Appendix I

Report of the Airport Consultant

City of Philadelphia, Pennsylvania
Airport Revenue and Refunding Bonds, Series 2025
Airport Revenue Bonds, Series 2025A (Non-AMT/Governmental)
and
Airport Revenue and Refunding Bonds, Series 2025B
(AMT/Private Activity)

Prepared by:

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Ricondo & Associates, Inc. (Ricondo) and AVK Consulting, Inc. (AVK) prepared this document for the stated purposes as expressly set forth herein and for the sole use of the City of Philadelphia and its intended recipients. The techniques and methodologies used in preparing this document are consistent with industry practices at the time of preparation and this Report should be read in its entirety for an understanding of the analysis, assumptions, and opinions presented. Ricondo and AVK are not registered as municipal advisors under Section 15B of the Securities Exchange Act of 1934 and do not provide financial advisory services within the meaning of such Act.

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July 31, 2025

Mr. Atif Saeed, A.A.E., IAP
Chief Executive Officer
City of Philadelphia, Department of Aviation
8500 Essington Avenue
Philadelphia, Pennsylvania 19153

RE: City of Philadelphia, Philadelphia International Airport
Airport Revenue and Refunding Bonds, Series 2025

Dear Mr. Saeed:

Ricondo & Associates, Inc. (Ricondo) and AVK Consulting, Inc. (AVK; jointly the Consultants) are pleased to present this Report of the Airport Consultant (Report) for inclusion as Appendix [I] in the Official Statement for the City of Philadelphia (City), Philadelphia International Airport (Airport) Revenue and Refunding Bonds Series 2025 consisting of Airport Revenue Bonds Series 2025A (Non-AMT/Governmental) and Airport Revenue and Refunding Bonds, Series 2025B (AMT/Private Activity), which are referred to collectively herein as the Series 2025 Bonds. The Series 2025 Bonds will be issued pursuant to the First Class City Revenue Bond Act of the Commonwealth of Pennsylvania, as well as the City's Amended and Restated General Airport Revenue Bond Ordinance, approved June 16, 1995, as amended and supplemented (Original Ordinance), and as further supplemented and amended by the Sixteenth Supplemental Ordinance, approved by the Mayor on May 17, 2017 (the Sixteenth Supplemental Ordinance); the Nineteenth Supplemental Ordinance, approved by the Mayor on June 26, 2024 (Nineteenth Supplemental Ordinance), and the Twentieth Supplemental Ordinance, approved by the Mayor on June 26, 2024 (the Twentieth Supplemental Ordinance). The Original Ordinance together with the Sixteenth Supplemental Ordinance, the Nineteenth Supplemental Ordinance and the Twentieth Supplemental Ordinances are collectively referred to as the General Ordinance.

The Series 2025 Bonds are to be limited Obligations of the City payable from Pledged Amounts. Pledged Amounts include (1) all Project Revenues, (2) amounts payable to the City under a Qualified Swap, (3) all amounts on deposit in or credited to the Aviation Funds (except for amounts in a non-parity Sinking Fund Reserve Account), and (4) Passenger Facility Charge (PFC) revenues legally available to pay Debt Service Requirements that have been pledged under a supplemental ordinance.

The City will use the proceeds from the sale of the Series 2025 Bonds and other available moneys to:

(i) refinance, on a current basis, certain outstanding Commercial Paper Notes;
(ii) refund, on a current basis, all or a portion of the City's outstanding Airport Revenue Refunding Bonds, Series 2015A (AMT);

(iii) fund capitalized interest on a portion of the Series 2025 Bonds; and
(iv) pay costs and expenses relating to the issuance of the Series 2025 Bonds.

Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the General Ordinance or the Official Statement for the Series 2025 Bonds.

In addition to the Series 2025 Bonds, the financial analysis presented in Chapter 5 of this Report also includes debt service on future bonds assumed to be issued to fully fund the Airport Capital Development Program described herein.

This Report presents the analyses undertaken by the Consultants to demonstrate the ability of the City to comply with the requirements of the General Ordinance for Fiscal Year (FY) 2025 through FY 2031 (Projection Period), based on the assumptions regarding the planned issuance of the Series 2025 Bonds established by the City through consultation with its municipal advisors, underwriters, and financing team. In developing its analysis, the Consultants reviewed historical trends and formulated projections based on the assumptions put forth in this Report, which have been reviewed by the City and its professionals, regarding the ability of the Air Trade Area (as defined herein) to generate demand for airline service at the Airport, trends in airline service and passenger activity at the Airport, and the generation of Pledged Amounts at the Airport through the Projection Period.

The Report is organized as follows:

- Summary of Findings
- Chapter 1: The Series 2025 Bonds
- Chapter 2: Airport Facilities, the Capital Development Program, and the 2025 Projects
- Chapter 3: Demographic and Economic Analysis
- Chapter 4: Air Traffic and Aviation Demand
- Chapter 5: Financial Analysis

On the basis of the analysis set forth in this Report, the Consultants are of the opinion that the Pledged Amounts generated each year of the Projection Period are expected to be sufficient to comply with the Rate Covenant established in the General Ordinance, and that the resulting projected airline costs should remain reasonable. Although summary information is provided, a complete understanding of the justification for this conclusion cannot be attained without reading the Report in its entirety.

Founded in 1989, Ricondo is a full-service aviation consulting firm providing airport physical and financial planning services to airport owners and operators, airlines, and federal and state agencies. Ricondo has prepared Reports of the Airport Consultant in support of over $50 billion of airport-related revenue bonds since 1996. AVK is an aviation consulting firm providing financial planning services to airport owners and operators. AVK has prepared Reports of the Airport Consultant in support of over $10 billion of airport-

related revenue bonds since 1994. The Consultants are not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934. The Consultants are not acting as a municipal advisor and have not been engaged by the City to provide advice with respect to the structure, timing, terms, or other similar matters concerning the issuance of municipal securities. The assumptions regarding such matters included in this Report were provided by the City or the City's municipal advisors or underwriters, or, with the City's approval, were derived from general, publicly available data approved by the City. The Consultants owe no fiduciary duty to the City and recommend that the City discuss the information and analysis contained in this Report with internal and external advisors and experts that the City deems appropriate before taking any action. Any opinions, assumptions, views, or information contained herein are not intended to be, and do not constitute, "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934.

The techniques and methodologies used by the Consultants in preparing this Report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While the Consultants believe the approach and assumptions used in this Report are reasonable, some assumptions regarding future trends and events detailed in this Report, including the implementation schedule, forecast of passenger activity, and projections of financial performance, may not materialize. Therefore, actual performance will likely differ from the projections and forecasts set forth in this Report, and the variations may be material. In developing our analyses, the Consultants used information from various sources, including the City, underwriters, financial advisors, federal and local governmental agencies, and independent private providers of economic and aviation industry data, as identified in the notes accompanying the related tables and exhibits in this Report. The Consultants believe these sources to be reliable but have not audited the data and do not warrant their accuracy. The analysis presented is based on conditions known as of the date of this letter. The Consultants have no obligation to update this Report on an ongoing basis.

Sincerely,

RICONDO & ASSOCIATES, INC.

AVK CONSULTING, INC.

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TABLE OF CONTENTS

Summary of Findings I-13
The Series 2025 Bonds I-13
Airport Facilities, the Capital Development Program, and the 2025 Projects I-14
Demographic and Economic Analysis I-15
Air Traffic and Aviation Demand I-16
Financial Analysis I-17
1. The Series 2025 Bonds I-20
1.1 The Series 2025 Bonds I-20
1.2 General Ordinance I-20
1.2.1 Security for the Series 2025 Bonds I-20
1.2.2 Sixteenth Supplemental Ordinance I-21
1.2.3 Rate Covenant I-22
1.2.4 Transfer of Aviation Operating Fund I-22
1.2.5 Additional Bonds I-24
2. Airport Facilities, the Capital Development Program, and the 2025 Projects I-25
2.1 Airport Facilities I-25
2.1.1 Airfield I-25
2.1.2 Terminal Area I-25
2.1.3 Rental Car Facilities I-27
2.1.4 Air Cargo Areas I-27
2.1.5 Maintenance/Airport Support Areas and Other Facilities I-28
2.1.6 Surface Access I-28
2.1.7 Parking Areas I-28
2.2 Overview of the Capital Development Program I-28
2.2.1 Capital Development Program I-29
2.2.2 Sources of Funding I-30
2.3 Proposed Series 2025 Bonds Projects I-32
3. Demographic and Economic Analysis I-33
3.1 Air Trade Area I-33
3.2 Demographic Analysis I-33

3.2.1 Population I-35
3.2.2 Age Distribution and Education I-36
3.2.3 Per Capita Personal Income and Income Distribution I-38
3.3 Economic Analysis I-40
3.3.1 Gross Domestic/Regional Product I-40
3.3.2 Employment Trends I-41
3.3.3 Business Climate I-45
3.3.4 Employment by Major Industrial Sector I-48
3.4 Economic Outlook I-59
3.4.1 Short-Term Economic Outlook I-59
3.4.2 Long-Term Economic Assumptions Considered in Validating the Enplaned Passenger Forecasts I-59
3.4.3 Conclusions I-61
4. Air Traffic and Aviation Demand I-62
4.1 National Perspective of the Airport I-62
4.2 Airlines Serving the Airport I-62
4.3 Historical Airport Activity I-65
4.3.1 Enplaned Passenger Activity and Airline Operations I-65
4.3.2 Enplaned Passengers by Airline I-67
4.3.3 Market Characteristics I-69
4.3.4 Aircraft Operations I-69
4.3.5 Landed Weight I-69
4.4 Factors Affecting Aviation Demand at the Airport I-75
4.4.1 Impact of the COVID-19 Pandemic I-75
4.4.2 Cost of Aviation Fuel I-76
4.4.3 Socioeconomic Factors I-76
4.4.4 Airline Mergers and Acquisitions I-76
4.4.5 Potential Impact of Threat of Terrorism, Geopolitical Issues and Federal Initiatives I-77
4.4.6 Efficient Operations of the National Airspace System I-77
4.4.7 Other Airports in the Region I-78
4.4.8 American Airlines I-79
4.4.9 Ultra Low-Cost Carriers I-86

4.5 Activity Forecasts I-87
4.5.1 Short-Term Passenger Activity Forecast Methodology I-87
4.5.2 Long-Term Passenger Activity Forecast Methodology I-87
4.5.3 Other Assumptions Incorporated into the Enplaned Passenger Forecast I-88
4.5.4 Enplaned Passenger Forecast I-88
4.5.5 Aircraft Operations Forecast I-90
4.5.6 Landed Weight Forecast I-93
5. Financial Analysis I-94
5.1 Financial Framework I-94
5.1.1 Airport-Airline Use and Lease Agreement I-94
5.1.2 Airport Rents and Fees I-95
5.1.3 Airline Revenue Allocation I-95
5.2 Operating Expenses I-96
5.2.1 Historical Operating Expenses I-96
5.2.2 Budgeted and Projected Operating Expenses I-96
5.3 Non-Airline Revenues I-100
5.3.1 Budgeted and Projected Non-Airline Revenues I-101
5.4 Other Amounts Available for Debt Service I-105
5.4.1 Passenger Facility Charge Revenue I-105
5.4.2 Aviation Operating Funds Available for Debt Service I-106
5.4.3 Other Amounts I-107
5.5 Debt Service Requirements I-107
5.5.1 General Airport Revenue Bond Debt Service I-107
5.6 Net Airline Revenues Required I-109
5.7 Calculation of Airline Rents and Fees I-110
5.7.1 Terminal Area I-111
5.7.2 Ramp Area I-111
5.7.3 Landing Fees I-112
5.8 Reasonableness of Airport Rentals, Fees, and Charges I-113
5.9 Debt Service Coverage I-114
5.10 Assumptions Underlying the Financial Projections I-116

LIST OF APPENDICES

Appendix A Financial Projection Tables

LIST OF TABLES

Table S-1 Estimated Uses of Proceeds from the Sale of the Series 2025 Bonds I-14
Table S-2 Projected Select Economic Variables (Calendar Year 2023 and Calendar Year 2031) I-16
Table S-3 Projected Debt Service Coverage I-19
Table 1-1 Estimated Sources and Uses of Proceeds from the Sale of the Series 2025 Bonds I-21
Table 2-1 Gates and Jet Bridges by Terminal I-27
Table 2-2 Current Capital Development Program (As of June 1, 2025) I-30
Table 2-3 Funding of Current Capital Development Program (As of June 1, 2025) I-32
Table 2-4 Estimated Uses of the Series 2025 Bonds I-32
Table 3-1 Historical and Projected Population (2003 to 2031) I-36
Table 3-2 Age Distribution (2023) and Educational Attainment (2023) I-37
Table 3-3 Per Capita Personal Income (2013 to 2031) I-39
Table 3-4 Per Capita Gross Regional/Domestic Product I-41
Table 3-5 Civilian Labor Force and Unemployment Rate (2014 to 2024) I-42
Table 3-6 Nonagricultural Employment Trends by Major Industry Sector (2024) I-44
Table 3-7 Major Non-Governmental Employers in the Philadelphia Area (As of October 2024) I-47
Table 3-8 Fortune 500 Companies Headquartered in the Air Trade Area I-48
Table 3-9 Residential Building Permits and Valuation I-58
Table 3-10 Projected Economic Variables Used in the Passenger Demand Forecasts I-60
Table 4-1 Airlines Serving the Airport (Fiscal Year 2025) I-63
Table 4-2 Historical Scheduled Passenger Airline Base I-64
Table 4-3 Historical Enplaned Passengers I-65
Table 4-4 Historical Origin and Destination and Connecting Enplaned Passengers I-67
Table 4-5 Historical Total Enplaned Passengers by Airline I-68
Table 4-6 Top 20 Domestic Origin and Destination Markets for the Airport (Calendar Year 2024) I-72
Table 4-7 Historical Aircraft Operations I-73
Table 4-8 Historical Passenger Airline Operations I-74
Table 4-9 Historical Landed Weight I-74

Table 4-10 June 2025 Scheduled Departing Seat Share to Common Destinations Served from Other Airports in the Region I-78
Table 4-11 American Airlines Hub Service – Year Ending June 2025 ..... I-80
Table 4-12 Change in American Airlines Scheduled Service by Hub between Fiscal Year 2019 and Fiscal Year 2025 ..... I-83
Table 4-13 American Airlines Hub Metro Area Population Change I-84
Table 4-14 Socioeconomic Regression Analysis Outputs – Total Origin and Destination Passengers I-88
Table 4-15 Domestic and International Enplaned Passenger Forecast I-89
Table 4-16 Origin and Destination and Connecting Enplaned Passenger Forecast I-90
Table 4-17 Passenger Airline Operations Forecast I-91
Table 4-18 Total Operations Forecast I-92
Table 4-19 Landed Weight Forecast I-93
Table 5-1 Historical Operating Expenses I-96
Table 5-2 Historical Concession Revenues I-100
Table 5-3 Estimated Aviation Operating Fund Balances I-106
Table 5-4 Assumed Future Bond Issuances I-108

LIST OF EXHIBITS

Exhibit 1-1 Transfer of Aviation Operating Fund to Other Funds and Accounts I-23
Exhibit 2-1 Existing Airport Layout I-26
Exhibit 3-1 Airport Air Trade Area I-34
Exhibit 3-2 Household Income Distribution (Calendar Year 2023) I-40
Exhibit 4-1 Philadelphia International Airport Nonstop Domestic Markets I-70
Exhibit 4-2 Philadelphia International Airport Nonstop International Markets I-71
Exhibit 4-3 Average Domestic Origin and Destination Fares and Load Factors I-73
Exhibit 4-4 Scheduled Seat Recovery – The United States and Philadelphia International Airport I-75
Exhibit 4-5 Historical Monthly Averages of Jet Fuel and Crude Oil Prices I-76
Exhibit 4-6 American Airlines – Domestic and International Enplaned Passengers I-79
Exhibit 4-7 American Airlines – Origin and Destination and Connecting Enplaned Passengers I-80
Exhibit 4-8 American Airlines – Scheduled Transatlantic Departures by Gateway – Fiscal Year 2025 ..... I-81
Exhibit 4-9 American Airlines – Transatlantic Destinations Served – Fiscal Year 2025 ..... I-82
Exhibit 4-10 American Airlines – Share of Transatlantic Seats by Gateway – Fiscal Year 2025 ..... I-82

Exhibit 4-11 American Airlines – Share of Total Scheduled Seat Capacity – Fiscal Year 2025 ..... I-83
Exhibit 4-12 Estimate of American Airlines Profitability by Hub (CY 2024) I-85
Exhibit 4-13 Ultra-Low-Cost Carrier Scheduled Capacity and Seat Share I-86
Exhibit 5-1 FY 2026 Budget Operating Expenses by Cost Category I-97
Exhibit 5-2 Projected Operating Expenses I-98
Exhibit 5-3 Budgeted Fiscal Year 2026 Concession Revenues by Category I-101
Exhibit 5-4 Projected Non-Airline Revenues I-104
Exhibit 5-5 Projected Passenger Facility Charge Revenue I-105
Exhibit 5-6 Projected Aviation Operating Funds Available for Debt Service I-107
Exhibit 5-7 Projected Net Debt Service I-109
Exhibit 5-8 Projected Net Signatory Airline Requirement I-110
Exhibit 5-9 Projected Terminal Area Rentals I-111
Exhibit 5-10 Projected Ramp Area Rentals I-112
Exhibit 5-11 Projected Landing Fee Revenue I-113
Exhibit 5-12 Projected Airline Cost per Enplanement I-114
Exhibit 5-13 Projected Debt Service Coverage I-115

SUMMARY OF FINDINGS

The City of Philadelphia, Pennsylvania (City) engaged Ricondo & Associates, Inc. (Ricondo) and AVK Consulting, Inc. (AVK; Ricondo and AVK are collectively referred to herein as the Consultants) to prepare this Report of the Airport Consultant (Report) to provide an independent assessment of the City's ability to meet its obligations regarding the issuance of the City's Airport Revenue and Refunding Bonds Series 2025 consisting of Airport Revenue Bonds Series 2025A (Non-AMT/Governmental) and Airport Revenue and Refunding Bonds, Series 2025B (AMT/Private Activity), which are referred to collectively herein as the Series 2025 Bonds. [1]

Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statement for the issuance of the Series 2025 Bonds and/or the General Ordinance.[2]

On the basis of the analyses described in this Report, the Consultants are of the opinion that all Project Revenues and other amounts available for debt service, which are to be payable from amounts that may be withdrawn from the Aviation Fund (including the Parity Sinking Fund Reserve Account) created under the General Ordinance, as described in the Report and herein after referred to as "Pledged Amounts" [3], projected to be generated and available each year of the Projection Period (Fiscal Year[4] [FY] 2026 to FY 2031), are expected to be sufficient to comply with the Rate Covenant established in Section 5.01 of the General Ordinance, and that the resulting projected airline costs should remain reasonable. As required under Section 5.04 of the General Ordinance, this Report demonstrates that the Rate Covenant (i) was met for the Fiscal Year immediately preceding the date of the Report, and (ii) it is projected to be met for each of the five (5) Fiscal Years immediately following the issuance of the Series 2025 Bonds. The Report also documents that no deficiency exists in the Sinking Fund Reserve Account.

The following summary provides key information and findings that support this opinion. Additional supporting information is provided in Chapters 1 through 5 of this Report.

THE SERIES 2025 BONDS

The City will use the proceeds from the sale of the Series 2025 Bonds and other available moneys to:

(i) refinance, on a current basis, certain outstanding Commercial Paper Notes;
(ii) refund, on a current basis, all or a portion of the City's outstanding Airport Revenue Refunding Bonds, Series 2015A (AMT);
(iii) fund capitalized interest on a portion of the Series 2025 Bonds; and
(iv) pay costs and expenses relating to the issuance of the Series 2025 Bonds.

---

[1] The Consultants prepared this Report for the stated purpose as expressly set forth herein and for the sole use of the City and its intended recipients. The techniques and methodologies used in preparing the analyses described in this document are consistent with industry practices at the time of preparation and this Report should be read in its entirety for an understanding of the analyses, underlying assumptions, and opinions presented. Neither of the Consultants are registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934 nor do they provide financial advisory services within the meaning of such Act.

[2] The General Ordinance in this Report collectively refers to the Amended and Restated General Airport Revenue Bond Ordinance, approved by the Mayor on June 16, 1995, as amended and supplemented (Original Ordinance) and as further supplemented and amended including by the Sixteenth Supplemental Ordinance, approved by the Mayor on May 17, 2017; the Nineteenth Supplemental Ordinance, approved by the Mayor on June 26, 2024 (Nineteenth Supplemental Ordinance) and the Twentieth Supplemental Ordinance, approved by the Mayor on June 26, 2024 (Twentieth Ordinance).

[3] As defined in Section 4.02 of the General Ordinance

[4] The City's Fiscal Year begins on July 1st and ends on June 30th.

Pursuant to the terms of the General Ordinance, the Series 2025 Bonds are to be secured by a pledge of Pledged Amounts, meaning, generally, all amounts received or receivable, directly or indirectly, by the City for the use and operation of the Airport System (Philadelphia International Airport [PHL or Airport] and Northeast Philadelphia Airport), on a parity basis with the City's Outstanding Airport Revenue Bonds.

Additional information on the Series 2025 Bonds is provided in Chapter 1 of this Report.

Table S-1 summarizes the estimated uses of the proceeds from the sale of the Series 2025 Bonds and other available moneys.

TABLE S-1 ESTIMATED USES OF PROCEEDS FROM THE SALE OF THE SERIES 2025 BONDS

	SERIES 2025A (NON-AMT)	SERIES 2025B (AMT)	TOTAL
Sources			
Par Amount of the Series 2025 Bonds	$110,740,000	$271,890,000	$382,630,000
Original Issue Premium (Discount)	2,324,000	4,343,000	6,667,000
Debt Service Reserve Fund Release	--	9,000,000	9,000,000
Total	**$113,064,000**	**$285,233,000**	**$398,297,000**
Uses			
Commercial Paper Takeout	$110,252,000	$214,648,000	$324,900,000
Refunding of Series 2015A Bonds	--	60,252,000	60,252,000
Capitalized Interest Deposit	2,037,000	8,424,000	10,461,000
Cost of Issuance [1]	775,000	1,909,000	2,684,000
Total	**$113,064,000**	**$287,233,000**	**$398,297,000**

NOTE:
1 Includes Underwriters' Discount and other costs of issuance.
SOURCES: City of Philadelphia, July 2025; Frasca & Associates, LLC, July 2025; AVK Consulting, Inc., July 2025.

AIRPORT FACILITIES, THE CAPITAL DEVELOPMENT PROGRAM, AND THE 2025 PROJECTS

PHL is located approximately 7 miles southwest of downtown Philadelphia and is the only major commercial-service airport serving Philadelphia and the surrounding region. The Airport has four active runways and can accommodate Airplane Design Group (ADG) VI aircraft.[5] The terminal area includes seven terminal buildings with a total of 126 gates serving domestic and international flights.[6] American Airlines (American) operates a major connecting hub at the Airport and recently opened two new lounges totaling 25,000 square feet. This includes a 12,500 square foot Flagship lounge and a 11,000 square foot Admirals Club lounge, both in Terminal A–West. The Airport also includes major air cargo facilities. United Parcel Service (UPS) operates its second-largest North American hub by facility size at the Airport, with a 700,000-square-foot sorting facility and ramp space for 32 aircraft. Additionally, Cargo City accommodates nearly 600,000 square feet of cargo space for other cargo carriers. A new 261,000-square-foot cold

[5] ADG is the Federal Aviation Administration's (FAA) FAA-defined classification of aircraft types that has six groups based on aircraft wingspan and tail height. ADG VI is the largest group of aircraft based on the FAA's classifications.

[6] Gates A1, C16, and F10 are used for shuttle bus services and have no jet bridges.

storage facility in partnership with Bristol Group, is also under development and is anticipated to open in 2025. The Airport's airfield, terminal area, and other areas are described in Chapter 2 of this Report.

The City is undertaking a $1.81 billion Capital Development Program (CDP), which was approved by the Signatory Airlines. This CDP focuses on terminal development, landside improvements, airfield and apron rehabilitation, and facility modernization. As of June 2025, $588.5 million has been funded through Airport Revenue Bonds, grants, and commercial paper. The City has completed or substantially completed $244.4 million in CDP projects to date and anticipates full implementation of the CDP during the Projection Period.

The CDP includes $544.8 million for airfield and apron projects, $1.031 billion for terminal and landside improvements, $172.6 million for security and information technology (IT) upgrades, and $64.5 million for improvements at Northeast Philadelphia Airport.

The Series 2025 Bonds will be used in part to take out approximately $324.9 million in commercial paper, which funded the current CDP and previously approved CDP projects. The Series 2025 Bond proceeds are expected to takeout commercial paper for approximately $146.4 million in airfield and apron improvements, $101.9 million in terminal and landside improvements, $10.3 million in security and IT upgrades, $2.8 million in projects at Northeast Philadelphia Airport, and $63.5 million in Signatory Airline-approved projects not contained in the current CDP.

Additional details regarding the Airport's existing facilities, CDP, and 2025 Projects are provided in Chapter 2 of this Report.

DEMOGRAPHIC AND ECONOMIC ANALYSIS

The demand for air transportation is, to a large degree, dependent on the demographic and economic characteristics of the geographical area served by an airport, commonly referred to as an airport's Air Trade Area. This relationship is particularly true for origin and destination (O&D) passenger traffic, which accounted for approximately 76.0 percent of demand at the Airport in CY 2024 (with connecting passengers accounting for the remaining 24.0 percent).[7] Therefore, demand for airline service at the Airport is influenced by local demographic and economic characteristics, along with individual airline decisions regarding service in support of their connecting activity.

The geographical area served by the Airport (Air Trade Area), which for the purposes of this Report is defined as the Philadelphia-Camden-Wilmington, (Pennsylvania–New Jersey–Delaware–Maryland) Metropolitan Statistical Area (Philadelphia MSA),[8] has a large, diverse economic base that supports business and leisure travel. Projected economic variables indicate the Air Trade Area will remain a destination that attracts both business and tourist visitors, which positively affects the demand for future inbound airline service. Projected Air Trade Area economic variables further support the continued growth in numbers of local outbound passengers. **Table S-2** presents selected Calendar Year (CY) 2023 and projected CY 2031 economic variables for the Air Trade Area and the United States, as projected by Woods & Poole Economics, Inc., an independent economic research firm.

[7] Cirium Diio, June 2025 (US Department of Transportation T-100 and O&D Survey data).

[8] An MSA is a geographic entity delineated by the Office of Management and Budget for use by federal statistical agencies in collecting, tabulating, and publishing federal statistics. As defined by the Office of Management and Budget, MSAs have at least one urbanized area with a population of 50,000 or more, plus adjacent territory that has a high degree of social and economic integration with the urbanized area, as measured by commuting ties.

TABLE S-2 PROJECTED SELECT ECONOMIC VARIABLES (CALENDAR YEAR 2023 AND CALENDAR YEAR 2031)

VARIABLE [1]	CY 2023[3]	CY 2031	CAGR CY 2023–CY 2031
Air Trade Area Population	6,280,902	6,454,401	0.3%
United States Population	336,806,231	354,841,343	0.7%
Air Trade Area Total Employment [2]	4,158,221	4,448,184	0.8%
United States Total Employment	216,940,864	237,417,922	1.1%
Air Trade Area Total Personal Income ($billion)	$408.29	$477.35	2.0%
United States Total Personal Income ($billion)	$19,404.16	$23,130.36	2.2%
Air Trade Area Per Capita Personal Income	$65,005	$73,958	1.6%
United States Per Capita Personal Income	$57,612	$65,185	1.6%
Air Trade Area Gross Regional Product ($billion)	$462.77	$532.02	1.8%
United States Gross Domestic Product ($billion)	$22,879.13	$26,625.14	1.9%
Air Trade Area Per Capita Gross Regional Product	$73,680	$82,428	1.4%
United States Per Capita Gross Domestic Product	$67,930	$75,034	1.3%
Air Trade Area Net Earnings ($billion)	$252.62	$293.30	1.9%
United States Net Earnings ($billion)	$11,872.87	$13,897.96	2.0%
Air Trade Area Total Earnings ($billion)	$277.75	$317.43	1.7%
United States Total Earnings ($billion)	$13,374.63	$15,539.70	1.9%

NOTES: CY – Calendar Year; CAGR – Compound Annual Growth Rate

1 Figures in 2017 dollars.

2 Employment data include wage and salary workers, proprietors, private household employees, and miscellaneous workers. Establishment data from the US Department of Commerce, Bureau of Economic Analysis were used in this table, which differ from employment data in Table 3-5 of Chapter 3 due to differing sources, definitions, and methodologies.

3 CY 2023 is the last year of historical data in the Woods & Poole Economics, Inc. database and is the basis for the future projections. Therefore, it is the last year of historical data displayed in this table. More recent data may be available from other sources.

SOURCE: Woods & Poole Economics, Inc., 2025 Complete Economic and Demographic Data Source (CEDDS), July 2025.

Due to the concentration of large hospital systems and universities in the Air Trade Area, the education and health services sector is a major employer and significant contributor to the local economy. Employment in the education and health services, professional and business services, trade, and government sectors combined represents 63.6 percent of total Air Trade Area employment in 2024, which is 4.0 percentage points higher than employment in those four sectors in the United States as a whole.

Additional information regarding the demographic and economic characteristics of the Air Trade Area is provided in Chapter 3.

AIR TRAFFIC AND AVIATION DEMAND

Philadelphia's prime geographic location on the East Coast and its large local O&D market make the Airport a natural transatlantic gateway and attractive location for a major airline hub. The Airport's competitive position for airline service is further strengthened by limited local airport competition and a well-developed cargo hub. American, the world's largest airline in terms of total scheduled operations and seat capacity, operates a major connecting hub at the Airport. American's use of the Airport as a hub is described in Section 4.4.8 of this Report.

The Airport ranked 21st in the nation in terms of total passengers (enplaned and deplaned) and domestic O&D passengers in CY 2024[9] and 18th in the nation in terms of total cargo weight handled in CY 2023.[10] Approximately 29.5 million passengers were enplaned and deplaned at the Airport in FY 2024, an increase of 10.1 percent from the previous year.

As of June 2025, 19 US-flag airlines are scheduled to provide passenger service at the Airport in CY 2025, comprising 6 legacy/mainline airlines, 3 low-cost airlines, and 10 regional airlines providing service for various legacy/mainline airlines. An additional 6 foreign-flag airlines are scheduled to provide services at the Airport in CY 2025. American (inclusive of its affiliates) was the largest airline serving the Airport, accounting for 62.7 percent of total enplaned passengers in FY 2024, followed by Frontier Airlines with 12.5 percent and Delta Air Lines with 6.3 percent. Three all-cargo airlines served the Airport, including UPS, which operates a major cargo hub at the Airport.

Between FY 2015 and FY 2019, the compound annual growth rate (CAGR) for total enplaned passengers at the Airport was 1.2 percent and between FY 2015 and FY 2024 it was -0.4 percent. Ricondo forecasts enplaned passengers to increase by a CAGR of 1.5 percent between FY 2024 and FY 2031 as American, other legacy airlines, low-cost airlines, and new entrants increase capacity to accommodate growing demand within the Air Trade Area. Additional information on air traffic and aviation demand at the Airport and in the United States, as well as a review of the Airport's role within American's route network, is provided in Chapter 4 of this Report.

FINANCIAL ANALYSIS

AVK completed an analysis that demonstrates the City's ability through the Airport-Airline Use and Lease Agreement to meet the requirements of the General Ordinance in each year of the Projection Period.

The Airport-Airline Use and Lease Agreement expires on June 30, 2026, but with two one-year renewal options, could extend to June 30, 2028. For the purpose of the financial analysis in this Report, the existing residual rate-setting methodology defined in the Airport-Airline Use and Lease Agreement is assumed to continue throughout the Projection Period. Even though a new agreement may contain a different rate-setting methodology, the City has covenanted with Bondholders to impose, charge, and recognize revenues that are sufficient to meet the Rate Covenant of the General Ordinance. Based on the financial analysis in Chapter 5 of this Report, the Consultants are of the opinion that pledged Amounts Available for Debt Service generated by the Airport System each year of the Projection Period are expected to be sufficient to comply with the Additional Bonds Test and the Rate Covenant established in the General Ordinance.

The Debt Service included in the financial analysis reflects debt service on outstanding Bonds, short-term commercial paper notes, a short-term taxable direct loan, the Series 2025 Bonds, and future Bonds necessary to fund the approved CDP described in Chapter 2 of this Report.

Results of the financial analysis are, as follows:

- Operating Expenses are projected to increase to approximately $413.0 million in FY 2031, representing a CAGR of 3.4 percent between FY 2026 and FY 2031. This increase is based on the type of expenses anticipated and expectations of future inflation rates (assumed to be 2.5 percent annually decreasing during the Projection Period to 2.0 percent annually).

[9] Source: Cirium Diio, June 2025 (US Department of Transportation T-100 database and O&D Survey).

[10] Source: Airports Council International–North America, *North American Airport Traffic Summary*, 2023.

- Non-Airline Revenues are projected to increase from approximately $220.8 million in FY 2026 to approximately $253.3 million in FY 2031, which represents a CAGR of 2.8 percent. Non-Airline revenues include concessions (automobile parking, rental cars, and in-terminal concessions). These revenues are discussed in Section 5.3.1 of this Report.
- Debt Service Requirements (including debt service on the Series 2025 Bonds and projected debt service on future bonds necessary to fund the CDP through the Projection Period), net of capitalized interest and the interest earnings available on Sinking Fund Reserves, are projected to be approximately $144.1 million in FY 2026, then projected to increase to a peak of approximately $167.2 million in FY 2027, and then decrease to approximately $162.1 million in FY 2031.
- The Airline cost per enplanement (CPE) at the Airport is estimated to be $16.39 in FY 2026 and is projected to increase to $17.62 in FY 2031 (which equates to approximately $15.57 in 2026 dollars).

The projected Airline Revenues are evaluated in this analysis to be reasonable based on the expectation that these revenues will not significantly deter forecasted demand for air traffic at the Airport.

Table S-3 presents the Debt Service coverage ratio for actual FY 2024, estimated FY 2025, and projected FY 2026 through FY 2031 as prescribed in the General Ordinance:

> The City covenants…. [that it will] impose, charge and recognize revenues in each Fiscal Year such rentals, charges, and fees as shall, together with that portion of Aviation Operating Fund balance attributable to Amounts Available for Debt Service and carried forward at the beginning of such Fiscal Year and together will all other Amounts Available for Debt Service to be received in such Fiscal Year, equal to not less than the greater of:
>
> (1) The sum of:
>
> (i) all Net Operating Expenses payable during such Fiscal Year;
> (ii) 150% of the amount required to pay the Debt Service Requirements during such Fiscal Year;
> (iii) the amount, if any, required to be paid into the Sinking Fund Reserve Account during such Fiscal Year; and
> (iv) the amount, if any, required to be paid into the Renewal Fund during such Fiscal Year; or
>
> (2) the sum of:
>
> (i) all Operating Expenses payable during such Fiscal Year; and
> (ii) (A) all Debt Service Requirements during such Fiscal Year; (B) all debt service requirements during such Fiscal Year in respect of all outstanding General Obligation Bonds and NSS General Obligation Bonds issued for improvements to the Airport System; (C) all debt service requirements during such Fiscal Year on Subordinate Obligations and any other subordinate indebtedness secured by any Amounts Available for Debt Service; (D) all amounts required to repay loans among funds made pursuant to Section 4.05(c); (E) the amount, if any, required to be paid into the Sinking Fund Reserve Account or Renewal Fund during such Fiscal Year; and (F) all amounts required to be paid under Exchange Agreements.

TABLE S-3 PROJECTED DEBT SERVICE COVERAGE

For Fiscal Year Ending June 30

		ACTUAL [1]	ESTIMATED [2]	BUDGET [2]	PROJECTED [3]				
		2024	2025	2026	2027	2028	2029	2030	2031
Pledged Amounts Available for Debt Service									
Airline Revenues [4]		$255,682,564	$304,171,000	$299,725,000	$334,827,000	$334,235,000	$300,050,000	$326,092,000	$353,832,000
Non-Airline Revenues		234,380,828	229,824,000	220,801,000	230,519,000	236,364,000	242,883,000	248,501,000	253,345,000
Existing Pledged PFC Revenues [5]		42,163,000	41,340,000	40,000,000	-	-	-	-	-
Future Pledged PFC Revenues [6]		-	-	-	45,354,000	46,196,000	47,077,000	47,954,000	48,823,000
Other amounts available for Debt Service [7]		303,819,203	357,973,000	413,379,000	461,632,000	516,615,000	572,533,000	628,683,000	687,120,000
Total Amounts Available for Debt Service	**[A]**	**$836,045,595**	**$933,308,000**	**$973,905,000**	**$1,072,332,000**	**$1,133,410,000**	**$1,162,543,000**	**$1,251,230,000**	**$1,343,120,000**
Net Operating Expenses	[B]	$185,979,913	$205,811,000	$221,262,000	$231,593,000	$238,658,000	$244,555,000	$250,609,000	$256,827,000
Interdepartmental Charges		114,464,562	120,955,000	128,368,000	135,645,000	141,340,000	146,117,000	151,069,000	156,199,000
	[C]	**$300,444,475**	**$326,766,000**	**$349,630,000**	**$367,238,000**	**$379,998,000**	**$390,672,000**	**$401,678,000**	**$413,026,000**
Funds available for Revenue Bond debt service coverage									
Test 1	[A - B = D]	$650,065,682	$727,497,000	$752,643,000	$840,739,000	$894,752,000	$917,988,000	$1,000,621,000	$1,086,293,000
Test 2	[A - C = E]	535,601,120	606,542,000	624,275,000	705,094,000	753,412,000	771,871,000	849,552,000	930,094,000
Debt Service Requirements	[F]	152,925,317	166,604,000	144,094,000	167,209,000	158,598,000	120,822,000	140,261,000	162,058,000
Net Amounts Available after payment of Debt Service	[E - F]	382,675,803	439,938,000	480,181,000	537,885,000	594,814,000	651,049,000	709,291,000	768,036,000
Revenue Bond debt service coverage									
Test 1	[D ÷ F]	4.25	4.37	5.22	5.03	5.64	7.60	7.13	6.70
Test 2	[E ÷ F]	3.50	3.64	4.33	4.22	4.75	6.39	6.06	5.74
Amounts to be retained in the Aviation Operating Fund									
Bond R&I Account		($860,663)	($1,042,000)	($1,054,000)	$0	($890,000)	($1,254,000)	($1,110,000)	($1,105,000)
O&M Account		3,000,000	3,000,000	3,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Airline Revenue Allocation		38,359,283	40,003,000	32,428,000	36,126,000	37,544,000	37,885,000	38,859,000	39,010,000
Discretionary Account		38,357,982	40,004,000	32,428,000	36,127,000	37,545,000	37,885,000	38,859,000	39,011,000
Prior Year Balances in Accounts and Interest Earnings		303,819,203	357,973,000	413,379,000	461,632,000	516,615,000	572,533,000	628,683,000	687,120,000
		$382,675,805	**$439,938,000**	**$480,181,000**	**$537,885,000**	**$594,814,000**	**$651,049,000**	**$709,291,000**	**$768,036,000**

NOTES:

1 City of Philadelphia records.

2 City 2026 Final Rate and Charges Budget, including estimated results for FY 2025.

3 The current Airport-Airline Use and Lease Agreement expires on June 30, 2026, with two one-year renewals. For the purpose of this analysis, the financial projections presented herein assume a continuation of the current rate-making methodology through FY 2031.

4 Includes required revenue for Terminal Area rentals, International and Common Use Fees, Ramp Area rentals, and Airline Landing Fees.

5 Represents pledged PFC Revenues for eligible Debt Service on the Series 2017AB, the Series 2020ABC, and the Series 2021 Bonds.

6 Represents the projected pledged PFC Revenues on existing debt, the Series 2025 Bonds, or future debt. At this time, "Future Pledged PFC Revenues" have not been formally pledged for a specific series of bonds through the Bond Committee and would not be considered as pledged Amounts under Section 5.04 of the General Ordinance except for the current year that has been pledged through the City's budgetary process. If the "Future Pledged PFC Revenues" are disregarded in Table A-10 the City will still meet Test 1 and Test 2 under Section 5.04 of the General Ordinance. See also, Table A-10 and footnote 130 for a discussion of Future Pledged PFC Revenues.

7 Per Section 5.01(a) of the General Ordinance, that portion of Aviation Operating Fund balance available for use as Amounts Available for Debt Service.

SOURCES: City of Philadelphia, Division of Aviation (FY 2024-FY 2026), June 2025; AVK Consulting, Inc. (FY 2027-FY 2031), July 2025.

1. THE SERIES 2025 BONDS

1.1 THE SERIES 2025 BONDS

The City of Philadelphia, Pennsylvania ("City")'s Airport Revenue and Refunding Bonds, Series 2025A (Non-AMT/Governmental) and Airport Revenue and Refunding Bonds Series 2025B (AMT/Private Activity); (referred to collectively herein as the Series 2025 Bonds) will be issued pursuant to the First Class City Revenue Bond Act, and the Amended and Restated General Airport Revenue Bond Ordinance, approved June 16, 1995, as amended and supplemented (Original Ordinance) including by the Sixteenth Supplemental Ordinance, approved by the Mayor on May 17, 2017; the Nineteenth Supplemental Ordinance, approved by the Mayor on June 26, 2024 (the Nineteenth Supplemental Ordinance) and the Twentieth Supplemental Ordinance, approved by the Mayor on June 26, 2024 (the Twentieth Supplemental Ordinance). The Original Ordinance together with the Sixteenth Supplemental Ordinance, Nineteenth Supplemental Ordinance, and the Twentieth Supplemental Ordinances are collectively referred to as the General Ordinance.

Unless otherwise defined herein, all capitalized terms in this Report of the Airport Consultant (Report) are used as defined in the General Ordinance and the Airport-Airline Use and Lease Agreement (Airline Agreement), at Philadelphia International Airport (PHL or Airport); the Airline Agreement is further discussed in Chapter 5 of this Report.

Series 2025 Airport Revenue and Refunding Bonds

The City will use the proceeds from the sale of the Series 2025 Bonds and other available moneys to:

(i) refinance, on a current basis, certain outstanding Commercial Paper Notes;
(ii) refund, on a current basis, all or a portion of the City's outstanding Airport Revenue Refunding Bonds, Series 2015A (AMT);
(iii) fund capitalized interest on a portion of the Series 2025 Bonds; and
(iv) pay costs and expenses relating to the issuance of the Series 2025 Bonds.

Table 1-1 presents the estimated sources and uses of the proceeds from the sale of the Series 2025 Bonds assumed in the financial analysis in Chapter 5 of this Report. These preliminary numbers are for illustrative purposes and are subject to change.

1.2 GENERAL ORDINANCE

1.2.1 SECURITY FOR THE SERIES 2025 BONDS

Under the provisions of Section 4.02 of the General Ordinance, the Series 2025 Bonds are to be limited Obligations of the City payable from Pledged Amounts. Pledged Amounts include (1) all Project Revenues, (2) amounts payable to the City under a Qualified Swap, (3) all amounts on deposit in or credited to the Aviation Funds (except for amounts in a non-parity Sinking Fund Reserve Account), and (4) Passenger Facility Charge (PFC) revenues legally available to pay Debt Service Requirements that have been pledged under a supplemental ordinance.

TABLE 1-1 ESTIMATED SOURCES AND USES OF PROCEEDS FROM THE SALE OF THE SERIES 2025 BONDS

	SERIES 2025A (NON-AMT)	SERIES 2025B (AMT)	TOTAL
Sources			
Par Amount of the Series 2025 Bonds	$110,740,000	$271,890,000	$382,630,000
Original Issue Premium (Discount)	2,324,000	4,343,000	6,667,000
Debt Service Reserve Fund Release	--	9,000,000	9,000,000
Total	**$113,064,000**	**$285,233,000**	**$398,297,000**
Uses			
Commercial Paper Takeout	$110,252,000	$214,648,000	$324,900,000
Refunding of 2015A Bonds	--	60,252,000	60,252,000
Capitalized Interest Deposit	2,037,000	8,424,000	10,461,000
Cost of Issuance [1]	775,000	1,909,000	2,684,000
Total	**$113,064,000**	**$287,233,000**	**$398,297,000**

NOTE:
1 Includes Underwriters' Discount and other costs of issuance.
SOURCES: City of Philadelphia, July 2025; Frasca & Associates LLC, July 2025; AVK Consulting, Inc. July 2025.

1.2.2 SIXTEENTH SUPPLEMENTAL ORDINANCE

The Sixteenth Supplemental Ordinance sets forth various amendments and definitional changes to the General Ordinance. Some of these amendments and changes became effective upon its enactment on May 17, 2017. On October 1, 2020, with the issuance of the 2020 Bonds, other amendments and changes which required the consent of at least 67 percent Holders, became effective. Upon the issuance of the Series 2025 Bonds, amendments requiring the consent of 100 percent of the Holders will become effective. Select amendments for changes included in the Sixteenth Supplemental Ordinance are discussed in the following subsection.

Project Revenues

The definition of Project Revenues does not include Customer Facility Charges (CFCs). No pledged CFCs are assumed in the financial analysis contained in Chapter 5 of this Report.

Designated PFC Revenues for Debt Service

The Sixteenth Supplemental Ordinance added Section 4.02A to the General Ordinance. Section 4.02A, permits the City to elect to designate any available PFCs for any period by filing with the Fiscal Agent a Certificate signed by the Director of Finance that includes a representation by the City that the PFCs, when received by the City, may be validly designated as and included in "Designated PFC Revenues for Debt Service" under the General Ordinance which are legally available to pay debt service on all or a portion of Bonds, earmarking the amount being designated, noting the appropriate account(s) of the Sinking Fund such designated amounts are to be deposited into, and the time period during which such amounts will be designated. Designated PFC Revenues for Debt Service do not constitute Pledged Amounts. No designated PFC Revenues are assumed in the financial analysis contained in Chapter 5 of this Report.

Sinking Fund Reserve Requirement

The Sixteenth Supplemental Ordinance changed the Sinking Fund Reserve Requirement to mean with respect to all Bonds,[11] which the City determines will be secured by the Parity Sinking Fund Reserve Account, an amount equal to the least of (a) 10 percent of the outstanding principal amount of the Bonds, or if any series of Bonds are issued with original issue discount, 10 percent of the proceeds of such Bonds (b) the maximum annual debt service on the Bonds or (c) 125 percent of average annual debt service on the Bonds as provided in the Ordinance. This Report includes excess Sinking Fund Reserve amounts available for the payment of the Debt Service Requirement that are attributable to the interest earnings on the Sinking Fund Reserve during the Projection Period.

1.2.3 RATE COVENANT

As stated in Section 5.01 of the General Ordinance, the City covenants that it will, at a minimum, impose, charge, and recognize as revenues in each Fiscal Year (FY)[12] such rentals, charges and fees as shall, together with that portion of the Aviation Operating Fund balance attributable to Amounts Available for Debt Service and carried forward at the beginning of such FY and together with all other Amounts Available for Debt Service to be received in such FY, equal to not less than the greater of:

(1) the sum of:

(i) all Net Operating Expenses payable during such FY;
(ii) 150 percent of the amount required to pay the Debt Service Requirements during such FY;
(iii) the amount, if any, required to be paid into the Sinking Fund Reserve Account during such FY; and
(iv) the amount, if any, required to be paid into the Renewal Fund during such FY; or

(2) the sum of:

(i) all Operating Expenses payable during such FY; and
(ii) (A) all Debt Service Requirements during such FY; (B) all Debt Service Requirements during such FY in respect of all outstanding General Obligation Bonds issued for improvements to the Airport System[13] and all outstanding non-self-sustaining (NSS) General Obligation Bonds issued for improvements to the Airport System; (C) all Debt Service Requirements during such FY on Subordinate Obligations and any other subordinate indebtedness secured by any Amounts Available for Debt Service; (D) all amounts required to repay loans among funds made pursuant to Section 4.05(c); (E) the amount, if any, required to be paid into the Sinking Fund Reserve Account or Renewal Fund during such FY; and (F) all amounts required to be paid under Exchange Agreements.

1.2.4 TRANSFER OF AVIATION OPERATING FUND

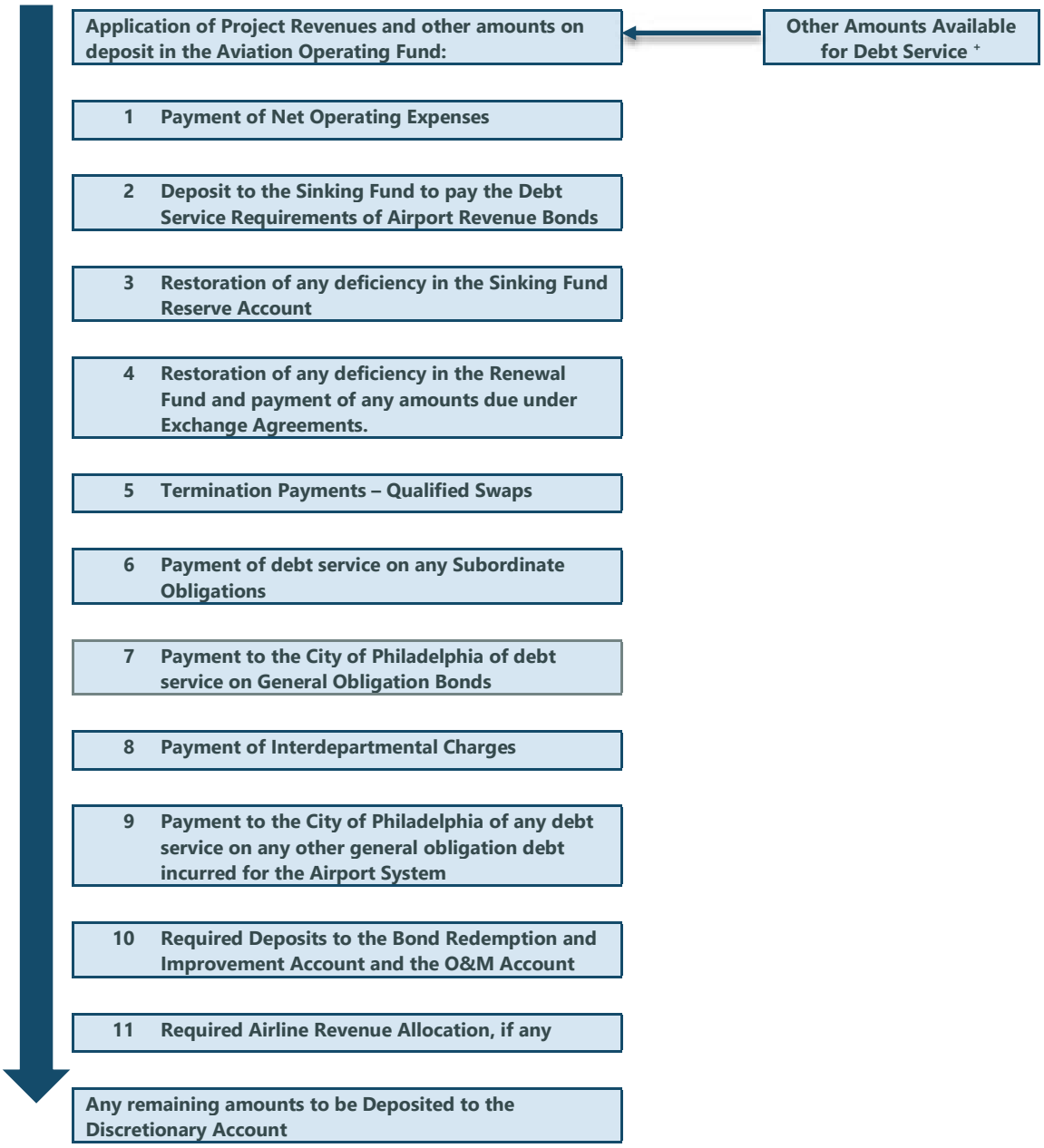
Section 4.06 of the General Ordinance sets forth the order of priority for the transfer of amounts in the Aviation Operating Fund for the payment of Operating Expenses, Debt Service Requirements, and deposits and requirements for other funds and accounts. **Exhibit 1-1** shows the transfer of the Aviation Operating Fund to Other Funds and Accounts.

[11] "Bonds" means any airport revenue bond, note, commercial paper or obligation of the City, taxable or tax-exempt, authorized and issued, or assumed, under one or more supplemental ordinances amending and supplementing the General Airport Revenue Bond Ordinance of 1978, or the General Ordinance.

[12] The Airport's FY begins on July 1st and ends on June 30th.

[13] The Airport and Northeast Philadelphia Airport are referred to collectively herein as the Airport System.

EXHIBIT 1-1 TRANSFER OF AVIATION OPERATING FUND TO OTHER FUNDS AND ACCOUNTS



NOTES: O&M – Operation and Maintenance

+ Includes pledged Passenger Facility Charges (PFCs); grants-in-aid for capital projects deposited into the Sinking Fund; and portions of the Aviation Operating Fund related to the Bond Improvement and Redemption Account, the O&M Account, and the Discretionary Account, created under the Airport-Airline Use and Lease Agreement.

SOURCES: The Original Ordinance together with the Sixteenth, Nineteenth and Twentieth Supplemental Ordinances are collectively referred to as the General Ordinance and the Airline Agreement with respect to amounts available in the Bond Redemption and Improvement Account, the O&M Account, and the Discretionary Account ; AVK Consulting, Inc. June 2025.

1.2.5 ADDITIONAL BONDS

Section 5.04(c) of the General Ordinance requires, as a condition for the City's issuance of an additional series of Obligations, that a report be prepared by a nationally recognized independent consultant having broad experience in the operation of major airport systems. The report is required to address, for each series of Obligations, the ability of the Airport System to yield Pledged Amounts Available for Debt Service sufficient to comply with the Additional Bonds Test.

The report is required to demonstrate that on the basis of historical and estimated future annual financial operations of the Airport System from which pledged Amounts Available for Debt Service are to be derived, in accordance with the Additional Bonds Test requirements, the Rate Covenant:

(i) was met for the FY immediately preceding the date of the report (or for any period of 12 full consecutive months during the 18 months preceding the date of the report);
(ii) is estimated to be met for each of the five (5) FYs ended immediately following the issuance of the additional Bonds; and
(iii) to document that, as of the date of the report, no deficiency exists in the Sinking Fund Reserve Account.

2. AIRPORT FACILITIES, THE CAPITAL DEVELOPMENT PROGRAM, AND THE 2025 PROJECTS

PHL is the only commercial-service airport serving the Philadelphia Metropolitan Statistical Area (MSA). The Airport is owned by the City and operated by the Department of Aviation (the Department). Northeast Philadelphia Airport, also owned by the City and operated by the Department, is a general aviation (GA) facility and serves as a reliever airport for PHL. This chapter summarizes the existing facilities at PHL and describes the Department's ongoing capital program, including the 2025 Projects.

2.1 AIRPORT FACILITIES

The Airport occupies 2,598 acres of land approximately 7 miles southwest of downtown Philadelphia. Its primary facilities consist of the airfield, terminal area, rental car facilities, air cargo areas, maintenance/Airport support areas, and surface access/parking areas. These facilities are described in the following subsections.

2.1.1 AIRFIELD

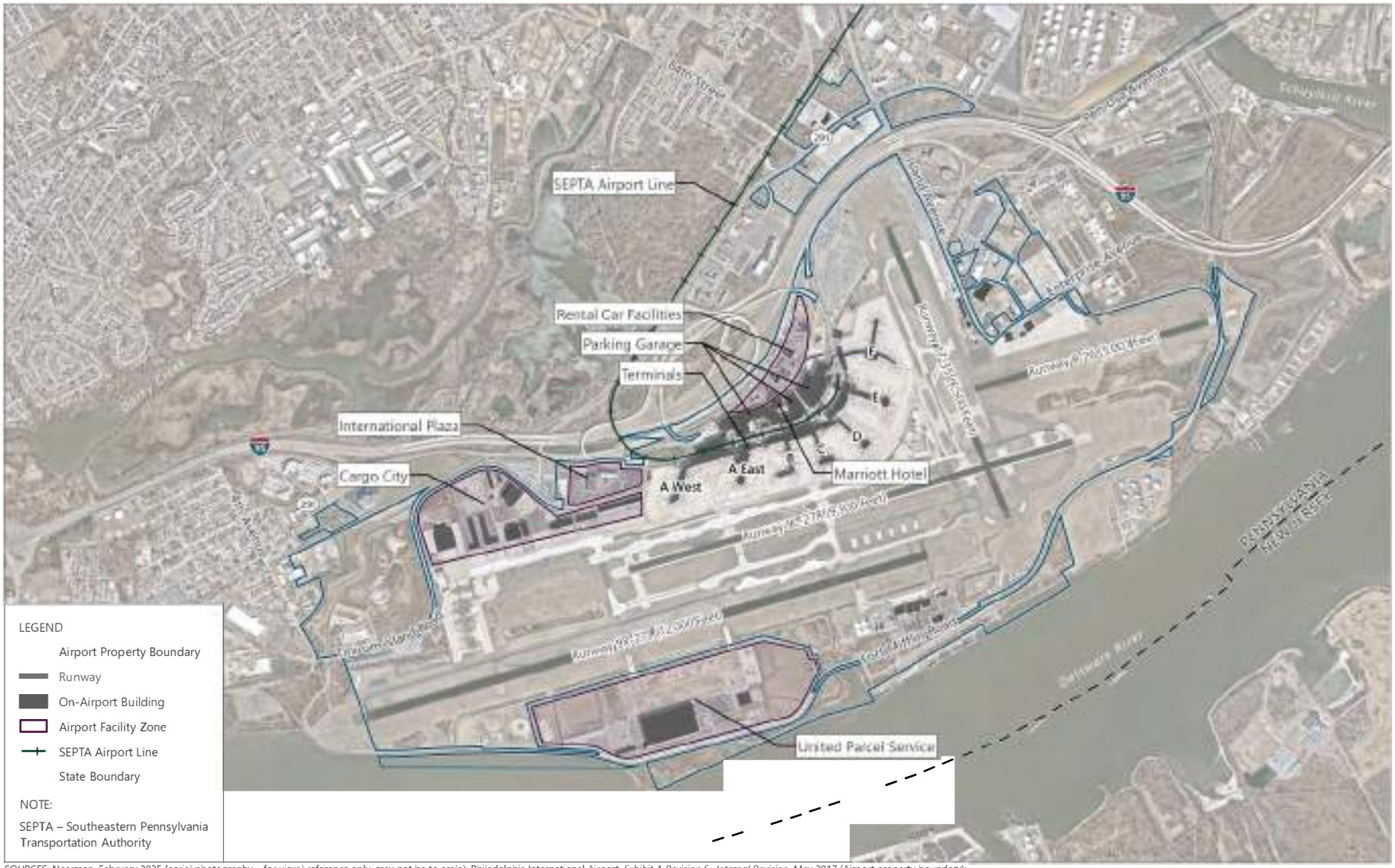
The airfield has four active runways—parallel Runways 9L-27R and 9R-27L, crosswind Runway 17-35, and commuter Runway 8-26. A network of taxiways, aprons, and aircraft holding areas supports the runways. The runways are equipped with electronic and other navigational aids that permit aircraft to land in most weather conditions, including instrument landing system (ILS) equipment on six of the eight runway ends. The Airport can accommodate Airplane Design Group (ADG) VI aircraft, such the Airbus A380 and the Boeing 747-8.[14] **Exhibit 2-1** shows the existing Airport layout.

2.1.2 TERMINAL AREA

The airlines serving the Airport operate from seven terminal buildings located to the north of the primary runways, 9L-27R and 9R-27L. The terminal buildings encompass approximately 3.3 million square feet of space and collectively contain 126 gates.[15] Eighty-eight gates can accommodate large mainline airline aircraft at Terminal A–West through Terminal E, and 38 gates are designed to only serve regional airline aircraft at Terminal F. Terminal A–West serves most international departures and all international arrivals requiring Federal Inspection Services (FIS). All 13 gates in Terminal A–West are common-use gates. Terminal A–East and Terminals B, C, D, E, and F, comprise the domestic terminal complex. Most gates in the domestic terminal complex are leased by the airlines on a preferential-use basis. **Table 2-1** presents the number of gates at the Airport, based on the Airline Agreement, and the number of jet bridges for each terminal.

[14] ADG is a Federal Aviation Administration (FAA)-defined classification of aircraft types that has six groups based on aircraft wingspan and tail height. ADG VI is the largest group of aircraft based on the FAA classifications.

[15] Gates A1, C16, and F10 are used for shuttling passengers between terminals.



SOURCES: Nearmap, February 2025 (aerial photography – for visual reference only, may not be to scale); Philadelphia International Airport, *Exhibit A Revision 5- Internal Revision*, May 2017 (Airport property boundary); Philadelphia International Airport, June 2016 (Airport elements, SEPTA airport line).

NORTH 0 3,000 ft

EXHIBIT 2-1

EXISTING AIRPORT LAYOUT

TABLE 2-1 GATES AND JET BRIDGES BY TERMINAL

TERMINAL	PREFERENTIAL-USE GATES	COMMON-USE GATE	TOTAL GATES	JET BRIDGES
Terminal A-West	0	13	13	13
Terminal A-East	7	5	12	11
Terminal B	15	0	15	15
Terminal C	15	0	15	15
Terminal D	12	4	16	16
Terminal E	15	2	17	17
Terminal F	38	0	38	24
Total	**102**	**24**	**126**	**111**

SOURCE: City of Philadelphia, Department of Aviation, July 2025.

On May 22, 2025, American Airlines (American) unveiled its new 12,500-square-foot Flagship lounge and 11,000-square-foot Admirals Club lounge in Terminal A-West, replacing the previous lounge located in Terminal A–East. Other terminal developments, as of June 2025, include the PHL Restroom Renovation Program Phases 5–8 which is currently underway, encompassing the reconstruction of 30 restroom sets and the addition of two new sets. The upgrades feature touchless amenities and smart technology throughout the terminals.

Also located within the terminal area is a hotel, a parking garage, and the Airport heating and refrigeration plant. The 14-story hotel, leased and operated by Marriott Hotels & Resorts and located directly across from Terminal B, provides 419 guest rooms, as well as restaurants and meeting facilities.[16] The parking garage adjacent to the terminals provides approximately 12,000 spaces for public parking.

2.1.3 RENTAL CAR FACILITIES

On-Airport rental car facilities are currently located remotely from the terminals; company-specific shuttle buses operate between the rental car facilities and the terminals. Eight rental car brands currently operate onsite at the Airport: Alamo Rent A Car, Avis Rent A Car System, Budget Rent A Car System, Dollar Rent A Car, Enterprise Rent-A-Car, Hertz Rent a Car, National Car Rental, and Thrifty Car Rental. In addition, Sixt Rent A Car provides off-Airport rental car services.

2.1.4 AIR CARGO AREAS

The Airport is a major center for air cargo shipments with nearly half of the US. population living within a 1-day drive of the Airport.[17] On the southwest side of the Airport, United Parcel Service (UPS) operates its second-largest North American base, in terms of freight facility size, located on UPS-owned property. At this East Coast Region Hub, UPS operates approximately 30 flights per day serving most of the United States' eastern seaboard. UPS operates an approximately 700,000-square-foot sorting hub and maintains a ramp of approximately 50 acres with the capacity to accommodate 32 parked aircraft at one time.[18] West of the passenger terminal facilities, Airport management operates Cargo City with seven non-UPS cargo facilities that encompass nearly 600,000 square feet

[16] Marriott International, Inc., https://www.marriott.com/en-us/hotels/phlar-philadelphia-airport-marriott/overview// (accessed May 23, 2025).

[17] City of Philadelphia, Philadelphia International Airport, https://www.phl.org/cargo/nonstop-cargo (accessed May 23, 2025).

[18] United Parcel Service of America, Inc., *UPS Air Operations Facts*, https://about.ups.com/content/dam/upsstories/assets/fact-sheets/airlines-fact-sheets/Air%20Operations%20Facts_073124.pdf (accessed May 23, 2025).

of cargo space.[19] A new 175,000-square-foot cargo building is currently in the design phase, and the Airport has entered into an agreement with Aviation Facilities Company Management, LLC (AFCO) for its construction.

2.1.5 MAINTENANCE/AIRPORT SUPPORT AREAS AND OTHER FACILITIES

American leases and operates an aircraft maintenance facility at the Airport. It also operates a 56,000-square-foot ground service equipment (GSE) facility at the west end of the Airport that handles repairs and upkeep of equipment. A maintenance hangar and parking area on 9.15 acres of land is located in Cargo City. The City also leases a GA terminal on the northeast side of the Airport to Atlantic Aviation and leases additional GA hangars on the south side of the Airport.

In 2015, the City purchased a property adjacent to the Airport known as International Plaza. It has two office buildings that are 56 percent leased with approximately 500,000 square feet of rentable space on 27 acres.

American operates a 25,000-square-foot cold storage facility at the airport. In addition to the American facility, there are currently plans underway for a 261,000 square foot cold storage facility called "Cool Port" which will be built off-airport on off-airport property; the facility is anticipated to open in 2025.

2.1.6 SURFACE ACCESS

Access to the passenger terminal complex is provided via Interstate 95 (I-95) from the north side of the Airport. The passenger terminal roadway can be accessed from I-95 or Pennsylvania Route 291, which borders the Airport to the north and east. Other roadways that surround Airport property include Tinicum Island Road to the north and Fort Mifflin Road, which borders the property to the east, south, and west. The passenger terminal complex is also accessible via public transit, with rail service between the Airport and Philadelphia City Center provided by the Southeastern Pennsylvania Transportation Authority (SEPTA) Regional Rail Airport Line. Stations are located at Terminals A, B, C/D, and E/F.

2.1.7 PARKING AREAS

Vehicle parking is provided in various locations throughout the Airport. An approximately 12,000-space parking garage adjacent to the terminals accommodates a major portion of the Airport's public parking demand. Nearly 800 spaces are available for short-term parking on the ground level of the garage. The garage is supplemented by surface economy lots that provide approximately 4,200 spaces with complimentary 24-hour shuttle buses to/from the terminals. The public parking facilities at the Airport are owned by the Department and operated under a management agreement. Employee parking is provided in two lots totaling approximately 3,700 spaces. The main employee surface parking lot is located north of I-95, in the northeastern section of the Airport. The public surface parking lot is located south of I-95 and north of Terminal F, near the threshold of Runway 17. A cell phone waiting lot is available for people waiting to pick up arriving passengers. This 151-space lot is intended to alleviate congestion on the terminal roadways and there is no charge to users of the cell phone waiting lot, but parking in the lot is limited to 30 minutes.

2.2 OVERVIEW OF THE CAPITAL DEVELOPMENT PROGRAM

The City is updating the Master Plan to address Airport development needs and accommodate growth through 2040 and beyond, while also maintaining a capital plan for repair and maintenance of existing facilities. The following

[19] City of Philadelphia, Philadelphia International Airport, https://www.phl.org/cargo (accessed May 23, 2025).

subsections describe the City's capital plans that have been approved by the Signatory Airlines as of the date of this Report, known as the Capital Development Program (CDP).

2.2.1 CAPITAL DEVELOPMENT PROGRAM

During the negotiation process for the Airline Agreement, the City and the Signatory Airlines reviewed the current approved CDP of $1.26 billion which was approved in March 2021. During this process, the City identified $384.8 million in completed projects or projects that would not be advancing and the Signatory Airlines approved an additional $935.2 million in new projects or additional scope for existing approved projects, totaling approximately $1.813 billion in CDP projects to date.[20] As of June 2025, the City has funded $588.5 million of the CDP through a combination of existing Airport Revenue Bond proceeds, commercial paper, and grants. Approximately $244.4 million of CDP projects have been completed or are substantially complete as of June 2025. Based on current (as of June 2025) projected expenditures, the City anticipates completing the CDP during the Projection Period.

2.2.1.1 AIRFIELD AND APRON IMPROVEMENTS

Airfield and apron improvement projects comprise approximately $544.8 million, or 30.0 percent of the total CDP. Major airfield improvements in the CDP include the following: Runway 9R-27L rehabilitation work; an airfield pavement program; wetlands mitigation; airfield security and access control; Runway 8-26 safety area Engineered Material Arresting System (EMAS) and tunnel rehabilitation; land acquisition; and additional airfield and apron improvements and equipment.

2.2.1.2 TERMINAL AND LANDSIDE IMPROVEMENTS

Terminal and landside improvement projects comprise approximately $1.03 billion, or 56.9 percent of the total CDP. Major terminal improvements in the current CDP include the following: planning and design for terminal development and redevelopment; loading bridge replacement; terminal systems rehabilitation and improvements; terminal interior and exterior renovations and improvements; roof replacement program; restroom renovation program; baggage handling system improvements; terminal concession development and redevelopment; and other terminal improvements. Major landside improvements include improvements to the pedestrian safety and roadway signage; electrical substation upgrades; and other landside pavement and equipment improvements.

2.2.1.3 SECURITY AND INFORMATION TECHNOLOGY

Security and Information Technology (IT) improvement projects comprise approximately $172.6 million, or 9.5 percent of the total current CDP. Major security and IT improvements in the CDP include the following: perimeter surveillance upgrades; badging system upgrades, additional security and perimeter gate improvements, and construction of redundant IT support facilities to maintain business continuity.

2.2.1.4 NORTHEAST PHILADELPHIA AIRPORT

Northeast Philadelphia Airport is a two-runway GA airport that does not provide commercial airline services. It is included in the City's Aviation Fund. Northeast Philadelphia Airport improvement projects comprise approximately $64.5 million, or 3.6 percent of the total CDP. Major improvements in the CDP include runway rehabilitation, taxiway rehabilitation program, airfield lighting program, Runway Safety Area (RSA) upgrades, and signage improvements.

[20] The Airport's CDP only includes capital projects that have been approved by the Signatory Airlines or capital projects that are exempted from Signatory Airline approval per the Airline Agreement.

Table 2-2 presents the CDP project costs, with approximately $1.81 billion of airline-approved projects remaining to be completed.

TABLE 2-2 CURRENT CAPITAL DEVELOPMENT PROGRAM (AS OF JUNE 1, 2025)

(Dollars in Thousands)

USES OF FUNDING	TOTAL PROJECT COSTS
Airfield and Apron Improvements	
Airfield Pavement and Rehabilitation Program	$326,951
Wetlands Mitigation	$10,000
Land Acquisition	$62,616
Other Airfield Improvements and Equipment	$77,470
Apron Projects	$67,800
	$544,837
Terminal and Landside Improvements	
Terminal Development	$248,511
Loading Bridge Replacement Program	$63,200
Terminal Systems Rehabilitation and Improvements	$153,340
Terminal Interior and Exterior Renovations and Improvements	$161,150
Roof Replacement Program	$88,600
Restroom Renovation Program	$129,800
Baggage Handling System Improvements	$48,000
Terminal Concession Development	$5,000
Other Terminal Improvements	$57,000
Other landside improvements	$76,700
	$1,031,301
Security and Information Technology	**$172,550**
Northeast Philadelphia Airport Projects	**$64,470**
Total Approved CDP [1]	**$1,813,158**

NOTE: CDP – Capital Development Program
SOURCE: City of Philadelphia, Department of Aviation, June 2025.

2.2.2 SOURCES OF FUNDING

The Department's capital projects have been funded primarily through federal and Commonwealth of Pennsylvania (Commonwealth) grants-in-aid, PFC Revenues, operating revenues, Airport Revenue Bonds (including the Commercial Paper Notes) and General Obligation Bonds of the City. The Airport expects to continue to fund CDP projects with a combination of federal and Commonwealth grants-in-aid, PFCs, CFC Revenues and proceeds from additional issues of Airport Revenue Bonds.

Airport Revenue Bonds

The financing of a portion of the CDP for the Airport System has been accomplished through the sale of Airport Revenue Bonds. All projects in the CDP have received Majority-in-Interest (MII) Approval or are exempted from

airline approval under the Airline Agreement which allows the City to include the debt service on Airport Revenue Bonds issued for such approved projects in the rates, fees and charges paid by the Signatory Airlines. The financial analysis presented in Chapter 5 of this Report includes approximately $1.0 billion of project costs funded with Airport Revenue Bonds through the Projection Period, which includes the Series 2025 Bonds and planned issuances in 2028 and 2030. Additional information about Airport Revenue Bonds is included in Section 5.5 of this Report.

Federal Grants-in-Aid

The Airport and Airway Improvement Act of 1982 created the Airport Improvement Program (AIP), which is administered by the FAA and funded by the Airport and Airway Trust Fund. This fund is financed by various federal aviation user taxes. Grants are available to airport operators across the country in the form of "entitlement" funds and "discretionary" funds. Entitlement funds are apportioned annually based on cargo volume and enplaned passengers, and discretionary funds are available at the discretion of the FAA based on a national priority system. Actual entitlement funds will vary with the actual number of enplaned passengers and cargo volume, with total appropriations for the AIP and with any revision of the existing statutory formula for calculating such funds. In addition, pursuant to the PFC Act and the Aviation Investment and Reform Act for the 21st Century, an airport's annual federal entitlement grants are reduced by 50 percent following the imposition of PFCs at the $3.00 level and by 75 percent following imposition at the $4.00 or $4.50 level if the airport is a medium or large hub.

The Infrastructure Investment and Jobs Act provides $14.5 billion in Airport Infrastructure Grants (AIG) and $1 billion annually for airport terminal development projects (ATP) that address aging infrastructure. AIG includes up to $2.39 billion to be apportioned to primary airports from Federal Fiscal Year (FFY) 2022 through FFY 2026. ATP is awarded annually through a competitive process for FFY 2022 through FFY 2026.

Commonwealth Grants-in-Aid and Other Assistance

The Pennsylvania Department of Transportation, through Act 164 of 1984, provides grants for airport improvements. The Department has received grants for the last 20 years for improvements at the Airport and for improvements at Northeast Philadelphia Airport. These grants have been used for airfield improvements.

Passenger Facility Charges

PFCs are authorized by the Aviation Safety and Capacity Expansion Act of 1990, as amended (PFC Act), and implemented by the FAA pursuant to published regulations issued with respect to the PFC Act (PFC Regulations). The PFC Act permits a public agency, such as the City, that controls certain commercial service airports to charge each paying passenger enplaning at the airport (subject to certain limited exceptions) a PFC of up to $4.50. Pursuant to the PFC Act and to the City's current approvals from the FAA, the City may, with certain exceptions, charge each paying passenger who enplanes at the Airport a PFC of $4.50. The PFC Act requires air carriers and their agents to collect the PFCs and to remit to the City once each month the proceeds of such collections, less a $0.11 handling fee and without interest earned prior to such remittance.

PFCs are to be used to finance FAA-approved airport-related projects that preserve or enhance capacity, safety or security of the national air transportation system, reduce noise from an airport that is part of the system or provide an opportunity for enhanced competition between or among air carriers or foreign air carriers. Additional information on PFC Revenue is presented in Section 5.4 of this Report.

Table 2-3 presents the sources of funding for the CDP.

TABLE 2-3 FUNDING OF CURRENT CAPITAL DEVELOPMENT PROGRAM (AS OF JUNE 1, 2025)

(Dollars in Thousands)

SOURCES OF FUNDING	
PayGo PFCs	$208,709
Federal and Commonwealth Grants-in-Aid	$184,536
Operating Funds	$1,270
Existing Bonds	$385,592
Proposed Series 2025 Bonds	$261,364
Proposed Series 2028 Bonds	$484,059
Proposed Series 2030 Bonds	$287,628
Estimated Total Sources of Funds	**$1,813,158**

NOTES: PFC – Passenger Facility Charge; CFC – Customer Facility Charge
SOURCE: City of Philadelphia, Department of Aviation, June 2025.

2.3 PROPOSED SERIES 2025 BONDS PROJECTS

A portion of the proceeds from the sale of the Series 2025 Bonds is anticipated to be used to fund the 2025 Projects. The proceeds to be used to fund the 2025 Projects consist of the refunding, on a current basis, of approximately $324.9 million of commercial paper.

Table 2-4 presents the estimated uses of the Series 2025 Bonds for the 2025 Projects. The Series 2025 Bonds will be used in part to take out approximately $324.9 million in commercial paper which funded approximately $146.4 million of the airfield and apron projects; approximately $101.9 million for terminal and landside improvements, which include terminal development projects, loading bridges, mechanical and system upgrades, roadway safety improvements and demolition of facilities; approximately $10.3 million in security and IT; approximately $2.8 million in Northeast Philadelphia Airport projects; and $63.5 million in refunding of already completed Signatory Airline-approved projects not contained in the current CDP.

TABLE 2-4 ESTIMATED USES OF THE SERIES 2025 BONDS

(Dollars in Thousands)

2025 PROJECTS	TOTAL
Airfield and Apron	$146,400
Terminal and Landside	$101,900
Security and Information Technology	$10,300
Northeast Philadelphia Airport	$2,800
Subtotal Total Approved Capital Development Program	**$261,400**
Other Completed Projects	$63,500
Total Estimated Series 2025 CP Takeout	**$324,900**

SOURCE: City of Philadelphia, Department of Aviation, July 2025.

3. DEMOGRAPHIC AND ECONOMIC ANALYSIS

The demand for air transportation at an airport is, to a large degree, dependent on the demographic and economic characteristics of the geographical area surrounding the airport, commonly referred to as an airport's Air Trade Area. This chapter presents data indicating the Airport's Air Trade Area has an economic base capable of supporting increased airline traffic demand, as discussed in Chapter 4.

3.1 AIR TRADE AREA

The boundaries of an airport's Air Trade Area are influenced by such factors as the location of other metropolitan areas and their associated airport facilities. For purposes of this Report, the Airport's Air Trade Area consists of the Philadelphia-Camden-Wilmington (Pennsylvania-New Jersey-Delaware-Maryland) MSA (Philadelphia MSA).[21] As shown on **Exhibit 3-1**, the Airport's Air Trade Area encompasses 11 counties in four states: New Castle County in Delaware; Cecil County in Maryland; Burlington, Camden, Gloucester, and Salem Counties in New Jersey; and Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania.

The Air Trade Area is served by two commercial airports. The Department operates one commercial airport: PHL. The commercial airport in the Air Trade Area that is not operated by the Department is Wilmington Airport (ILG) in New Castle County. ILG is categorized as a non-hub primary commercial service facility. When a passenger selects an airline and airport for flights on a particular trip, several factors may be considered: airlines serving the airport, destinations served from the airport, airfares, level of service, access to/from the point of origination/destination within the Philadelphia Area, and air traffic congestion/potential for travel delays.

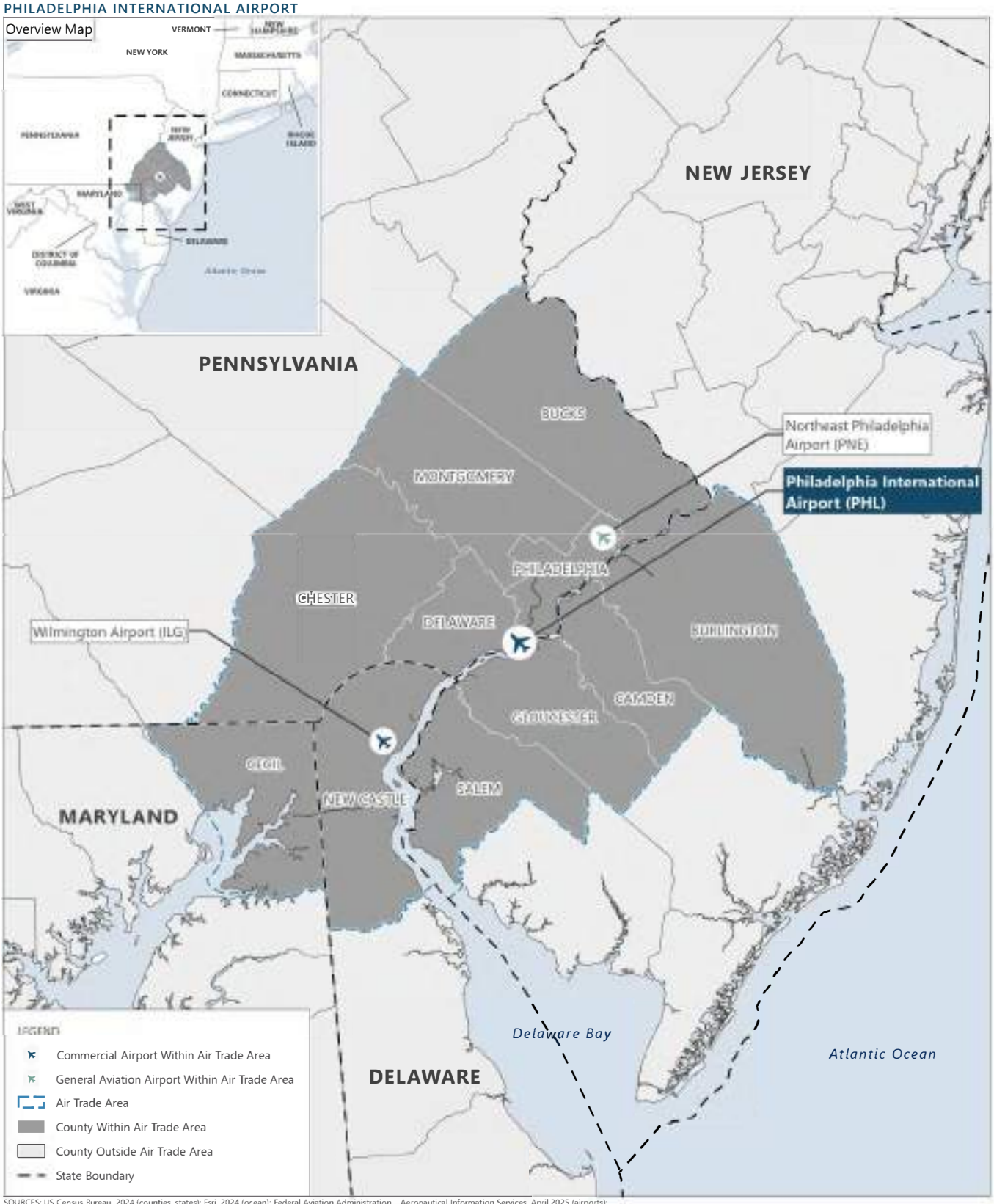
3.2 DEMOGRAPHIC ANALYSIS

The relationship between the demographic and economic characteristics of an area and the related demand for air travel is particularly true for origin and destination (O&D) passenger traffic, which has historically accounted for the largest portion of airline traffic at the Airport—approximately 76.0 percent of total traffic at the Airport in 2024 and estimated to remain strong at 74.8 percent in 2025.[22] Therefore, the majority of demand for air travel at the Airport is influenced more by the local socioeconomic characteristics of the surrounding area than by individual airline decisions regarding service patterns in support of connecting activity. The following subsections present data that indicate that the demographic and economic base of the Airport's Air Trade Area can support increased demand for air travel. For purposes of comparison, demographic and socioeconomic data for the Commonwealth and United States are provided in addition to the demographic and socioeconomic data for the Air Trade Area.

[21] An MSA is a geographic entity delineated by the Office of Management and Budget for use by federal statistical agencies in collecting, tabulating, and publishing federal statistics. As defined by the Office of Management and Budget, MSAs have at least one urbanized area with a population of 50,000 or more, plus adjacent territory that has a high degree of social and economic integration with the urbanized area, as measured by commuting ties.

[22] Cirium Diio, June 2025 (US Department of Transportation T-100 and O&D Survey data).

PHILADELPHIA INTERNATIONAL AIRPORT



SOURCES: US Census Bureau, 2024 (counties, states); Esri, 2024 (ocean); Federal Aviation Administration – Aeronautical Information Services, April 2025 (airports); Ricondo & Associates, Inc., May 2025, based on demographic data from Woods & Poole Economics, Inc., *2024 Complete Economic and Demographic Data Source* and the US Department of Labor, Bureau of Labor Statistics (air trade area)

NORTH 0 20 mi

EXHIBIT 3-1

PHILADELPHIA INTERNATIONAL AIRPORT
AIR TRADE AREA

3.2.1 POPULATION

There is typically a positive correlation between population growth in a local area and air travel demand. **Table 3-1** presents the historical population for the Air Trade Area, the Commonwealth, and the United States. The Air Trade Area's population grew from approximately 5.8 million in 2003 to 6.3 million in 2023. The Philadelphia MSA had approximately 6.3 million residents in calendar year (CY) 2024, making it the ninth-largest MSA in the United States based on CY 2024 population estimates, and it was the second-largest MSA by population on the East Coast.[23,24] Philadelphia and Montgomery Counties in the Commonwealth are the Air Trade Area's most populous counties, with 24.9 percent and 13.9 percent, respectively, of the Air Trade Area's total CY 2023 population. In CY 2023, 67.2 percent of the population of the Air Trade Area resided in the five Commonwealth counties, 21.9 percent resided in the four New Jersey counties, 9.3 percent resided in the one Delaware county, and 1.7 percent resided in the one Maryland county.

Compared to the Air Trade Area, the Commonwealth experienced similar growth, with the state's population increasing from approximately 12.4 million in 2003 to 13.0 million in 2023. In contrast, population for the United States grew more rapidly between 2003 and 2023 compared to the Air Trade Area and the Commonwealth (0.7 percent compound annual growth rate [CAGR] compared to 0.4 percent and 0.3 percent, respectively).

Table 3-1 also presents population projections prepared by Woods & Poole Economics, Inc. (Woods & Poole) for the Air Trade Area, the Commonwealth, and the United States for CY 2031.[25] Population in the Air Trade Area is projected to increase at a CAGR of 0.3 percent between 2023 and 2031, reaching approximately 6.5 million in 2031. The Commonwealth's population is projected to reach approximately 13.3 million by 2031, which reflects a consistent but slow growth pattern, with a CAGR of 0.2 percent from 2023 to 2031. Population in the United States is projected to grow at a CAGR of 0.7 percent between 2023 and 2031, which is greater than the projected CAGR for the Air Trade Area and the Commonwealth (0.3 percent and 0.2 percent, respectively).

The Air Trade Area's lagging projected population growth is not unusual for its geographic region. As the Philadelphia MSA population ages and domestic out-migration continues, future population growth in the Air Trade Area will largely be due to continued immigration.[26] Despite these relatively modest population growth trends, the projected increase of 173,499 new residents in the Air Trade Area between 2023 and 2031 is expected to generate additional demand for airline service at the Airport.

[23] "East Coast Cities," *World Population Review*, https://worldpopulationreview.com/us-city-rankings/east-coast-cities (accessed May 21, 2025).

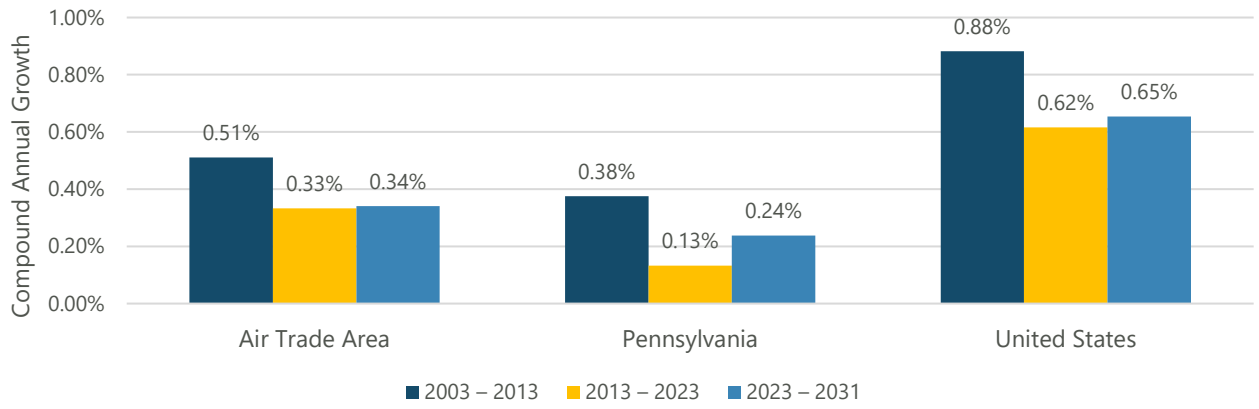
[24] The MSA ranking is based on July 1, 2024, annual estimates of the resident population for MSAs (US Department of Commerce, Bureau of the Census).

[25] Woods & Poole uses a national economic model to project county-level socioeconomic data through 2050. The model is updated every year, and the historical data and projections used in this Report are from Woods & Poole's *2025 Complete Economic and Demographic Data Source (CEDDS)*.

[26] Kristen Mosbrucker-Garza, "Immigration Is Driving Philadelphia's Population Gains, Census Data Shows," *WHYY*, https://whyy.org/articles/philadelphia-population-growth-immigrants-census/ (accessed May 29, 2025).

TABLE 3-1 HISTORICAL AND PROJECTED POPULATION (2003 TO 2031)

AREA	HISTORICAL [1]			PROJECTED
	2003	2013	2023	CY 2031
Bucks, PA	610,174	631,247	647,625	665,893
Burlington, NJ	442,434	453,865	470,561	485,387
Camden, NJ	508,563	515,310	529,576	540,378
Cecil, MD	92,444	102,022	105,676	109,334
Chester, PA	455,111	511,617	555,310	582,673
Delaware, PA	552,111	564,797	580,538	591,591
Gloucester, NJ	267,445	292,869	308,840	320,614
Montgomery, PA	772,666	820,180	871,673	902,364
New Castle, DE	514,769	551,508	582,325	603,256
Philadelphia, PA	1,493,802	1,566,325	1,563,349	1,586,927
Salem, NJ	64,345	65,601	65,429	65,984
Air Trade Area	**5,773,864**	**6,075,341**	**6,280,902**	**6,454,401**
Commonwealth of Pennsylvania	**12,374,658**	**12,846,905**	**13,017,721**	**13,267,331**
United States	**290,107,903**	**316,740,767**	**336,806,231**	**354,841,343**



NOTES: CY – Calendar Year
In 2017 dollars.
1 CY 2023 is the last year of historical data in the Woods & Poole Economics, Inc., database and is the basis for the future projections. Therefore, it is the last year of historical data displayed in this table. More recent data may be available from other sources.
SOURCE: Woods & Poole Economics, Inc., *2025 Complete Economic and Demographic Data Source (CEDDS)*, July 2025.

3.2.2 AGE DISTRIBUTION AND EDUCATION

The demand for airline travel varies across different age groups, which significantly influences O&D passenger activity at the Airport. According to Consumer Expenditure Survey data from the US Department of Labor, Bureau of Labor Statistics, in the United States, persons between the ages of 35 and 54 account for 40.5 percent of expenditures on airfares and other types of transportation that charge fares.[27] Furthermore, according to Airlines for America, adults aged 18 to 24 had the highest propensity to fly in 2024.[28] This demographic's high propensity to travel aligns with its residents' professional and personal needs, involving frequent travel for work, vacations, and

[27] US Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Surveys, https://www.bls.gov/cex/tables.htm (accessed May 28, 2025).

[28] Airlines for America, *Air Travelers in America: Annual Survey*, March 2025.

visiting, thereby driving a substantial portion of air travel activity.

Table 3-2 indicates that, in 2023, the percentage of the population in the 35 to 54 age range was 25.4 percent in the Air Trade Area, comparable to the national average (25.3 percent) and slightly higher than the Commonwealth's 24.5 percent. The median age in the Air Trade Area was 38.9 years, which was lower than the Commonwealth's median age of 40.6 years, but slightly greater than the national median age of 38.6 years.

TABLE 3-2 AGE DISTRIBUTION (2023) AND EDUCATIONAL ATTAINMENT (2023)

	AIR TRADE AREA	COMMONWEALTH OF PENNSYLVANIA	UNITED STATES
AGE DISTRIBUTION			
Total Population	**6,280,902**	**13,017,721**	**336,806,231**
By Age Group			
19 and Under	23.8%	23.1%	24.4%
20 to 24 Years	6.1%	6.2%	6.5%
25 to 34 Years	13.8%	12.8%	13.6%
35 to 44 Years	13.5%	12.7%	13.3%
45 to 54 Years	11.9%	11.7%	12.1%
55 to 64 Years	13.1%	13.4%	12.5%
65 and Above	17.8%	20.0%	17.7%
Total	**100.0%**	**100.0%**	**100.0%**
Median Age	**38.9 years**	**40.6 years**	**38.6 years**
EDUCATIONAL ATTAINMENT [1]			
Population 25 Years and Older	4,354,904	9,147,099	228,434,661
By Highest Level Achieved			
Less than 9th Grade	3.0%	2.9%	4.7%
9th – 12th Grade, No Diploma	4.9%	5.2%	5.9%
High School Graduate (includes equivalency)	27.0%	33.2%	26.2%
Some College, No Degree	16.1%	15.3%	19.4%
Post-Secondary Degree	48.9%	43.4%	43.8%
Associate's Degree	7.5%	8.9%	8.8%
Bachelor's Degree	24.1%	20.6%	21.3%
Master's Degree or Doctorate	17.3%	13.9%	13.7%
Total	**100.0%**	**100.0%**	**100.0%**

NOTE:
1 Sums may not total to 100.0 percent due to rounding.
SOURCES: Woods & Poole Economics, Inc., *2025 Complete Economic and Demographic Data Source (CEDDS), July 2025 (population age group); US Census Bureau, American Community Survey (ACS), May 2025 (educational attainment).*

The educational attainment of a region's population also impacts air travel demand. Higher education levels are typically associated with higher travel frequencies. According to Consumer Expenditure Survey data,[29] people with a college or associate's degree generate a higher percentage of expenditures on airline travel. Data indicate that 83.3 percent of airfare and other transportation that charges fees are purchased by college graduates, while 9.7 percent are purchased by consumers who have had some college, and 6.9 percent are purchased by consumers who never attended college. As shown in Table 3-2, 48.9 percent of the Air Trade Area's population over the age of 25 has a post-secondary degree (associate's, bachelor's, master's, or doctorate), which is higher than both the Commonwealth (43.4 percent) and the nation (43.8 percent).

3.2.3 PER CAPITA PERSONAL INCOME AND INCOME DISTRIBUTION

Another indicator of a region's demand for airline travel is per capita personal income.[30] Per capita personal income indicates the relative affluence of a region's residents, as well as their ability to afford airline travel. It can also be an indicator of an area's attractiveness to business and leisure travelers. Regions with higher per capita personal income often have stronger business connections to the rest of the nation, as well as a more developed market for tourism. However, it should be noted that per capita personal income is not adjusted for the cost of living in a particular area.

Table 3-3 presents historical per capita personal income in the Air Trade Area, the Commonwealth, and the nation (in 2017 dollars) from 2013 through 2023 and projected for 2031. As shown, per capita personal income in the Air Trade Area exceeded that of both the Commonwealth and the nation. Between 2013 and 2023, the Air Trade Area experienced a CAGR of 1.7 percent in per capita personal income. This rate of growth is comparable to the 1.7 percent CAGR of the Commonwealth and lagged behind the national CAGR of 2.2 percent during the same period, suggesting that, while the Air Trade Area maintained a higher per capita income level, its growth pace was more modest in comparison to the national trend. The slower growth was attributable to the increased income disparity as Philadelphia transitioned from an industrial city to a more service-based economy.[31] In 2022 and in terms of wage inequality, the Air Trade Area ranked as the 46th out of over 300 total MSAs most unequal MSA in the nation.[32]

Woods & Poole projects per capita personal income in the Air Trade Area to increase at a CAGR of 1.6 percent between 2023 and 2031, comparable to the personal income growth in the Commonwealth (1.6 percent), and in the United States (1.6 percent). As shown in Table 3-3, per capita personal income in the Air Trade Area is projected to increase from $65,005 in 2023 to $73,958 in 2031. This increase corresponds to a CAGR of 1.6 percent, which is comparable to the Commonwealth's projected CAGR of 1.6 percent and the national projected CAGR of 1.6 percent.

[29] US Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Surveys, https://www.bls.gov/cex/tables.htm (accessed May 28, 2025).

[30] Per capita personal income is the sum of wages and salaries, other labor income, proprietors' income, rental income, dividend income, personal interest income, and transfer payments, less personal contributions for government social insurance, divided by the region's population.

[31] Economy League of Greater Philadelphia, "Income Inequality in Philadelphia," https://www.economyleague.org/resources/income-inequality-philadelphia-2020-gini-coefficient#:~:text=Philadelphia's%20legacy%20as%20a%20historic,earn%20$200%2C000%20or%20more%20annually (accessed June 5, 2025).

[32] Federal Reserve Bank of Philadelphia, *Regional Spotlight: Wage Inequality Across the U.S.*, Q2 2024.

TABLE 3-3 PER CAPITA PERSONAL INCOME (2013 TO 2031)

CALENDAR YEAR	PER CAPITA PERSONAL INCOME		
	AIR TRADE AREA	COMMONWEALTH OF PENNSYLVANIA	UNITED STATES
Historical			
2013	$55,054	$47,926	$46,356
2014	$56,111	$48,876	$47,659
2015	$58,209	$50,662	$49,393
2016	$59,618	$51,459	$49,826
2017	$59,473	$51,891	$51,005
2018	$61,043	$53,379	$52,241
2019	$61,649	$54,239	$53,682
2020	$64,718	$57,573	$56,492
2021	$65,965	$58,528	$59,144
2022	$64,055	$56,270	$56,925
2023[1]	$65,005	$56,974	$57,612
Projected			
2031	$73,958	$64,883	$65,185
Compound Annual Growth Rate			
2013 – 2023	1.7%	1.7%	2.2%
2023 – 2031	1.6%	1.6%	1.6%

INCOME CATEGORY	PERCENTAGE OF HOUSEHOLDS IN INCOME CATEGORIES (CALENDAR YEAR 2023)		
	AIR TRADE AREA	COMMONWEALTH OF PENNSYLVANIA	UNITED STATES
Less than $14,999	8.4%	8.5%	8.4%
$15,000 – $34,999	11.8%	14.1%	13.4%
$35,000 – $74,999	22.9%	26.8%	26.2%
$75,000 – $99,999	11.9%	12.9%	12.7%
$100,000 – $199,999	28.7%	26.6%	26.7%
$200,000 or More	16.4%	11.1%	12.6%

NOTES:
Per capita personal income is in 2017 dollars.
Household income is in 2023 inflation-adjusted dollars.
2023 is the latest year with household income distribution data available.
Percentages may not sum precisely due to rounding.

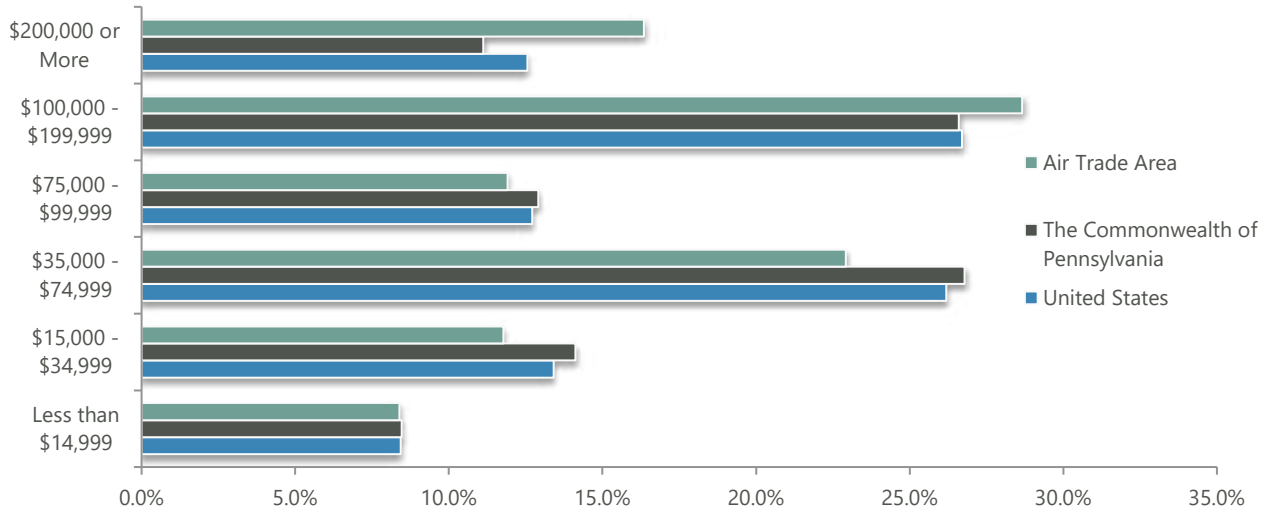
1 2023 is the last year of historical data in the Woods & Poole Economics, Inc., database and is the basis for the future projections. Therefore, it is the last year of historical data displayed in this table. More recent data may be available from other sources.

SOURCES: Woods & Poole Economics, Inc., *2025 Complete Economic and Demographic Data Source (CEDDS)*, July 2025; US Census Bureau, American Community Survey (ACS), May 2025.

The percentage of higher-income households (defined as those earning $100,000 or more annually) within the Air Trade Area is another key indicator of potential demand for airline travel. According to Consumer Expenditure Survey data from the US Department of Labor, Bureau of Labor Statistics, 66.6 percent of expenditures on airfare and other transportation that charges fees reflects expenditures that are made by households with annual incomes

of $100,000 or more.[33] **Exhibit 3-2** presents the percentages of households in various per capita personal income categories (as expressed in 2017 dollars) for the Air Trade Area, the Commonwealth, and the United States in 2023. In the Air Trade Area, 45.0 percent of households earned $100,000 or more, greater than 37.7 percent in the Commonwealth and 39.3 percent in the United States.

EXHIBIT 3-2 HOUSEHOLD INCOME DISTRIBUTION (CALENDAR YEAR 2023)



NOTES:
Household income is in 2023 inflation-adjusted dollars.
2023 is the latest year with household income distribution data available.
SOURCE: US Census Bureau, American Community Survey (ACS), May 2025.

3.3 ECONOMIC ANALYSIS

3.3.1 GROSS DOMESTIC/REGIONAL PRODUCT

Per capita Gross Domestic Product (GDP) for the United States as a whole, and its state and county equivalent, per capita Gross Regional Product (GRP), are measures of the market value of all final goods and services produced within a particular area for a specific period, divided by the total population of that area. Per capita GDP and GRP are among the broadest measures of the economic health of a particular area and, consequently, the area's potential air travel demand.

Table 3-4 presents historical per capita GRP and GDP for the Air Trade Area, the Commonwealth, and the United States from 2013 through 2023, as expressed in 2017 dollars, as well as projected per capita GRP and GDP for 2031. As shown, per capita GRP for the Air Trade Area increased at a CAGR of 1.2 percent, from approximately $65,373 in 2013 to approximately $73,680 in 2023. In comparison, per capita GRP for the Commonwealth increased at a CAGR of 1.3 percent, and the nation's equivalent measure (GDP) increased at a CAGR of 2.1 percent.

[33] US Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Surveys, https://www.bls.gov/cex/tables.htm (accessed May 28, 2025).

Woods & Poole projects per capita GRP for the Air Trade Area will increase from $73,680 in 2023 to $82,428 in 2031. This increase represents a CAGR of 1.4 percent, which is comparable to the CAGRs projected for the Commonwealth and greater than the nation over the same period, which are 1.4 percent and 1.3 percent, respectively.

TABLE 3-4 PER CAPITA GROSS REGIONAL/DOMESTIC PRODUCT

	PER CAPITA GROSS REGIONAL/DOMESTIC PRODUCT		
CALENDAR YEAR	AIR TRADE AREA	COMMONWEALTH OF PENNSYLVANIA	UNITED STATES
Historical			
2013	$65,373	$54,512	$55,269
2014	$66,928	$55,601	$56,418
2015	$68,833	$57,093	$58,065
2016	$69,516	$57,747	$58,658
2017	$68,846	$58,273	$59,727
2018	$69,789	$58,934	$61,253
2019	$70,529	$59,660	$62,647
2020	$68,124	$57,135	$61,171
2021	$70,695	$59,537	$65,069
2022	$72,172	$61,003	$66,676
2023[1]	$73,680	$62,247	$67,930
Projected			
2031	$82,428	$69,519	$75,034
ANNUAL PER CAPITA GROWTH	AIR TRADE AREA	COMMONWEALTH OF PENNSYLVANIA	UNITED STATES
2013 – 2023	1.2%	1.3%	2.1%
2023 – 2031	1.4%	1.4%	1.3%

NOTES:
GDP – Gross Domestic Product; GRP – Gross Regional Product
In millions of 2017 dollars.
1 Calendar Year 2023 is the last year of historical data in the Woods & Poole Economics, Inc., database and is the basis for the future projections. Therefore, it is the last year of historical data displayed in this table. More recent data may be available from other sources.
SOURCE: Woods & Poole Economics, Inc., *2025 Complete Economic and Demographic Data Source (CEDDS)*, July 2025.

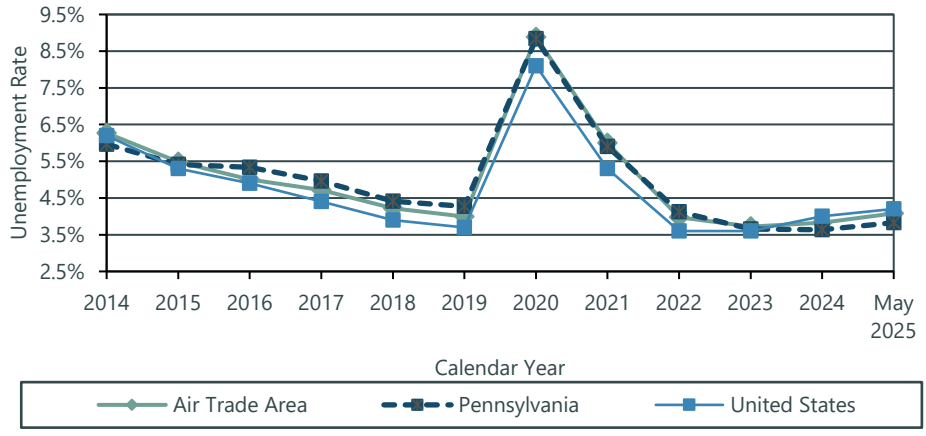
3.3.2 EMPLOYMENT TRENDS

Employment growth is an additional factor that typically drives air travel demand. **Table 3-5** presents recent employment trends for the Air Trade Area, the Commonwealth, and the United States. As shown, the Air Trade Area's civilian labor force, defined as the civilian population over the age of 16 that is available for work, increased from approximately 3.0 million workers in CY 2014 to approximately 3.3 million workers in CY 2024. This represents a CAGR of 0.8 percent over the period, which is comparable to the 0.8 percent labor force increase in the United States, and it is significantly higher than the Commonwealth's approximate 0.2 percent increase. The Air Trade Area's population growth and higher educational attainment compared to the national average have contributed to faster civilian labor force growth, which is crucial for the Air Trade Area's sustained economic expansion.

TABLE 3-5 CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE (2014 TO 2024)

CALENDAR YEAR	CIVILIAN LABOR FORCE		
	AIR TRADE AREA	COMMONWEALTH OF PENNSYLVANIA	UNITED STATES
2014	3,042,407	6,428,677	155,922,000
2015	3,077,668	6,476,597	157,130,000
2016	3,137,927	6,522,383	159,187,000
2017	3,145,654	6,492,618	160,320,000
2018	3,157,492	6,512,599	162,075,000
2019	3,202,692	6,572,795	163,539,000
2020	3,185,124	6,498,158	160,742,000
2021	3,175,185	6,428,812	161,204,000
2022	3,224,656	6,471,542	164,287,000
2023	3,284,857	6,560,305	167,116,000
2024	3,296,394	6,578,768	168,106,000
Compound Annual Growth Rate			
2014 – 2024	0.8%	0.2%	0.8%

CALENDAR YEAR	UNEMPLOYMENT RATES		
	AIR TRADE AREA	COMMONWEALTH OF PENNSYLVANIA	UNITED STATES
2014	6.3%	6.0%	6.2%
2015	5.5%	5.4%	5.3%
2016	5.0%	5.3%	4.9%
2017	4.7%	5.0%	4.4%
2018	4.2%	4.4%	3.9%
2019	4.0%	4.3%	3.7%
2020	8.9%	8.8%	8.1%
2021	6.0%	5.9%	5.3%
2022	4.0%	4.1%	3.6%
2023	3.7%	3.7%	3.6%
2024	3.8%	3.6%	4.0%
May 2025	4.1%	3.9%	4.2%



NOTES:
The civilian labor force is in thousands.
Annual data are not seasonally adjusted.
Monthly data are seasonally adjusted.
SOURCE: US Department of Labor, Bureau of Labor Statistics, June 2025.

As shown in Table 3-5, annual unemployment rates for the Air Trade Area and the Commonwealth were consistently above the national unemployment rates each year between CY 2014 and CY 2023. The pandemic had a significant impact on employment, with the Air Trade Area's unemployment rate peaking at 8.9 percent in CY 2020, compared to 8.8 percent for the Commonwealth and 8.1 percent nationally. By CY 2024, the unemployment rate in the Air Trade Area and the Commonwealth had decreased to 3.8 percent and 3.6 percent, respectively, both falling below the 4.0 percent national rate. By May 2025, the Air Trade Area's rate was comparable to the national unemployment rate, 4.1 percent and 4.2 percent, respectively, while the Commonwealth's rate of 3.9 percent continued to stay below the national unemployment rate.

Table 3-6 presents nonagricultural employment trends by major industry sector; the Air Trade Area's employment trends are compared to those for the United States in CY 2014 and CY 2024. As shown, nonagricultural employment in the Air Trade Area increased from approximately 2.8 million workers in CY 2014 to approximately 3.1 million workers in CY 2024. This increase represents a CAGR of 1.1 percent during the period (CY 2014 to CY 2024), compared to a 1.3 percent CAGR nationwide.

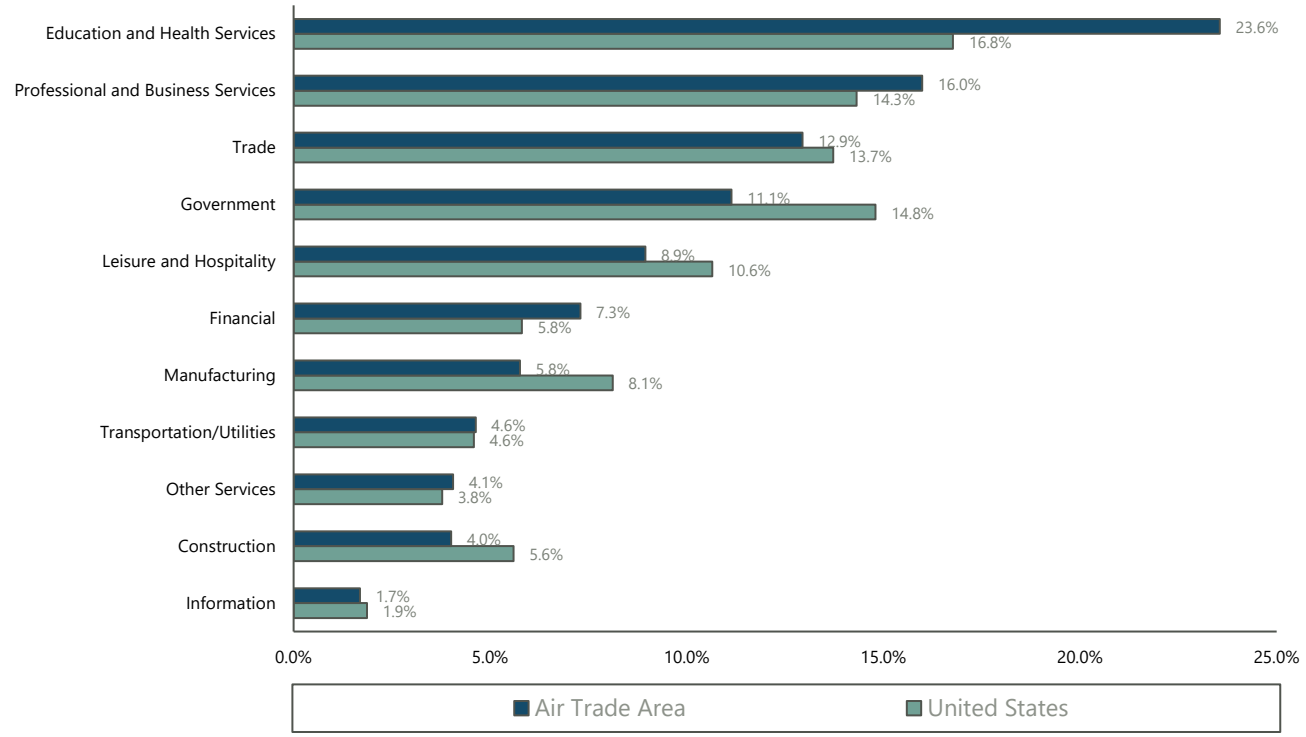
Most of the major industry groups in the Air Trade Area experienced positive employment growth between CY 2014 and CY 2024, with the greatest average annual growth occurring in the transportation/utilities sector. Along with the transportation/utilities sector, the education and health services and construction sectors led employment growth in the Air Trade Area.

Over the period of CY 2014 to CY 2024, employment growth in the Air Trade Area, as measured by CAGR, was generally less rapid than the United States. During the same period, the Air Trade Area's labor force increased at the same rate as the United States. This disparity suggests a more pronounced mismatch between labor supply and job availability in the Air Trade Area, leading to a higher unemployment rate than the national average. As evidenced in Table 3-5, annual unemployment rates for the Air Trade Area consistently exceeded national rates from CY 2014 to CY 2023. The Air Trade Area's higher unemployment rate is attributable to its economy's high concentration in education and healthcare services, which are not traditionally high-growth private sectors. [34] However, for certain sectors, employment in the Air Trade Area outpaced the nation: transportation/utilities (4.0 percent compared to 3.4 percent), information (1.2 percent compared to 0.8 percent), and education and health services (2.2 percent compared to 2.1 percent). In contrast, the Air Trade Area's trade and manufacturing sectors experienced declines of 0.3 percent and 0.1 percent, respectively, during the same period. As shown in the bar chart in Table 3-6, employment in the Air Trade Area in CY 2024 is more concentrated in the education and health services, professional and business services, financial, transportation/utilities, and other services sectors than it is in the nation. Contrarily, employment in the trade, government, leisure and hospitality, manufacturing, construction, and information sectors is less concentrated in the Air Trade Area than it is in the United States.

[34] Economy League of Greater Philadelphia, Philadelphia Employment and Job Growth: 2024 Update, https://www.economyleague.org/resources/philadelphia-employment-and-job-growth-2024-update#:~:text=Takeaways,Education%20and%20Health%20Services%20sectors (accessed June 9, 2025).

TABLE 3-6 NONAGRICULTURAL EMPLOYMENT TRENDS BY MAJOR INDUSTRY SECTOR (2024)

	AIR TRADE AREA NONAGRICULTURAL EMPLOYMENT [1]			UNITED STATES NONAGRICULTURAL EMPLOYMENT		
			COMPOUND ANNUAL GROWTH RATE			COMPOUND ANNUAL GROWTH RATE
SECTOR	CY 2014[3]	CY 2024[3]	CY 2014 – CY 2024	CY 2014[3]	CY 2024[3]	CY 2014 – CY 2024
Education and Health Services	587.6	731.0	2.2%	21,439.0	26,490.0	2.1%
Professional and Business Services	441.3	496.1	1.2%	19,198.0	22,620.0	1.7%
Trade	414.2	401.5	(0.3%)	21,052.9	21,677.3	0.3%
Government	335.3	345.6	0.3%	21,882.0	23,375.0	0.7%
Leisure and Hospitality	247.0	277.5	1.2%	14,696.0	16,818.0	1.4%
Financial	204.1	226.3	1.0%	7,977.0	9,169.0	1.4%
Manufacturing	180.8	178.7	(0.1%)	12,161.0	12,817.0	0.5%
Transportation/Utilities	96.8	143.7	4.0%	5,200.1	7,245.7	3.4%
Other Services	116.6	125.9	0.8%	5,567.0	5,966.0	0.7%
Construction [1]	104.8	124.4	1.7%	7,042.0	8,838.0	2.3%
Information [2]	46.5	52.4	1.2%	2,726.0	2,943.0	0.8%
Total	**2,775.0**	**3,103.1**	**1.1%**	**138,941.0**	**157,959.0**	**1.3%**



NOTES: CY – Calendar Year
1 Includes mining and logging employment.
2 The information sector includes communications, publishing (including software publishing), motion picture and sound recording, and online services.
3 In thousands of workers.
SOURCE: US Department of Labor, Bureau of Labor Statistics, May 2025.

Changes in the Air Trade Area's nonagricultural employment sector differ from the national trends that occurred between CY 2014 and CY 2024. In the Air Trade Area during that period, it was primarily trade employment that lost part of its share of employment to the education and health services sector, as employment in the latter increased at a greater CAGR than the former. Government, manufacturing, other services, and financial employment as a percentage of total employment decreased minimally (by less than 1.0 percent) in the Air Trade Area, and employment in the construction and professional and business services sectors increased minimally (by less than 1.0 percent) in each industry. In the United States, the changes in employment by sector were not as significant as in the Air Trade Area. Only the trade sector saw a decline exceeding one percentage point in total employment from CY 2014 to CY 2024 and only the education and health services sector grew by more than 1.0 percent within the same period.

3.3.3 BUSINESS CLIMATE

The business climate in the Air Trade Area offers advantages to new, expanding, and relocating companies. These advantages include a young, educated labor pool; a strategic location; and reasonable business costs. The Air Trade Area is the second-largest MSA by population on the East Coast. It is centrally located in the East Coast, providing a robust transportation network and infrastructure to major metros like New York City and Washington, D.C., and placing 60 percent of the US population within a 2-hour flight radius.[35,36]

The cost of living in Philadelphia is lower than that of other large cities in the Northeast,[37] including New York, Boston, and Washington, DC.[38] Delaware is known for its favorable corporate tax laws and unique Court of Chancery, which handles corporate legal cases. This court is respected globally for its well-developed rules on business matters, providing predictability for investors.[39] This business-friendly legal environment has attracted over 60 percent of Fortune 500 companies, including Alphabet, Amazon, CVS, and Comcast, to incorporate in Delaware.[40]

The Air Trade Area has strategic initiatives that are aimed at business attraction and expansion. The Chamber of Commerce for Greater Philadelphia joined forces with Philadelphia Works, Inc., and the Skills Initiative to develop smart workforce solutions and build customized talent solutions.[41] In FY 2024, the Chamber's business attraction pipeline saw a 14 percent increase. This growth was driven by a diverse range of companies, including Thema, Preventx, InBody, Alstom, US Lab Partners, FedEx, and Fair Trade Outsourcing, all selecting the Air Trade Area for their expansion.[42]

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[35] World Population Review ,"East Coast Cities," https://worldpopulationreview.com/us-city-rankings/east-coast-cities (accessed May 21, 2025).

[36] The Chamber of Commerce for Greater Philadelphia, "A Global Gateway Accessible by Air, Sea, Road, and Rail," https://selectgreaterphl.com/doing-business/transportation-and-infrastructure/ (accessed May 21, 2025).

[37] According to the US Department of Labor, Northeast region in the United States consists of: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, Virgin Islands, Virginia and West Virginia.

[38] Visit Philadelphia, "Why Philly's a Great Place to Live & Work," https://www.visitphilly.com/features/live-and-work/ (accessed May 21, 2025).

[39] State of Delaware, "Why Businesses Choose Delaware," https://corplaw.delaware.gov/why-businesses-choose-delaware/ (accessed May 21, 2025).

[40] Charlotte Morabito, "Here's Why More than 60% of Fortune 500 Companies Are Incorporated in Delaware," *CNBC*, https://www.cnbc.com/2023/03/13/why-more-than-60percent-of-fortune-500-companies-incorporated-in-delaware.html (accessed May 21, 2025).

[41] The Chamber of Commerce for Greater Philadelphia, "Celebrate Our 2024 Successes and Get Involved in 2025!," https://chamberphl.com/2025/01/celebrate-our-2024-successes-and-get-involved-in-2025/ (accessed May 21, 2025).

[42] *Ibid.*

Announced in February 2025, the Philadelphia Tax Reform Commission (TRC) aims to modernize the tax code, stimulate private investment, and strengthen the City's economic foundation through reforms focused on job creation, business growth, and poverty reduction.[43] These proposed changes are projected to generate an estimated 31,200 to 93,200 new jobs, double the skills and salaries of approximately 15,000 Philadelphians, accelerate the success of over 1,000 small and diverse businesses, and attract hundreds of new companies to the City of Philadelphia over the next 5 years.[44] At the state level, Governor Josh Shapiro's 2025 to 2026 budget proposal for the Commonwealth aims to attract new businesses by enhancing workforce development, supporting public education, and investing in economic development.[45] The proposal includes specific actions such as increasing funding for career and technical education by $5.5 million and allocating $65.0 million for innovation and $30.0 million for life sciences.[46]

According to *PitchBook-NVCA Venture Monitor* (fourth quarter of 2024), the Air Trade Area ranked fifth nationally in terms of venture capital deal volume.[47] In 2024, the Air Trade Area's venture capital landscape showed significant growth, securing $3.3 billion across 444 deals (up from $2.4 billion in 2023). This resilience is driven by the Air Trade Area's robust startup environment and leadership in life sciences, healthcare, and technology.[48] The Air Trade Area is well-positioned for continued venture capital growth in 2025, driven by projected increased funding and significant investments in software firms (nearly 60 percent of 2024 deals) and artificial intelligence (AI) startups which benefited from an approximately 40 percent increase in equity funding in 2024 over 2023.[49]

3.3.3.1 MAJOR EMPLOYERS

Table 3-7 lists the 30 major non-governmental employers in the Philadelphia Area.[50] Major employers, including higher education institutions[51], rely heavily on passenger air transportation services for business travel, education, and partnerships. Accessibility and connectivity are crucial for sustaining the dynamic expansion of these sectors, fostering economic growth and maintaining the Philadelphia Area's strong position in life science, healthcare, and technology. The largest major employer in the Philadelphia Area is the University of Pennsylvania and Health System, with approximately 54,005 employees as of October 2024, followed by Thomas Jefferson University Hospitals Inc. (41,960 employees), Children's Hospital of Philadelphia (30,743 employees), Temple University and Health System (19,907 employees), and Comcast Corporation (16,200 employees).

[43] The Chamber of Commerce for Greater Philadelphia, "Unpacking the Philadelphia Tax Reform Commission's Interim Report," https://chamberphl.com/2025/02/unpacking-the-philadelphia-tax-reform-commissions-interim-report/ (accessed May 21, 2025).

[44] The Chamber of Commerce for Greater Philadelphia, "Unpacking the Philadelphia Tax Reform Commission's Interim Report," https://chamberphl.com/2025/02/unpacking-the-philadelphia-tax-reform-commissions-interim-report/ (accessed May 21, 2025).

[45] "Governor Shapiro Unveils 2025-26 Budget Proposal," *Commonwealth of Commonwealth of Pennsylvania*, https://www.pa.gov/governor/newsroom/2025-press-releases/governor-shapiro-unveils-2025-26-budget-proposal.html (accessed May 21, 2025).

[46] *Ibid.*

[47] "2024 Philadelphia Venture Report: $3.3 Billion in Funding Highlights Regional Growth," *Select Greater Philadelphia*, https://selectgreaterphl.com/2025/03/philadelphia-venture-report-2024/ (accessed May 21, 2025).

[48] *Ibid*.

[49] *Ibid*.

[50] The list in Table 3-7 includes employers in Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA, as well as in Atlantic, and Cumberland Counties in Commonwealth of Pennsylvania State.

[51] In table on the next page, higher education institutions are included in the list of 30 major employers.

TABLE 3-7 MAJOR NON-GOVERNMENTAL EMPLOYERS IN THE PHILADELPHIA AREA (AS OF OCTOBER 2024)

RANKING [1]	EMPLOYER [2]	PHILADELPHIA AREA EMPLOYEES [2]	INDUSTRY
1	University of Pennsylvania and Health System	54,005	Higher Education/ Health Care
2	Thomas Jefferson University Hospitals Inc.	41,960	Healthcare
3	Children's Hospital of Philadelphia	30,743	Healthcare
4	Temple University and Health System	19,907	Higher Education/ Health Care
5	Comcast Corporation	16,200	Telecommunications Media Entertainment
6	Virtua Health	14,000	Healthcare
7	Vanguard	12,300	Investment Management
8	Cooper Health System	10,152	Healthcare
9	American Airlines, Inc.	10,000	Scheduled Air Transportation
10	Independence Health Group (Parent Company of Independence Blue Cross)	8,901	Insurance
11	Inspira Health	7,742	Health Care
12	University of Delaware	4,895	Higher Education
13	Universal Health Services Inc.	4,855	Health Care
14	Drexel University	4,531	Higher Education
15	Rowan University	4,156	Higher Education
16	Acts Retirement-Life Communities	3,671	Nursing and Residential Care
17	Crozer Health [3]	3,413	Health Care
18	SAP America	3,360	Enterprise Applications
19	Villanova University	2,700	Higher Education
20	Elwyn	2,186	Human Services
21	Deloitte	2,125	Consulting Services
22	Compass	1,861	Real Estate
23	West Chester University of Pennsylvania	1,844	Higher Education
24	NFI	1,827	Supply Chain and Logistics
25	The Rose Group	1,820	Hospitality
26	EY	1,646	Consulting Services
27	Stockton University	1,563	Higher Education
28	Day & Zimmermann	1,485	Engineering Services
29	A. Duie Pyle Inc.	1,391	Transportation and Logistics
30	KPMG LLP	1,312	Consulting Services

NOTES:

1 Information on the list was supplied by individual companies through questionnaires and could not be independently verified by the Philadelphia Business Journal. Furthermore, employment levels of companies that did not participate in questionnaires are not included in this table.

2 Fortune 500 companies include: Comcast Corporation, and Universal Health Services Inc., American Airlines, Inc.

3 On January 11, 2025, Prospect Medical Holdings initiated Chapter 11 bankruptcy proceedings, impacting its subsidiary, Crozer Health, which is currently undergoing closures. As part of the bankruptcy sale, ChristianaCare successfully bid $50.3 million for five of Crozer Health's outpatient facilities in Pennsylvania. This sale is awaiting final court approval.

SOURCES: "100 Largest Employers in Greater Philadelphia," Philadelphia Business Journal, https://www.bizjournals.com/philadelphia/subscriber-only/2024/07/05/100-largest-employers-in-greater-philadelphia.html (accessed June 18, 2025); "American Airlines Kicks Off Summer Travel At PHL with New Service to Edinburgh and Milan Launching Today", Philadelphia International Airport, https://www.phl.org/newsroom/AA-EDI-MXP (accessed June 24, 2025); "Prospect Medical Bankruptcy Update," Delaware County Pennsylvania, https://delcopa.gov/health/pages/prospectmedicalbankruptcyupdate.html#:~:text=Prospect%20Medical%20Holdings%2C%20the%20parent%20company%20of,January%2011%2C%202025%2C%20in%20the%20United%20States (accessed July 10, 2025); "ChristianaCare wins bids for five Crozer Health locations," Delaware Business Times, https://delawarebusinesstimes.com/news/christianacare-crozer-health-locations/ (accessed July 10, 2025).

Each year, *Fortune* magazine ranks the top 500 US public companies by annual revenue. Per 2025 rankings, 11 Fortune 500 company headquarters are located in the Air Trade Area. Montgomery County leads with four of these top companies and serves as the home to major companies including Cencora, Inc. (ranked 10th), Universal Health Services, Inc. (ranked 299th), Toll Brothers, Inc. (ranked 394th), and UGI Corporation (ranked 434th). Additionally, three Fortune 500 companies are located in the city of Philadelphia, and one is located in each New Castle County, Delaware; Delaware County, Pennsylvania; Burlington County, New Jersey; and Camden County, New Jersey. **Table 3-8** lists the 2024 Fortune 500 companies headquartered in the Air Trade Area.

TABLE 3-8 FORTUNE 500 COMPANIES HEADQUARTERED IN THE AIR TRADE AREA

COMPANY	FORTUNE 500 RANK	REVENUE (2023; $MILLIONS)	LOCATION	INDUSTRY
Cencora, Inc.	10	$262,173	Montgomery, PA	Wholesalers: Health Care
Comcast Corporation	33	$121,572	Philadelphia, PA	Telecommunications
Rite Aid Corporation	171	$24,092	Philadelphia, PA	Food and Drug Stores
Aramark	220	$18,854	Philadelphia, PA	Diversified Outsourcing Services
Universal Health Services, Inc.	299	$14,282	Montgomery, PA	Health Care: Medical Facilities
DuPont de Nemours, Inc.	327	$12,528	New Castle, DE	Chemicals
Lincoln National Corporation	354	$11,645	Delaware, PA	Insurance: Life, Health
Toll Brothers, Inc.	394	$1,372	Montgomery, PA	Homebuilders
Burlington Stores	404	$9,728	Burlington, NJ	Specialty Retailers: Apparel
Campbell's Company	419	$9,357	Camden, NJ	Food Consumer Products
UGI Corporation	434	$8,928	Montgomery, PA	Utilities: Gas and Electric

NOTE:
Based on Fiscal Year 2024 revenues.
SOURCE: "2024 Fortune 500," *Fortune,* https://fortune.com/ranking/fortune500/ (accessed June 18, 2025).

3.3.4 EMPLOYMENT BY MAJOR INDUSTRIAL SECTOR

The Air Trade Area benefits from an economically diverse labor force. Sources of economic diversity in the region are discussed in this section, focusing on the following nonagricultural employment sectors, listed in order of their contribution to the Air Trade Area's employment base (see Table 3-6): education and health services, professional and business services, trade, government, leisure and hospitality, financial, manufacturing, transportation and utilities, other services, construction, and information.

3.3.4.1 EDUCATION AND HEALTH SERVICES

Education and health services are two of the largest service-related industries in the Air Trade Area. In CY 2024, the education and health services sector employed approximately 731,000 workers in the Air Trade Area, representing 23.6 percent of its total nonagricultural employment. This is more concentrated than the national average, where the sector accounted for 16.8 percent of total nonagricultural employment. In the Air Trade Area, employment in this sector increased at a CAGR of 2.2 percent between CY 2014 and CY 2024, compared to a 2.1 percent CAGR increase for the United States over the same period. The University of Pennsylvania Health System is the largest employer in the education and health services sector in the Philadelphia Area; with 54,005 employees, it is the largest employer in the region. Other significant healthcare employers in the Philadelphia Area include Thomas Jefferson

University Hospitals, Inc., with 41,960 employees, Children's Hospital of Philadelphia with 30,743 employees, and Temple University and Health System with 19,907 employees.

The three largest higher education employers in the Philadelphia Area are: The University of Pennsylvania, Temple University, and University of Delaware. The University of Pennsylvania, an Ivy League private research university and hospital system with its main campus in the city of Philadelphia, is the largest employer in the Philadelphia Area, with 54,005 employees and 29,109 students enrolled across its 12 colleges.[52] Temple University and Health System has 19,907 employees and 30,005 enrolled students, making it the fourth-largest employer in the area.[53] The University of Delaware employs 4,895 individuals, has 24,412 enrolled students, and is the twelfth-largest employer in the area.[54]

In addition to educating health professionals in six medical schools, three pharmacy schools, and two dental schools, a significant portion of the Air Trade Area's population is employed in nearly 200 hospitals and 15 major health systems located within the region. Many of the Air Trade Area's major employers listed in Table 3-7 are providers of healthcare services, including the University of Pennsylvania and Health System, Thomas Jefferson University Hospitals, Inc., Children's Hospital of Philadelphia, Temple University and Health System, and Virtua Health. The health services sector is closely connected to the life sciences sector, as it relies heavily on the goods and services produced by life sciences to deliver care. Key local industries, such as healthcare IT, medical devices, and pharmaceuticals play a major role in supplying these essential inputs.

Thomas Jefferson University Hospitals, Inc. is undertaking a multi-year capital improvement project to modernize Thomas Jefferson University Hospital (TJUH) and Jefferson Einstein Philadelphia Hospital. The key enhancements include expanding emergency rooms, adding a new 30-bed medical-surgical unit at TJUH, and adding a new 20-bed observation unit at Jefferson Einstein Philadelphia Hospital. These improvements aim to elevate patient care and streamline operations, with construction starting in summer 2025.[55]

The Air Trade Area is also a global leader in new therapeutic technologies and life science. It is now home to 60 companies in the cell and gene therapy (CGT) field and possesses the sixth-largest life science labor pool in the United States, with over 50,000 individuals employed in the life science sector. Additionally, the Air Trade Area annually receives more than $1 billion in National Institutes of Health (NIH) funding.[56]

3.3.4.2 PROFESSIONAL AND BUSINESS SERVICES

Professional and business services employment in the Air Trade Area increased at a CAGR of 1.2 percent between CY 2014 and CY 2024, compared to a 1.7 percent increase for the United States over the same period. In CY 2024, this sector accounted for approximately 496,100 employees in the Air Trade Area, representing 16.0 percent of total nonagricultural employment and holding the second-largest share of nonagricultural employment among all industries.

[52] University of Commonwealth of Pennsylvania, Facts, https://www.upenn.edu/about/facts (accessed May 23, 2025).

[53] Temple University, "Fast Facts; Get to know us better," https://admissions.temple.edu/about/fast-facts (accessed May 23, 2025).

[54] University of Delaware, "Quick Facts 2024-25," https://ire.udel.edu/quick-facts/ (accessed May 23, 2025).

[55] Thomas Jefferson University Hospitals, "Jefferson Health to Modernize Two Level I Trauma Centers in Philadelphia," https://www.jeffersonhealth.org/about-us/news/2025/02/jh-to-modernize-two-level-1-trauma-centers-in-philadelphia (accessed May 22, 2025).

[56] The Chamber of Commerce for Greater Philadelphia, *Leading the Way: Cell and Gene Therapy in Greater Philadelphia*, January 2025.

Several large professional and business services employers are in the Philadelphia Area: SAP America, Deloitte, NFI, and Ernst & Young (EY). SAP America, an enterprise resource planning and software services firm, is the seventeenth-largest employer in the Philadelphia Area, with 3,360 employees. Deloitte, a multinational professional services network and one of the "Big Four" accounting firms, is the 20th-largest employer in the Philadelphia Area, employing 2,125 workers. NFI Industries, a supply chain and logistics solutions firm, offering domestic and international supply chain solutions, employs 1,827 workers in the Philadelphia Area. EY, another "Big Four" accounting firm, provides services across assurance, consulting, law, strategy, tax, and transactions, and it employs 1,646 individuals in the Air Trade Area.

The Chamber of Commerce anticipates an increase in business sector payrolls for 2025, signaling a healthy labor market.[57] Additionally, more than 14 percent of businesses in the Philadelphia Area plan to expand to a location in the Air Trade Area, a testament to Greater Philadelphia's rank in the top-25 global business startup ecosystem.[58] These projections reflect a strong economic outlook. With increased hiring, business expansion, and a thriving startup environment, Greater Philadelphia is well positioned for continued growth and innovation in 2025.

3.3.4.3 TRADE

In CY 2024, the trade sector accounted for approximately 401,500 employees in the Air Trade Area, representing 12.9 percent of total nonagricultural employment. Trade employment in the Air Trade Area decreased at a CAGR of -0.3 percent between CY 2014 and CY 2024, compared to a 0.3 percent increase in the United States during the same period.

One of the primary reasons for the downturn in retail trade employment is the impact of the COVID-19 pandemic from March 2020 to May 2023, which severely disrupted retail operations and caused a slower recovery compared to other industries. The shift toward e-commerce significantly reduced the demand for physical retail spaces during the pandemic, and the high operational costs during the pandemic forced many retail businesses to close.[59] During the COVID-19 pandemic, Philadelphia's employers cut more jobs than previous recessions, but Philadelphia was more efficient in returning to pre-recession employment levels.[60] Retail occupancy within Center City rebounded to 83.0 percent in October 2024, up from a low occupancy rate of 54.5 percent in June 2020.[61]

Philadelphia is home to some of the largest retailers, including a mix of high-end department stores, headquarters of global businesses, and local stores. For example, Aramark is a global food and hospitality services company with extensive retail operations headquartered in Philadelphia. Five Below is a specialty retailer offering a variety of products with most items priced between $1.00 and $5.00 and over 1,700 stores operating across 44 states.[62] The third-largest mall in America, the King of Prussia Mall, is located in the Air Trade Area and boasts over 450 stores, six major department stores, numerous restaurants, and attracts over 22 million visitors annually.[63]

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[57] The Chamber of Commerce for Greater Philadelphia, *Leading the Way: Cell and Gene Therapy in Greater Philadelphia*, January 2025.

[58] Startup Genome, "Global Startup Ecosystem Ranking 2024 (Top 40)", https://startupgenome.com/article/global-startup-ecosystem-ranking-2024-top-40 (accessed May 28, 2025).

[59] Center City District and Central Philadelphia Development Corporation, *Restaurant and Retail Recovery: Slow, Steady, but Fragile*, October 2020.

[60] Pew Research Center, *Business Recovery Dashboard Illustrates Philadelphia's Pandemic Pain and Rebound*, September 2023

[61] Center City Report District & Central Philadelphia Development Corporation, *Center City Retail Report*, November 2024

[62] Five Below, "*Five Below, Inc. Announces Fourth Quarter and Fiscal 2024 Financial Results*," , March 19, 2025

[63] Visit Philadelphia, "King of Prussia, a Simon Property Mall," https://www.visitphilly.com/things-to-do/attractions/king-of-prussia-mall/ (accessed May 22, 2025).

The city of Philadelphia has experienced significant retail growth in recent years, particularly in the Center City District. Center City, a 2-square-mile area in the heart of Greater Philadelphia, is home to nearly 3,000 retail stores, service providers, and food and beverage establishments, offering a walkable urban experience. As of October 2024, Center City District reported 83 percent retail occupancy, a nearly 15 percent increase in occupancy since 2019.[64] Since Center City District's "Open Streets" initiative began, nearly 90 percent of businesses reported increased foot traffic, along with an average 68 percent increase in sales.[65] This upward trend reflects Center City's growing appeal as a dynamic commercial and cultural hub.

In 2025, Simon Property Group, the operator of King of Prussia Mall plans to add over a dozen new retail stores, dining options, and immersive experiences.[66] Notable additions that will mark debuts in the Philadelphia region include Yeti, a retailer known for its coolers and rugged outdoor gear; Moncler, a French-founded luxury outdoor apparel brand; and Netflix House, a 120,000-square-foot space offering games, food, and merchandise. Netflix House will be one of two such venues in the country, with the other set to open in Dallas. These additional tenants reflect ongoing efforts at King of Prussia Mall to innovate and remain a premier shopping and entertainment destination.

Hanwha Group's acquisition of Philly Shipyard in December 2024 marked a significant moment for shipbuilding collaboration between South Korea and the United States in the trading sector. However, country-specific tariffs, announced on April 2, 2025, could impact the shipyard. These tariffs may lead to higher costs for US shipbuilders when importing essential materials or equipment from affected foreign countries. [67]

3.3.4.4 GOVERNMENT

In CY 2024, the government sector accounted for approximately 345,600 employees in the Air Trade Area, representing 11.1 percent of total nonagricultural employment. Government employment in the Air Trade Area increased at a CAGR of 0.3 percent between CY 2014 and CY 2024, which was lower than the growth rate for the United States (0.7 percent) during the same period.

The largest government employer in the Air Trade Area is the Federal Government. The second-largest government employer in the Air Trade Area is the City. Other significant government employers in the Philadelphia Area include the School District of Philadelphia and the Commonwealth.[68]

In 2025, the City launched a hiring surge to employ thousands of displaced federal workers who had recently become unemployed or were seeking new employment after the federal Department of Government Efficiency implemented major spending cuts, resulting in mass layoffs and the dismissal of probationary federal workers.[69] Governor Josh Shapiro signed an executive order directing state agencies to give hiring preferences to affected

[64] Center City District and Central Philadelphia Development Corporation, *Center City Retail Report*, November 2024

[65] *Ibid.*

[66] "Numerous Retailers, Eateries Coming to the King of Prussia Mall", *Penn Live Patriot-News*, https://www.pennlive.com/business/2024/11/numerous-retailers-eateries-coming-to-the-king-of-prussia-mall.html (accessed May 28, 2025)

[67] Joshua NamTae Park, "Strengthening the Hanwha Philly Shipyard Amid Trump's Tariff Policies," *Korea Economic Institute of America*, https://keia.org/the-peninsula/strengthening-the-hanwha-philly-shipyard-amid-trumps-tariff-policies/ (accessed June 6, 2025).

[68] Commonwealth of Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis, *Top 50 Employers 4th Quarter 2023,* May 2024.

[69] Gillian McGoldrick and Fallon Roth, "Commonwealth of Pennsylvania Gov. Gives Hiring Preference to Federal Workers," *Governing*, https://www.governing.com/workforce/Commonwealth of Pennsylvania-gov-gives-hiring-preference-to-federal-workers (accessed May 27, 2025).

workers, in an effort to fill 5,600 current state job openings. This coordinated effort reflects a broader strategy to stabilize the local economy and retain skilled public sector talent within the Commonwealth.[70]

3.3.4.5 LEISURE AND HOSPITALITY

In CY 2024, the leisure and hospitality sector accounted for approximately 277,500 employees in the Air Trade Area, representing 8.9 percent of total nonagricultural employment. This is lower than the national average, where the sector accounted for 10.6 percent of total nonagricultural employment. Leisure and hospitality employment in the Air Trade Area increased at a CAGR of 1.2 percent between CY 2014 and CY 2024, compared to a 1.4 percent increase for the United States over the same period.

The Air Trade Area's travel and tourism attractions include a variety of cultural centers, museums, theaters, historical sites, annual events, and sports. As the birthplace of the United States' democracy, Philadelphia has many historical attractions that draw visitors every year, including the Liberty Bell, Independence Hall, Carpenters' Hall, the home of Betsy Ross, and one of the nation's oldest residential streets, Elfreth's Alley. The Philadelphia Art Museum is one of the largest art museums in the country, and other museums in the area include the Rodin Museum, the Barnes Collection, the Philadelphia Mint, the National Museum of American Jewish History, and the new Museum of the American Revolution. Philadelphia is also the United States' first designated United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage City. Major spectator sports in the Air Trade Area include professional baseball, basketball, football, hockey, and soccer teams. These regional attractions and activities not only complement the quality of life of Air Trade Area residents but also attract visitors to the area that generate economic activity and additional travel demand.

In CY 2024, the Pennsylvania Convention Center hosted 147 events, attracting 942,977 attendees. During the same period, the Philadelphia Convention & Visitors Bureau (PHLCVB) brought 542,202 attendees to Philadelphia through meetings, conventions, and sporting events. These attendees at PHLCVB events generated over 500,000 hotel room nights, $410 million in local spending, and a total economic impact of $636 million.[71] In April 2024, Philadelphia hosted WrestleMania XL, the 40th edition of World Wrestling Entertainment's (WWE) annual event. This week-long program exceeded WrestleMania 39 attendance in April 2023 by 78 percent, with 145,298 attendees at Lincoln Financial Field. [72] In February 2025, the Super Bowl parade and related events led to an estimated $4.3 million in incremental revenue for Philadelphia, an increase of 164 percent compared to February 2024. [73] PHLCVB secured 297 future events and 17 citywide conventions. Some notable future events include the International Association of Chiefs of Police Convention in 2027 and the American College of Surgeons Clinical Congress in 2033.[74]

In 2024, Philadelphia attracted over 1.2 million international visitors, resulting in $678.9 million in visitor spending and contributing $1.2 billion in economic impact. [75] The PHLCVB estimates this international tourism directly

[70] Gillian McGoldrick and Fallon Roth, "Commonwealth of Pennsylvania Gov. Gives Hiring Preference to Federal Workers," *Governing*, https://www.governing.com/workforce/Commonwealth of Pennsylvania-gov-gives-hiring-preference-to-federal-workers (accessed May 27, 2025).

[71] Philadelphia Convention & Visitors Bureau, *2024 Annual Report*, January 2025.

[72] *Ibid.*

[73] Visit Philadelphia, "Center City Philadelphia Hotels Got a Boost from Philadelphia Eagles Championship Run," https://www.visitphilly.com/media-center/press-releases/center-city-philadelphia-hotels-got-a-boost-from-philadelphia-eagles-championship-run/ (accessed May 22, 2025).

[74] Philadelphia Convention & Visitor Bureau, *2024 Annual Report*, January 2025

[75] *Ibid.*

supported 9,548 jobs, which in turn created $400.9 million in personal income for Philadelphia residents. The top-five visitor countries by total spend were Canada ($235.9 million), United Kingdom ($66.5 million), India ($48.5 million), China ($41.2 million), and Germany ($28.9 million). International visitors also stayed significantly longer and spent more per trip, averaging 5.2 days and $572.0 in spending, compared to domestic travelers who spent $167.0 over 2.1 days.[76] While a clear pattern has yet to emerge, international tourism for all markets in the US, not just the ATA, may be negatively impacted by certain policies currently implemented, as of June 2025, by the US Government. According to International Trade Administration (ITA) data, Year-to-Date 2025 through May (YTD May 2025) international visitation to the United States (excluding Mexico and Canada) is down 0.8 percent compared to the same period in 2024, while visits from Mexico (excluding land-based visits were up 3.8 percent in YTD May 2025.[77] Mexican visits excluding air to the United States, which are compiled differently and are only available through March 2025 as of June 2025, were up 20.4 percent in YTD March 2025 compared to the same period in 2024, while Canadian visits to the United States, which are also compiled differently, were down 12.4 percent in YTD March 2025 compared to the same period in 2024.[78]

In 2024, Philadelphia's hotel market showed a strong recovery from the pandemic in 2020. Occupancy reached 67 percent, approaching the 2019 level of 76 percent. The Average Daily Rate (ADR) increased to $214.0 exceeding the 2019 level of $202.0. This led to a corresponding increase in total hotel room revenue, which rebounded significantly to $769.0 million in 2024 from $178.0 million in 2020, and exceeded the 2019 hotel revenue of $712.0 million.[79] Philadelphia has seen an increase in boutique hotels, such as Hotel Anna & Bel and Riversuites at The Battery in Fishtown, the historic Society Hill Hotel in Old City, and The Jaan at Center City. These boutique hotels collectively add approximately 500 rooms to the hotel room inventory.[80] Further growth is anticipated from several projects currently under construction, such as the AC Hotel by Marriott Philadelphia Downtown (opening 2025), The Waylen at the Navy Yard (opening 2026), and the Redeveloped Family Court Building (opening 2028), which together will contribute over 500 additional rooms.[81]

The City is actively preparing for 2026, anticipating approximately 500,000 visitors associated with six matches that Philadelphia will be hosting as part of the 2026 FIFA World Cup.[82] Moreover, Philadelphia will host the Major League Baseball All-Star Game for the fifth time in 2026.[83] Additionally, Philadelphia will commemorate America 250 in 2026, celebrating 250 years since the founding of the United States. These celebrations will feature a variety of events and activities, likely to draw significant domestic and international attention and visitation to the Air Trade Area.

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[76] Philadelphia Convention & Visitor Bureau, *2024 Annual Report*, January 2025

[77] International Trade Administration, *Visitors to the U.S. by World Region of Residence*, June 2025, (https://www.trade.gov/i-94-arrivals-program accessed June 16, 2025).

[78] International Trade Administration, *I-94 Monthly International Visitor Arrivals, 2000-Present*, (https://www.trade.gov/i-94-arrivals-program accessed June 16, 2025).

[79] Philadelphia Convention & Visitor Bureau, *2024 Annual Report*, January 2025.

[80] Philadelphia Convention & Visitor Bureau, "New Hotels in Philadelphia," https://www.discoverphl.com/blog-post/new-hotels-in-philadelphia/ (accessed May 22, 2025).

[81] *Ibid*.

[82] FIFA, "Host City: Philadelphia," , https://www.fifa.com/en/tournaments/mens/worldcup/canadamexicousa2026/articles/philadelphia-to-host-seven-world-cup-matches (accessed May 22, 2025).

[83] Philadelphia Convention & Visitor Bureau, "Philadelphia to Host MLB All-Star Game in 2026," https://www.discoverphl.com/blog-post/philadelphia-to-host-mlb-all-star-game-in-2026/#:~:text=The%202026%20All%2DStar%20Game,since%20its%20opening%20in%202004 (accessed May 22, 2025).

3.3.4.6 FINANCIAL

Financial, insurance, and real estate services comprise the financial sector. In CY 2024, the financial sector accounted for approximately 226,300 employees in the Air Trade Area. The financial sector accounted for 7.3 percent of total nonagricultural employment in CY 2024, compared to 5.8 percent in the nation. In the Air Trade Area, employment in the financial sector increased at a CAGR of 1.0 percent between CY 2014 and CY 2024, compared to a 1.4 percent increase for the United States over the same period.

Philadelphia is home to many large commercial and investment banks, including Bank of America, Citizens Bank, JP Morgan Chase, PNC Bank, and Wells Fargo. Philadelphia also features the headquarters of some top financial services companies like Colonial Penn, Delaware Funds by Macquarie, FS Investments, Lincoln Financial, Radian, SEI, and Vanguard. [84] Vanguard is ranked as the seventh-largest employer in the Air Trade Area with 12,300 employees. Looking ahead, Philadelphia is well positioned for future growth in its financial sector, particularly through the presence of next-generation fintech startups like Benefix, cred.ai, Life.io, Nth Round, Odessa Inc., Picwell, and Synario. [85] Globally, the financial sector is expected to see the most substantial growth in business travel, with a projected 72 percent increase in spending through 2028.[86]

3.3.4.7 MANUFACTURING

In CY 2024, the manufacturing sector accounted for approximately 178,700 employees in the Air Trade Area, representing 5.8 percent of total nonagricultural employment. Manufacturing employment in the Air Trade Area is significantly less concentrated than that in the nation (a share of 8.1 percent). Manufacturing employment in the Air Trade Area declined at a CAGR of -0.1 percent between CY 2014 and CY 2024 compared to an increase of 0.5 percent in sector employment for the nation over the same period. Manufacturing employment in Philadelphia experienced a decline, based on survey responses, due to overall production activity still showing a negative trend (i.e., the diffusion index[87] for current activity remains negative as of May 2025), resulting in factories shipping fewer products while operating costs remain high.[88]

Some key manufacturers in the Air Trade Area include aerospace and defense companies such as Boeing and Lockheed Martin; pharmaceutical firms like Pfizer Inc. and Merck; material and chemical manufacturers including Dow Chemical; and electronic manufacturers like DuPont. Positioned for future growth, the Commonwealth was the first state in the country to secure two clean hydrogen hub projects in late 2023 through the US Department of Energy's Regional Clean Hydrogen Hubs program. A federal investment of $750.0 million will support the construction of the renewable Mid-Atlantic Clean Hydrogen Hub in Philadelphia, which is anticipated to enhance employment opportunities within Philadelphia's manufacturing sector. [89]

[84] The Chamber of Commerce for Greater Philadelphia, "A Vital Hub for Financial Innovation and Growth," *Select Greater Philadelphia*, https://selectgreaterphl.com/key-industries/financial-services/ (accessed May 23, 2025).

[85] *Ibid*.

[86] Global Business Travel Association, "Global Business Travel Industry Spending Expected to Hit Record $1.48 Trillion in 2024," https://www.gbta.org/global-business-travel-industry-spending-expected-to-hit-record-1-48-trillion-in-2024/ (accessed May 23, 2025).

[87] Diffusion indexes help assess whether most manufacturing indicators are pointing in the same direction (upward or downward).

[88] "Federal Reserve Bank Philadelphia, "May 2025 Manufacturing Business Outlook Survey," https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2025-05 (accessed May 23, 2025).

[89] Startup Genome, United States: "Philadelphia," https://startupgenome.com/ecosystems/philadelphia (accessed May 23, 2025).

3.3.4.8 TRANSPORTATION AND UTILITIES

In CY 2024, the transportation and utilities sector accounted for approximately 143,700 employees in the Air Trade Area, which accounted for 4.6 percent of total nonagricultural employment. The transportation and utilities sector plays a similar role in the Air Trade Area's employment base compared to the nation overall (a 4.6 percent share of total nonagricultural employment). Transportation and utilities employment in the Air Trade Area increased at a CAGR of 4.0 percent between CY 2014 and CY 2024, compared to an increase of 3.4 percent for the nation over the same period.

Philadelphia is positioned centrally within the East Coast's second-largest MSA by population. It has a comprehensive transportation network, and this infrastructure provides connectivity through Amtrak's Northeast Corridor rail service, major interstate highways, the Port of Philadelphia, and regional train lines such as SEPTA and the Port Authority Transit Corporation (PATCO). The centrally located transportation infrastructure in the City is estimated to allow more than 80 million people to reside within a 6-hour drive of Philadelphia.[90]

As of January 2024, SEPTA was the sixth-largest transit agency in the United States by ridership, accounting for approximately 106 million unlinked passenger trips.[91] The SEPTA's transit system services a 2,200-square-mile region that includes seven Philadelphia region counties, six of which are in the Air Trade Area (Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania; and New Castle County in Delaware). SEPTA operates eight trolley lines, which serve key locations both within Center City and in various neighborhood commercial corridors. SEPTA also provides more than 100 bus routes that offer ground transportation throughout the city and surrounding region, serving as connections to regional rail stations. SEPTA also operates a rapid transit line known as the M, which offers connectivity between portions of Delaware and Montgomery Counties and the broader transit network, including the Market-Frankford Line subway, various trolley lines, and the Manayunk/Norristown Regional Rail Line.[92,93]

PATCO Speedline is a rapid transit line that connects Philadelphia with Camden County. The PATCO Speedline operates across 14 stations (9 in New Jersey, 5 in Philadelphia) between Lindenwold (New Jersey) and Center City (Philadelphia). [94] Amtrak's Northeast Regional and Acela trains serve Philadelphia (William H. Gray III 30th Street Station as a major hub) as part of the Northeast Corridor, offering multiple daily trips between Philadelphia and major cities like New York, Boston, and Washington DC. [95]

Interstate highways are an essential part of Philadelphia's transportation system as they facilitate both local and interstate travel. Interstate 76 (I-76; Schuylkill Expressway) connects key areas like King of Prussia and Center City. Interstate 676 (I-676) is a four-to six-lane freeway that traverses north of Center City Philadelphia through Logan Square, Franklin Town, and Chinatown. It connects the Schuylkill River to the Benjamin Franklin Bridge, with direct

[90] Visit Philadelphia, Getting Here: "Everything You Need to Know About Getting to Philly," https://www.visitphilly.com/getting-here/ (accessed May 27, 2025).

[91] United States Department of Transportation, Required Actions to Protect Transit Workers at the Southeastern Pennsylvania Transportation Authority, https://www.transit.dot.gov/sites/fta.dot.gov/files/2024-07/Special%20Directive-No.%2024-1-Notice%20No.%201.pdf (accessed July 8, 2025).

[92] Visit Philadelphia, Getting Here: Everything You Need to Know About Getting to Philly, https://www.visitphilly.com/getting-here/ (accessed May 27, 2025).

[93] Visit Philadelphia, Getting Here: Everything You Need to Know About Getting to Philly, https://www.visitphilly.com/getting-here/ (accessed May 27, 2025).

[94] Delaware River Port Authority, "PATCO Transit Line,", https://www.drpa.org/patco/ (accessed May 27, 2025).

[95] National Railroad Passenger Corporation, "Northeast Regional," *AMTRAK*, https://www.amtrak.com/northeast-regional-train (accessed May 27, 2025).

links to I-95. Additionally, I-95, running along the city's eastern flank, offers essential access to the Airport and facilitates connections to other major East Coast cities. [96]

In 2024, the Port of Philadelphia (Port) was ranked first in the nation as the most productive port that generated $30.5 billion in trade value.[97] The Port reported 7.4 million metric tonnage annually that generated 54,805 jobs in the Commonwealth.[98] In 2024, the Port welcomed the largest vessel ever to call at the port, the CMA CGM Marco Polo, with a capacity of 16,200 twenty-foot equivalent units (TEUs). This achievement was made possible by the completion of the Delaware River Main Channel Deepening Project.[99] The Port was also ranked as the largest refrigerated port in the nation and has started the construction of a new 165,500-square-foot refrigerated warehouse which will significantly increase cold storage capacity once completed in 2026.[100] These refrigerated facilities are built for large-volume shipments and service bulk shipments of perishable food items like fruits, vegetables, and meat.[101]

3.3.4.9 OTHER SERVICES

In CY 2024, the other services sector accounted for approximately 125,900 employees in the Air Trade Area, which accounted for 4.2 percent of total nonagricultural employment. Other services employment in the Air Trade Area increased at a CAGR of 0.8 percent between CY 2014 and CY 2024, compared to an increase of 0.7 percent for the United States over the same period.

Other services employment includes services such as personal services (e.g., assisting the elderly with activities of daily living); dry cleaning and laundry services; repair and maintenance services; religion, grant making, and civic, professional, and similar organizations; and private household employment. Because the demand for these services is typically on an individual or household level, trends in other services employment do not independently drive economic growth but rather tend to reflect growth in other industry sectors, which results in an increased demand for other services by individuals and households.

3.3.4.10 CONSTRUCTION

In CY 2024, the construction sector accounted for approximately 124,400 employees in the Air Trade Area, which accounted for 4.0 percent of total nonagricultural employment. Construction employment in the Air Trade Area increased at a CAGR of 1.7 percent between CY 2014 and CY 2024, compared to an increase of 2.3 percent for the nation over the same period.

[96] AARoads, "Delaware Expressway – Penns Landing," https://www.aaroads.com/Commonwealth of Pennsylvania/philadelphia/ (accessed May 27, 2025).

[97] Philadelphia Regional Port Authority, *PhilaPort*, https://www.philaport.com/ (accessed May 27, 2025).

[98] *Ibid*.

[99] Philadelphia Regional Port Authority, "PhilaPort Marks Historic Milestones with Major Infrastructure Developments and Record Volumes," *PhilaPort*, https://www.philaport.com/philaport-marks-historic-milestones-with-major-infrastructure-developments-and-record-volumes/ (accessed May 27, 2025).

[100] *Ibid*.

[101] The Chamber of Commerce for Greater Philadelphia, "PHL Connects Region's Life Sciences Ecosystem to the World," *Select Greater Philadelphia*, https://selectgreaterphl.com/2021/12/phl-connects-regions-life-sciences-ecosystem-to-the-world/#:~:text=The%20American%20Airlines%20cold%2Dstorage%20facility%20provides%20regional,alternative%20to%20traditional%20gateways%20without%20the%20congestion (accessed June 6, 2025).

As major companies seek to expand their presence in Philadelphia, notable planned or ongoing construction projects in Philadelphia include 2000 Arch Street, 2300 Market Street, and 1701 Market Street.[102] Set to be the new global headquarters for Chubb, the world's largest publicly traded property and casualty insurance company, 2000 Arch Street is an 18-story skyscraper featuring 550,000 square feet of office space.[103] 2300 Market Street is a mixed-used, 9-story tower that will offer office and life science space, as well as a café, fitness center, and elevated terrace.[104] 1701 Market Street is an existing 18-story office building, acquired in September 2023 that will be redeveloped into a luxury apartment complex. The planned redevelopment of 1701 Market Street will revitalize the Center City and Market Street corridor, developing the building into 299 apartments.[105]

In 2025, Governor Shapiro's budget proposal included investing $50 million to create a new statewide housing repair fund to help homeowners struggling to make needed repairs to their aging homes. This program aims to help boost the productivity of the Commonwealth's construction sector.[106] Additionally, the Governor's proposal included a $10 million investment to help first-time home buyers with cover closing costs, affording the Commonwealth's citizens a real chance to build wealth.[107]

Both building permits and housing sales and prices are indirect indicators of employment in the construction sector. As shown in **Table 3-9**, Air Trade Area residential building permits and valuation experienced a greater increase than what was experienced by the Commonwealth and a smaller increase in units and valuation compared to the United States over the CY 2014 to CY 2024 period. The Air Trade Area's residential building permit units volume grew by 0.4 percent on average from CY 2014 through CY 2024 (compared to -0.1 percent for the Commonwealth and 3.5 percent for the United States). Residential building valuation for the new units increased at a CAGR of 3.3 percent; compared favorably to a lesser increase of 3.2 percent for the Commonwealth while not as high as the nation's CAGR of 7.1 percent.

The City's residential real estate market experienced notable changes in FY 2023.[108] The Greater Center City, a neighborhood in downtown Philadelphia, accounts for only 6 percent of the city's total land, but it provided 44 percent of all Philadelphia housing in 2024. Greater Center City's population grew by 3.0 percent in 2024, compared to a 0.2 percent growth in the City overall. In 2024, Greater Center City experienced the second-highest absorption rate of the past decade, with 2,400 more units occupied at year-end than at the beginning of the year.

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[102] Center City District, Central Philadelphia Development Corporation, and Center City District Foundation, Center City Real Estate Developments,; https://centercityphila.org/research-reports/developmentsmap (accessed May 23, 2025).

[103] "2000 Arch Street," *Center City District*, https://experience.arcgis.com/experience/50ec96a89e8d43e3bf4339017f4d4182/page/Commercial?draft=true&org=CCDPhila&views=View-56%2CView-58%2CView-65#data_s=id%3AdataSource_24-1948fd70806-layer-2%3A1280 (accessed May 23, 2025).

[104] "2300 Market Street," *Center City District,* https://experience.arcgis.com/experience/50ec96a89e8d43e3bf4339017f4d4182/page/Commercial?draft=true&org=CCDPhila&views=View-56%2CView-58%2CView-65#data_s=id%3AdataSource_24-1948fd70806-layer-2%3A1280%2Cid%3AdataSource_25-1948fdb7581-layer-2%3A1266 (accessed May 23, 2025).

[105] "1701 Market Street", *Center City District,* https://experience.arcgis.com/experience/50ec96a89e8d43e3bf4339017f4d4182/page/Residential?draft=true&org=CCDPhila&views=View-56%2CView-59%2CView-65#data_s=id%3AdataSource_25-1948fdb7581-layer-2%3A1266%2Cid%3AdataSource_24-1948fd70806-layer-2%3A1299 (accessed May 23, 2025).

[106] Commonwealth of Commonwealth of Pennsylvania, *Governor Shapiro's Budget Proposal, 2025-2026 Budget*, February 2025.

[107] *Ibid.*

[108] Center City District and Central Philadelphia Development Corp., *Center City Housing Report*, March 2025

TABLE 3-9 RESIDENTIAL BUILDING PERMITS AND VALUATION

	AIR TRADE AREA		COMMONWEALTH OF PENNSYLVANIA		UNITED STATES	
CALENDAR YEAR	UNITS	VALUATION	UNITS	VALUATION	UNITS	VALUATION
2014	13,631	$2,141,915	50,216	$9,446,226	1,052,124	$194,350
2015	12,317	$1,925,339	45,708	$8,812,778	1,182,582	$223,611
2016	12,245	$1,925,173	46,606	$9,031,120	1,206,642	$237,102
2017	13,544	$2,030,198	45,168	$8,867,980	1,281,977	$258,505
2018	13,156	$2,141,320	46,650	$9,368,642	1,328,827	$271,120
2019	15,607	$2,244,814	47,078	$9,354,966	1,386,048	$280,534
2020	16,201	$2,466,072	51,412	$10,154,684	1,471,141	$307,210
2021	36,307	$6,037,717	95,788	$18,622,262	1,736,982	$380,036
2022	14,371	$2,769,144	56,298	$13,234,646	1,680,368	$384,447
2023	12,019	$2,302,995	50,640	$12,045,596	1,511,102	$365,373
2024	14,214	$2,952,174	49,620	$12,899,516	1,478,000	$384,618
Compound Annual Growth Rate						
2014-2024	0.4%	3.3%	-0.1%	3.2%	3.5%	7.1%

NOTE:
Dollar amounts in thousands.
SOURCE: US Department of Commerce, Bureau of the Census, May 2025.

At the end of FY 2023, the vacancy rate in the Philadelphia office market was approximately 20 percent, exceeding the previous peak in FY 2022.[109] Although higher vacancy rates have not led to lower asking rents, market conditions remain challenging as demand for office space adjusts to hybrid schedules. In the first quarter of 2024, office availability rates continued to increase citywide with available space approaching approximately 28 percent in FY 2024.

3.3.4.11 INFORMATION, TECHNOLOGY, AND MEDIA

The information, technology, and media sector combines telecommunications service providers, traditional publishing, motion picture and sound recording, broadcasting, software, online services, and data processing. In CY 2024, the information sector accounted for approximately 52,400 employees in the Air Trade Area, representing 1.7 percent of total nonagricultural employment. This sector plays a significant role in the Air Trade Area's employment base compared to a share of 1.9 percent in the nation. Information, technology, and media employment in the Air Trade Area grew at a CAGR of 1.2 percent between CY 2014 and CY 2024, compared to an increase of 0.8 percent for the nation over the same period.

The Air Trade Area is home to Comcast Corporation, a global leader in media and entertainment with an extensive portfolio of television broadcast networks. Complementing this, the Comcast LIFT Labs actively supports technology, information, and media startups, accelerating their success within Philadelphia.[110] Additionally, Philadelphia ensures

[109] Newmark Group Inc., *Greater Philadelphia Office Market Overview, Q1 2024*, March 2025.

[110] Katie Malone, "When Comcast LIFT Labs Brings Startups to Philly, It Also Encourages Them to Stay," *Technical.ly*, https://technical.ly/startups/comcast-lift-labs-temple-innovation-leaders/ (accessed May 23, 2025).

the continued growth of its technology, information, and media sectors through various organizations, including The Enterprise Center's Innovate Capital, Ben Franklin Technology Partners, Philly Startup Leaders, and Venture Cafés.

In 2023, Philadelphia held 15 percent of all Air Trade Area tech jobs.[111] In 2024, Philadelphia ranked as the 25th largest global startup ecosystem, with 7 unicorns[112] and a total ecosystem value of $92.0 billion, significantly exceeding the global ecosystem average of $29.4 billion. Key tech startups like Circa Systems, Tune.FM, and Glitter Protocol are demonstrating innovation in sustainability, media, and decentralized data management, respectively.[113,114]

3.4 ECONOMIC OUTLOOK

3.4.1 SHORT-TERM ECONOMIC OUTLOOK

The Congressional Budget Office (CBO) economic outlook released in January 2025 projects a 2.1 percent year-over-year increase in real GDP for 2025, which is lower than the real GDP growth in 2024 (2.3 percent). The CBO projects the real GDP growth rate to decrease to 1.8 percent in 2026, around where it will stay until the end of the CBO outlook period (2035).[115] The real GDP growth projections by the CBO in January 2025 are more conservative than recent projections by the IMF. The April 2025 IMF economic outlook projects a CAGR of 4.0 percent in real GDP from CY 2025 through CY 2029 compared to the CBO's projected rate of 1.8 percent for the same period.[116] The January 2025 CBO economic outlook projects the national annualized (seasonally adjusted) unemployment rate to rise from 4.3 percent in CY 2025 to 4.4 percent in CY 2026 and remain at 4.4 percent through CY 2029.[117]

The Commonwealth, per its Governor's Executive Budget for FY 2025 to 2026, expects its economy (i.e., real gross state product) will grow from CY 2025 through CY 2029 by a CAGR of 1.5 percent and it expects the unemployment rate to increase from a projected 4.1 percent in CY 2025 to 4.6 percent in CY 2027.[118] The City, per its Budget Office for FY 2025 to 2029, expects its economy (i.e., real gross city product) will grow from CY 2025 through CY 2029 by a CAGR of 0.2 percent.[119]

3.4.2 LONG-TERM ECONOMIC ASSUMPTIONS CONSIDERED IN VALIDATING THE ENPLANED PASSENGER FORECASTS

As described in more detail in Chapter 4, the methodologies used in developing forecasts of enplaned passengers at the Airport included (among other methodologies) statistical linear regression modeling, with local and national socioeconomics and demographics as independent variables and O&D passengers as the dependent variable.

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[111] Christopher Wink, "Philly's Tech Workers Seek City Life, No Longer as Spread out Across Suburbs," *Technical.ly*, https://technical.ly/civic-news/philadelphia-tech-job-growth-suburbs/ (accessed May 23, 2025).

[112] A "unicorn" refers to a privately held startup company that has achieved a valuation of $1 billion or more.

[113] Ludo Fourrage, "Philadelphia's Top 10 Startups That Tech Professionals Should Watch out for in 2025," *Nucamp*, https://www.nucamp.co/blog/coding-bootcamp-philadelphia-pa-philadelphias-top-10-startups-that-tech-professionals-should-watch-out-for-in-2025 (accessed May 23, 2025).

[114] Startup Genome, United States: "Philadelphia Global Startup Ecosystem," https://startupgenome.com/ecosystems/philadelphia (accessed May 23, 2025).

[115] Congressional Budget Office, *The Budget and Economic Outlook: 2025 to 2035*, January 2025.

[116] International Monetary Fund, *World Economic Outlook Update: Real GDP Growth Annual Percent Change*, April 2025.

[117] Congressional Budget Office, *The Budget and Economic Outlook: 2025 to 2035*, January 2025.

[118] Commonwealth of Commonwealth of Pennsylvania, *Executive Budget Fiscal Year 2025-2026*, February 2025.

[119] City of Philadelphia, *Forecasted General Fund Statement of Operations Fiscal Year 2025-2026*, July 2024.

Independent variables considered for this analysis included population, employment, earnings (total and net), personal income (per capita and total), and GRP/GDP (per capita and total) for the combined area of two MSAs that comprise the Air Trade Area, and for the United States.

For each socioeconomic and demographic variable, Ricondo & Associates, Inc. (Ricondo) used regression modeling which produced a coefficient that was applied to the corresponding variable projection developed by Woods & Poole to provide a forecast of enplaned passengers at the Airport. **Table 3-10** presents the CY 2023 and CY 2031 figures used in the modeling that Ricondo developed to evaluate forecasts of activity as well as presents the CAGR for each independent variable in CY 2023 and CY 2031. As previously stated, the demand for air transportation at an airport is, to a large degree, dependent on the demographic and economic characteristics of an airport's Air Trade Area. The projected growth during the Projection Period, as shown in Table 3-10, supports the underlying assumptions that drive the forecast.

TABLE 3-10 PROJECTED ECONOMIC VARIABLES USED IN THE PASSENGER DEMAND FORECASTS

VARIABLE [1]	CY 2023[3]	CY 2031	CAGR CY 2023 – CY 2031
Air Trade Area Population	6,280,902	6,454,401	0.3%
United States Population	336,806,231	354,841,343	0.7%
Air Trade Area Total Employment [2]	4,158,221	4,448,184	0.8%
United States Total Employment	216,940,864	237,417,922	1.1%
Air Trade Area Total Personal Income ($billion)	$408.29	$477.35	2.0%
United States Total Personal Income ($billion)	$19,404.16	$23,130.36	2.2%
Air Trade Area Per Capita Personal Income	$65,005	$73,958	1.6%
United States Per Capita Personal Income	$57,612	$65,185	1.6%
Air Trade Area Gross Regional Product ($billion)	$462.77	$532.02	1.8%
United States Gross Domestic Product ($billion)	$22,879.13	$26,625.14	1.9%
Air Trade Area Per Capita Gross Regional Product	$73,680	$82,428	1.4%
United States Per Capita Gross Domestic Product	$67,930	$75,034	1.3%
Air Trade Area Net Earnings ($billion)	$252.62	$293.30	1.9%
United States Net Earnings ($billion)	$11,872.87	$13,897.96	2.0%
Air Trade Area Total Earnings ($billion)	$277.75	$317.43	1.7%
United States Total Earnings ($billion)	$13,374.63	$15,539.70	1.9%

NOTES:
CY – Calendar Year
CAGR – Compound Annual Growth Rate
1 Figures in 2017 dollars.
2 Employment data include wage and salary workers, proprietors, private household employees, and miscellaneous workers. Establishment data from the US Department of Commerce, Bureau of Economic Analysis are used in this table, which differ from employment data in Table 3-5 due to differing sources, definitions, and methodologies.
3 CY 2023 is the last year of historical data in the Woods & Poole Economics, Inc., database and is the basis for the future projections. Therefore, it is the last year of historical data displayed in this table. More recent data may be available from other sources.
SOURCE: Woods & Poole Economics, Inc., *2025 Complete Economic and Demographic Data Source (CEDDS)*, July 2025.

3.4.3 CONCLUSIONS

The Air Trade Area population was 6.3 million in CY 2023, and it is projected to increase to approximately 6.5 million by CY 2031. This represents a 0.3 percent CAGR for the Air Trade Area, which is higher than that of the Commonwealth and below that of the United States during the same period (0.5 percent).

Per capita personal income was greater in the Air Trade Area than in the Commonwealth and the United States between CY 2013 and CY 2023. The Air Trade Area's per capita personal income in CY 2023 ($65,005) was 13 percent greater than per capita personal income in the United States ($57,612) and 14 percent greater than personal income in the Commonwealth ($56,974). Per capita personal income in the Air Trade Area is projected to increase at a CAGR of 1.6 percent between CY 2023 and CY 2031, which is comparable to the projected CAGR for the Commonwealth (1.6 percent) and the CAGR for the United States (1.6 percent).[120]

Between CY 2013 and CY 2023, the Air Trade Area's GRP per capita grew at a CAGR of approximately 1.2 percent, which is less than that of the Commonwealth and the United States during the same period (1.3 percent and 2.1 percent, respectively). GRP per capita in the Air Trade Area and in the Commonwealth are projected to increase at a CAGR of 1.4 percent between CY 2023 and CY 2031; by comparison, national GDP per capita is projected to increase less rapidly with a CAGR of 1.3 percent.

Between CY 2014 and CY 2024, the Air Trade Area's labor force grew at a CAGR of approximately 0.8 percent, which was the same as the United States and less than that of the Commonwealth during the same period (0.8 percent and 0.2 percent, respectively).

In terms of percentages of industry sector shares, CY 2024 employment in the following industry sectors in the Air Trade Area exceeded that of the US: education and health services, professional services, financial, and other services.

The data cited in this chapter support the conclusion that the Air Trade Area has a large and diverse economy with projected growth that is anticipated to increase the demand for airline travel at the Airport through the Projection Period (ending FY 2031).

[120] Amounts are in 2017 dollars.

4. AIR TRAFFIC AND AVIATION DEMAND

This chapter describes a national perspective of the Airport, the airlines serving the Airport, historical Airport activity, factors affecting aviation demand, and forecast aviation demand.

4.1 NATIONAL PERSPECTIVE OF THE AIRPORT

The Airport was ranked 21st in the nation in terms of domestic O&D passengers in CY 2024 based on US DOT O&D Survey data. Approximately 26.8 million total passengers were enplaned and deplaned at the Airport in FY 2023 (or approximately 73,400 average daily passengers), compared to approximately 29.5 million passengers (or approximately 80,600 average daily passengers) enplaned and deplaned at the Airport in FY 2024. According to Airports Council International North America (ACI-NA), in CY 2023 the Airport ranked 27th nationwide in total aircraft operations, with approximately 295,000 takeoffs and landings; 21st nationwide in total passengers; and 18th nationwide in total cargo weight.

The Airport's competitive position for airline service is enhanced by: (1) its prime geographic location as an East Coast transatlantic gateway, (2) the presence of a well-developed cargo hub, and (3) the size of its O&D market. These attributes make the Airport an attractive location for a major airline hub. American, the world's largest airline in terms of total scheduled operations and seat capacity, operates a hub at the Airport. American's use of the Airport as a hub is described in **Section 4.4.8**.

4.2 AIRLINES SERVING THE AIRPORT

During FY 2025, 19 US-flag airlines and six foreign flag airlines provided scheduled passenger service at the Airport. Three all-cargo airlines provided cargo service at the Airport in FY 2025. **Table 4-1** lists the airlines serving the Airport during FY 2025, including seasonal service.

The Airport is served by a large and relatively stable scheduled passenger airline base. **Table 4-2** lists the scheduled passenger airlines that have served the Airport at any time since FY 2015. Ten airlines consistently served the Airport throughout this period. American accounts for the largest market share at the Airport. In FY 2024, American enplaned approximately 9.2 million passengers, or 62.7 percent of all enplaned passengers at the Airport. The airline provided service between the Airport and 89 domestic and 34 international destinations in FY 2025.[121] In 2013, American and US Airways merged into the American Airlines Group, representing the parent companies of both airlines and the merged airlines received a single operating certificate on April 8, 2015.[122] US Airways, and subsequently American, has been the dominant airline at the Airport since the 1980s.

In addition to passenger airlines serving the Airport, UPS operates a major Air Hub at the Airport and uses the facility as a trans-shipment point for cargo. The Air Hub is the fourth-largest air cargo operation in the UPS network when measured by aircraft operations and cargo volume.[123]

[121] Cirium Diio, June 2025 (published airline schedules).

[122] For the purposes of this Report, historical data for US Airways and American are combined.

[123] US Department of Transportation T-100, June 2025; rankings are based on CY 2024 data.

TABLE 4-1 AIRLINES SERVING THE AIRPORT (FISCAL YEAR 2025)

US AIRLINES [1]	FOREIGN-FLAG AIRLINES	ALL-CARGO AIRLINES
Air Wisconsin (American Eagle)**	Aer Lingus *	Air Transport International
Alaska Airlines*	Aeroméxico*	FedEx Express*
American Airlines*	Air Canada*	UPS Airlines*
CommuteAir (United Express)**	British Airways*	
Contour Aviation	Discover Airlines**[1]	
Delta Air Lines*	Jazz Air (Air Canada Express)**	
Endeavor Air (Delta Connection)**		
Frontier Airlines*		
GoJet Airlines (United Express)**		
JetBlue Airways*		
Mesa Airlines (United Express)**		
Piedmont Airlines (American Eagle)**		
PSA Airlines (American Eagle)**		
Republic Airlines (American Eagle)**		
SkyWest Airlines (Delta Connection)**		
Spirit Airlines*		
Southwest Airlines*		
Sun Country Airlines		
United Airlines*		

NOTES:
*= Signatory Airline to the Airport-Airline Use and Lease Agreement
**= Affiliate airline of Signatory Airline to the Airport-Airline Use and Lease Agreement
1 Discover Airlines is an airline owned by the Lufthansa Group. Lufthansa is a Signatory Airline to the Airport-Airline Use and Lease Agreement.
SOURCES: Cirium Diio, June 2025 (published airline schedules for passenger airlines); City of Philadelphia Department of Aviation, June 2025 (all-cargo airlines)

TABLE 4-2 HISTORICAL SCHEDULED PASSENGER AIRLINE BASE

AIRLINE [1]	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Air Canada	●	●	●	●	●	●	●	●	●	●	●
American Airlines	●	●	●	●	●	●	●	●	●	●	●
British Airways	●	●	●	●	●	●	●	●	●	●	●
Delta Air Lines	●	●	●	●	●	●	●	●	●	●	●
Frontier Airlines	●	●	●	●	●	●	●	●	●	●	●
Southwest Airlines	●	●	●	●	●	●	●	●	●	●	●
United Airlines	●	●	●	●	●	●	●	●	●	●	●
Alaska Airlines [2]	●	●	●	●	●	●	●	●	●	●	●
JetBlue Airways	●	●	●	●	●	●	●	●	●	●	●
Spirit Airlines	●	●	●	●	●	●	●	●	●	●	●
Aer Lingus				●	●	●		●	●	●	●
Sun Country Airlines					●	●	●	●	●	●	●
Discover Airlines									●	●	●
Contour Aviation									●	●	●
AeroMéxico											●
Airlines No Longer Serving the Airport											
Qatar Airways	●	●	●	●	●	●	●	●	●	●	
Lufthansa	●	●	●	●	●	●		●	●		
Icelandair			●	●	●	●					
Eastern Airlines							●				

NOTES: FY-Fiscal Year

1 Where applicable, includes affiliated airlines.

2 Includes Virgin America, which merged with Alaska Airlines in December 2016. The two airlines maintained separate operations through April 2018.

SOURCE: Cirium Diio, June 2025 (published airline schedules).

4.3 HISTORICAL AIRPORT ACTIVITY

The following subsections describe historical passenger activity and airline service at the Airport.

4.3.1 ENPLANED PASSENGER ACTIVITY AND AIRLINE OPERATIONS

Table 4-3 presents historical data on domestic, international, and total enplaned passengers at the Airport. As shown, the CAGR for total enplaned passengers at the Airport was 1.2 percent from FY 2015 to FY 2019 and -0.4 percent from FY 2015 to FY 2024. In the first 10 months of FY 2025 (July 2024 to April 2025), domestic, international, and total enplaned passenger volumes increased 6.4 percent, 6.5 percent, and 6.4 percent, respectively, compared to the first 10 months of FY 2024.

TABLE 4-3 HISTORICAL ENPLANED PASSENGERS

	DOMESTIC		INTERNATIONAL		TOTAL	
FISCAL YEAR	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH
2015	13,272,717		2,040,021		15,312,738	
2016	13,695,700	3.2%	1,987,858	-2.6%	15,683,558	2.4%
2017	12,967,584	-5.3%	1,839,298	-7.5%	14,806,882	-5.6%
2018	13,372,943	4.7%	1,872,510	-7.8%	15,245,453	3.0%
2019	14,046,663	5.0%	2,041,761	9.0%	16,088,424	5.5%
2020	10,531,456	-25.0%	1,315,951	-35.5%	11,847,407	-26.4%
2021	6,286,436	-40.3%	256,206	-80.5%	6,542,642	-44.8%
2022	10,671,423	69.8%	1,005,967	292.6%	11,677,390	78.5%
2023	11,657,137	9.2%	1,717,659	70.7%	13,374,796	14.5%
2024	12,862,407	10.3%	1,851,100	7.8%	14,713,507	10.0%
CAGR						
2015 – 2019	1.4%		0.0%		1.2%	
2015 – 2024	-0.3%		-1.1%		-0.4%	

NOTE: CAGR – Compound Annual Growth Rate
SOURCE: City of Philadelphia, June 2025.

Notable details regarding passenger activity at the Airport between FY 2015 and FY 2024 are as follows:

- In FY 2016, the number of enplaned passengers at the Airport increased 2.4 percent, from approximately 15.3 million to approximately 15.7 million. A decrease in American capacity and passengers was more than offset by growth from other airlines. Frontier Airlines (Frontier) scheduled seat capacity grew 207.7 percent as it increased nonstop service from 10 to 25 destinations. Additionally, Delta Air Lines (Delta), United Airlines (United), and Southwest Airlines (Southwest) increased scheduled seat capacity in FY 2016 on increased capacity to existing destinations.
- In FY 2017, the number of enplaned passengers at the Airport decreased 5.6 percent to 14.8 million compared with the number enplaned during the same period of the prior year. American restructured its hub operation during FY 2017, eliminating two connecting banks which resulted in decreased seat capacity and aircraft

operations. Continued growth from Frontier and Spirit Airlines (Spirit) partially offset the decrease in American activity.

- In FY 2018 total enplaned passengers increased 3.0 percent to approximately 15.2 million. American represented over half of the total growth, launching new service to six domestic destinations, including Des Moines International Airport (DSM), John F. Kennedy International Airport (JFK), and San Antonio International Airport (SAT). In FY 2018 American initiated new international service from the Airport to Budapest Ferenc Liszt International Airport (BUD; Hungary) and Václav Havel Airport Prague (PRG; Czech Republic). Frontier and Spirit represented the second and third largest airlines in terms of growth in enplaned passengers in FY 2018. Aer Lingus began serving the Airport in FY 2018 with service to Dublin Airport (DUB; Ireland).
- In FY 2019, enplaned passengers increased to 5.5 percent to approximately 16.1 million. American again represented the largest driver of total growth. American's new domestic destinations from the Airport in FY 2019 included Asheville Regional Airport (AVL), Chattanooga Metropolitan Airport (CHA) and Worcester Regional Airport (ORH). American continued to expand its transatlantic gateway at the Airport with new international service to Berlin Tegel Airport (TXL; Germany), Bologna Guglielmo Marconi Airport (BLQ; Italy) and Dubrovnik Airport (DBV; Croatia). Frontier and Spirit continued to grow service to new and existing destinations from the Airport and again represented the next largest airlines in terms of growth after American. Sun Country Airlines (Sun Country) began serving the Airport in FY 2019 with service to Minneapolis – Saint Paul International Airport (MSP).
- Enplaned passengers decreased 26.4 percent to approximately 11.8 million in FY 2020 as airlines reduced capacity, starting in March 2020, due to the COVID-19 pandemic's impact on travel and demand. In FY 2021, enplaned passengers decreased 44.8 percent to approximately 6.5 million enplaned passengers. The impact of the COVID-19 pandemic is presented in more detail in **Section 4.4.1**.
- In FY 2022, total enplaned passengers increased 78.5 percent to approximately 11.7 million as demand recovered from the low point in FY 2020. American represented the largest component of the recovery, increasing capacity 48 percent with the restoration of service to 12 destinations that was suspended in FY 2020. Frontier capacity increased capacity 79 percent as it launched service to 10 new destinations. Er Lingus resumed service in FY 2022.
- In FY 2023, total enplaned passengers increased 15.5 percent on a 10.5 percent increase in domestic enplaned passengers and a 69.3 percent increase in international enplaned passengers, largely reflecting the resumption of service that was initiated during FY 2022.
- In FY 2024, total enplaned passengers increased 9.0 percent on a 9.0 percent increase in domestic enplaned passengers and a 9.1 percent increase in international enplaned passengers. American represented over half of the capacity growth including the launch of nonstop service to Hamad International Airport (DOH; Doha), replacing service that was suspended by Qatar Airways in FY 2024; Nice Côte d'Azur Airport (NCE; France); Copenhagen Airport (CPH; Denmark); and Naples-Capodichino International Airport (NAP; Italy). Frontier represented 31 percent of the scheduled seat growth in FY 2024 with the launch of service to 13 new nonstop destinations.

Table 4-4 presents historical trends O&D and connecting enplaned passengers. O&D enplaned passengers increased from approximately 8.9 million in FY 2015 to approximately 11.2 million in FY 2024, which represents a CAGR of 2.5 percent. Connecting enplaned passengers decreased from approximately 6.4 million in FY 2015 to approximately 3.5 million FY 2024, which represents a CAGR of -6.4 percent. The O&D passenger share of total passengers increased from 58.3 percent in FY 2015 to 76.0 percent in FY 2024. The increase in O&D passenger share

was driven, in part, by the growth of ULCCs which primarily accommodate point to point passengers, a trend that influenced growth in O&D passenger share at other connecting hub airports over the same period. American has historically represented between 88 and 96 percent of connecting passengers at the Airport. The decrease in American's relative and absolute volume of passengers at the airport has also contributed to the increase in O&D passenger share.

TABLE 4-4 HISTORICAL ORIGIN AND DESTINATION AND CONNECTING ENPLANED PASSENGERS

	O&D		CONNECTING	
FISCAL YEAR	ENPLANED PASSENGERS	O&D SHARE	ENPLANED PASSENGERS	CONNECTING SHARE
2015	8,929,687	58.3%	6,383,051	41.7%
2016	10,151,068	64.7%	5,532,490	35.3%
2017	10,188,469	68.8%	4,618,413	31.2%
2018	10,386,524	68.1%	4,858,929	31.9%
2019	10,903,627	67.8%	5,184,797	32.2%
2020	8,282,566	69.9%	3,564,841	30.1%
2021	5,063,658	77.4%	1,478,984	22.6%
2022	8,978,224	76.9%	2,699,166	23.1%
2023	10,159,764	76.0%	3,215,032	24.0%
2024	11,181,236	76.0%	3,532,271	24.0%
CAGR				
2015 – 2019	5.1%		-5.1%	
2015 – 2024	2.5%		-6.4%	

NOTES: CAGR – Compound Annual Growth Rate; O&D – Origin and Destination
SOURCES: City of Philadelphia, June 2025 (total enplaned passengers), Cirium Diio, June 2025 (US Department of Transportation T-100 and DB1B data).

4.3.2 ENPLANED PASSENGERS BY AIRLINE

Table 4-5 presents the historical shares of enplaned passengers at the Airport by airline from FY 2019 through FY 2024. During this period, American's share decreased from 69.6 percent to 62.7 percent. Frontier's market share increased from 5.6 percent in FY 2019 to 12.5 percent in FY 2024. Beginning in FY 2020, Frontier was the second-largest airline at the Airport. Delta captured the third-largest share of passengers in FY 2024, at 6.3 percent compared to 3.4 percent in FY 2019.

TABLE 4-5 HISTORICAL TOTAL ENPLANED PASSENGERS BY AIRLINE

AIRLINE [1]	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE
American Airlines [2]	11,191,085	69.6%	7,965,468	67.2%	4,241,720	64.8%	7,572,240	64.8%	8,425,524	63.0%	9,219,031	62.7%
Frontier Airlines	906,532	5.6%	841,985	7.1%	613,995	9.4%	1,177,038	10.1%	1,556,240	11.6%	1,841,003	12.5%
Delta Air Lines	554,088	3.4%	489,571	4.1%	503,388	7.7%	703,708	6.0%	945,257	7.1%	933,894	6.3%
Spirit Airlines	515,630	3.2%	604,282	5.1%	270,227	4.1%	623,597	5.3%	815,516	6.1%	857,208	5.8%
Southwest Airlines	790,154	4.9%	744,815	6.3%	383,428	5.9%	581,132	5.0%	540,525	4.0%	669,558	4.6%
United Airlines	1,096,018	6.8%	391,686	3.3%	124,860	1.9%	426,115	3.6%	536,673	4.0%	572,748	3.9%
Alaska Airlines	163,207	1.0%	114,340	1.0%	43,036	0.7%	79,021	0.7%	78,727	0.6%	94,879	0.6%
British Airways	223,713	1.4%	177,613	1.5%	150,054	2.3%	114,573	1.0%	90,836	0.7%	67,909	0.5%
Air Canada	6,934	0.0%	22,880	0.2%	6,955	0.1%	11,615	0.1%	13,008	0.1%	22,434	0.2%
JetBlue Airways	97,561	0.6%	79,991	0.7%	2,771	0.0%	36,345	0.3%	77,787	0.6%	88,355	0.6%
Lufthansa [3]	99,909	0.6%	72,582	0.6%	0	0.0%	36,610	0.3%	66,534	0.5%	82,182	0.6%
Aer Lingus	78,033	0.5%	56,945	0.5%	0	0.0%	22,081	0.2%	47,493	0.4%	46,178	0.3%
Qatar Airways	46,969	0.3%	29,418	0.2%	0	0.0%	11,922	0.1%	46,704	0.3%	40,487	0.3%
Other [4]	318,591	2.0%	255,831	2.2%	202,208	3.1%	281,393	2.4%	133,972	1.0%	177,641	1.2%
Airport Total [5]	**16,088,424**	**100.0%**	**11,847,407**	**100.0%**	**6,542,642**	**100.0%**	**11,677,390**	**100.0%**	**13,374,796**	**100.0%**	**14,713,507**	**100.0%**

NOTES: FY – Fiscal Year
1 Includes regional affiliated airlines, as applicable.
2 Includes American Airlines and US Airways.
3 Includes Discover Airlines.
4 Includes airlines with minimal market share or airlines that did not operate at the Airport in FY 2024.
5 Figures may not sum precisely due to rounding.
SOURCE: City of Philadelphia, June 2025.

4.3.3 MARKET CHARACTERISTICS

During FY 2025, airlines scheduled an average of 347 daily departures to 96 domestic destinations and 37 daily departures to 37 international destinations. **Exhibit 4-1** presents the domestic destinations served during FY 2025 and **Exhibit 4-2** presents the international destinations served during FY 2025.

An important characteristic of Airport activity is the distribution of the Airport's O&D markets, which is a function of airline travel demand and available services and facilities. **Table 4-6** presents data on the Airport's top 20 domestic O&D markets in CY 2024, the most recent 12-month period with available data, as measured by domestic O&D passengers. The top 20 domestic O&D markets accounted for 69.5 percent of total domestic O&D passengers at the Airport in CY 2024, all of which were served nonstop from the Airport. American served all 20 of the top O&D markets nonstop, 19 of which were served by at least one other airline. Additionally, 15 of the Airport's top 20 O&D markets were served by 3 or more airlines.

Exhibit 4-3 presents the historical average domestic O&D fare and load factor at the Airport. Between FY 2015 and FY 2019 the average domestic O&D fare decreased from $202 to $182 while the average load factor remained consistent at approximately 81 percent. The decrease in the average domestic O&D fare is reflective of the growth of ULCCs during this period. The average fare and load factor decreased substantially in FY 2020 and FY 2021, reflecting the impact of the COVID-19 pandemic on demand for air travel. The average domestic O&D fare increased to $203 in FY 2023, and then fell to $188 in FY 2024. The average load factor in FY 2024 was 81 percent, the same as in FY 2015.

4.3.4 AIRCRAFT OPERATIONS

Table 4-7 presents historical aircraft operations at the Airport from FY 2015 through FY 2024. The categories of aircraft operations shown conform to the categories reported by the City. Air carrier operations include passenger airline operations with more than 60 seats and all cargo aircraft with a payload capacity of more than 18,000 pounds. The CAGR for total aircraft operations was -3.4 percent between FY 2015 and FY 2024. During this period, the CAGR for air carrier operations was -0.4 percent compared to -10.0 percent for regional/commuter operations. In the first 10 months of FY 2025 (July 2024 to April 2025), total operations increased 8.6 percent compared to the first 10 months of FY 2024.

Table 4-8 presents total enplaned passengers, scheduled passenger airline operations, average passenger airline load factor, and average seats per departure between FY 2015 and FY 2024. During this period, the CAGR for enplaned passengers was -0.4 percent compared to -4.1 percent for passenger airline operations. Passenger airline operations decreased at a faster rate than passenger airline operations as an increase in average seats per departure, from 99 in FY 2015 to 138 in FY 2024, which enabled airlines to carry more passengers per departure. An increase in average load factor, from 82.6 percent in FY 2015 to 82.8 percent in FY 2024 also supported the increase in passengers per operation.

4.3.5 LANDED WEIGHT

Table 4-9 presents the landed weight in 1,000-pound units for passenger airlines and all-cargo airlines. Passenger airline landed weight decreased from 18,863,202 units in FY 2015 to 16,929,972 units in FY 2024, which represents a CAGR of -1.2 percent. All-cargo airline landed weight increased from 1,909,573 units in FY 2015 to 2,356,094 units in FY 2024, which represents a CAGR of 2.4 percent. Total landed weight decreased from 20,772,775 units in FY 2015 to 19,286,066 units in FY 2024, which represents a CAGR of -0.8 percent. In the first 10 months of FY 2025 (July 2024 to April 2025) total landed weight increased 5.9 percent compared to the first 10 months of FY 2024.

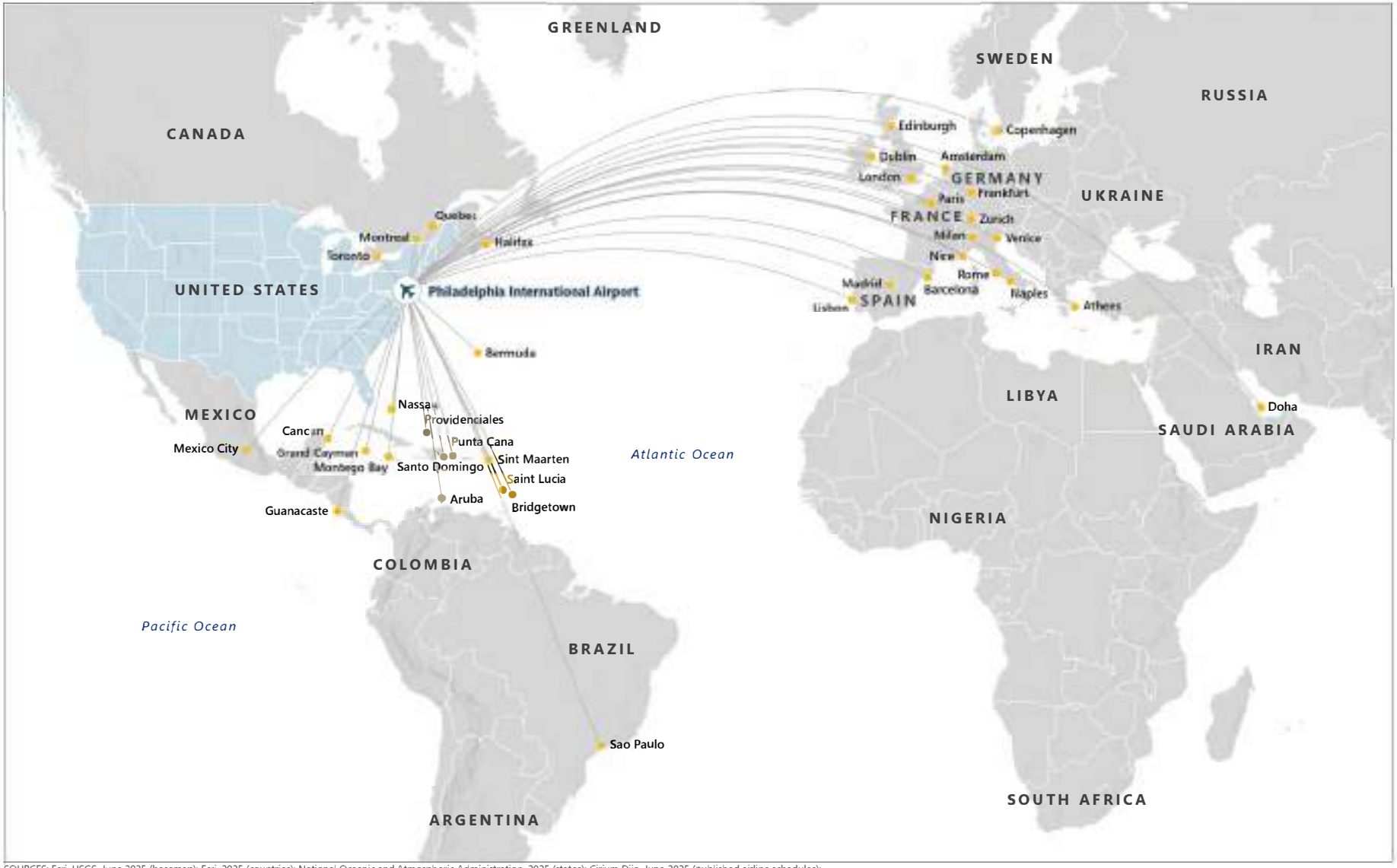
SOURCES: Esri, USGS, June 2025 (basemap); Esri, 2025 (countries); National Oceanic and Atmospheric Administration, 2025 (states); Cirium Diio, June 2025 (published airline schedules); Federal Aviation Administration – Aeronautical Information Services, April 2025 (airports); Ricondo & Associates, Inc., June 2025 (routes).

NORTH 0 500 mi

EXHIBIT 4-1

PHILADELPHIA INTERNATIONAL AIRPORT
NONSTOP DOMESTIC MARKETS

PHILADELPHIA INTERNATIONAL AIRPORT



SOURCES: Esri, USGS, June 2025 (basemap); Esri, 2025 (countries); National Oceanic and Atmospheric Administration, 2025 (states); Cirium Diio, June 2025 (published airline schedules); Federal Aviation Administration – Aeronautical Information Services, April 2025 (airports); Ricondo & Associates, Inc., June 2025 (routes).

NORTH 0 1,500 mi

EXHIBIT 4-2

PHILADELPHIA INTERNATIONAL AIRPORT
NONSTOP INTERNATIONAL MARKETS

TABLE 4-6 TOP 20 DOMESTIC ORIGIN AND DESTINATION MARKETS FOR THE AIRPORT (CALENDAR YEAR 2024)

RANK	MARKET	TOTAL O&D PASSENGERS [1]	SHARE OF TOTAL DOMESTIC O&D PASSENGERS	AVERAGE DAILY DEPARTURES	NUMBER OF AIRLINES [2]	AIRLINES [3]
1	Miami [4]	1,674,161	8.6%	20	4	AA, F9, NK, WN
2	Orlando	1,606,781	8.2%	15	4	AA, F9, NK, WN
3	Chicago [5]	1,044,356	5.4%	17	5	AA, F9, UA, WN
4	Atlanta	1,031,304	5.3%	16	4	AA, DL, F9, UA, WN
5	Los Angeles [6]	835,173	4.3%	7	2	AA, NK
6	Boston	706,868	3.6%	15	4	AA, B6, DL, F9
7	Tampa	703,983	3.6%	7	4	AA, F9, NK, WN
8	Dallas/Fort Worth [7]	655,193	3.4%	10	4	AA, F9, NK, WN
9	Denver	619,075	3.2%	8	4	AA, F9, UA, WN
10	San Francisco [8]	524,238	2.7%	4	2	AA, UA
11	Las Vegas	515,314	2.6%	4	3	AA, F9, NK
12	Houston [9]	499,078	2.6%	6	2	AA, NK, UA, WN
13	Nashville	474,349	2.4%	8	4	AA, F9, NK, WN
14	San Juan	467,193	2.4%	4	1	AA, F9, NK
15	Charlotte	466,482	2.4%	11	4	AA, F9
16	Phoenix	407,657	2.1%	7	3	AA
17	Detroit	353,120	1.8%	9	2	AA, DL, F9, NK
18	Fort Myers	338,647	1.7%	4	2	AA, F9, NK
19	Raleigh/Durham	327,634	1.7%	7	3	AA, F9
20	Minneapolis	298,577	1.5%	6	1	AA, DL, F9, SY
	Other	5,943,154	30.5%			
	Total	**19,492,339**	**100.0%**			

NOTES: O&D- Origin and Destination

1 Represents passengers traveling in both directions.

2 Regional affiliates are counted as part of their mainline airline.

3 AA – American Airlines; B6 – JetBlue Airways; DL – Delta Air Lines; F9 – Frontier Airlines; NK – Spirit Airlines; SY – Sun Country Airlines; UA – United Airlines; WN – Southwest Airlines

4 Includes Miami (MIA), Fort Lauderdale-Hollywood (FLL), and Palm Beach (PBI) International Airports.

5 Includes Chicago O'Hare (ORD) and Chicago Midway (MDW) International Airports.

6 Includes Los Angeles International (LAX), Ontario International (ONT), Hollywood Burbank (BUR), Long Beach (LGB), and John Wayne (SNA) Airports.

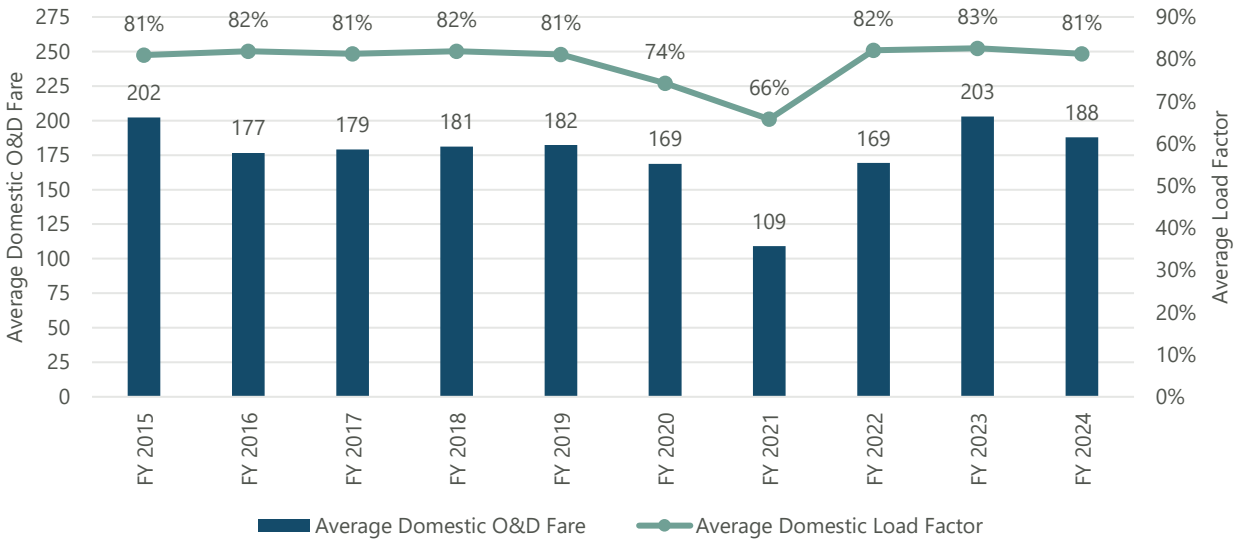
7 Includes Dallas Fort Worth International Airport (DFW) and Dallas Love Field (DAL).

8 Includes San Francisco (SFO), Oakland (OAK) and Mineta San Jose (SJC) International Airports.

9 Includes George Bush Intercontinental (IAH) and William P. Hobby (HOU) Airports.

SOURCE: Cirium Diio, June 2025 US Department of Transportation O&D Survey and published airline schedules.

EXHIBIT 4-3 AVERAGE DOMESTIC ORIGIN AND DESTINATION FARES AND LOAD FACTORS



NOTES: FY – Fiscal Year; O&D – Origin and Destination
SOURCE: Cirium Diio, June 2025 US Department of Transportation O&D Survey and published airline schedules.

TABLE 4-7 HISTORICAL AIRCRAFT OPERATIONS

FISCAL YEAR	AIR CARRIER	COMMUTER	GENERAL AVIATION	MILITARY	TOTAL
2015	237,788	161,386	14,548	399	414,121
2016	226,056	153,590	13,971	405	394,022
2017	222,618	141,120	14,184	412	378,334
2018	240,676	115,986	14,323	412	371,397
2019	263,684	107,327	14,644	457	386,112
2020	221,914	83,226	11,683	521	317,344
2021	165,542	41,985	10,941	334	218,802
2022	218,226	58,891	15,208	546	292,871
2023	216,138	57,223	13,063	635	287,059
2024	229,266	62,245	11,383	462	303,356
Compound Annual Growth Rate					
2015 – 2019	2.6%	-9.7%	0.2%	3.5%	-1.7%
2015 – 2024	-0.4%	-10.0%	-2.7%	1.6%	-3.4%

SOURCE: City of Philadelphia, June 2025.

TABLE 4-8 HISTORICAL PASSENGER AIRLINE OPERATIONS

FISCAL YEAR	ENPLANED PASSENGERS	PASSENGER AIRLINE OPERATIONS	AVERAGE LOAD FACTOR	AVERAGE SEATS PER DEPARTURE
2015	15,312,738	373,468	82.6%	99
2016	15,683,558	365,420	83.4%	103
2017	14,806,882	335,198	82.7%	107
2018	15,245,453	325,976	83.4%	112
2019	16,088,424	337,194	82.9%	115
2020	11,847,407	270,616	76.5%	114
2021	6,542,642	174,280	65.1%	115
2022	11,677,390	236,809	79.7%	124
2023	13,374,796	234,340	84.0%	136
2024	14,713,507	256,763	82.8%	138
Compound Annual Growth Rate				
2015 – 2019	1.2%	-2.5%	0.1%	3.7%
2015 – 2024	-0.4%	-4.1%	0.0%	3.8%

SOURCES: City of Philadelphia, June 2025 (enplaned passengers); Cirium Diio, June 2025 (US Department of Transportation T-100 data; operations and departing seat data to calculate average load factor and seats per departure).

TABLE 4-9 HISTORICAL LANDED WEIGHT

FISCAL YEAR	PASSENGER AIRLINES	ALL-CARGO AIRLINES	TOTAL
2015	18,863,202	1,909,573	20,772,775
2016	18,865,561	1,955,784	20,821,345
2017	17,736,225	2,022,419	19,758,644
2018	18,086,297	2,199,913	20,286,210
2019	19,364,035	2,599,498	21,963,533
2020	15,299,841	3,018,703	18,318,544
2021	9,457,320	3,216,797	12,674,117
2022	13,832,008	3,356,587	17,188,595
2023	15,347,241	3,074,410	18,421,651
2024	16,929,972	2,356,094	19,286,066
Compound Annual Growth Rate			
2015 – 2019	0.7%	8.0%	1.4%
2015 – 2024	-1.2%	2.4%	-0.8%

SOURCE: City of Philadelphia, June 2025.

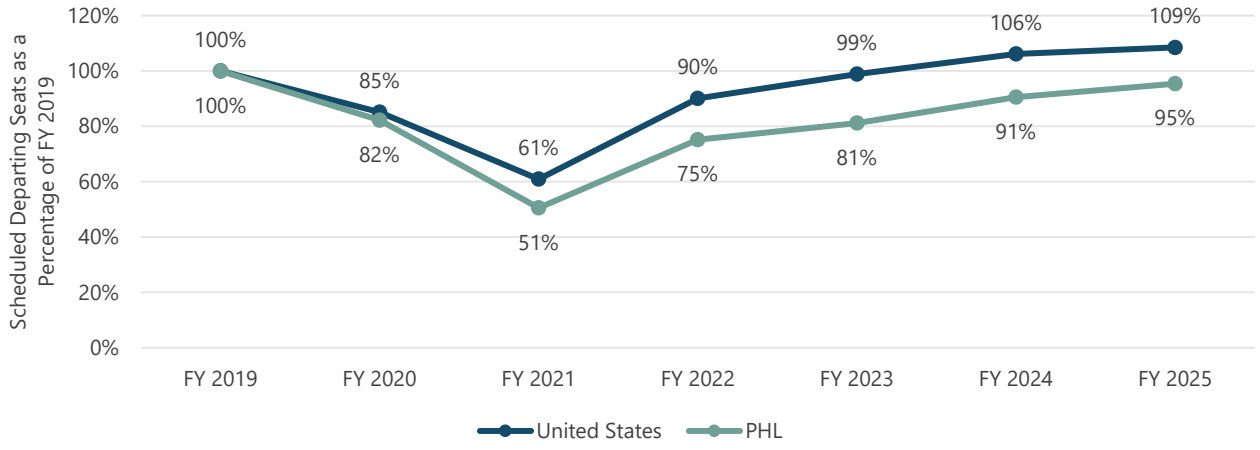
4.4 FACTORS AFFECTING AVIATION DEMAND AT THE AIRPORT

This section discusses the qualitative factors that could influence future aviation activity at the Airport. Data and information related to these factors were either directly or indirectly incorporated into the development of activity forecasts.

4.4.1 IMPACT OF THE COVID-19 PANDEMIC

The outbreak and spread of the COVID-19 pandemic severely curbed global aviation demand. The impact to air travel began in East Asia in December 2019 and rapidly accelerated to other regions of the world in March and April 2020. Airlines responded by reducing capacity across their networks due to decreased demand, travel restrictions, and border closures. May 2020 represented the low point in terms of passenger airline capacity offered, and airlines began to gradually restore capacity in June 2020. Airlines accelerated the restoration of capacity in 2021 as vaccines became widely available and demand for air travel increased. By FY 2023, scheduled seat capacity at US airports exceeded pre-COVID-19 pandemic levels. **Exhibit 4-4** presents scheduled departing seat capacity as a percentage of FY 2019 for total US airports and PHL. FY 2025 scheduled departing seats at all US airports represent 109 percent of FY 2019 scheduled departing seats compared to 95 percent at PHL. The recovery in PHL departing seat capacity has lagged the average for all US airports due, in part, to American's recent network strategy, which is presented in more detail in **Section 4.4.8**.

EXHIBIT 4-4 SCHEDULED SEAT RECOVERY – THE UNITED STATES AND PHILADELPHIA INTERNATIONAL AIRPORT

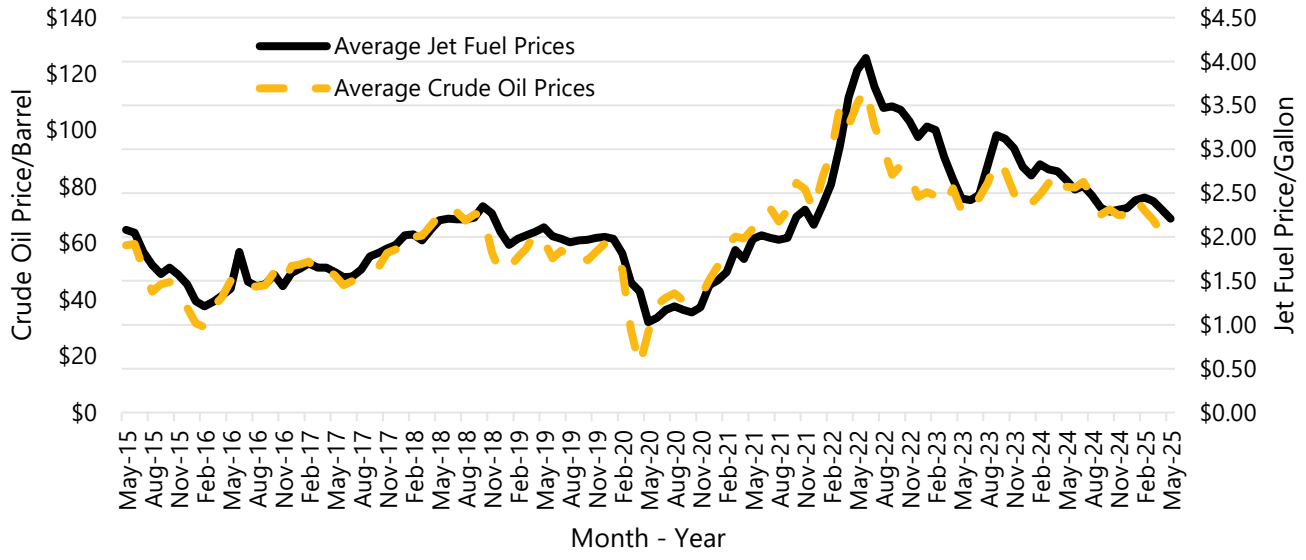


NOTES: FY – Fiscal Year; PHL – Philadelphia International Airport
SOURCE: Cirium Diio, June 2025 published airline schedules.

4.4.2 COST OF AVIATION FUEL

As of the first quarter of 2025, jet fuel accounted for 16.7 percent of total airline operating costs, second only to labor, according to Airlines for America.[124] During the period presented, the average price of jet fuel peaked in June 2022 at $4.04 per gallon, having grown steadily since April 2020, which represented the lowest price observed during the historical period. Jet fuel prices have generally decreased since June 2022, with an average $2.21 per gallon jet fuel price recorded in May 2025. Fluctuating fuel costs can affect airline profitability, which could lead to air service changes as airlines adjust capacity and pricing to address changes in the cost of fuel. **Exhibit 4-5** shows the monthly averages for jet fuel and crude oil prices from May 2015 through May 2025.

EXHIBIT 4-5 HISTORICAL MONTHLY AVERAGES OF JET FUEL AND CRUDE OIL PRICES



SOURCES: US Bureau of Transportation Statistics, March 2025; US Energy Information Administration, March 2025.

4.4.3 SOCIOECONOMIC FACTORS

Historically, trends in airline travel demand, measured by either passenger volumes or passenger fare revenues, have closely correlated with national economic trends. Chapter 3 presents an analysis of general economic trends, both national and local, that may influence demand for airline service over time. As noted in Chapter 3, national GDP is expected to increase by a CAGR of 1.9 percent between CY 2023 and CY 2031, which should support generally increasing demand for air service over the Projection Period. Actual economic activity may differ from this forecast, especially on a year-to-year basis. Demand for air service may be impacted by changes in economic performance.

4.4.4 AIRLINE MERGERS AND ACQUISITIONS

US airlines have merged with or acquired competitors to achieve operational and commercial synergies and to improve their financial performance. A wave of consolidation began in 2005 when America West Airlines merged

[124] Airlines for America, *Passenger Airline Cost Index (PACI)*, http://airlines.org/ https://www.airlines.org/dataset/a4a-quarterly-passenger-airline-cost-index-u-s-passenger-airlines/ (accessed July 11, 2025).

with US Airways, retaining the US Airways brand for the consolidated airline. In 2009, Delta Air Lines acquired Northwest Airlines. In 2010, United Airlines acquired Continental Airlines. In 2011, Southwest Airlines acquired AirTran Airways. In 2013, US Airways and American Airlines merged, with the consolidated airline retaining the American brand. In 2016 Alaska Airlines acquired Virgin America and the two airlines completed their integration in 2018. In September 2024, Alaska acquired Hawaiian Airlines with the operational integration of the two airlines ongoing as of June 2025. Consolidation across the industry has resulted in the realignment of several airline route networks as airlines have sought to improve network efficiency. Further consolidation of the US airline industry could affect the amount of capacity offered in the Air Trade Area and could alter the competitive landscape.

4.4.5 POTENTIAL IMPACT OF THREAT OF TERRORISM, GEOPOLITICAL ISSUES AND FEDERAL INITIATIVES

Since September 11, 2001, the recurrence of terrorism incidents against either domestic or world aviation has remained a risk to achieving forecast levels of activity. Tighter security measures have restored the public's confidence in the integrity of the US and global aviation security systems. However, any terrorist incident targeting aviation could have an immediate and significant impact on the demand for air travel.

Additionally, geopolitical issues may affect aviation activity during the forecast period. Potential governmental or regional instability in certain countries or locations may affect access to, or demand for, aviation service in these places. At the time of this Report, the Russian invasion of Ukraine, which began in February 2022, is still ongoing. Additionally, an escalation of conflict between Israel and Hamas, which began in October 2023, remains an evolving situation as does the escalation of conflict between Israel and Iran which began in June 2025. Further developments in these conflicts could exacerbate geopolitical and economic uncertainty and potentially impact demand for travel to certain regions.

Furthermore, at the time of this Report, the implementation of tariffs and other policies and actions executed by the US government that have the potential to impact economic conditions and travel, directly or indirectly, are in various stages of development and implementation. It is too soon to account for the potential near or long-term impacts, if any, of such actions on the national and global economies or air travel. However, implementation of such policies may impact air travel, economic projections (i.e., GDP growth, levels of employment, and Per Capita Personal Income [PCPI] growth), further impacting air traffic, and activity forecasts included in this Report might not be attained.

4.4.6 EFFICIENT OPERATIONS OF THE NATIONAL AIRSPACE SYSTEM

Factors that can affect National Airspace System's (NAS) ability to accommodate future air traffic may include factors such as information systems, staffing of the air traffic operation, and capacity and efficiency of the system. In a September 2024 study, the US Government Accountability Office (GAO) reviewed the inventory of FAA air traffic systems, the results of an FAA 2023 assessment of system sustainability, and FAA actions taken to address needs. Based on its review, the GAO made a set of recommendations that focused on the FAA's reporting and progress on initiatives that address operational risk.[125] In addition, the FAA has identified a need to increase the pipeline of air traffic controllers and has ongoing initiatives to address workforce needs.

Another of the FAA's concerns is how increased delays at busy airports impact the efficiency of the NAS. In its report *Airport Capacity Needs in the National Airspace System* (January 2015), the FAA stated the need to address delays that remain at key airports since its 2007 assessment, as well as to implement NextGen airspace system

[125] U.S. Government Accountability Office, *Air Traffic Control: FAA Actions Are Urgently Needed to Modernize Aging Systems*, September 2024.

improvements. The report emphasized the need to continue to invest in system improvements with airfield enhancements and NextGen capabilities.

4.4.7 OTHER AIRPORTS IN THE REGION

There is one other airport located within the Air Trade Area. Wilmington Airport (ILG) is in New Castle County, Delaware, approximately 27 miles southeast of the Airport. Avelo Airlines (Avelo) launched service from ILG in February 2023 and is the only airline serving ILG. In June 2025, Avelo scheduled approximately 4 average daily departures to a total of 12 destinations, all of which are operated between 2 and 4 times a week. Of the 12 destinations served nonstop from ILG, only 2 are not served nonstop from PHL: Daytona Beach International Airport (DAB) and Lakeland Linder International Airport (LAL) in Lakeland, Florida.

Two other airports with scheduled passenger airline service are located just outside of the Air Trade Area:

- Atlantic City International Airport (ACY) is located approximately 56 miles southeast of the Airport in Egg Harbor Township. Spirit is the only airline serving ACY, scheduling approximately 6 average daily departures to six destinations in June 2025, all of which are served nonstop from PHL.
- Trenton-Mercer Airport (TTN) is located in Mercer County, New Jersey, approximately 43 miles northwest of the Airport. Frontier is the only airline serving TTN, scheduling approximately 3 average daily departures to 3 destinations in June 2025, all of which are served nonstop from PHL.

Table 4-10 presents the share of June 2025 scheduled departing seats that corresponds to PHL, ILG, ACY, and TTN to the destinations that are served from PHL and the other airports in the region. PHL has the largest seat share among the 4 airports in the region to all 12 destinations, with it share ranging from 73 percent to 98 percent.

TABLE 4-10 JUNE 2025 SCHEDULED DEPARTING SEAT SHARE TO COMMON DESTINATIONS SERVED FROM OTHER AIRPORTS IN THE REGION

DESTINATION	PHL	ILG	ACY	TTN
Fort Lauderdale-Hollywood International Airport (FLL)	82%	5%	14%	0%
Hartsfield-Jackson Atlanta International Airport (ATL)	98%	0%	0%	2%
Jacksonville International Airport (JAX)	92%	8%	0%	0%
Luis Munoz Marin International Airport (SJU)	95%	5%	0%	0%
Myrtle Beach International Airport (MYR)	73%	14%	13%	0%
Nashville International Airport (BNA)	95%	5%	0%	0%
Orlando International Airport (MCO)	76%	3%	11%	10%
Palm Beach International Airport (PBI)	85%	0%	15%	0%
Raleigh-Durham International Airport (RDU)	96%	4%	0%	0%
Southwest Florida International Airport (RSW)	76%	8%	17%	0%
Tampa International Airport (TPA)	74%	4%	10%	12%
Wilmington International Airport (ILM)	77%	23%	0%	0%

SOURCE: Cirium Diio, June 2025 published airline schedules

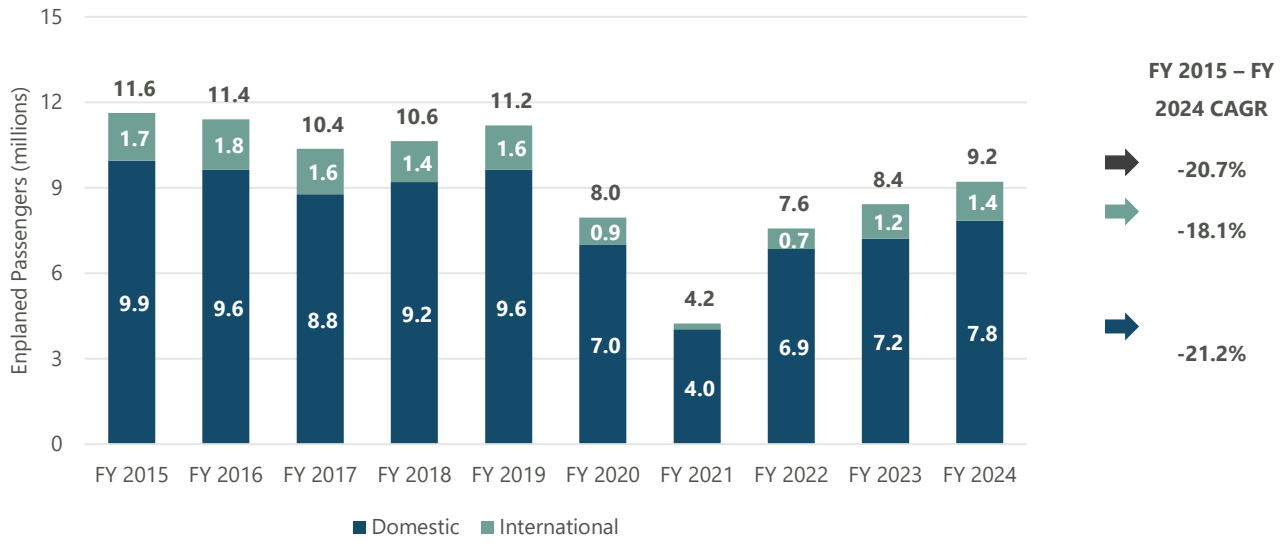
4.4.8 AMERICAN AIRLINES

American operates a hub at the Airport and represented approximately 62.7 percent of all enplaned passengers in FY 2024. The airline provided service between the Airport and 89 domestic and 34 international destinations in FY 2025.[126] American, inclusive of US Airways which merged with American in 2013, has been the dominant carrier at the Airport since the 1980s. The following subsections describe the American hub, analyze recent patterns of service and activity, and evaluate the Airport's role in American's network strategy.

4.4.8.1 AMERICAN AIRLINE – HISTORICAL ACTIVITY

Exhibit 4-6 presents American's domestic and international enplaned passengers at the Airport. Total enplaned passengers decreased from approximately 11.6 million in FY 2015 to 9.2 million in FY 2024, which represents a CAGR of -20.7 percent. The CAGR was -21.2 percent for domestic enplaned passengers and -18.1 percent for international enplaned passengers. **Exhibit 4-7** presents American's O&D and connecting enplaned passengers at the Airport. O&D enplaned passengers increased from approximately 5.6 million in FY 2015 to 6.1 million in FY 2024, which represents a CAGR of 8.8 percent. Connecting enplaned passengers decreased from 6.1 million in FY 2015 to 3.2 million in FY 2024, which represents a CAGR of -47.9 percent. The connecting passenger share of total American passengers decreased from 52 percent in FY 2015 to 34 percent in FY 2024. While total American passengers have decreased during the historical period, growth in O&D passengers reflects the strength of demand for air travel in the local market.

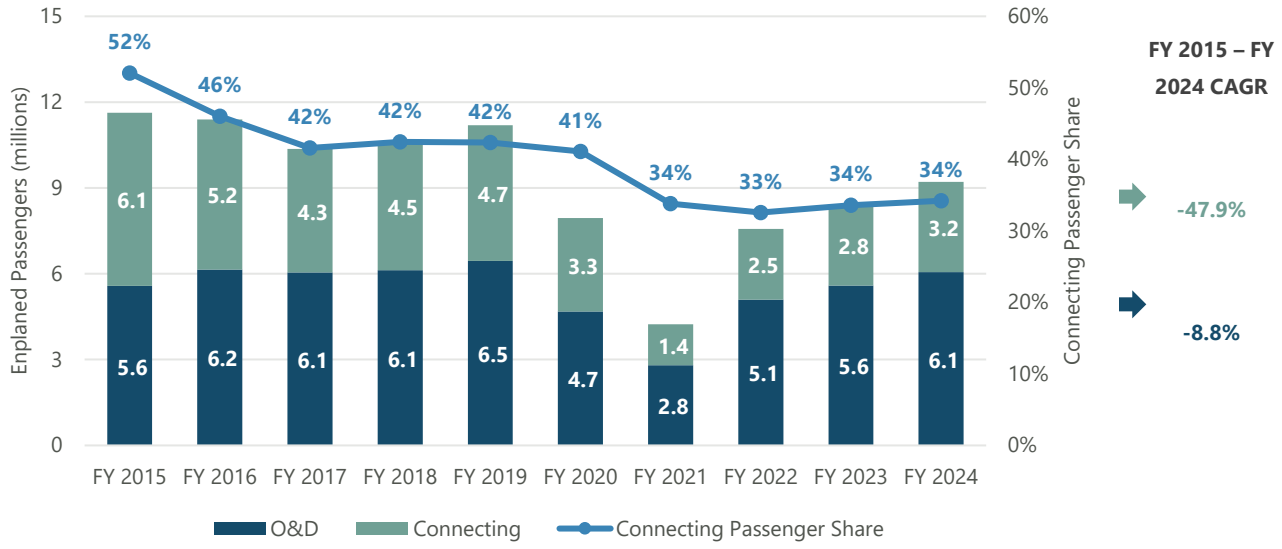
EXHIBIT 4-6 AMERICAN AIRLINES – DOMESTIC AND INTERNATIONAL ENPLANED PASSENGERS



NOTES: CAGR – Compound Annual Growth Rate; FY – Fiscal Year
SOURCE: City of Philadelphia, June 2025.

[126] Cirium Diio, June 2025 (published airline schedules).

EXHIBIT 4-7 AMERICAN AIRLINES – ORIGIN AND DESTINATION AND CONNECTING ENPLANED PASSENGERS



NOTES: CAGR – Compound Annual Growth Rate; FY – Fiscal Year; O&D – Origin and Destination
SOURCE: City of Philadelphia, June 2025.

4.4.8.2 THE ROLE OF THE AIRPORT IN AMERICAN AIRLINE'S ROUTE NETWORK

American is the world's largest airline in terms of scheduled departures and seats. **Table 4-11** presents average daily departures, average daily departing seats, and total destinations served from each of American's hubs. The Airport is American's fifth-largest hub in terms of average daily departures and destinations served. It ranks sixth in terms of average daily departing seats.

TABLE 4-11 AMERICAN AIRLINES HUB SERVICE – YEAR ENDING JUNE 2025

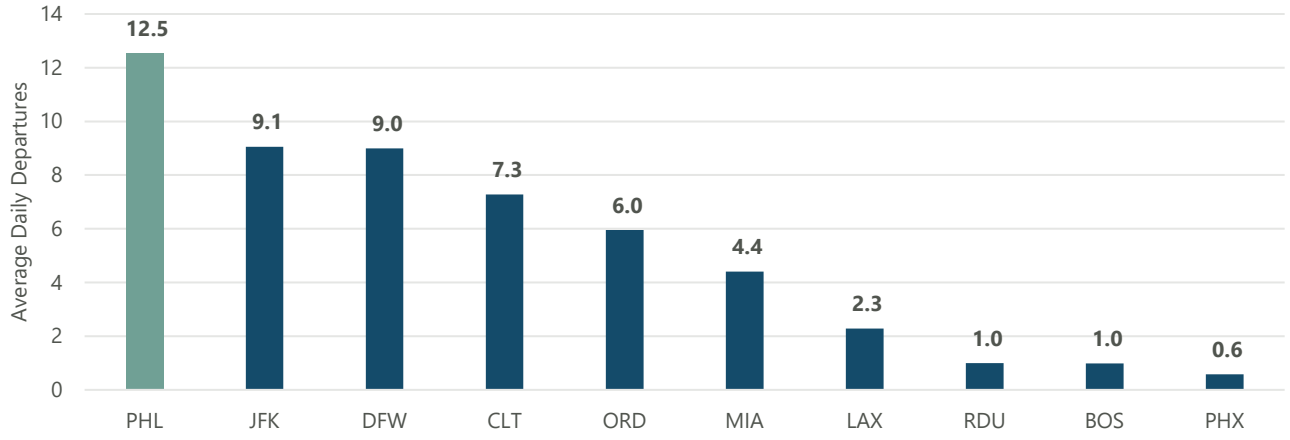
	AVERAGE DAILY DEPARTURES		AVERAGE DAILY DEPARTING SEATS		DESTINATIONS SERVED	
HUB	DEPARTURES	HUB RANKING	SEATS	HUB RANKING	DESTINATIONS	HUB RANKING
Dallas Fort Worth International	842	1	115,290	1	248	1
Charlotte Douglas International	655	2	83,162	2	179	2
O'Hare International (Chicago)	372	3	40,552	4	167	3
Miami International	340	4	53,769	3	165	4
Philadelphia International	**278**	**5**	**33,635**	**6**	**123**	**5**
Phoenix Sky Harbor International	260	6	34,518	5	108	6
Ronald Reagan Washington National	249	7	23,533	7	93	7
Los Angeles International	128	8	13,605	9	66	8
LaGuardia (New York)	122	9	18,664	8	61	9
John F. Kennedy International (New York)	88	10	12,663	10	52	10

SOURCE: Cirirum Diio, June 2025 published airline schedules.

The Airport's geographic position supports connectivity between the Northeast United States and other domestic destinations. It is well-positioned to serve as a connecting point between domestic and transatlantic destinations. The Airport is American's largest transatlantic gateway, with more scheduled capacity and service to more destinations than any other American gateway. **Exhibit 4-8** presents American's average daily departures to transatlantic destinations by gateway during FY 2025. **Exhibit 4-9** presents the number of transatlantic destinations American serves from each of its gateways. The Airport ranks first in both measures. While the Airport is the largest of American's transatlantic gateways, American has nine other transatlantic gateways. **Exhibit 4-10** presents the share of total American transatlantic scheduled departing seats by gateway. The Airport captures 22 percent of American's scheduled transatlantic seats, followed by JFK with 18 percent and Dallas Fort Worth International Airport (DFW) with 17 percent.

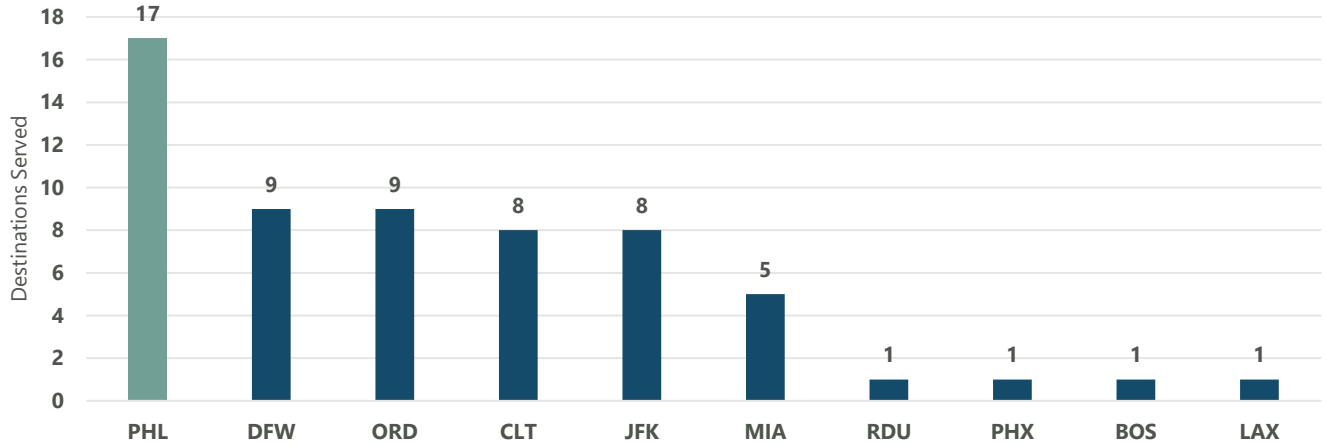
An analysis of American's evolving network strategy identified key market considerations driving a shift in capacity across the airline's hubs. **Table 4-12** presents the change in American departing seats between FY 2019 and FY 2025 by hub. American's hubs at DFW and Charlotte Douglas International Airport (CLT) represent the largest components of growth in terms of absolute and percentage change in scheduled seat capacity. American has also driven double-digit percentage growth at Miami International Airport (MIA) and Ronald Reagan Washington National Airport (DCA) during this period. Seat capacity at the Airport is down 11.5 percent during this period, while Chicago O'Hare International Airport (ORD) and Los Angeles International Airport (LAX) are the lowest-ranking American hubs in terms of change in scheduled seat capacity during this period.

EXHIBIT 4-8 AMERICAN AIRLINES – SCHEDULED TRANSATLANTIC DEPARTURES BY GATEWAY – FISCAL YEAR 2025



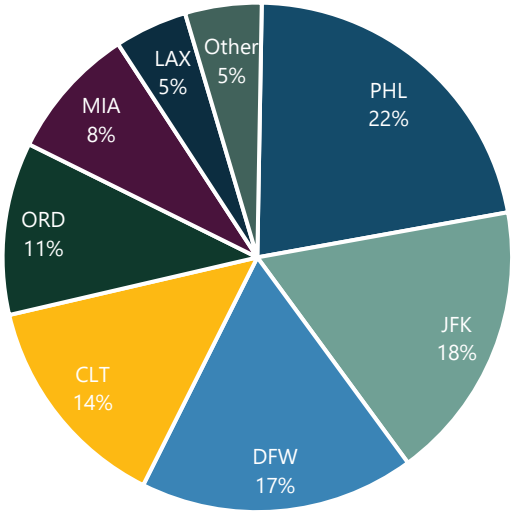
NOTES: PHL – Philadelphia International Airport; DFW – Dallas Fort Worth International Airport; ORD – Chicago O'Hare International Airport; CLT – Charlotte Douglas International Airport; JFK – John F. Kennedy International Airport; MIA – Miami International Airport; RDU – Raleigh-Durham International Airport; PHX – Phoenix Sky Harbor International Airport; BOS – Boston Logan International Airport; LAX – Los Angeles International Airport
SOURCE: City of Philadelphia, June 2025.

EXHIBIT 4-9 AMERICAN AIRLINES – TRANSATLANTIC DESTINATIONS SERVED – FISCAL YEAR 2025



NOTES: PHL – Philadelphia International Airport; DFW – Dallas Fort Worth International Airport; ORD – Chicago O'Hare International Airport; CLT – Charlotte Douglas International Airport; JFK – John F. Kennedy International Airport; MIA – Miami International Airport; RDU – Raleigh-Durham International Airport; PHX – Phoenix Sky Harbor International Airport; BOS – Boston Logan International Airport; LAX – Los Angeles International Airport
SOURCE: City of Philadelphia, June 2025.

EXHIBIT 4-10 AMERICAN AIRLINES – SHARE OF TRANSATLANTIC SEATS BY GATEWAY – FISCAL YEAR 2025



NOTES: PHL – Philadelphia International Airport; DFW – Dallas Fort Worth International Airport; ORD – Chicago O'Hare International Airport; CLT – Charlotte Douglas International Airport; JFK – John F. Kennedy International Airport; MIA – Miami International Airport; LAX – Los Angeles International Airport
SOURCE: Cirium Diio, June 2025 published airline schedules.

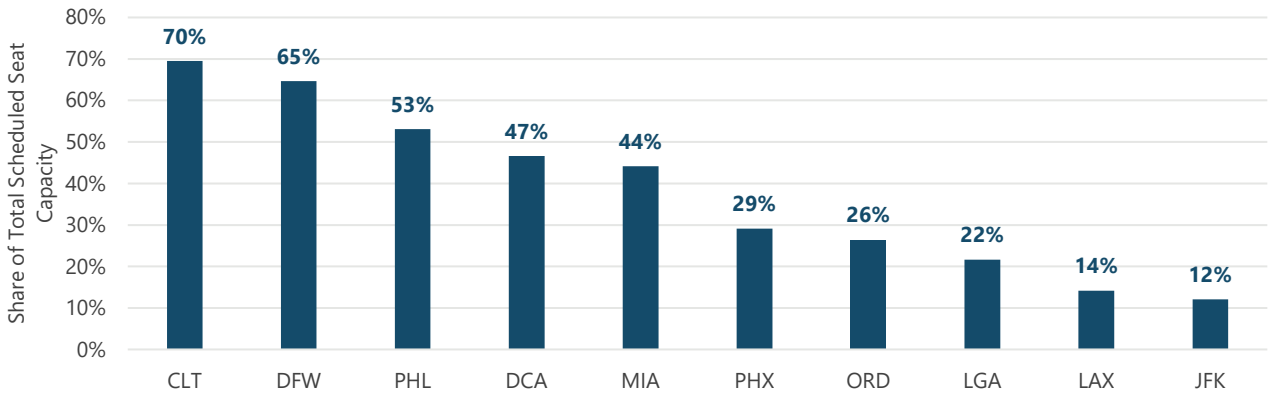
TABLE 4-12 CHANGE IN AMERICAN AIRLINES SCHEDULED SERVICE BY HUB BETWEEN FISCAL YEAR 2019 AND FISCAL YEAR 2025

	SCHEDULED DEPARTING SEATS			
HUB	FY 2019	FY 2025	CHANGE	% CHANGE
Dallas Fort Worth International	35,419,347	42,080,963	6,661,616	18.8%
Charlotte Douglas International	26,032,640	30,354,145	4,321,505	16.6%
Miami International	17,175,479	19,625,801	2,450,322	14.3%
Ronald Reagan Washington National	7,391,221	8,589,714	1,198,493	16.2%
Phoenix Sky Harbor International	12,072,857	12,599,221	526,364	4.4%
John F. Kennedy International (New York)	4,248,728	4,622,049	373,321	8.8%
LaGuardia (New York)	5,258,877	4,965,796	-293,081	-5.6%
Philadelphia International	**13,865,368**	**12,276,793**	**-1,588,575**	**-11.5%**
O'Hare International (Chicago)	17,627,843	14,801,375	-2,826,468	-16.0%
Los Angeles International	9,993,623	6,812,181	-3,181,442	-31.8%

NOTE: FY – Fiscal Year
SOURCE: Cirium Diio, June 2025 published airline schedules.

American has grown in hubs where it has a dominant presence. **Exhibit 4-11** presents American's share of total scheduled seat capacity at each of its hubs in FY 2025. American represents 70 percent of total scheduled seats at CLT and 65 percent of total scheduled seats at DFW compared to just 14 percent at LAX and 12 percent at JFK. While the Airport ranks third in terms of American's share of scheduled seat capacity, American's presence at PHL is less dominant than at CLT and DFW. At Phoenix Sky Harbor International Airport (PHX), ORD, LaGuardia Airport (LGA), LAX, and JFK, American is competing with at least one other airline that operates a hub or focus city operation.

EXHIBIT 4-11 AMERICAN AIRLINES – SHARE OF TOTAL SCHEDULED SEAT CAPACITY – FISCAL YEAR 2025



NOTES: CLT – Charlotte Douglas International Airport; DFW – Dallas–Fort Worth International Airport; PHL – Philadelphia International Airport; DCA – Ronald Reagan Washington National Airport; MIA – Miami International Airport; PHX – Phoenix Sky Harbor International Airport; ORD – Chicago O'Hare International Airport; LGA – LaGuardia Airport; LAX – Los Angeles International Airport; JFK – John F. Kennedy International Airport; O&D – Origin and Destination
SOURCE: Cirium Diio, June 2025 published airline schedules.

A second characteristic of American's recent hub strategy is to focus growth in markets with high population growth. **Table 4-13** presents historical and projected population changes in the metro areas where American has hubs, as well as presents the ranking of each metro area's growth for the historical and projection periods. The Dallas / Fort Worth and Charlottle metro areas ranked first and third for historical growth between 2015 and 2024 and second and third for projected growth between 2024 and 2031. Philadelphia ranks sixth for historical growth and seventh for projected growth for the same periods.

Additional factors that are specific to certain hubs have also influenced American's recent hub strategy:

- American has grown at MIA in line with increased demand for leisure travel in South Florida and the Caribbean.
- American has increased capacity at DCA through increased aircraft size in conjunction with the opening of a new concourse that supports larger regional aircraft operations.
- American's growth at JFK and LGA in 2022 and 2023 was supported by its alliance with JetBlue Airways (JetBlue), which ended in June 2023 after a successful US Department of Justice challenge. American reduced service at both of its New York City hubs after it dismantled its alliance cooperation with JetBlue. JetBlue and United recently announced the launch of an alliance, thereby ending any possible cooperation between American and JetBlue for the foreseeable future.
- American retired its fleet of Airbus A330, Boeing 757, and Boeing 767 aircrafts at the onset of the COVID-19 pandemic that were used for long-haul international routes. Delayed delivery of new long-haul aircraft has constrained capacity growth which slowed the restoration of service at international gateways like PHL.

TABLE 4-13 AMERICAN AIRLINES HUB METRO AREA POPULATION CHANGE

	CY 2015 TO CY 2024 ACTUAL GROWTH		CY 2024 TO CY 2031 PROJECTED GROWTH	
METRO AREA	CAGR	RANK	CAGR	RANK
Dallas / Fort Worth	1.7%	1	1.3%	2
Phoenix	1.5%	2	1.4%	1
Charlotte	1.5%	3	1.1%	3
Miami	0.7%	4	1.0%	4
Washington DC	0.5%	5	0.8%	5
Philadelphia	0.3%	6	0.3%	7
Los Angeles	0.0%	7	0.6%	6
New York City	-0.1%	8	0.3%	8
Chicago	-0.2%	9	0.2%	9

NOTES: CY – Calendar Year; CAGR – Compound Annual Growth Rate.
SOURCE: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, July 2024.

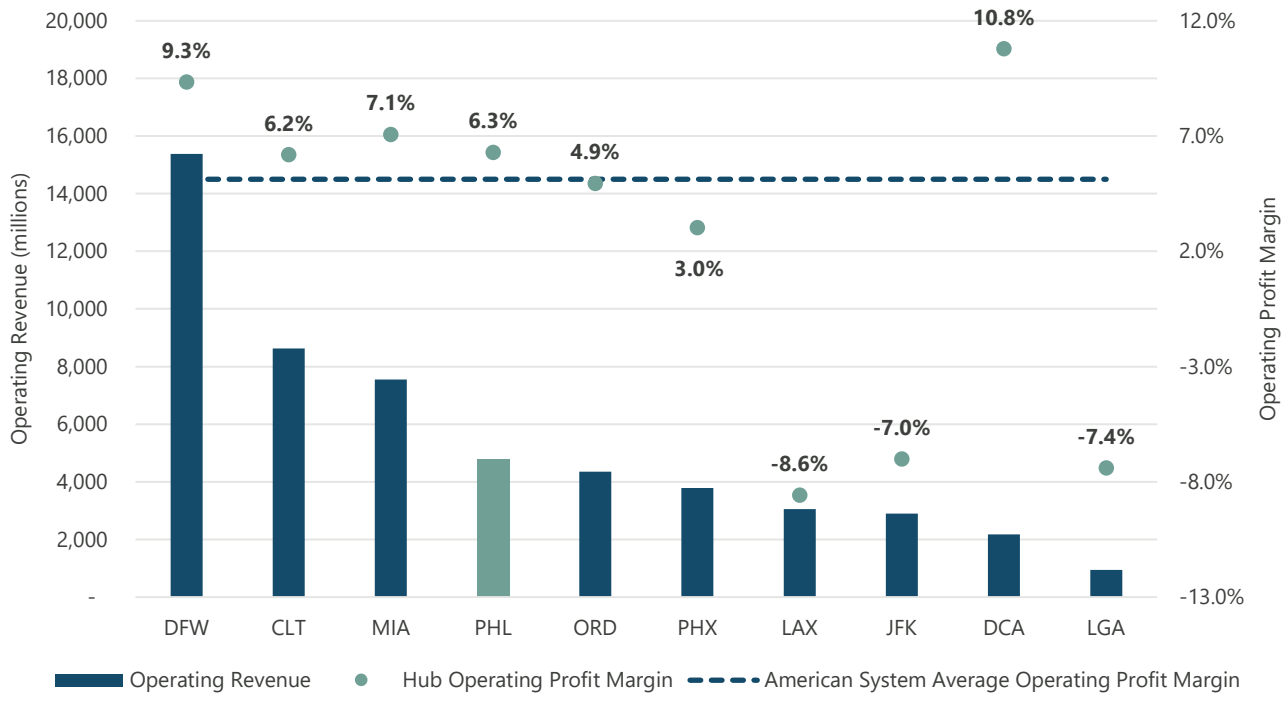
American's reduced presence at the Airport reflects its recent hub strategy, which is in turn reflective of current market conditions. American is focused on bolstering its presence in markets where it has structural advantages and specific circumstances support growth opportunities. It is expected that American's hub strategy will continue to evolve as its fleet grows with the delivery of new aircraft, enabling more balanced allocation of capacity across its route network.

4.4.8.3 AMERICAN AIRLINES HUB FINANCIAL PERFORMANCE

Ricondo analyzes publicly available sources of financial and operational data and applies commonly used allocation methodologies in the airline industry to derive estimates of the operating profits of each of American's hubs. Ticket revenue was identified through USDOT O&D data accessed at the individual itinerary level and prorated to flight segments using a distance-based proration methodology. Non-ticket revenue was allocated using drivers that include revenue passenger miles and cargo volumes. Cost allocation drivers included block hours, departures, revenue passenger miles, available seat miles, and ticket revenue. To represent the economic impact of the mix of fleet types operating across the hubs, aircraft-type allocation rates were used where reporting is available at that level of detail. While Ricondo has applied commonly used approaches to the alignment of costs and revenues with activity-based allocation drivers, the estimates of hub profitability may differ from those of airlines that employ many different methodologies using detailed internal data sources.

Exhibit 4-12 presents the estimated operating revenues and operating profit margins of each of American's hubs in CY 2024. The Airport was estimated to be American's fourth-largest hub in terms of operating revenue and generated a 6.3 percent operating profit margin, which was higher than American's system average operating profit margin.

EXHIBIT 4-12 ESTIMATE OF AMERICAN AIRLINES PROFITABILITY BY HUB (CY 2024)



NOTES: DFW – Dallas Fort Worth International Airport; CLT – Charlotte Douglas International Airport; MIA – Miami International Airport; PHL – Philadelphia International Airport; ORD – Chicago O'Hare International Airport; PHX – Phoenix Sky Harbor International Airport; LAX – Los Angeles International Airport; JFK – John F. Kennedy International Airport; DCA – Ronald Reagan International Airport; LGA – Laguardia Airport; CY – Calendar Year

The percentage contribution to system profit does not add to 100 percent due to exclusion of non-hub markets.

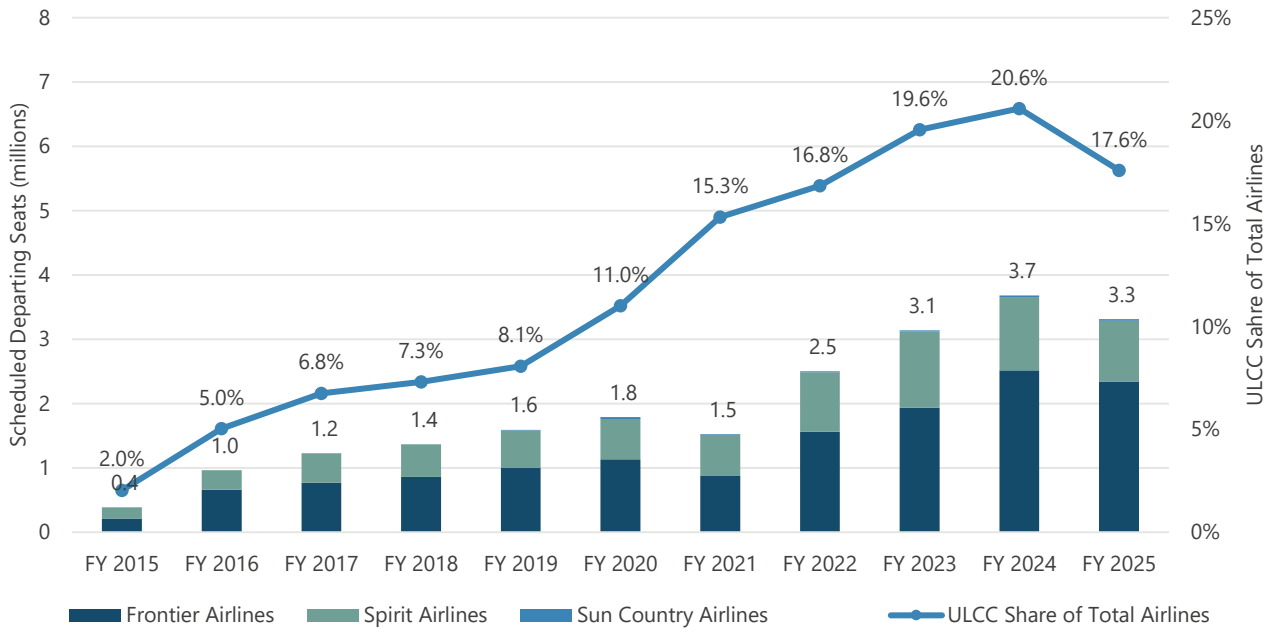
SOURCES: Cirium Diio, June 2025 (US DOT, O&D Survey, T-100, and Form 41); Ricondo & Associates, Inc., June 2025 (based on the analysis and assumptions described in this Report).

4.4.9 ULTRA LOW-COST CARRIERS

The Airport is an increasingly important airport within the route networks of most US ULCCs. ULCCs are airlines that primarily operate point-to-point service and maintain a lower cost structure relative to the primary legacy airlines. Lower costs are achieved through a combination of factors that may include simplified fleet strategy, a single class of service, and increased seat density compared to full-service airlines. Three ULCCs serve the Airport: Frontier, Spirit, and Sun Country. **Exhibit 4-13** presents the ULCC scheduled departing seat capacity and share of total airline scheduled seat capacity at the Airport. ULCCs grew consistently on a year over year basis between FY 2015 and FY 2020. They accelerated their growth in FY 2022 and reached a peak of 20 percent share of total scheduled departing seats in FY 2024. Frontier and Spirit reduced their capacity at the Airport in FY 2025 as they shifted capacity across their networks to address deteriorating financial performance in recent years as costs have increased faster than revenues. In FY 2025 ULCCs represented 17.6 percent of total scheduled seat capacity at the Airport.

Frontier has represented the Airport's second-largest airline, after American, since FY 2020. In FY 2024, Frontier represented 12.5 percent of the Airport's total enplaned passengers. In FY 2025, Frontier scheduled 30 average daily departures to 43 destinations and represented 12.4 percent of the Airport's total scheduled seat capacity. In FY 2025, the Airport is Frontier's fifth-largest base of operations in terms of scheduled flights, seats, and destinations served.

EXHIBIT 4-13 ULTRA-LOW-COST CARRIER SCHEDULED CAPACITY AND SEAT SHARE



NOTES: FY – Fiscal Year; ULCC – Ultra Low-Cost Carrier
SOURCE: Cirium Diio, June 2025 (published airline schedules).

4.5 ACTIVITY FORECASTS

Forecasts of Airport activity were developed for FY 2025 through FY 2031. The assumptions, techniques, and results of the forecast process are described in the following subsections.

4.5.1 SHORT-TERM PASSENGER ACTIVITY FORECAST METHODOLOGY

The short-term passenger forecast was based on an analysis of qualitative and quantitative factors, including published airline schedules, historical data, and assumptions based on industry trends, to forecast passenger activity for FY 2025 and FY 2026. The short-term forecast incorporates actual reported activity through March 2025, with published airline schedules used to estimate the period from April 2025 to December 2025. Departing seat capacity was forecast by airline and region by month from January 2026 through June 2026. Estimated load factors, also specific to the airline, region, and month, were applied to the departing seat forecast to derive the enplaned passengers forecast. The assumptions used to develop the short-term forecast were based on recent trends and account for seasonality of demand as well as the ongoing delays in the delivery of new aircraft, which has constrained airlines' capacity to accommodate demand.

4.5.2 LONG-TERM PASSENGER ACTIVITY FORECAST METHODOLOGY

The forecast of long-term O&D passenger demand activity was based on socioeconomic regression analysis techniques that identified predictive statistical relationships between the Airport's historical O&D passengers and several national and local socioeconomic variables sourced from Woods & Poole, with independent analyses of domestic and international O&D passengers. Socioeconomic variables incorporated in the regression analysis model included population, employment, total and net earnings, personal income, GDP, and GRP.

Regression analysis was performed for the 14-year period between 2010 and 2024. Activity occurring in 2020, 2021, and 2022 was not included in the regression analysis as it was influenced by pandemic-related factors that are not representative of typical factors driving aviation demand that are expected to influence future activity levels. Similarly, regressions were performed on a CY basis, aligning with the annual period for socioeconomic projections, with the forecast growth rates assumed to apply to a FY baseline in the long-term forecast methodology.

The resulting regression equations were then populated with independent projections of the relevant socioeconomic variables sourced from Woods & Poole, yielding a range of potential O&D passenger growth. **Table 4-14** presents the relationships selected for use in this forecast of O&D passengers and the resulting FY 2024 to FY 2031 CAGRs for each variable. Passenger growth was forecast using the average growth rate for all variables, which was applied to the FY 2026 forecast O&D enplaned passengers, as established in the short-term forecast. Connecting passengers were forecast as a percentage of O&D passengers, with independent forecasts of domestic and international O&D passengers. The connecting passenger shares of O&D passengers were held constant at estimated FY 2025 levels, which were based on US DOT data for the segmentation of O&D and connecting passengers in CY 2024, which was the most recent 12-month period of available data at the time the forecast was developed.

TABLE 4-14 SOCIOECONOMIC REGRESSION ANALYSIS OUTPUTS – TOTAL ORIGIN AND DESTINATION PASSENGERS

SOCIOECONOMIC VARIABLE	DOMESTIC O&D PASSENGERS		INTERNATIONAL O&D PASSENGERS	
	ADJUSTED R-SQUARED VALUE	IMPLIED FY 2024 – FY 2031 CAGR	ADJUSTED R-SQUARED VALUE	IMPLIED FY 2024 – FY 2045 CAGR
Population – US	82.0%	2.1%	81.9%	2.2%
Population – Air Trade Area	79.8%	1.8%	76.2%	2.0%
Total Employment – US	77.9%	1.5%	83.5%	1.7%
Total Employment – Air Trade Area	79.4%	1.4%	86.3%	1.6%
Total Earnings – US	80.5%	1.8%	86.1%	2.0%
Total Earnings – Air Trade Area	81.1%	2.4%	82.4%	2.6%
Total Personal Income – US	79.6%	1.9%	86.8%	2.1%
Total Personal Income – Air Trade Area	80.4%	2.0%	86.0%	2.2%
Net Earnings – US	79.6%	1.9%	86.3%	2.1%
Net Earnings – Air Trade Area	78.5%	2.3%	82.5%	2.5%
PCPI – US	78.1%	1.6%	86.5%	1.8%
PCPI – Air Trade Area	78.8%	1.9%	85.8%	2.1%
GDP – US	78.7%	1.8%	85.7%	2.0%
GRP – Air Trade Area	75.5%	2.4%	80.4%	2.7%
Average		**1.9%**		**2.1%**

NOTES: CAGR – Compound Annual Growth Rate; FY – Fiscal Year; PCPI – Per Capital Personal Income; GDP – Gross Domestic Product; US – United States
SOURCES: Woods & Poole Economics, Inc., June 2024 (socioeconomic projections); Ricondo & Associates, Inc., July 2024 (analysis).

4.5.3 OTHER ASSUMPTIONS INCORPORATED INTO THE ENPLANED PASSENGER FORECAST

The following assumptions were also incorporated into the forecasts:

- Airlines will continue their trend of upgauging to larger average aircraft sizes that can accommodate more passengers per operation at the Airport, resulting in operations growing at a slower rate than enplaned passengers.
- International O&D passenger demand growth will be accommodated through a combination of passengers using domestic flight segments to access other international gateways in the United States and nonstop international flights.
- It was assumed that current ongoing constraints resulting from fleet availability and labor shortages will ease over time, with lessening impact in the longer-term portion of the Projection Period.
- For these analyses, and as with the FAA assumptions for its nationwide forecasts, it was assumed that neither terrorist incidents that materially impact US air traffic demand during the Projection Period will occur, nor will variants of COVID-19 or other pandemics emerge that would result in a similar reduction in air service as experienced at the onset of the COVID-19 pandemic.

4.5.4 ENPLANED PASSENGER FORECAST

Table 4-15 presents the forecast of domestic and international enplaned passengers at the Airport based on the methodology described previously. Total annual enplaned passengers are forecast to increase from approximately 14.7 million in FY 2024 to approximately 16.4 million in FY 2031, which represents a CAGR of 1.5 percent. Domestic enplaned passengers are forecast to grow at a CAGR of 1.4 percent, versus CAGR of 2.5 percent for international

enplaned passengers. The forecast decrease in domestic and total enplaned passengers in FY 2026 is reflective of published airline schedules through December 2025.

TABLE 4-15 DOMESTIC AND INTERNATIONAL ENPLANED PASSENGER FORECAST

	DOMESTIC		INTERNATIONAL		TOTAL	
FISCAL YEAR	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH
Historical						
2015	13,272,717		2,040,021		15,312,738	
2016	13,695,700	3.2%	1,987,858	-2.6%	15,683,558	2.4%
2017	12,967,584	-5.3%	1,839,298	-7.5%	14,806,882	-5.6%
2018	13,372,943	3.1%	1,872,510	1.8%	15,245,453	3.0%
2019	14,046,663	5.0%	2,041,761	9.0%	16,088,424	5.5%
2020	10,531,456	-25.0%	1,315,951	-35.5%	11,847,407	-26.4%
2021	6,286,436	-40.3%	256,206	-80.5%	6,542,642	-44.8%
2022	10,671,423	69.8%	1,005,967	292.6%	11,677,390	78.5%
2023	11,657,137	9.2%	1,717,659	70.7%	13,374,796	14.5%
2024	12,862,407	10.3%	1,851,100	7.8%	14,713,507	10.0%
Forecast						
2025	13,473,829	4.8%	1,964,673	6.1%	15,438,502	4.9%
2026	12,830,595	-4.8%	2,065,045	5.1%	14,895,640	-3.5%
2027	13,156,395	2.5%	2,037,044	-1.4%	15,193,439	2.0%
2028	13,396,667	1.8%	2,078,345	2.0%	15,475,011	1.9%
2029	13,647,926	1.9%	2,121,549	2.1%	15,769,475	1.9%
2030	13,898,896	1.8%	2,164,708	2.0%	16,063,604	1.9%
2031	14,147,665	1.8%	2,207,493	2.0%	16,355,158	1.8%
CAGR						
2015 - 2019	1.4%		0.0%		1.2%	
2015 – 2024	-0.3%		-1.1%		-0.4%	
2024 – 2031	1.4%		2.5%		1.5%	

NOTE: CAGR – Compound Annual Growth Rate
SOURCES: City of Philadelphia, June 2025 (historical enplaned passengers); Ricondo & Associates, Inc., June 2025 (forecast enplaned passengers).

Table 4-16 presents the forecast of O&D and connecting enplaned passengers. O&D enplaned passengers are forecast to increase from approximately 11.2 million FY 2024 to approximately 12.2 million in FY 2031, which represents a CAGR of 1.3 percent. Connecting enplaned passengers are forecast to increase from approximately 3.5 million in FY 2024 to approximately 4.1 million in FY 2031, which represents a CAGR of 2.3 percent. The connecting share of total enplaned passengers is forecast to increase from 24.0 percent in FY 2024 to 25.2 percent in FY 2025 and remain at that approximate level through FY 2031.

TABLE 4-16 ORIGIN AND DESTINATION AND CONNECTING ENPLANED PASSENGER FORECAST

	O&D		CONNECTING	
FISCAL YEAR	ENPLANED PASSENGERS	O&D SHARE	ENPLANED PASSENGERS	CONNECTING SHARE
Historical				
2015	8,929,687	58.3%	6,383,051	41.7%
2016	10,151,068	64.7%	5,532,490	35.3%
2017	10,188,469	68.8%	4,618,413	31.2%
2018	10,386,524	68.1%	4,858,929	31.9%
2019	10,903,627	67.8%	5,184,797	32.2%
2020	8,282,566	69.9%	3,564,841	30.1%
2021	5,063,658	77.4%	1,478,984	22.6%
2022	8,978,224	76.9%	2,699,166	23.1%
2023	10,159,764	76.0%	3,215,032	24.0%
2024	11,181,236	76.0%	3,532,271	24.0%
Forecast				
2025	11,540,765	74.8%	3,897,737	25.2%
2026	11,134,959	74.8%	3,760,681	25.2%
2027	11,357,044	74.7%	3,836,395	25.3%
2028	11,567,029	74.7%	3,907,982	25.3%
2029	11,786,627	74.7%	3,982,848	25.3%
2030	12,005,974	74.7%	4,057,631	25.3%
2031	12,223,400	74.7%	4,131,758	25.3%
CAGR				
2015 – 2019	5.1%		-5.1%	
2015 – 2024	2.5%		-6.4%	
2024 – 2031	1.3%		2.3%	

NOTES: CAGR – Compound Annual Growth Rate; O&D – Origin and Destination
SOURCES: City of Philadelphia, June 2025 (historical enplaned passengers); Ricondo & Associates, Inc., June 2025 (forecast enplaned passengers).

4.5.5 AIRCRAFT OPERATIONS FORECAST

Passenger volume growth at the Airport is expected to be accommodated through a combination of larger aircraft, new flights, and increasing load factors. Passenger aircraft operations were forecast based on the enplaned passenger forecast. The forecast load factor was applied to the enplaned passenger forecast to derive a forecast of departing seats. Departing seats were divided by a forecast of average seats per departure to derive the forecast of passenger airline operations. The average load factor forecast was based on an analysis of recent trends, with future growth reflecting ongoing improvements in processes and tools that airlines use to more efficiently manage seat inventory. The average seats per departure forecast was based on an analysis of airlines' current and expected future fleets. **Table 4-17** presents the forecast of enplaned passengers, passenger airline operations, average load factor, and average seats per departure. Passenger airline operations are forecast to increase from 256,763 in FY 2024 to

285,078 in FY 2031, which represents a CAGR of 1.5 percent, in line with the CAGR for enplaned passengers for the same period. Average load factor is forecast to decrease from 83 percent in FY 2024 to 82 percent in FY 2025, based on FY 2025 year-to-date reported activity. The average load factor is forecast to increase to 84 percent by FY 2031. Average seats per departure are forecast to decrease from 138 in FY 2024 to 135 in FY 2025 and 131 in FY 2026. The decrease is due in large part to Frontier reducing service at the Airport. Frontier operates densely configured narrowbody aircraft with an average of 201 seats per departure. Average seats per departure are forecast to marginally increase from FY 2027 through FY 2031, reaching 136 in FY 2031.

TABLE 4-17 PASSENGER AIRLINE OPERATIONS FORECAST

FISCAL YEAR	ENPLANED PASSENGERS	PASSENGER AIRLINE OPERATIONS	AVERAGE LOAD FACTOR	AVERAGE SEATS PER DEPARTURE
Historical				
2015	15,312,738	373,468	82.6%	99
2016	15,683,558	365,420	83.4%	103
2017	14,806,882	335,198	82.7%	107
2018	15,245,453	325,976	83.4%	112
2019	16,088,424	337,194	82.9%	115
2020	11,847,407	270,616	76.5%	114
2021	6,542,642	174,280	65.1%	115
2022	11,677,390	236,809	79.7%	124
2023	13,374,796	234,340	84.0%	136
2024	14,713,507	256,763	82.8%	138
Forecast				
2025	15,438,502	280,148	81.9%	135
2026	14,895,640	277,780	81.9%	131
2027	15,193,439	279,480	82.4%	132
2028	15,475,011	280,814	82.9%	133
2029	15,769,475	282,318	83.4%	134
2030	16,063,604	283,752	83.9%	135
2031	16,355,158	285,078	84.4%	136
Compound Annual Growth Rate				
2015 – 2019	1.2%	-2.5%	0.1%	3.7%
2015 – 2024	-0.4%	-4.1%	0.0%	3.8%
2024 – 2031	1.5%	1.5%	0.3%	-0.3%

SOURCES: City of Philadelphia, June 2025 (historical enplaned passengers); Cirium Diio, June 2025 (historical passenger airline operations and average seats per departure); Ricondo & Associates, Inc. (forecast).

Table 4-18 presents the forecast of total Airport operations, as well as a breakdown of air carrier, regional/commuter, GA, and military aircraft. The categories of aircraft operations shown conform to the categories reported by the City. Air carrier operations include passenger airline operations with more than 60 seats and all cargo aircraft with a payload capacity of more than 18,000 pounds. All-cargo operations are forecast to increase in line with forecasts of total air-cargo revenue ton miles for all US airports in the FAA Aerospace Forecast. The percentage distribution of air carrier and commuter all-cargo operations in FY 2024 was held constant through the forecast period. GA operations are forecast to increase in line with the forecast of total fixed-wing GA operations for all US airports in the FAA Aerospace Forecast.

TABLE 4-18 TOTAL OPERATIONS FORECAST

FISCAL YEAR	AIR CARRIER	REGIONAL COMMUTER	GENERAL AVIATION	MILITARY	TOTAL
Historical					
2015	237,788	161,386	14,548	399	414,121
2016	226,056	153,590	13,971	405	394,022
2017	222,618	141,120	14,184	412	378,334
2018	240,676	115,986	14,323	412	371,397
2019	263,684	107,327	14,644	457	386,112
2020	221,914	83,226	11,683	521	317,344
2021	165,542	41,985	10,941	334	218,802
2022	218,226	58,891	15,208	546	292,871
2023	216,138	57,223	13,063	635	287,059
2024	229,266	62,245	11,383	462	303,356
Forecast					
2025	243,587	72,368	11,631	462	328,048
2026	247,720	67,323	11,879	462	327,384
2027	253,352	64,890	12,131	462	330,835
2028	258,754	62,282	12,381	462	333,879
2029	264,374	59,590	12,657	462	337,083
2030	267,183	59,530	12,913	462	340,088
2031	268,732	60,617	13,189	462	343,000
Compound Annual Growth Rate					
2015 – 2019	2.6%	-9.7%	0.2%	3.5%	-1.7%
2015 – 2024	-0.4%	-10.0%	-2.7%	1.6%	-3.4%
2024 – 2031	2.3%	-0.4%	2.1%	0.0%	1.8%

SOURCES: City of Philadelphia, June 2025 (historical operations); Ricondo & Associates, Inc. June 2025 (forecast operations).

4.5.6 LANDED WEIGHT FORECAST

Passenger airline landed weight, as presented in **Table 4-19**, is forecast to increase in line with the forecast growth in passenger airline departing seats, which accounts for the increase in departures for the expected passenger airline fleet mix. All-cargo landed weight was based on the forecast change in all-cargo operations and it was assumed that there is not a meaningful change in the all-cargo airline fleet mix.

TABLE 4-19 LANDED WEIGHT FORECAST

FISCAL YEAR	PASSENGER AIRLINES	ALL-CARGO AIRLINES	TOTAL
Historical			
2015	18,863,202	1,909,573	20,772,775
2016	18,865,561	1,955,784	20,821,345
2017	17,736,225	2,022,419	19,758,644
2018	18,086,297	2,199,913	20,286,210
2019	19,364,035	2,599,498	21,963,533
2020	15,299,841	3,018,703	18,318,544
2021	9,457,320	3,216,797	12,674,117
2022	13,832,008	3,356,587	17,188,595
2023	15,347,241	3,074,410	18,421,651
2024	16,929,972	2,356,094	19,286,066
Forecast			
2025	17,958,745	2,427,876	20,386,621
2026	17,330,029	2,526,593	19,856,622
2027	17,569,239	2,628,310	20,197,549
2028	17,786,913	2,727,300	20,514,213
2029	18,016,706	2,823,790	20,840,496
2030	18,243,380	2,913,010	21,156,390
2031	18,464,461	3,001,752	21,466,213
Compound Annual Growth Rate			
2015 – 2019	0.7%	8.0%	1.4%
2015 – 2024	-1.2%	2.4%	-0.8%
2024 – 2031	1.2%	3.5%	1.5%

SOURCES: City of Philadelphia, June 2025 (historical landed weight); Ricondo & Associates, Inc. June 2025 (forecast landed weight).

5. FINANCIAL ANALYSIS

This chapter presents the financial framework of the Airport System, the financial effect following the issuance of the Series 2025 Bonds and the future bonds necessary to complete the funding of the approved CDP described in Chapter 2. Chapter 5 presents the following projections: Operating Expense; Project Revenues, including non-Airline revenues and Airline Revenues and rentals, fees, and charges; Other Amounts Available for Debt Service, including PFC Revenues and the portion of the Aviation Operating Fund attributable to Amounts Available for Debt Service; and Debt Service Requirements. This chapter also discusses the reasonableness of Airline rates and charges and Debt Service coverage calculated in accordance with the Rate Covenant of the General Ordinance.

The Debt Service Requirements included in the financial analysis reflect Debt Service on bonds after the issuance of the Series 2025 Bonds, future bonds anticipated to fund the remainder of the CDP, and other short-term financing assumptions related to the issuance of commercial paper notes and direct loans.

5.1 FINANCIAL FRAMEWORK

The Airport System is owned by the City, operated by the Department, and it is accounted for as a self-supporting enterprise fund of the City on a FY basis ending June 30. The City maintains the books, records, and account of the Airport System in accordance with generally accepted accounting principles and as required by the provisions of the General Ordinance and the Airline Agreement. Neither City nor Commonwealth of Pennsylvania tax revenues are pledged to payment of Debt Service or the fund the cost of operation of the Airport System.

5.1.1 AIRPORT-AIRLINE USE AND LEASE AGREEMENT

Effective July 1, 2023, the City and the Airlines serving the Airport entered into a new Airline Agreement that establishes procedures for the annual adjustment of airline rentals, fees, and charges so the Airport System generates Amounts Available for Debt Service at least sufficient to comply with the Rate Covenant.

Under the Airline Agreement, Capital Expenditures are deemed approved by the Signatory Airlines (Airlines) unless they are specifically disapproved by an MII. The projects contained in the CDP and described in Chapter 2 have received approval from the Airlines. This MII approval obligates the Airlines to pay rentals, fees, and charges as required to enable the City to comply with the Rate Covenant. The Airline Agreement establishes annual deposits required to fund the Bond Redemption and Improvement Account (Bond R&I Account) and the Operation and Maintenance Account (O&M Account) and the distribution of net revenues in the Outside Terminal Area (OTA) Cost Center.

The City executed the Airline Agreement with the following 15 Airlines at the Airport: Aer Lingus, AeroMéxico, Air Canada, Alaska Airlines, American, British Airways, Delta, FedEx, Frontier, JetBlue, Lufthansa, Southwest, Spirit, United, and UPS.[127] In the aggregate, including their affiliates, accounted for approximately 99.2 percent of the total landed weight at the Airport in FY 2024. Non-Signatory Airlines, airlines that are not signatory to the Airline Agreement or not affiliated with an Airline, accounted for the remaining 0.7 percent of landed weight at the Airport.

The Airline Agreement expires on June 30, 2026, with two additional 1-year renewals that can be offered by the City and be considered executed if more than 50 percent of the Signatory Airlines accounting for more than 50 percent of the landed weight at the Airport agree to the renewal. For the financial analysis included in this Report, it was

[127] AeroMexico executed the Airline Agreement in April 2025 and began service to the Airport in June 2025.

assumed that the provisions of the Airline Agreement regarding the setting of rentals, fee, and charges, including the definition of Airport Cost Centers, Airline Cost Centers; and MII approval requirements, will remain in effect through the Projection Period ending FY 2031.

5.1.2 AIRPORT RENTS AND FEES

Under the Airline Agreement, the Terminal Rental Requirement, the Ramp Area Requirement, and the Airfield Area Requirement are established through a cost center residual rate-setting methodology. These requirements are collectively referred to in the Airline Agreement as Airline Revenues, which are discussed in more detail later in this chapter.

The Airline Agreement sets forth the following Airline Cost Centers for the purpose of setting rents and fees to be recovered through Airlines Revenues:

- **Terminal Area.** The Terminal Area includes the Airport passenger terminal buildings, the sidewalk and curb adjacent to the landside of the terminal buildings, the boarding bridges, all pedestrian bridges connecting the terminal buildings with the landside vehicular parking garages, and the Airport Administrative Offices.
- **Ramp Area.** The Ramp Area includes those outside operations areas of the Airport designated for the Terminal Area; they consist of the aircraft parking positions, ramp space and canopy space that extend from the face of the Terminal Area to the outer limits of the vehicle service road to the south, bordering the fence line on the West, and to the taxilane object-free area to the northeast.
- **Airfield Area.** The Airfield Area includes the areas of the Airport comprising hard surface and grass areas within the airfield perimeter fence, reserved for aircraft operations and aircraft-related activities, including, areas provided for aircraft landing, takeoff taxiing, safety overruns and parking, as designated from time to time; and other appurtenances on the Airport related to the aeronautical use of the Airport.
- **Other Buildings and Areas.** Other Buildings and Areas include Airport facilities such as: airline, GA and corporate hangars; commissary; fueling facilities; industrial facilities, airline freight, express shipping and mail handling facilities; the eastside aprons and hangars; and certain non-airline facilities (e.g., office, retail, and warehouses), including any property purchased for indirect aviation purposes.
- **Northeast Philadelphia Airport.** Northeast Philadelphia Airport includes the airport facilities operated by the Department located in the northeast portion of the City of Philadelphia.

The Terminal Area Requirement and the Ramp Area Requirement are derived by recovering the cost of Operating Expenses, Debt Service, and Fund Requirements net of non-Airline revenues allocable to the Terminal Area and Ramp Area Cost Centers, respectively. The Airfield Area Requirement is derived by recovering the cost of Operating Expenses, Debt Service, and Fund Requirements net of non-Airline revenues allocable to the Airfield Area, Other Buildings and Areas, and Northeast Philadelphia Airport Cost Centers.

5.1.3 AIRLINE REVENUE ALLOCATION

Under the Airline Agreement, the OTA Cost Center is a City cost center and is subject to revenue sharing with the Airlines. The OTA Cost Center includes the terminal roadway, hotel, parking and car rental facilities appurtenant, adjacent to or used in connection with the Airport as they now exist or may be developed, extended, or improved from time to time. Hotel, parking, cab and limousine, rental car facilities, advertising outside of the terminal, and rental car concession fee revenues are allocable to the OTA Cost Center.

Net revenues remaining in the OTA Coster Center after the payment of allocable Operating Expenses, Debt Service, and Fund Requirements are split equally between the City and the Airlines. The Airlines' share of OTA net revenues

is referred to as the Airline Revenue Allocation and is applied in the subsequent year. The Airline Revenue Allocation is allocated 90 percent to the Terminal Area Cost Center and 10 percent to the Airfield Area Cost Center.

5.2 OPERATING EXPENSES

Operating Expenses include expenses associated with operating and maintaining the Airport System, including airfields, terminals, and landside facilities.

5.2.1 HISTORICAL OPERATING EXPENSES

Table 5-1 presents the Operating Expenses for FY 2020 through FY 2024, as presented each year in the City's Financial Report of the Airport System filed with the Fiscal Agent, pursuant to Section 5.05 of the General Ordinance. Operating Expenses increased at a CAGR of 2.3 percent, from approximately $274.8 million in FY 2020 to approximately $300.4 million in FY 2024. This increase in Operating Expenses can be primarily attributed to reinstituting contractual services and personnel levels that were reduced during the COVID-19 pandemic. The expenses shown in Table 5-1 reflect only expenses due and payable in each FY and do not reflect certain expenses that are not payable in that year, but are recorded pursuant to Governmental Accounting Standards Board (GASB) 68 as reflected in the City's Department Annual *Comprehensive Financial Report* (ACFR).

TABLE 5-1 HISTORICAL OPERATING EXPENSES

(Dollars in Thousands for Fiscal Years Ending June 30)

	2020	2021	2022	2023	2024	COMPOUND ANNUAL GROWTH RATE
Total Operating Expenses (thousands)	$274,756	$239,927	$252,988	$266,878	$300,444	2.3%
Operating Expenses Annual Growth Rate		-12.7%	5.4%	5.5%	12.6%	
Enplaned Passengers (thousands)	11,847	6,543	11,677	13,375	14,714	5.6%
Enplaned Passengers Growth Rate		-44.8%	78.5%	14.5%	10.0%	
Total Operating Expenses per Enplaned Passenger	$23.19	$36.67	$21.66	$19.95	$20.42	-3.1%

NOTE:
Total Operating Expenses includes required deposits to the Renewal Fund.
SOURCES: City of Philadelphia Financial Report of the Airport System (filed with the Fiscal Agent); AVK Consulting, Inc., June 2025.

Operating Expenses increased from $266.9 million in FY 2023 to $300.4 million in FY 2024, which was attributable to increases in personnel and related fringe benefits and increases in contractual services to return the Department to pre-pandemic staffing and service levels.

The Airport System's Operating Expenses per enplaned passenger from FY 2020 to FY 2024 decreased at a CAGR of 3.1 percent, from $23.19 in FY 2020 to $20.42 in FY 2024, which is attributable to Operating Expenses increasing at a lower rate than the increase in enplaned passengers between FY 2020 and FY 2024.

5.2.2 BUDGETED AND PROJECTED OPERATING EXPENSES

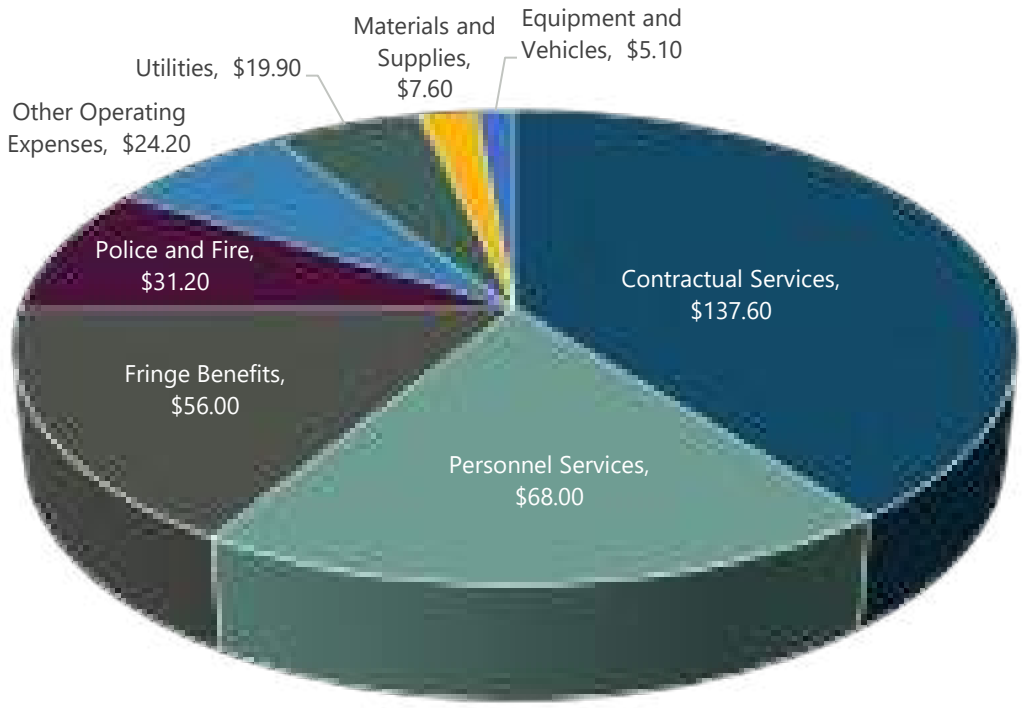
Annual Operating Budget

The City annually sets a budget for the airline rates and charges using the rate-making methodology set forth in the Airline Agreement, as described in Section 5.1, based on the budgeted Operating Expenses, non-Airline revenues, required fund deposits, and Debt Service. The Airport System's FY 2026 final airline rates and charges

budget, which was finalized in May 2025, served as the base from which Operating Expenses were projected for the purpose of the financial analysis included in this Report.

Exhibit 5-1 presents budget Operating Expenses by cost category for FY 2026.

EXHIBIT 5-1 FY 2026 BUDGET OPERATING EXPENSES BY COST CATEGORY

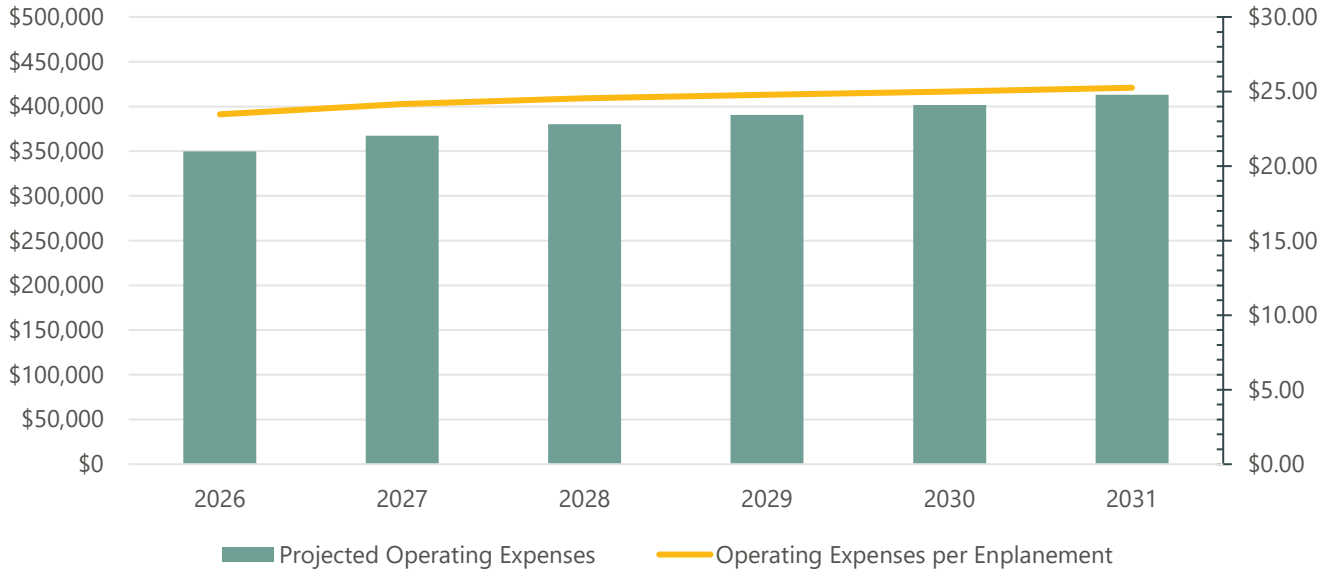


NOTE:
Operating Expenses are presented in millions.
SOURCES: City of Philadelphia Rates and Charges Report, May 2025; AVK Consulting, Inc., June 2025.

Operating Expense Projections

Operating Expense projections are based on the type of expense, expectations of future inflation (the base inflation rate was assumed to be 2.5 percent in FY 2027 and 2.0 percent through the remainder of the Projection Period) and labor negotiations. **Exhibit 5-2** shows the Projected Operating Expenses. Operating Expenses are classified between Net Operating Expenses and Interdepartmental Charges.

EXHIBIT 5-2 PROJECTED OPERATING EXPENSES



SOURCES: City of Philadelphia, Department of Aviation; June 2025; AVK Consulting, Inc, July 2025 (based on the analysis and assumptions in this Report).

5.2.2.2 NET OPERATING EXPENSES

Net Operating Expenses are those expenses incurred directly by the Department; they are grouped into the categories described in the following subsections:

Personnel Services

Personnel services include salaries for the Department staff. Services from other City departments and fringe benefits for all direct and indirect employees working at the Airport System are included in Interdepartmental Charges. Personnel services are projected to increase by 9.7 percent and by 5.3 percent in FY 2027 and FY 2028, respectively, as the City continues to increase staffing to pre-COVID levels. From FY 2029 through the end of the Projection Period, personnel services are projected to increase by 3.5 percent annually, attributable primarily to projected annual labor contract increases.

Contractual Services

Contractual services expenses include the costs of outside contractors to provide maintenance of elevators and escalators; landscaping; heating, ventilation, and air conditioning; (HVAC) maintenance, and other building repairs and maintenance. Contractual services also includes shuttle bus services for employees and long-term parking, snow removal services, ground transportation counters and taxi dispatch services, and Airport information counters. Contractual services are projected to increase by 2.5 percent in FY 2027 and then at 2.0 percent during the remainder of the Projection Period.

Materials and Supplies

Materials and supplies expenses include costs associated with the purchase of cleaning supplies, office supplies, deicing and other snow removal materials, and other general maintenance supplies for the Airport System. Materials

and supplies are projected to increase by 2.5 percent in FY 2027 and then at 2.0 percent during the remainder of the Projection Period based on the historical rate of inflation.

Equipment

Equipment expenses include costs associated with office furniture, janitorial equipment, computers and peripherals, radios, and cellular telephones and tablets. Equipment expenses are projected to increase by 2.5 percent in FY 2027 and then at 2.0 percent during the remainder of the Projection Period based on the historical rate of inflation.

Taxes and Other

Taxes and other expenses include costs associated with the annual fixed $1,864,000 payment to Tinicum Township, Delaware County, and the Interboro School District, the annual fixed $1,000,000 payment to Tinicum Township, other realty taxes assessed, and payments made to replenish the Renewal Fund. The Renewal Fund is fully replenished, and no usage of the Renewal Fund is anticipated during the Projection Period. Additional realty taxes paid for other Airport-owned properties are projected to increase with inflation during the Projection Period.

5.2.2.3 INTERDEPARTMENTAL CHARGES

Interdepartmental Charges are those expenses charged by the City for services provided or assessed by other City Departments; they are grouped into the categories described in the following subsections:

Police and Fire

Police and Fire expenses include primarily the cost of staff for police and fire personnel. These expenses also include some annual costs for contracted services and materials and supplies specifically for the police and fire personnel operating at the Airport System. Police and Fire expenses are projected to increase at 5.0 percent in FY 2027 and FY 2028, and thereafter by 4.5 percent to reflect negotiated labor increases.

Utilities

Utilities expenses include electricity, natural gas, water and sewer, and stormwater expenses. For budget FY 2026, the City projected a higher cost of utilities due to supply constraints, which is having a significant effect on natural gas and electricity rates. Utilities are projected to increase by 2.5 percent in FY 2027 and then by 2.0 percent during the remainder of the Projection Period based on the historical rate of inflation.

Fringe Benefits

Fringe benefit expenses include costs associated with medical health and welfare benefits, worker's compensation and disability, Federal Insurance Contributions Act (FICA) and Medicare taxes, group legal and life insurance, current pension costs for all employees assigned to the Airport, and the Airport's pro rate share of the City's annual payment for pension obligation bonds. Fringe benefits expenses are projected to increase in relation to staffing levels and at an annual inflation rate of 4.0 percent in FY 2027 and FY 2028, and by 3.5 percent annually thereafter.

Other Interdepartmental Charges

Other Interdepartmental Charges include insurance costs; other City services, including legal, procurement, and central finance; fleet management services and vehicle purchases, and indemnities. Services provided by the other City Departments mentioned, including fleet management, are projected to increase at 4.0 percent in FY 2027 and FY 2028 and by 3.5 percent thereafter based on projected labor negotiations increases. Insurance costs are projected to increase by 2.5 percent in FY 2027 and then at 2.0 during the remainder of the Projection Period based on the historical rate of inflation and the Airport's historical negotiation of claims. Vehicles purchases includes an annual

allowance for the replacement of Airport System vehicles. Indemnities is projected to increase by 1.0 percent annually to allow for the settlement of claims.

5.3 NON-AIRLINE REVENUES

Non-Airline revenues consist of those Project Revenues generated at the Airport System from sources other than Airlines (e.g., automobile parking, rental cars, restaurant, retail, landside building and ground rents, hangar and cargo rentals). Most of the Airport System's non-Airline revenues are generated from concessions. **Table 5-2** presents concession revenues at the Airport from FY 2020 through FY 2024. As shown, concession revenues were approximately $99.9 million in FY 2020 and increased to approximately $160.2 million in FY 2024, reflecting a CAGR of 12.5 percent during that period. The increase in FY 2020 through FY 2024 resulted from the reopening of all terminal concessions and reinstatement of all concession minimum annual guarantees (MAGs), the additional revenue from a new Airport lounge, the reopening of the Airport economy parking lot and increased utilization of the Airport's garage parking, and the significant growth of Transportation Network Companies (TNCs).

TABLE 5-2 HISTORICAL CONCESSION REVENUES

(Dollars in Thousands for Fiscal Years Ending June 30)

	2020	2021	2022	2023	2024	COMPOUND ANNUAL GROWTH RATE
Concession Revenues						
Automobile Parking	$35,024	$724	$25,304	$67,321	$65,488	
Restaurants and Retail	30,613	8,818	20,297	40,110	44,519	
Rental Cars	15,473	12,738	21,798	22,152	22,704	
Ground Transportation	8,401	3,776	9,501	13,685	16,152	
Other	10,344	5,072	9,215	11,094	11,359	
	$99,855	**$31,128**	**$86,115**	**$154,362**	**$160,222**	**12.5%**
Total Concession Revenues Annual Growth Rate		-69.3%	179.9%	79.6%	9.5%	
Enplaned Passengers (thousands)	11,847	6,543	11,677	13,375	14,714	5.6%
Enplaned Passengers Growth Rate		-44,8%	78.5%	14.5%	10.0%	
Concession Revenues per Enplaned Passenger	**$8.43**	**$4.76**	**$7.37**	**$11.54**	**$10.89**	**6.6%**
O&D Passengers (thousands)	8,283	5,064	8,979	10,249	11,181	7.8%
O&D Passengers Growth Rate		-38.9%	77.3%	14.1%	9.1%	
Parking, Rental Cars, and Ground Transportation per O&D Passenger	**$7.11**	**$3.40**	**$6.30**	**$10.06**	**$9.33**	**7.0%**

NOTE: O&D – Origin and Destination
SOURCE: City of Philadelphia, Department of Aviation; June 2025; AVK Consulting, Inc., June 2025.

The Airport's concession revenues per enplaned passenger increased from $8.43 in FY 2020 to $10.89 in FY 2024, which represents a CAGR of 6.6 percent. Automobile parking, rental cars, and ground transportation revenues per O&D passenger increased from $7.11 in FY 2020 to $9.33 in FY 2024, or at a CAGR of 7.0 percent.

5.3.1 BUDGETED AND PROJECTED NON-AIRLINE REVENUES

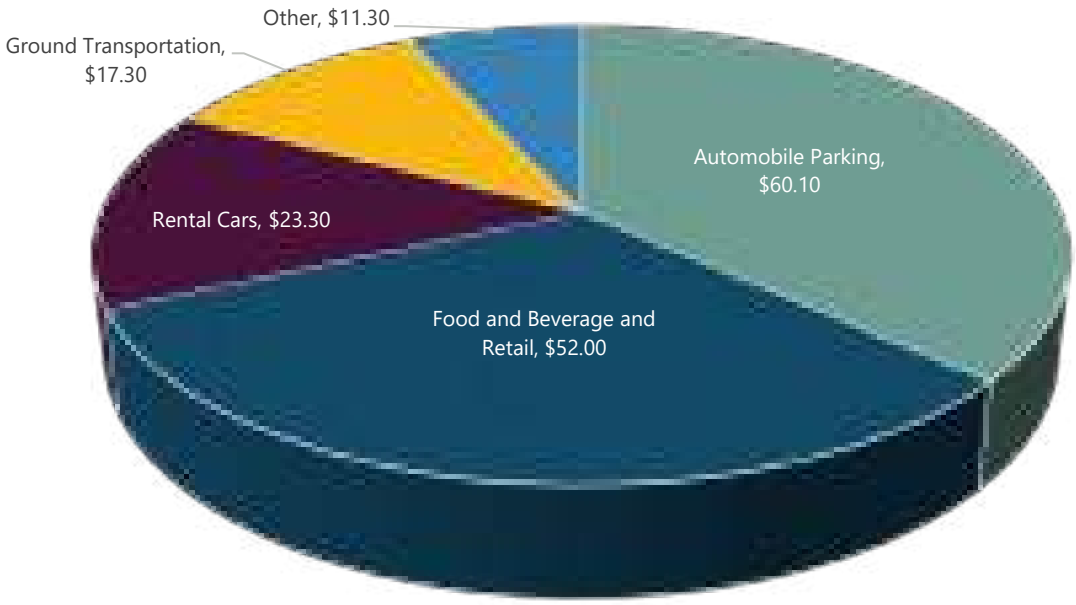
Non-Airline revenues include revenues from concessions, including automobile parking, rental cars, restaurants and retail, ground transportation, advertising, hotel, inflight catering, and other concessions; building and ground rentals; hangar and cargo rentals; utility sales; other landing and fuel flowage fees; and miscellaneous revenues, including grants, sale or disposal of assets, and interest income.

5.3.1.1 CONCESSIONS

Concession revenues include those revenues derived from concessionaires in the terminal, such as restaurants and retail shops, and the Airport's landside operations such as automobile parking, rental cars, and other ground transportation offerings.

Exhibit 5-3 presents the breakdown of budgeted FY 2026 concession revenues by category.

EXHIBIT 5-3 BUDGETED FISCAL YEAR 2026 CONCESSION REVENUES BY CATEGORY



NOTE:
Concession revenues are presented in millions.
SOURCES: City of Philadelphia Rates and Charges Report, May 2025; AVK Consulting, Inc., June 2025.

5.3.1.2 AUTOMOBILE PARKING REVENUES

In January 2022, the Department assumed ownership of the Airport parking garages by defeasing outstanding parking bonds and entered into a parking management agreement with PPA. The Department's current agreement with the PPA, effective July 1, 2023, is a 1-year agreement with three one-year renewals, potentially extending the agreement through June 30, 2027. Under the current agreement, the City receives the net amount of gross parking revenues less a 22.5 percent City parking tax, direct Operating Expenses and a management fee. Per the agreement, total payments made to the PPA for Operating Expenses and the management fee cannot exceed $20 million annually.

The net parking revenues projected in this analysis include the expected demand for parking through the Projection Period. For the purpose of this analysis, demand for parking at the Airport is expected to increase during the Projection Period based on recent trends emerging in parking demand since the COVID-19 pandemic in relation to other modes of transportation and originating passengers. Parking transactions are projected to increase proportionately to originating passengers between FY 2026 through FY 2031.

In addition to parking revenue received from Airport parking operations, the City also receives transaction fees from off-Airport parking operators. Most off-Airport parking operators have executed an operating license agreement with the City that establishes the transaction rate to be paid through September 2027. The current transaction access fee is $4.66 per vehicle and will increase by approximately 7 percent annually through the expiration of the agreement. Thereafter, the transaction rate is assumed to increase with inflation. Transactions are projected to increase slightly during the Projection Period.

FY 2026 parking revenues were budgeted at $60.1 million, mainly reflecting the closure of the C garage for rehabilitation in early fall 2025, with a project duration of over a year. Parking revenues are projected to increase to approximately $68.4 million in FY 2027 after the reopening of the C garage, and then increase to approximately $80.0 million by FY 2031, mainly attributable to increased transactions with parking rates increased every three years during the Projection Period, representing an average annual increase of 5.9 percent during this period.

5.3.1.3 OTHER CONCESSIONS REVENUES

Rental Cars

Eight rental car brands currently operate at the Airport: Alamo Rent A Car, Avis Rent A Car System, Budget Rent A Car System, Dollar Rent A Car, Enterprise Rent-A-Car, Hertz Rent a Car, National Car Rental, and Thrifty Car Rental. Sixt Rent a Car provides off-Airport rental car services. Based on the Airport Rules and Regulations all on- and off-Airport rentals car companies serving the Airport are required to pay 10.0 percent of gross revenues to the City. Budgeted rental car revenues for FY 2026 are approximately $23.3 million. Rental car revenues per contract are projected to increase with inflation at 2.0 percent annually, while rental car transactions are projected to decrease through the Projection Period based on increasing competition from other modes of transportation to and from the Airport. Rental car revenues are projected to decrease from $23.3 million in FY 2026 to $23.1 million in FY 2031, representing an average annual decrease of 0.2 percent during the Projection Period.

Restaurants and Retail

In January 2015, the City entered into a concession management agreement with MarketPlace PHL, LLC. The initial term of this agreement extended to December 31, 2021, with two renewals that have been exercised extending this lease through December 31, 2026. One additional three-year renewal would potentially extend this agreement through December 31, 2029. Terminal concessions managed by MarketPlace PHL, LLC, under this agreement include all restaurants, retail (including duty free), bank ATMs, two passenger lounges, and other passenger services. This program consists of approximately 155 shops, restaurants, retail carts and passenger services throughout Terminal A–West through Terminal F. The lease agreement requires MarketPlace PHL, LLC to remit rents to the City in the form of total gross concession revenues, net of the concession management fee of 11 percent.

Restaurant and retail revenues are projected to increase with passenger activity and inflation. The budgeted revenues for FY 2026 are approximately $52.0 million and are projected to increase to approximately $57.8 million in FY 2031.

Ground Transportation

Ground Transportation revenues included transportation network company (TNC) revenues, taxis and limousine revenues. The TNCs operating at the Airport currently pay a $4.35 pick-up fee and a $4.35 drop-off fee, which will increase to at least $4.40 pick-up fee and $4.40 drop-off fee in March 2026.[128] The City began charging these fees in October 2016. Since that time, monthly fees generated have increased from approximately $280,000 per month to over $1.3 million per month. TNC usage as a percentage of O&D passengers decreased from its peak market share in FY 2019 but has since increased to a market share of approximately 35 percent. This return to pre-COVID market share has resulted in a decrease primarily in rental cars market share.

TNC and other ground transportation revenues are projected to increase from approximately $17.3 million in FY 2026 to approximately $19.6 million in FY 2031.

Other Concessions

Other concessions include revenues from the on-Airport hotel; advertising; inflight catering fees; and other concessions revenues from ground handlers and airline clubs. Marriot Corporation operates the hotel under an agreement that extends to November 1, 2045. Under the terms of this agreement, Marriott Corporation pays the greater of an $800,000 Minimum Annual Guarantee (MAG) or 6 percent of gross annual revenues. Hotel revenues are budgeted at approximately $2.2 million in FY 2026 and are projected to increase to approximately $2.6 million in FY 2031. The current advertising agreement with Clear Channel extends through April 2029; the current MAG is $3,085,000 annually through the remainder of the agreement. Since the COVID-19 pandemic, advertising revenues have stayed relatively flat and have not exceeded the MAG. They are projected to remain at the MAG through the Projection Period, with the assumption that the MAG will increase slightly after April 2029. Based on the Airport's Rules and Regulations, inflight caterers are required to pay a 10.0 percent concession fee. Inflight catering fees are projected to increase from approximately $3.6 million in FY 2026 to approximately $4.4 million in FY 2031.

5.3.1.4 OTHER NON-AIRLINE REVENUE

Building and Ground Rentals

Building and ground rental revenues include non-Airline space rentals in the Terminal Area, the Airlines payment for capital cost recovery associated with Airport-owned loading bridges and baggage systems, FBO agreements at the Airport and Northeast Philadelphia Airport, International Plaza net rents,[129] corporate hangar ground rents, cargo and freight forwarder ground rentals, and rental car facility rents. Rentals under this category are projected to increase based on contractual allowances for annual Consumer Price Index (CPI) adjustments or other negotiated rent increases.

Hangar and Cargo Rentals

Hangar and cargo rental revenues include building and ramp rentals for various hangars and cargo buildings and ramps at the Airport and Northeast Philadelphia Airport. Rentals under this category are projected to increase based on contractual allowances for annual CPI adjustments or other negotiated rent increases.

[128] The March 2026 pick-up and drop-fee increase could be higher if certain electrification goals are met.

[129] International Plaza rents are available after payments are made to pay down commercial paper notes and annual interest.

Utility Sales

Utility sales revenues include the recovery of the cost of utilities directly from Airport System tenants. Airlines are not charged directly for utility recovery in the Terminal Area, but they are charged for cargo facilities. Utility sales are projected to increase with increases in the cost of utilities.

Other Landing and Fuel Flowage Fees

Other landing and fuel flowage fee revenues include landing fees paid and fuel flowage fees paid by non-Signatory Airlines and itinerant and GA aircraft operating out of FBO facilities or corporate hangars. Minimum landing fees, non-Signatory landing fees, and fuel flowage fees are set annually by regulation. Per the Airline Agreement, Airlines are exempt from fuel flowage fees. Other landing and fuel flowage fees are projected to increase with the Signatory Airline Landing Fee Rate and inflation.

Miscellaneous

Miscellaneous revenues include ground transportation monitor fees, other miscellaneous fees for the sale or disposal of assets, and interest income. Miscellaneous revenues are projected to increase based on historical averages and the 2.0 percent rate of inflation, and with the projected decreasing interest rates during the Projection Period.

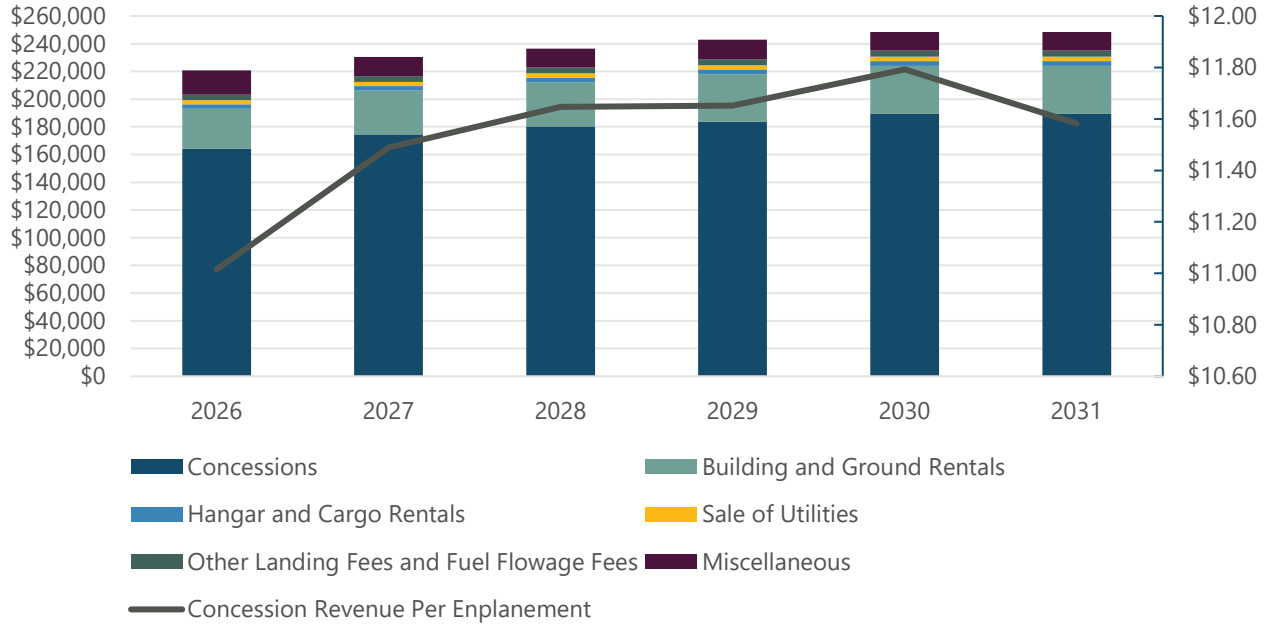
Non-Airline Revenues Related to Future Projects

There are no assumed incremental non-Airline revenues associated with the CDP described in Chapter 2 of this Report, including the 2025 Projects.

Exhibit 5-4 presents the projected non-Airline revenues during the Projection Period.

EXHIBIT 5-4 PROJECTED NON-AIRLINE REVENUES

(Dollars in Thousands for Fiscal Years Ending June 30)



SOURCES: City of Philadelphia, Department of Aviation, June 2025; AVK Consulting, Inc., June 2025 (based on the analysis and assumptions in the Report).

5.4 OTHER AMOUNTS AVAILABLE FOR DEBT SERVICE

5.4.1 PASSENGER FACILITY CHARGE REVENUE

The City has FAA approval to impose a PFC at the Airport and to use PFC Revenue for approved Airport projects, including some airfield, terminal, and access control projects in the CDP.

Passenger Facility Charge Program Highlights

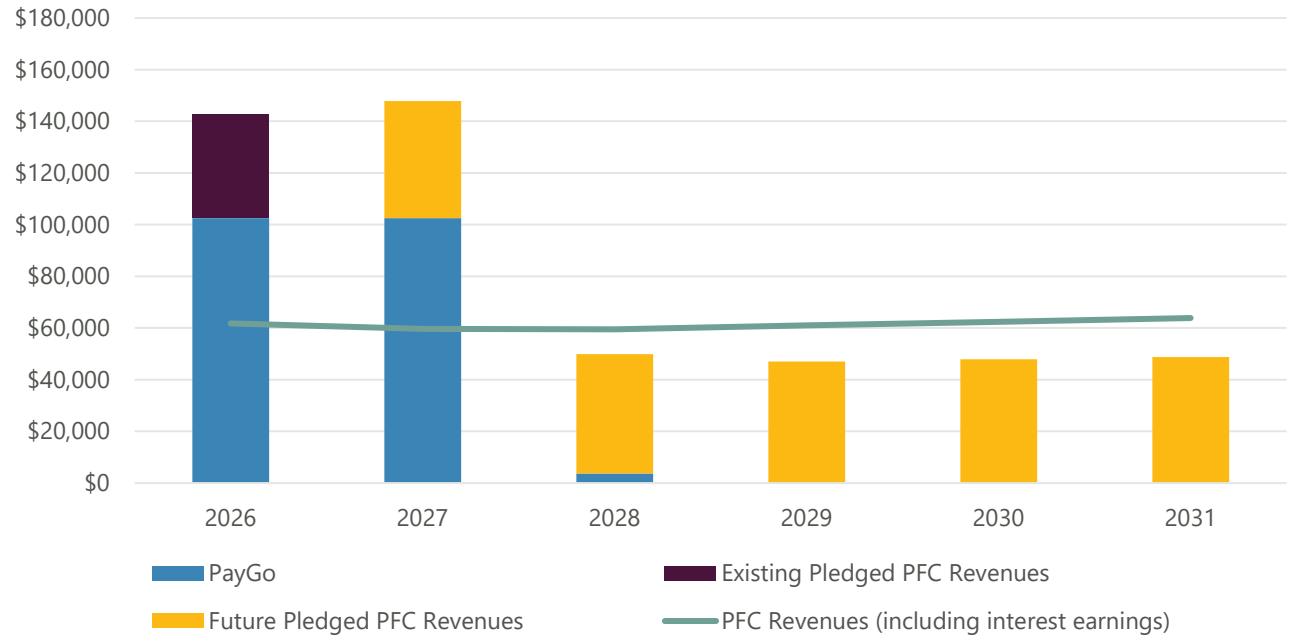
For PFC Revenues during the Projection Period, the analysis assumed the current collection rate of $4.50 per qualifying enplaned passenger, net of a $0.11 per passenger administrative fee to be retained by the Airlines. As of June 30, 2025, the Airport's PFC fund balance is $297.8 million. Currently, the entire PFC fund balance is available to pledge as Other Amounts Available for Debt Service. During the Projection Period, it is assumed that the City would submit additional PFC applications that will result in an increase to the annual amount pledged.

Table A-3 in **Appendix A** of this Report includes the pledged PFC Revenues based on approved PFC applications. The City currently has remaining pledged PFCs on portions of the Series 2017AB, Series 2020ABC, and Series 2021 Bonds from FY 2025 through FY 2026 of $81.3 million. The City intends to make future pledges of PFCs on existing series of bonds, the Series 2025 Bonds or future series of bonds for PFC-eligible debt service in an annual amount equal to up to 80 percent of annual PFC collections.

Projected PFC Revenues, as shown on **Exhibit 5-5**, are expected to be sufficient to cover all pledged PFC Revenues for the payment of Debt Service at the current $4.50 per PFC-eligible enplaned passenger. If PFC Revenues generated in a given year are insufficient to fully pay PFC-eligible debt service in that year, then the City will use existing PFC Revenues in the PFC Revenue Fund, if available, instead of Project Revenues to pay the shortfall.

EXHIBIT 5-5 PROJECTED PASSENGER FACILITY CHARGE REVENUE

(Dollars in Thousands for Fiscal Years Ending June 30)



NOTE: PFC – Passenger Facility Charge
SOURCES: City of Philadelphia, Department of Aviation; June 2025; AVK Consulting, Inc., June 2025 (based on the analysis and assumptions in the Report).

5.4.2 AVIATION OPERATING FUNDS AVAILABLE FOR DEBT SERVICE

The General Ordinance and the Airline Agreement establish various fund deposits to be made annually to the O&M Account, the Bond R&I Account, and the Airport Discretionary Account. The annual deposit to the O&M Account is $3 million, through the initial term of the Airline Agreement and then $4 million thereafter, until the balance in the account is equal to 25 percent of Operating Expenses. To the extent the Signatory Airlines overpayment is greater than $15 million in any year, the overpayment will be reduced by $4 million through FY 2026 and $5 million through the renewal periods to make an additional deposit to the O&M Account.

The deposit to the Bond R&I Account is equal to the incremental amount required to fund an amount not to exceed the lesser of (1) the amount of Debt Service Reserve Surety Bonds fulfilling the City's Sinking Fund Reserve requirements, or (2) 25 percent of maximum annual Debt Service. The annual deposit to the Discretionary Account is equal to the City's share of net revenues generated in the OTA Cost Center.

As of June 30, 2025, the Department had a $583.5 million balance in the Aviation Operating Fund and a $30.3 million balance in the Bond R&I Account, for a total of $613.7 million in Operating fund balances. **Table 5-3** presents the estimated annual Operating fund balances through the Projection Period assuming annual revenue, expenses, and deposits occur as projected in this Report. Operating fund balances are projected to increase from $613.7 million in FY 2025 to $859.6 million in FY 2031, representing an increase in Days Cash on Hand from 686 days in FY 2025 to 760 days in FY 2031.

TABLE 5-3 ESTIMATED AVIATION OPERATING FUND BALANCES

Dollars in Thousands for Fiscal Years Ending June 30)

	2025	2026	2027	2028	2029	2030	2031
Operating Funds							
Bond R&I Account	$30,287	$30,299	$30,148	$31,354	$31,718	$31,574	$31,569
Aviation Operating Fund [1]	583,463	555,395	638,395	689,267	711,697	767,863	828,021
	$613,750	**$585,694**	**$668,543**	**$720,621**	**$743,415**	**$799,467**	**$859,590**
Days Cash on Hand	686	611	664	694	695	726	760

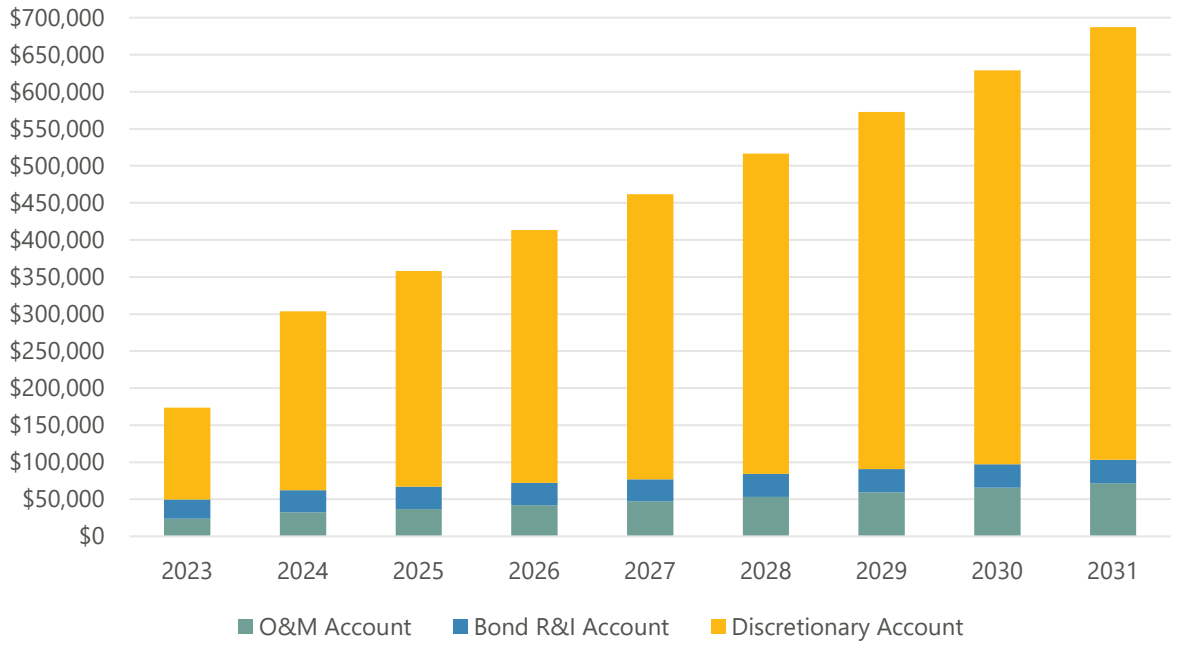
NOTE:
1 Aviation Operating Fund balance includes unrestricted cash, as well as, amounts in the Discretionary Account and the O&M Account.
SOURCES: City of Philadelphia, Department of Aviation, June 2025; AVK Consulting, Inc., July 2025.

A portion of the Aviation Operating Fund balances represent other Amounts Available for Debt Service which includes the amounts in the Department's Discretionary, O&M and Bond R&I Accounts. As of July 1, 2024, the combined balance in these accounts was $303.8 million.

Exhibit 5-6 presents the actual and projected balances available in the Aviation Operating Fund for Debt Service. Balances are shown at the end of each FY and represent the amounts available to meet the Rate Covenant in the subsequent FY.

EXHIBIT 5-6 PROJECTED AVIATION OPERATING FUNDS AVAILABLE FOR DEBT SERVICE

(Dollars in Thousands for Fiscal Years Ending June 30)



NOTES: O&M – Operation and Maintenance; R&I – Redemption and Improvement
SOURCES: City of Philadelphia, Department of Aviation, June 2025; AVK Consulting, Inc., July 2025 (based on the analysis and assumptions described in this Report).

5.4.3 OTHER AMOUNTS

Grants or moneys received from private persons or public agencies, either federal, state, or local for the benefit of the Airport System deposited into the Sinking Fund to be used for Debt Services Requirements are also defined in the General Ordinance as Amounts Available for Debt Service. The projections in this Report assumed that no such grants or moneys are received.

5.5 DEBT SERVICE REQUIREMENTS

5.5.1 GENERAL AIRPORT REVENUE BOND DEBT SERVICE

Projected annual Debt Service Requirements, net of capitalized interest and interest earnings on Sinking Fund Reserves, on all current outstanding bonds and projected future bonds are discussed in this section. Projected Debt Service is presented in **Table A-3** in Appendix A of this Report.

Series 2025 Bond Debt Service

As described in Chapter 2 of this Report, the 2025 Projects include portions of Runway 9R/27L rehabilitation and taxiway work and airfield pavement improvements, terminal and concessions development, replacement of loading bridges, repair and replacement of terminal roofs and air handling units, other terminal system improvements, terminal roadway safety improvements, and airfield lighting improvements at Northeast Philadelphia Airport. PFC Revenues and state and federal grants, used on a PayGo basis, are anticipated to fund portions of the 2025 Projects.

The Series 2025 Bonds were assumed to have a term of 30 years, and for the purposes of this Report, interest on the Series 2025 Bonds was assumed at the current market interest rate as of July 2025 plus 50 basis points.

Total Debt Service Requirements on the Series 2025 Bonds are projected to be approximately $12.5 million in FY 2026 and then increase to approximately $25.8 million in FY 2027, and then they are projected to increase to approximately $31.4 million during the remainder of the Projection Period, based on the expected timing of project components being completed and the anticipated structure of the Series 2025 Bonds.

Debt Service Requirements on Future Airport Revenue Bonds

The financial analysis presented in this chapter includes Debt Service Requirements on future bonds to be issued to fund the Airport's CDP described in Chapter 2 of this Report, as well as includes future bonds issued in 2028 and 2030. As shown in Chapter 2 of this Report, proceeds from the assumed Series 2028 and 2030 Bonds in the amounts of approximately $484.1 million and $287.6 million, respectively, along with other funds, are needed to fund the Airport's approved CDP during the Projection Period, as shown in **Table 5-4**. Debt Service Requirements on the assumed Series 2028 Bonds are allocated to Cost Centers based on the type of capital projects funded, detailed in Chapter 2. Debt Service Requirements on the assumed Series 2028 Bonds are projected to be approximately $22.4 million in FY 2030 and then increase to approximately $44.8 million in FY 2031. No Debt Service Requirements on the assumed Series 2030 Bonds are anticipated during the Projection Period.

TABLE 5-4 ASSUMED FUTURE BOND ISSUANCES

FUTURE BOND ISSUANCE	ASSUMED PROJECT FUNDING ($MILLIONS)
Series 2028 Bonds	$484.1 million
Series 2030 Bonds	$287.6 million

SOURCES: City of Philadelphia, Department of Aviation, June 2025; Frasca & Associates, LLC, June 2025; AVK Consulting, Inc., June 2025.

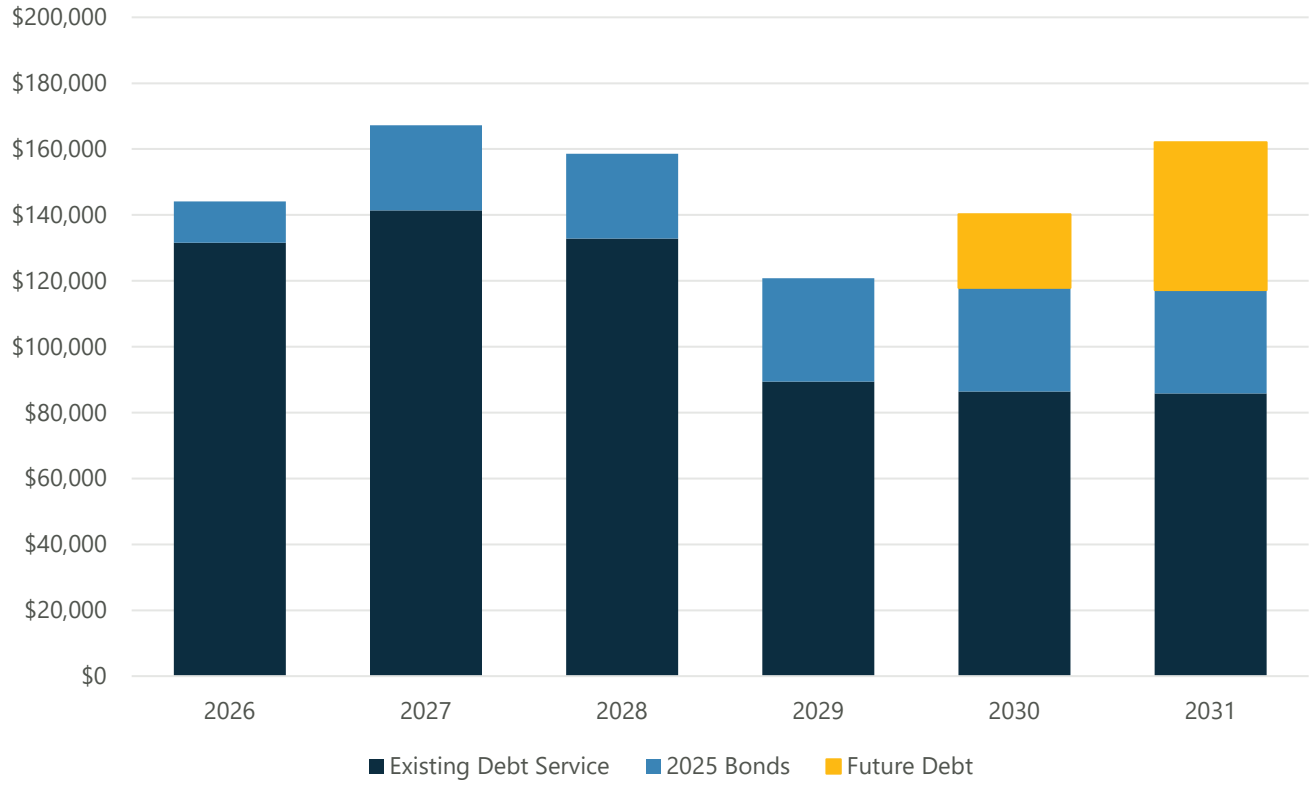
The future Bonds all assume 30-year bonds and an interest rate of 6.0 percent. Future bond issuances associated with the CDP assume two years of capitalized interest based on assumed project completions. The year and amount assumed are presented in Table 5-4.

Debt Service Requirements

In the financial analysis, Debt Service Requirements reflect existing and future Debt Service, net of capitalized interest and interest earnings on Sinking Fund Reserves. As shown on **Exhibit 5-7**, Debt Service Requirements are budgeted to be approximately $144.1 million in FY 2026 and are projected to increase to approximately $167.2 million in FY 2027, and then decrease to $162.1 million in FY 2031 as project components funded with proceeds from the Series 2025 Bonds and future bond issuances are completed and certain portions of existing bonds mature.

EXHIBIT 5-7 PROJECTED NET DEBT SERVICE

(Dollars in Thousands for Fiscal Years Ending June 30)



SOURCES: City of Philadelphia, Department of Aviation, June 2025; Frasca & Associates, July 2025; AVK Consulting, Inc., July 2025.

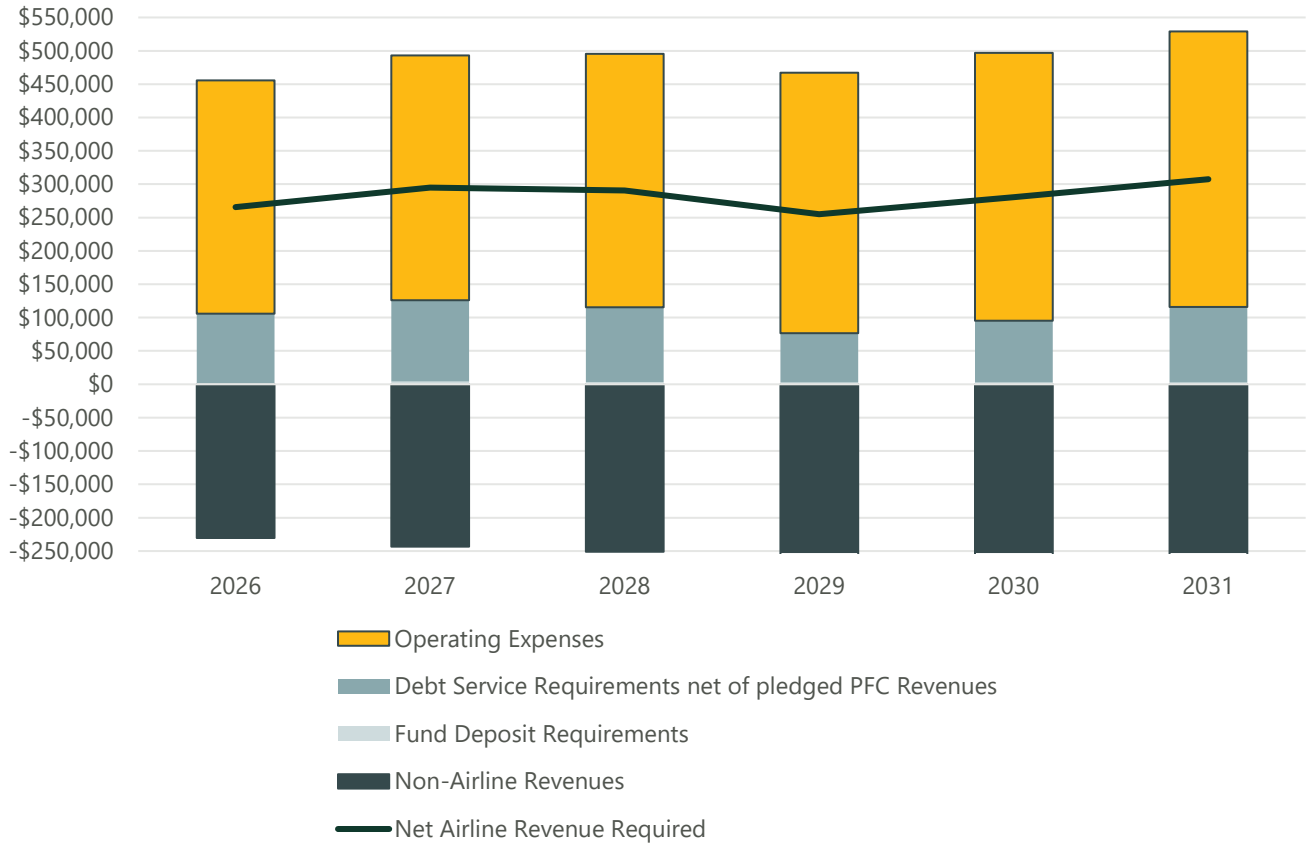
5.6 NET AIRLINE REVENUES REQUIRED

Through the General Ordinance and the Airline Agreement, the Airport enterprise fund has the ability to generate sufficient Project Revenues to pay Operating Expenses, Debt Service net of pledged PFC Revenues and capitalized interest and required annual fund deposits to the O&M Account and the Bond R&I Account.

The net Airline Revenues required represents the total amount that must be paid by the Airlines under the Airline Agreement, through Terminal Rentals, which include International Common Use Fees; Ramp Area Rentals; and Landing Fees. The net Airline Revenues required are projected to increase from approximately $265.4 million in FY 2026 to approximately $307.5 million in FY 2031, as shown on **Exhibit 5-8**.

EXHIBIT 5-8 PROJECTED NET SIGNATORY AIRLINE REQUIREMENT

(Dollars in Thousands for Fiscal Years Ending June 30)



NOTE: PFC – Passenger Facility Charge
SOURCES: City of Philadelphia, Department of Aviation, June 2025; AVK Consulting, Inc., July 2025.

5.7 CALCULATION OF AIRLINE RENTS AND FEES

Under the Airline Agreement, the Terminal Area, Ramp Area, Airfield Area, Other Buildings and Areas, and Northeast Philadelphia Airport Cost Centers each generate rents and fees payable by the Airlines. The Airline Rents and Fees presented in this section for FY 2026 through FY 2031 reflect the rate-setting methodology in the Airline Agreement. The financial projections presented herein assume a continuation of the current residual rate-setting methodology in the Airline Agreement through FY 2031 (see Section 5.1.1).

Applicable non-Airline revenues (i.e., concessions, building and ground rentals, hangar and cargo rentals, utility sales, other landing and fuel flowage fees, and miscellaneous revenues), as well as the following costs, are allocated to each Cost Center to calculate applicable rates used to generate such rents and fees:

- **Operating Expenses.** This includes the direct and indirect Operating Expenses allocated to the Airline Cost Centers.
- **Net Debt Service.** This includes the portion of Debt Service allocable to the Airline Cost Centers, net of capitalized interest, pledged PFC Revenues, and interest earnings on the Sinking Fund Reserves.

- **Fund Deposit Requirements.** This includes the portions of the amount required to be deposited to the funds previously described allocable to the Airline Cost Centers.

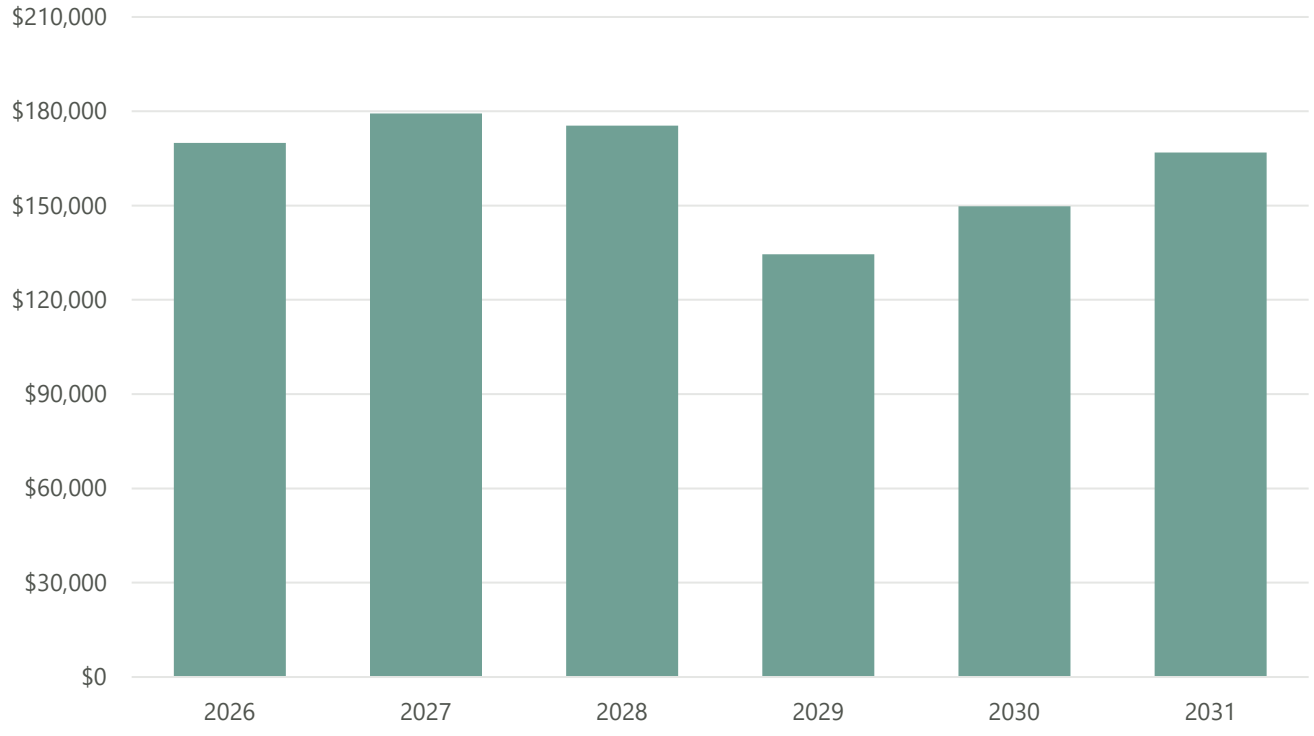
5.7.1 TERMINAL AREA

The sum of Operating Expenses, net Debt Service, and fund deposits allocable to the Terminal Area is offset by non-Airline revenues and any prior year carry-forwards allocable to the Terminal Area to derive the Terminal Area Requirement. The Terminal Area Requirement is divided by the weighted Airline Space to establish Type 1 through Type 4 Terminal Area rental rates. Airlines are charged per square foot of rentals for exclusive, preferential, and joint use areas. The cost of the space associated with the International Common Use areas of the Terminal Area is derived by multiplying the square footage of the International Common Use areas by the appropriate rate. This cost is then divided by the projected number of enplaning, deplaning, and Federal Inspection Services (FIS) deplaning passengers to establish the International Common Use Ticket Counter Area Fee, Enplaning Area Fee, and Deplaning Area Fee, as well as the FIS Area Fee.

Exhibit 5-9 presents the projected Terminal Area rentals at the Airport during the Projection Period.

EXHIBIT 5-9 PROJECTED TERMINAL AREA RENTALS

(Dollars in Thousands for Fiscal Years Ending June 30)



SOURCE: City of Philadelphia, Department of Aviation, June 2025; AVK Consulting, Inc., July 2025.

5.7.2 RAMP AREA

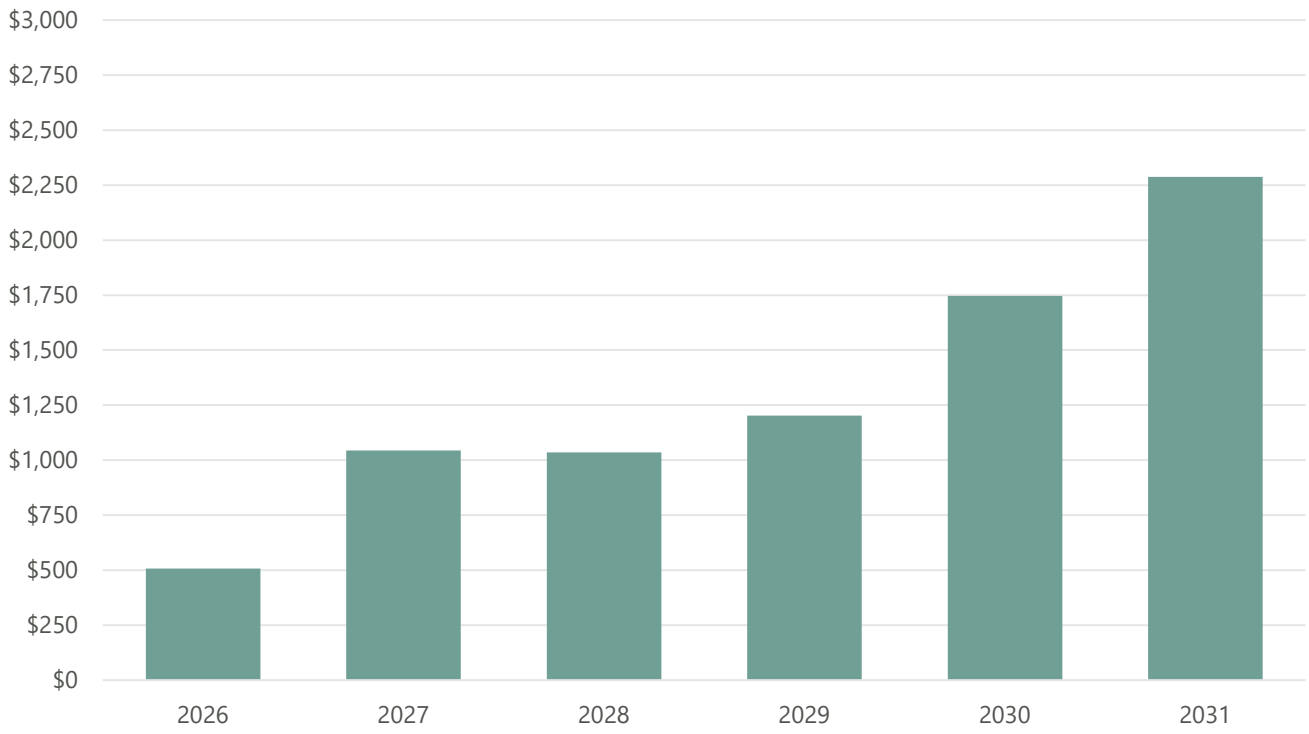
The sum of Operating Expenses, net Debt Service, and fund deposits allocable to the Ramp Area is offset by non-Airline revenues and any prior year carry-forwards allocable to the Ramp Area to derive the Ramp Area Requirement. The Ramp Area Requirement is divided by the leased linear footage of the Ramp Area Premises. Airlines are charged

per linear foot of rentals for preferential use areas. The cost of the Ramp Area associated with the International Common Ramp Area Premise is multiplied by the Ramp Area Premises Rate to determine the Ramp Area cost to be recovered equally through the International Common Use Enplaning and Deplaning Area Fees.

Exhibit 5-10 presents the projected Ramp Area rentals at the Airport during the Projection Period.

EXHIBIT 5-10 PROJECTED RAMP AREA RENTALS

(Dollars in Thousands for Fiscal Years Ending June 30)



SOURCES: City of Philadelphia, Department of Aviation, June 2025; AVK Consulting, Inc., July 2025.

5.7.3 LANDING FEES

Landing Fees are calculated by determining the net cost each of the following Cost Centers:

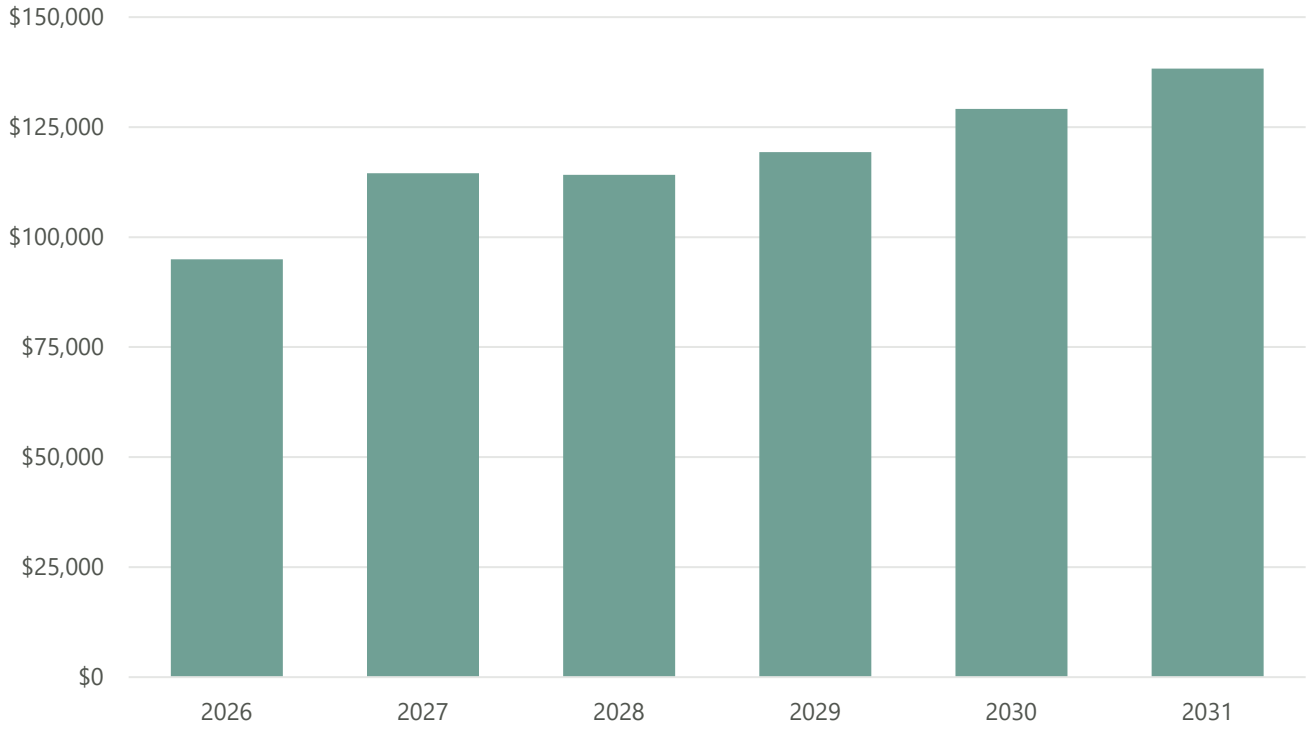
- **Airfield Area.** This includes the sum of Operating Expense, net Debt Service, and fund deposit requirements offset by non-Airline revenues allocable to the Airfield Area, including any non-Airline landing fees. This amount is to reflect any prior year carry forwards of Airline underpayments or overpayments.
- **Other Buildings and Areas.** This includes the sum of Operating Expense, net Debt Service, and fund deposit requirements offset by non-Airline revenues allocable to Other Buildings and Areas. This amount is additionally offset by any Airline Revenue Allocation from the prior year.
- **Northeast Philadelphia Airport.** This includes the sum of Operating Expense, net Debt Service, and fund deposit requirements offset by non-Airline revenues allocable to Northeast Philadelphia Airport.

The sum of the net requirement of these three Cost Centers establishes the Airfield Area Requirement. This requirement is divided by the Airline Landed Weight to derive the Signatory Landing Fee Rate.

Exhibit 5-11 presents the projected Landing Fees at the Airport during the Projection Period.

EXHIBIT 5-11 PROJECTED LANDING FEE REVENUE

(Dollars in Thousands for Fiscal Years Ending June 30)



SOURCES: City of Philadelphia, Department of Aviation, June 2025; AVK Consulting, Inc., July 2025.

5.8 REASONABLENESS OF AIRPORT RENTALS, FEES, AND CHARGES

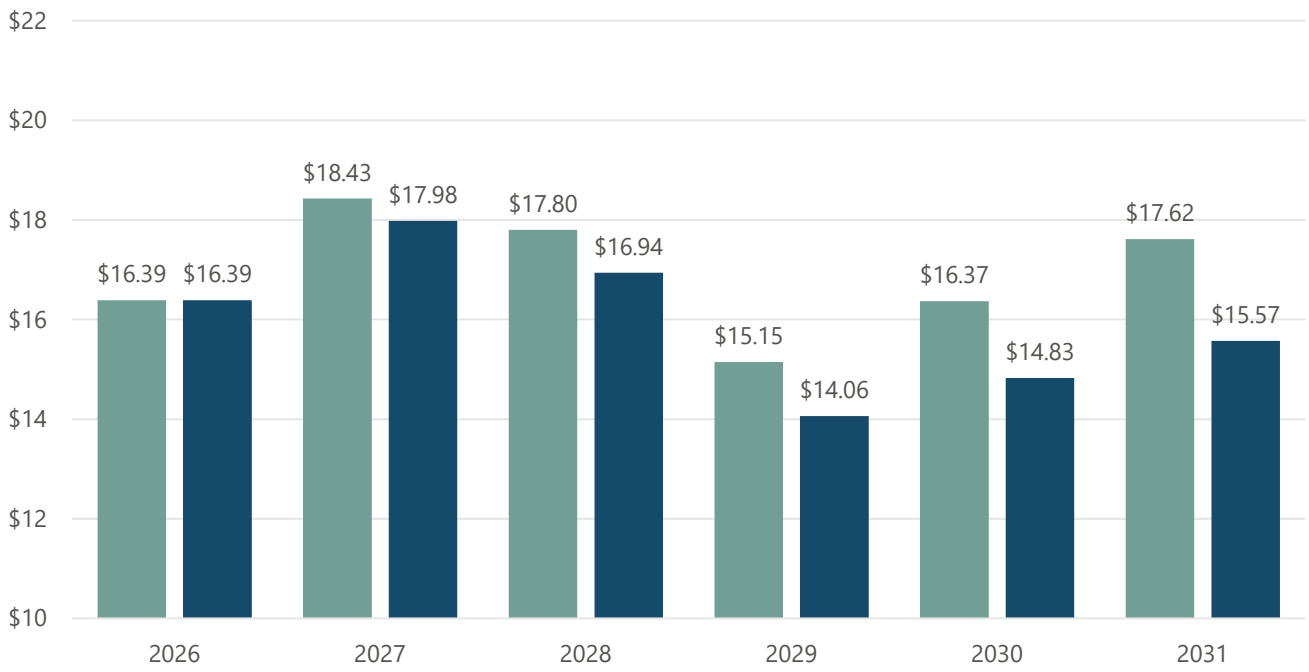
Table A-7 in Appendix A of this Report presents the airline revenue resulting from the previously described rent and fees. Consistent with the Airline Agreement, the net Airline Revenues required, shown on Table A-5 in the Appendix A of this Report, equals the total Airline Revenues in Table A-7.

Airline Cost

One approach to compare Airline costs or fees from airport to airport is to calculate the Cost Per Enplanement (CPE), which is derived by dividing the Airline Revenues required by enplaned passengers. **Exhibit 5-12** shows the projected Airline CPE at the Airport. As shown, the CPE is projected to increase from $16.39 in FY 2026 to $17.62 in FY 2031, which equates to $15.57 in 2026 dollars, assuming 2.5 percent inflation. The CPE is projected to increase to $18.43 or $17.98 in 2026 dollars in FY 2027, reflecting the incremental Debt Service attributable to the implementation of the CDP funded with the Series 2025 Bonds described in Chapter 2. According to the analysis in this Report, the projected Airline Revenues were evaluated to be reasonable based on the expectation that these revenues will not significantly deter forecast demand for air traffic at the Airport.

EXHIBIT 5-12 PROJECTED AIRLINE COST PER ENPLANEMENT

(Fiscal Years Ending June 30)



SOURCES: City of Philadelphia, Department of Aviation, June 2025; AVK Consulting, Inc., June 2025.

5.9 DEBT SERVICE COVERAGE

Table A-9 and **Table A-10** in Appendix A of this Report present the application of Project Revenues and Debt Service coverage ratios projected for FY 2026 through FY 2031, respectively. As contained in the General Ordinance:

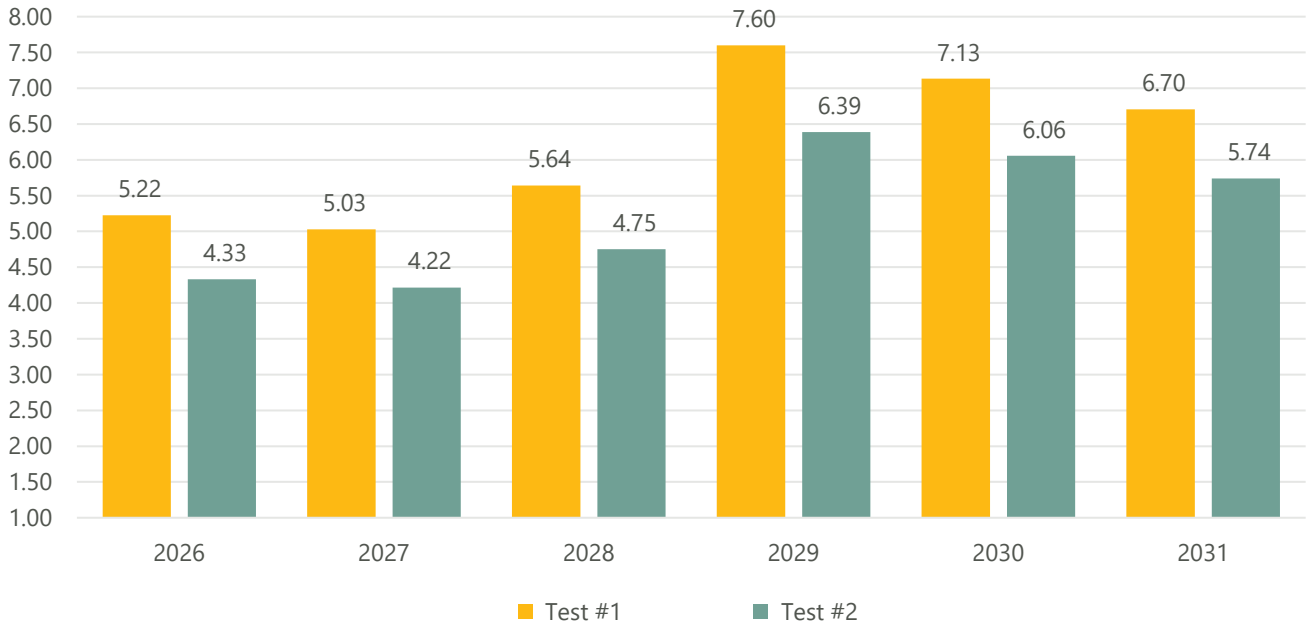
> The City covenants…. [that it will] impose, charge and recognize revenues in each Fiscal Year such rentals, charges, and fees as shall, together with that portion of Aviation Operating Fund balance attributable to Amounts Available for Debt Service and carried forward at the beginning of such Fiscal Year and together with all other Amounts Available for Debt Service to be received in such Fiscal Year, equal to not less than the greater of:
>
> (1) The sum of:
> (i) all Net Operating Expenses payable during such Fiscal Year;
> (ii) 150% of the amount required to pay the Debt Service Requirements during such Fiscal Year;
> (iii) the amount, if any, required to be paid into the Sinking Fund Reserve Account during such Fiscal Year; and
> (iv) the amount, if any, required to be paid into the Renewal Fund during such Fiscal Year; or
>
> (2) the sum of:
> (i) all Operating Expenses payable during such Fiscal Year; and
> (ii) (A) all Debt Service Requirements during such Fiscal Year; (B) all debt service requirements during such Fiscal Year in respect of all outstanding General

Obligation Bonds and NSS General Obligation Bonds issued for improvements to the Airport System; (C) all debt service requirements during such Fiscal Year on Subordinate Obligations and any other subordinate indebtedness secured by any Amounts Available for Debt Service; (D) all amounts required to repay loans among funds made pursuant to Section 4.05(c); (E) the amount, if any, required to be paid into the Sinking Fund Reserve Account or Renewal Fund during such Fiscal Year; and (F) all amounts required to be paid under Exchange Agreements.

Pledged Amounts Available for Debt Service include Project Revenues, PFC Revenues, and the portion of the Aviation Operating Fund balance comprising the balances in the Bond R&I Account, the O&M Account, and the Discretionary Account. As described in Section 5.4.1, certain PFC Revenues are currently pledged through FY 2026 to be equal to the amount of annual PFC-eligible debt service on approved PFC applications. The City intends to pledge additional PFC Revenues for existing and future annual Debt Service of up to 80 percent of annual collections through submitting additional PFC applications during the Projection Period.[130] As shown on **Exhibit 5-13** (and in Table A-10), the Debt Service coverage ratio is projected to exceed the minimum requirements of 1.50x and 1.00x for Rate Covenant Tests #1 and #2 in each year of the Projection Period.

EXHIBIT 5-13 PROJECTED DEBT SERVICE COVERAGE

(For Fiscal Years Ending June 30)



SOURCES: City of Philadelphia, Department of Aviation, June 2025; AVK Consulting, Inc., July 2025 (based on the analysis and assumptions described in this Report).

[130] At this time, "Future Pledged PFC Revenues" in Table A-10 have not been formally pledged for a specific series of bonds through the Bond Committee and would not be considered as Pledged Amounts under Section 5.04 of the General Ordinance except for the current year that has been pledged through the City's budgetary process. If the "Future Pledged PFC Revenues" are disregarded in Table A-10 the City will still meet Test 1 and Test 2 under Section 5.04 of the General Ordinance.

5.10 ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS

The methodologies used in preparing this financial analysis are consistent with industry practices for similar studies in connection with airport revenue bond sales. While the Consultants believe the approach and assumptions used are reasonable, some assumptions regarding future trends and events presented in this Report, including, the implementation schedule and forecast of enplaned passengers, may not materialize. Therefore, achievement of the forecasts and projections presented in this Report is dependent upon the occurrence of future events, which cannot be assured, and the variations may be material.

APPENDIX A

Financial Projection Tables

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TABLE A-1 OPERATING EXPENSES

(For Fiscal Years Ending June 30)

	ACTUAL [1]		ESTIMATED [2]	BUDGET [2]	PROJECTED [3]					COMPOUNDED ANNUAL
	2023	2024	2025	2026	2027	2028	2029	2030	2031	GROWTH RATE (2026 - 2031)
Net Operating Expenses										
Personal services	$47,466,863	$57,112,152	$65,000,000	$68,000,000	$74,574,000	$78,558,000	$81,308,000	$84,153,000	$87,099,000	5.1%
Contractual services	92,842,368	117,012,750	126,689,000	137,597,000	141,037,000	143,857,000	146,735,000	149,671,000	152,665,000	2.1%
Materials and supplies	3,215,359	4,046,457	6,898,000	7,566,000	7,754,000	7,910,000	8,070,000	8,232,000	8,397,000	2.1%
Equipment	1,842,035	1,146,492	2,224,000	3,059,000	3,134,000	3,195,000	3,259,000	3,324,000	3,390,000	2.1%
Taxes	3,890,656	6,503,044	5,000,000	5,040,000	5,094,000	5,138,000	5,183,000	5,229,000	5,276,000	0.9%
Other	(2,076)	159,018	-	-	-	-	-	-	-	0.0%
Payment to Renewal Fund	-	-	-	-						0.0%
TOTAL NET OPERATING EXPENSES	**$149,255,205**	**$185,979,913**	**$205,811,000**	**$221,262,000**	**$231,593,000**	**$238,658,000**	**$244,555,000**	**$250,609,000**	**$256,827,000**	**3.0%**
Interdepartmental Charges										
Police	$18,404,588	$18,820,523	$18,681,000	$19,434,000	$20,405,000	$21,425,000	$22,389,000	$23,397,000	$24,450,000	4.7%
Fire	9,981,805	10,539,116	10,732,000	11,741,000	12,328,000	12,945,000	13,527,000	14,136,000	14,772,000	4.7%
Utilities	19,940,339	15,185,218	19,100,000	19,900,000	20,399,000	20,808,000	21,224,000	21,649,000	22,082,000	2.1%
Insurance	3,901,691	4,501,916	4,800,000	4,800,000	4,920,000	5,018,000	5,119,000	5,222,000	5,327,000	2.1%
Services of others	1,747,695	4,570,280	5,288,000	6,771,000	7,008,000	7,253,000	7,489,000	7,732,000	7,983,000	3.3%
Legal services	1,593,929	1,591,886	1,977,000	2,087,000	2,165,000	2,246,000	2,325,000	2,406,000	2,490,000	3.6%
Fringe benefits	47,619,439	52,565,130	53,000,000	56,000,000	60,605,000	63,644,000	65,871,000	68,177,000	70,562,000	4.7%
Fleet Management	2,774,730	3,587,464	3,877,000	4,135,000	4,300,000	4,471,000	4,628,000	4,790,000	4,958,000	3.7%
Vehicle Purchases	9,800,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	0.0%
Indemnities	1,828,358	1,103,029	1,500,000	1,500,000	1,515,000	1,530,000	1,545,000	1,560,000	1,575,000	1.0%
TOTAL NET OPERATING EXPENSES	**$117,592,574**	**$114,464,562**	**$120,955,000**	**$128,368,000**	**$135,645,000**	**$141,340,000**	**$146,117,000**	**$151,069,000**	**$156,199,000**	**4.0%**
OPERATING EXPENSES	**$266,847,779**	**$300,444,475**	**$326,766,000**	**$349,630,000**	**$367,238,000**	**$379,998,000**	**$390,672,000**	**$401,678,000**	**$413,026,000**	**3.4%**
Allocation by Project Cost Centers										
Terminal Area	$154,522,975	$169,456,034	$185,086,000	$196,176,000	$206,922,000	$214,329,000	$220,336,000	$226,529,000	$232,913,000	
Ramp Area	-	-	-	-	-	-	-	-	-	
Airfield Area	70,949,179	70,328,552	83,240,000	90,024,000	94,453,000	97,830,000	100,689,000	103,642,000	106,694,000	
Other Buildings and Areas	13,098,055	17,685,668	12,458,000	12,428,000	12,838,000	13,145,000	13,434,000	13,729,000	14,029,000	
Northeast Philadelphia Airport	6,187,688	6,488,544	7,418,000	7,735,000	8,181,000	8,487,000	8,732,000	8,983,000	9,242,000	
Outside Terminal Area	20,960,993	36,429,019	38,564,000	43,267,000	44,844,000	46,207,000	47,481,000	48,795,000	50,148,000	
Airport Services	1,128,889	56,658	-	-	-	-	-	-	-	
	$266,847,779	**$300,444,475**	**$326,766,000**	**$349,630,000**	**$367,238,000**	**$379,998,000**	**$390,672,000**	**$401,678,000**	**$413,026,000**	
Percent Annual Increase		**-2.6%**	**-7.6%**	**7.0%**	**5.0%**	**3.5%**	**2.8%**	**2.8%**	**2.8%**	

NOTES:

1 City of Philadelphia records.

2 City 2026 Rates and Charges Budget, which includes estimates for FY 2025.

3 The current Airport-Airline Use and Lease Agreement expires on June 30, 2026, with the potential for two one-year renewals, which could extend the term to June 30, 2028.

For the purpose of this analysis, the financial projections presented herein assume a continuation of the current rate-making methodology through FY 2031.

SOURCES: City of Philadelphia, Department of Aviation (2023-2026), June 2025; AVK Consulting, Inc. (2027-2031), July 2025.

TABLE A-2 PROJECT REVENUES

(For Fiscal Years Ending June 30)

	ACTUAL [1]		ESTIMATED [2]	BUDGET [2]	PROJECTED [3]					COMPOUNDED ANNUAL
	2023	2024	2025	2026	2027	2028	2029	2030	2031	GROWTH RATE (2026 - 2031)
PROJECT REVENUES										
Airline Revenues [4]										
Terminal Area rentals	$152,778,435	$168,523,507	$193,649,000	$200,223,000	$213,537,000	$212,938,000	$173,305,000	$188,915,000	$206,839,000	0.7%
Ramp Area rentals	-	352,959	652,000	421,000	1,044,000	1,035,000	1,203,000	1,747,000	2,288,000	40.3%
Landing fees [5]	81,479,309	86,806,098	109,870,000	99,081,000	120,246,000	120,262,000	125,542,000	135,430,000	144,705,000	7.9%
AIRLINE REVENUES	**$234,257,744**	**$255,682,564**	**$304,171,000**	**$299,725,000**	**$334,827,000**	**$334,235,000**	**$300,050,000**	**$326,092,000**	**$353,832,000**	**3.4%**
Non-Airline Revenues										
Concessions										
Automobile Parking	$67,320,671	$65,487,818	$71,637,000	$60,113,000	$68,369,000	$73,398,000	$74,866,000	$78,400,000	$79,968,000	5.9%
Restaurants and Retail	40,109,571	44,518,896	51,288,000	52,000,000	52,536,000	53,769,000	55,063,000	56,401,000	57,780,000	2.1%
Rental Car	22,151,743	22,704,042	22,880,000	23,338,000	23,921,000	22,725,000	22,839,000	22,953,000	23,068,000	-0.2%
Ground Transportation	13,685,107	16,152,399	16,947,000	17,305,000	18,094,000	18,456,000	18,825,000	19,202,000	19,586,000	2.5%
Other Concessions	11,093,530	11,358,737	11,265,000	11,325,000	11,628,000	11,878,000	12,148,000	12,478,000	12,818,000	2.5%
	$154,360,622	**$160,221,892**	**$174,017,000**	**$164,081,000**	**$174,548,000**	**$180,226,000**	**$183,741,000**	**$189,434,000**	**$193,220,000**	**3.3%**
Other Non-Airline Revenues										
Building and Ground Rentals	$21,101,754	$30,076,617	$28,128,000	$28,948,000	$31,583,000	$31,950,000	$34,235,000	$34,505,000	$34,893,000	3.8%
Hangar and Cargo Rentals	3,116,634	3,262,309	3,191,000	3,248,000	3,311,000	3,370,000	3,427,000	3,485,000	3,557,000	1.8%
Sale of Utilities	2,774,649	2,788,934	2,904,000	2,942,000	3,014,000	3,074,000	3,136,000	3,198,000	3,262,000	2.1%
Other Landing and Fuel Flowage Fees	3,777,072	3,471,946	3,972,000	4,031,000	4,067,000	4,154,000	4,267,000	4,331,000	4,394,000	1.7%
Miscellaneous	15,832,174	19,559,131	17,612,000	17,551,000	13,996,000	13,590,000	14,077,000	13,548,000	14,019,000	-4.4%
Federal COVID-19 Grants	100,354,166	15,000,000	-	-	-	-	-	-	-	0.0%
	$146,956,449	**$74,158,937**	**$55,807,000**	**$56,720,000**	**$55,971,000**	**$56,138,000**	**$59,142,000**	**$59,067,000**	**$60,125,000**	**1.2%**
NON-AIRLINE REVENUES	**$301,317,071**	**$234,380,829**	**$229,824,000**	**$220,801,000**	**$230,519,000**	**$236,364,000**	**$242,883,000**	**$248,501,000**	**$253,345,000**	**2.8%**
TOTAL PROJECT REVENUES	**$535,574,815**	**$490,063,393**	**$533,995,000**	**$520,526,000**	**$565,346,000**	**$570,599,000**	**$542,933,000**	**$574,593,000**	**$607,177,000**	**3.1%**
Percent Annual Increase		**-8.5%**	**9.0%**	**-2.5%**	**8.6%**	**0.9%**	**-4.8%**	**5.8%**	**5.7%**	

NOTES:

1 City of Philadelphia records.

2 City 2026 Rates and Charges Budget, which includes estimates for FY 2025.

3 The current Airport-Airline Use and Lease Agreement expires on June 30, 2026, with the potential for two one-year renewals, which could extend the term to June 30, 2028.
For the purpose of this analysis, the financial projections presented herein assume a continuation of the current rate-making methodology through FY 2031.

4 Includes Airline Revenues carried forward from prior years and excludes Airline Revenues to be credited to subsequent year.

5 Includes Airlines' share of OTA net revenue from prior year.

SOURCES: City of Philadelphia, Department of Aviation (2023-2026), June 2025; AVK Consulting, Inc. (2027-2031), July 2025.

TABLE A-3 ANNUAL DEBT SERVICE REQUIREMENTS

(For Fiscal Years Ending June 30)

	ACTUAL [1]		ESTIMATED [2]	BUDGET [2]	PROJECTED [3]				
	2023	2024	2025	2026	2027	2028	2029	2030	2031
DEBT SERVICE REQUIREMENTS									
Outstanding Bonds and Short-Term Borrowing									
Series 2005C	$ 16,713,348	$ 16,000,000	$ 16,142,000	$ -	$ -	$ -	$ -	$ -	$ -
Series 2015A	7,667,700	7,666,700	7,665,000	108,000	-	-	-	-	-
Series 2017A	10,487,294	10,488,294	10,477,000	10,488,000	10,480,000	8,167,000	8,166,000	8,169,000	8,166,000
Series 2017B	41,344,750	41,344,500	41,348,000	41,348,000	41,343,000	37,815,000	37,818,000	34,252,000	34,264,000
Series 2020A	8,415,950	15,775,950	15,778,000	15,776,000	15,776,000	15,780,000	15,777,000	15,772,000	15,779,000
Series 2020B	1,614,700	2,479,450	2,476,000	2,480,000	2,477,000	2,477,000	2,479,000	2,479,000	2,476,000
Series 2020C	19,642,150	29,317,650	29,311,000	4,230,000	4,231,000	29,009,000	2,931,000	2,931,000	2,929,000
Series 2021	7,301,776	17,277,158	29,614,000	55,697,000	55,707,000	29,685,000	14,182,000	14,178,000	14,183,000
Direct Purchase Taxable Loan [4]	4,418,631	4,487,629	3,574,000	4,630,000	4,479,000	4,473,000	4,469,000	4,461,000	4,455,000
LOC Fees and other CP expense and fees	44,700,513	9,002,987	11,439,000	3,000,000	10,385,000	8,279,000	7,001,000	7,366,000	6,748,000
	$ 162,306,811	**$ 153,840,317**	**$ 167,824,000**	**$ 137,757,000**	**$ 144,878,000**	**$ 135,685,000**	**$ 92,823,000**	**$ 89,608,000**	**$ 89,000,000**
Proposed Debt									
Series 2025A [5]	$ -	$ -	$ -	$ 3,093,000	$ 6,056,000	$ 6,055,000	$ 8,025,000	$ 8,022,000	$ 8,024,000
Series 2025B [5]	-	-	-	9,455,000	19,723,000	19,731,000	23,406,000	23,419,000	23,418,000
Series 2028 [6]	-	-	-	-	-	-	-	22,405,000	44,809,000
Series 2030 [6]	-	-	-	-	-	-	-	-	-
	$ -	**$ -**	**$ -**	**$ 12,548,000**	**$ 25,779,000**	**$ 25,786,000**	**$ 31,431,000**	**$ 53,846,000**	**$ 76,251,000**
Less: Interest Income [7]	(1,885,561)	(915,000)	(1,220,000)	(6,211,000)	(3,448,000)	(2,873,000)	(3,432,000)	(3,193,000)	(3,193,000)
TOTAL DEBT SERVICE REQUIREMENTS	**$ 160,421,250**	**$ 152,925,317**	**$ 166,604,000**	**$ 144,094,000**	**$ 167,209,000**	**$ 158,598,000**	**$ 120,822,000**	**$ 140,261,000**	**$ 162,058,000**

NOTES:

1 City of Philadelphia records.

2 City 2026 Final Rates and Charges Budget, which includes estimates for FY 2024.

3 The current Airport-Airline Use and Lease Agreement expires on June 30, 2026, with the potential for two one-year renewals, which could extend the term to June 30, 2028.
For the purpose of this analysis, the financial projections presented herein assume a continuation of the current rate-making methodology through FY 2031.

4 Airport renewed the direct loan on June 13, 2025. Assumes the direct loan amortization continues beyond the current June 13, 2028 optional tender date per the current agreement for the Projection Period.

5 Represents the projected Debt Service on bonds to be issued to repay $316 million of outstanding commercial paper notes and to refund the Series 2015A Bonds.

6 Represents Debt Service on the additional bonds to be issued to fund the CDP during the Projection Period.

7 Represents excess cash balances in the Sinking Fund Reserves available to pay Debt Service.

SOURCES: City of Philadelphia, Department of Aviation (2023-2026), June 2025; AVK Consulting, Inc. (2027-2031), July 2025.

TABLE A-4 FUND DEPOSIT REQUIREMENTS

(For Fiscal Years Ending June 30)

	ACTUAL [1]		ESTIMATED [2]	BUDGET [2]	PROJECTED [3]				
	2023	2024	2025	2026	2027	2028	2029	2030	2031
O&M Account	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 4,000,000	$ 4,000,000	$ 4,000,000	$ 4,000,000	$ 4,000,000
Bond R&I Account	3,411,323	(860,663)	(1,042,000)	(1,054,000)	-	(890,000)	(1,254,000)	(1,110,000)	(1,105,000)
TOTAL FUND DEPOSIT REQUIRMENTS	**$ 6,411,323**	**$ 2,139,337**	**$ 1,958,000**	**$ 1,946,000**	**$ 4,000,000**	**$ 3,110,000**	**$ 2,746,000**	**$ 2,890,000**	**$ 2,895,000**
Fund Deposit Requirements by Cost Center									
Terminal Area	$ 3,661,254	$ 1,036,606	$ 970,000	$ 828,000	$ 2,254,000	$ 1,601,000	$ 1,466,000	$ 1,562,000	$ 1,560,000
Ramp Area	-	(2,672)	(6,000)	(6,000)	-	(6,000)	(13,000)	(14,000)	(16,000)
Airfield Area	1,321,853	552,765	546,000	671,000	1,029,000	892,000	765,000	792,000	796,000
Other Buildings and Areas	297,515	129,819	40,000	29,000	140,000	61,000	(23,000)	6,000	16,000
PNE	84,995	61,603	62,000	63,000	89,000	84,000	80,000	76,000	73,000
Outside Terminal Area	1,045,706	361,216	346,000	361,000	488,000	478,000	471,000	468,000	466,000
FUND DEPOSIT REQUIREMENTS BY COST CENTER	**$ 6,411,323**	**$ 2,139,337**	**$ 1,958,000**	**$ 1,946,000**	**$ 4,000,000**	**$ 3,110,000**	**$ 2,746,000**	**$ 2,890,000**	**$ 2,895,000**

NOTES:

1 City of Philadelphia records.

2 City 2026 Final Rates and Charges Budget, which includes estimates for FY 2025.

3 The current Airport-Airline Use and Lease Agreement expires on June 30, 2026, with the potential for two one-year renewals, which could extend the term to June 30, 2028.

For the purpose of this analysis, the financial projections presented herein assume a continuation of the current rate-making methodology through FY 2031.

SOURCES: City of Philadelphia, Department of Aviation (2023-2026), June 2025; AVK Consulting, Inc. (2027-2031), July 2025.

TABLE A-5 NET AIRLINE REVENUES REQUIRED

(For Fiscal Years Ending June 30)

	BUDGET [1]	PROJECTED [2]				
	2026	2027	2028	2029	2030	2031
Operating Expenses	$ 349,630,000	$ 367,238,000	$ 379,998,000	$ 390,672,000	$ 401,678,000	$ 413,026,000
Debt Service Requirements	144,094,000	167,209,000	158,598,000	120,822,000	140,261,000	162,058,000
Fund Deposit Requirements	1,946,000	4,000,000	3,110,000	2,746,000	2,890,000	2,895,000
TOTAL EXPENSES, NET DEBT SERVICE, AND FUND DEPOSITS	**$ 495,670,000**	**$ 538,447,000**	**$ 541,706,000**	**$ 514,240,000**	**$ 544,829,000**	**$ 577,979,000**
Less:						
Non-Airline Revenue	$ 220,801,000	$ 230,519,000	$ 236,364,000	$ 242,883,000	$ 248,501,000	$ 253,345,000
Pledged PFC Revenues	40,000,000	45,354,000	46,196,000	47,077,000	47,954,000	48,823,000
Airline Revenue Allocation [3]	40,003,000	32,428,000	36,126,000	37,544,000	37,885,000	38,859,000
OTA net revenues	(64,856,000)	(72,253,000)	(75,089,000)	(75,770,000)	(77,718,000)	(78,021,000)
Prior year carry-forwards	(5,728,000)	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
	$ 230,220,000	**$ 243,548,000**	**$ 251,097,000**	**$ 259,234,000**	**$ 264,122,000**	**$ 270,506,000**
NET AIRLINE REVENUE REQUIRED [4]	**$ 265,450,000**	**$ 294,899,000**	**$ 290,609,000**	**$ 255,006,000**	**$ 280,707,000**	**$ 307,473,000**

NOTES:

1 City 2026 Final Rate and Charges Budget.

2 The current Airport-Airline Use and Lease Agreement expires on June 30, 2026, with the potential for two one-year renewals, which could extend the term to June 30, 2028.

For the purpose of this analysis, the financial projections presented herein assume a continuation of the current rate-making methodology through FY 2031.

3 Represents Airlines' share of prior fiscal year OTA net revenues.

4 Shown net of Airline Revenues carried forward from prior years and Airline Revenue Allocation to be credited to subsequent year.

SOURCES: City of Philadelphia, Department of Aviation (2026), June 2025; AVK Consulting, Inc. (2027-2031), July 2025.

TABLE A-6 AIRLINE RENTS AND FEES

(For Fiscal Years Ending June 30)

	BUDGET [1]	PROJECTED [2]				
	2026	2027	2028	2029	2030	2031
Terminal Area Rental Rates [3]						
Signatory Rental Rates						
Type 1	$236.93	$250.23	$244.75	$187.67	$209.02	$232.81
Type 2	177.69	187.67	183.56	140.75	156.77	174.60
Type 3	118.45	125.11	122.37	93.84	104.51	116.40
Type 4	59.23	62.56	61.19	46.92	52.26	58.20
Non-Signatory Rental Rates						
Type 1	$272.47	$287.76	$281.46	$215.82	$240.38	$267.73
Type 2	204.35	215.82	211.09	161.87	180.28	200.79
Type 3	136.22	143.88	140.73	107.91	120.19	133.86
Type 4	68.12	71.94	70.36	53.96	60.09	66.93
Ramp Area Rental Rate [4]	$34.90	$54.50	$54.77	$63.66	$92.45	$121.08
Landing Fee Rate [5]						
Signatory Landing Fee Rate	$4.85	$5.67	$5.56	$5.72	$6.10	$6.44
Non-Signatory Landing Fee Rate	5.57	6.52	6.40	6.58	7.02	7.41

NOTES:

1 City 2026 Final Rate and Charges Budget.

2 The current Airport-Airline Use and Lease Agreement expires on June 30, 2026, with the potential for two one-year renewals, which could extend the term to June 30, 2028.
For the purpose of this analysis, the financial projections presented herein assume a continuation of the current rate-making methodology through FY 2031.

3 Per square foot.

4 Per linear foot.

5 Per thousand pound unit.

SOURCES: City of Philadelphia, Department of Aviation (2026), June 2025; AVK Consulting, Inc. (2027-2031), July 2025.

TABLE A-7 AIRLINE REVENUES

(For Fiscal Years Ending June 30)

	BUDGET [1]	PROJECTED [2]				
	2026	2027	2028	2029	2030	2031
Terminal Area Rentals	$ 138,550,000	$ 146,247,000	$ 143,038,000	$ 109,584,000	$ 121,953,000	$ 135,748,000
International Common Use Charges	31,428,000	33,105,000	32,387,000	24,931,000	27,866,000	31,118,000
Terminal Area Rentals and International Common Use Charges	**$ 169,978,000**	**$ 179,352,000**	**$ 175,425,000**	**$ 134,515,000**	**$ 149,819,000**	**$ 166,866,000**
Ramp Area Rentals	507,000	1,044,000	1,035,000	1,203,000	1,747,000	2,288,000
Landing Fee Revenue	94,965,000	114,503,000	114,149,000	119,288,000	129,141,000	138,319,000
NET AIRLINE REVENUE REQUIRED [3]	**$ 265,450,000**	**$ 294,899,000**	**$ 290,609,000**	**$ 255,006,000**	**$ 280,707,000**	**$ 307,473,000**

NOTES:

1 City 2026 Final Rates and Charges Budget.

2 The current Airport-Airline Use and Lease Agreement expires on June 30, 2026, with the potential for two one-year renewals, which could extend the term to June 30, 2028.

For the purpose of this analysis, the financial projections presented herein assume a continuation of the current rate-making methodology through FY 2031.

3 Shown net of Airline Revenues carried forward and Airline Revenue Allocation available from prior year.

SOURCES: City of Philadelphia, Department of Aviation (2026), June 2025; AVK Consulting, Inc. (2027-2031), July 2025.

TABLE A-8 AIRLINE COST PER ENPLANED PASSENGER

(For Fiscal Years Ending June 30)

	BUDGET [1]	PROJECTED [2]				
	2026	2027	2028	2029	2030	2031
Net Airline Revenues Required	$ 265,450,000	$ 294,899,000	$ 290,609,000	$ 255,006,000	$ 280,707,000	$ 307,473,000
Less: Projected Cargo Landing Fees	(9,900,000)	(14,899,000)	(15,174,000)	(16,164,000)	(17,782,000)	(19,344,000)
PASSENGER AIRLINE REVENUES	**$ 255,550,000**	**$ 280,000,000**	**$ 275,435,000**	**$ 238,842,000**	**$ 262,925,000**	**$ 288,129,000**
Projected Enplaned Passengers	15,587,000	15,193,000	15,475,000	15,770,000	16,064,000	16,355,000
Passenger Airline Cost per Enplaned Passenger						
Current Dollars	**$16.39**	**$18.43**	**$17.80**	**$15.15**	**$16.37**	**$17.62**
2026 Dollars [3]	$16.39	$17.98	$16.94	$14.06	$14.83	$15.57

NOTES:

1 City 2026 Final Rates and Charges Budget, including projected enplaned passengers.

2 The current Airport-Airline Use and Lease Agreement expires on June 30, 2026, with the potential for two one-year renewals, which could extend the term to June 30, 2028. For the purpose of this analysis, the financial projections presented herein assume a continuation of the current rate-making methodology through FY 2031.

3 Inflation rate assumed at 2.5 percent.

SOURCES: City of Philadelphia, Department of Aviation (2026), June 2025; AVK Consulting, Inc. (2027-2031), July 2025.

TABLE A-9 APPLICATION OF PROJECT REVENUES

(For Fiscal Years Ending June 30)

	ACTUAL [1]		ESTIMATED [2]	BUDGET [2]	PROJECTED [3]				
	2023	2024	2025	2026	2027	2028	2029	2030	2031
Airline Revenues [4]	$ 234,257,744	$ 255,682,564	$ 304,171,000	$ 299,725,000	$ 334,827,000	$ 334,235,000	$ 300,050,000	$ 326,092,000	$ 353,832,000
Non-Airline Revenues	301,317,071	234,380,828	229,824,000	220,801,000	230,519,000	236,364,000	242,883,000	248,501,000	253,345,000
TOTAL PROJECT REVENUES	**$ 535,574,815**	**$ 490,063,392**	**$ 533,995,000**	**$ 520,526,000**	**$ 565,346,000**	**$ 570,599,000**	**$ 542,933,000**	**$ 574,593,000**	**$ 607,177,000**
APPLICATION OF PROJECT REVENUES									
Net Operating Expenses	$ 149,255,205	$ 185,979,913	$ 205,811,000	$ 221,262,000	$ 231,593,000	$ 238,658,000	$ 244,555,000	$ 250,609,000	$ 256,827,000
Sinking Fund [5]	134,796,250	110,762,317	125,264,000	104,094,000	121,855,000	112,402,000	73,745,000	92,307,000	113,235,000
Interdepartmental Charges	117,592,574	114,464,562	120,955,000	128,368,000	135,645,000	141,340,000	146,117,000	151,069,000	156,199,000
Bond R&I Account	3,411,321	(860,663)	(1,042,000)	(1,054,000)	-	(890,000)	(1,254,000)	(1,110,000)	(1,105,000)
O&M Account	3,000,000	3,000,000	3,000,000	3,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Airline Revenue Allocation	30,000,000	38,359,283	40,003,000	32,428,000	36,126,000	37,544,000	37,885,000	38,859,000	39,010,000
Deposit to the Airport Discretionary Account	97,519,465	38,357,982	40,004,000	32,428,000	36,127,000	37,545,000	37,885,000	38,859,000	39,011,000
TOTAL APPLICATION OF REVENUES	**$ 535,574,815**	**$ 490,063,394**	**$ 533,995,000**	**$ 520,526,000**	**$ 565,346,000**	**$ 570,599,000**	**$ 542,933,000**	**$ 574,593,000**	**$ 607,177,000**

NOTES:

1 City of Philadelphia records.

2 City 2026 Final Rates and Charges Budget, which includes estimates for FY 2025.

3 The current Airport-Airline Use and Lease Agreement expires on June 30, 2026, with the potential for two one-year renewals, which could extend the term to June 30, 2028.
For the purpose of this analysis, the financial projections presented herein assume a continuation of the current rate-making methodology through FY 2031.

4 Includes Airline Revenues carried forward and Airline Revenue Allocation available from prior year.

5 Sinking Fund shown net of existing and projected Pledged PFC Revenues.

SOURCES: City of Philadelphia, Department of Aviation (2026), June 2025; AVK Consulting, Inc. (2027-2031), July 2025.

TABLE A-10 DEBT SERVICE COVERAGE

(For Fiscal Years Ending June 30)

		ACTUAL [1]		ESTIMATED [2]	BUDGET [2]	PROJECTED [3]				
		2023	2024	2025	2026	2027	2028	2029	2030	2031
PLEDGED AMOUNTS AVAILABLE FOR DEBT SERVICE										
Airline Revenues [4]		$ 234,257,744	$ 255,682,564	$ 304,171,000	$ 299,725,000	$ 334,827,000	$ 334,235,000	$ 300,050,000	$ 326,092,000	$ 353,832,000
Non-Airline Revenues		301,317,071	234,380,828	229,824,000	220,801,000	230,519,000	236,364,000	242,883,000	248,501,000	253,345,000
Existing Pledged PFC Revenues [5]		25,625,000	42,163,000	41,340,000	40,000,000	-	-	-	-	-
Future Pledged PFC Revenues [6]		-	-	-	-	45,354,000	46,196,000	47,077,000	47,954,000	48,823,000
Other amounts available for Debt Service [7]		173,724,277	303,819,203	357,973,000	413,379,000	461,632,000	516,615,000	572,533,000	628,683,000	687,120,000
TOTAL AMOUNTS AVAILABLE FOR DEBT SERVICE	**[A]**	**$ 734,924,092**	**$ 836,045,595**	**$ 933,308,000**	**$ 973,905,000**	**$ 1,072,332,000**	**$ 1,133,410,000**	**$ 1,162,543,000**	**$ 1,251,230,000**	**$ 1,343,120,000**
OPERATING EXPENSES										
Net Operating Expenses	**[B]**	$ 149,255,205	$ 185,979,913	$ 205,811,000	$ 221,262,000	$ 231,593,000	$ 238,658,000	$ 244,555,000	$ 250,609,000	$ 256,827,000
Interdepartmental Charges		117,592,574	114,464,562	120,955,000	128,368,000	135,645,000	141,340,000	146,117,000	151,069,000	156,199,000
	[C]	**$ 266,847,779**	**$ 300,444,475**	**$ 326,766,000**	**$ 349,630,000**	**$ 367,238,000**	**$ 379,998,000**	**$ 390,672,000**	**$ 401,678,000**	**$ 413,026,000**
FUNDS AVAILABLE FOR REVENUE BOND DEBT SERVICE COVERAGE										
Test 1	**[A - B = D]**	$ 585,668,887	$ 650,065,682	$ 727,497,000	$ 752,643,000	$ 840,739,000	$ 894,752,000	$ 917,988,000	$ 1,000,621,000	$ 1,086,293,000
Test 2	**[A - C = E]**	468,076,313	535,601,120	606,542,000	624,275,000	705,094,000	753,412,000	771,871,000	849,552,000	930,094,000
DEBT SERVICE REQUIREMENTS	**[F]**	160,421,250	152,925,317	166,604,000	144,094,000	167,209,000	158,598,000	120,822,000	140,261,000	162,058,000
REVENUE BOND DEBT SERVICE COVERAGE										
Test 1	**[D ÷ F]**	3.65	4.25	4.37	5.22	5.03	5.64	7.60	7.13	6.70
Coverage Requirement		1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Test 2	**[E ÷ F]**	2.92	3.50	3.64	4.33	4.22	4.75	6.39	6.06	5.74
Coverage Requirement		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

NOTES:

1 City of Philadelphia records.

2 City 2026 Final Rates and Charges Budget, which includes estimates for FY 2025.

3 The current Airport-Airline Use and Lease Agreement expires on June 30, 2026, with the potential for two one-year renewals, which could extend the term to June 30, 2028.
For the purpose of this analysis, the financial projections presented herein assume a continuation of the current rate-making methodology through FY 2031.

4 Includes required revenue for Terminal Area rentals, International and Common Use Fees, Ramp Area rentals, Airline Landing Fees, and any Airline Revenue Allocation or prior-year carry forwards.

5 Represents pledged PFC Revenues for eligible Debt Service on the Series 2017AB, the Series 2020ABC, and the Series 2021 Bonds.

6 Represents the projected pledged PFC Revenues on existing debt, the Series 2025 Bonds, or future debt.
At this time, "Future Pledged PFC Revenues" have not been formally pledged for a specific series of bonds through the Bond Committee and would not be considered as pledged
Amounts under Section 5.04 of the General Ordinance except for the current year that has been pledged through the City's budgetary process. If the "Future Pledged PFC Revenues"
are disregarded in Table A-10 the City will still meet Test 1 and Test 2 under Section 5.04 of the General Ordinance. See also, Table A-10 and footnote 130 for a discussion of Future Pledged PFC Revenues.

7 Per Section 5.01(a) of the General Ordinance, that portion of Aviation Operating Fund balance available for use as Amounts Available for Debt Service.

SOURCES: City of Philadelphia, Department of Aviation (2023-2026), June 2025; AVK Consulting, Inc. (2027-2031), July 2025.

APPENDIX II
FINANCIAL STATEMENTS OF THE DEPARTMENT OF AVIATION
FISCAL YEAR ENDED JUNE 30, 2024

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PHL PNE

PHILADELPHIA INTERNATIONAL AIRPORT
NORTHEAST PHILADELPHIA AIRPORT

CITY OF PHILADELPHIA
Philadelphia Airport System

Municipal Securities Disclosure
Annual Financial Information
Fiscal Year Ended June 30, 2024

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PHL PNE

PHILADELPHIA INTERNATIONAL AIRPORT
NORTHEAST PHILADELPHIA AIRPORT

Municipal Securities Disclosure Report
Annual Financial Report
For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

I. FINANCIAL SECTION

Introduction 1

Management's Discussion and Analysis (Unaudited) 2-20

Basic Financial Statements
- Statements of Net Position 21
- Statements of Revenues, Expenses and Changes in Fund Net Position 22
- Statements of Cash Flows 23

Notes to Financial Statements 24-76

Required Supplementary Information (Unaudited)
- Reconciliation of Fund Balance (Legally Enacted Basis) to Net Assets (GAAP Basis) 77
- Budgetary Comparison Schedule 78

Disclosure Requirements

Table 1 Recent Trends in Enplaned Passengers – Fiscal Years 2020 – 2024 79

Table 2 Airline Market Shares of Enplaned Passengers – Fiscal Year 2024 80

Table 3 Airline Market Shared of Landed Weight – Fiscal Year 2024 81

Table 4 Summary of Historical Project Revenues and Expenses of the Airport System – Fiscal Years 2020 – 2024 82

Table 5 History of Application to Use PFC Revenues 83
Table 6 Historical PFC Revenues 84
Table 7 Historical Enplaned Passengers 85

II. STATISTICAL SECTION

Exhibit S-1 Airport Information 86
Exhibit S-2 Population Trends 87
Exhibit S-3 Employment by Industry 88
Exhibit S-4 City of Philadelphia Airport Employees 89
Exhibit S-5 Commercial Flights and Available Seats 90
Exhibit S-6 Passenger Load Factors 91
Exhibit S-7 Commercial Passenger Enplanements 92
Exhibit S-8 Airline Market Share by Passenger Enplanements 94
Exhibit S-9 Aircraft Operations by Airport 96
Exhibit S-10 Cargo Tonnage 97
Exhibit S-11 Annual Revenues, Expenses and Changes in Fund Net Position 99
Exhibit S-12 Operating Revenues by Source 100
Exhibit S-13 Scheduled Rates and Charges 103
Exhibit S-14 Ratios of Outstanding Debt 104
Exhibit S-15 Pledged Debt Service Coverage 105
Exhibit S-16 Airport Debt Service by Year 106
Exhibit S-17 Current Top 30 Passenger Origin and Destination Markets 107
Exhibit S-18 Historical Domestic Top 10 Passenger Origin and Destination Markets 108
Exhibit S-19 Historical International Top 10 Passenger Destination Markets 109
Exhibit S-20 Airline Market Share by Landed Weight 110
Exhibit S-21 Passenger Facility Charges 112

CITY OF PHILADELPHIA
AVIATION FUND
Management's Discussion and Analysis (Unaudited)
June 30, 2024

INTRODUCTION

Philadelphia International Airport ("PHL") and Northeast Philadelphia Airport ("PNE") (collectively the "Airport") are owned by the City of Philadelphia (the "City") and operated by the Department of Aviation (the "Department"). The following discussion and analysis of the financial performance and activity of the Department is to provide an introduction and understanding of the basic financial statements of the City's Aviation Fund ("Aviation Fund") for the fiscal year ended June 30, 2024, with selected comparative information for the fiscal year ended June 30, 2023.

This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto that follow this section. The financial statements presented are for the Aviation Fund only and are not intended to present fairly the financial position of the City as a whole or the results of its operations and cash flows. The Annual Comprehensive Financial Report of the City provides complete financial information as to the City and its component units. Complete financial information for the City and its component units can be found at: https://www.phila.gov/INVESTOR/Pages/reports.aspx.

The accounting policies of the City of Philadelphia, as reflected in the accompanying Aviation Fund financial statements, conform to accounting principles generally accepted in the United States of America for local government units as prescribed by the Governmental Accounting Standards Board. Accounting principles generally accepted in the United States of America for proprietary funds, such as the Aviation Fund, require that both earnings and expenses be recorded as they accrue, and that depreciation of fixed assets be recorded as an expense. The financial statements for fiscal year 2024 are presented in accordance with accounting principles generally accepted in the United States of America.

The financial statements contained in the Financial Section of this document are reconcilable with the Basic Financial Statements contained in the City's Annual Comprehensive Financial Report for fiscal year 2024, which are audited by the Office of the Controller of the City of Philadelphia.

For purposes of calculating Scheduled Airline rentals, fees and charges, and demonstrating compliance with the Rate Covenant, Aviation Fund accounts are maintained on the accrual basis of accounting adjusted to meet the particular requirements of the General Airport Revenue Bond Ordinance of the City. Using this basis of accounting, revenues are recorded as they are earned, and operating expenses are recorded as they are incurred. In addition, principal payments on debt are recorded as an element of expense in lieu of depreciation, and equipment purchases, and other capital outlays funded from operations are charged to expense in the year of acquisition.

For purposes of budgeting, Aviation Fund accounts are maintained on the modified accrual basis of accounting also referred to as the "legally enacted basis." Under this basis, revenues are recorded in the year received. Obligations are recognized and recorded as expenses at the time they are paid or encumbered. A reserve is maintained for encumbrances at the close of the fiscal year, intended to be sufficient to liquidate the estimated related obligations.

BACKGROUND INFORMATION ON THE AVIATION FUND

The Aviation Fund is an enterprise fund of the City. Enterprise funds are established by governmental units to account for services that are provided to the general public based on user charges, and they are operated in a manner similar to business-type activities. The Aviation Fund was created and authorized as part of the fiscal year 1974 Operating Budget Ordinance approved by City Council on June 7, 1973 and made effective July 1, 1973.

The Aviation Fund is self-supporting, using no local tax dollars to operate. The Aviation Fund uses aircraft landing fees, terminal building rentals, concession revenue and other facility charges to fund annual expenses. The Airport's capital program is funded by airport revenue bonds issued by the City, commercial paper, federal and state grants, passenger facility charges, customer facility charges, and operating revenues.

DESCRIPTION OF PHILADELPHIA AIRPORT SYSTEM

PHL is classified by the Federal Aviation Administration ("FAA") as a large air traffic hub (enplaning 1.0% or more of the total passengers enplaned in the U.S.). According to data reported for calendar year 2023 by Airports Council International – North America, PHL was ranked the twenty-first busiest airport in the United States, serving 28.1 million passengers; twenty-seventh busiest in the nation for aircraft operations; and eighteenth busiest in the nation for cargo tonnage.

The Airport serves residents and visitors from a broad geographic area that includes eleven counties within four states: Pennsylvania, New Jersey, Delaware, and Maryland. The Airport System consists of the following:

Philadelphia International Airport

PHL has approximately 2,598 acres located partly in the southwestern section of the City and partly in the eastern section of Delaware County, about 7.2 miles from Center City Philadelphia. The Airport's runway system consists of parallel Runways 9L-27R and 9R-27L, crosswind Runway 17-35, commuter Runway 8-26, and interconnecting taxiways. PHL's terminal facilities consist of seven terminal units totaling approximately 3.3 million square feet and include ticketing areas, passenger and baggage screening areas, passenger hold rooms and other amenities, baggage claim areas, a variety of food, retail and service establishments, and other support areas.

Outside of the PHL terminal area, PHL also has the following: six active cargo facilities; various support buildings; training areas; an air traffic control tower; a fixed-base operator; corporate hangars; a fueling supply facility; two American Airlines aircraft maintenance hangars; a first-class office complex; a 14-story hotel; seven rental car facilities; a cell-phone lot; employee parking lots; and five public parking garages.

Northeast Philadelphia Airport

PNE is located on approximately 1,118 acres situated within the City limits, ten miles northeast of Center City Philadelphia. PNE serves as a reliever airport for PHL and provides for general aviation, air taxi, corporate, and occasional military use. The airport has no scheduled commercial service. There are presently 85 T-hangars, ten corporate hangars and six open hangars for general aviation activities.

AIRPORT STATISTICS AND HIGHLIGHTS

Air Service

At fiscal year-end 2024, PHL offered 124 non-stop destinations, of which 93 were domestic and 31 were international destinations. Seat capacity in fiscal year 2024, which continued to be impacted by airline constraints, increased by 1.8 million (11.5%) over fiscal year 2023, bringing the fiscal year 2024 total seat capacity to 17.9 million. Domestic seats increased 1.7 million (12.3%), while international seats increased 0.1 million (6.6%).

Landline

Through a partnership with Landline Company and American Airlines, the Airport continues to offer premium motor coach services transporting passengers to PHL from Atlantic City International Airport (ACY), Lehigh Valley International Airport (ABE), Wilkes-Barre Scranton International Airport (AVP), and Wilmington Airport (ILG). This service offers connectivity for passengers in underserved markets, helps airlines reduce carbon emissions, and is time-competitive with flights on routes under 200 miles.

At the beginning of the fiscal year, this partnership alliance received Transportation Security Administration (TSA) approval for an industry-first airside-to-airside connectivity. This service allows travelers to undergo TSA screening, check into flights, and check their bags at their local airports before being shuttled to PHL by Landline without needing to be rescreened. Upon arrival at PHL, passengers are dropped off at Terminal F to proceed to their connecting flights, while their checked luggage is handled by American Airlines. For return trips, travelers board the Landline motor coach airside at PHL and arrive at their local airport with their checked baggage directly transferred. Robust security protocols are maintained throughout the process and passengers benefit from reduced commuting stress, no additional security lines, and the opportunity to enjoy PHL's services.

Passenger Activity

The total number of passengers served by the Airport in fiscal year 2024 was approximately 29.5 million, which is an increase of 10.1% from fiscal year 2023 passengers of 26.8 million. Domestic passenger traffic increased 10.3% in fiscal year 2024 when compared to fiscal year 2023. International passenger traffic continued its steady return as fiscal year 2024 increased by 8.4% from fiscal year 2023.

PHL continues to serve as a major hub for American Airlines, which together with its regional airline affiliates, accounted for approximately 9.2 million enplaned passengers (62.7%) of the Airport's enplaned passengers in fiscal year 2024.

Enplanements and Operations Activity at PHL

	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)	Percentage Increase (Decrease)
Domestic Enplanements (Outbound passengers):	12,862,407	11,657,137	1,205,270	10.3%
International Enplanements (Outbound passengers):	1,851,100	1,717,659	133,441	7.8%
Total Enplanements (Outbound passengers):	14,713,507	13,374,796	1,338,711	10.0%
Operations (takeoffs & landings):	303,356	287,059	16,297	5.7%
Landed Weight (1,000-pound units):	19,287,439	18,422,960	864,479	4.7%

Cargo Activity

In fiscal year 2024, PHL handled over 467 thousand tons of cargo. UPS accounted for 64% of the total cargo tonnage at PHL, which is a hub for the cargo carrier, while PHL's passenger carriers accounted for approximately 13% of the total. Overall cargo tonnage decreased by approximately 116.3 thousand tons (-19.9%) from fiscal year 2023 to fiscal year 2024. Cargo related to freight decreased by approximately 89.0 thousand tons, with a decrease in domestic freight of nearly 85.0 thousand tons (-22.2%), and a decrease in international freight of 4.1 thousand tons (2.7%). Cargo related to mail air service decreased by almost 27.3 thousand tons, with a decrease of 54.5% in domestic mail, and a 0.4% increase in international mail.

Cargo Activity at PHL
(amounts expressed in tons)

	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)	Percentage Increase (Decrease)
Domestic Freight:	297,965	382,938	(84,972)	(22.2)%
International Freight:	145,575	149,646	(4,071)	(2.7)%
Sub-Total Freight:	443,541	532,584	(89,043)	(16.7)%
Domestic Mail:	22,739	50,017	(27,278)	(54.5)%
International Mail:	821	818	3	0.4%
Sub-Total Mail:	23,559	50,834	(27,275)	(53.7)%
Total Cargo (Freight and Mail):	467,100	583,418	(116,318)	(19.9)%

OTHER OPERATIONAL AND FINANCIAL HIGHLIGHTS

Airport-Airline Use and Lease Agreement

PHL's three-year Airport-Airline Use and Lease Agreement (the "Airline Agreement") with its signatory airlines took effect on July 1, 2023, and includes options for two one-year extensions. The Airline Agreement authorized an additional $935 million in new capital investments, bringing the total airline commitment to advance PHL's capital development program and to rehabilitate and repair the Airport's existing infrastructure to approximately $1.8 billion.

Competitive Grant Awards

In fiscal year 2024, PHL was awarded $24.9 million in competitive grants from the Bipartisan Infrastructure Law-Airport Terminal Program (BIL-ATP) in the form of five grants through the FAA:

- $15.5 million from three grants, one for $8.5 million for a runway project and two totaling $7.0 million for taxiway rehabilitation projects
- $9.1 million for PHL's Overnight Apron Project and $300 thousand for sustainable fuels

Additionally, the Airport was awarded:

- Federal grants for $30.6 million from the FAA Airport Improvement Program for taxiway construction and rehabilitation as well as $220 thousand from the Federal Aviation Administration for a decarbonization study
- State grants for $600 thousand from the Pennsylvania Department of Community and Economic Development for energy efficiency assessment supplemental funding

Bond Rating Increase

In FY2024, Fitch Ratings ("Fitch") affirmed its "A" rating and assigned a positive outlook to the Airport's revenue bonds. Subsequently, in the first quarter of FY2025, Fitch assigned an "A+" rating with a stable outlook to the Airport's general airport revenue bonds citing PHL's continued positive movement to full passenger traffic recovery; demonstration of strong financial performance; and a large and stable service area in the Greater Philadelphia region with a solid base of origination and destination (O&D) traffic.

Awards and Recognition

Airfield Project of the Year: The Taxiway P Realignment Project was recognized by the Northeast Chapter of the American Association of Airport Executives for its substantial enhancements to airport operations and safety.

FAA Civil Rights Advocate and Partner Award: The Department's Title VI program was recognized by the FAA for its commitment to ensuring non-discrimination in public interactions and activities.

Envision Verified Award: PHL, as one of only 12 U.S. airports and the only PA airport, obtained Envision Verified status for integrating principles of sustainability into the Taxiway J Rehabilitation Project design and construction. The Envision rating system, established by the Institute for Sustainable Infrastructure, promotes the sustainability and resilience of infrastructure projects through evaluation of performance across 64 criteria, including community, quality of life, management, planning, materials, energy, water, environmental impacts, emissions, and resilience. The project uses 25% recycled-content slag cement in concrete paving, repurposes concrete demolition waste, and required the installation of advanced airfield lighting. Additionally, with the installation of updated energy-efficient lighting, energy consumption was reduced by 55% and 0.18 acres of unused pavement were converted to pervious grass cover.

FINANCIAL STATEMENTS OVERVIEW

The basic financial statements of the Aviation Fund are designed to provide the reader with a broad overview of the organization's finances. The financial statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") promulgated by the Governmental Accounting Standards Board ("GASB").

The financial statements of the Aviation Fund are presented on an accrual basis, and accordingly, income is recorded as earned and expenses as incurred. Operating revenues are comprised of airline and non-airline revenues. Airline revenues are those paid by the Airport's agreement carriers and include rents, landing fees, and passenger fees. Non-airline revenues are all other operating revenues that do not qualify as airline revenue. These consist of parking, rental car, ground transportation, concessions, advertising, utilities, and other operating revenue. Operating expenses include salaries and employee benefits; purchased services; materials and supplies; and

depreciation/amortization. Non-operating revenue and expense items include interest income, interest expense, rental car-related Customer Facility Charges ("CFC"), airfare-related Passenger Facility Charges ("PFC"), and operating grants.

Aviation Fund financial activity is presented in three financial statements:

The *Statement of Net Position* presents information on all Aviation Fund assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of the fiscal year-end; assets and liabilities are classified as either current or non-current. The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is reported as net position. Net Position is segregated into four components: net investment in capital assets; restricted for capital projects; restricted for debt service; and unrestricted net position.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* presents revenue and expense activity for the current year. The difference between revenue and expense will either increase or decrease total net position. The ending balance of net position resulting from this increase or decrease is reflected on the Statement of Net Position.

The *Statement of Cash Flows* presents the actual inflow and outflow of cash by category during the year. The difference between the inflow and outflow of cash increases or decreases the total cash balance. The resulting ending cash balance is reflected on the Statement of Net Position.

The Aviation Fund financial statements can be found after the Management's Discussion and Analysis. The accompanying *Notes to Financial Statements* ("Notes") provide additional information that is essential to a full understanding of the data provided in the Aviation Fund financial statements. In addition to the basic financial statements and accompanying notes, government accounting standards require presentation of *Required Supplementary Information* ("RSI").

FINANCIAL HIGHLIGHTS

Net Position Summary

Total net position serves as an indicator of the Airport's financial condition. As of June 30, 2024, the Aviation Fund's net position was $1.55 billion, a 13.1% increase over the fiscal year 2023. The Aviation Fund's unrestricted net position also increased $53.9 million (33.9%) in fiscal year 2024.

The following table summarizes the Airport's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2024, and June 30, 2023:

City of Philadelphia – Aviation Fund
Statement of Net Position
(amounts expressed in thousands)

	Fiscal Year 2024	Fiscal Year 2023	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Current assets	$ 604,003	$ 554,741	$ 49,263	8.9%
Non-current assets	984,999	929,328	55,671	6.0%
Capital assets, net	2,380,558	2,318,310	62,248	2.7%
Total assets	3,969,561	3,802,379	167,182	4.4%
Deferred outflows	21,671	23,127	(1,455)	(6.3)%
Current liabilities	578,018	382,872	195,146	51.0%
Non-current liabilities	1,655,164	1,882,222	(227,059)	(12.1)%
Total liabilities	2,233,181	2,265,094	(31,913)	(1.4)%
Deferred inflows	203,257	185,547	17,710	9.5%
Net position:				
Net investment in capital assets	999,716	915,280	84,437	9.2%
Restricted for capital projects	169,709	131,784	37,926	28.8%
Restricted for debt service	172,392	168,691	3,701	2.2%
Unrestricted	212,976	159,109	53,867	33.9%
Total net position	$ 1,554,794	$ 1,374,864	$ 179,930	13.1%

Assets

Current assets increased $49.3 million as a result of a $30.7 million increase in investments, a $14.2 million increase in accounts receivable, a $3.6 million increase in lease receivable and a $2.2 million increase in cash and cash equivalents.

Non-current assets increased $55.7 million due to a $19.5 million increase in non-current lease receivable, a $18.1 million increase in restricted cash and cash equivalents, a $9.4 million increase in investments, a $7.5 million increase in grants from other governments for capital purposes, a $2.6 million increase in restricted receivables offset by a $1.2 million decrease in sinking fund reserves.

Capital assets increased by $62.2 million due to a $163.1 million increase in construction in progress, and an increase of $13.6 million in building and equipment, which was offset by an increase of $114.3 million in accumulated depreciation.

Deferred outflows of resources

Deferred outflows of resources decreased by a net of $1.4 million primarily from a $687.9 thousand decrease in other post-employment benefits, a $575.1 thousand decrease related to the pension plan and a $192.0 thousand decrease refunding in defeasance of debt.

Liabilities

Current liabilities increased $195.1 million as compared to fiscal year 2023, primarily due to a $107.5 million current portion of the 2017 taxable airport revenue note; a $37.5 million increase in commercial paper notes; a $28.1 million increase in current maturities of long-term bonded debt; a $9.7 million increase in accounts and vouchers payable; a $5.9 million increase in due to component units; a $5.3 million in construction contracts payable; and a $3.7 million increase in other post-employment benefits liability. These increases were offset by decreases of $2.4 million in unearned revenue and $488.0 thousand in accrued interest payable.

Non-current liabilities decreased $227.1 million as compared to fiscal year 2023, primarily due to a $110.2 million decrease in long-term taxable airport revenue notes; a $82.7 million decrease in revenue bonds net of current maturities; a $18.9 million decrease in unamortized bond premiums; a $12.8 million decrease in net pension liability; and a $2.7 million decrease in other post - employment benefits liability.

Deferred inflows of resources

Deferred inflows of resources increased $17.7 million in fiscal year 2024. This includes a $22.8 million increase in deferred inflows for leases. The increase was offset by a decrease of $2.3 million in deferred inflows related to other post-employment benefits; a $1.3 million decrease in deferred gain on refunding debt; a $1.1 million decrease in deferred inflows related to pensions and a $404.5 thousand decrease in accumulated fair value of hedging derivatives.

Net investment in capital assets

Net investment in capital assets increased by $84.4 million, primarily due to a $62.3 million net increase in capital assets less accumulated depreciation, a $192.9 million increase in non-current debt, and a $18.9 million increase in unamortized debt premium, which were offset by decreases of $173.1 million in current debt, $12.6 million in unspent proceeds of capital debt, and $5.3 million in construction contracts payable.

Restricted for capital projects

Restricted for capital projects represents funds available but restricted for construction of capital assets, reduced by debt payable on those funds. The increase of $37.9 million in fiscal year 2024 is a result of a $35.2 million increase in the portion of PFC balance reserved for 'pay as you go', and a $2.8 million increase in restricted assets used for construction purposes.

Restricted for debt service

The restricted for debt service balance increased by $3.7 million. The increase was the result of a $5.0 million increase in PFC's designated for debt service and a $1.9 increase in restricted assets used for debt service, offset by a $3.2 million decrease cash and investments in the sinking funds.

Unrestricted net position

Unrestricted net position increased by $53.9 million. The unrestricted portion is comprised of the net position less the net investment in capital assets and restricted assets. For fiscal year 2024, the increase is the result of a $165.7 million increase in total assets and deferred outflows netted against a $14.2 million increase in total liabilities and deferred inflows. This net increase was offset by a decrease of $84.4 million in total invested in capital assets, net of related debt; a decrease of $37.9 million in total restricted for capital projects and a decrease of $3.7 million in total restricted for debt service.

Summary of Revenues, Expenses and Changes in Net Position

Airport income before capital contributions is composed of operating and non-operating revenues, net of expenses. Capital contributions represent federal and state grants for approved capital projects. The change in net position represents the results of operations.

In fiscal year 2024, the Aviation Fund strengthened its financial position with total revenues, including capital contributions, exceeding total expenses by almost $180 million. The following table compares the changes in revenues, expenses and fund net position between June 30, 2024 and June 30, 2023:

City of Philadelphia – Aviation Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
(amounts expressed in thousands)

	Fiscal Year 2024	Fiscal Year 2023	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Operating revenues	$ 419,565	$ 395,988	$ 23,578	6.0%
Less: Operating expenses	(401,231)	(367,541)	(33,690)	9.2%
Operating gain (loss)	18,334	28,447	(10,113)	35.5%
Non-operating revenue, net	112,934	135,982	(23,049)	(16.9)%
Income before capital contributions	131,268	164,428	(33,161)	(20.2)%
Capital contributions	48,662	44,637	4,025	9.0%
Changes in net position	179,930	209,065	(29,135)	(13.9)%
Net position beginning of year	1,374,864	1,165,798	209,065	17.9%
Prior period adjustments	-	-	-	-
Net position end of year	$ 1,554,794	$ 1,374,864	$ 179,930	13.1%

Revenues

For fiscal year 2024, approximately 71% of all revenue came from operating sources, while the remaining 29% came from non-operating sources, both of which are described below. Additional information on Airport revenues can be found in Exhibit S-12 in the Statistical Section.

Operating Revenues

Operating revenue consists of airline revenue and non-airline revenue, which comprised 53% and 47% respectively in fiscal year 2024, and 54% and 46% in fiscal year 2023. Operating revenues increased by $23.6 million (6.0%) in the fiscal year 2024. The following table presents a comparative summary of operating revenues by source for fiscal year 2024 and fiscal year 2023, followed by explanations of changes in these categories between years.

Operating Revenues
(amounts expressed in thousands)

	Fiscal Year 2024	Fiscal Year 2023	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Operating revenues				
Rents	$ 117,253	$ 97,367	$ 19,885	20.4%
Landing fees	85,424	85,050	374	0.4%
Passenger fees	21,489	29,913	(8,424)	(28.2)%
Total airline revenues	224,166	212,331	11,835	5.6%
Parking	65,488	67,321	(1,833)	(2.7)%
Food/Beverage/Retail	44,519	40,110	4,409	11.0%
Rental cars	22,704	22,152	552	2.5%
Ground transportation	16,152	13,685	2,467	18.0%
Other operating	46,536	40,390	6,147	15.2%
Total non-airline revenues	195,399	183,657	11,743	6.4%
Total operating revenue	$ 419,565	$ 395,988	$ 23,578	6.0%

Airline Revenues

- Rents derived from PHL's signatory airlines increased by $19.9 million (20.4%) from fiscal year 2023 to fiscal year 2024 due to increases in various terminal rental rates in fiscal year 2024 and an increase in the ramp area rental rate.
- Landing fees derived from PHL's signatory airlines increased by $374 thousand (0.4%) from fiscal year 2023 to fiscal year 2024 primarily due to an increase in the landing fee rate.
- Passenger fees derived from PHL's signatory airlines decreased by $8.4 million (-28.2%) due to a reduction of international common use gate fee charges in fiscal year 2024.

Non-Airline Revenues

- Parking revenue in fiscal year 2024 decreased by $1.8 million (2.7%) from fiscal year 2023 due to construction related upgrades.
- Food/Beverage/Retail revenue increased $4.4 million (11.0%) due to increases in passenger activity as well as entering into a new common use lounge agreement, which will open in 2025.
- Rental car revenue increased $552 thousand (2.5%) in fiscal year 2024 due to an increase in passenger activity.

- Ground transportation revenue increased $2.5 million (18.0%) due mainly to Transportation Network Company ("TNC") revenue improving as a result of an increase in passenger traffic.
- Other operating revenue, which consists of fixed based operator rents, cargo and hangar rentals, office space rental income, domestic gate-turn fees, advertising, catering, hotel, fuel flowage, utilities and other miscellaneous revenue, increased $6.1 million (15.2%) due primarily to increases in cargo area, land and other terminal rentals in fiscal year 2024.

Non-Operating Revenues

Non-operating revenues, which consist of PFCs, CFCs, interest income, and federal and state grants for non-capital purposes, decreased by $22.6 million (11.6%) in fiscal year 2024. The following table presents a comparative summary of non-operating revenues by source for fiscal year 2024 and fiscal year 2023, followed by explanations of changes in these categories between years.

Non-Operating Revenues
(amounts expressed in thousands)

	Fiscal Year 2024	Fiscal Year 2023	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Non-operating revenue				
Passenger Facility Charges	$ 58,978	$ 53,393	$ 5,586	10.5%
Customer Facility Charges	28,026	20,498	7,526	36.7%
Interest income	67,570	37,194	30,376	81.7%
Lease interest revenue	6,086	3,397	2,689	79.2%
Operating grants	4,670	75,823	(71,154)	(93.8)%
Other non-operating	2,331	(39)	2,370	6032.5%
Total non-operating revenue	$ 167,660	$ 190,265	$ (22,605)	(11.9)%

- PFCs increased by $5.6 million (10.5%) due to an increase in enplanements.
- CFCs increased by $7.5 million (36.7%) due to an increase in deplanements and an increase in demand for car rentals. In addition, there was a 13.0% increase in the number of car rental transactions in fiscal year 2024 when compared to fiscal year 2023.
- Interest income increased by $30.4 million (81.7%) in fiscal year 2024 largely due to a net $30.9 million increase in interest on investments in the operating, capital and sinking fund

reserve accounts, a $4.8 million increase in premium on sale of investments, a $1.8 million increase in other interest earnings offset by a net $7.2 million decrease for changes in market value allowances in the operating, capital and sinking fund reserve accounts.

- Lease interest revenue increased $2.7 million (79.2%) due to recognition of interest revenue on leases as a result of GASB 87 implementation.
- Grants from other governments for non-capital purposes (operating grants) decreased by $71.2 million (93.8%), due to the reduction of American Rescue Plan Act ("ARPA") funds.

Expenses

Total Airport expenses result from a wide range of services both operating and non-operating. Operating expenses include wages, benefits, purchased services, materials and supplies, and other operating expenses, which account for 61.9% of total expenses; and depreciation and amortization, which account for 26.1% of total expenses. Non-operating expenses make up the remaining 12.0%, which includes debt service interest and other non-operating expenses.

The table below presents the major components of expense for fiscal year 2024 and fiscal year 2023, followed by an explanation of changes in these components.

Expenses
(amounts expressed in thousands)

	Fiscal Year 2024	Fiscal Year 2023	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Operating expenses				
Personnel services	$ 90,045	$ 77,026	$ 13,019	16.9%
Employee benefits	39,015	30,882	8,133	26.3%
Purchase of services	136,467	125,459	11,007	8.8%
Materials & supplies/equipment	9,060	6,991	2,067	29.6%
Other operating	7,607	5,720	1,886	33.0%
Depreciation	119,037	121,462	(2,424)	(2.0)%
Total operating expenses	401,231	367,541	33,689	9.2%
Non-operating expenses				
Debt service interest	54,726	54,284	442	0.8%
Other non-operating	-	-	-	-
Total non-operating expenses	54,726	54,284	442	0.8%
Total expenses	$ 455,957	$ 421,825	$ 34,132	8.1%

Operating Expenses

Operating expenses increased by $33.7 million (9.2%) in fiscal year 2024 and are comprised of the following:

- Personnel services and employee benefits increased by a net total of $21.1 million (19.6%) in fiscal year 2024 due to several factors including increases in staffing levels, salaries, overtime compensation, and pension obligations.
- Purchase of services increased by $11.0 million (8.8%) in fiscal year 2024 mainly due to increases in architectural and engineering services, rents, ground and building rentals and payments to the general fund.
- Materials and supplies/equipment increased $2.1 million (29.6%) due to an increase in purchases of various supplies, including an increase in vehicle expenditures.
- Other operating expenses increased by $1.8 million thousand (33.0%) in fiscal year 2024 due to an increase in indemnities and taxes.

CAPITAL ASSETS AND CONSTRUCTION

Capital Development

The Airport maintains an ongoing Capital Development Program ("CDP") that addresses future development needs, as well as repair and maintenance of existing facilities. The Airport's CDP contains approximately $1.8 billion in capital development projects, of which about $317 million was spent through the end of fiscal year 2024. The CDP focuses on terminal development and rehabilitation, airfield improvements and pavement rehabilitation, apron improvements, land acquisition, ground transportation projects, security and information technology enhancements, support facilities, and improvements at PNE.

As of fiscal year 2024, the Airport had capital assets of $2.4 billion (net of depreciation) comprised mostly of runways, taxiways, and other land improvements, as well as terminal, maintenance buildings, and other structures net of any related accumulated depreciation. For fiscal year 2024, the balance in construction in process was $648.0 million.

Some of the major projects underway during fiscal year 2024 include the following:

(in millions)	
$130.0	Restroom Renovation Program, Phases 5-9
50.0	Taxiway S Reconstruction
35.4	Terminal Energy Optimization Program
30.0	Wetlands Mitigation Project
25.0	Runway 9R-27L Improvements
20.0	Central Utility Building Emergency Substation Replacement
17.5	A-West Thermal Plant Cooling Tower Upgrade
15.0	Video Surveillance System Upgrade, Phase 2b

15.0 Runway 8-26 Installation of Engineered Material Arresting System
14.4 PNE Taxiway C Rehabilitation

Some of the recently completed design and construction projects during fiscal year 2024 include the following:

(in millions)
$40.3 Taxiway P Realignment
31.0 Taxiway J Rehabilitation
30.0 Tinicum Island Road Relocation
20.0 Video Surveillance System Upgrade, Phase 2a
15.5 SEPTA Train Platform and Canopy Improvements

Additional information regarding the Aviation's capital assets can be found in Note 3 in the Notes to Financial Statements, as well as on the Airport's website at: https://www.phl.org/about/cdp.

DEBT ADMINISTRATION

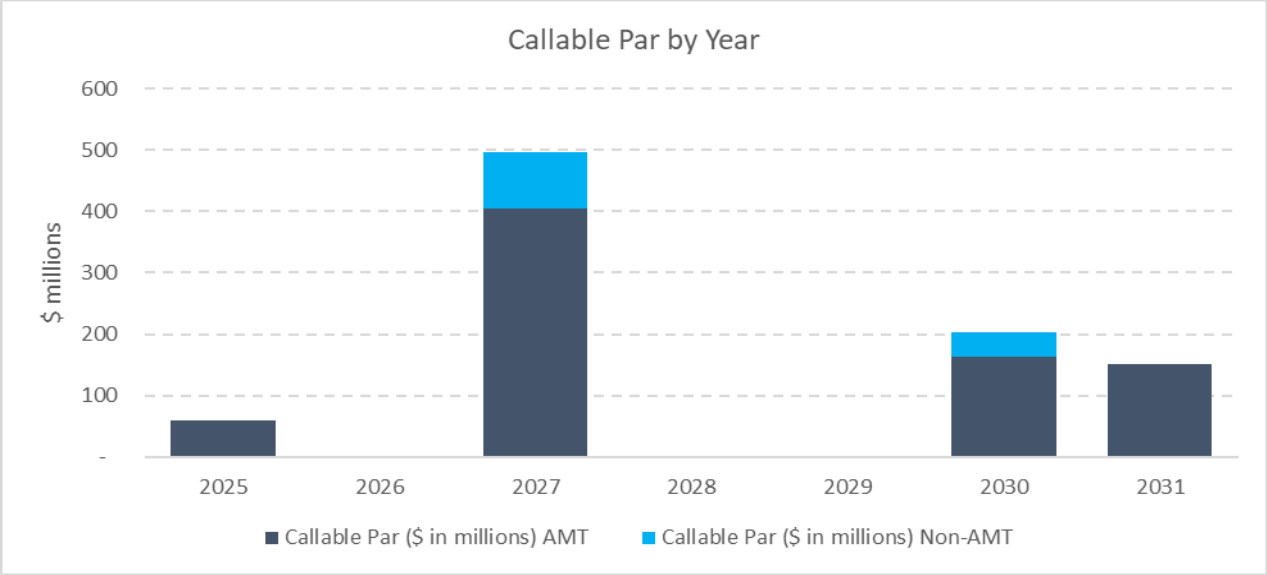
As of June 30, 2024, the Airport's total outstanding debt was $1.64 billion, a $19.8 million (-1.2%) decrease over fiscal year 2023, due to bond principal repayments exceeding additions. Additional information about the Airport's debt is found in Exhibits S-14 through S-16 in the Statistical Section and in the Footnotes Section under Footnote 8.

City of Philadelphia – Aviation Fund
Changes in Borrowing
(amounts expressed in thousands)

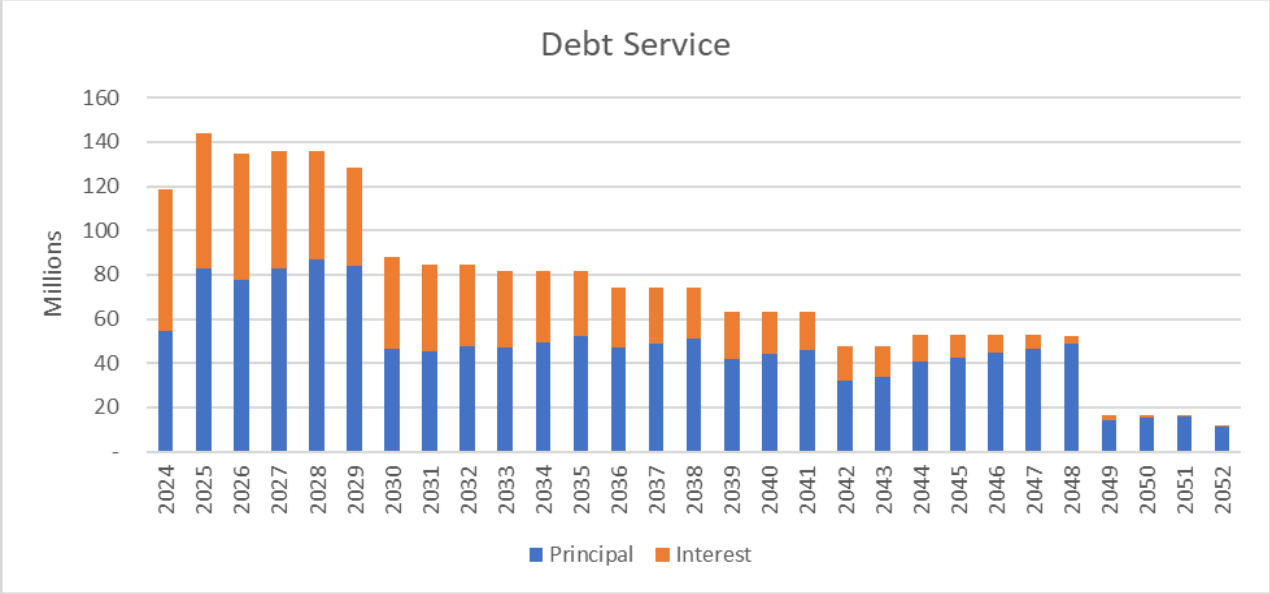
	Fiscal Year 2023	Additions	Retirements/ Repayments	Fiscal Year 2024	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Airport Revenue Bonds	$ 1,379,935	$ -	$ (54,610)	$ 1,325,325	$ (54,610)	(4.0)%
Commercial Paper	165,343	1,419,825	(1,382,325)	202,843	37,500	22.7%
Taxable Airport Revenue Note	112,930	-	(2,710)	110,220	(2,710)	(2.4)%
Total Borrowing	$ 1,658,208	$ 1,419,825	$ (1,439,645)	$ 1,638,388	$ (19,820)	(1.2)%

Airport Revenue Bonds

The Airport's long-term debt is primarily fixed rate except for the $31.2 million 2005C issue of the outstanding revenue bonds, which is coupled with an interest rate swap. All series, except for the 2005C issue, include a 10-year call provision. The chart below presents the timing of the Airport's callable outstanding bonds.



As a matter of practice, the Airport employs level debt service. The table below presents the principal and interest components of the debt service on the Airport's Revenue Bonds through the longest maturity.



Credit Ratings: The Airport's revenue bonds were rated A+ with a stable outlook by S&P Global Ratings ("S&P") in June 2023; Fitch Ratings upgraded the Airport's revenue bonds to A+ from A with a stable outlook in August 2024; and Moody's Investors Service ("Moody's") upgraded the Airport's revenue bonds to A1 from A2 with a stable outlook in October 2024.

Commercial Paper Program

In December 2024, the Airport increased its Commercial Paper ("CP") program to $500.0 million from $350.0 million to provide funding for capital projects. CP is a short-term financing tool with a maximum maturity of 270 days. The Airport's CP Program enables capital projects to be financed on an as needed basis; lower the Airport's cost of borrowing, as amounts drawn can be closely matched to capital cash flow requirements; and limit negative arbitrage during the construction period for projects. CP notes will continue to be rolled over until long-term bonds are issued to refund outstanding CP. As of June 30, 2024, the Airport had drawn $202.8 million of CP.

Direct Purchase Federally Taxable Loan

In 2017, the Airport issued $125.0 million of Airport Revenue Bond Series 2017 (Direct Purchase Federally Taxable Loan), which was purchased by PNC Bank, NA, for the purpose of providing funds which, together with other available monies, were used for some or all of the following: (i) to refund a portion of commercial paper notes issued by the City; (ii) the acquisition of land for the Airport System; (iii) other capital financing needs of the Airport System; and (iv) paying the costs of issuing the Taxable Bond. This loan was subject to optional tender in full on April 26, 2022 but was extended with PNC Bank, NA, prior to the original optional tender date, for the remaining amount of $110.2 million of Airport Revenue Bonds Series 2017 with a new amended optional tender date on June 13, 2025.

Rate Covenant

The table below - "Summary of Project Revenues and Expenses," presents the calculation of Airport Revenue Bond debt service coverage ("Rate Covenant Test 1") and total debt service coverage ("Rate Covenant Test 2") in accordance with Section 5.01 of the Amended and Restated General Airport Revenue Bond Ordinance ("GARBO").

Rate Coverage Test 1 requires the Airport to maintain debt service coverage of not less than 1.50x and Rate Covenant Test 2 requires debt service coverage of not less than 1.0x. Debt service coverage is calculated based on a formula in GARBO. Historically, the Airport has maintained a coverage ratio significantly higher than its requirement. During fiscal year 2024, the Airport's debt service coverage for Test 1 was 4.25x and Test 2 was 3.50x.

City of Philadelphia - Aviation Fund
Summary of Project Revenues and Expenses of the Airport System
(amounts expressed in thousands)

Amounts Available for Debt Service	**Fiscal Year 2024**	**Fiscal Year 2023**
1. Space rentals	$ 134,079	$ 121,861
2. Landing fees	86,806	81,479
3. Ramp Area rentals	353	0
4. International Terminal revenues	34,444	30,918
5. Subtotal Airline Rentals, Fees and Charges	255,682	234,258
6. Non-Airline Revenues	222,618	295,685
7. Interest income and Contribution for carrier incentive program	11,762	5,632
8. Total Project Revenues	490,062	535,575
9. Passenger Facility Charges (PFCs) Available for Debt Service	42,163	25,625
10. Portion of Fund Balance Attributable to Amounts Available for Debt Service	303,819	173,724
11. Total Amounts Available for Debt Service	836,044	734,924
Expenses		
12. Net Operating Expenses	185,980	149,255
13. Required Renewal Fund Deposit	0	0
14. Revenue Bond Debt Service	152,925	160,421
15. Interdepartmental Charges	114,465	117,593
16. Total Expenses	453,370	427,269
17. Net Revenue	$ 382,674	$ 307,655
Rate Covenant Tests of the Original General Airport Revenue Bond Ordinance		
18. Test 1 (Line 11- Line 12- Line 13) / (Line 14)	4.25	3.65
19. Test 2 (Line 11- Line 12- Line 13- Line 15) / (Line 14)	3.50	2.92

RATES AND CHARGES

The annual budget for the Airport is prepared in compliance with the requirements of the Airline Agreement and GARBO. This budget is prepared on a non-GAAP basis and excludes depreciation and certain non-operating revenues, which are specifically not included in the Agreement and GARBO.

In addition to the budgeting of operating expenses and non-airline revenues, the Airport annually establishes airline terminal rentals and landing fees each fiscal year based on the rate-setting

methodology set forth in the Airline Agreement. The airlines are consulted with regard to the rates to be established no later than thirty (30) days prior to the beginning of a fiscal year. The following table presents a comparison of actual-to-budget airline rates for fiscal year 2024.

	Actual Fiscal Year 2024	Budget Fiscal Year 2024	Percent Increase (Decrease)
Average Terminal Rental Rate per Square Foot	$ 192.50	$ 200.13	(3.8)%
Ramp Area Rental Rate per Linear Foot	24.45	24.13	1.3%
Landing Fee Rate per 1,000 Pounds	3.51	4.35	(19.3)%

Overall, actual rates for fiscal year 2024 were less than budgeted primarily due to better-than-expected non-airline revenues and airline activity.

Additional information about the Airport's rates can be found on Exhibit S-13 in the Statistical Section.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Airport's finances and to demonstrate the City's accountability for the funds it receives and disburses. For additional information concerning this report, please contact: Chief Financial Officer, Philadelphia International Airport, Executive Offices, Two International Plaza, Suite 400, Philadelphia, PA 19113.

CITY OF PHILADELPHIA

AVIATION FUND

Statement of Net Position (Unaudited)

	Fiscal Year 2024
Assets	
Current assets:	
Cash and cash equivalents	$ 14,644,591
Investments	507,378,604
Accounts receivable	43,026,409
Allowance for doubtful accounts	(169,672)
Lease receivable - current	34,856,886
Inventories	3,792,204
Due from other governmental units	474,287
Total current assets	604,003,309
Non-current assets:	
Restricted:	
Cash and cash equivalents	73,065,574
Cash held by fiscal agent	-
Investments	592,760,505
Sinking funds and reserves held by fiscal agents	135,093,809
Derivative investment	260,924
Grants from other governments for capital purposes	27,580,630
Receivables	12,318,079
Lease receivable - non-current	143,919,789
Total restricted assets	984,999,310
Capital assets:	
Land and other non-depreciable assets	237,768,172
Infrastructure	1,369,946,913
Construction in progress	648,060,112
Buildings and equipment	2,958,389,430
Right to use lease assets - equipment	134,887
Right to use lease assets - land	11,342,954
Less: accumulated depreciation and amortization	(2,845,084,529)
Property, plant and equipment, net	2,380,557,939
Total noncurrent assets	3,365,557,249
Total assets	3,969,560,558
Deferred outflows of resources	
Accumulated decrease in fair value of hedging derivatives	-
Deferred outflows related to other post-employment benefits	7,185,350
Deferred outflows related to pensions	14,222,790
Refunding in defeasance of debt	263,355
Total deferred outflow of resources	21,671,495
Liabilities	
Current liabilities	
Accounts and vouchers payable	31,406,446
Salaries and wages payable	2,130,250
Construction contracts payable	43,852,206
Due to component units	6,024,054
Accrued expenses	2,270,039
Accrued interest payable	30,667,232
Current portion of lease payable	193,329
Unearned revenue	62,073,405
Other post-employment benefits liability - current	3,657,620
Commercial paper notes	202,843,000
Current maturities of long-term bonded debt	82,680,000
Current portion of taxable airport revenue note	110,220,000
Total current liabilities	578,017,581
Non-current liabilities	
Taxable airport revenue note, long-term	-
Revenue bonds, net of current maturities	1,242,645,000
Lease payable, net of current portion	10,697,271
Unamortized bond premiums	152,314,556
Derivative instrument liability	-
Net pension liability	162,291,244
Other post-employment benefits liability	61,348,930
Other non-current liabilities	25,866,537
Total non-current liabilities	1,655,163,538
Total liabilities	2,233,181,119
Deferred inflows of resources	
Accumulated increase in fair value of hedging derivatives	260,924
Deferred gain on refunding debt	6,796,130
Deferred inflows - leases	180,796,496
Deferred inflows related to other post-employment benefits	11,995,220
Deferred inflows related to pensions	3,408,166
Total deferred inflows of resources	203,256,936
Net position	
Net investment in capital assets	999,716,357
Prior period adjustments	-
Restricted for:	
Capital projects	169,709,589
Debt service	172,391,823
Prior period adjustments	-
Unrestricted	212,976,229
Prior period adjustments	-
Total net position	$ 1,554,793,998

CITY OF PHILADELPHIA

AVIATION FUND

Statement of Revenues, Expenses and Changes in Fund Net Position (Unaudited)

		Fiscal Year 2024
Operating revenues		
Airline revenues		
Rents	$	117,252,653
Landing fees		85,423,931
International arrival fees		21,489,398
Total airline revenues		224,165,982
Nonairline revenues		
Concessions		155,476,850
Other rents		29,540,039
Utilities and other fees		2,798,985
Other operating revenues		7,583,607
Total nonairline revenues		195,399,481
Total operating revenues		419,565,463
Operating expenses		
Personal services		90,045,014
Purchase of services		136,467,056
Materials and supplies		9,059,524
Employee benefits		39,015,377
Indemnities and taxes		7,606,652
Depreciation and amortization		119,037,434
Total operating expenses		401,231,057
Operating income		18,334,406
Non-operating revenues (expenses)		
Federal, state and local grants		4,669,655
Investment earnings		67,569,999
Lease interest revenue		6,085,768
Interest expense		(54,726,235)
Passenger facility charges		58,978,009
Customer facility charges		28,025,520
Gain/(Loss) on disposal of capital assets		112,394
Gain/(Loss) on lease terminations		(95,677)
Other revenue/(expense)		2,314,352
Total non-operating revenues (expenses)		112,933,785
Income before capital contributions		131,268,191
Capital contributions		
Federal, state and local grants		48,662,111
Contributed assets		-
Total capital contributions		48,662,111
Transfers		
Transfers (out)/in		-
Total transfers		-
Change in net position		179,930,302
Net position beginning of period		1,374,863,696
Net position end of period	$	1,554,793,998

CITY OF PHILADELPHIA

AVIATION FUND

Statement of Cash Flows

		Fiscal Year 2024
Cash flows from operating activities		
Receipts from customers	$	402,748,085
Receipts from interfund services		1,684,342
Payments to suppliers		(129,250,690)
Payments to employees		(141,664,735)
Internal activity-payments to other funds		(8,049,755)
Net cash provided by operating activities		125,467,247
Cash flows from non-capital financing activities		
Grant proceeds not specifically restricted for capital purposes		5,017,121
Cash flows from capital and related financing activities		
Proceeds from issuance of debt		1,419,825,000
Capital grants and contributions received		43,460,574
Purchase of capital assets		(176,021,598)
Proceeds from sales of capital assets		153,361
Principal paid on debt instruments		(1,439,645,000)
Interest received on leases		6,028,396
Interest paid on capital debt		(75,288,071)
Passenger & customer facility charges		86,356,735
Net cash provided by (used) in capital and related financing activities		(135,130,603)
Cash flows from investing activities		
Interest, dividends, and losses		63,862,939
Receipts from sinking funds and reserves		1,167,712
Net cash provided by investing activities		65,030,651
Net decrease in cash		60,384,416
Balance beginning of year		1,127,464,858
Balance end of year	$	1,187,849,274
Reconciliation of operating income/(loss) to net cash provided by operating activities:		
Operating income	$	18,334,406
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		119,037,434
Change in assets and liabilities:		
Receivables, net		(12,254,997)
Lease receivable		(23,301,747)
Deferred inflows leases		22,852,672
Lease payable		(213,771)
Inventories		868,176
Accounts and other payables		2,574,038
Unearned revenue		(2,428,964)
Net cash provided by operating activities	$	125,467,247

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

The Aviation Fund is a proprietary fund of the City of Philadelphia (the "City"). It was created and authorized as part of the Fiscal 1974 Operating Budget Ordinance approved by City Council on June 7, 1973, with an effective date of July 1, 1973. This fund was established to facilitate administrative and financial operations necessary to maintain, improve, repair, and operate Philadelphia International Airport ("PHL") and Northeast Philadelphia Airport ("PNE"), collectively the "Airport.". The financial statements presented are for the Aviation Fund only and are not intended to present fairly the financial position of the City of Philadelphia as a whole or the results of its operations and cash flows. The Annual Comprehensive Financial Report ("ACFR") of the City of Philadelphia provides complete financial information as to the City and its component units.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time obligations are incurred.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government wide and the proprietary fund financial statements to the extent that they do not conflict or contradict guidance of the Governmental Accounting Standards Board ("GASB"). Governments also have the option of following subsequent private sector guidance for their business type activities and enterprise funds. The City has elected not to follow subsequent private sector guidelines.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenue of the Aviation Fund is charges for the use of the airport. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

New Accounting Pronouncements – Adopted

In April 2022, **GASB issued Statement No. 99, Omnibus 2022**. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement has been adopted for requirements effective for the reporting period. All the applicable changes have been made to the financial statements.

In June 2022, **GASB issued Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62**. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The adoption of this statement had no effect on previously reported amounts.

New Accounting Pronouncements – To Be Adopted:

In June 2022, **GASB issued Statement No. 101, Compensated Absences.** The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

In December 2023, **GASB issued Statement No. 102, Certain Risk Disclosures.** The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

In April 2024, **GASB issued Statement No. 103, Financial Reporting Model Improvements.** The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

In September 2024, **GASB issued Statement No. 104, Disclosure of Certain Capital Assets.** The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

The new standards must be adopted as follows:

GASB Statement No. 101 - Effective July 1, 2024 for financial statements for fiscal year ending June 30, 2025.
GASB Statement No. 102 - Effective July 1, 2024 for financial statements for fiscal year ending June 30, 2025.
GASB Statement No. 103 - Effective July 1, 2025 for financial statements for fiscal year ending June 30, 2026.
GASB Statement No. 104 - Effective July 1, 2025 for financial statements for fiscal year ending June 30, 2026.

The effect of these statements has not yet been determined.

Cash and Investments

The Aviation Fund's cash and investments are held in segregated operating and capital accounts and by an outside fiscal agent. Sinking funds and reserves are maintained in segregated investment accounts to comply with reserve and other requirements of the bond covenants. No Aviation Fund accounts are comingled with other City funds.

Investments are recorded at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price. The fair value of real estate investments is based upon independent appraisals. Investments which do not have an established market are reported at estimated fair value.

For purposes of the *Statement of Cash Flows*, all cash and investments held by the City Treasurer are considered cash equivalents because those funds are available on demand.

Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instruments of the United States, repurchase agreements, collateralized certificates of deposit, bank acceptance or mortgage obligations, certain corporate bonds, and money market funds. Management is not aware of any violations of statutory authority or contractual provisions for investments for the year ended June 30, 2024.

Accounts Receivable

Accounts receivable included in current assets consists of billed and unbilled rentals and fees, which have been earned but not collected as of June 30, 2024 and 2023. Credit balance receivables have been included in unearned revenue in the *Statement of Net Position*. The allowance for doubtful accounts is management's estimate of the amount of accounts receivable which will be deemed to be uncollectible and is based upon specific identification. Unpaid accounts are referred to the City's Law Department if deemed uncollectible. Accounts are written-off when recommended by the Law Department.

Inventories

Inventories consist of materials and supplies and are carried at amounts determined on a moving-average cost basis.

Restricted Assets

Restricted assets represent amounts that have been legally restricted by contracts or outside parties and are not available for payment of operating fund expenditures. The following represent restricted assets of the Aviation Fund:

- Funds available for construction, including grants due from other governments for capital purposes.
- Sinking funds and reserves held by the Airport's fiscal agent are reserved for debt service and construction, pursuant to revenue bond indentures.

- Passenger Facility Charges ("PFC") represent fees remitted by airlines based on passenger ticket sales for flights boarding at Philadelphia International Airport. The fees are reserved for funding certain Federal Aviation Administration ("FAA") approved capital projects and debt service payments. Collection of PFCs began in the fall of 1992. All unexpended PFC funds, including accumulated interest, are classified as restricted assets.

- Customer Facility Charges ("CFC") represent fees collected by rental car operators from customers renting motor vehicles at Philadelphia International Airport. CFCs are not to exceed $8 per rental day. The proceeds are to be used for the planning, development, financing, construction, and operation of a consolidated rental car facility. Collections of CFCs began in May 2014. All unexpended CFC funds, including accumulated interest, are classified as restricted assets.

Capital Assets

Capital assets are defined by the GASB as including "land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations that have initial useful lives extending beyond a single reporting period."

- Land is always treated separately from any related capital asset associated with it (i.e.: a building on the land, a runway on the land, etc.). The cost of the land includes its acquisition price and the cost of preparing the land for its intended use. Included in preparation costs are commissions, professional fees, permanent landscaping, demolition of existing buildings, and other costs incurred in acquiring the land.

- Intangible capital assets lack physical substance and can be expected in many cases to provide benefit indefinitely. An example of an intangible capital asset is software that was developed in-house.

- Buildings and building improvements are permanent structures included in the category of buildings. Building improvements increase the value of the building and/or materially extend the useful life of the building. If the improvement does not meet these conditions, those costs are expensed in the period incurred. Repairs and maintenance are examples of items expensed because they help to retain value and do not increase the value of the asset.

  The capitalized cost of buildings consists of purchase price, expenses related to making the building ready for use, environmental compliance costs, professional fees, taxes paid at the time of purchase, and other costs required to place the asset into operation.

  Capital assets are recorded at cost, which does not include interest incurred as a result of financing asset acquisition or construction. After adoption of GASB No. 89, interest cost incurred before the end of a construction period is recognized as an expense in the

period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset.

Cost of construction for capital assets includes all direct contract costs plus overhead costs. Constructed buildings include cost of excavation, grading or filling; expenses incurred for the plan preparation; specification; blueprints; permits and professional fees; and costs of temporary buildings used during construction. Costs are expensed if a decision is made to not proceed with the construction of a building.

Building improvements may include conversion of unused space into usable space, original installation or upgrading of heating and cooling systems, wall or flooring coverings, windows and doors, closets, restrooms, phone and closed circuit television systems, security systems, wiring required for building equipment (that will remain in the building), renovations of outside building surfaces (including roofs, installation or replacement of plumbing and electrical wiring), permanently attached fixtures, machinery, building additions, and costs associated with the above improvements.

Building repairs and maintenance that do not increase the value of the building or extend its useful life are to be expensed. Examples of such costs may include plumbing or electrical repairs, maintenance such as pest control and cleaning, interior and exterior decorations, repainting and repairing of interior and exterior portions of buildings, and any other repairs and maintenance costs that do not increase the value or extend the useful life of the asset.

- Vehicles and equipment are defined as movable tangible assets used in operations. This includes general-use, firefighting, and snow removal vehicles and related equipment, computer equipment, furniture and fixtures, and other moveable equipment.

- Infrastructure assets are long-lived capital assets that are normally stationary and can be preserved for a significantly greater number of years than most capital assets. Infrastructure includes, but is not limited to runways, taxiways, aprons, ramps, roads, sidewalks, signage, drainage systems, water and sewer systems, and lighting systems.

- Construction-in-progress includes costs incurred to construct a capital asset before it is substantially ready to be placed in service. At the time of being placed in service, the asset will be reclassified into the appropriate asset category and be subject to depreciation.

- The following Depreciation Guidelines were used in the Aviation Fund's fiscal year 2024 financial statements:

  Capital assets that are not depreciated because they have indefinite useful lives are land, works of art, historical treasures, and intangibles.

  If a capital asset has a determinable and significant salvage value, that value is not included in the depreciable value to be depreciated over the useful life of the asset.

All depreciable capital assets are expensed using the straight-line method over the following useful lives of the assets and if these thresholds are met.

Asset Category	Life of Asset	Threshold
Land	Not Depreciated	None
Intangibles	Not Depreciated	None
Buildings	20 - 50 Years	$100,000
Building Improvements	10 - 25 Years	$100,000
Equipment	5 - 15 Years	$10,000
Vehicles	5 - 10 Years	$10,000
Infrastructure	20 - 50 Years	$100,000

It is the policy of the Airport that a half-year of depreciation is recorded in the year that the asset is acquired or placed in service.

Unearned Revenue

Unearned revenue relates primarily to excess billings to signatory airlines and advance payments received from air carriers. Such deferrals are ultimately included in income when earned, usually during the following fiscal year.

Revenues

Operating revenues consist of the following:

- Airline revenue – payments by PHL's signatory carriers and include rents, landing fees, and per passenger fees.
- Non-airline revenue – all other operating revenues that do not qualify as airline revenue. These include concession fees, other rents, utilities, and other operating revenue.

Non-Operating revenues consist primarily of the following:

- Grants from other governments for non-capital purposes.
- Interest income.
- PFCs – revenue from PFC collections is reserved for the funding of certain capital expenditures and debt service payments, as approved by the FAA.
- CFCs – revenue from CFC collections is reserved for the funding of certain capital expenditures and will be used to plan, design, and construct a facility to be used by vehicle rental companies on Airport property.

Capital contributions consist of the following:

- Grants from other governments for capital purposes.

Operating Expenses

Operating expenses consist primarily of personnel and administrative services, purchase of goods and services and depreciation and amortization expense.

Bonds and Related Premiums, Discounts, Issuance Costs and Loss on Refunding

Bond premiums and discounts are deferred and amortized on the straight-line method over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable premium or discount. Bond issuance costs are expensed as incurred. The loss on refunding of bonds is amortized on the straight-line method over the lesser of the life of the old debt or the new debt issued.

Deferred Outflows/Inflows of Resources and Net Position

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, deferred outflows of resources are reported in the *Statement of Financial Position* in a separate section following Assets. Similarly, deferred inflows of resources are reported in the *Statement of Financial Position* in a separate section following Liabilities.

Deferred Outflows of resources represents consumption of net position that applies to a future period(s) and will not be recognized as an expenditure/expense until that time. Deferred Inflows of resources represents an acquisition of net position that applies to future periods and will not be recognized as revenue until that time.

On the full accrual basis of accounting, the components of deferred outflows of resources and deferred inflows are as follows:

- Derivative instruments are reported for the changes in fair value.
- Deferred refunding results from the difference in the refunding of debt and its reacquisition price.
- Deferred pension transactions are recognized as an expense or revenue in a future period.
- Deferred outflows of resources and deferred inflows of resources related to OPEB.
- Deferred inflow of resources related to leasing activities as a lessor.

Compensated Absences

It is the City's policy to allow employees to accumulate earned but unused vacation and sick leave benefits. Vacation is accrued when earned. Sick leave is accrued based on an estimate of future payouts.

Claims and Judgments

Pending claims and judgments are recorded when the City Solicitor has deemed that a probable loss to the City has occurred. Claims and judgments are recorded as expenditures when paid or when judgments have been rendered against the City.

Leases

The Airport is a lessee for various leases of land, buildings, and equipment. The Airport recognizes a lease liability and an intangible right-to-use asset in its financial statements.

At the commencement of a lease, the Airport initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The Airport determines (1) the discount rate it uses to discount the expected lease payment to present value, (2) lease term, and (3) lease payments.

- The Airport uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Airport generally uses its estimated incremental borrowing rate as the discount for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Airport is reasonably certain to exercise.

The Airport monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and its liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the *Statements of Net Position*.

Lessor: The Airport is a lessor for various leases of land and buildings. The Airport recognizes a lease receivable and deferred inflows of resources in the financial statements.

At the commencement of a lease, the Airport initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Airport determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Airport uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Airport monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

For the fiscal year ended June 30, 2024, cash and cash equivalents, and investments (deposits) are included in the financial statements in current and restricted cash and cash equivalents, in investments (deposits), in sinking funds and reserves held by fiscal agents, and in cash held by fiscal agent.

Deposits

State statutes require banks to collateralize City deposits at amounts equal to or in excess of the City's balance. Such collateral is to be held by the Federal Reserve Bank or the trust department of a commercial bank other than the pledging bank. All collateralized securities were held in the City's name.

Investments

The City has established a comprehensive investment policy to minimize custodial credit risk for its investments. In so doing, the City has selected custodian banks that are members of the Federal Reserve System to hold its investments. Delivery of the applicable investment documents to the City's custodian is required for all investments.

As of June 30, 2024, the fair value of the Aviation Fund's holdings consisted of the following:

	Fair Value	% of Total
Short-Term Investment Pools	$ 68,061,808	5.19%
U.S. Government Securities	662,263,090	50.48%
U.S. Government Agency Securities	31,834,377	2.43%
Commercial Paper	295,837,476	22.55%
Corporate Bonds	246,495,868	18.79%
Municipal and Other Debt Securities	7,520,918	0.57%
	$ 1,312,013,536	100.0%

Interest Rate Risk: The City's investment portfolio is managed to accomplish preservation of principal, maintenance of liquidity, and to maximize the return on the investments. To limit its exposure to fair value losses from rising interest rates, the City's investment policy limits fixed income investments to maturities of no longer than two years, except in Sinking Fund Reserve Portfolios.

As of June 30, 2024, the maturities of holdings were as follows:

Classifications	Less than 6 months	7 to 12 months	13 to 18 months	19 to 24 months
Commercial Paper	$202,866,282	$92,971,194	-	-
U.S. Government Security	362,344,308	84,003,525	144,393,654	71,521,603
U.S. Government Agency Securities	12,371,637	17,342,677	2,120,063	-
Municipal Debt	1,610,234	2,712,933	2,294,516	903,235
Corporate Bonds	31,044,132	120,625,290	57,116,550	37,709,896
Grand Total	$610,236,593	$317,655,619	$205,924,782	$110,134,734

Fair Value Measurement: The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability.
- Level 3: Unobservable inputs for assets or liabilities.

The Airport has the following recurring fair value measurements as of June 30, 2024:

- U.S. Treasury securities of $662.3 million are valued using quoted prices from active markets (Level 1).
- U.S. Agency securities of $31.8 million are valued using quoted prices for identical securities traded in active markets when sufficient activity exists (Level 2).
- Commercial Paper securities of $295.8 million are valued using quoted prices for identical securities in markets that are not active and via matrix pricing models (Level 2).
- Corporate Bond securities of $246.5 million are valued using quoted prices for similar securities in active markets and via matrix pricing models (Level 2).
- Municipal Debt/Other securities of $7.5 million are valued at using quoted prices for identical securities in markets that are not active and via matrix pricing models (Level 2).

The Airport's short-term investment pools of $68.1 million are valued at the published amortized cost-based net asset value per share/unit. There are no limitations or restrictions on withdrawals.

Credit Risk: The City's policy to limit credit risks is to limit the types of allowable investment, as well as the maximum percent of the portfolio for each type of investment.

The City's investment in U.S. Government securities or U.S. Government Agency obligations are allowable investments up to 100% of the portfolio.

The City's investment in Commercial Paper is limited to 30% of the portfolio and must be rated A1+ by S&P or P1 by Moody's Investors Services, Inc. (Moody's) and the senior long-term debt of the issuer must not be rated lower than A by S&P Global Ratings ("S&P") or A2 by Moody's. All commercial paper investments meet the criteria.

The City's investment in corporate bonds is limited to 30% of the portfolio and had an S&P rating of AAA to AA or Moody's rating of Aa2 or better. All corporate investments meet the criteria.

Short-term investment pools are rated AAA by S&P and Aaa by Moody's Investor Services. The short-term investment pools' amortized cost-based net asset value per share/unit is the same as the value of the pool shares. Cash accounts are swept nightly and idle cash is invested in money market funds (short-term investment pools).

The City limits its foreign currency risk by investing in certificates of deposit and banker's acceptances issued or endorsed by non-domestic banks that are denominated in U.S. dollars, providing that the banking institution has assets of not less than $100 million and has a Thompson's Bank Watch Service "Peer Group Rating" not lower than II. At the end of the fiscal year, the City did not have any investments of that nature.

To minimize custodial risk, the City's policy is to select custodian banks that are members of the Federal Reserve System to hold its investments. Delivery of the applicable investment documents to the City's custodian is required for all investments.

3. CAPITAL ASSET ACTIVITY

Capital Assets, which include property, plant, equipment, and infrastructure assets, are defined by the Airport as assets with an initial individual cost of more than $10,000 for personal property and $100,000 for fixed assets, as well as an estimated useful life in excess of three years. Capital assets are recorded at cost. Costs recorded do not include interest incurred as a result of financing asset acquisition or construction. General maintenance and repair costs are charged to operations.

The Airport transfers Construction-in-Progress to one or more of the major asset classes: (1) when project expenditures are "substantially complete"; (2) when the expenditures are for existing facilities; or (3) when they relate to specific identifiable items completed during the year which were part of a larger project. A portion of bond interest expense net of related interest income on unexpended funds is capitalized during the construction phase of the projects funded by the bonds.

Depreciation on the capital assets is provided on the straight-line method over their estimated useful lives. Depreciation and amortization expenses were $119,037,434 for the fiscal year ending June 30, 2024.

The following tables present the changes in capital assets for fiscal year 2024.

	Balance FYE 06/30/2023	Additions	Deletions	Balance FYE 06/30/2024
Non-depreciable assets				
Land and intangibles	$ 237,768,173	$ -	$ -	$ 237,768,173
Right to Use Lease Asset - Land	11,342,954	-	-	11,342,954
Construction-in-progress	484,971,613	176,111,165	(13,022,670)	648,060,108
Total non-depreciable assets	734,082,740	176,111,165	(13,022,670)	897,171,235
Depreciable assets				
Buildings & improvements	2,033,949,244	-	-	2,033,949,244
Right to Use Lease Asset - Equipment	214,733	-	(79,846)	134,887
Infrastructure	1,369,946,913	-	-	1,369,946,913
Other improvements	844,328,215	13,022,670	-	857,350,885
Equipment	66,530,982	5,215,391	(4,657,073)	67,089,300
Total depreciable assets	4,314,970,087	18,238,061	(4,736,919)	4,328,471,229
Accumulated depreciation				
Buildings & improvements	(1,229,605,577)	(50,870,028)	-	(1,280,475,605)
Right to Use Lease Asset - Equipment	(122,882)	(50,177)	79,846	(93,213)
Other Improvements	(550,197,937)	(33,331,682)	-	(583,529,619)
Equipment (including Furniture)	(60,011,403)	(3,784,426)	4,616,106	(59,179,723)
Infrastructure	(890,805,249)	(31,001,121)	-	(921,806,370)
Total accumulated depreciation	(2,730,743,048)	(119,037,434)	4,695,952	(2,845,084,530)
Net depreciable assets	1,584,227,039	(100,799,373)	(40,967)	1,483,386,699
Total capital assets	$ 2,318,309,779	$ 75,311,792	$ (13,063,637)	$ 2,380,557,934

4. UNEARNED REVENUE

Unearned revenue was $62,073,405 for the fiscal year ending June 30, 2024 and includes revenues received in advance, excess billing to the scheduled airlines, and credit balance receivables.

5. ARBITRAGE REBATE

The Aviation Fund has several series of revenue bonds subject to federal arbitrage requirements. Federal tax legislation requires that the accumulated net excess of interest income on the proceeds of these issues over interest expense paid on the bonds, be paid to the federal government at the end of a five-year period. The Airport's arbitrage rebate liability was $0 as of June 30, 2024.

6. DERIVATIVE INSTRUMENTS AND INTEREST RATE SWAP

Beginning in fiscal year 2010, the City adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The fair value balances and notional amounts of derivative instruments outstanding for the Aviation Fund as of June 30, 2024 are as follows:

Type	Cash Flow Hedge - pay fixed interest rate swap
Change in Fair Value of Deferred Outflow at June 30, 2024	($404,505)
Fair value at June 30, 2024	$260,924
Objective	Hedge changes in cash flow on the 2005 Series bonds
Notional amount at June 30, 2024	$15,800,000
Effective date	06/15/2005
Maturity date	06/15/2025
Terms	Airport pays multiple fixed swap rates, and receives SIFMA Municipal Swap Index
Counterparty credit rating at June 30, 2024	Aa2/A+

Objective: In April 2002, the City entered into a swaption that provided the City's Aviation Department with an up-front payment of $6.5 million. As a synthetic refunding of its 1995 Bonds, this payment approximated the present-value savings as of April 2002, of refunding on June 15, 2005, based upon interest rates in effect at the time. The swaption gave JP Morgan Chase Bank, N.A. ("JP Morgan") the option to enter into an interest rate swap with the Airport whereby JP Morgan would receive fixed amounts and pay variable amounts.

Terms: JP Morgan exercised its option to enter into a swap on June 15, 2005, and the swap commenced on that date. Under the swap, the Airport pays multiple fixed swap rates (starting at 6.466% and decreasing over the life of the swap to 1.654%). The payments are based on an amortizing notional schedule (with an initial notional amount of $189.5 million) and when added to an assumption for remarketing, liquidity costs and cost of issuance were expected to approximate the debt service of the refunded bonds at the time the swaption was entered into. The swap's variable payments are based on the Securities Industry and Financial Markets Association ("SIFMA") Municipal Swap Index. If the rolling 180-day average of the SIFMA Municipal Swap Index exceeds 7.00%, JP Morgan has the option to terminate the swap.

As of June 30, 2024, the swap had a notional amount of $15.8 million and the associated variable-rate bonds had a $15.8 million principal amount. The bonds' variable-rate coupons are based on an SIFMA-based index. The bonds mature on June 15, 2025. The swap will terminate on June 15, 2025 if not previously terminated by JP Morgan.

Fair Value: As of June 30, 2024, the swap had a fair value of $261 thousand. A positive value (mark-to-market) means that the City would be owed a payment if the swap is terminated. The fair value reflects the effect of non-performance risk, which includes credit risk. The fair value of the swap was measured using the income approach and is categorized within Level 2 of the fair value hierarchy.

Risk: As of June 30, 2024, the Airport was exposed to credit risk in the amount of the swap's mark-to-market. Because the bonds and swap both reset at a rate linked to SIFMA, the Airport is not subject to basis risk.

The swap includes an additional termination event based on downgrades in credit ratings. The swap may be terminated by the Airport if JP Morgan's ratings fall below A- or A3, or by JP Morgan if the Airport's ratings fall below BBB or Baa2.

As of June 30, 2024, the rates were:

Interest Rate Swap	Terms	June 30, 2024
Fixed payment to JPMorgan Chase	Fixed	1.95800%
Variable rate payment from JPMorgan Chase	SIFMA	(3.47750)%
Net interest rate swap payments		(1.51950)%
Variable rate bond coupon payments	Weekly resets	3.75400%
Synthetic interest rate on bonds		2.23450%

Swap payments and associated debt: As of June 30, 2024, debt service requirements of the variable-rate debt and net swap payments for their term, assuming current interest rates remain the same, were as follows:

Fiscal Years Ending June 30	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Interest Rate Swaps Net	Total Interest
2025	15,800,000	593,132	(288,155)	304,977
Totals	$ 15,800,000	$ 593,132	$ (288,155)	$ 304,977

7. COMMERCIAL PAPER NOTES

The Aviation Fund established a commercial paper ("CP") program, which closed on August 22, 2019, in the amount of $350 million to provide funding for capital projects. CP is a short-term financing tool with a maximum maturity of 270 days. The Airport's CP Program enables capital projects to be financed on an as-needed basis; lowers the Airport's cost of borrowing, as amounts drawn can be closely matched to capital cash flow requirements; and limits negative arbitrage during project construction periods. CP Notes will continue to be rolled over until long-term bonds are issued to refund the outstanding commercial paper. As of June 30, 2024, the Aviation Fund had outstanding letters of credit of $202.8 million and unused letters of credit equal to $147.2 million related to the CP program.

As of June 30, 2024, the total outstanding balance of CP notes was $202,843,000.

Balance as of July 1, 2023	$	165,343,000
Commercial Paper Notes Issued		1,419,825,000
Commercial Paper Notes Refunded		(1,382,325,000)
Balance as of July 1, 2024	$	202,843,000

8. BONDS PAYABLE

In June 2005, Airport Revenue Refunding Bonds, Series 2005C in the amount of $189.5 million were issued. The proceeds of Series 2005C were used to refund $183.9 million of the 1995A Series Airport Revenue Bonds, maturing from 2006 through 2025, and to pay issuance and insurance costs on the bonds. The cash flow required by the new bonds was the same as the cash flow required by the refunded bonds at the time of the sale. JPMorgan entered into a swaption agreement with the Airport on the 1995A bonds in 2002, which was exercised June 15, 2005. In December 2008, the outstanding balance of $178.6 million of Airport Revenue Refunding Bonds, Series 2005C was remarketed under an irrevocable direct pay letter of credit ("LOC") from TD Bank. The LOC replaces a bond insurance policy from MBIA Insurance Corporation and a liquidity facility for the 2005C bonds provided by JP Morgan Chase Bank, N.A., pursuant to a standby bond purchase agreement, issued simultaneously with the issuance of the 2005C bonds in June 2005, and the surety policy for the sinking fund reserve account for the 2005C bonds. The bonds have a weekly interest rate and maturity date in 2025.

In August 2015, Airport Revenue Refunding Bonds, Series 2015A were issued in the amount of $97.8 million. The proceeds of Series 2015A were used to refund Revenue Bonds, Series 2005A and pay the costs of issuance of the Bonds. The refunding structure of the 2015A bonds realized a net present value savings of approximately $9.3 million or 8.75% of the principal amount of the refunded bonds.

In December 2017, Airport Revenue and Refunding Bonds, Series 2017 were issued in the amount of $692.5 million. The Series 2017A bonds (Non-AMT), totaling $138.6 million, were issued as serial bonds in the amount of $97.6 million with interest rates ranging from 3.125% to 5%, maturing in 2037, and term bonds in the amounts of $16.0 million and $25.1 million with interest rates of 5% and maturing in 2042 and 2047, respectively. The Series 2017B bonds, totaling $553.9 million, were issued as serial bonds in the amount of $334.9 million, with interest rates of 5% and maturing in 2037, and term bonds in the amounts of $85.2 million and $133.8 million with interest rates of 5% and maturing in 2042 and 2047, respectively. The proceeds of these bonds were used to: (i) currently refund certain outstanding commercial paper notes, (ii) pay for a portion of the costs of the 2017 Capital Project, (iii) currently refund all of the City's outstanding Airport Revenue Bonds, Series 2007A, and all of the City's outstanding Airport Revenue Refunding Bonds, Series 2007B, and a portion of the 2017B Bonds proceeds will be used to currently refund all of the City's

outstanding Airport Revenue Refunding Bonds, Series 2009A, (iv) provide for capitalized interest on a portion of the 2017 Bonds, (v) fund a deposit to the Parity Sinking Fund Reserve Account, and (vi) pay the costs of issuance of the 2017 Bonds.

In October 2020, the City issued Airport Refunding Bonds, Series 2020A, B, & C in the original principal amount of $389.2 million. The 2020A Bonds were issued for the purpose of providing funds, together with other available moneys, to: (i) refund all of the outstanding 2010A Airport Revenue Bonds, and (ii) pay the cost of issuance of the 2020A Bonds. The 2020B Bonds were issued for the purpose of providing funds to (i) refinance certain outstanding Commercial Paper Notes, and (ii) pay the cost of issuance of the 2020B Bonds. The 2020C Bonds were issued for the purpose of providing funds to (i) refund all of the outstanding Series 2010D Airport Revenue Bonds, (ii) refinance certain outstanding Commercial Paper Notes, and (iii) pay the cost of issuance of the 2020C Bonds. The fiscal year 2021 Airport Refunding Bonds, Series 2020A, B, & C liability of $389.2 million is reflected in the City's financial statements as Long-Term Obligation.

In July 2021, the City issued $302.0 million of Airport Revenue and Refunding Bonds Series 2021 Bonds to refund the outstanding Series 2011A and 2011B Bonds in the amount of $149.8 million and to pay the costs of issuing the Series 2021 Bonds. The Series 2021 Bonds were issued for the purpose of providing funds, together with other available moneys, to (i) fund a deposit to the Project Fund to finance certain capital projects, (ii) finance capitalized interest on a portion of the Series 2021 Bonds, (iii) refund all or a portion of the City's Outstanding Airport Revenue Refunding Bonds, Series 2011, consisting of the Series 2011A (AMT) Bonds (the "2011A Bonds") and the Series 2011B (AMT) Bonds (the "2011B Bonds" and together with the 2011A Bonds, the "Refunded Bonds"), (iv) pay the costs of the bond insurance policy and (v) pay the costs of issuance of the Series 2021 Bonds. The issuance of the 2021 Bonds deposited $200 million to the Airport Capital Fund to finance certain capital projects. The total proceeds of the 2021 Bonds were $371.0 million (which includes a premium of $69.0 million). The interest rates of the bonds that were refunded ranged from 3.750% to 5.000%. The interest rates of the newly issued bonds range from 4.000% to 5.000%. The transaction resulted in a total savings to the City of $29.3 million over the next 10 years, the economic gain was $26.7 million.

The amount of debt service payable for revenue bonds to maturity is as follows:

Fiscal Years Ending June 30	Principal	Interest	Total Debt Service
2025	82,680,000	61,069,097	143,749,097
2026	77,640,000	57,205,169	134,845,169
2027	82,540,000	53,206,669	135,746,669
2028	86,665,000	48,982,918	135,647,918
2029	83,910,000	44,724,919	128,634,919
2030-2034	236,265,000	184,381,769	420,646,769
2035-2039	240,695,000	126,654,872	367,349,872
2040-2044	196,375,000	77,633,050	274,008,050
2045-2049	196,715,000	30,458,900	227,173,900
2050-2054	41,840,000	2,785,650	44,625,650
Totals	$ 1,325,325,000	$ 687,103,013	$ 2,012,428,013

The early extinguishment of debt can result in a gain or loss on refunding, representing the difference between the reacquisition price, plus or minus unamortized premium or discount, and the amount of debt extinguished. The resulting gain or loss is amortized annually over the life of the refunded bonds and reflected in the Deferred Inflows or Outflows section on the Statement of Net Position.

Total interest costs for fiscal year 2024 were $64.1 million, all of which were recorded as non-operating expense.

Type of Debt	Authorized and Issued	Included in Current Liabilities	Porton Due After 30-Jun-24	Total Outsanding Bonded Debt	Final Maturity	Interest Percentage Rate
Airport Revenue Bonds - Series 2005C	$ 189,500,000	15,800,000	-	15,800,000	2025	Variable Rate
Airport Revenue Bonds - Series 2015A	$ 97,780,000	4,540,000	59,680,000	64,220,000	2035	4.00-5.05%
Airport Revenue Bonds - Series 2017A	$ 138,630,000	5,230,000	108,415,000	113,645,000	2047	3.125-5.00%
Airport Revenue Bonds - Series 2017B	$ 553,900,000	17,330,000	462,960,000	480,290,000	2047	5.00%
Airport Revenue Bonds - Series 2020A	$ 187,140,000	7,360,000	179,780,000	187,140,000	2040	4.00-5.00%
Airport Revenue Bonds - Series 2020B	$ 43,140,000	870,000	42,255,000	43,125,000	2050	3.00-5.00%
Airport Revenue Bonds - Series 2020C	$ 111,520,000	23,735,000	95,340,000	119,075,000	2028	5.00%
Airport Revenue Bonds - Series 2021A	$ 106,210,000	5,225,000	100,985,000	106,210,000	2029	5.00%
Airport Revenue Bonds - Series 2021B	$ 16,195,000	1,230,000	14,965,000	16,195,000	2032	5.00%
Airport Revenue Bonds - Series 2021C	$ 179,635,000	1,360,000	178,265,000	179,625,000	2052	4.00-5.00%
	$ 1,623,650,000	$ 82,680,000	$ 1,242,645,000	$ 1,325,325,000		

Changes in Long-Term Debt

	Beginning Balance	Additions (Deletions)	Retirements/ Repayments	Ending Balance	Due Within One Year
Revenue Bonds Payable	$ 1,379,935,000	$ -	$ (54,610,000)	$ 1,325,325,000	$ 82,680,000
Taxable Airport Revenue Note	112,930,000	-	(2,710,000)	110,220,000	110,220,000
Unamortized Premium/(Discount)	171,273,676	-	(18,959,120)	152,314,556	-
Total Revenue Bonds Payable	$ 1,664,138,676	$ -	$ (76,279,120)	$ 1,587,859,556	$ 192,900,000

9. DIRECT PURCHASE FEDERALLY TAXABLE LOAN

In April 2017, the Airport issued $125.0 million of Airport Revenue Bond Series 2017 (Direct Purchase Federally Taxable Loan), which was purchased by PNC Bank, NA, for the purpose of providing funds which, together with other available moneys, were used for some or all of the following: (i) to refund a portion of commercial paper notes issued by the City; (ii) the acquisition of land for the Airport System; (iii) other capital financing needs of the Airport System; and (iv) paying the costs of issuing the Taxable Loan. This loan was subject to optional tender in full on April 26, 2022. In December 2021, the City renegotiated with PNC Bank to extend the optional tender date to June 2025. As part of this extension, the interest rate was revised from the 2.797% to 1.513%. As part of the closing, the City was required to pay PNC Bank a "make whole" termination payment of $656,148, which is equal to the interest PNC Bank would forego by lowering the interest rate.

Fiscal Years Ending June 30	Principal	Interest	Total Debt Service
2025	110,220,000	1,682,683	111,902,683
Totals	$ 110,220,000	$ 1,682,683	$ 111,902,683

10. FUND BALANCES

The following is a description of the restrictions for all net position categories of the Airport:

- *Net Investment in Capital Assets* reflects the investment in fixed assets net of accumulated depreciation and reduced by outstanding debt related to expended bond proceeds.
- *Restricted for Capital Projects* reflects the unexpended funds from bond and CP proceeds, CFCs and PFCs, which are reserved for construction of capital projects, offset by outstanding debt related to unexpended bond proceeds.
- *Restricted for Debt Service* reflects the unexpended funds from bond proceeds and PFCs, which are reserved for repayment of debt.
- *Unrestricted* reflects net position available for current and future operations.

11. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code section 457. As required by the Code and Pennsylvania laws in effect at June 30, 2014, the assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* as amended by GASB Statement No. 84 and GASB Statement No. 97, the Airport does not include the assets or activity of the plan in its financial statements.

The City of Philadelphia's deferred compensation plan (457 Plan) is considered a defined contribution plan for reporting purposes. Only employees participating in Pension Plan 10 and Plan 16 are eligible for the City match, and provided that any Plan 16 employee's annual salary is greater than the Stacked Hybrid Cap of $65,000. The City will provide a match of 50% of employees' contribution up to a maximum of 1.5% of the employee's annual salary. These contributions from both the employee and employer are deposited in a trust account held and administered by a third-party. The accounts are held in the name of each employee and the employee has control over how the investments are managed, which investments to choose and when to withdraw investments. The City provides no guarantees on investment returns and has no liability to the plan beyond providing the match previously described. The employee contributions are immediately vested after five years of credited service. If the employee separates from service prior to completion of five years of Credited Service, the employee's City match will be forfeited. Any forfeitures of employer contributions are used to offset future employer contributions or plan costs.

12. OPERATING LEASES

The Airport as a Lessee

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Airport leases and subleases a significant amount of nonfinancial assets such as land, buildings, equipment, and infrastructure. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and an associated lease asset are recognized in the *Statement of Net Position*.

The Airport has a variety of variable payment clauses, within its lease arrangements, which include payments dependent on indexes and rates (such as the Consumer Price Index and market interest rates), including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. The Airport did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

The Airport also enters into lease arrangements with third parties in which the Airport is a sublessee.

As of June 30, 2024, the Airport had minimum principal and interest payment requirements for its leasing activities, with a remaining term more than one year:

Lessee Activities
(in $000)

Fiscal Year Ending June 30	Principal	Interest	Total
2025	$ 193	$ 230	$ 423
2026	178	226	404
2027	170	222	393
2028	174	219	393
2029	178	215	393
2030-2034	948	1,016	1,964
2035-2040	1,055	910	1,964
2041-2044	1,173	791	1,964
2045-2049	1,305	659	1,964
2050-2054	1,451	513	1,964
2055-2059	1,614	350	1,964
2060-2064	1,796	169	1,964
2064-2066	657	13	670
	$ 10,895	$ 5,533	$ 16,428

The Airport as a Lessor

The Airport's most significant non-airline lease is with MarketPlace PHL, LLC, an entity responsible for the development and management of the food and retail program throughout Philadelphia International Airport. This award-winning food and retail program consists of approximately 153 shops, restaurants, retail carts and passenger services throughout Terminals A-West through F. The lease agreement provides for MarketPlace PHL, LLC to remit rents to the City in the form of total gross concession revenues, net of the concession management fee.

Additionally, as the lessor, the Airport leases and subleases Airport owned properties such as buildings, land, terminal concessions, and advertising space. The related receivables are presented in the *Statement of Net Position* for the amounts equal to the present value of lease payments expected to be received during the lease term. Revenue recognized under these lease contracts including interest, during the year ended June 30, 2024, was $54.7 million. These amounts include variable payments not previously included in the measurement of the lease receivable.

The Airport's variable payments clause within its lease arrangements as the lessor, is similar to the arrangements made as lessee. The Airport did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-leaseback transactions.

The following are schedules by year of minimum payments to be received under lease contracts that are included in the measurement of the lease receivable as of June 30, 2024:

Lessor Activities
(in $000)

Fiscal Year Ending June 30	Principal	Interest	Total
2025	34,857	4,811	39,668
2026	31,351	3,840	35,191
2027	28,117	2,959	31,076
2028	25,506	2,157	27,663
2029	22,133	1,425	23,558
2030-2034	17,733	3,622	21,355
2035-2039	7,941	2,250	10,191
2040-2044	7,942	1,060	9,002
2045-2049	3,049	153	3,202
2050-2054	148	10	158
	$ 178,777	$ 22,287	$ 201,064

As of June 30, 2024, the Airport reported current and non-current lease assets of $178.8 million. The Airport also reported a deferred inflows of leases in the amount of $180.8 million.

Regulated Leases

The Department of Aviation does not recognize a lease receivable or a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g., the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. Regulated leases include the following:

Airline Use Agreements: Effective July 1, 2023, the Department of Aviation entered into an Airport-Airline Use and Lease Agreements (Agreements) with airlines operating at PHL. These Agreements, while regulated by the FAA, are not within the disclosures.

Fixed Base Operators: The Airport entered into contracts with Fixed Base Operators (FBO) for the lease of certain airport system property. The FBOs are commercial enterprises that provide aeronautical services such as fueling, aircraft parking and storage to general aviation operators, and are therefore considered to be regulated leases. Revenues for FBOs were $4.6 million in fiscal year 2024.

Hangars and Ground Rentals: The Airport entered into several agreements for aircraft maintenance facilities, cargo facilities and ramps, buildings, and land, which are regulated and whose term extends beyond June 30, 2024. Revenue recognized for these leases was $3.6 million in fiscal year 2024.

Other Regulated Leases: The Airport entered into an agreement with an airline fueling consortium at PHL. As defined by GASB 87, fuel consortium agreements are considered regulated. Revenue recognized for this agreement was $2.3 million in fiscal year 2024.

Expected future minimum lease payments from regulated leases at June 30, 2024 are as follows (in thousands):

Fiscal Year Ending June 30	Future Minimum Expected Receipts
2025	5,518
2026	5,449
2027	5,442
2028	5,047
2029	3,577
2030-2034	13,256
2035-2039	12,123
2040-2044	13,664
2045-2049	9,695
2050-2054	632
2055-2059	632
2060-2064	632
2065-2069	537
	$ 76,204

13. CONCENTRATION OF CREDIT RISK

American Airlines is the principal airline serving Philadelphia International Airport. The airline, together with its American Eagle affiliates, accounted for approximately 62.7% of passengers enplaned at the airport in fiscal year 2024. Operating revenues from American Airlines and its affiliates totaled approximately $156.7 million in fiscal year 2024 which represented approximately 37.4 % of total operating revenues in fiscal year 2024.

14. PENSION PLANS

The Airport contributes to the Municipal Pension Plan ("City Plan") of the City of Philadelphia. The City maintains two single-employer defined benefit plans for its employees and several of its component units. The two plans maintained by the City are the City Plan and the Philadelphia Gas Works ("PGW") Plan. In addition to the City, the three other quasi-governmental agencies that participate in the City Plan are the Philadelphia Parking Authority ("PPA"), the Philadelphia Municipal Authority ("PMA"), and the Philadelphia Housing Development Corporation ("PHDC"). Information for the City Plan as a whole is available in the Annual Comprehensive Financial Report ("ACFR") of the City of Philadelphia for the year ended June 30, 2024.

Effective with fiscal year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement revised existing standards for measuring and reporting pension liabilities for pension plans. GASB Statement No. 68 defines a single employer as the primary government and its component units. All three quasi-governmental agencies that

participate in the City Plan were determined to be component units of the City. Therefore, the City Plan meets the definition of a single-employer plan.

The note disclosures and Required Supplementary Information required by GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25,* are presented in the separately issued audited financial statements of the City Plan and PGW Plan. Copies of these financial statements may be obtained by contacting the Director of Finance of the City of Philadelphia.

Pension Fund Description

Plan Administration

The Philadelphia Board of Pensions ("Pension Board") administers the City of Philadelphia Municipal Pension Fund ("Fund"), a single-employer defined benefit pension plan with a defined contribution component, which provides pensions for all officers and employees of the City, as well as those of three quasi-governmental agencies (per applicable enabling legislation and contractual agreements). The Pension Board was established by section 2-308 of the 1952 Philadelphia Home Rule Charter. Its actions in administering the Retirement System are governed by Title 22 of the Philadelphia Code.

The Board consists of nine voting members – four elected by the active members within civil service, and the City's Controller, Solicitor, Managing Director, Personnel Director, and Director of Finance, who serves as the Chair.

Plan Membership

At July 1, 2023, the date of the most recent actuarial valuation, pension plan membership for the City as a whole consisted of the following:

Active Members	26,646
Terminated Vested	781
Disabled	3,758
Retirees	22,409
Beneficiaries	8,565
DROP Members	2,210
Total City Members	64,369
Annual Salaries	$1,993,014,337
Average Salary per Active Member	$74,796
Annual Retirement Allowances	$848,128,541
Average Retirement Allowance	$24,419

Contributions

Per Title 22 of the Philadelphia Code, members contribute to the Fund at various rates based on bargaining unit, uniform/non-uniform/elected/exempt status, and entry date into the Fund. Beginning July 1, 2023, members contributed at one of the following rates:

Employee Contribution Rates

For the Plan Year Beginning July 1, 2023 to June 30, 2024

	Municipal (1)	Elected (2)	Police	Fire
Plan 67	7.00%	N/A	6.00%	6.00%
Plan 87	3.66%	11.75%	6.84%	6.84%
Plan 87 - 50% of Aggregate Normal Cost (3)	4.43%	N/A	N/A	N/A
Plan 87 - Accelerated Vesting (4)	5.29%	13.92%	N/A	N/A
Plan 87 Prime (5)	4.66%	12.75%	7.84%	7.84%
Plan '10	2.60%	N/A	7.34%	7.34%
Plan '10 - Accelerated Vesting	3.49%	N/A	N/A	N/A
Plan '16 (6)	4.17%	N/A	N/A	N/A
Plan '16 - Accelerated Vesting (7)	4.64%	N/A	N/A	N/A

1 - For the Municipal Plan 67 members who participate in the Social Security System, employee contributions are 4.75% of compensation up to the social security wage base and 7% above it.

2 - The employee contribution rate is based upon the normal cost of $571,022 under Plan 87 Elected, normal cost of $323,730 under Plan 87 Municipal and current annual payroll of $3,205,286.

3 - This represents 50% of aggregate Normal Cost for all members in Plan Y and applies to Deputy Sheriffs hired between 1/1/2012 and 6/20/2018.

4 - Member rates for Municipal Plan 87 (Y5) members eligible to vest in five years and Elected Officials (L8) eligible to be vested in eight years instead of 10.

5 - Plan 87 Prime refers to new hires who have the option to elect Plan '10 but have elected to stay in Plan '87. New hires after 7/1/2017 in Police and Fire Plan 87 Prime pay 8.50% and are not reflected above.

6 - All Municipal groups (except elected officials) hired after January 1, 2019 participate in Plan '16.

7 - Member rate for Municipal Plan 16 members eligible to vest in 7 years instead of 10 years.

Employer contributions are made by the City throughout each fiscal year (which ends June 30) and by three (3) quasi-governmental agencies on a quarterly basis. These contributions, determined by an annual Actuarial Valuation Report ("AVR"), when combined with plan member contributions, are expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Within the AVR, three contribution amounts are determined based upon three different sets of rules for determining the way the unfunded actuarial liability is funded.

The first method is defined in accordance with Act 205 and defines the Minimum Municipal Obligation ("MMO"), which is the City's minimum required contribution under Pennsylvania state law.

The second method is in accordance with the City's Funding Policy, which predates the Act 205 rules and calls for contributions that are greater than the MMO until the initial unfunded liability determined in 1984 is fully funded.

The third method currently followed by the City, the Revenue Recognition Policy ("RRP"), calls for additional revenue to be contributed each year to the fund in excess of the MMO. There are three sources of additional revenue that will be received by the Fund: 1) a portion of the sales tax according to the State Legislation, 2) additional tiered member contributions based on salary level for all municipal employees, and 3) additional member contributions from the current and future uniform members in Plan 87.

Under all funding methods, there are two components: the normal cost and the amortized unfunded actuarial liability. The actuarial unfunded liability is the amount of the unfunded actuarial liability that is paid each year based upon the given or defined amortization periods. The amortization periods are the same under the MMO and RRP but differ under the City's Funding Policy.

City's Funding Policy

The initial July 1, 1985 Unfunded Actuarial Liability ("UAL") was amortized over 34 years ending June 30, 2019 with payments increasing at 3.3% per year, the assumed payroll growth. All future amortization periods will follow the MMO funding policy below. Other changes in the actuarial liability are amortized in level-dollar payments as follows:

- Actuarial gains and losses – 20 years beginning July 1, 2009. Prior gains and losses were amortized over 15 years.
- Assumptions changes – 15 years beginning July 1, 2010. Prior to July 1, 2010, assumption changes were amortized over 20 years.
- Plan changes for active members – 10 years.
- Plan changes for inactive members – 1 year.
- Plan changes mandated by the State – 20 years.

In fiscal year 2024, the City and other employers' contributions of $948.7 million were more than the actuarially determined employer contribution ("ADEC") of $822.3 million. In the event that the City contributes less than the funding policy, an experience loss will be created that will be amortized in accordance with the funding policy over a closed 20-year period.

The Schedule of Employer Contributions (based on the City's Funding Policy) is included as Required Supplemental Information (in the City's ACFR) and provides a 10-year presentation of the employer contributions.

Minimum Municipal Obligation (MMO)

For the purposes of the MMO under Act 205 reflecting the fresh start amortization schedule, the July 1, 2009 UAL was "fresh started" to be amortized over 30 years ending June 30, 2039. This is a level dollar amortization of the UAL.

In fiscal year 2024, the City and other employers' contributions of $948.7 million exceeded the MMO of $671.7 million.

The Schedule of Employer Contributions (based on the MMO Funding Policy) is included as Required Supplemental Information (in the City's ACFR) and provides a 10-year presentation of employer contributions.

Revenue Recognition Policy (RRP)

Revenue Recognition Policy is similar to the MMO except that assets used to determine the unfunded liability do not include a portion of sales tax revenue, tiered member contributions from the municipal employees, and additional uniform members' contributions. These sources of income are contributed over and above the City's contribution of the MMO and will be in addition to the MMO. Therefore, under this funding method, the additional revenue amounts are separately tracked and accumulated in a notional account, which is then subtracted from the assets before calculating the contribution amounts due under the MMO methodology. The Fund accumulates these amounts in a notional account and deducts them from the Actuarial Asset Value before the MMO is determined. These amounts are accumulated at the Actuarial Asset Value return rates to preserve the new funding methodology.

In fiscal year 2024 , the City and other employers' contributions of $948.7 million exceeded the contribution under the RRP of $742.8 million.

The Schedule of Employer Contributions (based on the RRP Funding Policy) is included as Required Supplemental Information (in the City's ACFR) and provides a 10-year presentation of employer contributions.

Benefits

The Fund provides retirement, disability, and death benefits according to the provisions of Title 22 of the Philadelphia Code. These provisions prescribe retirement benefit calculations, vesting thresholds, and minimum retirement ages that vary based on bargaining unit, uniform/non-uniform status, and entry date into the System.

Non-uniform employees may retire at either age 55 with up to 80% of average final compensation ("AFC") or age 60 with up to 100% or 25% of AFC, depending on entry date into the Fund. Uniform employees may retire at either age 45 with up to 100% of AFC or age 50 with up to either 100% or 35% of AFC, depending on entry date into the Fund. Survivorship selections may result in an actuarial reduction to the calculated benefit.

Members may qualify for service-connected disability benefits regardless of length of service. Service-connected disability benefits are equal to 70% of a member's final rate of pay and are payable immediately without an actuarial reduction. These applications require

approval by the Board. Eligibility to apply for non-service-connected disability benefits varies by bargaining unit and uniform/non-uniform status. Non-service-connected disability benefits are determined in the same manner as retirement benefits and are payable immediately.

Service-connected death benefits are payable to:

1) surviving spouse/life partner at 60% of final rate of pay plus up to two children under age 18 at 10% each of final rate of pay (maximum payout: 80%).

2) if no surviving spouse/life partner, up to three children under age 18 at 25% each of final rate of pay (maximum payout 75%); or

3) if no surviving spouse/life partner or children under age 18, up to two surviving parents at 15% each of final rate of pay (maximum payout 30%).

Non-service-connected deaths are payable as a lump sum payment, unless the deceased was either vested or had reached minimum retirement age for their plan, in which case the beneficiary(ies) may instead select a lifetime monthly benefit, payable immediately with an actuarial reduction.

The Pension Adjustment Fund ("PAF") is funded with 50% of the excess earnings that are between 1% and 6% above the actuarial assumed earnings rate. Each year, within 60 days of the end of the fiscal year, by majority vote of its members, the Board of Directors of the Fund ("the Board") shall consider whether sufficient funds have accumulated in the PAF to support an enhanced benefit distribution (which may include, but is not limited to, a lump sum bonus payment, monthly pension payment increases, ad hoc cost-of-living adjustments, continuous cost-of-living adjustments, or some other form of increase in benefits as determined by the Board) to retirees, their beneficiaries, and their survivors. As of July 1, 2023 , the date of the most recent actuarial valuation, there was $7.2 million in the PAF, and the Board voted to make PAF distributions of $ 56.9 thousand during the fiscal year ended June 30, 2024 .

The Fund includes a Deferred Retirement Option Plan ("DROP Plan"). The DROP Plan allows a participant to declare that they will retire within four years. During the four-year period, the City will make no further contributions for the participant. The participant would continue to work and to receive their salary; however, any increases would not be counted towards their pension benefit. During the four-year period the individual participates in the DROP Plan, their pension benefits will be paid into an escrow account in the participant's name. After the four-year period, the participant would begin to receive their pension benefits and the amount that has been accumulated in the escrow account in a lump sum payment. The balance in the DROP Plan as of June 30, 2024 is $200.4 million.

Investments

The Pension Board's Investment Policy Statement provides, in part:

The overall investment objectives and goals should be achieved by use of a diversified portfolio, with safety of principal a primary emphasis. The portfolio policy should employ flexibility by prudent diversification into various asset classes based upon the relative expected risk-reward relationship of the asset classes and the expected correlation of their returns.

The Fund seeks an annual total rate of return of not less than 7.30% over a full market cycle. It is anticipated that this return standard should enable the Fund to meet its current actuarially assumed earnings projection 7.30% over a market cycle. The investment return assumption was reduced by the Board from 7.35% to 7.30% from the prior fiscal year. The Fund's investment program will pursue its aforementioned total rate of return by a combination of income and appreciation, relying upon neither exclusively in evaluating a prospective investment for the Fund.

All investments are made only upon recommendation of the Fund's Investment Committee and approval by a majority of the Pension Board. In order to document and communicate the objectives, restrictions, and guidelines for the Fund's investment staff and investments, a continuously updated Investment Policy Statement is maintained. The Investment Policy Statement is updated (and reaffirmed) each year at the January Board meeting.

The following was the Board's approved asset allocation policy as of October 24, 2023:

Asset Class	Target Allocation
Broad Fixed Income	21.0%
91 Day T-Bills	4.0%
Opportunistic Credit	3.0%
U.S. All Cap Core Equity	24.0%
Broad Non-US Equity	12.0%
Emerging Markets Equity	2.0%
Global Low Volatility Equity	8.0%
Core Real Estate	7.0%
Public REITs	1.0%
Opportunistic Real Estate	1.0%
Global Infrustructure	5.0%
Private Debt	2.0%
Private Equity	10.0%
Total	100.0%

Money-Weighted Rate of Return

For the fiscal year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Summary of Significant Accounting Policies

Basis of Presentation

Financial statements of the Fund are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the Fund.

Methods Used to Value Investments

The Fund's investments are reported at fair value. Fair value is the amount that the Fund can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale. Fixed income securities and common and preferred stocks are generally valued based on published market prices and quotations from national security exchanges or securities pricing

services. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on similar sales.

For alternative investments which include private equity, private debt, venture capital, hedge funds and equity real estate investments where no readily ascertainable market value exists, management, in consultation with the general partner and investment advisors, has determined the fair values for the individual investments based upon the partnership's most recent available financial information. Some of the investment values provided in the report are estimates due to a lag in reporting for alternative investments.

Futures contracts, foreign exchange contracts, and options are mark-to-market daily with changes in market value recognized as part of net appreciation/depreciation in the fair value of investments. Initial margin requirements for such financial instruments are provided by investment securities pledged as collateral or by cash.

Investment expenses consist of investment manager fees and investment consultant fees related to the traditional investments only, and not those fees related to the alternative investments. Fair market values reported for the alternative investments are net of investment expenses. Unsettled investment sales are reported as Accrued Interest and Other Receivables, and unsettled investment purchases are included in Accrued Expenses and Other Liabilities.

Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

Income Taxes

The Fund qualifies under Section 401(a) of the Internal Revenue Code ("IRC") and is exempt from income taxation as allowed by Section 501(a) of the IRC.

Related Parties

The City's Department of Finance provides cash receipt and cash disbursement services to the Fund. The City Solicitor's Office provides legal services to the Fund. Other administrative services are also provided by the City.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes

in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

Contributions are calculated based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these statements and assumptions in the near term would be material to the financial statements.

Administrative Expenses

Administrative expenses of the Fund are paid for by the Fund.

Cash Deposits, Investments and Securities Lending

Legal Provisions

The Fund is authorized to invest in "prudent investments," including obligations of the U.S. Treasury, agencies and instrumentalities of the United States, investment grade corporate bonds, common stock, real estate, private market, etc. City ordinances contain provisions which preclude the Fund from investing in organizations that conduct business in certain countries and also impose limitations on the amounts invested in certain types of securities.

Custodial Credit Risk

Custodial credit risk for Deposits is the risk that in the event of a bank failure, the Fund's deposits may not be returned to them. The Fund's cash deposits are held in two banks as of June 30, 2024. Amounts are insured up to $250,000 per bank by the Federal Deposit Insurance Corporation ("FDIC"). Deposits in excess of the FDIC limit are collateralized with securities held by the pledging financial institution's trust department or agent in the Fund's name. The Fund classifies Money Market funds held by custodian institution, Northern Trust, as cash equivalents. The Fund also classifies Treasury Bills as cash equivalent if the date of maturity is three months or less from the acquisition date.

Custodial credit risk for Investments is the risk that in the event of counterparty failure, the Fund may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities held by the counterparty or counterparty's trust department are uninsured and are not registered in the name of the Fund. The Fund requires that all investments be clearly marked as to ownership, and to the extent possible, be registered in the name of the Fund. Certain investments may be held by the managers in the Fund's name.

Interest Rate Risk

Interest rate risk is the largest risk faced by an investor in the fixed income market. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes.

Duration is a measure of the approximate sensitivity of a bond's value to interest rate changes. The higher the duration, the greater the changes in fair value when interest rates change. The Fund measures interest rate risk using segmented time distribution, which shows the total fair value of investments maturing during a given period.

Concentration of Credit Risk

Concentration of credit risk is the risk of substantial loss if investments are concentrated in one issuer. As of June 30, 2024, the Fund has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded. There is no formal policy regarding concentration of credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Fund is subject to credit risk on $841.4 million of directly owned fixed income. The Fund's directly owned rated debt investments as of June 30, 2024 were rated by S&P, a nationally recognized statistical rating agency.

Foreign Currency Risk

The Fund's exposure to foreign currency risk derives from its position in foreign currency-denominated cash and investments in fixed income, equities, and derivatives. The foreign currency investment in equity securities is 38.65% of the total investment in equities. There is no formally adopted policy to limit foreign currency exposure.

Derivatives

The Fund may invest in derivatives as permitted by guidelines established by the Pension Board. Pursuant to such authority, the Fund may invest in foreign currency forward contracts, options, futures (S&P Fund) and swaps. No derivatives were purchased with borrowed funds.

Derivatives are generally used to provide market exposure in the equity portfolio and to hedge against foreign currency risk and changes in interest rates, improve yield and adjust the duration of the Fund's fixed income portfolio. These securities are subject to changes in value due to changes in interest rates or currency valuations. Credit risk for derivatives results from the same considerations as other counterparty risk assumed by the Fund, which is the risk that the counterparty might be unable to meet its obligations.

Derivative instruments such as swaps, options, futures and forwards are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. However, derivative instruments can also expose governments to significant risks and liabilities.

The Fund enters into a variety of financial contracts, which include options, futures, forwards and swap agreements to gain exposure to certain sectors of the equity and fixed income markets; collateralized mortgage obligations ("CMOs"); other forward contracts, and U.S. treasury strips. The contracts are used primarily to enhance performance and reduce the volatility of the portfolio. The Fund is exposed to credit risk in the event of non-performance by counterparties to financial instruments. The Fund generally enters into transactions only with high quality institutions. Legal risk is mitigated through selection of executing brokers and review of all documentation. The Fund is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by senior management, through buying or selling instruments or entering into offsetting positions. The notional or contractual amounts of derivatives indicate the extent of the Fund's involvement in the various types and uses of derivative financial instruments and do not measure the Fund's exposure to credit or market risks and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

Derivative Instruments

The following table summarizes the aggregate notional or contractual amounts for the Fund's derivative financial instruments at June 30, 2024 in addition to the fair value and the change in the fair value of derivatives (in thousands).

List of Derivatives Aggregated by Investment Type

Classification	Change in Fair Value		Fair Value at June 30, 2024		Notional
Investment Derivatives					
Forward Currency Contracts	Net appreciation / (depreciation) in investments	$ 2,957	Investments	$ 254	$ 204,217
Futures	Net appreciation / (depreciation) in investments	$ -	Investments	$ -	$ 32,713
	Grand Totals	$ 2,957		$ 254	$ 236,930

A Derivatives Policy Statement identifies and allows common derivative investments and strategies which are consistent with the Investment Policy Statement of the City of Philadelphia Municipal Pension Fund. The guidelines identify transaction-level and portfolio-level risk control procedures and documentation requirements. Managers are required to measure and monitor exposure to counterparty credit risk. All counterparties must have credit ratings available from nationally recognized rating institutions such as Moody's, Fitch, and S&P. The details of other risks and financial instruments in which the Fund is involved are described below.

Credit Risk

The Fund is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Fund's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating fall below AA as issued by Fitch and S&P or Aa as issued by Moody's. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The City has never failed to access collateral when required.

It is the Fund's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Swap Agreements

These derivative instruments provide for periodic payments at predetermined future dates between parties based on the change in value of underlying securities, indexes or interest rates. Under fixed interest rate type swap arrangements, the Fund receives the fixed interest rate on certain equity or debt securities or indexes in exchange for a fixed charge. There were no fixed interest rate swaps during 2024. On its pay-variable, receive-fixed interest rate swap, as London Interbank Offered Rate ("LIBOR") increases, the Fund's net payment on the swap increases. Alternatively, on its pay-fixed, receive-variable interest rate swap, as LIBOR or the Securities Industry and Financial Markets Association ("SIFMA") swap index decreases, the Fund's net payment on the swap increases.

Futures Contracts

These derivative instruments are types of contracts in which the buyer agrees to purchase, and the seller agrees to make delivery of a specific financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that counterparty will not pay and generally requires margin payments to minimize such risk. In addition, the Fund enters into short sales, sales of securities it does not presently own, to neutralize the market risk of certain equity positions. Initial margin requirements on futures contracts and collateral for short sales are provided by investment securities pledged as collateral and by cash held by various brokers. Although the Fund has the right to access individual pledged securities, it must maintain the amount pledged by substituting other securities for those accessed. The realized gain from futures contracts was $30,835.

Forward Contracts

The Fund is exposed to basis risk on its forward contracts because of possible mismatch between the price of the asset being hedged and the price at which the forward contract is expected to settle. The realized loss from forward contracts was $7,909,896.

Termination Risk

The Fund or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, the Fund is exposed to termination risk on its receive-fixed interest rate swap. The Fund is exposed to termination risk on its rate cap because the counterparty has the option to terminate the contract if the SIFMA swap index exceeds 12%. If at the time of termination, a hedging derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Rollover Risk

The Fund is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Fund will be re-exposed to the risks being hedged by the hedging derivative instrument.

Fair Value Measurement

The accounting pronouncement on fair value measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobserved inputs (Level 3 measurements). See the City's ACFR to view the Municipal Pension Fund's recurring fair value measurement as of June 30, 2024.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. Such inputs include quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data sustainability for the full-term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgement or estimation.

1. Private market funds: The primary goal of these Funds is to generate returns for investors that exceed private equity industry benchmarks and are commensurate with

asset class risk through the construction of a portfolio of opportunistic, highly performing private equity investments. Investments that these funds may include early-stage venture capital, later-stage growth financings, leveraged buyouts of medium and large-sized companies, mezzanine investments, private investments in public equity (PIPES) and investments in companies that are being taken private. These investments can never be redeemed with the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over five to ten years. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. Once a buyer has been identified, the investee fund's management is required to approve of the buyer before the sale of the investments can be completed.

2. Real estate funds: This type includes funds that invest in U.S. and non-U.S. commercial and residential real estate. The fair values of the investments in this type have been determined using the net asset value ("NAV") per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The investee fund's management is required to approve of the buyer before the sale of the investments can be completed. It is expected that the underlying assets of the funds will be liquidated over the next seven to ten years.

3. Fixed income hedge funds: The primary goal of these funds is to create alpha by sourcing proprietary opportunities, avoiding capital loss, buying securities below their intrinsic value and selling securities above their intrinsic value. Firms look for opportunities that are currently mispriced, based on fundamentals or potentially an event that may improve the price of the holding. Investments are generally driven by fundamental, value-oriented analysis, and specific credit events. The fair values of the investments in this type have been determined using NAV per share (or its equivalent) of the investments. Investments can be redeemed with 90-120 days' notice. These funds have been terminated but because of their structure and illiquid nature, the investments have not been fully liquidated yet.

4. Equity long/short hedge funds: This Fund will typically hold 0-50 long positions and 10-15 short positions in U.S. common stocks. Management can shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The Fund mitigates market risk by utilizing short positions. In periods of extreme volatility, the Fund may hold a significant portion of

its assets in cash. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments can be redeemed with a 90 days' notice.

Securities Lending Program

The Fund, pursuant to a Securities Lending Authorization Agreement ("SLAA"), has authorized Northern Trust to act as the Fund's agent in lending the Fund's securities to approved borrowers. Northern Trust, as agent, enters into Securities Loan Agreements with borrowers.

Securities are loaned versus collateral that may include cash; U.S. government and select OECD government debt securities; and domestic and international equities from major indices, as defined specifically in the non-cash collateral guidelines within the Securities Lending Authorization Agreement. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. Non-Cash collateral cannot be pledged or sold unless the borrower defaults.

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of City of Philadelphia Board of Pensions and Retirement loans was approximately 80 days as of June 30, 2024.

Cash open collateral is invested in a short-term investment pool, the NT Coll SL Core S/T Inv Fund, which had an interest sensitivity of 24 days as of this statement date.

There were no violations of legal or contractual provisions, no borrower or lending agent default losses to the securities lending agent.

There are no dividends or coupon payments, owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrow and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities.

As of June 30, 2024, the fair value of securities on loan was $320.2 million. Associated collateral totaling $329.2 million was comprised of cash, which was invested in a separately managed account based upon the investment guidelines established by the Pension Fund. As of June 30, 2024, the invested cash collateral was $329.2 million and is valued at amortized cost.

Investment Advisors

The Fund utilizes investment advisors to manage long-term debt, real estate, private market, and equity portfolios. To be eligible for consideration, investments must meet criteria set forth in governing laws and regulations.

Net Pension Liability

The components of the net pension liability as of June 30, 2024 were as follows:

Total Pension Liability	$	13,032,857
Less: Plan Fiduciary Net Position		8,566,208
Collective Net Pension Liability	$	4,466,649

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability ("TPL"): 65.7%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023 and was rolled forward to June 30, 2024. The June 30, 2023 valuation used the following actuarial assumptions, applied to all periods, including the measurement period:

Actuarial Cost Method: Entry Age Normal

Investment Rate of Return: 7.35% compounded annually, net of expenses

Salary Increases: Age-based table

- The investment return assumption was changed from 7.35% from the prior year valuation to 7.30% for the current year valuation.
- To recognize the expense of the benefits payable under the Pension Adjustment Fund, the actuarial liabilities have been increased by 0.54%. This estimate is based on the statistical average expected value of the benefits.
- Mortality Rates: For Municipal and Elected Officials, 109% and 126% for males and females, respectively, of the Pub-2010(B) General Healthy Annuitant Below-Median Table projected from base year 2010 to 2025 using mortality improvement scale MP-2021. For Uniform employees, 118% and 122%, for males and females, respectively, of Pub-2010(B) Safety Healthy Annuitant Below-Median Table projected from base year 2010 to 2025 using mortality improvement scale MP-2021.

The measurement date for the net pension liability ("NPL") is June 30, 2024. Measurements are based on the fair value of assets as of June 30, 2024 and the TPL as of the valuation date, July 1, 2023, updated to June 30, 2024. The roll-forward procedure included the addition of service cost and interest cost offset by actual benefit payments and an adjustment to reflect changes in assumptions.

There were no changes in benefits during the year. Effective July 1, 2024, there was an assumption change, approved by the Board, reducing the expected long-term return on assets from 7.35% to 7.30% which increased the TPL by approximately $61 million.

During the measurement year, the collective NPL decreased by approximately $376 million. The service cost and interest cost increased the collective NPL by approximately $1.1 billion while contributions offset by investment losses and administrative expenses decreased the collective NPL by approximately $1.7 billion. Additionally, there was an actuarial experience loss during the year of approximately $171 million.

As defined under title §22-311 of the Philadelphia Code, the Pension Adjustment Fund ("PAF") provides for additional benefit distributions to retirees and beneficiaries through the use of excess earnings. The Fiduciary Net Position ("FNP") balances as of the beginning and end of the measurement period include the PAF assets. PAF distributions are reflected when the additional benefits are actually paid out of the FNP balance. During the measurement year, PAF distributions increased the collective NPL by approximately $57 thousand.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using the software simulations developed by the Fund's investment consultant, Marquette Associates, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.

Sensitivity of the Net Pension Liability

The following table presents the NPL of the Fund, calculated using the discount rate of 7.30%, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 6.30%	Discount Rate 7.30%	1% Increase 8.30%
Total Pension Liability	$14,355,274	$13,032,857	$11,905,196
Plan Fiduciary Net Position	$8,566,208	$8,566,208	$8,566,208
Collective Net Position Liability	$5,789,066	$4,466,649	$3,338,988
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.7%	65.7%	72.0%

Guarantee of Benefits

Benefits under the Fund are guaranteed by statute. In the event that employee contributions do not equal required benefits, the City's General Fund must provide any shortfall.

Participation in the Pension Fund

The trustees for the Fund are also members of the Fund and as such, are subject to the provisions of the Fund as described in the notes to the City's financial statements.

Reporting Information for Participating Employers

Changes in Collective Net Pension Liability

The following table shows the changes in TPL, the FNP (i.e., fair value of the Plan assets), and the NPL during the measurement period ending on June 30, 2024.

Change in Collective Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2023	$ 12,650,397	$ 7,808,089	$ 4,842,308
Changes for the year:			
Service cost	195,726	-	195,726
Interest	921,857	-	921,857
Changes in benefits	-	-	-
Differences between expected and actual experience	170,975	-	170,975
Changes of assumptions	60,692	-	60,692
Contributions - employer	-	948,686	(948,686)
Contributions - member	-	127,355	(127,355)
Net investment income	-	658,958	(658,958)
Benefit payments	(966,790)	(966,790)	-
Administrative expense	-	(10,033)	10,033
PAF Distributions	-	(57)	57
Net Changes	382,460	758,119	(375,659)
Balances at June 30, 2024	$ 13,032,857	$ 8,566,208	$ 4,466,649

Employer's Proportionate Share

GASB Statement No. 68 requires that the proportionate share for each employer be determined based upon the "employer's projected long-term contribution effort to the pension as compared to the total long-term contribution effort to all employers." In addition to the City, three governmental agencies currently participate in the system, PHDC, PMA, and PPA. The method of allocation is based on the ratio of quasi-agency contributions in proportion to total contributions by plan.

See the City's ACFR for further details on the Plan's financials.

15. ACCUMULATED UNPAID SICK LEAVE

The Airport follows City policies regarding the accumulation of sick leave. City and certain component unit employees are credited with varying amounts of sick leave according to type of employee and/or length of service. City employees may accumulate unused sick leave to predetermined balances. Non-uniformed employees (upon retirement only) and uniformed employees (upon retirement or in case of death while on active duty) are paid varying amounts ranging from 25% to 60% of unused sick time, not to exceed predetermined amounts. Employees, who separate for any reason other than indicated above, forfeit their entire sick leave.

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The following information is provided for the City as a whole because discrete information is not available for the Airport. Please see the ACFR of the City of Philadelphia for required supplemental information.

Plan Description

The City of Philadelphia self-administers a single-employer, defined benefit plan that provides OPEB for all eligible retirees. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75.

Benefits Provided

The City of Philadelphia subsidizes health care for five years from the time of coverage election for eligible retirees. Certain union represented employees may defer their coverage until a later date but the amount that the City pays for their health care is limited to the amount that the City would have paid at the date of their retirement. The City also provides lifetime insurance coverage for all eligible retirees. Firefighters are entitled to $7,500 coverage and all other employees receive $6,000 in coverage. The plan does not issue stand-alone financial statements, and the accounting for the plan is reported within the financial statements of the City of Philadelphia.

Funding Policy

The City's funding policy is to pay the net expected benefits for the current retirees. To provide health care coverage, the City pays a negotiated monthly premium for retirees covered by union contracts and is self-insured for non-union employees. The City's contributions are estimated to be about $103.6 million for fiscal year ending June 30, 2024.

Employees Covered by Benefit Terms

As of July 1, 2022, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

Medical Coverage	
Active employees	26,715
Retired and Inactive employees deferring medical coverage	3,960
DROPemployees with medical coverage	1,917
Total	32,592

Life Insurance Coverage	
Inactive employees or beneficiaries currently receiving life insurance coverage	27,769
Active employees	26,715
Total	54,484

Total OPEB Liability

The City's total OPEB liability reported as of June 30, 2024 of $1.81 billion was measured as of June 30, 2023 based on an actuarial valuation as of June 30,2022 .

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Measurement Dates

The measurement dates were June 30, 2023 and June 30, 2024 for reporting dates June 30, 2022 and June 30, 2023, respectively.

Discount Rates

The discount rate was 3.65% per annum for the valuation measured as of June 30, 2023 and 3.54% per annum for the valuation measured as of June 30, 2022.

Per Person Cost Trends

The trend rates represent the annual rate of increase in employer claim payments, employer premiums (including those paid to union-sponsored plans), and retiree contributions.

See the City's ACFR for further details on these trends.

Retirees Share of Benefit-Related Costs

Participation rates for medical coverage:

* 85% of future retirees from non-represented groups are assumed to elect post-retirement medical coverage.

* 100% of future retirees from represented groups (DC 33, DC 47, Fire, and Police) are assumed to elect post-retirement medical coverage.

* 100% of DROP participants are assumed to continue in DROP for the remainder of their DROP period (maximum four years) and then retire with a medical benefit.

Participation rates for life insurance coverage:

* 95% of current and future retired firefighters who participated in the pension plan are assumed to be covered by City-provided life insurance.

* 87% of all other current and future retired pension plan participants are assumed to be covered by City-provided life insurance.

Mortality Rates

Rate of Pre-Retirement Mortality:

It is assumed that deaths of active municipal and elected members, 109% and 126%, for males and females, respectively, of the Pub-2010(B) General Employee Below-Median Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021.

It is assumed that deaths of active uniformed members follow 118% and 122%, for males and females, respectively, of the Pub-2010(B) Safety Employee Below-Median Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021.

Rate of Post-Retirement Mortality:

For municipal and elected members, 109% and 126% for males and females, respectively, of the Pub-2010(B) Health Annuitant Below-Median Table projected from base year 2010-2025 using mortality improvement scale MP-2021.

For uniformed members, the rate of post-retirement and post-disability mortality follow 118% and 122%, for males and females, respectively, of the Pub-2010(B) Safety Healthy Annuitant Below-Median Table projected from base year 2010 to 2025 using mortality improvement scale MP-2021.

Rates of Post-Disability Mortality

For municipal and elected members, the rate of post-disability mortality follows 108% and 105%, for males and females, respectively, of the Pub-2010 General Disabled Annuitant Table projected from base year 2010 to 2025 using mortality improvement scale MP-2021.

For uniformed members, the rate of post-disability mortality follows 135% for males only of the Pub-2010 Safety Disabled Annuitant Table projected from base year 2010-2025 using mortality improvement scale MP-2021.

Change in the Total OPEB Liability

The table below shows the changes in the Total OPEB Liability ("TOL"), the FNP (i.e., the fair value of Plan assets), and the Net OPEB Liability ("NOL") during the measurement period ending on June 30, 2023.

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2022	$ 1,784,500	$ -	$ 1,784,500
Changes for the year:			
Service cost	82,200	-	82,200
Interest	64,300	-	64,300
Changes in benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(15,400)	-	(15,400)
Contributions - employer	-	101,100	(101,100)
Contributions - non-employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(101,100)	(101,100)	-
Administrative expense	-	-	-
Net Changes	30,000	-	30,000
Balances at June 30, 2023	$ 1,814,500	$ -	$ 1,814,500

There were no actuarial experience losses or gains during the year because the TOL at the beginning of the year and end of the year were both based on the same valuation.

The employer contribution of $101.1 million is based on a blend of actual contributions provided by the City of Philadelphia and estimated contributions based on the prior report.

There was a gain in the liability of $21.3 million due to the increase in the discount rate from 3.54% to 3.65%.

There were no benefit changes during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following represents the TOL of the City, calculated using the discount rate of 3.65%, as well as what the City's total liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL, and higher discount rates produce a lower TOL. The table below shows the sensitivity of the NOL to the healthcare trends.

	1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	$1,961,500	$1,814,500	$1,681,000
Plan Fiduciary Net Position	$0	$0	$0
Net OPEB Liability	$1,961,500	$1,814,500	$1,681,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%

A 1% decrease in the discount rate increases the TOL and NOL by approximately 8%. A 1% increase in the discount rate decreases the TOL and NOL by approximately 7%.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the Total OPEB Liability of the City, as well as what the City's total liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current discount rate.

Changes in healthcare trends affect the measurement of the TOL. Lower healthcare trends produce a lower TOL, and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the NOL to healthcare trends.

	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	$1,640,000	$1,814,500	$2,019,400
Plan Fiduciary Net Position	$0	$0	$0
Net OPEB Liability	$1,640,000	$1,814,500	$2,019,400
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%

A 1% decrease in the healthcare trends rate decreases the TOL and NOL by approximately 10%. A 1% increase in the healthcare trends rate increases the TOL and NOL by approximately 11%.

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2024, the City recognized OPEB expense of $84.4 million. The table below shows the development of OPEB expense.

Calculation of OPEB Expense		
Fiscal Year Ending		June 30, 2024
Measurement Year Ending		June 30, 2023
Change in Net OPEB Liability	$	30,000,000
Change in Deferred Outflows		23,600,000
Change in Deferred Inflows		(70,300,000)
Non-Employer Contributions		-
Employer Contributions		101,100,000
OPEB Expense	$	84,400,000
OPEB Expense as % of Payroll		4.23%
Operating Expenses		
Service Costs	$	82,200,000
Employee Contributions		-
Administrative Expenses		-
Total	$	82,200,000
Financing Expenses		
Interest Costs	$	64,300,000
Expected Return on Assets		-
Total	$	64,300,000
Changes		
Benefit Changes	$	-
Recognition of Assumption Changes		(62,300,000)
Recognition of Liability Gains and Losses		200,000
Recognition of Investment Gains and Losses		-
Total	$	(62,100,000)
OPEB Expense	$	84,400,000

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Schedule of Deferred Inflows and Outflows of Resources as of
June 30, 2024 Projected Fiscal Year End
June 30, 2023 Measurement Date

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 29,100,000	$ 48,800,000
Changes in assumptions	71,300,000	328,600,000
Net differences between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequest to measurement date	103,600,000	-
Totals	$ 204,000,000	$ 377,400,000

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

June 30, 2025	(47,100,000)
June 30, 2026	(47,100,000)
June 30, 2027	(47,200,000)
June 30, 2028	(37,000,000)
June 30, 2029	(43,200,000)
Thereafter	(55,400,000)

The subsequent contributions after the measurement date are reflected as a deferred outflow, but this is not subject to a deferred recognition period in the OPEB expense. Instead, this will be fully recognized in the OPEB expense for the fiscal year ending June 30, 2025.

The Plan is not currently being pre-funded, so there is no actuarially determined contribution. The actuarially determined contribution is a target or recommended contribution to the OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contributions for the reporting period was adopted.

17. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City (except for Aviation Fund operations, the Municipal Authority, and the Pennsylvania Intergovernmental Cooperation Authority ("PICA")) is self-insured for fire damage, casualty losses, public liability, Workers' Compensation and Unemployment Compensation. The Aviation Fund is self-insured for Workers' Compensation and Unemployment Compensation and insured through insurance carriers for other coverage. The City is self-insured for medical benefits provided to employees in the Fraternal Order of Police, its city-administered health plan, the International Association of Fire Fighters and District Council 47.

The City covers all claim settlements and judgments, except for those discussed above, out of the resources of the fund associated with the claim. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. These losses include: an estimate of claims that have been incurred but not reported; the effects of specific, incremental claims adjustment expenditures, salvage, and subrogation; and unallocated claims adjustment expenditures.

At June 30, 2024 the amount of these liabilities was $490.4 million for the Primary Government. This liability is the City's best estimate based on available information. Changes in the reported liability since June 30, 2022 resulted from the following:

(Amounts in Millions of USD)

Fiscal Years Ending June 30	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2022	$ 490.4	$ 194.1	$ (235.2)	$ 449.3
2023	$ 449.3	$ 246.4	$ (285.6)	$ 410.1
2024	$ 410.1	$ 358.9	$ (278.6)	$ 490.4

The City's Unemployment Compensation and Workers' Compensation coverages are provided through its General Fund. Unemployment Compensation and Workers' Compensation coverages are funded by a pro-rata charge to the various funds. Payments for fiscal year 2024 were $1.8 million for Unemployment Compensation claims and $100.7 million for Workers' Compensation claims.

The City's estimated outstanding workers' compensation liabilities are $324.3 million, discounted at 4.0%. On an undiscounted basis, these liabilities total $436.7 million. These liabilities include provisions for indemnity, medical and allocated loss adjustment expense ("ALAE"). Excluding the ALAE, the respective liabilities for indemnity and medical payments relating to workers' compensation total $284.7 million (discounted) and $386.4 million (undiscounted).

During the last five (5) fiscal years, no claim settlements have exceeded the level of insurance coverage for operations using third party carriers. None of the City's insured losses have been settled with the purchase of annuity contracts.

18. COMMITMENTS

The Airport had commitments, which are open encumbrance balances, of approximately $60.0 million for operating expenses and $277.9 million for capital assets and improvements for fiscal year 2024. The Airport expects to fund these commitments through operating revenue and through bond proceeds, capital grants, customer facility charges, and passenger facility charges.

19. CONTINGENCIES

Claims and Litigation

Generally, claims against the Department of Aviation are payable from the Aviation Fund and only secondarily out of the City's General Fund, which is then reimbursed for the expenditure. There are certain lawsuits against the Aviation Fund in which a loss is reasonably possible. The aggregate estimate of the amount of loss from these lawsuits in which some amount of loss is reasonably possible is approximately $600 thousand from the Aviation Fund. This represents the best estimate of the inventory of such litigation and pre-suits as of February 10, 2025.

Significant cases included in the current litigation against the Aviation Fund are as follows:

Henderson Inverse Condemnation: In early September 2016, a Petition for the Appointment of a Board of View pursuant to the Pennsylvania Eminent Domain Code 26 Pa. C. Section 502(c), was filed in Delaware County, Pennsylvania against the City by numerous Henderson related entities and trusts (the "Hendersons"). The Petition alleged that the City effected a de facto taking of the Henderson properties (the "Property"), which Property is proximate to Philadelphia International Airport and located in Tinicum Township, Delaware County. The City desired to acquire the Property for Airport purposes and had numerous discussions with representatives for the Hendersons over time.

The City filed Preliminary Objections to the Petition and there was a hearing on the Petition and the Preliminary Objections scheduled for January 2018. Prior to the hearing, the City filed its own Declaration of Taking in September 2017 and made an offer of just compensation. The City and the Hendersons then settled the foregoing matters. The City obtained possession of the Property and paid the Hendersons estimated just compensation of $54.5 million. The Hendersons' de facto taking case was dismissed with prejudice.

The Board of View (the "Board") which was appointed by the Court of Common Pleas in Delaware County (the "trial court") issued its Report, which was filed on October 19, 2020, awarding damages to the Hendersons in the amount of $139,120,000 as "just compensation" for the taking of the Property. The amount of $54,500,000 referenced above

is to be deducted from this amount. On November 12, 2020, the City filed an appeal to the damage award to the Trial Court raising objections, as a matter of law, to the Report. The Trial Court then asked the parties to brief the issues respecting the preliminarily determination of whether the report issued by the Board was legally erroneous. On November 9, 2021, after multiple rounds of briefing, the Trial Court issued an order overruling the City's objections. The City filed a timely notice of appeal to the Commonwealth Court, and the Hendersons filed a Motion to Quash the appeal as interlocutory. The Commonwealth Court has ordered that the Motion to Quash be listed with merits of the appeal. The Trial Court has stayed the action pending disposition of the City's appeal in the Commonwealth Court. If the appeal is denied there will be a trial de novo in the Trial Court. Oral argument took place on June 7, 2023. On December 7, 2023, the Commonwealth Court issued an order granting the Hendersons' application to quash the City's appeal. On January 8, 2024, the City filed a petition for allowance of appeal before the Commonwealth's Supreme Court. In its petition, the City argues that the Commonwealth Court failed to follow the Eminent Domain, the Rules of Appellate Procedure, and its own precedent, among other claimed rights. A payout related to this matter, if any, will be coming out of the Aviation Fund and deemed a possible loss. The City is represented by outside counsel Schnader Harrison Segal & Lewis LLP.

The Pennsylvania Supreme Court has agreed to hear the case and a briefing schedule was set. Both parties submitted their briefs in the Fall of 2024 and are now waiting for a decision from the Court.

20. SUBSEQUENT EVENTS

- In November 2024, Spirit Airlines filed for chapter 11 bankruptcy protection. In fiscal year 2024, Spirit had 933.9 thousand enplaned passengers (6.3%) at the Airport.

- In December 2024, the Airport increased its CP program to $500 million from $350.0 million to provide funding for capital projects on an as needed basis. CP notes continue to be rolled over until long-term bonds are issued to refund outstanding CP.

PHL PNE
PHILADELPHIA INTERNATIONAL AIRPORT
NORTHEAST PHILADELPHIA AIRPORT

REQUIRED SUPPLEMENTARY

INFORMATION

CITY OF PHILADELPHIA
AVIATION FUND
Reconciliation of Fund Balance (Legally Enacted Basis) to Net Position (GAAP Basis)

	Fiscal Year 2024	Fiscal Year 2023	Percentage Increase (Decrease)
Fund balance, legal basis	$ 444,303,249	$ 426,430,437	4.2%
Add assets not included in legal basis:			
Current assets	78,468,427	188,136,325	(58.3)%
Fixed assets, net of depreciation	2,380,557,939	2,318,309,782	2.7%
Restricted assets	1,006,407,450	827,626,638	21.6%
	3,465,433,816	3,334,072,745	3.9%
Deduct liabilities not included in legal basis:			
Construction accounts payable	(43,852,206)	(38,547,246)	13.8%
Current liabilities	(294,317,250)	(254,481,725)	15.7%
Bonds payable	(1,435,281,645)	(1,492,409,581)	(3.8)%
Other long-term liabilities	(619,433,094)	(632,224,529)	(2.0)%
	(2,392,884,195)	(2,417,663,081)	(1.0)%
Add (deduct) fund balance accounts included in legal basis:			
Reserve for encumbrance, current	50,486,794	43,820,732	15.2%
Reserve for encumbrance, prior	(13,473,944)	(12,725,415)	5.9%
Reserve for collectible accounts	928,278	928,278	0.0%
	37,941,128	32,023,595	18.5%
Net position - GAAP basis	$ 1,554,793,998	$ 1,374,863,696	13.1%

CITY OF PHILADELPHIA
AVIATION FUND
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	$510,166	$528,687	$476,919	($51,768)
Revenue from Other Governments	1,650	4,520	5,017	497
Revenue from Other Funds	1,304	1,304	1,737	433
Total Revenues	513,120	534,511	483,673	(50,838)
Expenditures and Encumbrances				
Personal Services	85,859	92,859	89,551	3,308
Pension Contributions	26,936	30,136	29,333	803
Other Employee Benefits	31,169	27,969	23,232	4,737
Sub-Total Employee Compensation	143,964	150,964	142,116	8,848
Purchase of Services	164,188	164,188	141,124	23,064
Materials and Supplies	9,024	9,041	7,052	1,989
Equipment	7,378	7,361	3,993	3,368
Contributions, Indemnities and Taxes	8,812	12,812	7,605	5,207
Debt Service	168,998	168,998	153,886	15,112
Payments to Other Funds	33,019	33,019	16,100	16,919
Total Expenditures and Encumbrances	535,383	546,383	471,876	74,507
Operating Surplus (Deficit) for the Year	(22,263)	(11,872)	11,797	23,669
Fund Balance Available for Appropriation, July 1, 2023	354,670	426,430	426,430	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	15,000	15,000	6,076	(8,924)
Prior Period Adjustments	-	-	-	-
Adjusted Fund Balance, July 1, 2023	369,670	441,430	432,506	(8,924)
Fund Balance Available for Appropriation, June 30, 2024	$347,407	$429,558	$444,303	$14,745

Disclosure Requirements
Fiscal Year Ended June 30, 2024

This report has been prepared pursuant to certain provisions of the following Continuing Disclosure Agreements, collectively referred to as the "Disclosure Agreements":

- Continuing Disclosure Agreements dated, as of August 4, 2005, as of September 1, 2015, as of December 15, 2017, as of October 8, 2020 and as of July 7, 2021 between the City of Philadelphia, Pennsylvania and Digital Assurance Certification, L.L.C.

This report contains financial information and operating data which, together with the City of Philadelphia's Annual Comprehensive Financial Report ("ACFR"), constitute the "Annual Financial Information" as defined in the Disclosure Agreements.

In accordance with Section 3 of the Disclosure Agreements, the enclosed tables and financial information are substantially similar to the type set forth in the Official Statements for the City of Philadelphia, Pennsylvania Airport Revenue Bonds, Series, 2005C, 2015A, 2017A/B, 2020 A/B/ C and 2021.

Table 1

City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Recent Trends in Enplaned Passengers
Fiscal Years 2022 - 2024

Airlines	Fiscal Year 2022	Fiscal Year 2023	Percentage Change	Fiscal Year 2024	Percentage Change
Domestic					
Scheduled Major / National					
American	4,189,732	5,394,612	28.8%	5,971,581	10.7%
Other	3,634,501	4,431,314	21.9%	4,886,222	10.3%
	7,824,233	9,825,926	25.6%	10,857,803	10.5%
Scheduled Regional / Commuter	2,845,962	1,830,455	(35.7)%	2,004,427	9.5%
Charter	1,228	705	(42.6)%	177	(74.9)%
Subtotal - Domestic	**10,671,423**	**11,657,086**	**9.2%**	**12,862,407**	**10.3%**
International					
Scheduled Major / National	948,117	1,609,668	69.8%	1,743,075	8.3%
Scheduled Regional / Commuter	47,655	107,981	126.6%	107,370	(0.6)%
Charter	10,195	61	-------	655	973.8%
Subtotal - International	**1,005,967**	**1,717,710**	**70.8%**	**1,851,100**	**7.8%**
Total Enplaned Passengers	**11,677,390**	**13,374,796**	**14.5%**	**14,713,507**	**10.0%**

Note: (1) The City's fiscal year ends June 30th.

Table 2

City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Airline Market Shares of Enplaned Passengers
Fiscal Year 2024

Airlines	Enplaned Passengers	Percent of Total
Domestic		
Scheduled Major / National		
American Airlines	5,971,581	40.6%
Frontier Airlines	1,767,241	12.0%
Spirit Airlines	834,595	5.7%
Delta Air Lines	856,858	5.8%
Southwest Airlines	669,558	4.6%
United Airlines	572,748	3.9%
Alaska Airlines	94,879	0.6%
JetBlue Airways	67,909	0.5%
Sun Country Airlines	22,434	0.2%
	10,857,803	73.8%
Scheduled Regional / Commuter		
American Eagle		
Piedmont Airlines	701,078	4.8%
PSA Airlines	582,332	4.0%
Republic Airlines	446,516	3.0%
Air Wisconsin	94,131	0.6%
Landline Co. (Bus Service)	43,179	0.3%
	1,867,236	12.7%
Other	137,191	0.9%
	2,004,427	13.6%
Charter	177	0.0%
Subtotal - Domestic	**12,862,407**	**87.4%**
International		
Scheduled Major / National		
American Airlines	1,272,844	8.7%
Qatar Airways	39,618	0.3%
Frontier Airlines	73,762	0.5%
British Airways	88,355	0.6%
Air Canada / Jazz Aviation	82,182	0.6%
Spirit Airlines	99,299	0.7%
Lufthansa / Eurowings / Discover	46,178	0.3%
Aer Lingus	40,487	0.3%
Delta Air Lines	350	0.0%
	1,743,075	11.8%
Scheduled Regional / Commuter		
American Eagle		
Piedmont Airlines	101,904	0.7%
Air Wisconsin	2,733	0.0%
PSA Airlines	1,082	0.0%
Republic Airlines	1,651	0.0%
	107,370	0.7%
Charter	655	0.0%
Subtotal - International	**1,851,100**	**12.6%**
Total Enplaned Passengers	**14,713,507**	**100.0%**

Note: The City's fiscal year ends June 30th.

Table 3

City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Airline Market Shares of Landed Weight (in 1,000 lb. Units)
Fiscal Year 2024

Airlines	Landed Weight	Percent of Total
Domestic		
Scheduled Major / National		
American Airlines	6,755,737	35.0%
Frontier Airlines	1,829,009	9.5%
Delta Air Lines	946,267	4.9%
Spirit Airlines	819,456	4.2%
Southwest Airlines	696,335	3.6%
United Airlines	597,684	3.1%
Alaska Airlines	97,026	0.5%
JetBlue Airways	92,602	0.5%
Sun Country Airlines	21,067	0.1%
Air Canada	437	0.0%
	11,855,620	61.5%
Scheduled Regional / Commuter		
American Eagle		
Piedmont Airlines	694,079	3.6%
PSA Airlines	685,465	3.6%
Republic Airlines	523,975	2.7%
Air Wisconsin	107,207	0.6%
Landline Co. (Bus Service)	73,935	0.4%
	2,084,661	10.8%
Other	213,131	1.1%
	2,297,792	11.9%
Charter	583	0.0%
Subtotal - Domestic	**14,153,995**	**73.4%**
International		
Scheduled Major / National		
American Airlines	1,967,052	10.2%
British Airways	181,211	0.9%
Air Canada	110,821	0.6%
Lufthansa / Eurowings / Discover	103,578	0.5%
Spirit Airlines	87,613	0.5%
Frontier Airlines	80,547	0.4%
Qatar Airways	67,034	0.3%
Aer Lingus	52,548	0.3%
United Airlines	2,643	0.0%
Delta Air Lines	2,154	0.0%
JetBlue Airways	172	0.0%
	2,655,373	13.8%
Scheduled Regional / Commuter		
American Eagle		
Piedmont Airlines	113,839	0.6%
Air Wisconsin	2,632	0.0%
PSA Airlines	1,127	0.0%
Republic Airlines	2,099	0.0%
	119,697	0.6%
Charter	907	0.0%
Subtotal - International	**2,775,977**	**14.4%**
All-Cargo Airlines	**2,356,094**	**12.2%**
Total Landed Weight	**19,286,066**	**100.0%**

Note: The City's Fiscal Year Ends June 30.

Table 4

City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Summary of Historical Project Revenues and Expenses of the Airport System
(Fiscal Years ending June 30th - dollar amounts are listed in thousands)

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Amounts Available for Debt Service					
1. Space rentals	85,717	109,670	113,991	121,861	134,079
2. Landing fees	55,080	79,570	64,619	81,479	86,806
3. Ramp Area rentals	(13)	321	298	0	353
4. International Terminal revenues	23,616	29,623	17,082	30,918	34,444
5. Subtotal, Airline Rentals, Fees and Charges	164,400	219,184	195,990	234,258	255,683
6. Nonairline Revenues	221,630	110,658	158,584	295,685	222,618
7. Interest income and Contribution for carrier incentive program	4,137	1,985	1,389	5,632	11,762
8. Total Project Revenues	390,167	331,827	355,963	535,575	490,063
9. Passenger Facility Charges (PFCs) Available for Debt Service	31,200	49,621	31,976	25,625	42,163
10. Portion of Fund Balance Attributable to Amounts Available for Debt Service	144,218	160,843	173,724	173,724	303,819
11. Total Amounts Available for Debt Service	565,585	542,291	561,663	734,924	836,046
Expenses					
12. Net Operating Expenses	151,739	130,128	149,982	149,255	185,980
13. Required Renewal Fund Deposit	0	0	0	0	0
14. Revenue Bond Debt Service	127,910	124,331	117,989	160,421	152,925
15. Interdepartmental Charges	123,017	109,798	103,007	117,593	114,465
16. Total Expenses	402,666	364,257	370,978	427,269	453,370
17. Net Revenue	$ 162,919	$ 178,034	$ 190,685	$ 307,655	$ 382,676
Rate Covenant Tests of the Original General Airport Revenue Bond Ordinance					
18. Test A (Line 11- Line 12- Line 13) / (Line 14)	3.24	3.32	3.49	3.65	4.25
19. Test B (Line 11- Line 12- Line 13- Line 15) / (Line 14)	2.27	2.43	2.62	2.92	3.50

Note: The information presented above reconciles to the Basic Financial Statements contained in the City's Annual Comprehensive Financial Report (ACFR), which is audited by the Office of the City Controller.

Table 5

City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
History of Applications to Use PFC Revenues

PFC Application No.	Approval Date	Initial Approved Amount	Amended Approved Amount
93-02-U-00-PHL	05/15/1993	$ 14,250,000	$ 12,805,493
95-03-C-00-PHL	02/27/1995	101,500,000	94,683,960
95-04-U-00-PHL	10/13/1995	950,000	1,270,605
95-05-C-00-PHL	11/21/1995	14,000,000	14,000,000
98-06-C-00-PHL	02/11/1998	26,150,000	19,534,950
99-08-U-00-PHL	10/12/1999	672,000,000	999,267,790
01-09-C-00-PHL	02/22/2000	22,250,000	24,177,050
06-10-C-00-PHL	02/16/2006	83,250,000	268,352,875
15-11-C-00-PHL	09/15/2015	109,080,000	443,052,584
	Totals	$ 1,043,430,000	$ 1,877,145,307

Table 6

City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Historical PFC Revenues
Fiscal Years 2015 - 2024

Fiscal Year	Collections	Interest	Total Revenues
2015	60,644,305	436,648	61,080,953
2016	61,256,560	538,897	61,795,457
2017	55,151,223	933,338	56,084,561
2018	60,302,833	1,337,307	61,640,140
2019	63,596,713	2,348,424	65,945,137
2020	55,582,198	1,991,200	57,573,398
2021	23,520,217	705,515	24,225,732
2022	52,192,394	400,032	52,592,427
2023	53,123,726	4,634,736	57,758,462
2024	58,445,183	9,272,279	67,717,462
Totals	$ 1,549,384,119	$ 62,759,597	$ 1,612,143,716
		Expenditures	$ 1,417,454,193
		Balance	$ 194,689,523

Note: The City's fiscal year ends June 30th.

Table 7

City of Philadelphia Aviation Department
Philadelphia International Airport (PHL)
Historical Enplaned Passengers
Fiscal Years 2015 - 2024

Fiscal Year	Domestic	International	Total	Percentage Increase (Decrease)
2015	13,272,717	2,040,021	15,312,738	(0.0)%
2016	13,695,700	1,987,858	15,683,558	2.4%
2017	12,967,584	1,839,298	14,806,882	(5.6)%
2018	13,372,943	1,872,510	15,245,453	3.0%
2019	14,046,663	2,041,761	16,088,424	5.5%
2020	10,531,456	1,315,951	11,847,407	(26.4)%
2021	6,286,436	256,206	6,542,642	(44.8)%
2022	10,671,423	1,005,967	11,677,390	78.5%
2023	11,657,086	1,717,710	13,374,796	14.5%
2024	12,862,407	1,851,100	14,713,507	10.0%
	Compound Annual Growth Rate			
2020 - 2024	2.0%	3.5%	2.2%	
2015 - 2024	(0.3)%	(1.0)%	(0.4)%	

Note: (1) The City's fiscal year ends June 30th.
(2) Domestic and International Enplanements from 2010 through 2018 were restated.

STATISTICAL SECTION

II. Statistical Section

Demographic and Economic Information

These schedules show the airport service area environment over the past ten years.

Exhibit S-1 Airport Information
Exhibit S-2 Population Trends
Exhibit S-3 Employment by Industry
Exhibit S-4 City of Philadelphia Airport Employees

Business Drivers

These schedules show the different factors that produce revenue for the airport over the past ten years.

Exhibit S-5 Commercial Flights and Available Seats
Exhibit S-6 Passenger Load Factors
Exhibit S-7 Commercial Passenger Enplanements
Exhibit S-8 Airline Market Share by Passenger Enplanements
Exhibit S-9 Aircraft Operations by Airport
Exhibit S-10 Cargo Tonnage and Market Share

Financial Trends and Revenue Capacity

These schedules show changes in Aviation's financial performance, major revenue sources, and rates and charges over the past ten years.

Exhibit S-11 Annual Revenues, Expenses and Changes in Fund Net Position
Exhibit S-12 Operating Revenues by Source
Exhibit S-13 Scheduled Rates and Charges

Debt Capacity

These schedules show current levels of outstanding debt and how Aviation has fulfilled debt obligations over the past ten years.

Exhibit S-14 Ratios of Outstanding Debt
Exhibit S-15 Pledged Debt Service Coverage
Exhibit S-16 Airport Debt Service by Year

Markets Served and Other Information

These schedules show domestic and international markets served, as well as other airport-related information over the past ten years..

Exhibit S-17 Current Top 30 Passenger Origin and Destination Markets
Exhibit S-18 Historical Domestic Top 10 Passenger Origin and Destination Markets
Exhibit S-19 Historical International Top 10 Passenger Destination Markets
Exhibit S-20 Airline Market Share by Landed Weight
Exhibit S-21 Passenger Facility Charges

Exhibit S-1: Philadelphia International Airport Information

Location	Located partly in the southwestern section of the City and partly in the northeastern section of Delaware County, about 7.2 miles from center city Philadelphia		
Acres	2,598 +/- acres		
Airport Code	PHL		
Runways		Length	Width
	9R-27L	12,001'	200'
	9L-27R	9,500'	150'
	17-35	6,500'	150'
	8-26	5,001'	150'
Aircraft Capability	Group VI - Airbus 380 (Limited)		
Terminals	Terminal A-East	433,001	square feet
	Terminal A-West	818,100	square feet
	Terminals B & C	951,721	square feet
	Terminals D & E	808,095	square feet
	Terminal F	243,437	square feet
	Total Terminal Space	**3,254,354**	**square feet**
	Number of Passenger Gates	124	gates
	Number of Landline Bus Areas	6	areas
Parking	Public		
	Garage Parking	11,245	spaces
	Economy Lot	4,200	spaces
	Cell Phone Waiting Area	151	spaces
	Tenant Employee Parking	3,700	spaces
Cargo	Number of Cargo Buildings	6	buildings
	Cargo Space	450,910	square feet
International	Customs/Immigration Federal Inspection Facility		
Tower	TRACON - Philadelphia, PA - Operating 24 Hours/Day 7 Days/Week		
Intermodal Access	Interstate 95 (I-95) Regional Rail & Buses operated by the Southeastern Pennsylvania Transportation Authority (SEPTA)		
Northeast Philadelphia Airport	Located on a 1,118-acre site situated within the City limits about 10 miles by road northeast of center city Philadelphia and provides for general aviation, air taxi and corporate, as well as occasional military use		

Data as of December 31, 2024
Source: City of Philadelphia

Exhibit S-2: Population Trends

Metropolitan Statistical Area (MSA)

(By Calendar Year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	10-Year Annual Growth
Delaware & Maryland											
Cecil County, MD	105,672	104,870	104,096	103,740	102,855	102,826	102,746	102,701	102,452	102,249	0.33%
New Castle County, DE	578,592	575,254	572,714	570,718	558,753	559,335	559,793	557,851	555,587	552,465	0.46%
Total - Delaware & Maryland	684,264	680,124	676,810	674,458	661,608	662,161	662,539	660,552	658,039	654,714	0.44%
New Jersey											
Burlington County	469,167	466,101	464,411	461,862	445,349	445,384	448,596	448,342	448,844	450,318	0.41%
Camden County	527,196	524,649	524,124	523,204	506,471	507,078	510,719	510,741	510,809	510,913	0.31%
Gloucester County	308,423	306,767	304,620	302,607	291,636	291,408	292,206	291,703	291,651	291,151	0.58%
Salem County	65,338	65,157	65,058	64,859	62,385	62,607	62,792	63,158	63,730	64,360	0.15%
Total - New Jersey	1,370,124	1,362,674	1,358,213	1,352,532	1,305,841	1,306,477	1,314,313	1,313,944	1,315,034	1,316,742	0.40%
Pennsylvania											
Bucks County	645,984	645,557	647,159	646,008	628,270	628,195	628,341	626,751	626,209	625,806	0.32%
Chester County	549,784	546,638	540,864	534,645	524,989	522,046	519,293	516,489	515,226	512,864	0.70%
Delaware County	576,720	575,873	576,772	576,388	566,747	564,751	564,696	563,995	563,705	562,913	0.24%
Montgomery County	868,742	865,044	864,022	856,947	830,915	828,604	826,075	820,656	817,869	815,947	0.63%
Philadelphia County	1,550,542	1,566,836	1,589,480	1,601,005	1,584,064	1,584,138	1,580,863	1,574,765	1,570,507	1,564,042	(0.09%)
Total - Pennsylvania	4,191,772	4,199,948	4,218,297	4,214,993	4,134,985	4,127,734	4,119,268	4,102,656	4,093,516	4,081,572	0.27%
Philadelphia MSA	**6,246,160**	**6,242,746**	**6,253,320**	**6,241,983**	**6,102,434**	**6,096,372**	**6,096,120**	**6,077,152**	**6,066,589**	**6,053,028**	0.31%

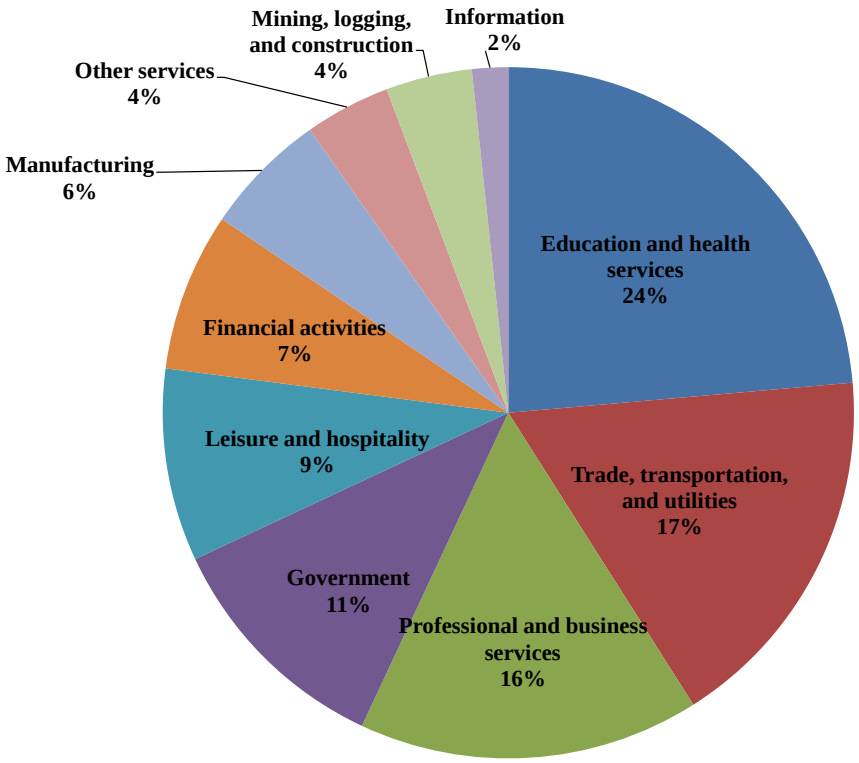
Note: Population estimates for 2014 to 2016 modified by U.S. Census Bureau, Population Division.
Population estimates as of July 1st
2024 data is not available
Source: U.S. Census Bureau, Population Division

Exhibit S-3: Employment by Industry

Metropolitan Statistical Area (By Calendar Year)

Industry	Annual Average Number of Employees (in thousands) 2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	10-Year Annual Growth
Education and health services	736.0	704.1	674.1	642.2	634.5	678.4	658.0	641.3	621.7	603.6	2.00%
Trade, transportation, and utilities	542.3	547.4	550.3	524.4	497.7	536.2	529.2	523.2	522.0	518.5	0.45%
Professional and business services	497.3	498.4	498.3	471.0	447.6	480.7	477.2	466.7	461.0	450.7	0.99%
Government	345.4	337.3	330.3	326.1	329.3	346.8	338.7	335.6	333.8	334.3	0.33%
Leisure and hospitality	280.8	273.2	257.9	224.3	196.0	273.1	268.7	265.9	259.0	252.3	1.08%
Financial activities	231.1	229.5	227.0	217.4	215.3	220.5	217.1	214.6	211.8	208.4	1.04%
Manufacturing	181.0	181.9	179.3	173.4	174.5	181.8	181.1	180.3	179.0	179.6	0.08%
Other services	124.8	123.1	119.7	111.8	101.3	121.8	120.5	120.3	119.8	117.6	0.60%
Mining, logging, and construction	125.9	124.8	123.7	119.3	113.1	123.4	117.9	116.5	114.0	110.1	1.35%
Information	52.6	53.8	54.1	48.9	50.7	48.6	44.6	45.9	46.4	46.4	1.26%
Philadelphia PA-NJ-DE-MD Metropolitan statistical area	**3,117.2**	**3,073.5**	**3,014.7**	**2,858.8**	**2,760.0**	**3,011.3**	**2,953.0**	**2,910.3**	**2,868.5**	**2,821.5**	**1.00%**

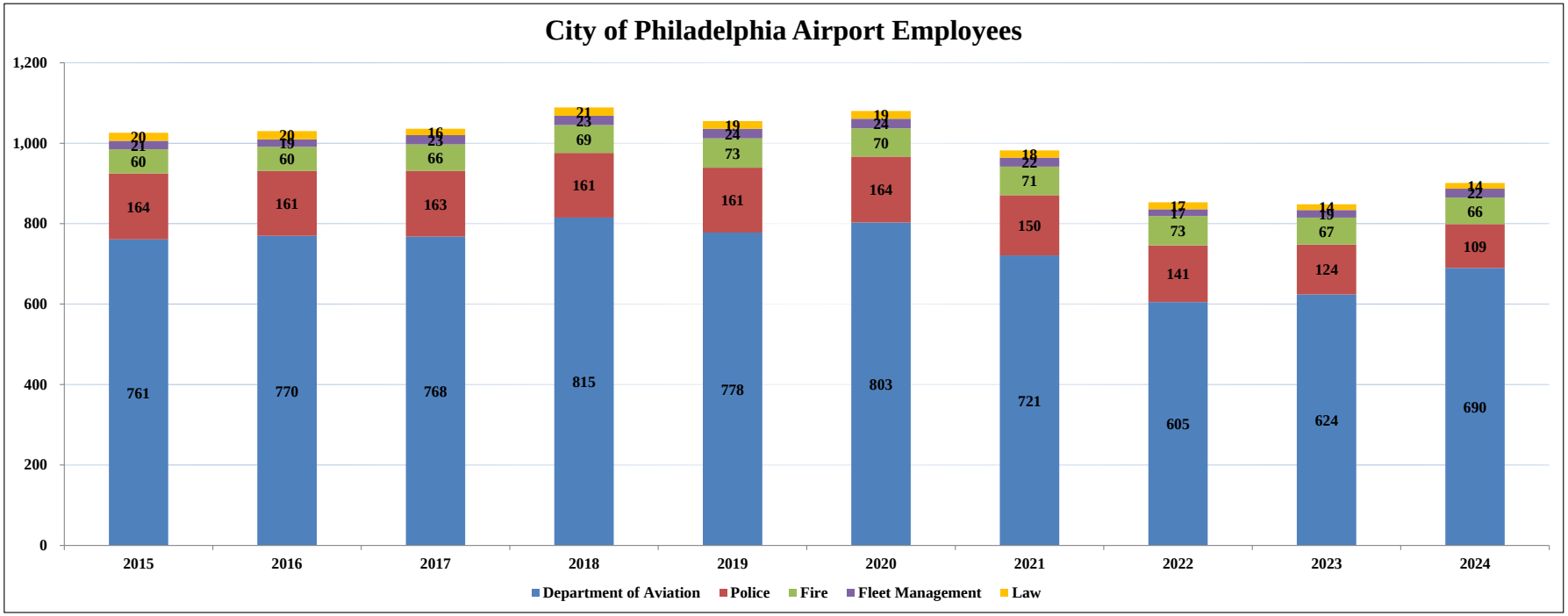
Area Employment by Industry - 2024



* Number of employees (in thousands) for 2015-2024 modified by U.S. Department of Labor, Bureau of Labor Statistics for all industries - December 2024 figures are preliminary.

Source: U.S. Department of Labor, Bureau of Labor Statistics

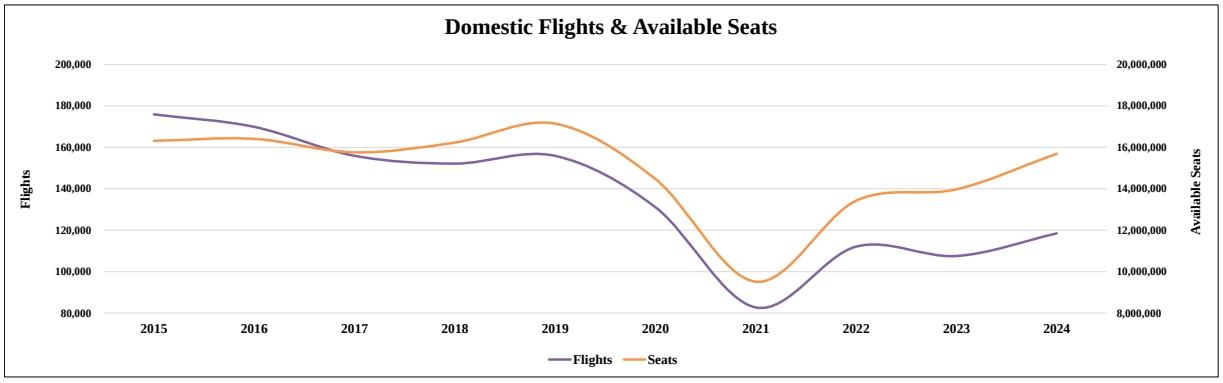
Exhibit S-4: City of Philadelphia Airport Employees
(By Fiscal Year)



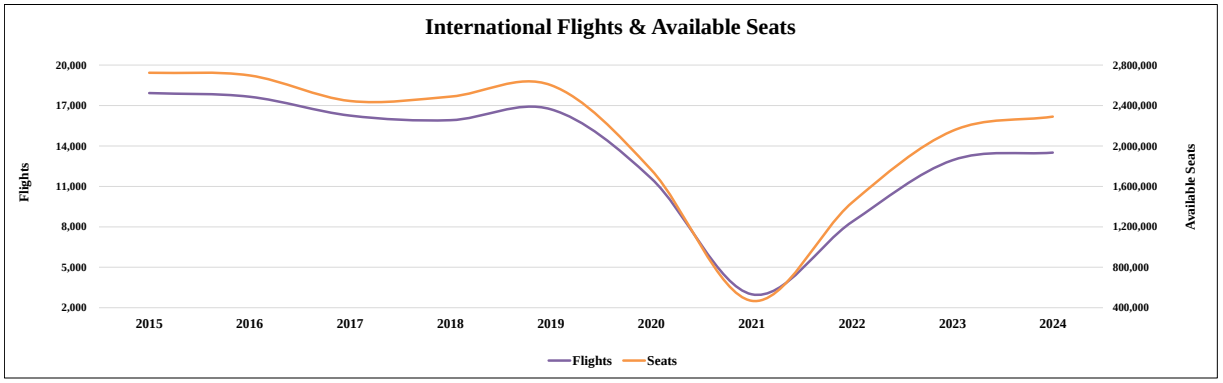
Filled positions at the end of the fiscal year
Department of Aviation for 2015 - 2024 includes Office of Innovation and Technology
Source: City of Philadelphia, Quarterly City Manager's Report

Exhibit S-5: Commercial Flights and Available Seats
(By Fiscal Year)

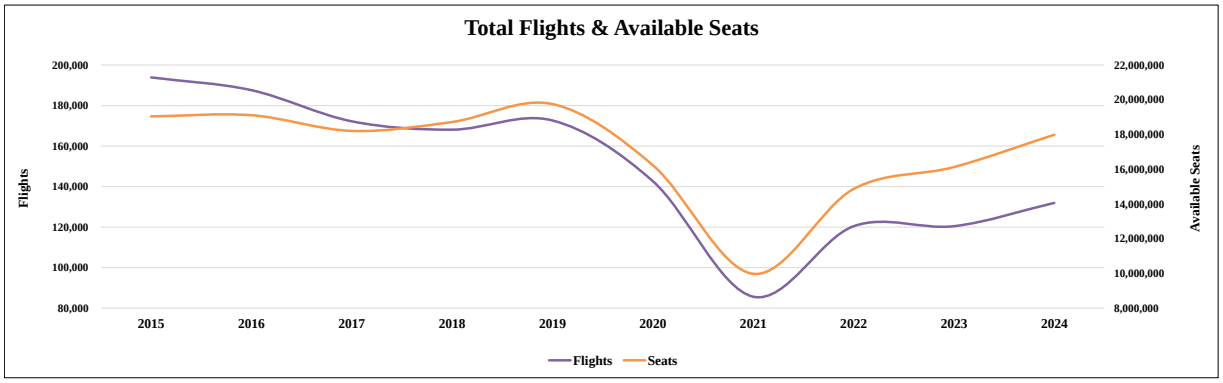
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
Domestic											
Flights	175,947	169,921	155,947	152,169	155,908	131,077	82,677	112,072	107,542	118,458	(3.88%)
Seats	16,317,090	16,411,017	15,759,155	16,232,474	17,147,659	14,469,247	9,511,546	13,422,837	13,974,352	15,695,798	(0.39%)



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
International											
Flights	17,923	17,650	16,252	15,911	16,720	11,598	2,999	8,370	12,938	13,506	(2.79%)
Seats	2,723,892	2,697,451	2,444,766	2,488,116	2,601,675	1,764,595	468,469	1,439,907	2,148,907	2,290,005	(1.72%)



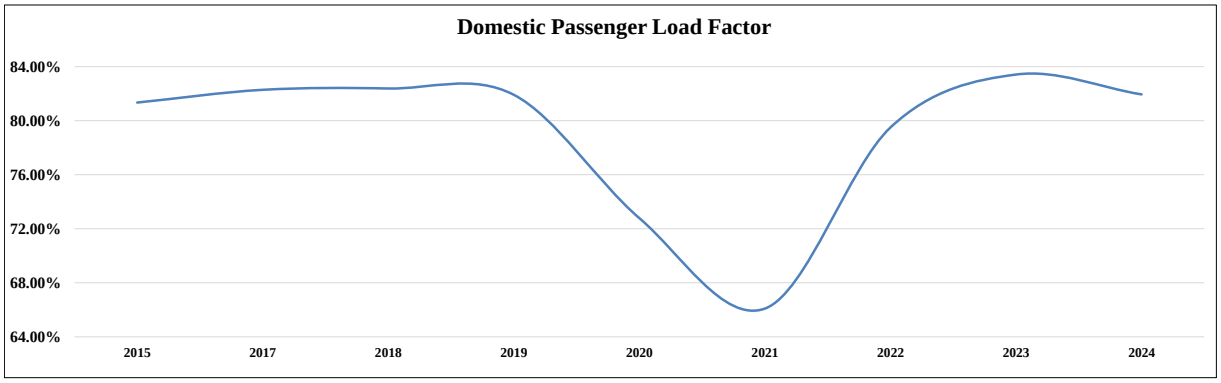
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
Total											
Flights	193,870	187,571	172,199	168,080	172,628	142,675	85,676	120,442	120,480	131,964	(3.77%)
Seats	19,040,982	19,108,468	18,203,921	18,720,590	19,749,334	16,233,842	9,980,015	14,862,744	16,123,259	17,985,803	(0.57%)



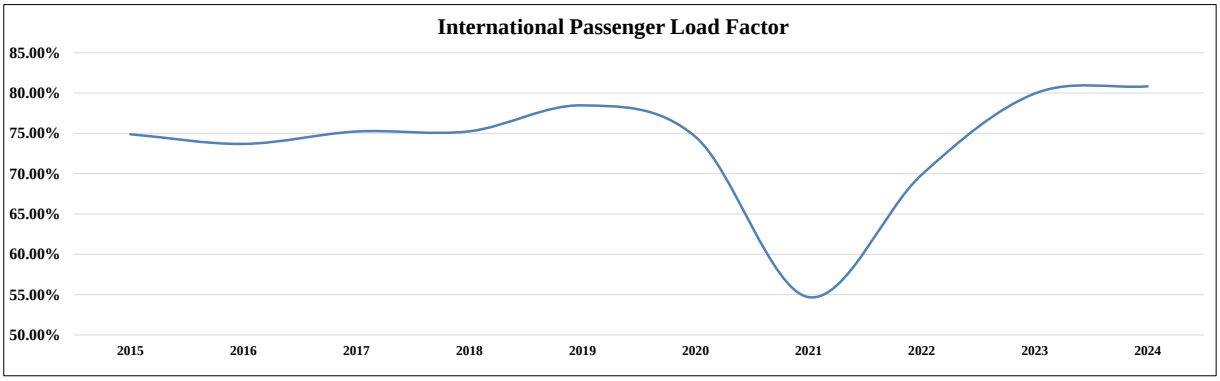
Source: Campbell-Hill Aviation Group, LLC

Exhibit S-6: Passenger Load Factors
(By Fiscal Year)

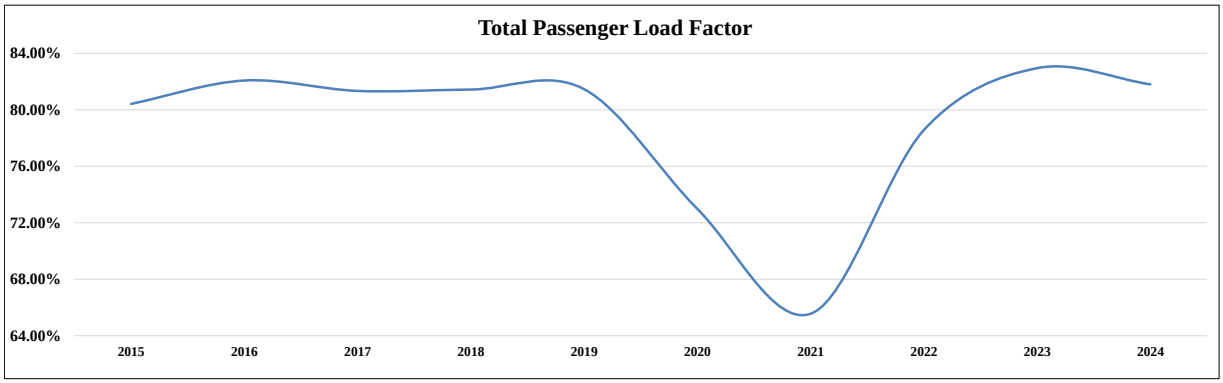
Domestic Passenger Load Factor	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
	81.34%	83.45%	82.29%	82.38%	81.92%	72.79%	66.09%	79.49%	83.42%	81.95%	0.07%



International Passenger Load Factor	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
	74.89%	73.69%	75.23%	75.26%	78.48%	74.58%	54.69%	69.86%	79.93%	80.83%	0.77%



Total Passenger Load Factor	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
	80.42%	82.08%	81.34%	81.44%	81.46%	72.98%	65.56%	78.55%	82.95%	81.81%	0.17%



* Note: Domestic and International Enplanements from 2010 through 2018 were restated.
Sources: Campbell-Hill Aviation Group, LLC
City of Philadelphia

Exhibit S-7: Commercial Passenger Enplanements

(By Fiscal Year)

Domestic enplanements

Fiscal Year	PHL Domestic Passenger Enplanements	PHL Annual Growth	U.S. Air Carrier Domestic Enplanements *	U.S. Annual Growth
2024	**12,862,407**	**10.3%**	**844,031,000**	**6.5%**
2023	11,657,137	9.2%	792,631,000	9.9%
2022	10,671,423	69.8%	721,345,000	80.8%
2021	6,286,436	(40.3%)	398,995,000	(33.7%)
2020	10,531,456	(25.0%)	601,519,000	(24.4%)
2019	14,046,663	5.0%	795,947,000	4.5%
2018	13,372,943	3.1%	761,971,000	4.1%
2017	12,967,584	(5.3%)	732,289,000	2.6%
2016	13,695,700	3.2%	713,652,000	5.3%
2015	13,272,717	(0.0%)	677,973,000	3.7%

International enplanements

Fiscal Year	PHL International Passenger Enplanements	PHL Annual Growth	U.S. Air Carrier International Enplanements *	U.S. Annual Growth
2024	**1,851,100**	**7.8%**	**130,444,000**	**12.3%**
2023	1,717,659	70.7%	116,202,000	36.7%
2022	1,005,967	292.6%	85,018,000	134.2%
2021	256,206	(80.5%)	36,304,000	(55.7%)
2020	1,315,951	(35.5%)	81,986,000	(28.7%)
2019	2,041,761	9.0%	114,999,000	3.1%
2018	1,872,510	1.8%	111,580,000	3.2%
2017	1,839,298	(7.5%)	108,069,000	1.6%
2016	1,987,858	(2.6%)	106,402,000	3.2%
2015	2,040,021	(0.1%)	103,114,000	1.1%

Total enplanements

Fiscal Year	PHL Total Passenger Enplanements	PHL Annual Growth	U.S. Air Carrier Total Enplanements	U.S. Annual Growth
2024	**14,713,507**	**10.0%**	**974,475,000**	**7.2%**
2023	13,374,796	14.5%	908,833,000	12.7%
2022	11,677,390	78.5%	806,363,000	85.2%
2021	6,542,642	(44.8%)	435,299,000	(36.3%)
2020	11,847,407	(26.4%)	683,505,000	(25.0%)
2019	16,088,424	5.5%	910,946,000	4.3%
2018	15,245,453	3.0%	873,551,000	3.9%
2017	14,806,882	(5.6%)	840,358,000	2.5%
2016	15,683,558	2.4%	820,054,000	5.0%
2015	15,312,738	(0.0%)	781,087,000	3.3%

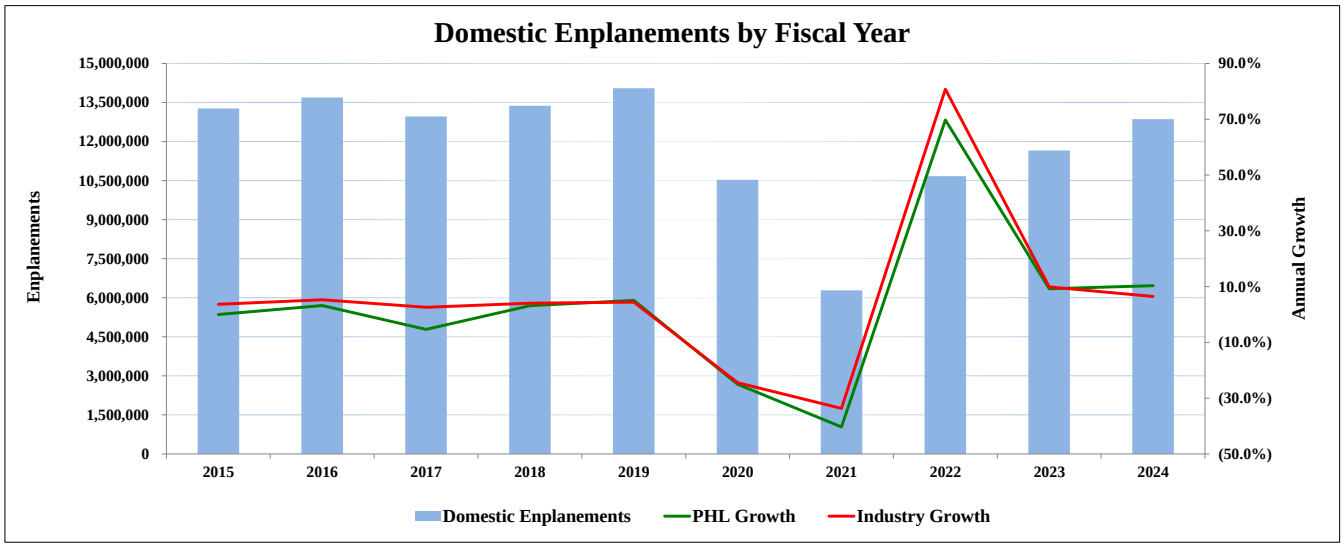
* 2017 U.S. Air Carrier Domestic and International Enplanements modified by Bureau of Transportation Statistics

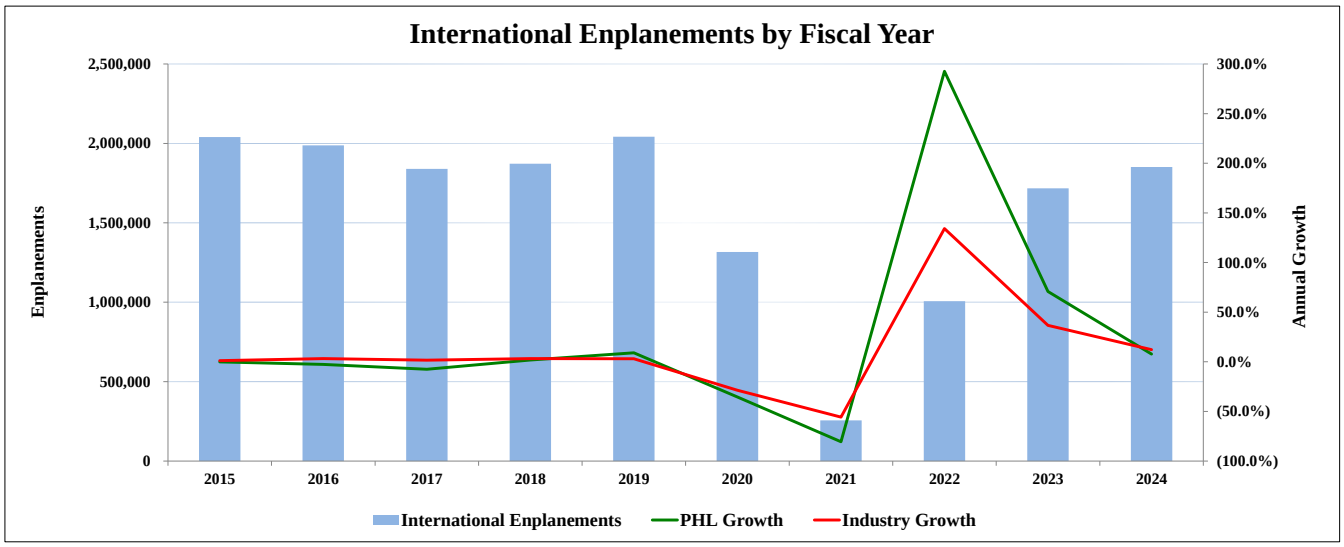
Note: Domestic and International Enplanements from 2013 through 2018 were restated.

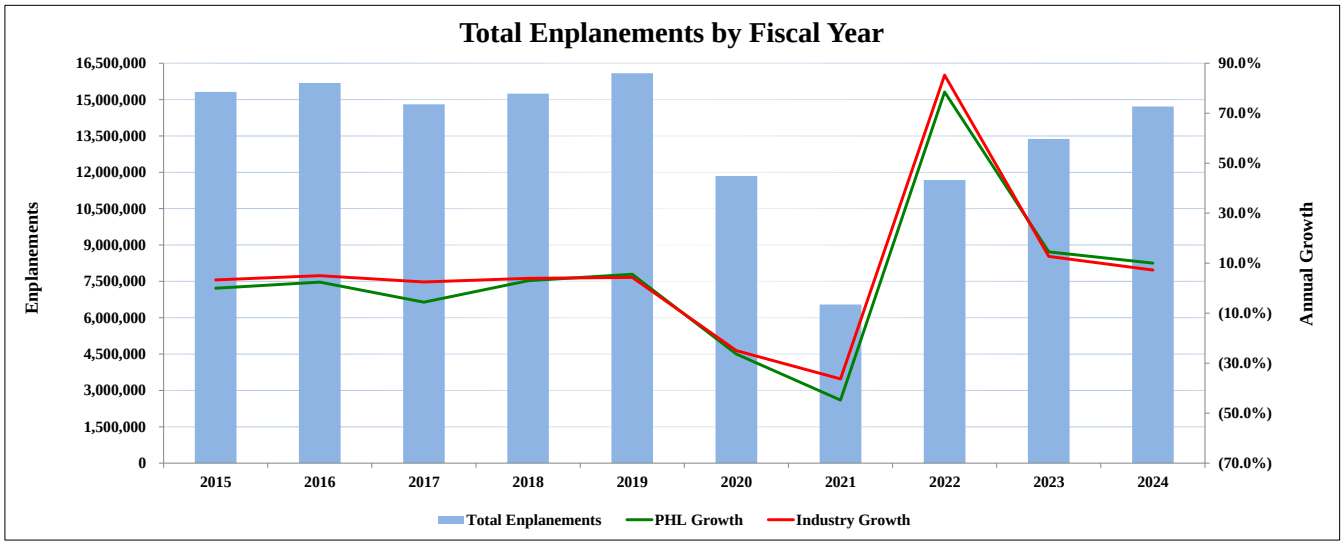
PHL Passenger Enplanements and Annual Growth from City of Philadelphia

U.S. Air Carrier Enplanements and Annual Growth from Bureau of Transportation Statistics

Exhibit S-7: Commercial Passenger Enplanements
(Continued, By Fiscal Year)







* Note: Domestic and International Enplanements from 2013 through 2018 were restated.
Source: City of Philadelphia
Source: Bureau of Transportation Statistics

Exhibit S-8: Airline Market Share by Passenger Enplanements

(By Fiscal Year)

Airlines	2024		2023		2022		2021		2020	
	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share
Domestic										
Scheduled major/national										
American	5,971,581	40.6%	5,394,612	40.3%	4,189,732	35.9%	2,412,503	36.9%	4,531,069	38.2%
Frontier	1,767,241	12.0%	1,469,354	11.0%	1,113,508	9.5%	598,096	9.1%	797,901	6.7%
Delta	856,858	5.8%	815,318	6.1%	622,057	5.3%	270,227	4.1%	604,282	5.1%
Spirit	834,595	5.7%	886,873	6.6%	686,480	5.9%	501,805	7.7%	487,649	4.1%
Southwest	669,558	4.6%	540,525	4.0%	581,132	5.0%	383,428	5.9%	744,815	6.3%
United	572,748	3.9%	536,673	4.0%	426,115	3.6%	124,860	1.9%	391,686	3.3%
Alaska	94,879	0.6%	78,727	0.6%	79,021	0.7%	43,036	0.7%	114,340	1.0%
JetBlue	67,909	0.5%	90,836	0.7%	114,573	1.0%	150,054	2.3%	177,613	1.5%
Sun Country	22,434	0.2%	13,008	0.1%	11,615	0.1%	6,955	0.1%	22,880	0.2%
Subtotal - scheduled major/national	10,857,803	73.8%	9,825,926	73.5%	7,824,233	67.0%	4,490,964	68.6%	7,872,235	66.4%
Scheduled regional/commuter										
American Eagle										
Piedmont	701,078	4.8%	654,983	4.9%	818,459	7.0%	428,105	6.5%	1,082,605	9.1%
PSA	582,332	4.0%	808,344	6.0%	1,077,067	9.2%	443,891	6.8%	576,780	4.9%
Republic	446,516	3.0%	303,431	2.3%	764,766	6.5%	745,475	11.4%	808,038	6.8%
Air Wisconsin	94,131	0.6%	9,553	0.1%	-	-	-	-	-	-
Landline Co. (Bus Service)	43,179	0.3%	34,545	0.3%	1,886	0.0%	-	-	-	-
Envoy	-	-	-	-	-	-	-	-	6,202	0.1%
Subtotal - American Eagle	1,867,236	12.7%	1,810,856	13.5%	2,662,178	22.8%	1,617,471	24.7%	2,473,625	20.9%
Other	137,191	1.0%	19,599	0.2%	183,784	1.6%	177,439	2.7%	185,302	1.6%
Subtotal - scheduled regional/commuter	2,004,427	13.7%	1,830,455	13.7%	2,845,962	24.4%	1,794,910	27.4%	2,658,927	22.4%
Charter	177	0.0%	705	0.0%	1,228	0.0%	562	0.0%	294	0.0%
Total - domestic	12,862,407	87.5%	11,657,086	87.2%	10,671,423	91.4%	6,286,436	96.1%	10,531,456	88.9%
International										
Scheduled										
American	1,272,844	8.7%	1,112,075	8.3%	672,675	5.8%	192,089	2.9%	815,679	6.9%
Piedmont	101,904	0.7%	99,061	0.7%	33,972	0.3%	12,040	0.2%	111,181	0.9%
Spirit	99,299	0.7%	58,384	0.4%	17,228	0.1%	1,583	0.0%	1,922	0.0%
British	88,355	0.6%	77,787	0.6%	36,345	0.3%	2,771	0.0%	79,991	0.7%
Air Canada - Sky Regional / Jazz Aviation	82,182	0.6%	66,534	0.5%	36,610	0.3%	0	0.0%	72,582	0.6%
Frontier	73,762	0.5%	86,886	0.6%	63,530	0.5%	15,899	0.2%	44,084	0.4%
Lufthansa / Eurowings / Discover	46,178	0.3%	47,493	0.4%	22,081	0.2%	0	0.0%	56,945	0.5%
Aer Lingus	40,487	0.3%	46,704	0.3%	11,922	0.1%	0	0.0%	29,418	0.2%
Qatar	39,618	0.3%	113,607	0.8%	86,186	0.7%	23,932	0.4%	63,574	0.5%
Air Wisconsin	2,733	0.0%	-	-	-	-	-	-	-	-
Republic	1,651	0.0%	2,549	0.0%	6,142	0.1%	2,828	0.0%	21,360	0.2%
PSA	1,082	0.0%	6,371	0.0%	7,541	0.1%	4,789	0.1%	12,554	0.1%
Delta	350	0.0%	198	0.0%	1,540	0.0%	-	-	-	-
Eastern Airlines	-	-	-	-	-	-	275	0.0%	-	-
Icelandair	-	-	-	-	-	-	-	-	6,492	0.1%
Subtotal - scheduled	1,850,445	12.5%	1,717,649	12.8%	995,772	8.5%	256,206	3.9%	1,315,782	11.1%
Charter	655	0.0%	61	0.0%	10,195	0.1%	-	-	169	0.0%
Total - international	1,851,100	12.5%	1,717,710	12.8%	1,005,967	8.6%	256,206	3.9%	1,315,951	11.1%
Grand total	**14,713,507**	**100.0%**	**13,374,796**	**100.0%**	**11,677,390**	**100.0%**	**6,542,642**	**100.0%**	**11,847,407**	**100.0%**

* Note: Domestic and International Enplanements from 2010 through 2018 were restated.
Source: City of Philadelphia

Exhibit S-8: Airline Market Share by Passenger Enplanements
(Continued, By Fiscal Year)

Airlines	2019		2018		2017		2016		2015	
	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share
Domestic										
Scheduled major/national										
American	6,609,437	41.1%	6,099,214	40.0%	5,677,406	38.3%	5,890,212	37.6%	5,912,774	38.6%
Southwest	790,154	4.9%	1,123,008	7.4%	1,152,350	7.8%	1,133,501	7.2%	1,017,105	6.6%
Delta	515,578	3.2%	834,666	5.5%	853,135	5.8%	973,307	6.2%	924,773	6.0%
Frontier	832,378	5.2%	657,572	4.3%	580,452	3.9%	473,972	3.0%	154,956	1.0%
United	1,096,018	6.8%	554,152	3.6%	529,057	3.6%	549,849	3.5%	520,995	3.4%
Spirit	554,088	3.4%	421,325	2.8%	361,782	2.4%	245,438	1.6%	142,411	0.9%
JetBlue	223,713	1.4%	218,290	1.4%	205,817	1.4%	183,285	1.2%	123,511	0.8%
Alaska	163,207	1.0%	141,157	0.9%	64,154	0.4%	59,076	0.4%	56,514	0.4%
Sun Country	6,934	0.0%			-	-	-	-	-	-
AirTran	-	-	-	-	-	-	-	-	42,858	0.3%
Virgin America	-	-	-	-	-	-	-	-	26,566	0.2%
Subtotal - scheduled major/national	10,791,507	67.1%	10,049,384	65.9%	9,424,153	63.6%	9,508,640	60.6%	8,922,463	58.3%
Scheduled regional/commuter										
American Eagle										
Piedmont	1,432,000	8.9%	1,172,067	7.7%	918,638	6.2%	694,448	4.4%	708,011	4.6%
Republic	925,678	5.8%	1,063,517	7.0%	864,036	5.8%	1,326,308	8.5%	1,529,350	10.0%
Air Wisconsin	-	-	453,101	3.0%	1,002,131	6.8%	1,419,663	9.1%	1,508,945	9.9%
PSA	671,061	4.2%	394,252	2.6%	309,469	2.1%	307,357	2.0%	239,146	1.6%
Envoy	8,147	0.1%	16,635	0.1%	-	-	-	-	-	-
Mesa	-	-	-	-	-	-	-	-	49,094	0.3%
Subtotal - American Eagle	3,036,886	18.9%	3,099,572	20.3%	3,094,274	20.9%	3,747,776	23.9%	4,034,546	26.3%
Other	215,374	1.3%	222,087	1.5%	257,068	1.7%	227,752	1.5%	315,442	2.1%
Subtotal - scheduled regional/commuter	3,252,260	20.2%	3,321,659	21.8%	3,351,342	22.6%	3,975,528	25.3%	4,349,988	28.4%
Charter	2,896	0.0%	1,900	0.0%	463	0.0%	85	0.0%	266	0.0%
Total - domestic	14,046,663	87.3%	13,372,943	87.7%	12,775,958	86.3%	13,484,253	86.0%	13,272,717	86.7%
International										
Scheduled										
American	1,349,623	8.4%	1,228,549	8.1%	1,378,328	9.3%	1,536,251	9.8%	1,424,940	9.3%
Air Canada - Sky Regional / Jazz Aviation	99,909	0.6%	93,978	0.6%	77,018	0.5%	61,797	0.4%	56,038	0.4%
British	97,561	0.6%	88,688	0.6%	118,177	0.8%	128,290	0.8%	120,461	0.8%
Piedmont	161,566	1.0%	73,803	0.5%	-	-	-	-	-	-
Lufthansa	78,033	0.5%	71,971	0.5%	73,251	0.5%	69,405	0.4%	70,438	0.5%
Frontier	74,154	0.5%	67,467	0.4%	68,053	0.5%	80,497	0.5%	35,937	0.2%
Air Wisconsin	-	-	67,128	0.4%	175,336	1.2%	160,730	1.0%	195,937	1.3%
Qatar	80,795	0.5%	66,047	0.4%	52,728	0.4%	61,745	0.4%	57,650	0.4%
Republic	41,720	0.3%	64,517	0.4%	36,300	0.2%	62,725	0.4%	59,107	0.4%
Delta	52	0.0%	29,362	0.2%	45,046	0.3%	35,045	0.2%	18,784	0.1%
Aer Lingus	46,969	0.3%	10,951	0.1%	-	-	-	-	-	-
Icelandair	11,379	0.1%	9,690	0.1%	2,806	0.0%	-	-	-	-
PSA	-	-	217	0.0%	-	-	-	-	-	-
Subtotal - scheduled	2,041,761	12.7%	1,872,368	12.3%	2,027,043	13.7%	2,196,485	14.0%	2,039,292	13.3%
Charter	-	-	142	0.0%	3,881	0.0%	2,820	0.0%	729	0.0%
Total - international	2,041,761	12.7%	1,872,510	12.3%	2,030,924	13.7%	2,199,305	14.0%	2,040,021	13.3%
Grand total	**16,088,424**	**100.0%**	**15,245,453**	**100.0%**	**14,806,882**	**100.0%**	**15,683,558**	**100.0%**	**15,312,738**	**100.0%**

* Note: (1) Domestic and International Enplanements from 2010 through 2018 were restated.
(2) American and US Airways numbers combined for all previous years.
Source: City of Philadelphia

Exhibit S-9: Aircraft Operations by Airport
(By Fiscal Year)

PHL Takeoffs and landings

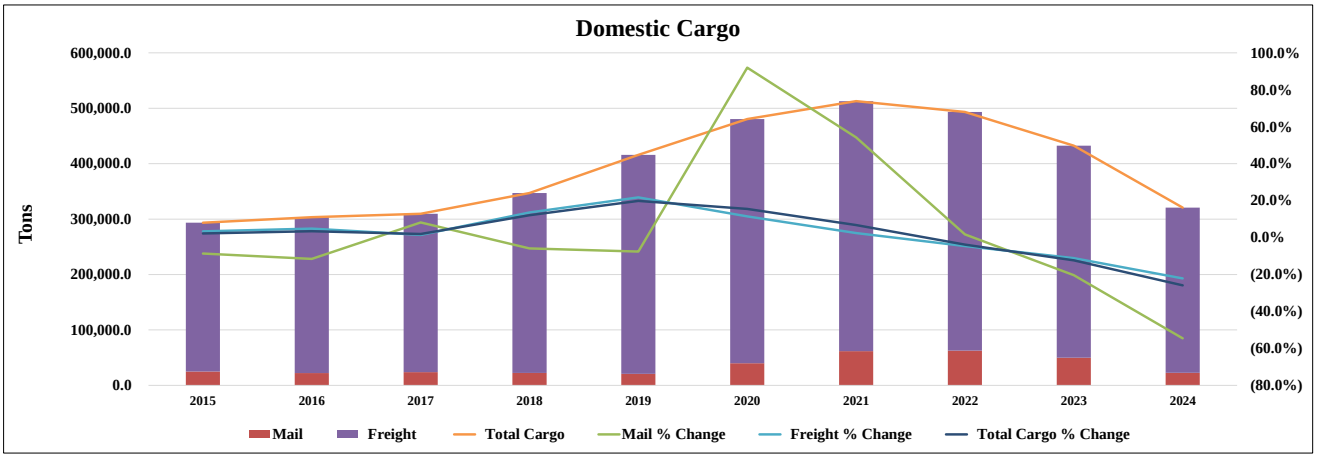
Fiscal Year	Air Carrier	Commuter	General Aviation	Military	Total
2024	**229,266**	**62,245**	**11,383**	**462**	**303,356**
2023	216,138	57,223	13,063	635	287,059
2022	218,226	58,891	15,208	546	292,871
2021	165,542	41,985	10,941	334	218,802
2020	221,914	83,226	11,683	521	317,344
2019	263,684	107,327	14,644	457	386,112
2018	240,676	115,986	14,323	412	371,397
2017	222,618	141,120	14,184	412	378,334
2016	226,056	153,590	13,971	405	394,022
2015	237,788	161,386	14,548	399	414,121

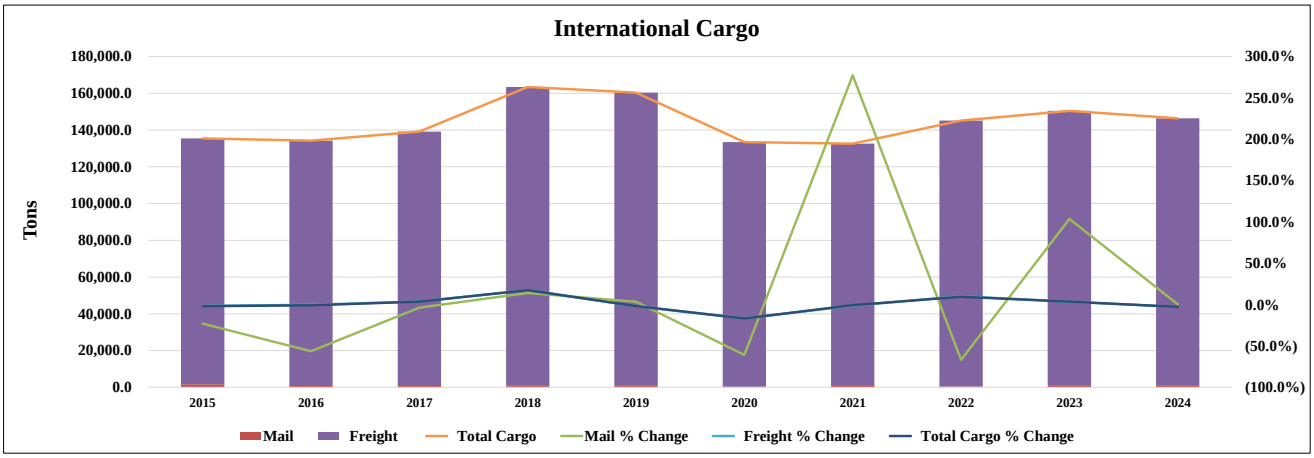
PNE Takeoffs and landings

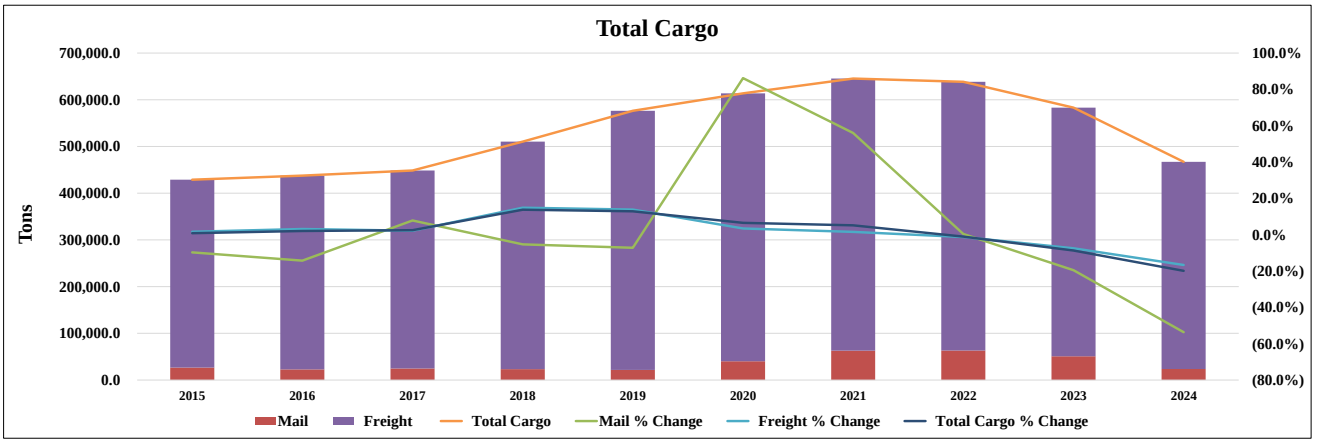
Fiscal Year	Air Carrier	Commuter	General Aviation	Military	Total
2024	**0**	**0**	**118,395**	**0**	**118,395**
2023	0	0	105,536	0	105,536
2022	0	0	88,108	0	88,108
2021	0	0	68,877	0	68,877
2020	0	0	68,059	0	68,059
2019	0	0	69,240	0	69,240
2018	0	0	55,817	0	55,817
2017	0	0	56,373	0	56,373
2016	0	0	54,222	0	54,222
2015	0	0	72,975	0	72,975

Source: City of Philadelphia

Exhibit S-10: Cargo Tonnage
(By Fiscal Year)



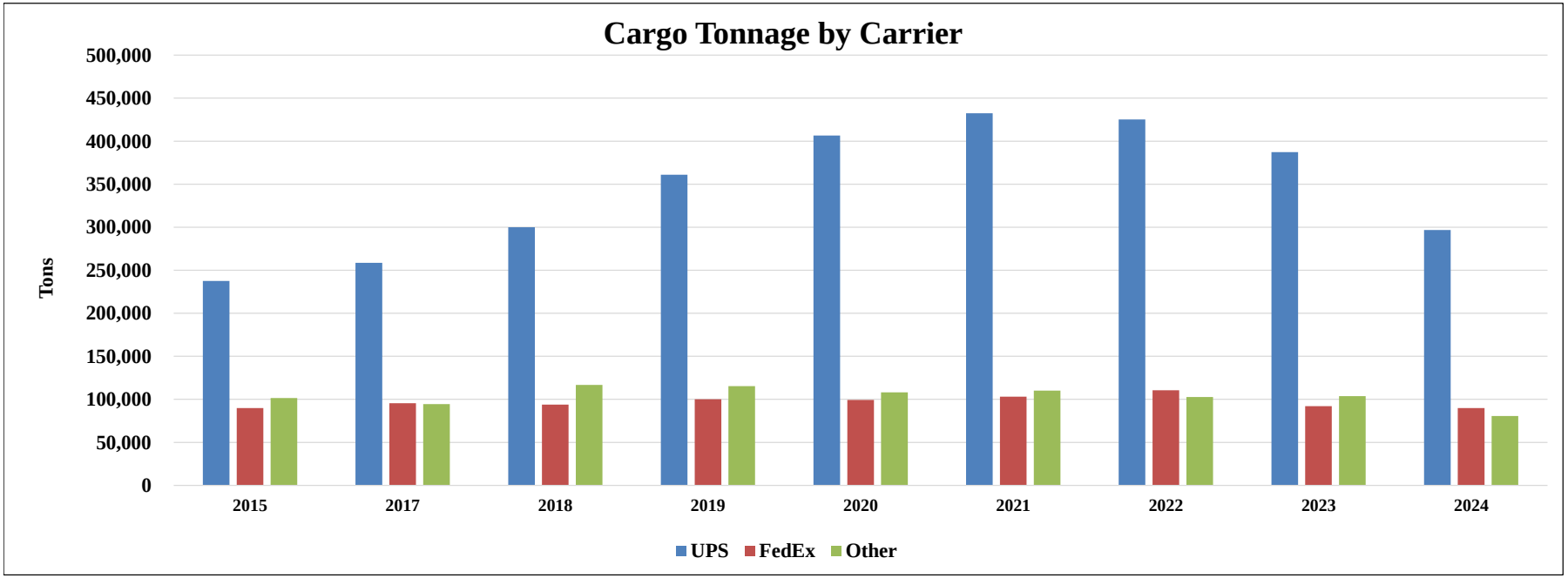




Source: City of Philadelphia

Exhibit S-10: Cargo Tonnage by Carrier
(Continued, By Fiscal Year)

Carrier	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-Year Annual Growth
UPS	237,529	251,080	258,615	299,905	360,955	406,468	432,363	425,238	387,222	296,801	2.25%
FedEx	89,925	94,341	95,518	93,789	100,064	99,311	103,002	110,526	92,053	89,772	(0.02%)
Other	101,421	92,337	94,535	116,736	115,252	108,061	110,042	102,706	103,757	80,527	(2.28%)
Total	428,875	437,758	448,668	510,430	576,271	613,840	645,407	638,470	583,032	467,100	0.86%



Source: City of Philadelphia
* Other Airlines include commercial airlines and itinerant passenger & cargo airlines.

Exhibit S-11: Annual Revenues, Expenses And Changes In Fund Net Position

(By Fiscal Year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating revenues										
Charges for goods and services (1)	$ 109,712,314	$ 117,738,063	$ 88,348,145	$ 89,659,933	$ 74,473,841	$ 120,832,729	$ 128,320,912	$ 104,531,921	$ 110,787,260	$ 100,619,746
Rentals and concessions (2)	302,269,542	272,730,383	226,348,020	190,531,718	215,702,641	264,946,027	245,881,682	232,887,674	224,999,976	216,190,420
Miscellaneous operating revenues	7,583,607	5,519,145	6,506,559	8,232,303	5,228,340	5,292,986	5,367,810	4,200,936	5,009,010	5,554,490
Total operating revenues	419,565,463	395,987,591	321,202,724	288,423,954	295,404,822	391,071,742	379,570,404	341,620,531	340,796,246	322,364,656
Operating expenses										
Personal services	90,045,014	77,025,555	76,875,953	74,137,016	86,385,831	81,052,522	79,223,366	73,776,022	69,283,424	70,424,997
Purchase of services	136,467,056	125,459,282	105,599,910	89,510,412	107,925,323	113,187,323	111,100,076	118,283,429	108,418,709	101,642,118
Materials and supplies	9,059,524	6,991,294	5,771,546	3,344,533	8,862,639	8,202,311	9,805,303	5,156,099	6,944,528	8,669,852
Employee benefits	39,015,377	30,882,367	38,727,161	49,041,023	66,409,686	64,803,539	60,602,579	61,939,679	57,854,677	52,106,797
Indemnities and taxes	7,606,652	5,720,319	4,890,371	5,363,423	5,524,518	5,773,036	1,966,973	5,196,986	1,695,946	1,839,638
Depreciation and amortization	119,037,434	121,461,807	114,216,869	106,538,446	102,393,319	100,679,051	112,033,607	101,109,005	101,909,394	98,125,419
Total operating expenses	401,231,057	367,540,624	346,081,810	327,934,853	377,501,316	373,697,782	374,731,904	365,461,220	346,106,678	332,808,821
Operating income (loss)	18,334,406	28,446,967	(24,879,086)	(39,510,899)	(82,096,494)	17,373,960	4,838,500	(23,840,689)	(5,310,432)	(10,444,165)
Non-operating revenues (expenses)										
Federal, state and local grants	4,669,655	75,823,191	54,629,330	64,397,829	57,639,261	1,463,277	1,672,222	2,488,459	1,621,300	1,885,786
Interest income	67,569,999	37,193,517	(8,753,241)	1,590,956	25,343,078	23,582,264	9,836,271	3,786,077	2,658,109	363,206
Debt service, interest	(48,640,467)	(50,887,442)	(50,701,730)	(50,324,133)	(59,289,830)	(57,032,860)	(68,195,690)	(54,271,038)	(54,003,323)	(41,428,793)
Other revenue (expenses)	2,314,352	68,134	(859,037)	103,355	(50,338)	2,476,639	3,000,000	-	-	-
Gain/(Loss) on disposal of property, net	16,717	(107,427)	59,702	121,046	(307,101)	51,887	(59,048)	(122,785)	(67,463)	(69,113)
Customer facility charges	28,025,520	20,498,480	12,230,510	10,560,880	24,636,032	31,080,128	30,440,208	30,875,320	31,934,786	29,933,177
Passenger facility charges	58,978,009	53,393,051	48,553,346	30,032,505	46,749,088	64,031,965	61,067,558	59,384,648	60,920,335	61,180,724
Total non-operating revenues (expenses)	112,933,785	135,981,504	55,158,880	56,482,438	94,720,190	65,653,300	37,761,521	42,140,681	43,063,744	51,864,987
Gain (Loss) before capital contributions	131,268,191	164,428,471	30,279,794	16,971,539	12,623,696	83,027,260	42,600,021	18,299,992	37,753,312	41,420,822
Capital contributions										
Federal, state and local grants	48,662,111	44,636,923	22,455,409	29,318,006	20,327,935	22,238,626	19,583,401	9,566,140	24,203,573	35,549,920
Contributed assets	-	-	49,049,602	-	-	-	-	-	-	-
Total capital contributions	48,662,111	44,636,923	71,505,011	29,318,006	20,327,935	22,238,626	19,583,401	9,566,140	24,203,573	35,549,920
Increase (decrease) in net position	$ 179,930,302	$ 209,065,394	$ 101,784,805	$ 46,289,545	$ 32,951,631	$ 105,265,886	$ 62,183,422	$ 27,866,132	$ 61,956,885	$ 76,970,742
Net position beginning of period	1,374,863,696	1,165,798,302	1,064,013,497	1,017,723,952	993,543,168	888,277,282	894,083,996	866,217,864	804,260,979	894,969,059
Adjustment	-	-	-	-	(8,770,847)	-	(67,990,136)	-	-	(167,678,822)
Net position end of period	**$ 1,554,793,998**	**$ 1,374,863,696**	**$ 1,165,798,302**	**$ 1,064,013,497**	**$ 1,017,723,952**	**$ 993,543,168**	**$ 888,277,282**	**$ 894,083,996**	**$ 866,217,864**	**$ 804,260,979**

* Related to the adoption of GASB 65

Source: City of Philadelphia, Financial Statements

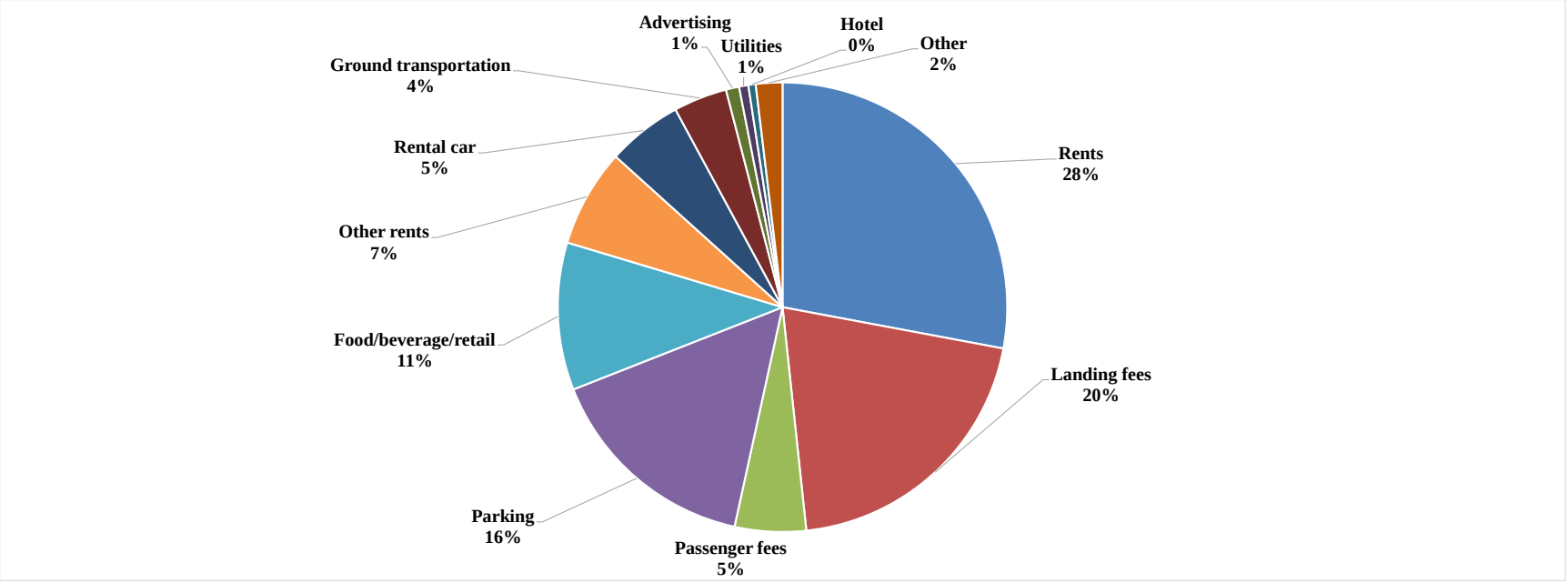
(1) Charges for goods and services are comprised of airline revenues, specifically landing fees and international arrival fees, and non-airline revenues, specifically utilities and other fees.

(2) Rental and concessions are comprised of airline revenues, specifically rents, and non-airline revenues, specifically concessions, and other rents.

Exhibit S-12: Operating Revenues by Source
(By Fiscal Year)

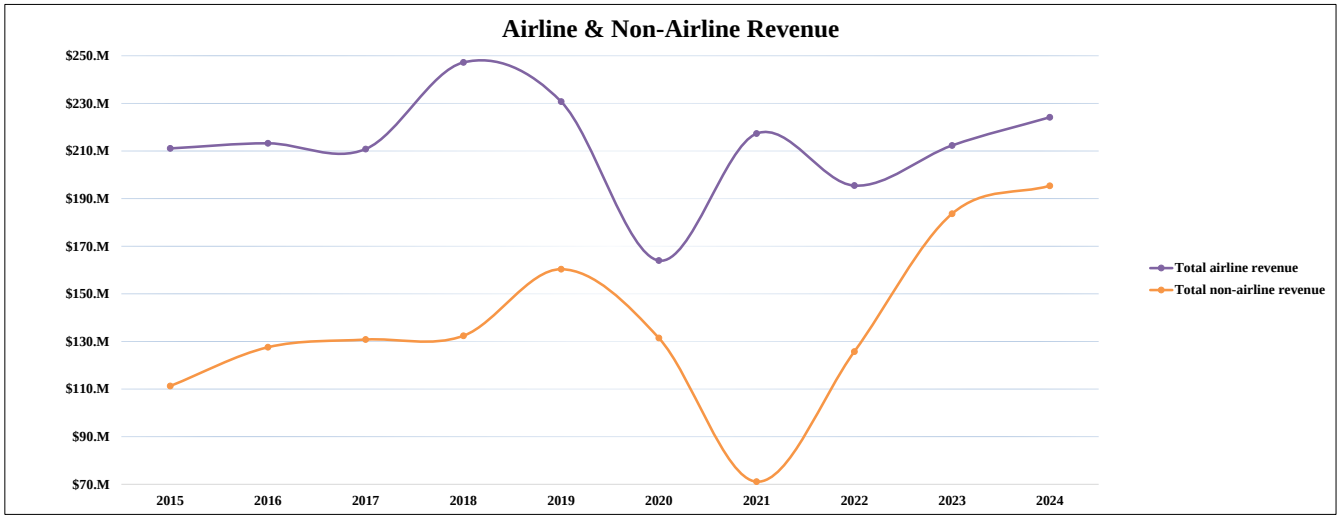
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	10-Year Annual Growth
Airline revenue											
Rents	$ 117,252,653	$ 97,367,383	$ 109,403,014	$ 129,802,226	$ 92,060,092	$ 112,437,578	$ 122,195,881	$ 111,099,652	$ 107,504,766	$ 115,637,922	0.14%
Landing fees	85,423,931	85,050,216	64,622,330	76,702,244	52,351,021	81,040,660	88,769,632	67,710,165	71,796,365	68,868,068	2.18%
Passenger fees	21,489,398	29,913,198	21,443,817	10,805,851	19,556,454	37,249,170	36,228,901	32,017,978	33,927,721	26,573,596	(2.10%)
Total airline revenue	224,165,982	212,330,797	195,469,161	217,310,321	163,967,567	230,727,408	247,194,414	210,827,795	213,228,852	211,079,586	**0.60%**
Non-airline revenue											
Parking	65,487,818	67,320,671	27,317,434	723,814	35,023,752	37,151,976	33,620,940	33,892,719	29,968,056	29,090,299	8.45%
Food/beverage/retail	44,518,896	40,109,571	20,297,188	8,818,108	30,613,092	38,725,616	33,082,150	31,458,225	35,971,023	23,802,476	6.46%
Other rents	29,540,039	23,172,362	27,831,622	28,538,257	22,686,419	34,128,018	19,456,269	20,309,076	19,279,017	17,990,122	5.08%
Rental car	22,704,042	22,151,743	21,798,300	12,738,457	15,473,293	19,821,992	19,088,359	19,057,032	18,925,037	17,972,921	2.36%
Ground transportation	16,152,399	13,685,107	9,501,287	3,776,497	8,410,149	9,905,712	7,759,709	5,589,833	2,539,609	2,069,814	22.81%
Advertising	3,985,864	3,987,362	3,490,755	1,612,088	4,111,262	4,031,350	4,165,545	4,113,665	3,948,970	2,814,100	3.54%
Utilities	2,798,985	2,774,649	2,281,998	2,151,838	2,566,366	2,542,899	2,862,116	2,872,521	3,207,446	3,548,830	(2.35%)
Hotel	2,208,762	2,233,032	2,028,244	1,328,618	1,896,680	2,174,191	2,131,110	2,095,984	2,036,604	1,972,306	1.14%
Other	8,002,676	8,222,297	11,186,735	11,425,956	10,656,242	11,862,580	10,209,792	11,403,680	11,691,632	12,024,202	(3.99%)
Total non-airline revenue	195,399,481	183,656,794	125,733,563	71,113,633	131,437,255	160,344,334	132,375,990	130,792,736	127,567,394	111,285,070	**5.79%**
Total operating revenues	**$ 419,565,463**	**$ 395,987,591**	**$ 321,202,724**	**$ 288,423,954**	**$ 295,404,822**	**$ 391,071,742**	**$ 379,570,404**	**$ 341,620,531**	**$ 340,796,246**	**$ 322,364,656**	**2.67%**

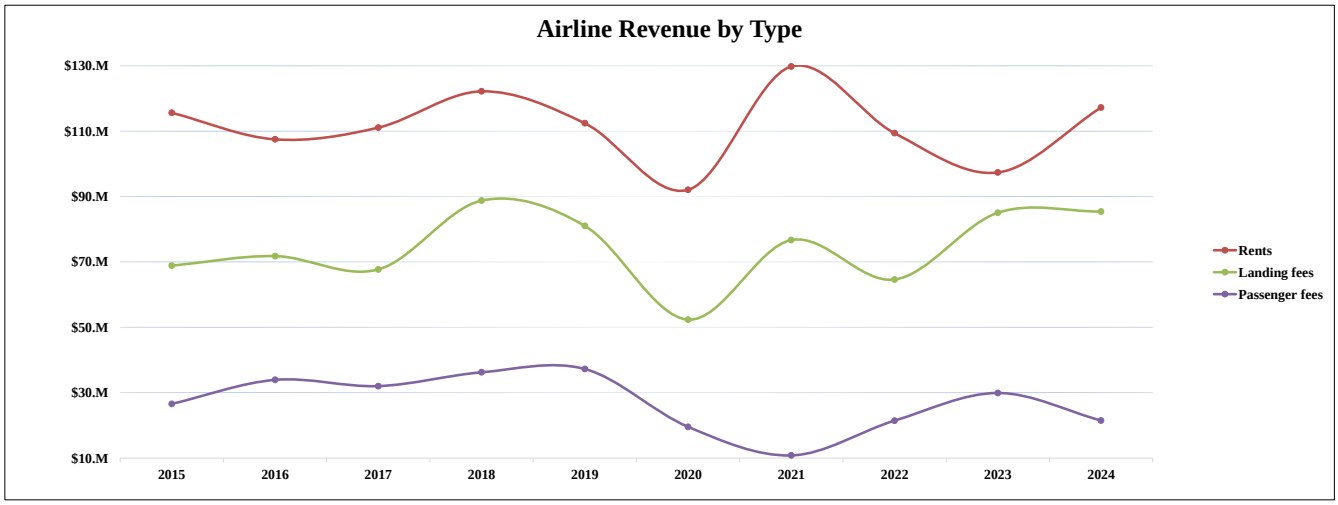
2024 Revenues by Source

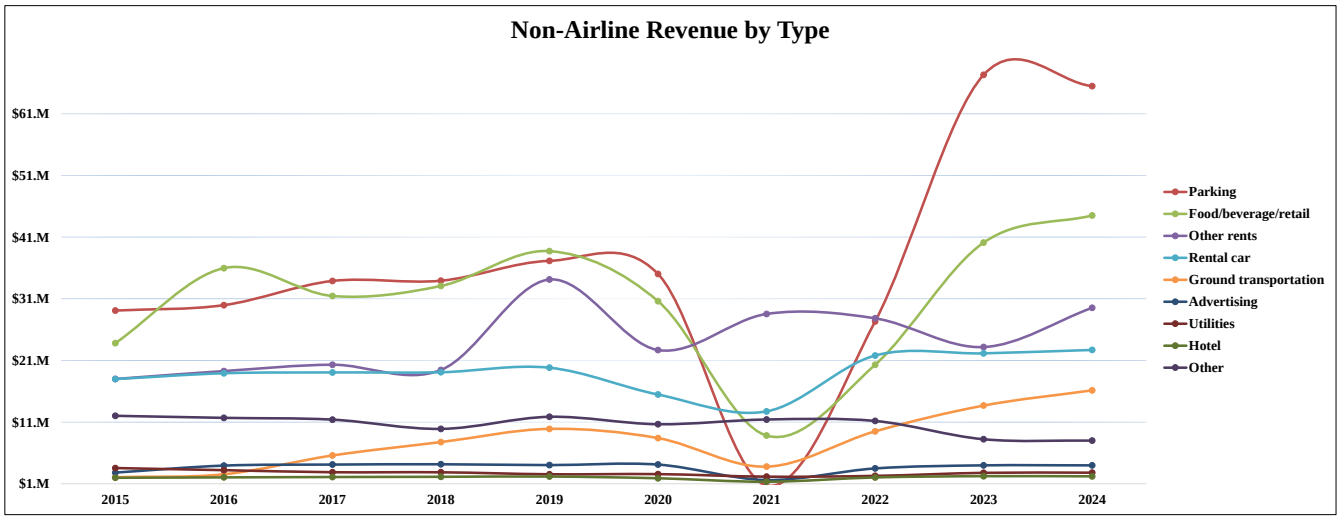


Source: City of Philadelphia

Exhibit S-12: Operating Revenues by Source
(Continued, By Fiscal Year)

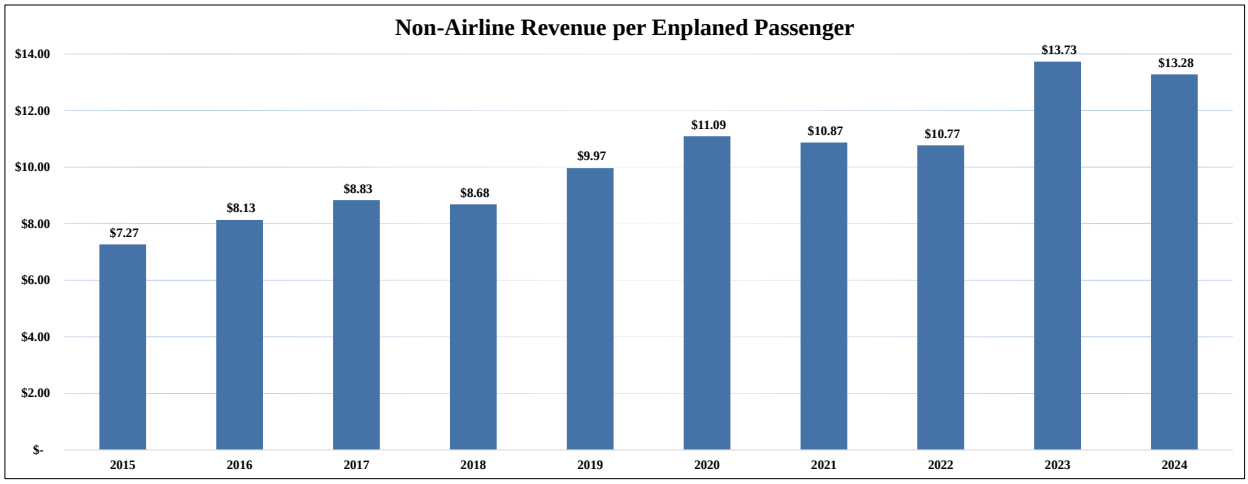


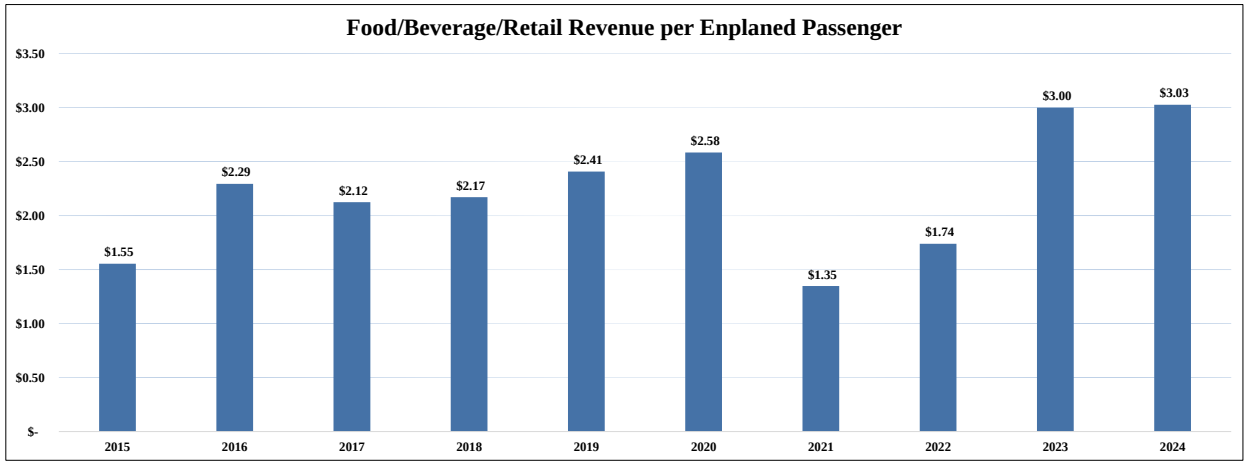


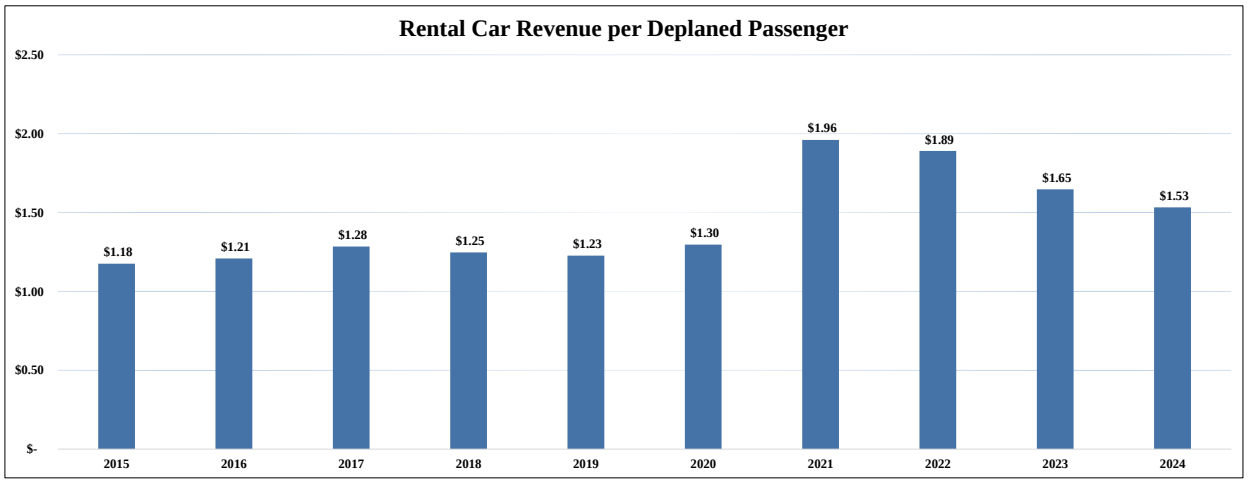


Source: City of Philadelphia

Exhibit S-12: Revenues by Source
(Continued, by Fiscal Year)





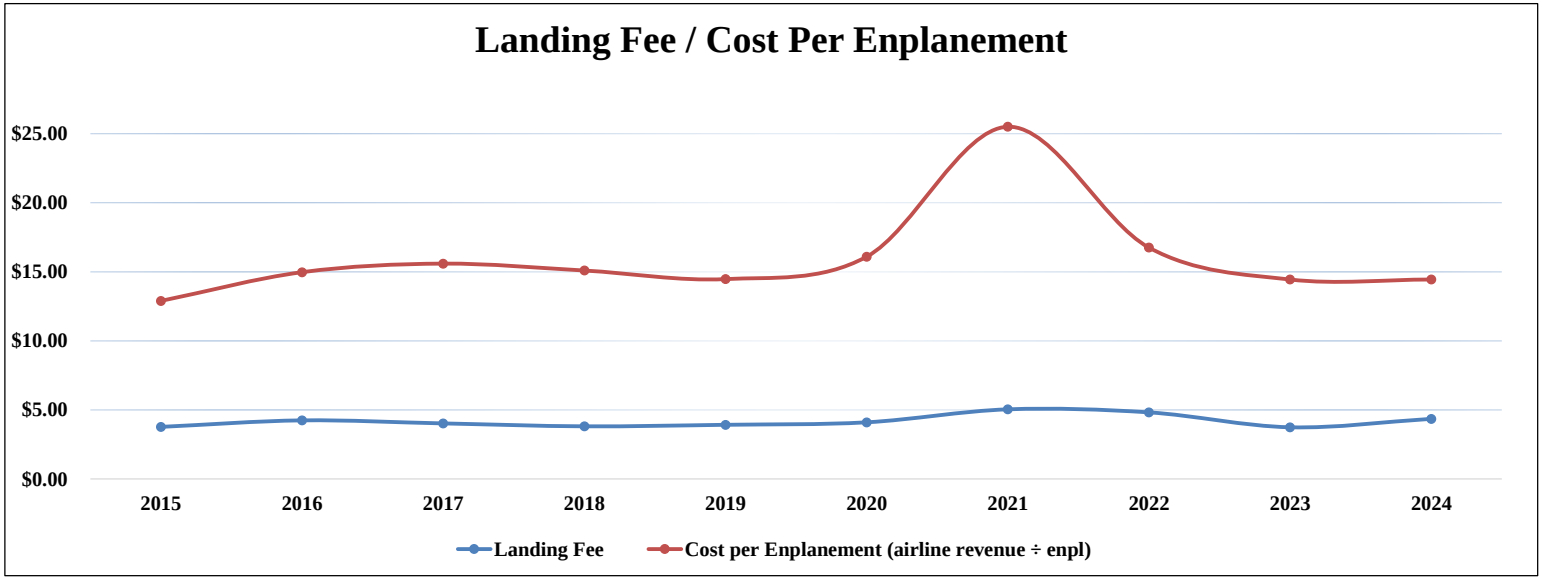


Source: City of Philadelphia

Exhibit S-13: Scheduled Rates and Charges

(By Fiscal Year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Signatory airline rates & charges										
Landing fee rate (per 1,000 pounds)	$ 4.35	$ 3.74	$ 4.82	$ 5.04	$ 4.10	$ 3.92	$ 3.81	$ 4.02	$ 4.24	$ 3.77
Terminal rental rates (per square foot)										
Type 1 - Ticket counter and ticket counter offices	$ 200.13	$ 190.49	$ 194.18	$ 196.44	$ 197.69	$ 219.02	$ 232.51	$ 241.74	$ 223.11	$ 195.38
Type 2 - Hold rooms, baggage claim area, baggage claim offices, airline lounge, airline space	$ 150.10	$ 142.86	$ 145.64	$ 147.33	$ 148.27	$ 164.26	$ 174.38	$ 181.30	$ 167.34	$ 146.54
Type 3 - Airline operations space, baggage makeup space, inbound baggage	$ 100.06	$ 95.24	$ 97.09	$ 98.22	$ 98.84	$ 109.51	$ 116.25	$ 120.87	$ 111.56	$ 97.69
Type 4 - FIS Area, cart tunnel/baggage recheck	$ 50.03	$ 47.62	$ 48.55	$ 49.11	$ 49.42	$ 54.75	$ 58.13	$ 60.43	$ 55.78	$ 48.85
Ramp area rental rate (per linear foot)	$ 24.13	n/a	$ 22.29	$ 10.10	$ 25.33	$ 22.37	$ 16.30	$ (8.60)	$ 87.82	$ 71.35
International common use fees (per passenger)										
Enplaning area fee	$ 4.77	$ 4.05	$ 5.52	$ 8.57	$ 3.62	$ 4.75	$ 5.41	$ 5.11	$ 4.93	$ 4.10
Deplaning area fee	$ 4.62	$ 3.93	$ 5.52	$ 8.57	$ 3.46	$ 4.61	$ 5.16	$ 5.10	$ 4.82	$ 4.18
FIS Area fee	$ 6.42	$ 5.96	$ 5.28	$ 8.21	$ 5.21	$ 6.31	$ 7.21	$ 6.10	$ 4.96	$ 3.98
Ticket counter area fee	$ 1.19	$ 1.60	$ 1.63	$ 2.53	$ 1.79	$ 1.98	$ 1.72	$ 1.79	$ 1.98	$ 1.73
Passenger facility charges (per ticket sold)	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50
Cost per enplanement	$ 14.44	$ 14.44	$ 16.75	$ 25.50	$ 16.09	$ 14.47	$ 15.09	$ 15.59	$ 14.97	$ 12.89

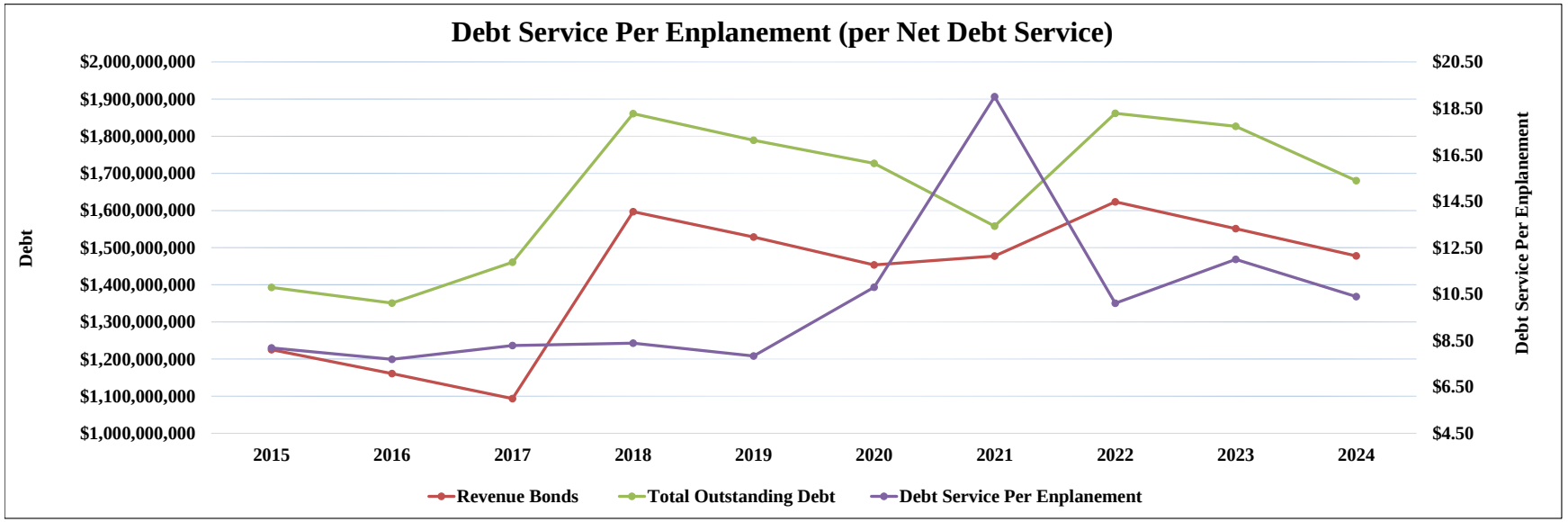


Source: City of Philadelphia

Exhibit S-14: Ratios of Outstanding Debt

(By Fiscal Year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Outstanding debt by type										
Revenue bonds payable, net	$ 1,477,639,556	$ 1,551,208,676	$ 1,623,461,203	$ 1,477,497,285	$ 1,453,462,105	$ 1,528,355,631	$ 1,596,864,911	$ 1,093,534,740	$ 1,160,904,087	$ 1,225,329,622
General obligation bonds payable, net	-	-	-	-	-	-	-	-	-	-
Commercial paper	202,843,000	165,343,000	125,343,000	80,343,000	155,262,000	140,262,000	141,162,000	242,100,000	189,900,000	167,600,000
Taxable revenue note	-	110,220,000	112,930,000	-	118,040,000	120,450,000	122,770,000	125,000,000	-	-
Total outstanding debt	$ 1,680,482,556	$ 1,826,771,676	$ 1,861,734,203	$ 1,557,840,285	$ 1,726,764,105	$ 1,789,067,631	$ 1,860,796,911	$ 1,460,634,740	$ 1,350,804,087	$ 1,392,929,622
Debt factors										
Enplaned passengers	14,713,507	13,374,796	11,675,322	6,542,642	11,847,407	16,088,424	15,245,453	14,806,882	15,683,558	15,312,738
Operating revenue	$ 419,565,463	$ 395,987,591	$ 321,202,724	$ 288,423,954	$ 295,404,822	$ 391,071,742	$ 379,570,404	$ 341,620,531	$ 340,796,245	$ 322,364,656
Total assets	$ 3,969,560,558	$ 3,802,378,568	$ 3,580,659,536	$ 3,165,900,775	$ 3,177,840,858	$ 3,179,048,877	$ 3,130,503,695	$ 2,663,111,931	$ 2,502,763,258	$ 2,470,974,676
Total MSA population*	6,246,160	6,241,164	6,241,164	6,228,601	6,102,434	6,096,372	6,096,120	6,096,120	6,077,152	6,066,589
Ratios										
Outstanding debt per enplaned passenger	$ 114.21	$ 136.58	$ 159.46	$ 238.11	$ 145.75	$ 111.20	$ 122.06	$ 98.65	$ 86.13	$ 90.97
Outstanding debt to operating revenue	$ 4.01	$ 4.61	$ 5.80	$ 5.40	$ 5.85	$ 4.57	$ 4.90	$ 4.28	$ 3.96	$ 4.32
Outstanding debt to total assets	$ 0.42	$ 0.48	$ 0.52	$ 0.49	$ 0.54	$ 0.56	$ 0.59	$ 0.55	$ 0.54	$ 0.56
Outstanding debt per capita	$ 269.04	$ 292.70	$ 298.30	$ 250.11	$ 282.96	$ 293.46	$ 305.24	$ 239.60	$ 222.28	$ 229.61



*** 2023 data is not available**

All other MSA data source: U.S. Census Bureau, Population Division

Non-MSA data source: City of Philadelphia

Exhibit S-15: Pledged Debt Service Coverage

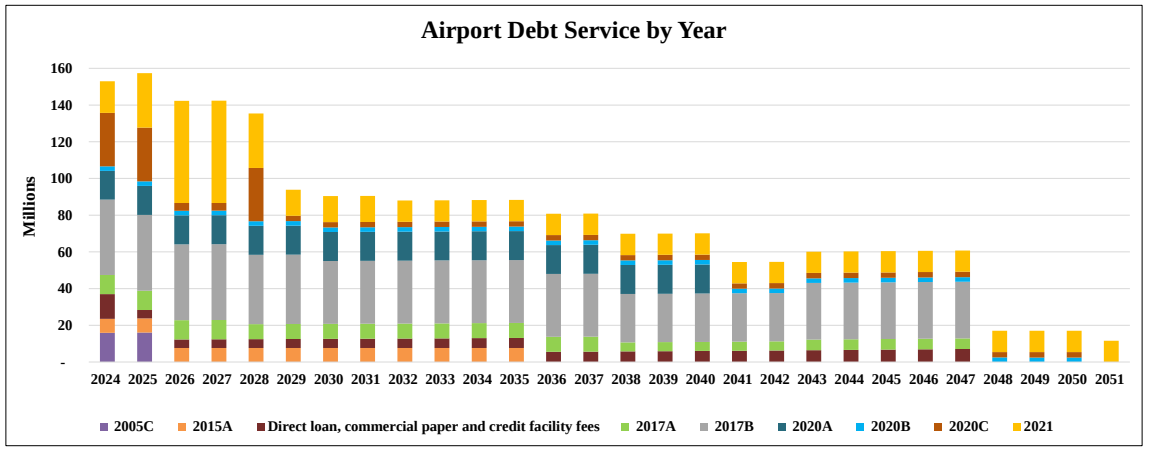
(By Fiscal Year)

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	Amounts available for debt service										
	Fund balance	$ 303,819,202	$ 173,724,277	$ 173,724,277	$ 160,842,939	$ 144,218,209	$ 126,824,322	$ 107,819,701	$ 87,875,140	$ 71,220,305	$ 66,340,425
	Project revenues	490,063,393	535,574,815	355,962,610	331,828,680	390,167,827	393,443,075	381,668,041	362,065,094	341,249,876	322,846,631
	Passenger facility charges	42,163,000	25,625,000	31,976,000	49,620,818	31,199,992	31,188,782	31,201,355	33,692,950	31,176,287	31,169,120
1		836,045,595	734,924,092	561,662,887	542,292,437	565,586,028	551,456,179	520,689,097	483,633,184	443,646,468	420,356,176
	Total expenses										
2	Net operating expenses*	185,979,913	149,255,205	149,981,739	130,128,359	151,738,808	161,160,835	150,971,582	136,747,633	132,649,211	125,966,943
	Interdepartmental charges	114,464,562	117,592,574	103,006,532	109,798,278	123,017,460	121,054,115	116,749,066	116,753,148	106,775,414	108,692,423
3		300,444,475	266,847,779	252,988,271	239,926,637	274,756,268	282,214,950	267,720,648	253,500,781	239,424,625	234,659,366
	Funds available for debt service coverage										
4	Revenue bonds (Line 1 - Line 2)	650,065,682	585,668,887	411,681,148	412,164,078	413,847,220	390,295,344	369,717,515	346,885,551	310,997,257	294,389,233
5	All bonds (Line 1 - Line 3)	535,601,120	468,076,313	308,674,616	302,365,800	290,829,760	269,241,229	252,968,449	230,132,403	204,221,843	185,696,810
	Debt service										
	Revenue bonds										
	Series 1995	-	-	-	-	-	-	-	-	-	-
	Series 1997A	-	-	-	-	-	-	-	-	-	-
	Series 1997B	-	-	-	-	-	-	-	-	-	-
	Series 1998A	-	-	-	-	-	-	-	-	-	-
	Series 1998 PAID	-	-	-	-	-	-	5,019	256	257	250
	Series 2001 PAID	-	-	-	-	-	-	-	-	-	-
	Series 2001B	-	-	-	-	-	-	-	-	-	-
	Series 2005A	-	-	-	-	-	-	-	-	-	8,127,118
	Series 2005B	-	-	-	-	-	-	-	-	-	-
	Series 2005C	15,892,073	16,427,227	16,143,944	15,410,326	14,303,578	15,798,022	16,506,573	15,816,253	15,510,902	15,321,233
	Series 2007A	-	-	-	-	-	-	3,669,500	11,780,500	11,677,215	11,513,459
	Series 2007B	-	-	-	-	-	-	1,169,625	6,933,000	6,872,668	6,773,572
	Series 2009A	-	-	-	-	-	-	814,652	3,745,704	3,717,417	3,663,031
	Series 2010A			-	-	18,207,471	18,527,965	18,665,713	18,668,963	18,508,796	18,248,041
	Series 2010B	-	-	-	-	-	-	-	-	-	5,444,908
	Series 2010C	-	-	-	-	-	-	9,444,750	9,448,250	9,361,206	9,237,111
	Series 2010D	-	-	-	-	25,738,362	26,192,436	26,392,200	26,404,199	26,164,179	25,795,633
	Series 2011A	-	-	-	15,003,181	14,985,877	15,228,633	15,356,406	15,340,656	15,203,315	14,973,955
	Series 2011B	-	-	-	2,524,717	2,528,576	2,568,328	2,590,019	2,594,019	2,569,120	2,534,670
	Series 2015A	7,614,985	7,538,864	7,553,570	7,473,679	7,479,890	7,610,344	7,663,150	7,668,550	7,734,447	-
	Series 2017A	10,417,546	10,311,081	10,333,631	10,220,860	10,104,784	9,184,483	5,045,809	-	-	-
	Series 2017B	41,065,614	40,650,056	40,746,423	40,308,690	24,354,513	20,980,992	12,681,150	-	-	-
	Series 2020A	15,669,535	8,274,541	8,295,010	5,994,503	-	-	-	-	-	-
	Series 2020B	2,462,725	1,587,569	1,591,743	1,151,786	-	-	-	-	-	-
	Series 2020C	29,119,890	19,312,113	19,362,596	18,767,858	-	-	-	-	-	-
	Series 2021	17,192,333	7,200,654	5,936,762	-	-	-	-	-	-	-
	Direct loan, commercial paper and credit facility fees	13,490,616	49,119,144	8,024,984	7,474,902	10,207,036	9,916,060	7,785,739	4,195,981	3,275,822	3,615,367
6	**Net revenue bond debt service**	152,925,317	160,421,250	117,988,661	124,330,503	127,910,086	126,007,263	127,790,305	122,596,331	120,595,344	125,248,348
	General obligation bonds	-	-	-	-	-	-	-	-	-	-
7	**Total net debt service**	$ 152,925,317	$ 160,421,250	$ 117,988,661	$ 124,330,503	$ 127,910,086	$ 126,007,263	$ 127,790,305	$ 122,596,331	$ 120,595,344	$ 125,248,348
	Debt service coverage										
	Revenue bonds only - Test "1" (Line 4/Line 6)	4.25	3.65	3.49	3.32	3.24	3.10	2.89	2.83	2.58	2.35
	Total debt service - Test "2" (Line 5/Line 7)	3.50	2.92	2.62	2.43	2.27	2.14	1.98	1.88	1.69	1.48

* Includes required Renewal Fund deposits

Exhibit S-16: Airport Debt Service by Year
(By Fiscal Year)

Year	2005C	2015A	Direct loan, commercial paper and credit facility fees	2017A	2017B	2020A	2020B	2020C	2021	Total
2024	15,892,073	7,614,985	13,490,616	10,417,546	41,065,614	15,669,535	2,462,725	29,119,890	17,192,333	152,925,317
2025	16,108,690	7,665,450	4,559,962	10,476,794	41,348,000	15,777,950	2,475,950	29,310,900	29,614,000	157,337,696
2026	-	7,663,450	4,630,555	10,487,794	41,348,000	15,776,450	2,480,450	4,230,150	55,697,000	142,313,849
2027	-	7,665,200	4,704,409	10,479,544	41,342,500	15,775,700	2,477,450	4,231,150	55,706,750	142,382,703
2028	-	7,669,950	4,786,447	8,167,294	37,814,500	15,779,700	2,477,200	29,009,400	29,684,750	135,389,241
2029	-	7,661,950	4,866,518	8,165,544	37,817,750	15,777,200	2,479,450	2,930,900	14,182,250	93,881,562
2030	-	7,671,200	4,954,622	8,168,794	34,252,000	15,772,450	2,478,950	2,931,400	14,177,750	90,407,166
2031	-	7,671,200	5,040,608	8,166,294	34,263,500	15,779,450	2,475,700	2,928,900	14,182,500	90,508,152
2032	-	7,663,600	5,134,476	8,167,794	34,260,000	15,771,450	2,479,700	2,933,400	11,595,250	88,005,669
2033	-	7,669,000	5,231,074	8,167,544	34,260,250	15,777,950	2,475,450	2,929,400	11,594,750	88,105,418
2034	-	7,667,750	5,330,327	8,170,044	34,262,000	15,776,150	2,476,650	2,931,600	11,592,250	88,206,771
2035	-	7,665,000	5,432,159	8,167,744	34,263,000	15,777,400	2,475,650	2,931,400	11,592,250	88,304,603
2036	-	-	5,541,495	8,168,681	34,261,000	15,773,600	2,477,450	2,933,800	11,594,000	80,750,026
2037	-	-	5,653,183	8,164,150	34,263,750	15,770,000	2,476,850	2,933,600	11,591,750	80,853,283
2038	-	-	5,772,148	4,941,750	26,363,500	15,770,800	2,478,850	2,930,800	11,591,350	69,849,198
2039	-	-	5,893,238	4,942,250	26,362,750	15,775,000	2,478,250	2,930,400	11,591,150	69,973,038
2040	-	-	6,016,377	4,940,500	26,363,500	15,771,600	2,480,050	2,932,200	11,595,750	70,099,977
2041	-	-	6,151,491	4,941,250	26,358,750		2,479,050	2,931,000	11,594,550	54,456,091
2042	-	-	6,288,351	4,939,000	26,361,750		2,478,700	2,931,800	11,592,350	54,591,951
2043	-	-	6,426,883	5,788,500	30,905,000		2,476,700	2,929,400	11,593,750	60,120,233
2044	-	-	6,577,011	5,791,750	30,904,250		2,478,050	2,933,800	11,593,150	60,278,011
2045	-	-	6,728,508	5,788,500	30,903,000		2,477,600	2,929,600	11,595,150	60,422,358
2046	-	-	6,891,298	5,793,500	30,903,250		2,475,350	2,932,000	11,594,150	60,589,548
2047	-	-	7,055,154	5,790,750	30,906,750		2,476,300	2,930,600	11,594,750	60,754,304
2048	-	-	-	-	-		2,480,300	2,930,400	11,595,500	17,006,200
2049	-	-	-	-	-		2,477,200	2,931,200	11,593,500	17,001,900
2050	-	-	-	-	-		2,477,150	2,932,800	11,592,750	17,002,700
2051	-	-	-	-	-				11,592,000	11,592,000
	32,000,763	91,948,735	143,156,907	177,193,308	801,154,364	268,072,385	66,883,175	160,391,890	462,307,433	2,203,108,961



Sources: City of Philadelphia, Schedule of Rate Covenant Compliance (2021)
Frasca & Associates, LLC (2022 and forward)

Exhibit S-17: Current Top 30 Passenger Origination and Destination Markets

(By Fiscal Year)

Domestic		
2024 Market	Distance	Daily Pax
Orlando, Florida	861	2,325
Atlanta, Georgia	665	1,423
Tampa, Florida	920	996
Fort Lauderdale, Florida	992	954
Chicago-O'Hare, Illinois	678	931
Los Angeles, California	2,401	899
Boston, Massachusetts	280	852
Miami, Florida	1,013	822
Denver, Colorado	1,557	821
Dallas/Fort Worth, Texas	1,302	818
Las Vegas, Nevada	2,176	677
San Juan, Puerto Rico	1,576	647
Charlotte-Douglas, North Carolina	447	624
Houston-Intercontinental, Texas	1,324	622
Nashville, Tennessee	675	615
San Francisco, California	2,521	614
Phoenix, Arizona	2,075	547
West Palm Beach, Florida	951	531
Fort Myers, Florida	992	483
Detroit, Michigan	453	436
Raleigh/Durham, North Carolina	336	432
Chicago-Midway, Illinois	668	397
Seattle, Washington	2,378	390
San Diego, California	2,369	382
Minneapolis/Saint Paul, Minnesota	980	368
Jacksonville, Florida	742	366
New Orleans, Louisiana	1,088	304
Charleston, South Carolina	550	283
Austin, Texas	1,430	275
Saint Louis, Missouri	813	249

International		
2024 Market	Distance	Daily Pax
Cancun, Mexico	1,468	607
London-Heathrow, England	3,546	576
Punta Cana, Dominican Republic	1,523	324
Toronto, Ontario	347	319
Dublin, Ireland	3,274	298
Doha, Qatar	6,797	281
Montego Bay, Jamaica	1,480	239
Lisbon, Portugal	3,458	210
Rome-Da Vinci, Italy	4,371	202
Montreal-Trudeau, Quebec	394	183
Madrid, Spain	3,683	176
Paris-De Gaulle, France	3,729	175
Zurich, Switzerland	4,025	164
Barcelona, Spain	3,925	161
Amsterdam, Netherlands	3,737	158
Aruba, Aruba	1,911	142
Frankfurt, Germany	3,950	130
Venice, Italy	4,249	116
Nassau, Bahamas	1,030	88
Athens, Greece	5,035	71
Providenciales, Turks and Caicos Islands	1,259	68
Bermuda, Bermuda	784	53
Halifax, Nova Scotia	692	49
Nice, France	4,086	35
Quebec, Quebec	516	24
Santo Domingo, Dominican Republic	1,514	19
Copenhagen, Denmark	3,947	15
Naples, Italy	4,495	14
Grand Cayman, Cayman Islands	1,463	10
St. Lucia, Saint Lucia	1,998	9

Daily Pax represents passengers per day each way

Distance is great-circle distance between PHL and indicated airport

Source: U.S. DOT O&D Passenger Survey (domestic) and T-100 (International) data via Cirium

Exhibit S-18: Historical Domestic Top 10 Passenger Origination and Destination Markets

(By Fiscal Year)

FY 2024	
Market	**Daily Pax**
Orlando, Florida	2,325
Atlanta, Georgia	1,423
Tampa, Florida	996
Fort Lauderdale, Florida	954
Chicago-O'Hare, Illinois	931
Los Angeles, California	899
Boston, Massachusetts	852
Miami, Florida	822
Denver, Colorado	821
Dallas/Fort Worth, Texas	818

FY 2023	
Market	**Daily Pax**
Orlando, Florida	2,214
Atlanta, Georgia	1,295
Fort Lauderdale, Florida	918
Los Angeles, California	886
Chicago-O'Hare, Illinois	860
Tampa, Florida	821
Boston, Massachusetts	814
Miami, Florida	808
Dallas/Fort Worth, Texas	784
Denver, Colorado	745

FY 2022	
Market	**Daily Pax**
Orlando, Florida	2,233
Atlanta, Georgia	1,166
Miami, Florida	912
Fort Lauderdale, Florida	903
Los Angeles, California	896
Tampa, Florida	889
San Juan, Puerto Rico	782
Chicago-O'Hare, Illinois	771
Denver, Colorado	740
Las Vegas, Nevada	689

FY 2021	
Market	**Daily Pax**
Orlando, Florida	1,548
Atlanta, Georgia	815
Fort Lauderdale, Florida	744
San Juan, Puerto Rico	664
Tampa, Florida	612
Miami, Florida	549
Denver, Colorado	511
Los Angeles, California	484
Las Vegas, Nevada	420
Fort Myers, Florida	368

FY 2020	
Market	**Daily Pax**
Orlando, Florida	1,671
Atlanta, Georgia	900
Boston, Massachusetts	822
Los Angeles, California	788
Ft. Lauderdale, Florida	781
Chicago-O'Hare, Illinois	736
Tampa/St. Petersburg, Florida	695
Denver, Colorado	666
Dallas/Fort Worth, Texas	647
Miami, Florida	551

FY 2019	
Market	**Daily Pax**
Orlando, Florida	2,209
Atlanta, Georgia	1,255
Boston, Massachusetts	1,231
Los Angeles, California	1,216
Ft. Lauderdale, Florida	1,077
Chicago-O'Hare, Illinois	1,041
Tampa/St. Petersburg, Florida	963
Denver, Colorado	920
Dallas/Fort Worth, Texas	880
San Francisco, California	860

FY 2018	
Market	**Daily Pax**
Orlando, Florida	2,109
Atlanta, Georgia	1,345
Los Angeles, California	1,154
Boston, Massachusetts	1,097
Ft. Lauderdale, Florida	1,035
Chicago-O'Hare, Illinois	1,011
Tampa/St. Petersburg, Florida	954
Denver, Colorado	899
Dallas/Fort Worth, Texas	861
Las Vegas, Nevada	762

FY 2017	
Market	**Daily Pax**
Orlando, Florida	2,055
Atlanta, Georgia	1,329
Chicago-O'Hare, Illinois	1,128
Boston, Massachusetts	1,053
Los Angeles, California	1,028
Ft. Lauderdale, Florida	956
Tampa/St. Petersburg, Florida	916
Denver, Colorado	855
Las Vegas, Nevada	808
Dallas/Fort Worth, Texas	782

FY 2016	
Market	**Daily Pax**
Orlando, Florida	2,064
Atlanta, Georgia	1,450
Chicago-O'Hare, Illinois	1,295
Boston, Massachusetts	1,053
Tampa/St. Petersburg, Florida	936
Los Angeles, California	910
Ft. Lauderdale, Florida	872
Las Vegas, Nevada	862
Dallas/Fort Worth, Texas	780
Denver, Colorado	734

FY 2015	
Market	**Daily Pax**
Orlando, Florida	1,618
Atlanta, Georgia	1,066
Boston, Massachusetts	1,056
Chicago-O'Hare, Illinois	1,012
Los Angeles, California	857
Las Vegas, Nevada	831
Tampa/St. Petersburg, Florida	799
Dallas/Fort Worth, Texas	791
San Francisco, California	766
Ft. Lauderdale, Florida	675

Daily Pax represents passengers per day each way

Distance is great-circle distance between PHL and indicated airport

Source: GRA, Incorporated for FY 2010 - FY 2019; Restated Daily Pax updated 10.5X scaling to reflect latest GRA recommendation for undersampling correction.

Source for FY2020 - FY2023: U.S. DOT O&D Passenger Survey data via Cirium.

Exhibit S-19: Historical International Top 10 Passenger Destination Markets

(By Fiscal Year)

FY 2024	
Market	**Daily Pax**
Cancun, Mexico	607
London-Heathrow, England	576
Punta Cana, Dominican Republic	324
Toronto, Ontario	319
Dublin, Ireland	298
Doha, Qatar	281
Montego Bay, Jamaica	239
Lisbon, Portugal	210
Rome-Da Vinci, Italy	202
Montreal-Trudeau, Quebec	183

FY 2023	
Market	**Daily Pax**
Cancun, Mexico	637
London-Heathrow, England	533
Montego Bay, Jamaica	329
Doha, Qatar	310
Dublin, Ireland	309
Toronto, Canada	307
Punta Cana, Dominican Republic	277
Rome-Da Vinci, Italy	194
Paris-De Gaulle, France	175
Amsterdam, Netherlands	158

FY 2022	
Market	**Daily Pax**
Cancun, Mexico	490
London-Heathrow, England	299
Doha, Qatar	241
Montego Bay, Jamaica	214
Punta Cana, Dominican Republic	184
Dublin, Ireland	152
Toronto, Canada	151
Aruba, Aruba	109
Athens, Greece	67
Rome-Da Vinci, Italy	64

FY 2021	
Market	**Daily Pax**
Cancun, Mexico	277
Montego Bay, Jamaica	94
Punta Cana, Dominican Rep	74
Doha, Qatar	57
Aruba, Aruba	56
London-Heathrow, England	32
Toronto-Pearson, Canada	27
Montreal-Dorval, Canada	24
Dublin, Ireland	21
Santo Domingo, Dominican Rep.	20

FY 2020	
Market	**Daily Pax**
London-Heathrow, England	420
Toronto-Pearson, Canada	289
Cancun, Mexico	270
Dublin, Ireland	214
Montego Bay, Jamaica	177
Doha, Qatar	177
Montreal-Dorval, Canada	166
Frankfurt, Germany	161
Rome-Da Vinci, Italy	132
Madrid, Spain	122

FY 2019	
Market	**Daily Pax**
London-Heathrow, England	638
Toronto-Pearson, Canada	392
Cancun, Mexico	360
Dublin, Ireland	320
Punta Cana, Dominican Rep	294
Frankfurt, Germany	274
Montego Bay, Jamaica	265
Montreal-Dorval, Canada	262
Doha, Qatar	221
Rome-Da Vinci, Italy	200

FY 2018	
Market	**Daily Pax**
London-Heathrow, England	647
Toronto-Pearson, Canada	417
Cancun, Mexico	366
Frankfurt, Germany	293
Punta Cana, Dominican Rep	284
Montreal-Dorval, Canada	274
Montego Bay, Jamaica	228
Dublin, Ireland	210
Rome-Da Vinci, Italy	193
Doha, Qatar	192

FY 2017	
Market	**Daily Pax**
London-Heathrow, England	649
Cancun, Mexico	414
Toronto-Pearson, Canada	385
Frankfurt, Germany	295
Punta Cana, Dominican Rep	289
Montreal-Dorval, Canada	242
Montego Bay, Jamaica	207
Paris-De Gaulle, France	202
Rome-Da Vinci, Italy	201
Dublin, Ireland	187

FY 2016	
Market	**Daily Pax**
London-Heathrow, England	654
Cancun, Mexico	472
Toronto-Pearson, Canada	391
Frankfurt, Germany	338
Punta Cana, Dominican Rep	316
Montego Bay, Jamaica	244
Montreal-Dorval, Canada	200
Rome-Da Vinci, Italy	200
Paris-De Gaulle, France	195
Madrid, Spain	181

FY 2015	
Market	**Daily Pax**
London-Heathrow, England	557
Cancun, Mexico	428
Frankfurt, Germany	376
Toronto-Pearson, Canada	370
Punta Cana, Dominican Rep	311
Paris-De Gaulle, France	220
Montego Bay, Jamaica	216
Tel Aviv/Yafo, Israel	204
Montreal-Dorval, Canada	198
Rome-Da Vinci, Italy	195

Daily Pax represents passengers per day each way
Distance is great-circle distance between PHL and indicated airport
Source: GRA, Incorporated for FY 2010 - FY 2019
Source for FY 2020 - FY 2023: U.S. DOT T-100 data via Cirium

Exhibit S-20: Airline Market Share by Landed Weight

(By Fiscal Year, Expressed in 1,000 lb. Units)

Airlines	2024		2023		2022		2021		2020	
	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share
Domestic										
Scheduled major/national										
American	6,755,737	35.0%	6,554,425	35.6%	4,948,794	28.8%	3,429,714	27.1%	5,780,244	31.6%
Frontier	1,829,009	9.5%	1,368,441	7.4%	1,088,975	6.3%	641,060	5.1%	768,662	4.2%
Delta	946,267	4.9%	860,461	4.7%	695,678	4.0%	457,240	3.6%	706,240	3.9%
Spirit	819,456	4.2%	895,375	4.9%	686,033	4.0%	510,539	4.0%	514,559	2.8%
Southwest	696,335	3.6%	554,383	3.0%	576,608	3.4%	518,415	4.1%	875,664	4.8%
United	597,684	3.1%	513,559	2.8%	457,608	2.7%	168,393	1.3%	442,788	2.4%
Alaska	97,026	0.5%	80,435	0.4%	81,071	0.5%	62,733	0.5%	129,926	0.7%
JetBlue	92,602	0.5%	119,983	0.7%	163,955	1.0%	211,902	1.7%	243,445	1.3%
Sun Country	21,067	0.1%	14,759	0.1%	15,215	0.1%	9,948	0.1%	25,102	0.1%
Air Canada - Sky Regional / Jazz Aviation	437	-	2,004	0.0%	1,607	0.0%	134	0.0%	269	0.0%
Subtotal - scheduled major/national	11,855,620	61.5%	10,963,825	59.5%	8,715,544	50.7%	6,010,078	47.4%	9,486,899	51.8%
Scheduled regional/commuter										
American Eagle										
Piedmont	694,079	3.6%	732,316	4.0%	868,373	5.1%	610,707	4.8%	1,269,255	6.9%
PSA	685,465	3.6%	971,330	5.3%	1,331,982	7.7%	713,989	5.6%	849,642	4.6%
Republic	523,975	2.7%	364,032	2.0%	906,954	5.3%	1,068,191	8.4%	1,096,532	6.0%
Air Wisconsin	107,207	0.6%	12,079	0.1%	611	0.0%	5,264	0.0%	-	-
Landline (Bus Service)	73,935	0.4%	64,634	0.4%	-	-	-	-	-	-
Envoy	-	-	-	-	124	0.0%	-	-	8,450	0.0%
Subtotal - American Eagle	2,084,661	10.8%	2,144,391	11.6%	3,108,044	18.1%	2,398,151	18.9%	3,223,879	17.6%
Other	213,131	1.1%	208,049	1.1%	235,081	1.4%	263,031	2.1%	264,314	1.4%
Subtotal - scheduled regional/commuter	2,297,792	11.9%	2,352,440	12.8%	3,343,125	19.4%	2,661,182	21.0%	3,488,193	19.0%
Charter	583	0.0%	401	0.0%	2,290	0.0%	1,545	0.0%	878	0.0%
Total - domestic	14,153,995	73.4%	13,316,666	72.3%	12,060,959	70.2%	8,672,805	68.4%	12,975,970	70.8%
International										
Scheduled										
American	1,967,052	10.2%	1,227,239	6.7%	1,151,945	6.7%	612,162	4.8%	1,464,705	8.0%
British	181,211	0.9%	175,326	1.0%	107,665	0.6%	43,515	0.3%	231,472	1.3%
Piedmont	113,839	0.6%	57,880	0.3%	43,694	0.3%	19,643	0.2%	111,657	0.6%
Air Canada - Sky Regional / Jazz Aviation	110,821	0.6%	88,996	0.5%	57,757	0.3%	172	0.0%	99,842	0.5%
Lufthansa / Eurowings / Discover	103,578	0.5%	108,294	0.6%	60,141	0.3%	-	-	135,418	0.7%
Spirit Airlines	87,613	0.5%	59,671	0.3%	23,114	0.1%	-	-	2,910	0.0%
Frontier	80,547	0.4%	65,124	0.4%	73,223	0.4%	20,499	0.2%	48,378	0.3%
Qatar	67,034	0.3%	192,369	1.0%	177,564	1.0%	66,738	0.5%	126,980	0.7%
Aer Lingus	52,548	0.3%	52,374	0.3%	13,920	0.1%	-	-	45,614	0.2%
United	2,643	0.0%	-	-	-	-	-	-	-	-
Air Wisconsin	2,632	0.0%	-	-	-	-	329	0.0%	-	-
Delta	2,154	0.0%	396	0.0%	6,444	0.0%	396	0.0%	3,366	0.0%
Republic	2,099	0.0%	225	0.0%	11,317	0.1%	8,319	0.1%	24,129	0.1%
PSA	1,127	0.0%	711	0.0%	15,004	0.1%	9,983	0.1%	15,925	0.1%
JetBlue	172	0.0%	172	0.0%	-	-	-	-	-	-
Eastern	-	-	-	-	-	-	578	0.0%	-	-
Icelandair	-	-	-	-	-	-	-	-	10,710	0.1%
Subtotal - scheduled	2,775,070	14.4%	2,028,777	11.0%	1,741,788	10.1%	782,334	6.2%	2,321,105	12.7%
Charter	907	0.0%	1,798	0.0%	29,261	0.2%	2,181	0.0%	2,766	0.0%
Total - international	2,775,977	14.4%	2,030,575	11.0%	1,771,049	10.3%	784,515	6.2%	2,323,871	12.7%
All-cargo airlines	2,356,094	12.2%	3,074,410	16.7%	3,356,587	19.5%	3,216,797	25.4%	3,018,703	16.5%
Grand total	**19,286,066**	**100.0%**	**18,421,651**	**100.0%**	**17,188,595**	**100.0%**	**12,674,117**	**100.0%**	**18,318,544**	**100.0%**

Source: City of Philadelphia

Exhibit S-20: Airline Market Share by Landed Weight

(Continued, By Fiscal Year, Expressed in 1,000 lb. Units)

Airlines	2019		2018		2017		2016		2015	
	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share
Domestic										
Scheduled major/national										
American	7,555,183	34.4%	6,596,290	32.5%	6,519,145	33.0%	6,622,369	31.8%	6,645,942	32.0%
Southwest	1,137,504	5.2%	1,136,154	5.6%	1,147,550	5.8%	1,122,080	5.4%	1,073,920	5.2%
Delta	944,727	4.3%	965,077	4.8%	986,238	5.0%	1,054,651	5.1%	1,074,449	5.2%
Frontier	679,553	3.1%	610,208	3.0%	540,837	2.7%	463,422	2.2%	164,022	0.8%
United	607,765	2.8%	608,859	3.0%	581,513	2.9%	593,949	2.9%	585,951	2.8%
Spirit	503,168	2.3%	434,762	2.1%	394,267	2.0%	265,760	1.3%	143,495	0.7%
JetBlue	284,454	1.3%	269,609	1.3%	249,728	1.3%	219,834	1.1%	158,080	0.8%
Alaska	176,452	0.8%	153,673	0.8%	61,952	0.3%	55,912	0.3%	55,475	0.3%
Air Canada	807	0.0%	574	0.0%	647	0.0%	660	0.0%	440	0.0%
Sun Country	-	-	-	-	-	-	-	-	-	-
AirTran	-	-	-	-	-	-	-	-	42,864	0.2%
Virgin America	-	-	-	-	-	-	-	-	35,545	0.2%
Subtotal - scheduled major/national	11,889,613	54.1%	10,775,207	53.1%	10,481,877	53.0%	10,398,636	49.9%	9,980,183	48.0%
Scheduled regional/commuter										
American Eagle										
Piedmont	1,556,777	7.1%	1,288,107	6.3%	1,073,784	5.4%	856,093	4.1%	844,519	4.1%
Republic	1,192,913	5.4%	1,311,277	6.5%	1,054,737	5.3%	1,573,718	7.6%	1,758,726	8.5%
PSA	894,744	4.1%	513,352	2.5%	411,243	2.1%	393,415	1.9%	292,049	1.4%
Envoy	11,961	0.1%	19,929	0.1%	-	-	448	0.0%	-	-
Air Wisconsin	-	-	530,395	2.6%	1,170,582	5.9%	1,641,945	7.9%	1,730,258	8.3%
Mesa	-	-	-	-	-	-	-	-	60,863	0.3%
Subtotal - American Eagle	3,656,396	16.6%	3,663,060	18.1%	3,710,346	18.8%	4,465,619	21.4%	4,686,414	22.6%
Other	266,991	1.2%	263,343	1.3%	299,419	1.5%	262,640	1.3%	382,585	1.8%
Subtotal - scheduled regional/commuter	3,923,387	17.9%	3,926,403	19.4%	4,009,765	20.3%	4,728,259	22.7%	5,068,999	24.4%
Charter	11,982	0.1%	4,054	0.0%	1,706	0.0%	679	0.0%	1,641	0.0%
Total - domestic	15,824,982	72.1%	14,705,664	72.5%	14,493,348	73.4%	15,127,575	72.7%	15,050,823	72.5%
International										
Scheduled										
American	2,443,560	11.1%	2,332,684	11.5%	2,136,282	10.8%	2,575,401	12.4%	2,710,497	13.0%
British	263,789	1.2%	237,237	1.2%	292,559	1.5%	293,400	1.4%	284,499	1.4%
Qatar	167,058	0.8%	165,072	0.8%	163,004	0.8%	174,408	0.8%	183,868	0.9%
Lufthansa	160,317	0.7%	142,492	0.7%	144,230	0.7%	155,154	0.7%	165,814	0.8%
Piedmont	158,973	0.7%	71,848	0.4%	-	-	-	-	-	-
Air Canada - Sky Regional / Jazz Aviation	133,305	0.6%	132,880	0.7%	123,047	0.6%	106,378	0.5%	99,695	0.5%
Frontier	70,208	0.3%	62,575	0.3%	60,003	0.3%	76,825	0.4%	35,976	0.2%
Aer Lingus	70,140	0.3%	15,750	0.1%	-	-	-	-	-	-
Republic	47,818	0.2%	72,324	0.4%	41,748	0.2%	79,176	0.4%	74,146	0.4%
PSA	-	-	268	0.0%	-	-	-	-	-	-
Icelandair	16,104	0.1%	14,224	0.1%	3,780	0.0%	142	0.0%	142	0.0%
Delta	3,184	0.0%	62,562	0.3%	84,262	0.4%	81,552	0.4%	34,650	0.2%
JetBlue	142	0.0%	142	0.0%	172	0.0%	142	0.0%	142	0.0%
United	142	0.0%	-	-	-	-	-	-	-	-
Southwest	128	0.0%	256	0.0%	-	-	-	-	128	0.0%
Air Wisconsin	-	-	68,761	0.3%	187,389	0.9%	192,136	0.9%	220,289	1.1%
PSA	-	-	268	0.0%	-	-	-	-	-	-
Subtotal - scheduled	3,534,869	16.1%	3,379,343	16.7%	3,236,477	16.4%	3,734,713	17.9%	3,809,846	18.3%
Charter	4,184	0.0%	1,290	0.0%	6,400	0.0%	3,273	0.0%	2,532	0.0%
Total - International	3,539,053	16.1%	3,380,633	16.7%	3,242,877	16.4%	3,737,986	18.0%	3,812,379	18.4%
All-Cargo Airlines	2,599,498	11.8%	2,199,913	10.8%	2,022,419	10.2%	1,955,784	9.4%	1,909,573	9.2%
Grand Total	**21,963,533**	**100.0%**	**20,286,210**	**100.0%**	**19,758,644**	**100.0%**	**20,821,345**	**100.0%**	**20,772,775**	**100.0%**

Source: City of Philadelphia

Exhibit S-21: Passenger Facility Charges

(By Fiscal Year)

Airlines	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
American Airlines	$ 35,287,908	$ 31,849,312	$ 30,943,244	$ 19,342,463	$ 30,835,285	$ 42,224,374	$ 40,555,758	$ 39,043,549	$ 41,796,027	$ 44,750,745
Frontier Airlines	7,981,182	6,851,078	5,027,742	3,093,172	3,337,467	3,976,829	3,401,138	2,885,920	2,677,659	1,099,228
Spirit Airlines	4,209,318	4,153,015	3,388,182	2,417,304	2,175,675	2,413,729	1,924,982	1,612,767	1,176,999	662,867
Delta Air Lines	3,578,090	3,248,466	2,947,926	1,657,115	2,985,885	3,821,901	3,682,816	4,026,462	4,341,411	4,278,345
United Airlines	2,504,963	2,186,956	2,080,798	1,075,730	1,723,831	2,562,644	2,784,830	2,858,141	3,294,665	3,242,993
Southwest Airlines	2,437,246	1,935,449	1,938,142	1,503,500	2,356,576	4,051,031	4,175,470	4,368,651	4,289,012	4,105,508
British Airways	807,802	751,039	312,718	66,181	660,997	1,206,820	1,150,912	1,139,619	921,880	869,270
Qatar Airways	500,468	548,545	544,789	180,732	336,050	504,626	438,982	378,817	478,185	510,368
Alaska Airlines	396,948	314,374	318,341	199,678	346,259	699,374	462,178	307,026	233,192	216,975
Air Canada	311,042	279,983	161,962	-	276,193	412,727	394,457	316,888	262,846	238,548
JetBlue Airways	269,936	315,732	534,694	707,999	700,938	959,985	929,915	842,883	783,146	534,959
Aer Lingus	190,491	234,755	50,511	-	135,287	195,223	107,638	-	-	-
Lufthansa / Eurowings / Discover	176,914	179,029	108,553	-	172,183	274,763	255,235	269,827	252,421	277,672
Sun Country	106,695	65,192	59,717	-	-	-	-	-	-	-
Icelandair	-	-	-	-	23,508	50,274	43,518	37,135	-	-
Virgin America	-	-	-	-	-	-	-	-	-	45,827
Other	219,006	480,126	136,028	(211,368)	682,953	677,664	759,727	1,296,964	412,891	347,420
Total	**$ 58,978,009**	**$ 53,393,051**	**$ 48,553,346**	**$ 30,032,505**	**$ 46,749,088**	**$ 64,031,965**	**$ 61,067,558**	**$ 59,384,648**	**$ 60,920,335**	**$ 61,180,724**

The figures presented above are on the accrual basis and reconcile to those reported on the Statement of Revenues, Expenses and Changes in Fund Net Position.

Source: City of Philadelphia

APPENDIX III
GOVERNMENT AND FINANCIAL INFORMATION OF THE CITY OF PHILADELPHIA

The Series 2025 Bonds are payable solely from Pledged Amounts as described in the Official Statement. The Series 2025 Bonds are not secured by the full faith, credit or taxing power of the City, or create any debt or charge against the tax or general revenues of the City, or create any lien or charge against any property of the City other than against the Pledged Amounts. This APPENDIX III is included for purposes of providing general financial information regarding the City.

TABLE OF CONTENTS

Page

OVERVIEW III-1
Fiscal Health of the City III-1
THE GOVERNMENT OF THE CITY OF PHILADELPHIA III-6
Introduction III-6
History and Organization III-6
Elected and Appointed Officials III-7
Government Services III-9
Local Government Agencies III-9
Cybersecurity III-13
Climate Change III-14
CITY FINANCES AND FINANCIAL PROCEDURES III-17
General III-17
Current City Disclosure Practices III-18
Independent Audit and Opinion of the City Controller III-19
Budgetary Accounting Practices III-19
DISCUSSION OF FINANCIAL OPERATIONS III-20
Principal Operations III-20
Fund Accounting III-20
Budget Procedure III-20
Budget Stabilization Reserve Fund III-21
Annual Financial Reports III-23
Five-Year Plans of the City III-23
Quarterly Reporting to PICA III-23
Summary of Operations III-24
Current Financial Information III-26
REVENUES OF THE CITY III-28
General III-28
Major Revenue Sources III-28
Wage, Earnings, and Net Profits Taxes III-30
Business Income and Receipts Tax III-31
Real Property Taxes III-32
Sales and Use Tax III-38
Real Property Transfer Tax III-39
Other Taxes III-39

TABLE OF CONTENTS
(continued)

Page

Collection Initiatives III-39
Other Locally Generated Non-Tax Revenues III-40
Revenue from Other Governments III-41
Revenues from City-Owned Systems III-42
PGW Annual Payments III-43
Philadelphia Parking Authority Revenues III-43
EXPENDITURES OF THE CITY III-45
Personal Services (Personnel) III-45
Overview of City Employees III-45
Overview of Employee Benefits III-48
Overview of Current Labor Contract Settlements III-50
Purchase of Services III-53
City Payments to School District III-54
City Payments to Southeastern Pennsylvania Transportation Authority (SEPTA) III-54
City Payments to Convention Center Authority III-55
PENSION SYSTEM III-56
Overview III-56
Pension System; Pension Board III-58
Funding Requirements; Funding Standards III-60
UAL and its Calculation III-62
Pension Adjustment Fund III-63
Rates of Return; Asset Values; Changes in Plan Net Position III-65
Funded Status of the Municipal Pension Fund III-68
Annual Contributions III-70
Actuarial Projections of Funded Status III-75
OTHER POST-EMPLOYMENT BENEFITS III-78
PGW PENSION PLAN III-79
General III-79
PGW Pension Plan III-79
Pension Costs and Funding III-80
Projections of Funded Status III-83
Additional Information III-84
PGW OTHER POST-EMPLOYMENT BENEFITS III-85
CITY CASH MANAGEMENT AND INVESTMENT POLICIES III-87
General Fund Cash Flow III-87

TABLE OF CONTENTS
(continued)

Page

Consolidated Cash III-87
Investment Practices III-88
DEBT OF THE CITY III-90
General III-90
Short-Term Debt III-91
Long-Term Debt III-91
Other Long-Term Debt Related Obligations III-94
PICA Bonds III-94
OTHER FINANCING RELATED MATTERS III-96
Swap Information III-96
Swap Policy III-97
Letter of Credit Agreements III-98
Recent and Upcoming Financings III-99
CITY CAPITAL PROGRAM III-99
Certain Historical Capital Expenditures III-99
Fiscal Year 2026-2031 Capital Program III-101
LITIGATION III-103
General Fund III-103
Water Fund III-104
Aviation Fund III-105
Transportation Fund III-105
PGW III-106

OVERVIEW

The City of Philadelphia (the "City" or "Philadelphia"), located along the southeastern border of the Commonwealth of Pennsylvania (the "Commonwealth" or "Pennsylvania"), is the largest city in the Commonwealth and the sixth-largest city in the United States. The City is also the center of the United States' seventh-largest metropolitan statistical area, which is an 11-county area encompassing the City, Camden, NJ, and Wilmington, DE. According to the U.S. Census data, the City increased its population by 3.7% to 1.582 million residents from 2012 to 2023, with a slight decrease to 1.574 million residents estimated for 2024.

The City benefits from its strategic geographical location, relative affordability, cultural and recreational amenities, and its growing strength in key industries. The City's economy is composed of diverse industries, with virtually all classes of industrial and commercial businesses represented. The City is a major regional business and personal services center with strengths in insurance, law, finance, healthcare, higher education, utilities, logistics, and the arts. In addition, the City is a center for health, education, research, and life science facilities with the nation's largest concentration of healthcare resources within a 100-mile radius.

The cost of living in the City is relatively moderate and affordable compared to other major metropolitan areas in the northeast United States. The City, as one of the country's education centers, offers its business community a large and diverse labor pool that draws from major universities including, within the geographical boundaries of the City, the University of Pennsylvania, Temple University, Drexel University, St. Joseph's University, and LaSalle University, among others.

Fiscal Health of the City

General: Beginning in 2020, when the City was faced with increased expenses related to the impact of the novel coronavirus ("COVID-19") pandemic, various federal, state, and local recovery grants became available to the City, including recovery grants under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and the American Rescue Plan Act of 2021 (the "American Rescue Plan" or "ARPA"). The CARES Act and the American Rescue Plan included substantial federal relief funds for state and local governments, including the City, to address the impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. The funds included $276 million in Coronavirus Relief Funds (via the CARES Act) and $1.395 billion in Coronavirus State and Local Fiscal Recovery Funds (via the American Rescue Plan), which represented the two largest allocations made to the City. The American Rescue Plan funds were obligated prior to the December 31, 2024 deadline as required by United States Treasury.

Since the height of the COVID-19 spending pressures, the City has implemented strategies to address various other fiscal challenges, which are described in the Fiscal Year 2025 Adopted Budget, the FY 2025 Third Quarter QCMR, the Thirty-Fourth Five-Year Plan, and the Fiscal Year 2026 Adopted Budget (each as defined herein), as applicable. Current estimates for Fiscal Year 2025 are sourced to the Thirty-Fourth Five-Year Plan throughout this APPENDIX III, unless otherwise noted herein. See "DISCUSSION OF FINANCIAL OPERATIONS" and Tables 1 and 2 (and the text following Table 2) for more information on the City's historical financial operations, and the City's projected General Fund balances for Fiscal Years 2025-2030.

Revenues. For Fiscal Year 2024, the City reported revenues of $6.064 billion, a $16.6 million (0.27%) increase compared to Fiscal Year 2023. For Fiscal Year 2025, the City is estimating revenues of $6.45 billion (based on the Thirty-Fourth Five-Year Plan).

For Fiscal Year 2024, the City reported decreases in tax collections, resulting in tax collections of $4.088 billion, a $66.3 million (1.60%) net decrease compared to Fiscal Year 2023. Such amounts include the reassignment of Parking Tax revenue from the General Fund to the Transportation Fund, which totaled approximately $101.9 million in Fiscal Year 2023. For Fiscal Year 2025, the City is estimating tax collections of $4.32 billion (based on the Thirty-Fourth Five-Year Plan).

For more information on tax revenues, see "– Fiscal Health of the City – Tax Revenues" and "REVENUES OF THE CITY" and Table 3 herein.

Expenses. As noted above, the City received $276 million from the CARES Act and $1.395 billion from the American Rescue Plan for COVID-19-related costs. The City received in Fiscal Years 2020 and 2021 certain CARES Act funding in the amounts of $100 million in the General Fund and $176 million in the Grants Revenue Fund, respectively. Such amounts were available to be transferred periodically from the Grants Revenue Fund to the General Fund to reimburse for COVID-19-related costs. In Fiscal Years 2022-2024, the City drew down on approximately $250 million, $335 million, and $391 million, respectively, in federal COVID-19 relief funding from the American Rescue Plan. In Fiscal Year 2025, the City drew down on approximately $419 million in federal COVID-19 relief funding from the American Rescue Plan, which represents the last of such relief funding. Such funds were obligated prior to the December 31, 2024 obligation deadline as required by US Treasury.

The Thirty-Fourth Five-Year Plan specifically highlights two key expense challenges for the City – the end of the American Rescue Plan funds after the first half of Fiscal Year 2025 (as described above) and a balloon payment due on pension obligation bonds in Fiscal Year 2029 (see Table 42 herein). The City has budgeted and planned for both of these fiscal matters.

In addition, there have been several federal executive orders and guidance with respect to possible pauses to the disbursement of certain federal funds for various states, cities, and other local jurisdictions, including the City. The City is monitoring these developments to assess any impact on potential availability of federal funding (see following paragraph).

As of May 2025, the City has received at least nine federal grant terminations. Two grants are terminated pending administrative appeals filed by the City (with roughly $4.8 million in funding at risk). Four grants are covered under temporary restraining orders (with no funding at risk while the temporary restraining orders are in effect). Three grants have been terminated with no appeal option but a lawsuit is pending (with roughly $250,000 in funding at risk). Approximately $1.25 million of the total at-risk federal funding referenced in this paragraph has not yet been spent, so activities previously funded by those grants are either on hold or being wound down (or funded by underspending elsewhere). The remaining amount of approximately $3.8 million represents prior-year General Fund reimbursement that the City has not yet assumed in its General Fund projections. If this federal grant funding is eventually made available for drawdown, it would represent an unanticipated increase to the General Fund balance.

Budget Measures. In the Fiscal Year 2026 Adopted Budget, budget priorities are centered around investments in six key areas: (i) public safety, (ii) clean and green, (iii) access to economic opportunity for all, (iv) housing, (v) education, and (vi) core support with a continued focus on the City's long-term fiscal health.

The Mayor implemented a requirement for all City staff to return to full-time onsite work, starting in July 2024. This initiative seeks to encourage workers across sectors to return to the office, with a goal of reversing remote work trends. Some large private employers in the City have also announced similar initiatives.

General Fund Balance: As set forth in the City's audited Annual Comprehensive Financial Report for Fiscal Year 2024 (the "Fiscal Year 2024 ACFR"), the City reported that Fiscal Year 2024 ended with a cumulative adjusted year-end General Fund balance of $942.9 million, which at 15.6% of projected revenues meets the administration's target for the General Fund balance of at least 6-8% of revenues but remains below the Government Finance Officers Association ("GFOA") recommendation of 17% of revenues.

In the Thirty-Fourth Five-Year Plan, the City estimates that Fiscal Year 2025 will end with a cumulative adjusted year-end General Fund balance of $914.5 million, which at 14.2% of projected revenues meets the administration's target for the General Fund balance of at least 6-8% of revenues but remains below the GFOA recommendation of 17% of revenues.

For more information on the City's historical financial operations and the City's projected General Fund balances for Fiscal Years 2025-2030, see "DISCUSSION OF FINANCIAL OPERATIONS" and Tables 1 and 2 (and the text following Table 2) herein.

Budget Stabilization Reserve Fund: In Fiscal Year 2023, $65.1 million was deposited into the Budget Stabilization Reserve Fund. In Fiscal Year 2024, $42.3 million was deposited into the Budget Stabilization Reserve Fund. As of June 30, 2024, the total in the Budget Stabilization Reserve Fund was $112.8 million (including interest earnings). In Fiscal Year 2025, $58.3 million was deposited into the Budget Stabilization Reserve Fund. Amounts deposited in the Budget Stabilization Reserve Fund are not included in cumulative adjusted year-end General Fund balances.

In the Thirty-Fourth Five-Year Plan, the City projects payments to the Budget Stabilization Reserve Fund in Fiscal Years 2026 and 2027 in the amounts of $58.9 million and $59.9 million, respectively. There can be no assurance that such payments to the Budget Stabilization Reserve Fund will occur. The Thirty-Fourth Five-Year Plan does not include any projected payments to the Budget Stabilization Reserve Fund in Fiscal Years 2028-2030. The Thirty-Fourth Five-Year Plan does not include any withdrawals from the Budget Stabilization Reserve Fund. For more information on the Budget Stabilization Reserve Fund, see "DISCUSSION OF FINANCIAL OPERATIONS – Budget Stabilization Reserve Fund" herein.

Budgeted Reserves: The Fiscal Year 2025 Adopted Budget, the FY 2025 Third Quarter QCMR, the Thirty-Fourth Five-Year Plan, and the Fiscal Year 2026 Adopted Budget, as applicable, include budgeted reserves, certain of which are described below.

Labor Reserve. The City budgets for a labor reserve for potential future labor cost increases (the "Labor Reserve"). Over the course of the Thirty-Fourth Five-Year Plan, the Labor Reserve is estimated to total approximately $550 million. For more information on the City's labor contracts, see "EXPENDITURES OF THE CITY – Overview of City Employees" herein.

Federal Funding Reserve. The City is also budgeting for possible delays or the termination of any federal funding available to the City (the "Federal Funding Reserve").

For the Labor Reserve and the Federal Funding Reserve, any portion of such reserves that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given

Fiscal Year, if not used by the City for other purposes. Information related to the foregoing reserves can be found in Tables 1 and 2 and the related footnotes in "DISCUSSION OF FINANCIAL OPERATIONS."

Tax Revenues: In Fiscal Year 2024, roughly 67% of the City's revenues came from local taxes and approximately 90% of tax revenues came from just four taxes: Wage and Earnings Taxes, Real Estate Taxes, Business Income and Receipts Taxes ("BIRT"), and Real Property Transfer Taxes, with the largest portion of such tax revenues (approximately 45%) coming from the Wage and Earnings Tax (see Table 3 and "REVENUES OF THE CITY – Wage, Earnings, and Net Profits Taxes" herein). Less than 40% of the Wage and Earnings Tax is paid by non-resident workers.

Following the pandemic and as remote work arrangements continue for certain workers, the City continues to closely monitor Wage and Earnings Taxes. Of the City's workforce, commuters account for less than 40% of all Wage and Earnings Taxes. Non-resident workers are not required to pay this tax when their employer requires them to work from home outside the City. If the region experiences long-term or permanent shifts to required work-from-home policies, changes in consumer preferences, and population shifts, there may be a lasting negative impact on City finances. In the Thirty-Fourth Five-Year Plan, the City assumes the continuation of a permanent reduction in the non-resident tax base of 25% coming out of the pandemic, as a result of remote work arrangements. This 25% loss has already been sustained and is assumed throughout the Thirty-Fourth Five-Year Plan. In Fiscal Year 2024, the non-resident portion of the Wage and Earnings Taxes was approximately 14.6% of General Fund total revenue.

In Fiscal Year 2024, Wage and Earnings Tax collections increased by 6.4% over Fiscal Year 2023. In Fiscal Year 2025, Wage and Earnings Tax collections are projected to increase by 5.8% over Fiscal Year 2024. Wage and Earnings Tax collections for Fiscal Years 2022, 2023 and 2024, and projections for Fiscal Year 2025, exceed the amounts collected in Fiscal Year 2019 (pre-pandemic).

Additionally, the City remains unique among the nation's largest cities in that it imposes a tax on both net income and gross receipts, the Business Income and Receipts Tax, which generated approximately 16.6% of the City's local tax revenue in Fiscal Year 2024. For Fiscal Year 2025, the Business Income and Receipts Tax is projected to generate approximately 15.7% of the City's local tax revenue (based on the Thirty-Fourth Five-Year Plan). See "REVENUES OF THE CITY" and Table 3 herein.

High Fixed Costs: The City's high fixed costs consume a significant portion of the City's budget. The largest of such costs is the City's payment to the Municipal Pension Fund. In Fiscal Year 2024, the City's contribution to the Municipal Pension Fund was approximately $948.7 million, of which the General Fund's share (including the Commonwealth contribution) was $778.8 million. See Table 29. The Municipal Pension Fund is 65.4% funded on an actuarial basis (as of the July 1, 2024 Valuation (as defined herein)). See "PENSION SYSTEM" and Table 27 herein.

The School District of Philadelphia: While the School District of Philadelphia (the "School District") is an independent governmental entity, the City provides direct financial contributions to the School District. In the Fiscal Year 2024 ACFR, the City reported that its direct contribution to the School District from the General Fund was $282.1 million. In the Fiscal Year 2025 Adopted Budget, the City's direct contribution to the School District from the General Fund is $284.1 million (which is unchanged as the current estimate in the Thirty-Fourth Five-Year Plan).

In addition to the direct financial contribution noted above, Real Estate Taxes (as defined herein) are divided into two portions – the City Real Estate Tax and the School District Real Estate Tax. For

Fiscal Year 2025, the portions were 44% for the City Real Estate Tax and 56% for the School District Real Estate Tax.

For more information on the School District, see "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Local Government Agencies – Mayoral-Appointed or Nominated Agencies – The School District." For more information on Real Estate Taxes and the allocation thereof, see "REVENUES OF THE CITY – Real Property Taxes – Assessment and Collection." For more information on the City's historical contributions to the School District, see "EXPENDITURES OF THE CITY – City Payments to School District" and Table 21 herein.

Investigation of Overspending by the Office of Homeless Services. In Fiscal Year 2021, the City reduced the Office of Homeless Services ("OHS") General Fund appropriations. Some of these reductions were offset by federal CARES Act funds and certain other grant funding. Despite the reduced funding, OHS service demands remained high during this period, which included the height of the COVID-19 pandemic and the emergence of several homeless encampments throughout the City.

From Fiscal Years 2021 through 2024, OHS spent and entered into contractual commitments that exceeded its budgeted authority by an estimated $15 million. Once such overspending was uncovered, the City referred the matter to the Office of the Inspector General ("OIG") in late 2023.

In April 2024, the OIG released a preliminary report on these OHS budget matters. While the report did not present evidence of criminal wrongdoing or self-enrichment, it illustrated that OHS officials knowingly overspent across multiple fiscal years to meet rising service demand. In particular, OHS (i) encumbered partial amounts on contracts, (ii) paid prior year invoices with current year funds, and (iii) encumbered funds across various fiscal and calendar years, all of which obscured the full picture of contractual costs incurred and contributed to a growing budget gap. These practices by OHS are still under review and it is possible that additional budgetary gaps may be identified.

In Fiscal Year 2024, the City addressed the aforementioned overspending by providing OHS with an additional $9.6 million through a transfer ordinance. An additional $4.7 million in prior-year overspending was covered by unspent funds from the Managing Director's Office, which has oversight responsibility for OHS.

The OIG's report included recommendations for additional financial controls and encumbrance oversight to prevent a similar situation from occurring in the future, including (i) strengthening the budget verification process, (ii) imposing stricter encumbrance rules, (iii) collecting and tracking more data from the Finance Payment Verification Unit (part of the Office of the Director of Finance) in order to intervene in a more timely manner should budgetary problems occur, (iv) evaluating the scope of the non-profit contracting exemption and the ability of OHS to contract with non-profit vendors without a competitive process, and (v) restricting the use of local funds and grant funds on a single contract. In connection with (iv), City Council passed a bill to remove the non-profit contracting exemption for OHS and a number of other departments effective in Fiscal Year 2026. The Mayor took no action on the bill and it became law on September 5, 2024. Additional legislation on the non-profit contracting exemption is being considered by City Council.

The City has also engaged an external accounting firm to supplement the OIG's work with a deeper forensic investigation and the results of this review are pending.

Additionally, OHS has engaged a financial consultant upon receipt of the results of the investigations described above to temporarily increase capacity, implement recommendations, and train OHS staff. The City is also considering other actions to address the OIG's recommendations.

This "OVERVIEW" is intended to highlight the strategies implemented by the City to address its principal anticipated fiscal challenges, and the City continues to monitor the circumstances related thereto. The reader is cautioned to review with care the more detailed information presented in this APPENDIX III.

THE GOVERNMENT OF THE CITY OF PHILADELPHIA

Introduction

Philadelphia is the largest city in the Commonwealth of Pennsylvania, the sixth-largest city in the United States, and the center of the United States' seventh-largest metropolitan statistical area. The City benefits from its strategic geographical location, relative affordability, cultural and recreational amenities, and its strength in key industries.

In particular, as one of the country's education centers, the City offers the business community a large and diverse labor pool. The University of Pennsylvania, Temple University, Drexel University, St. Joseph's University, La Salle University, and Community College of Philadelphia are some of the well-known institutions of higher education located in the City. Within the region, there are also other well-known colleges and universities, notably including Villanova University, Bryn Mawr College, Haverford College, Swarthmore College, Lincoln University, and the Camden Campus of Rutgers University, among others.

Philadelphia is a center for health, education, research, and life science facilities. In the City, there are more than 30 hospitals, including the Children's Hospital of Philadelphia, Hospital of the University of Pennsylvania, Einstein Medical Center-Philadelphia, Temple University Hospital, and Thomas Jefferson University Hospitals and Jefferson Health, among others, and schools of medicine, dentistry, pharmacy, optometry, podiatry, and veterinary medicine.

Additionally, tourism is important to the City and is driven by the City's extraordinary historic and cultural assets. The City's Historic District includes Independence Hall, the Liberty Bell, Carpenters' Hall, the Betsy Ross House, and Elfreth's Alley, the nation's oldest residential street. The Benjamin Franklin Parkway District includes the Philadelphia Museum of Art, the Barnes Foundation, and the Rodin Museum. The Avenue of the Arts, located along a mile-long section of South Broad Street between City Hall and Washington Avenue, includes the Kimmel Center, the Academy of Music, and other performing arts venues. Philadelphia also hosts all four major sports leagues in a stadium district within city limits.

History and Organization

The City was incorporated in 1789 by an Act of the General Assembly of the Commonwealth (the "General Assembly") (predecessors of the City under charters granted by William Penn in his capacity as proprietor of the colony of Pennsylvania may date to as early as 1682). In 1854, the General Assembly, by an act commonly referred to as the Consolidation Act: (i) made the City's boundaries coterminous with the boundaries of Philadelphia County (the same boundaries that exist today) (the "County"); (ii) abolished all governments within these boundaries other than the City and the County; and (iii) consolidated the legislative functions of the City and the County. Article 9, Section 13 of the Pennsylvania Constitution abolished all county offices in the City, provides that the City performs all functions of county government, and states that laws applicable to counties apply to the City.

Since 1952, the City has been governed under a Home Rule Charter authorized by the General Assembly pursuant to the First Class City Home Rule Act, Act of April 21, 1949, P.L. 665, Section 17, and adopted by the voters of the City (as amended and supplemented, the "City Charter"). The City

Charter provides, among other things, for the election, organization, powers and duties of the legislative branch (the "City Council") and the executive and administrative branch, as well as the basic rules governing the City's fiscal and budgetary matters, contracts, procurement, property, and records. Under Article XII of the City Charter, the School District operates as a separate and independent home rule school district. Certain other constitutional provisions and Commonwealth statutes continue to govern various aspects of the City's affairs, notwithstanding the broad grant of powers of local self-government in relation to municipal functions set forth in the First Class City Home Rule Act.

Under the City Charter, there are two distinct principal governmental entities in the City: (i) the City, which performs municipal and county functions; and (ii) the School District, which has boundaries coterminous with the City and responsibility for all public primary and secondary education.

The court system in the City, consisting of Common Pleas and Municipal Courts, is part of the Commonwealth judicial system. Although judges are paid by the Commonwealth, most other court costs are paid by the City, with partial reimbursement from the Commonwealth.

Elected and Appointed Officials

The Mayor is elected for a term of four years and is eligible to be elected for no more than two successive terms. Each of the seventeen members of City Council is also elected for a four-year term, which runs concurrently with that of the Mayor. There is no limitation on the number of terms that may be served by members of City Council. Of the members of City Council, ten are elected from districts and seven are elected at-large. No more than five of the seven at-large candidates for City Council may be nominated by any one party or political body. The District Attorney and the City Controller are elected at the mid-point of the terms of the Mayor and City Council.

The City Controller is an independently elected office, with responsibilities derived from the City Charter, various City ordinances, state and federal statutes, and contractual arrangements with auditees. The City Controller must follow Generally Accepted Government Auditing Standards, established by the federal Government Accountability Office (formerly known as the General Accounting Office), and Generally Accepted Auditing Standards, promulgated by the American Institute of Certified Public Accountants (collectively, "Generally Accepted Auditing Standards").

The City Controller audits and reports on the City's and the School District's respective Annual Comprehensive Financial Reports ("ACFRs"), federal assistance received by the City, and the performance of City departments. The City Controller also conducts a pre-audit program of City expenditure documents required to be submitted for approval, such as invoices, payment vouchers, purchase orders and contracts. Documents are selected for audit by category and statistical basis. The Pre-Audit Division verifies that expenditures are authorized and accurate in accordance with the City Charter and other pertinent legal and contractual requirements before any funds are paid by the City Treasurer. The Pre-Audit Technical Unit, consisting of auditing and engineering staff, inspects and audits capital project design, construction and related expenditures. Other responsibilities of the City Controller include investigation of allegations of fraud, preparation of economic reports, certification of the City's debt capacity and the capital nature and useful life of capital projects, and opining to the Pennsylvania Intergovernmental Cooperation Authority ("PICA") on the reasonableness of the assumptions and estimates in the City's five-year financial plans.

Under the City Charter, the Mayor's Cabinet consists of the Mayor, the Managing Director, the Director of Finance, the City Solicitor, the Chief Public Safety Director, the Director of Planning and Development, the Director of Commerce, the Director of Labor, and the City Representative. Under the City Charter, the Mayor appoints each of the foregoing, as well as the Director of Aviation. With respect

to the City Solicitor and the Chief Public Safety Director, the Mayor appoints an individual to such position, with the advice and consent of a majority of City Council.

The Managing Director, in coordination with the senior officials of City departments and agencies, is responsible for supervising most of the operating departments and agencies of the City that provide the City's various municipal services. The Director of Commerce is charged with the responsibility of promoting and developing commerce and industry. The City Representative is the Ceremonial Representative of the City and especially of the Mayor. The City Representative is charged with the responsibility of giving wide publicity to any items of interest reflecting the activities of the City and its inhabitants, and for the marketing and promotion of the image of the City. Under the City Charter, the Director of Planning and Development oversees the Department of Planning and Development, which includes three divisions: (i) the Division of Development Services; (ii) the Division of Planning and Zoning; and (iii) the Division of Housing and Community Development. Such divisions represent five budgetary programs/fiscal divisions, including Executive Administration, Planning & Zoning, Development Services, Community Development, and Housing Development.

The City Solicitor is head of the Law Department and acts as legal advisor to the Mayor, City Council, and all of the agencies of the City government. The City Solicitor is also responsible for: (i) advising on legal matters pertaining to all of the City's contracts and bonds; (ii) assisting City Council, the Mayor, and City agencies in the preparation of ordinances for introduction in City Council; and (iii) conducting litigation involving the City.

The Director of Finance is the chief financial and budget officer of the City and is selected from three names submitted to the Mayor by a Finance Panel, which is established pursuant to the City Charter and is comprised of the President of the Philadelphia Clearing House Association, the Chairman of the Philadelphia Chapter of the Pennsylvania Institute of Certified Public Accountants, and the Dean of the Wharton School of Finance and Commerce of the University of Pennsylvania. Under Mayor Parker's administration, the Director of Finance is responsible for the financial functions of the City, including: (i) development of the annual operating budget, the capital budget, and capital program; (ii) the City's program for temporary and long-term borrowing; (iii) supervision of the operating budget's execution; (iv) the collection of revenues through the Department of Revenue; (v) the oversight of pension administration as Chairperson of the Board of Pensions and Retirement; and (vi) the supervision of the Office of Property Assessment. The Director of Finance is also responsible for the appointment and supervision of the City Treasurer, whose office manages the City's debt program and serves as the disbursing agent for the distribution of checks and electronic payments from the City Treasury and the management of cash resources.

The following are brief biographies of Mayor Parker, her Chief of Staff, the Director of Finance, and the City Treasurer.

Cherelle L. Parker, Mayor. On November 7, 2023, Cherelle L. Parker was elected as the City's 100th Mayor. She was sworn into office on January 2, 2024 and is the first woman to lead the City and hold the office in 341 years. Mayor Parker is a lifelong Philadelphia resident and a former public school teacher. Elected to the Pennsylvania House of Representatives in 2005, Mayor Parker represented the 200th legislative district for ten years. In 2015, Mayor Parker was elected to serve as a Democratic Philadelphia City Councilmember representing the 9th District. She championed key legislation on pension reform, workforce training and small business supports, and affordable housing during her time in City Council. Building on those legislative measures, Mayor Parker's administration is also focused on a cleaner, greener, safer Philadelphia with access to economic opportunity for all. Mayor Parker holds a Bachelor of Science in English Education from Lincoln University and a Master of Public Administration from the University of Pennsylvania.

Tiffany W. Thurman, Chief of Staff. Tiffany W. Thurman was appointed Chief of Staff effective January 2, 2024. Previously, she served as Senior Vice President for Government and Community Affairs for the Greater Philadelphia YMCA, the Pennsylvania Local Government Lead at Accenture, and Chief of Staff within the Philadelphia Department of Parks and Recreation. She was also previously appointed Executive Director of the Philadelphia Delegation to the House of Representatives. She has a Master of Public Administration from the University of Pennsylvania and a bachelor's degree from Temple University.

Rob Dubow, Director of Finance. Mr. Dubow has served as Director of Finance since being appointed on January 7, 2008. Prior to that appointment, Mr. Dubow was the Executive Director of PICA. He has also served as Executive Deputy Budget Secretary of the Commonwealth, from 2004 to 2005, and as Budget Director for the City, from 2000 to 2004.

Jacqueline Dunn, City Treasurer. On February 11, 2021, Ms. Dunn was appointed City Treasurer. Prior to such appointment, Ms. Dunn served as Acting City Treasurer beginning September 25, 2020, and prior to that, she served as Deputy City Treasurer beginning July 2019. As City Treasurer, Ms. Dunn (i) oversees the issuance of all notes and bonds on behalf of the City's General Fund and Enterprise Funds used to finance capital projects, (ii) manages cash collections and cash resources in the City Treasury, and (iii) serves as the disbursing agent for the distribution of checks and electronic payments from the City Treasury. Ms. Dunn also serves as the Director of Finance's designee on the Philadelphia Board of Pensions and Retirement and as a board member for the Philadelphia Municipal Authority ("PMA"). In 2014, Ms. Dunn joined the City as an Assistant Finance Director in the Finance Department. In 2016, she was appointed Chief of Staff to the Director of Finance. Prior to joining the City, Ms. Dunn worked for Public Financial Management and the Annenberg Public Policy Center. She has a master's degree in Governmental Administration and a bachelor's degree in Political Science, both from the University of Pennsylvania.

Government Services

Municipal services provided by the City include: (i) police and fire protection; (ii) health care; (iii) certain welfare programs; (iv) construction and maintenance of local streets, highways, and bridges; (v) trash collection, disposal and recycling; (vi) provision for recreational programs and facilities; (vii) maintenance and operation of the water and wastewater systems (the "Water and Wastewater Systems"); (viii) acquisition and maintenance of City real and personal property, including vehicles; (ix) maintenance of building codes and regulation of licenses and permits; (x) maintenance of records; (xi) collection of taxes and revenues; (xii) purchase of supplies and equipment; (xiii) construction and maintenance of airport facilities (the "Airport System"); and (xiv) maintenance of a prison system.

The City owns the assets that comprise the Philadelphia Gas Works ("PGW" or the "Gas Works"). PGW serves residential, commercial, and industrial customers in the City. PGW is operated by Philadelphia Facilities Management Corporation ("PFMC"), a non-profit corporation specifically organized to manage and operate PGW for the benefit of the City. For more information on PGW, see "REVENUES OF THE CITY – PGW Annual Payments," "PGW PENSION PLAN," "PGW OTHER POST-EMPLOYMENT BENEFITS," and "LITIGATION – PGW."

Local Government Agencies

There are a number of governmental authorities and quasi-governmental non-profit corporations that also provide services within the City. Certain of these entities are comprised of governing boards, the members of which are either appointed or nominated, in whole or part, by the Mayor, while others are independent of the Mayor's appointment or recommendation.

Mayoral-Appointed or Nominated Agencies

Philadelphia Industrial Development Corporation and Philadelphia Authority for Industrial Development. The Philadelphia Industrial Development Corporation ("PIDC") and the Philadelphia Authority for Industrial Development ("PAID"), along with the City's Commerce Department, coordinate the City's efforts to maintain an attractive business environment, attract new businesses to the City, and retain existing businesses. PIDC manages PAID's activities through a management agreement. Of the 30 members of the board of PIDC, eight are City officers or officials (the Mayor, the Managing Director, the Finance Director, the Commerce Director, the Director of Planning and Development, the City Solicitor, and two members of City Council), nine members are designated by the President of the Chamber of Commerce of Greater Philadelphia (the "Chamber of Commerce"), and the remaining 13 members are jointly designated by the Chamber of Commerce and the Commerce Director. The five-member board of PAID is appointed by the Mayor.

Philadelphia Municipal Authority. PMA (formerly the Equipment Leasing Authority of Philadelphia) was originally established for the purpose of buying equipment and vehicles to be leased to the City. PMA's powers have been expanded to include any project authorized under the Municipality Authorities Act that is specifically authorized by ordinance of City Council. PMA is governed by a five-member board appointed by City Council from nominations made by the Mayor.

Philadelphia Energy Authority. The Philadelphia Energy Authority ("PEA") was established by the City and incorporated in 2011. PEA has all powers necessary or appropriate to carry out and effectuate its energy-related purposes, including, among other things, the powers to acquire, construct, finance, improve, maintain and operate projects. PEA is authorized to participate in projects on behalf of the City, other government agencies, institutions and businesses. PEA is governed by a seven-member board appointed by City Council from five nominations made by the Mayor and two nominations from City Council.

Philadelphia Redevelopment Authority. The Philadelphia Redevelopment Authority (formerly known as the Redevelopment Authority of the City of Philadelphia) (the "PRA"), supported by federal funds through the City's Community Development Block Grant Fund and by Commonwealth and local funds, is responsible for the redevelopment of the City's blighted areas. PRA is governed by a five-member board appointed by the Mayor.

In 2019, the PRA combined operations under the Philadelphia Housing Development Corporation to achieve certain administrative and programmatic efficiencies. Other than such efficiencies, PRA remains independent in all other respects.

Philadelphia Land Bank. The Philadelphia Land Bank (the "PLB") is an independent agency formed under the authority of City ordinance and Pennsylvania law to return vacant and tax delinquent properties to productive reuse. The PLB has an 11-member board of directors, of which five are appointed by the Mayor and five are appointed by City Council. The final board member is appointed by a majority vote of the other board members.

In 2019, the PLB combined operations under the Philadelphia Housing Development Corporation to achieve certain administrative and programmatic efficiencies. Other than such efficiencies, PLB remains independent in all other respects.

Philadelphia Housing Authority. The Philadelphia Housing Authority (the "PHA") is a public body organized pursuant to the Housing Authorities Law of the Commonwealth and is neither a department nor an agency of the City. PHA is responsible for developing and managing low and

moderate income rental units and limited amounts of for-sale housing in the City. PHA is also responsible for administering rental subsidies to landlords who rent their units to housing tenants qualified by PHA for such housing assistance payments. PHA is governed by a nine-member Board of Commissioners, all of whom are appointed by the Mayor with the approval of a majority of the members of City Council. The terms of the Commissioners are concurrent with the term of the appointing Mayor. Two of the members of the Board are required to be PHA residents.

Hospitals and Higher Education Facilities Authority of Philadelphia. The Hospitals and Higher Education Facilities Authority of Philadelphia (the "Hospitals Authority") assists non-profit hospitals by financing hospital construction projects. The City does not own or operate any hospitals. The powers of the Hospitals Authority also permit the financing of construction of buildings and facilities for certain colleges and universities and other health care facilities and nursing homes. The Hospitals Authority is governed by a five-member board appointed by City Council from nominations made by the Mayor.

Southeastern Pennsylvania Transportation Authority. The Southeastern Pennsylvania Transportation Authority ("SEPTA"), which is supported by transit revenues and federal, Commonwealth, and local funds, is responsible for developing and operating a comprehensive and coordinated public transportation system in the southeastern Pennsylvania region. Two of the 15 members of SEPTA's board are appointed by the Mayor and confirmed by City Council. SEPTA is not a department or agency of the City. For more information on SEPTA, see "EXPENDITURES OF THE CITY – City Payments to Southeastern Pennsylvania Transportation Authority (SEPTA)."

Pennsylvania Convention Center Authority. The Pennsylvania Convention Center Authority (the "Convention Center Authority") constructed and maintains, manages, and operates the Pennsylvania Convention Center, which opened on June 25, 1993. The Pennsylvania Convention Center is owned by the Commonwealth and leased to the Convention Center Authority. An expansion of the Pennsylvania Convention Center was completed in March 2011. This expansion enlarged the Pennsylvania Convention Center to approximately 2,300,000 square feet with the largest contiguous exhibit space in the Northeast, the largest convention center ballroom on the East Coast, and the ability to host large tradeshows or two major conventions simultaneously.

Of the 15 members of the board of the Convention Center Authority, two are appointed by the Mayor and one by each of the President and Minority Leader of City Council. The Director of Finance is an ex-officio member of the Board with no voting rights. The Commonwealth, the City, and the Convention Center Authority have entered into an operating agreement with respect to the operation and financing of the Pennsylvania Convention Center. ASM Global manages and operates the Pennsylvania Convention Center. For more information on the Convention Center Authority, see "EXPENDITURES OF THE CITY – City Payments to Convention Center Authority."

The School District. The School District was established, pursuant to the First Class City Home Rule Education Act, by the Educational Supplement to the City Charter as a separate and independent home rule school district to provide free public education to the City's residents. Under the City Charter, the School District is governed by the Board of Education of the School District of Philadelphia (the "Board of Education"), which is appointed by the Mayor and approved by City Council.

Under the City Charter, the Board of Education is required to levy taxes annually, within the limits and upon the subjects authorized by the General Assembly or City Council, in amounts sufficient to provide for operating expenses, debt service charges, and for the costs of any other services incidental to the operation of public schools. The School District has no independent power to authorize school taxes. Certain financial information regarding the School District is included in the City's ACFR.

The School District is part of the Commonwealth system of public education. In a number of matters, including the incurrence of short-term and long-term debt, the School District is governed by the separate statutes of the Commonwealth. The School District is a separate political subdivision of the Commonwealth, and the City has no property interest in or claim on any revenues or property of the School District.

In the Fiscal Year 2024 ACFR, the City reported that its direct contribution to the School District from the General Fund was $282.1 million. In the Fiscal Year 2025 Adopted Budget, the City's direct contribution to the School District from the General Fund is $284.1 million (which is unchanged as the current estimate in the Thirty-Fourth Five-Year Plan). Such amounts do not include funding from taxes levied by the School District and authorized by City Council. For more information on the City's historical contributions to the School District, see "EXPENDITURES OF THE CITY – City Payments to School District" and Table 21.

Non-Mayoral-Appointed or Nominated Agencies

PICA. PICA was created by the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the "PICA Act") in 1991 to provide financial assistance to cities of the first class. The City is the only city of the first class in the Commonwealth. The Governor of Pennsylvania (the "Governor"), the President pro tempore of the Pennsylvania Senate, the Minority Leader of the Pennsylvania Senate, the Speaker of the Pennsylvania House of Representatives, and the Minority Leader of the Pennsylvania House of Representatives each appoints one voting member of PICA's board. The Secretary of the Budget of the Commonwealth and the Director of Finance of the City serve as ex officio members of PICA's board with no voting rights.

In January 1992, the City and PICA entered into an Intergovernmental Cooperation Agreement (the "1992 PICA Agreement"), pursuant to which PICA agreed to issue bonds from time to time, at the request of the City, for the purpose of funding, among other things, deficits in the General Fund and a debt service reserve. The authority for PICA to issue bonds to fund deficits of the City has expired. See "DEBT OF THE CITY – PICA Bonds."

Under the PICA Act, the City is required to submit to PICA: (i) a five-year financial plan on an annual basis; and (ii) quarterly financial reports, each as further described below under "DISCUSSION OF FINANCIAL OPERATIONS – Five-Year Plans of the City" and "– Quarterly Reporting to PICA."

On July 7, 2022, an amendment to the PICA Act was signed into law by the Governor, which, among other things, (i) extends the term of existence of PICA until the later of January 2, 2047 or one year after all its liabilities are met or, in the case of PICA Bonds, one year after provision for such payment shall have been made or provided for in the applicable bond indenture; (ii) continues all of the financial oversight and reporting requirements of the PICA Act for the life of PICA (regardless of whether PICA Bonds are outstanding); (iii) permits on a limited basis during certain recurring three-year periods on a decennial basis, at the request of the City, the issuance of PICA Bonds for capital projects of the City; and (iv) continues the authorization and dedication of the PICA Tax for so long as PICA remains in existence (regardless of whether any PICA Bonds are outstanding). For more information on PICA Bonds, see "DEBT OF THE CITY – PICA Bonds." In June 2023, City Council passed, and the Mayor signed, an amendment to the PICA Tax ordinance to extend its duration in response to the continued authorization of the PICA Tax pursuant to the amendments to the PICA Act. In addition, the City and PICA approved and entered into a new intergovernmental cooperation agreement (the "2023 PICA Agreement") that reflects and implements the PICA Act as amended, and replaces the expired 1992 PICA Agreement.

The PICA Act and the 2023 PICA Agreement provide PICA with certain financial and oversight functions. PICA has the power to exercise certain advisory and review procedures with respect to the City's financial affairs, including the power to review and approve the five-year financial plans prepared by the City, and to certify non-compliance by the City with the then-existing five-year plan. PICA is also required to certify non-compliance if, among other things, no approved five-year plan is in place or if the City has failed to file mandatory revisions to an approved five-year plan. Under the PICA Act, any such certification of non-compliance would, upon certification by PICA, require the Secretary of the Budget of the Commonwealth to withhold funds due to the City from the Commonwealth or any of its agencies (including, with certain exceptions, all grants, loans, entitlements, and payments payable to the City by the Commonwealth, including payment of the portion of the PICA Tax, as further described under "DEBT OF THE CITY – PICA Bonds" below, otherwise payable to the City). Such withheld funds are held in escrow by the Commonwealth or in the applicable City account until such non-compliance is cured. A majority vote of PICA will determine when the conditions that caused the City to be certified as non-compliant have ceased to exist. Following such vote, PICA notifies the Secretary of the Budget and the withheld funds are released (together with all interest and income earned thereon during the period held in escrow).

Philadelphia Parking Authority. The Philadelphia Parking Authority (the "PPA") is responsible for: (i) the construction and operation of parking facilities in the City and at Philadelphia International Airport ("PHL"); and (ii) enforcement of on-street parking regulations. The members of the PPA's board are appointed by the Governor, with certain nominations from the General Assembly. PPA is not a department or agency of the City. For more information on the PPA, see "REVENUES OF THE CITY – Philadelphia Parking Authority Revenues."

Cybersecurity

The City relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private, and sensitive information, the City and its departments and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware, and other attacks on computers and other sensitive digital networks and systems. In recent years, various cyber incidents have occurred that resulted in proactive remediation and quarantining of computer hardware and networks. The City's cyber policies and procedures have reduced the impact of such incidents.

The City's Office of Innovation and Technology works to protect the City from cyber threats by adopting new technology and ensuring City systems and resident data are protected. The Office of Innovation and Technology follows industry best practices, develops City-wide security policies, provides regular security training to all City employee users, and uses security tools to mitigate, prevent, deter, and respond to incidents if and when they occur. Additionally, to identify potential vulnerabilities and proactively mitigate them, the City organizes (i) ongoing vulnerability and compliance scanning of City systems, (ii) annual, and/or as major changes occur, penetration tests of City systems and supporting infrastructure, and (iii) ongoing audit and log monitoring of systems and users. These tests are performed by both the Office of Innovation and Technology, Departments, and third parties.

The Office of Innovation and Technology has worked to establish relationships with federal and state government, and commercial, academic, and law enforcement security experts. It is the City's expectation that such relationships will enable the City to stay informed of threats and continuing improvements to security systems.

While the City closely monitors its networks and conducts periodic tests and reviews thereof, no assurances can be given that such security and operational control measures will be successful in guarding against all future cyber threats and attacks. New technical cyber vulnerabilities are discovered in the

United States daily. In addition, cyber-attacks have become more sophisticated and increasingly are capable of impacting municipal control systems and components. The techniques used to obtain unauthorized access to, or to disable or degrade, electronic networks, computers, systems and solutions are rapidly evolving and have become increasingly complex and sophisticated. As cybersecurity threats continue to evolve, the City may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. The results of any successful attack on the City's computer and information technology systems could impact its operations and damage the City's digital networks and systems, and the costs of remedying any such damage could be substantial.

Climate Change

The City's Office of Sustainability ("OOS") works with partners around the City, both public and private, to educate and prepare the City for climate change, among other things. OOS, in coordination with departments across the City, is responsible for implementing "Growing Stronger: Toward a Climate-Ready Philadelphia," the City's first climate adaptation plan, which identifies climate vulnerability and risk and outlines a variety of initiatives to prepare the City for future climate–related challenges. OOS is in the process of updating the City's Resilience Plan and a citywide stakeholder engagement process was started in 2025.

Planning for the potential impacts of climate change in the City is challenging. The City's climate is variable and projections of future conditions range significantly depending on the emissions scenarios. However, regardless of emissions scenario, the models agree on the direction of change. Climate change impacts include rising temperatures (increasing average temperatures and extreme heat in the form of heat waves); air quality issues, which are exacerbated by temperature increases and sometimes caused by wildfires outside of the City; increased heavy precipitation events (rain or snow); rising sea levels (likely ~1.25 feet by 2050 and between three to-four feet by 2100); and storm surges and extreme wind from more intense hurricanes, tropical storms and Nor'easters.

Under the mid-century (2050) and end-of-century (2100) analyses, the City projects that it will experience a greater frequency of heavy and extremely heavy precipitation events, with the largest increase occurring in precipitation that falls during winter months. Heavy precipitation and flooding can be caused by a variety of weather systems, including tropical storms and hurricanes, thunderstorms, and frontal activity. When these heavy precipitation events fall as rain, they can exceed the capacity of the City's storm sewer infrastructure; when they fall as snow, they require many City resources to manage. Rain and melting snow cause runoff that can cause local creeks and rivers to overtop their banks. Some of these projections are already becoming a reality, as the City has experienced an increase in the intensity and frequency of storm events over the last decade, which has on occasion resulted in significant flooding.

The sea level rising is a particularly important risk for the City, as rising seas affect water levels in the tidal rivers and creeks bordering the City, such as the Delaware and Schuylkill Rivers and the Darby-Cobbs Creek. Higher sea levels will increase the depth and extent of flooding in and around the City from storm surges during extreme events; cause the regular tide cycle to flood low-lying areas of the city (i.e., "sunny day" flooding); raise groundwater levels which can cause new areas to flood and impact the performance of green stormwater infrastructure and nature-based solutions; decrease the drainage capacity of the stormwater system as outfalls are under water more often; and potentially impact drinking water quality due to saltwater intrusion during periods of drought.

Low-lying areas already experience localized flooding during heavy storm events, and both municipal infrastructure and private development exist along Philadelphia's tidal rivers and creeks.

Because of the City's topography and its location next to tidal rivers, many City facilities and other properties are vulnerable to sea level rise, even under conservative (low) sea level rise scenarios. For example, Philadelphia International Airport (PHL) and at least a dozen other City facilities would be exposed to flooding with two feet of sea level rise, a scenario that is likely to be exceeded this century. At under two feet of sea level rise, only one City facility (Fort Mifflin) is highly vulnerable to permanent inundation (i.e., it will flood within the tidal cycle in the absence of storms), but at under four feet of sea level rise, 19 facilities are highly vulnerable and another 12 City facilities are moderately vulnerable to permanent inundation. Hundreds of additional facilities (both City and private) are highly vulnerable to both riverine flooding and the combination of sea level rise and storm surge. Many neighborhoods and City-owned assets and infrastructure are also vulnerable to inland flooding (e.g., pluvial, urban or rainfall-driven flooding), which can occur far away from water bodies and is not included in FEMA's flood maps.

As an example of the City's possible susceptibility to flooding from major storms or rising sea levels, on September 1, 2021, remnants of Hurricane Ida passed through the City and surrounding areas causing heavy rainfall, major flooding, and numerous tornadoes. The Schuylkill River rose to record levels, or near record levels, in various areas and caused flooding and damage throughout parts of the City. It was estimated that the damages from that single event are over $1.3 billion for Philadelphia alone. The City received federal relief funding and grants, including $163 million in grant funding from the United States Department of Housing and Urban Development (HUD), and received other aid from the Commonwealth, to offset costs incurred in addressing the damages from the storm.

Financial Impact. While the financial effects of climate change are difficult to quantify, the City has developed some cost estimates related to its future fiscal impact. Climate change will increase both the risk of expensive extreme events and the regular, recurring costs of doing business, along with equally important but less quantifiable costs to quality of life in the City. Proactive planning for climate change can help to reduce many of these costs, both public and private.

Climate change is increasing the intensity of extreme storms, and it is estimated that just one severe hurricane could cause more than $2 billion in damage across the City. The City expects to see more frequent extreme storms with higher winds and more flooding, due in part to sea level rise combined with heavy rains and tropical cyclones. Depending on severity, each of these storms could cause an estimated $20 million to $900 million in damages in the City. In connection with such damages, the City could seek Commonwealth and federal funding to alleviate the burden of any disaster-related costs if any such funding becomes available. No assurances can be given that the City would receive any such requested funding if available.

In addition to increasing disaster costs, higher heat and more precipitation will increase the everyday cost of doing business for the City's government, businesses, and residents. Increased operating costs from climate change across all sectors would result in a significant economic impact in the City. Much of these costs will be borne by City departments in combination with the Commonwealth and federal government; others will fall directly on the private sector or on residents and property owners.

As the effects of climate change continue taking shape in the City, annual costs related thereto are expected to include a variety of increases ranging from energy and maintenance costs to the increasing costs of continuing to provide services to protective measures like a levee for flood mitigation. For example, the City expects climate change to (i) increase annual electricity costs due to increased demand for air conditioning; (ii) create additional roadway maintenance costs from precipitation, freeze-thaw cycles, and high temperatures; and (iii) increase the annual cost of providing heat emergency helplines to advise callers about how to avoid heat stress and refer those in need of help to emergency services. A recent study from First Street estimated that in 30 years Philadelphia will need to use air conditioning an additional 11 days out of the year compared to 2024, increasing the City's electricity usage by 15%.

The City also expects to face a variety of other increased costs due to climate change, such as (i) costs associated with a variety of respiratory diseases caused by higher levels of ozone (with costs for medical treatment and lost productivity associated with these diseases approaching $20 million by 2050), and (ii) increased regional transportation expenses (increased operational costs and damages from climate change could rise by almost $2 million per year).

In 2016, OOS, along with a cross-departmental Climate Adaptation Working Group, issued *Growing Stronger: Toward a Climate-Ready Philadelphia* to (i) assess vulnerabilities and preparation opportunities for municipal government; (ii) identify low-barrier and high-impact internal actions that can be taken to reduce risks and decrease stressors on City infrastructure services; and (iii) guide proactive projects with benefits beyond municipal operations. The Office of Sustainability is actively working on an update to the City's Climate Resilience Plan and is developing climate services and tools to empower city staff to plan for the changes the City faces. The City expects to engage in an equitable citywide public process to support the plan, with the completion of the plan slated for 2027. Additionally, the City's All-Hazard Mitigation Plan update and the Comprehensive Plan update are both underway and will heavily feature actions and priority investments to address climate change. In recent years several important interagency working groups formed to ensure alignment and coordination on key climate hazards, including the Flood Risk Management Task Force, the Excessive Heat Steering Committee, and the Environmental Justice and Climate Resilience Committee.

In 2024, climate resilience was better embedded in the City's Capital Budgeting process and each capital request that met specific criteria were given a vulnerability score based on their exposure to flooding, wildfire, wind, and extreme heat. Existing risk information (e.g. FEMA flood maps) was combined with additional sources, like risk information from First Street Technology, Inc., which includes inland flooding, to evaluate exposure. OOS is also nearly complete with an updated citywide climate vulnerability assessment focused primarily on flooding and extreme heat that evaluates municipal vulnerability but also identifies community vulnerability and uses various indicators to identify vulnerable populations.

In addition to participating in planning efforts, City departments are implementing projects that aim to increase resilience on a broad array of climate issues. The Department of Public Property ensures that emergency generators in City-maintained facilities are well maintained and fueled, which is intended to allow other City departments to continue providing services during emergency situations. During heat emergencies, the Department of Public Health and the Office of Emergency Management ensure communication among City agencies, deploy environmental health teams into the community, and operate cooling centers in coordination with the Philadelphia Free Library and Philadelphia Parks and Recreation. Philadelphia Parks and Recreation also developed and implements the Philly Tree Plan with the Philadelphia Tree Coalition and works with citizen scientists to identify forest restoration practices suitable for the City's changing climate. The Philadelphia Water Department has an award-winning Climate Change Adaptation Program and adopted Climate-Resilient Planning and Design Guidance in 2022; this guidance was updated in 2024. Regarding broader development across the City, the Philadelphia City Planning Commission (the "Planning Commission") requires new facilities located in flood zones to be raised 18 inches above the Federal Emergency Management Agency base flood elevation, and the Philadelphia Water Department (the "Water Department") promotes green storm water infrastructure, such as storm water basins, permeable paving, rain gardens, and green gutters, as a measure to reduce combined sewer overflows which also has a co-benefit of shaving the peak from extreme precipitation events and potentially helping with localized inland flooding.

CITY FINANCES AND FINANCIAL PROCEDURES

Except as otherwise noted, the financial statements, tables, statistics, and other information shown below have been prepared by the Office of the Director of Finance and can be reconciled to the financial statements in the Fiscal Year 2024 ACFR and notes therein. The Fiscal Year 2024 ACFR was prepared by the Office of the Director of Finance in conformance with guidelines adopted by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants' audit guide, Audits of State and Local Government Units and audited by the City Controller under Generally Accepted Auditing Standards.

General

Governmental funds account for their activities using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as in the case of full accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due; however, those expenditures may be accrued if they are to be liquidated with available resources.

Imposed non-exchange revenues, such as Real Estate Tax, are recognized when the enforceable legal claim arises and the resources are available. Derived tax revenues, such as Wage, BIRT, Net Profits and Earnings taxes, are recognized when the underlying exchange transaction has occurred and the resources are available. Grant revenues are recognized when all the applicable eligibility requirements have been met and the resources are available. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue that is considered to be program revenue includes: (i) charges to customers or applicants for goods received, services rendered or privileges provided; (ii) operating grants and contributions; and (iii) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program specific revenues; therefore, all taxes are considered general revenues.

The City's financial statements reflect the following three funds as major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

- The Health Choices Behavioral Health Fund accounts for resources received from the Commonwealth. These resources are restricted to providing managed behavioral health care to residents of the City.

- The Grants Revenue Fund accounts for the resources received from various federal, Commonwealth, and private grantor agencies, including those received by the City's Department of Human Services ("DHS"). The resources are restricted to accomplishing the various objectives of the grantor agencies.

The City also reports on permanent funds, which are used to account for resources legally held in trust for use by the park and library systems of the City. There are legal restrictions on the resources of

the permanent funds that require the principal to remain intact, while only the earnings may be used for the programs.

The City reports on the following fiduciary funds:

- The Municipal Pension Fund accumulates resources to provide pension benefit payments to qualified employees of the City and certain other quasi-governmental organizations.

- The PGW Retirement Reserve Fund accounts for contributions made by PGW to provide pension benefit payments to its qualified employees under its pension plan. For more information on the PGW Pension Plan (as defined herein), see "PGW PENSION PLAN."

- The Departmental Custodial Accounts account for funds held in custody by various departments of the City.

The City reports on the following major proprietary funds:

- The Water Fund accounts for the activities related to the operation of the Water and Wastewater Systems.

- The Aviation Fund accounts for the activities of the Airport System.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenues of the Water Fund are charges for water and sewer service. The principal operating revenues of the Aviation Fund are charges for the use of the City's airports, PHL and Northeast Philadelphia Airport. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Current City Disclosure Practices

It is the City's practice to file its ACFR, which contains the audited combined financial statements of the City, in addition to certain other information, such as the City's bond ratings and information about upcoming debt issuances, with the Municipal Securities Rulemaking Board ("MSRB") as soon as practicable after delivery of such information. For bonds issued in calendar year 2015 and thereafter, the annual filing deadline is February 28; for bonds issued prior to calendar year 2015, the annual filing deadline is 240 days after the end of the respective Fiscal Year, being February 25. The Fiscal Year 2024 ACFR was filed with the MSRB on February 25, 2025, through the MSRB's Electronic Municipal Market Access ("EMMA") system.

A wide variety of information concerning the City is available from publications and websites of the City and others, including the City's investor information website at http://www.phila.gov/investor (the "City's Investor Website"). Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement.

Independent Audit and Opinion of the City Controller

The City Controller has examined and expressed opinions on the basic financial statements of the City contained in the Fiscal Year 2024 ACFR. The City Controller has not participated in the preparation of this Official Statement nor in the preparation of the budget estimates and projections and cash flow statements and forecasts set forth in various tables contained in this Official Statement. Consequently, the City Controller expresses no opinion with respect to any of the data contained in this Official Statement other than what is contained in the basic financial statements of the City in the Fiscal Year 2024 ACFR.

Budgetary Accounting Practices

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles ("GAAP"). In accordance with the City Charter, the City has formally established budgetary accounting control for its operating and capital improvement funds.

The operating funds of the City, consisting of the General Fund, twelve (12) Special Revenue Funds (County Liquid Fuels Tax, Special Gasoline Tax, Health Choices Behavioral Health, Hotel Room Rental Tax, Grants Revenue, Community Development, Car Rental Tax, Acute Care Hospital Assessment, Budget Stabilization Reserve Fund, Housing Trust, Demolition, and Transportation) and two Enterprise Funds (Water and Aviation Funds), are subject to annual operating budgets adopted by City Council. These budgets appropriate funds for all City departments, boards and commissions by major class of expenditure within each department. Major classes are defined as: (i) personal services; (ii) purchase of services; (iii) materials and supplies; (iv) equipment; (v) contributions, indemnities, and taxes; (vi) debt service; (vii) payments to other funds; and (viii) advances and other miscellaneous payments. The appropriation amounts for each fund are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. All transfers between major classes (except for materials and supplies and equipment, which are appropriated together) must have City Council approval. Appropriations that are not expended or encumbered at Fiscal Year-end are lapsed.

The City's capital budget is adopted annually by City Council. The capital budget is appropriated by project for each department. Requests to transfer appropriations between projects must be approved by City Council. Any appropriations that are not obligated at year-end are either lapsed or carried forward to the next Fiscal Year.

Schedules prepared on the legally enacted basis differ from the GAAP basis in that both expenditures and encumbrances are applied against the current budget, adjustments affecting activity budgeted in prior years are accounted for through fund balance or as reduction of expenditures and certain interfund transfers and reimbursements are budgeted as revenues and expenditures. The primary difference between the GAAP and legal (budgetary) fund balance is due to the timing of recognizing the BIRT. The legal basis recognizes BIRT revenues in the Fiscal Year they are collected. The GAAP basis requires the City to recognize the BIRT revenues (which are primarily paid in April) for the calendar year in which the BIRT taxes are due, requiring the City to defer a portion of the April payment into the next Fiscal Year. For more information on BIRT, see "REVENUES OF THE CITY – Business Income and Receipts Tax."

DISCUSSION OF FINANCIAL OPERATIONS

Principal Operations

The major financial operations of the City are conducted through the General Fund. In addition to the General Fund, operations of the City are conducted through two other major governmental funds and 19 non-major governmental funds. The City operates on a July 1 to June 30 fiscal year ("Fiscal Year") and reports on all the funds of the City, as well as its component units, in the City's ACFR. PMA's and PICA's financial statements are blended with the City's statements. The financial statements for PGW, PRA, the PPA, the School District, the Community College of Philadelphia, the Community Behavioral Health, Inc., PHA, and PAID are presented discretely.

Fund Accounting

Funds are groupings of activities that enable the City to maintain control over resources that have been segregated for specific purposes or objectives. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. The governmental funds are used to account for the financial activity of the City's basic services, such as: general government; economic and neighborhood development; public health, welfare and safety; cultural and recreational; and streets, highways and sanitation. The funds' financial activities focus on a short-term view of the inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the Fiscal Year. The financial information presented for the governmental funds is useful in evaluating the City's short-term financing requirements.

The City maintains 23 individual governmental funds. The City's ACFRs, including the Fiscal Year 2024 ACFR, present data separately for the General Fund, Grants Revenue Fund, and Health Choices Behavioral Health Fund, which are considered to be major funds. Data for the remaining 20 funds are combined into a single aggregated presentation.

Proprietary Funds. The proprietary funds are used to account for the financial activity of the City's operations for which customers are charged a user fee; they provide both a long- and short-term view of financial information. The City maintains three enterprise funds that are a type of proprietary fund – airport, water and wastewater operations, and industrial land bank.

Fiduciary Funds. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for PGW's employees' retirement reserve assets. Both of these fiduciary activities are reported in the City's ACFRs, including the Fiscal Year 2024 ACFR, as separate financial statements of fiduciary net assets and changes in fiduciary net assets.

See "CITY FINANCES AND FINANCIAL PROCEDURES" for a further description of these governmental, proprietary, and fiduciary funds.

Budget Procedure

The City Charter provides that, at least 90 days before the end of the Fiscal Year, the operating budget for the next Fiscal Year is prepared by the Mayor and submitted to City Council for adoption. The budget, as adopted, must be balanced and provide for discharging any estimated deficit from the current Fiscal Year and make appropriations for all items to be funded with City revenues. The Mayor's budgetary estimates of revenues for the ensuing Fiscal Year and projection of surplus or deficit for the current Fiscal Year may not be altered by City Council. Not later than the passage of the operating

budget ordinance, City Council must enact such revenue measures as will, in the opinion of the Mayor, yield sufficient revenues to balance the budget. While the City Charter requires the Mayor to submit the operating budget for the next Fiscal Year to City Council at least 90 days before the end of the Fiscal Year, such submissions have occasionally been submitted after such deadline. There is no practical consequence to submitting the proposed budget after the 90-day deadline in the City Charter.

The City Charter provides that, at least 30 days before the end of the Fiscal Year, City Council must adopt by ordinance an operating budget and a capital budget for the ensuing Fiscal Year and a capital program for the six ensuing Fiscal Years. If the Mayor disapproves the bills, they must be returned to City Council with the reasons for disapproval at the first meeting thereof held not less than ten days after receipt of such bills. If the Mayor does not return the bills within the time required, they become law without the Mayor's approval. If City Council passes the bills by a vote of two-thirds of all of its members within seven days after the bills have been returned with the Mayor's disapproval, they become law without the Mayor's approval. While the City Charter requires that City Council adopt the ordinances for the operating and capital budgets at least 30 days before the end of the Fiscal Year, in practice, such ordinances are often adopted after such deadline, but before the end of such Fiscal Year. For example, the proposed Fiscal Year 2026 operating budget was submitted by the Mayor to City Council on March 13, 2025, approved by City Council on June 12, 2025, and signed by the Mayor on June 13, 2025. There is no practical consequence to adopting the budget ordinances after the deadline in the City Charter, but before the end of the Fiscal Year.

The capital program is prepared annually by the Planning Commission to present the capital expenditures planned for each of the six ensuing Fiscal Years, including the estimated total cost of each project and the sources of funding (local, state, federal, and private) estimated to be required to finance each project. The capital improvement plans for the Water Department and the Department of Aviation are included in the City's capital program. The capital program is reviewed by the Mayor and transmitted to City Council for adoption with the Mayor's recommendation thereon. The Capital Program ordinance for Fiscal Years 2026-2031, as amended (the "Fiscal Year 2026-2031 Amended Capital Program") was approved by City Council on June 12, 2025 and signed by the Mayor on June 13, 2025 (see Table 48).

The capital budget ordinance, authorizing in detail the capital expenditures to be made or incurred in the ensuing Fiscal Year from City Council appropriated funds, is adopted by City Council concurrently with the capital program. The capital budget must be in full conformity with that part of the capital program applicable to the Fiscal Year that it covers.

For more information on the City's budgets and five-year plans, see "– Current Financial Information" and the text following Table 2. For more information on the City's capital program, see "CITY CAPITAL PROGRAM" herein.

Budget Stabilization Reserve Fund

In April 2011, the City adopted an amendment to the City Charter that established the "Budget Stabilization Reserve Fund." Under the City Charter, if the projected General Fund balance for the upcoming Fiscal Year equaled or exceeded three percent of General Fund appropriations for such Fiscal Year, the annual operating budget ordinance was required to provide for appropriations to a Budget Stabilization Reserve Fund. Such reserve is to be created and maintained by the Director of Finance as a separate fund, which may not be commingled with any other funds of the City. City Council can appropriate additional amounts to the Budget Stabilization Reserve Fund by ordinance, no later than at the time of passage of the annual operating budget ordinance and only upon recommendation of the Mayor. Amounts in the Budget Stabilization Reserve Fund from the prior Fiscal Years, including any investment earnings certified by the Director of Finance, are to remain on deposit therein.

In February 2023, City Council passed a resolution to amend the City Charter to require larger contributions to the Budget Stabilization Reserve Fund in years where the projected General Fund revenues at the end of the current Fiscal Year equal or exceed certain percentages. The amendment also increases the maximum contribution to the Budget Stabilization Reserve Fund from 5.0% to 17.0%. The proposal was part of a ballot measure that was approved by City voters in May 2023. Under the amendment, the schedule of contributions to the Budget Stabilization Reserve Fund is as follows: (i) less than 3.0% of projected General Fund revenues at the end of the then current Fiscal Year – no required contribution; (ii) 3.0% or more, but less than 5.0% of projected General Fund revenues at the end of the then current Fiscal Year – a contribution of 0.75% of projected unrestricted General Fund revenues for the upcoming Fiscal Year; (iii) 5.0% or more, but less than 8.0% of projected General Fund revenues at the end of the then current Fiscal Year – a contribution of 1.0% of projected unrestricted General Fund revenues for the upcoming Fiscal Year; and (iv) 8.0% or more, but less than 17.0% of projected General Fund revenues at the end of the then current Fiscal Year – the amount that exceeds such 8.0% or 1.0% of projected unrestricted General Fund revenues for the upcoming Fiscal Year, whichever is greater. After 17%, any extra funds in the General Fund are to remain there as unrestricted fund balance. Such amended provisions became effective for Fiscal Year 2025.

Withdrawals from the Budget Stabilization Reserve Fund are permitted only upon (i) approval by ordinance of a transfer of appropriations from the Budget Stabilization Reserve Fund and only for the purposes set forth in such transfer ordinance and (ii) either (1) a certification by the Director of Finance that General Fund revenues actually received by the City during the prior Fiscal Year were at least one percent less than the General Fund revenues set forth in the Mayor's estimate of receipts, or (2) a certification by the Director of Finance that such withdrawal is necessary to avoid either a material disruption in City services or to fund emergency programs necessary to protect the health, safety or welfare of City residents, and that it would be fiscally imprudent to seek emergency appropriations pursuant to the City Charter. Any such certification must be approved either by a resolution adopted by two-thirds of all of the members of City Council or an agency of the Commonwealth with responsibility for ensuring the fiscal stability of the City.

Pursuant to the adopted budget for Fiscal Year 2020, the City made an initial deposit of $34.3 million to the Budget Stabilization Reserve Fund, which was the first ever deposit to such reserve. Pursuant to the adopted budget for Fiscal Year 2021, the City drew down on such funds and redirected them to spending.

There were no payments to the Budget Stabilization Reserve Fund in Fiscal Years 2021 or 2022. In Fiscal Year 2023, $65.1 million was deposited into the Budget Stabilization Reserve Fund. In Fiscal Year 2024, $42.3 million was deposited into the Budget Stabilization Reserve Fund. As of June 30, 2024, the total in the Budget Stabilization Reserve Fund was $112.8 million (including interest earnings). In Fiscal Year 2025, $58.3 million was deposited into the Budget Stabilization Reserve Fund.

In the Thirty-Fourth Five-Year Plan, the City projects payments to the Budget Stabilization Reserve Fund in Fiscal Years 2026 and 2027 in the amounts of $58.9 million and $59.8 million, respectively. There can be no assurance that such payments to the Budget Stabilization Reserve Fund will occur. The Thirty-Fourth Five-Year Plan does not include any projected payments to the Budget Stabilization Reserve Fund in Fiscal Years 2028-2030. The Thirty-Fourth Five-Year Plan does not include any withdrawals from the Budget Stabilization Reserve Fund. The foregoing projections reflect the approval of the ballot measure amending the Budget Stabilization Reserve Fund as described above.

Annual Financial Reports

The City is required by the City Charter to issue, within 120 days after the close of each Fiscal Year, a statement as of the end of the Fiscal Year showing the balances in all funds of the City, the amounts of the City's known liabilities, and such other information as is necessary to furnish a true picture of the City's financial condition (the "Annual Financial Reports"). The Annual Financial Reports, which are released on or about October 28 of each year, are intended to meet these requirements and are unaudited. As described above, the audited financial statements of the City are contained in its ACFR, which is published at a later date. The Annual Financial Reports contain financial statements for all City governmental funds and blended component units presented on the modified accrual basis. The proprietary and fiduciary funds are presented on the full accrual basis. They also contain budgetary comparison schedules for those funds that are subject to an annual budget. The financial statements of the City's discretely presented component units that are available as of the date of the Annual Financial Reports are also presented. Historically, the results for General Fund balance have not materially changed between the Annual Financial Reports and the ACFRs.

The Annual Financial Report for Fiscal Year 2024 was released on October 28, 2024. See "CITY FINANCES AND FINANCIAL PROCEDURES – Current City Disclosure Practices."

Five-Year Plans of the City

The PICA Act requires the City to annually prepare a financial plan that includes projected revenues and expenditures of the principal operating funds of the City for five Fiscal Years consisting of the current Fiscal Year and the subsequent four Fiscal Years. Each five-year plan, which must be approved by PICA, is required, among other things, to eliminate any projected deficits, balance the Fiscal Year budgets, and provide procedures to avoid fiscal emergencies. Under the PICA Act, each five-year plan is required to be submitted at least 100 days prior to the beginning of the next Fiscal Year or on such other date as PICA may approve upon the request of the City. It is the City's practice to submit its five-year plans to PICA after City Council approves, and the Mayor signs, the operating budget ordinance for the next Fiscal Year, which is typically after the 100-day deadline. For example, the Thirty- Fourth Five-Year Plan was submitted to PICA on June 30, 2025, after City Council approved, and the Mayor signed, the Fiscal Year 2026 Adopted Budget. PICA approved the Thirty-Fourth Five-Year Plan at a meeting on July 28, 2025. See "– Current Financial Information" and the text following Table 2.

Quarterly Reporting to PICA

The PICA Act requires the City to prepare and submit quarterly reports to PICA so that PICA may determine whether the City is in compliance with the then-current five-year plan. Each quarterly report is required to describe actual or current estimates of revenues, expenditures, and cash flows compared to budgeted revenues, expenditures, and cash flows by covered funds for each month in the previous quarter and for the year-to-date period from the beginning of the then-current Fiscal Year of the City to the last day of the fiscal quarter or month, as the case may be, just ended. Each such report is required to explain any variance existing as of such last day.

Under the 2023 PICA Agreement, a "variance" is deemed to have occurred as of the end of a reporting period if (i) a net adverse change in the fund balance of a covered fund (i.e., a principal operating fund) of more than 5% of the revenues budgeted for such fund for that Fiscal Year is reasonably projected to occur, such projection to be calculated from the beginning of the Fiscal Year for the entire Fiscal Year, or (ii) the actual net cash flows of the City for a covered fund are reasonably projected to be less than 95% of the net cash flows of the City for such covered fund for that Fiscal Year originally

forecast at the time of adoption of the budget, such projection to be calculated from the beginning of the Fiscal Year for the entire Fiscal Year.

PICA may not take any action with respect to the City for variances if the City: (i) provides a written explanation of the variance that PICA deems reasonable; (ii) proposes remedial action that PICA believes will restore overall compliance with the then-current five-year plan; (iii) provides information in the immediately succeeding quarterly financial report demonstrating to the reasonable satisfaction of PICA that the City is taking remedial action and otherwise complying with the then-current five-year plan; and (iv) submits monthly supplemental reports until it regains compliance with the then-current five-year plan.

A failure by the City to explain or remedy a variance would, upon certification by PICA, require the Secretary of the Budget of the Commonwealth to withhold funds due to the City from the Commonwealth or any of its agencies (including, with certain exceptions, all grants, loans, entitlements and payments payable to the City by the Commonwealth, including payment of the portion of the PICA Tax, as further described under "DEBT OF THE CITY – PICA Bonds" below, otherwise payable to the City). The City uses its Quarterly City Managers Reports to satisfy the quarterly reporting requirement to PICA. Such reports are released within 45 days following the end of the applicable quarter and the most recent versions of such reports are available on the City's Investor Website. The most recent Quarterly City Managers Report is the report for the period ending March 31, 2025, which was released on May 15, 2025 (the "FY 2025 Third Quarter QCMR"). The next Quarterly City Managers Report is the report for the period ending June 30, 2025, and it is expected to be released on or about August 15, 2025.

Summary of Operations

Table 1 presents the summary of operations for the General Fund for Fiscal Years 2022-2024, budgeted amounts and current estimates for Fiscal Year 2025, and budgeted amounts for Fiscal Year 2026. For a description of the legally enacted basis on which the City's budgetary process accounts for certain transactions, see "CITY FINANCES AND FINANCIAL PROCEDURES – Budgetary Accounting Practices." "Current Estimate," as used in the tables and text below, refers (except as otherwise indicated) to the most recently revised estimates for Fiscal Year 2025, which were released by the City on June 30, 2025, as part of the Thirty-Fourth Five-Year Plan, unless otherwise noted herein.

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Table 1
General Fund – Summary of Operations (Legal Basis)
Fiscal Years 2022-2024 (Actual), 2025 (Adopted Budget and Current Estimate), and 2026 (Adopted Budget)
(Amounts in Millions of USD)[1], [2]

	Actual 2022	Actual 2023	Actual 2024	Adopted Budget 2025 (June 14, 2024)	Current Estimate 2025 (June 30, 2025)	Adopted Budget 2026 (June 13, 2025)
Revenues						
Real Property Taxes	$700.6	$809.6	$838.1	$925.0	$905.4	$940.4
Wage and Earnings Tax	1,653.9	1,732.8	1,842.9	1,930.6	1,950.3	2,039.7
Net Profits Tax	27.3	39.0	42.6	45.2	43.6	32.3
Business Income and Receipts Tax	749.9	673.3	679.8	616.7	679.8	725.9
Sales Tax[3]	277.7	302.2	300.0	316.9	307.4	324.0
Other Taxes[4]	654.6	524.0	315.0	355.0	368.2	428.5
Philadelphia Beverage Tax[5]	75.4	73.4	69.6	71.2	65.7	64.4
Total Taxes	4,139.4	4,154.3	4,088.0	4,260.5	4,320.3	4,555.2
Locally Generated Non-Tax Revenue	396.4	415.1	456.3	391.8	460.7	410.4
Revenue from Other Governments						
Net PICA Taxes Remitted to the City[6]	555.1	674.3	705.5	739.4	743.4	769.3
Other Revenue from Other Governments[7]	376.1	422.3	359.0	398.4	436.0	456.5
Total Revenue from Other Governments	931.2	1,096.6	1,064.5	1,137.8	1,179.5	1,225.8
Receipts from Other City Funds	300.6[8]	381.0[8]	454.8[8]	481.2[8]	486.6[8]	172.1
Total Revenue	5,767.5	6,047.0	6,063.6	6,271.4	6,447.1	6,363.5
Obligations/Appropriations						
Personal Services	1,890.7	1,976.6	2,038.4	2,279.1	2,302.4	2,346.2
Purchase of Services[9]	1,014.4	1,207.3	1,360.4	1,422.3	1,482.1	1,608.2
Materials, Supplies and Equipment	125.6	167.7	189.6	148.3	173.6	177.4
Employee Benefits	1,690.0[10]	1,625.0[10]	1,663.4[10]	1,677.1[10]	1,656.4[10]	1,745.6[10]
Indemnities, Contributions, and Refunds[11]	384.9	480.8	452.5	432.7	477.5	477.0
City Debt Service[12]	188.7	190.5	189.1	234.7	220.4	231.5
Payments to Other City Funds	44.1	205.0	198.9	71.5	103.3	96.2
Advances & Miscellaneous Payments[13]	0.0	0.0	0.0	43.5[14]	95.0[14]	101.6[14]
Payment to Budget Stabilization Reserve Fund	0.0	65.1	42.3	58.3	58.3[15]	58.9
Total Obligations/Appropriations	5,338.5	5,918.4	6,134.7	6,367.5	6,568.9	6,842.6
Operating Surplus (Deficit) for the Year	429.0	128.6	(71.2)	(96.1)	(121.8)	(479.1)
Net Adjustments – Prior Year[16]	51.6	73.8	32.5	36.5	93.4	35.5
Cumulative Fund Balance Prior Year	298.5	779.1	981.6	628.1[17]	942.9[17]	914.5
Cumulative Adjusted Year End Fund Balance (Deficit)	$779.1	$981.6	$942.9[17]	$568.5	$914.5	$471.0

(1) Sources: For Fiscal Years 2022-2024, the City's ACFRs for such Fiscal Years. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the Thirty-Fourth Five-Year Plan, as applicable. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget.

(2) Figures may not sum due to rounding.

(3) For more information on the City Sales Tax, see "REVENUES OF THE CITY – Sales and Use Tax."

(4) Includes Amusement Tax, Real Property Transfer Tax, Parking Tax, Smokeless Tobacco Tax and miscellaneous taxes. Starting in Fiscal Year 2024, Parking Tax revenues are no longer part of the General Fund. Such revenues have been reassigned to the Transportation Fund, which is accounted for as a special revenue fund.

(5) The Philadelphia Beverage Tax (as defined herein) taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.

(6) For a detailed breakdown of "Net PICA Taxes Remitted to the City," see Table 43. Such figures reflect revenues received by the City from the PICA Tax of 1.50%, the proceeds of which are remitted to PICA for payment of debt service on PICA Bonds and PICA expenses. After paying debt service and expenses, net proceeds from the tax are remitted to the City as Revenue from Other Governments. There are no PICA Bonds outstanding as of April 30, 2025 and no current debt service payments. See "DEBT OF THE CITY – PICA Bonds."

(7) For a detailed breakdown of "Other Revenue from Other Governments," see Table 12. "Other Revenue from Other Governments" includes state gaming revenues.

(8) In Fiscal Year 2022, the City included approximately $250 million in federal COVID-19 relief funding from the American Rescue Plan. In Fiscal Year 2023, the City included approximately $335 million in federal COVID-19 relief funding from the American Rescue Plan. In Fiscal Year 2024 Adopted Budget, the City included approximately $391 million in federal COVID-19 relief funding from the American Rescue Plan, which amount remains unchanged in the Fiscal Year 2024 Current Estimate. In the Fiscal Year 2025 Adopted Budget, the City included approximately $419 million in federal COVID-19 relief funding from the American Rescue Plan (representing the final draw down of American Rescue Plan funds).

(9) Includes debt service on lease and service agreement financings.

(10) For Fiscal Year 2022, includes $78.8 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2023, includes $92.1 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2024, assumes $90.0 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2025 (Adopted Budget), assumes $98.5 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2025 (Current Estimate), assumes $98.5 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2026 (Adopted Budget), assumes $102.0 million from such tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."

(11) Includes contributions to the School District. See also Table 21 and the accompanying text herein.

(12) Includes debt service on General Obligation Debt (as defined herein) and, if issued and outstanding, interest on tax and revenue anticipation notes; excludes debt service on PICA Bonds and lease and service agreement financings.

(13) Advances & Miscellaneous Payments includes certain budgeted reserves for a given Fiscal Year. Any portion of such reserves that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given Fiscal Year, if not used by the City for other purposes.

(14) For Fiscal Year 2025 (Adopted Budget), includes $43.5 million in the Labor Reserve. For Fiscal Year 2025 (Current Estimate), includes $0.0 in the Labor Reserve and $95.0 million in the Federal Funding Reserve. For Fiscal Year 2026 (Adopted Budget), includes $101.6 million in the Labor Reserve and $0.0 million in the Federal Funding Reserve.

(15) Deposit made in September 2024.

(16) "Net Adjustments – Prior Year" includes the cancellation of commitments from previous Fiscal Years during the current Fiscal Year. Such figure for Fiscal Year 2021 includes a $22 million contribution to the Municipal Pension Fund and the liquidation of $47 million of pay-as-you-go capital encumbrances, each of which was obligated in Fiscal Year 2020.

(17) In its Fiscal Year 2025 Adopted Budget, the City projected that Fiscal Year 2024 would end with a General Fund balance of $628.1 million. In the Fiscal Year 2024 ACFR, the City reported that Fiscal Year 2024 ended with a General Fund balance of $942.9 million. Such number has been included as the "Prior Year Fund Balance" in the Thirty-Fourth Five-Year Plan.

Current Financial Information

Table 2 below shows General Fund balances for Fiscal Year 2024, budgeted amounts and current estimates for Fiscal Year 2025, and budgeted amounts for Fiscal Year 2026.

Table 2
General Fund – Fund Balance Summary
(Amounts in Thousands of USD)[1]

	Fiscal Year 2024 Actual[2] (June 30, 2024)	Fiscal Year 2025 Adopted Budget[2] (June 14, 2024)	Fiscal Year 2025 Current Estimate[2] (June 30, 2025)	Fiscal Year 2026 Adopted Budget[2] (June 13, 2025)
REVENUES				
Taxes	$4,087,950[3]	$4,260,467[3]	$4,320,342[3]	$4,555,182[3]
Locally Generated Non – Tax Revenues	456,326	391,844	460,725	410,440
Revenue from Other Governments	1,064,521	1,137,828	1,179,472	1,225,774
Revenues from Other Funds of City	454,778[4]	481,223[4]	486,566[4]	172,105
Total Revenue	**$6,063,575**	**$6,271,362**	**$6,447,105**	**$6,363,501**
OBLIGATIONS / APPROPRIATIONS				
Personal Services	$2,038,411	$2,279,091	$2,302,352	$2,346,195
Personal Services – Employee Benefits	1,663,428[5]	1,677,121[5]	1,656,374[5]	1,745,588[5]
Purchase of Services[6]	1,360,420	1,422,267	1,482,066	1,608,223
Materials, Supplies, and Equipment	189,588	148,326	173,599	177,403
Contributions, Indemnities, and Taxes	452,529	432,724	477,460	476,983
Debt Service[7]	189,138	234,667	220,417	231,495
Payments to Other Funds	198,960	71,491	103,313	96,235
Advances & Miscellaneous Payments[8]	0	43,505[9]	95,000[9]	101,577
Payment to Budget Stabilization Reserve Fund	42,261	58,291	58,291[10]	58,860
Total Obligations / Appropriations	**$6,134,735**	**$6,367,483**	**$6,568,872**	**$6,842,559**
Operating Surplus (Deficit)	**(71,160)**	**(96,121)**	**(121,767)**	**(479,058)**
OPERATIONS IN RESPECT TO PRIOR FISCAL YEARS				
Net Adjustments – Prior Years[11]	32,488	36,500	93,394	35,500
Operating Surplus/(Deficit) & Prior Year Adj.	(38,672)	(59,621)	(28,373)	(443,558)
Prior Year Fund Balance	981,572	628,098[12]	942,900[12]	914,527
Year End Fund Balance	**$942,900**[12]	**$568,477**	**$914,527**	**$470,969**

(1) Figures may not sum due to rounding.

(2) Sources: For Fiscal Year 2024, the Fiscal Year 2024 ACFR. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the Thirty-Fourth Five-Year Plan, as applicable. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget.

(3) For Fiscal Year 2024, includes $69.6 million in revenue from the Philadelphia Beverage Tax. For Fiscal Year 2025 Adopted Budget, assumes $71.2 million in revenue from such tax. For Fiscal Year 2025 Current Estimate, assumes $65.7 million in revenue from such tax. For Fiscal Year 2026 Adopted Budget, assumes $64.4 million in revenue from such tax. The Philadelphia Beverage Tax taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.

(4) In Fiscal Year 2024, the City included approximately $391 million in federal COVID-19 relief funding from the American Rescue Plan. In Fiscal Year 2025, the City included approximately $419 million in federal COVID-19 relief funding from the American Rescue Plan (representing the final draw down of American Rescue Plan funds).

(5) For Fiscal Year 2024, includes $90.0 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2025 (Adopted Budget), assumes $98.5 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2025 (Current Estimate), includes $98.5 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2026 (Adopted Budget), includes $102.0 million from such tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."

(6) Includes debt service on lease and service agreement financings.

(7) Includes debt service on General Obligation Debt (as defined herein) and, if issued and outstanding, interest on tax and revenue anticipation notes; excludes debt service on PICA Bonds and lease and service agreement financings.

(8) Advances & Miscellaneous Payments includes certain budgeted reserves for a given Fiscal Year. Any portion of such reserves that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given Fiscal Year, if not used by the City for other purposes.

(9) For Fiscal Year 2025 (Adopted Budget), includes $43.5 million in the Labor Reserve. For Fiscal Year 2025 (Current Estimate), includes $0.0 in the Labor Reserve and $95.0 million in the Federal Funding Reserve. For Fiscal Year 2026 (Adopted Budget), includes $101.6 million in the Labor Reserve and $0.0 million in the Federal Funding Reserve.

(10) Deposit made in September 2024.

(11) "Net Adjustments – Prior Year" includes the cancellation of commitments from previous Fiscal Years during the current Fiscal Year.

(12) In its Fiscal Year 2025 Adopted Budget, the City projected that Fiscal Year 2024 would end with a General Fund balance of $628.1 million. In the Fiscal Year 2024 ACFR, the City reported that Fiscal Year 2024 ended with a General Fund balance of $942.9 million. Such number has been included as the "Prior Year Fund Balance" in the Thirty-Fourth Five-Year Plan.

The following discussion of the Fiscal Year 2025 Adopted Budget, the Thirty-Third Five-Year Plan, the Fiscal Year 2026 Adopted Budget, and the Thirty-Fourth Five-Year Plan, as applicable, is based, in part, on estimates, projections, and forward-looking statements related to Fiscal Year 2025 and Fiscal Year 2026. No assurance can be given that the applicable budget estimates and forward-looking statements will be realized. The accuracy of such budget estimates and forward-looking statements cannot be verified until after the close of the given Fiscal Year and the completion of the related audits.

Fiscal Year 2025 Adopted Budget and Thirty-Third Five-Year Plan. The City's proposed Fiscal Year 2025 operating budget was submitted by the Mayor to City Council on March 14, 2024, along with the City's Proposed Five-Year Plan for Fiscal Years 2025-2029. On June 13, 2024, City Council approved the Fiscal Year 2025 operating budget ordinance, which was signed by the Mayor on June 14, 2024 (the "Fiscal Year 2025 Adopted Budget").

On June 25, 2024, the City submitted to PICA for approval its FY 2025-2029 Five Year Financial Plan (the "Thirty-Third Five-Year Plan"). PICA approved the Thirty-Third Five-Year Plan at a meeting on July 25, 2024.

Fiscal Year 2026 Adopted Budget and Thirty-Fourth Five-Year Plan. The City's proposed Fiscal Year 2026 operating budget was submitted by the Mayor to City Council on March 13, 2025, along with the City's Proposed Five-Year Plan for Fiscal Years 2026-2030. On June 12, 2025, City Council approved the Fiscal Year 2026 operating budget ordinance, which was signed by the Mayor on June 13, 2025 (the "Fiscal Year 2026 Adopted Budget").

On June 30, 2025, the City submitted to PICA for approval its FY 2026-2030 Five Year Financial Plan (the "Thirty-Fourth Five-Year Plan"). PICA approved the Thirty-Fourth Five-Year Plan at a meeting on July 28, 2025. PICA staff, in recommending that PICA approve the Thirty- Fourth Five-Year Plan, noted that the revenue and expenditure projections presented in the Plan were [quoting from the PICA Act] "based on reasonable and appropriate assumptions and methods of estimation . . . consistently applied."

The PICA staff report concluded that "[a]lthough PICA is confident that the [p]lan is based on reasonable and appropriate assumptions and includes year-end fund balances that are positive throughout the life of the [p]lan, certain factors were identified that may present risks to the [p]lan." In particular, the PICA staff report identified "external factors, internal policy, and operational choices [that] could unbalance the [p]lan and trigger a variance that would require the City to devise and deliver a new [p]lan for PICA approval."

The PICA staff report identified certain key risks to the Plan and its projections and categorized them as "longstanding risks" and "emerging and evolving risks." The PICA reports identifies the longstanding risks as (i) labor costs; (ii) pension costs; and (iii) economic downturns and other disruptions. For the emerging and evolving risks, the PICA report includes (a) detrimental federal funds and policies; (b) labor availability; and (c) incompletely scoped budgets for new initiatives (where the cost of new programs increases substantially from initial levels).

The PICA staff report also provided certain recommendations to the City to address potential financial concerns that could impact the City's financial condition over the course of the Thirty-Fourth Five-Year Plan: (1) allocate additional reserves and (2) improve budget scoping and accuracy.

In the Fiscal Year 2026 Adopted Budget, the City is estimating (i) $6.36 billion in General Fund revenues (compared to $6.47 billion for Fiscal Year 2025 as set forth in the Thirty-Fourth Five-Year Plan) and (ii) $6.84 billion in General Fund obligations (compared to $6.57 billion for Fiscal Year 2025 as set forth in the Thirty-Fourth Five-Year Plan), with a General Fund year-end balance (on the legally enacted

basis) of approximately $471.0 million (compared to $914.5 million for Fiscal Year 2025 as set forth in the Thirty-Fourth Five-Year Plan).

Fiscal Year 2025 Current Estimates. The current estimates for Fiscal Year 2025 are derived from information included in the Thirty-Fourth Five-Year Plan. As such, current estimates are sourced to the Thirty-Fourth Five-Year Plan throughout this APPENDIX III, unless otherwise noted herein.

In the Thirty-Fourth Five-Year Plan, the City estimates that it will end Fiscal Year 2025 with a General Fund balance (on the legally enacted basis) of approximately $914.5 million ($346.1 million higher than projected in the Fiscal Year 2025 Adopted Budget).

For Fiscal Years 2026-2030, the Thirty-Fourth Five-Year Plan projects that the City will end such Fiscal Years with General Fund balances (on the legally enacted basis) of approximately (i) $471.0 million (Fiscal Year 2026), (ii) $162.6 million (Fiscal Year 2027), (iii) $101.9 million (Fiscal Year 2028), (iv) $45.1 million (Fiscal Year 2029), and (v) $147.9 million (Fiscal Year 2030).

For information on the fiscal health of the City, see "OVERVIEW – Fiscal Health of the City." For more information on the City's annual budget process under the City Charter and the five-year financial plans and quarterly reporting required under the PICA Act, see "– Budget Procedure," "– Five-Year Plans of the City," and "– Quarterly Reporting to PICA," above.

REVENUES OF THE CITY

General

Prior to 1939, the City relied heavily on the Real Estate Tax as the mainstay of its revenue system. In 1932, the General Assembly adopted an act (commonly referred to as the Sterling Act) under which the City is permitted to levy any tax that was not specifically pre-empted by the Commonwealth. Acting under the Sterling Act and other Pennsylvania legislation, the City has taken various steps over the years to broaden its sources of income, including: (i) enacting the Wage, Earnings, and Net Profits tax in 1939; (ii) introducing a sewer service charge to make the sewage treatment system self-sustaining after 1945; (iii) requiring under the City Charter that the water, sewer, and other utility systems be fully self-sustaining; (iv) enacting the Mercantile License Tax (a gross receipts tax on business done within the City) in 1952, which was replaced as of the commencement of Fiscal Year 1985 by the Business Privilege Tax (renamed the Business Income and Receipts Tax in May 2012), and (v) enacting the City Sales Tax (as defined herein) for City general revenue purposes effective beginning in Fiscal Year 1992.

Major Revenue Sources

The City derives its revenues primarily from various taxes, non-tax revenues, and receipts from other governments. See Table 3 for General Fund tax revenues for Fiscal Years 2022-2024, the budgeted amounts and current estimates for Fiscal Year 2025, and the budgeted amounts for Fiscal Year 2026. The following discussion of the City's revenues does not take into account revenues in the non-debt related funds.

Table 3 provides a detailed breakdown of the "Total Taxes" line from Table 1 above. Table 3 does not include "Revenues from Other Governments," which consists of "Net PICA Taxes Remitted to the City" and "Other Revenue from Other Governments." "Net PICA Taxes Remitted to the City" is set forth in Table 1 and a detailed breakdown of such revenues is shown in Table 43. "Other Revenue from Other Governments" is set forth in Table 1 and a detailed breakdown of such revenues is shown in Table 12.

Table 3
General Fund Tax Revenues
Fiscal Years 2022-2024 (Actual), 2025 (Adopted Budget and Current Estimate), and 2026 (Adopted Budget)
(Amounts in Millions of USD) [1], [2], [3]

	Actual 2022	Actual 2023	Actual 2024	Adopted Budget 2025 (June 14, 2024)	Current Estimate 2025 (June 30, 2025)	Adopted Budget 2026 (June 13, 2025)
Real Property Taxes						
Current	$670.8	$780.3	$803.2	$896.8	$863.3	$897.2
Prior	29.9	29.3	34.9	28.1	42.1	43.2
Total	$700.6	$809.6	$838.1	$925.0	$905.4	$940.4
Wage and Earnings Tax[4]						
Current	$1,648.1	$1,730.1	$1,840.2	$1,925.2	$1,944.9	$2,034.3
Prior	5.8	2.7	2.7	5.4	5.4	5.4
Total	$1,653.9	$1,732.8	$1,842.9	$1,930.6	$1,950.3	$2,039.7
Business Taxes						
Business Income and Receipts Tax						
Current & Prior	$749.9	$673.3	$679.8	$616.7	$679.8	$725.9
Net Profits Tax						
Current	$22.0	$33.9	$31.9	$40.5	$38.9	$27.6
Prior	5.3	5.1	10.7	4.7	4.7	4.7
Subtotal Net Profits Tax	$27.3	$39.0	$42.6	$45.2	$43.6	$32.3
Total Business and Net Profits Taxes	$777.2	$712.2	$722.3	$661.9	$723.4	$758.2
Other Taxes						
Sales and Use Tax[5]	$277.7	$302.2	$300.0	$317.0	$307.4	$324.0
Amusement Tax	26.1	36.1	40.8	41.7	44.6	47.4
Real Property Transfer Tax	536.9	378.8	265.6	305.8	315.4	372.7
Parking Taxes[6]	86.6	101.9	-	-	-	-
Other Taxes	5.1	7.1	8.6	7.5	8.2	8.3
Subtotal Other Taxes	$932.4	$826.2	$615.1	$671.9	$675.6	$752.4
Philadelphia Beverage Tax[7]	75.4	73.4	69.6	71.2	65.7	64.4
TOTAL TAXES	**$4,139.4**	**$4,154.3**	**$4,088.0**	**$4,260.5**	**$4,320.3**	**$4,555.2**

(1) Sources: For Fiscal Years 2022-2024, the City's ACFRs for such Fiscal Years. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the Thirty-Fourth Five-Year Plan, as applicable. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget.

(2) See Table 7 in the Fiscal Year 2024 ACFR for tax rates.

(3) Figures may not sum due to rounding.

(4) Does not include the PICA Tax of 1.50%, the proceeds of which are remitted to PICA for payment of debt service on PICA Bonds and PICA expenses. After paying debt service and expenses, net proceeds from the tax are remitted to the City as Revenue from Other Governments. There are no PICA Bonds outstanding as of April 30, 2025 and no current debt service payments. See "DEBT OF THE CITY – PICA Bonds" for a description of the PICA Tax.

(5) For more information on the City Sales Tax, see "– Sales and Use Tax" and Table 11.

(6) Starting in Fiscal Year 2024, Parking Tax revenues are no longer part of the General Fund. Such revenues have been reassigned to the Transportation Fund, which utilizes the Parking Tax and certain fees and grants to support transportation activities including traffic, engineering, school crossing guards, right-of-way management, public safety enforcement officers, surveys, and street lighting. The Transportation Fund is accounted for as a special revenue fund.

(7) The Philadelphia Beverage Tax taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.

Wage, Earnings, and Net Profits Taxes

The largest tax revenue source (comprising approximately 46.1% of all tax revenues in Fiscal Year 2024) is the wage, earnings, and net profits tax (collectively, the "Wage, Earnings, and Net Profits Tax"). The Wage and Earnings Tax is collected from all employees whose employer is within City limits, with the exception of those non-residents who are required to work outside of the City. Wage Tax is also collected from all city residents regardless of work location. The Net Profits Tax is collected on the net profits from the operation of a trade, business, profession, enterprise or other activity conducted by individuals, partnerships, associations or estates and trusts within the City limits. Table 4 sets forth the resident and non-resident Wage, Earnings, and Net Profits Tax rates for Fiscal Years 2022-2024, the annual Wage, Earnings, and Net Profits Tax receipts in Fiscal Years 2022-2024, the budgeted amount and current estimate of such receipts for Fiscal Year 2025, and the budgeted amount of such receipts for Fiscal Year 2026.

Table 4
Summary of Wage, Earnings, and Net Profits Tax Rates and Receipts
Fiscal Years 2022-2024 (Actual), 2025 (Adopted Budget and Current Estimate), and 2026 (Adopted Budget)[1]

Fiscal Year	Resident Wage, Earnings and Net Profits Tax Rates[2]	Non-Resident Wage, Earnings and Net Profits Tax Rates	Annual Wage, Earnings and Net Profits Tax Receipts (including PICA Tax) (Amounts in Millions of USD)[3]
2022	3.8398%	3.4481%	$2,266.8 (Actual)
2023	3.79%	3.44%	$2,469.1 (Actual)
2024	3.75%	3.44%	$2,601.8 (Actual)
2025	3.75%	3.44%	$2,715.2 (Adopted Budget) $2,737.3 (Current Estimate)
2026	3.74%	3.43%	$2,841.3 (Adopted Budget)

(1) See Table 7 in the Fiscal Year 2024 ACFR for tax rates for Fiscal Years 2021-2024. For tax rates for Fiscal Years 2025 and 2026, see tax ordinance for respective fiscal year.
(2) Includes PICA Tax. See "DEBT OF THE CITY – PICA Bonds" for a description of the PICA Tax.
(3) Sources: For Fiscal Years 2022-2024, the City's ACFRs for the City's annual Wage, Earnings, and Net Profits Tax receipts and the City's Quarterly City Managers Reports for gross PICA Tax (see first column in Table 43). For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the Thirty-Fourth Five-Year Plan, as applicable. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget and the Thirty-Fourth Five-Year Plan, as applicable.

The Thirty-Fourth Five-Year Plan includes reductions to the Wage, Earnings, and Net Profits Tax Rates for Fiscal Years 2027 to 2030 to the following levels: (i) Resident Wage, Earnings and Net Profits Tax Rates – 3.735%, 3.730%, 3.720%, and 3.700%, respectively, and (ii) Non-Resident Wage, Earnings and Net Profits Tax Rates – 3.425%, 3.420%, 3.410%, and 3.390%, respectively.

Commonwealth funding from gaming revenues is mandated by statute to be used to reduce the resident and nonresident Wage, Earnings, and Net Profits Tax rate. Gaming revenues averaged approximately $86.3 million in Fiscal Years 2018-2022. For Fiscal Year 2023, the amount of gaming revenues was $108.8 million. For Fiscal Year 2024, the amount of gaming revenues was $108.8 million. For Fiscal Year 2025, the budgeted amount and current estimate of gaming revenues is $130.6 million. For Fiscal Year 2026, the budgeted amount of gaming revenues is $150.3 million.

In a 2015 decision the Supreme Court of the United States (*Comptroller of the Treasury of Maryland v. Wynne*, 135 S. Ct. 1787 (2015)), held that Maryland's failure to provide a full credit against its personal income tax for income taxes a resident paid to other states violated the dormant Commerce Clause of the United States Constitution. The Maryland personal income tax was applied to income earned outside of the state of residency, and residents were not given a full credit for income taxes paid to the state where such income was earned, resulting, in the circumstances presented, in income earned interstate being taxed twice. The City provides a credit to resident taxpayers against their respective Wage, Earnings, and Net Profits tax liabilities for similar taxes paid to another locality but does not provide a credit for similar taxes paid to another state. Taxpayers have challenged the City's refusal to

grant a credit for taxes paid to other states. The City's position has been upheld by the Tax Review Board, the Philadelphia Court of Common Pleas, the Commonwealth Court, and the Pennsylvania Supreme Court. In February 2024, the taxpayer filed a petition asking the U.S. Supreme Court to hear the case. In January 2025, the U.S. Supreme Court denied the taxpayer's petition, meaning the PA Supreme Court's decision in favor of the City stands.

Business Income and Receipts Tax

Pursuant to The First Class City Business Tax Reform Act of 1984, City Council imposed a business tax measured by gross receipts, net income or the combination of the two. The same year, City Council by ordinance repealed the Mercantile License Tax and the General Business Tax and imposed the Business Privilege Tax. As of May 1, 2012, the Business Privilege Tax was renamed the Business Income and Receipts Tax (or BIRT). The BIRT allows for alternative tax computations for regulated industries, public utilities, manufacturers, wholesalers, and retailers. Rental activities are usually considered to be business activities. Every estate or trust (whether the fiduciary is an individual or a corporation) must file a BIRT return if the estate or trust is engaged in any business or activity for profit within the City. There are also credit programs where meeting the requirement of the program allows for a credit against the BIRT. All persons subject to both the BIRT and the Net Profits Tax are entitled to apply a credit of 60% of the net income portion of their BIRT liability against what is due on the Net Profits Tax to the maximum of the Net Profits Tax liability for that tax year.

Significant tax legislation, passed in 2011, incorporated several changes intended to help small and medium sized businesses and lower costs associated with starting a new business in order to stimulate new business formation and increase employment in the City, including the following: (i) the fee for a Commercial Activity License for all businesses was eliminated in 2014; (ii) business taxes for the first two years of operations for all new businesses with at least three employees in their first year and six employees in their second year were eliminated beginning in 2012; and (iii) across the board exclusions on the gross receipts portion of the BIRT were provided for all businesses phased in over a three-year period beginning in 2014 and eventually excluding the first $100,000 of gross receipts, along with proportional reductions in the net income portion of the BIRT. The legislation also provided for implementation of single sales factor apportionment in 2015, which enables businesses to pay BIRT based solely on sales in the City, rather than on property or payroll.

In addition, legislation was enacted, effective for tax year 2019, to (i) eliminate the requirement for new businesses to make an estimated business tax payment when filing a return for their first tax year of business operations and (ii) allow such estimated payments in the second year to be made in quarterly installments.

BIRT Lawsuit. In August 2024, a lawsuit was filed against the City by a taxpayer challenging its BIRT liability, claiming that (i) the City's single sales factor apportionment is not statutorily authorized and (ii) the small business exemption of the first $100,000 of receipts from the BIRT (equally applicable to all taxpayers) violates the Uniformity Clause of the Pennsylvania Constitution. That suit was settled, and in the Fiscal Year 2026 Adopted Budget, the City eliminated the small business exemption for Tax Year 2025 and going forward, which will increase BIRT collections and require more small businesses in the City to file a BIRT return. The City, through the Department of Commerce, is expanding certain programs that support small businesses in Fiscal Year 2026, including free tax preparation services and technical assistance programs.

Other similarly situated cases have been filed and are pending before the Tax Review Board. These challenges are virtually identical to the matter described in the preceding paragraph. If successful, damages from these collective actions, while difficult to assess, could approach approximately $25 million. However, a recent Pennsylvania Supreme Court case has provided the City with reasonable arguments against the granting of any refunds.

Table 5 provides a summary of BIRT rates for tax years 2016-2030.

Table 5
Summary of Business Income and Receipts Tax Rates

Tax Year	Gross Receipts	Net Income
2016	1.415 mills	6.39%
2017	1.415 mills	6.35%
2018	1.415 mills	6.30%
2019	1.415 mills	6.25%
2020	1.415 mills	6.20%
2021	1.415 mills	6.20%
2022	1.415 mills	5.99%
2023	1.415 mills	5.81%
2024	1.415 mills	5.81%
2025	1.410 mills	5.71%
2026	1.395 mills	5.65%
2027	1.390 mills	5.60%
2028	1.385 mills	5.55%
2029	1.380 mills	5.50%
2030	1.255 mills	5.45%

The BIRT rates are currently scheduled to continue to be reduced each tax year through 2038. For tax year 2038, the BIRT is scheduled to be 0.0 mills for gross receipts and 2.80% for net income.

Real Property Taxes

Assessment and Collection. Taxes are levied on the assessed value of all taxable residential and commercial real property located within the City's boundaries for the City and for the School District (each, a "Real Estate Tax") as assessed by the Office of Property Assessment ("OPA") and collected by the Department of Revenue for both the City and the School District. Real Estate Taxes are authorized by Commonwealth law with the millage split between the City Real Estate Tax and the School District Real Estate Tax changing over the years. Currently, the City Real Estate Tax is equal to 44% of the total authorized millage and the School District Real Estate Tax is equal to 56% of the total authorized millage. Real Estate Taxes are levied on a calendar year basis. By separate ordinances, City Council authorizes and levies the rate of the City Real Estate Tax and authorizes the rate of the School District Real Estate Tax. The Board of Education levies all School District taxes, including the School District Real Estate Tax. Bills are sent in December for the following year and payments are due March 31.

In tax year 2014, all properties in Philadelphia were reassessed at their actual market value by OPA under the Actual Value Initiative ("AVI") in order to replace outdated values and inequities within the system. As a result, there were substantial increases in assessed value. In order to mitigate any hardship that could be created by such increases, the City implemented a Homestead Exemption of $30,000 for all primary residential owner-occupants, which has been increased several times. In Fiscal Year 2025, the Homestead Exemption increased from $80,000 to $100,000 of assessed value.

In December 2024, the City Controller released a report examining the ongoing eligibility of certain property owners who are claiming the Homestead Exemption. The City reviewed the report's findings and recommendations and any potential impact on Real Estate Taxes. The Department of Revenue's findings were not consistent with those in the report. In a separate effort, the Department of Revenue formed a Real Estate Tax Assistance Enforcement unit in 2023. In Fiscal Year 2025, the City removed the Homestead Exemption from 821 properties and billed $1.5 million in Real Estate Tax as of the date hereof.

In addition to the programs described above, the City has several other property tax relief programs for taxpayers. In particular, in Fiscal Year 2025, the City instituted the Low-Income Tax

Freeze, which permits a freeze in property tax increases for low-income homeowners. Under the Low-Income Tax Freeze, the dollar amount of property taxes owed is frozen, even if the assessment value or tax rate changes. Those enrolled in the Low-Income Tax Freeze program remain enrolled so long as they meet eligibility requirements.

In December 2019, City Council also passed legislation to modify the existing 10-year property tax abatement for new construction of residential properties. The program has been adjusted to exempt 100% of the improvement value in the first year with graduated 10% annual reductions in the exemption percentage each subsequent year. No changes were made to the existing property tax abatement programs for commercial buildings or substantial rehabilitation of residential structures. Due to the COVID-19 pandemic, this legislation was amended to delay its effective date and applies to exemption applications beginning on or after January 1, 2022.

The Real Estate Tax rates for tax years 2021-2025 are set forth in Table 6 below:

Table 6
Real Estate Tax Rates and Allocations

Tax Year	City	School District	Total
2021	0.6317%	0.7681%	1.3998%
2022	0.6317%	0.7681%	1.3998%
2023	0.6317%	0.7681%	1.3998%
2024	0.6317%	0.7681%	1.3998%
2025	0.6159%	0.7839%	1.3998%

For Fiscal Year 2024, the actual amount of Real Estate Tax revenue for the City is $803.2 million (excluding delinquent collections). For Fiscal Year 2025, the budgeted amount of Real Estate Tax revenue for the City is $896.8 million (excluding delinquent collections). For Fiscal Year 2025, the current estimate of Real Estate Tax revenue for the City is $863.3 million (excluding delinquent collections). See Table 3 above.

Beginning in Fiscal Year 2030, the Real Estate Tax rates and allocations will be 0.6090% for the City (or 43.5% of Real Estate Tax revenue) and 0.7908% for the School District (or 56.5% of Real Estate Tax revenue).

For information on the process for appealing a property tax assessment, see the text before and after Table 7 below.

Table 7 shows certified property values for tax years 2025 and 2026.

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Table 7
Certified Property Values for Tax Years 2025 and 2026

Tax Year 2025

Category	Market Value[1]	Exempt Assessed Value	Homestead	Taxable Assessed Value	# of Properties
Single Family Residential	$122,718,187,566	$10,267,003,210	$22,329,404,447	$90,121,779,909	463,981
Multi-Family Residential (Apartments)[2]	26,711,333,970	4,446,836,837	822,813,876	21,441,683,257	40,870
Commercial[3]	22,181,804,365	3,106,631,297	3,841,271	19,071,331,797	8,779
Non-Residential[4]	52,715,955,855	31,587,981,806	105,253,877	21,022,720,172	26,790
Vacant Land	7,177,593,098	3,451,387,978	6,262,699	3,719,942,421	43,934
Total	**$231,504,874,854**	**$52,859,841,128**	**$23,267,576,171**	**$155,377,457,555**	**584,354**

[1] Assessment data current as of May 31, 2024.
[2] Apartments were split from the previous hotels and apartments category and are now reflected as multi-family residential.
[3] Includes retail and office.
[4] Includes industrial, store with dwelling, hotels, motels, governmental, and institutional.

Tax Year 2026

Category	Market Value[1]	Exempt Assessed Value	Homestead	Taxable Assessed Value	# of Properties
Single Family Residential	$123,232,843,165	$10,348,620,866	$23,287,812,377	$89,596,569,922	464,138
Multi-Family Residential (Apartments)[2]	26,528,602,065	4,243,090,049	855,803,558	21,431,018,118	41,266
Non-Residential[3]	76,528,433,240	35,439,153,727	115,555,512	40,973,121,961	35,509
Vacant Land	7,204,951,601	3,751,002,689	10,910,162	3,443,536,950	42,537
Total	**$233,494,830,071**	**$53,781,867,331**	**$24,270,081,609**	**$155,444,246,951**	**583,450**

[1] Assessment data current as of May 7, 2025.
[2] Apartments were split from the previous hotels and apartments category and are now reflected as multi-family residential.
[3] Includes industrial, store with dwelling, hotels, motels, governmental, and institutional.

Assessment and Appeals. OPA is responsible for property assessments, while the Board of Revision of Taxes ("BRT"), an independent, seven-member board appointed by the Board of Judges of the Philadelphia Common Pleas Court, is the property assessment appeals board.

OPA certifies the market values during the prior year (i.e., for tax year 2026, OPA certified the market values on March 31, 2025). Taxpayers base their appeals on the certified market values, and therefore, the assessed values are adjusted as the appeals are finalized. In some circumstances and for certain tax years, taxpayers are permitted, during the appeals process, to pay their property tax bills based on the certified market value of their properties from the prior assessment. For budgetary purposes, OPA provides updated assessment data to the Office of the Director of Finance each year, from which Real Estate Tax projections are made. Certified values can vary substantially from the amounts included in such data and, as such, Real Estate Tax collections can also vary from the amounts included in the City's proposed annual operating budget.

Under AVI, OPA set up a new process called a first level review ("FLR"), where a taxpayer could request an administrative review of its assessment notice prior to launching a formal appeal with the BRT. The BRT has the authority, following a formal appeal, to either increase, decrease, or leave unchanged the property assessment. Some appeals are not resolved before bills are sent to taxpayers. As such, some property assessments are modified after taxpayers receive bills.

For tax year 2024 (as certified on March 31, 2023), the City did not conduct a citywide revaluation so that OPA could focus on reviewing FLR applications submitted for tax year 2023. As such, the City carried forward the assessed values from tax year 2023, with the exception of properties that had new construction, expiring abatements, renovations, subdivisions, consolidations, or errors in prior year assessments. As of July 9, 2025, OPA has received approximately 210 FLRs, with less than 1% that have yet to be decided. As of July 9, 2025, BRT has received 3,616 appeals, with approximately 731 that have yet to be decided.

For tax year 2025 (as certified on May 31, 2024), OPA revised the assessed values of over 550,000 parcels throughout the City as part of its first citywide revaluation since tax year 2023. OPA retained an outside firm to conduct a ratio study on the 2025 assessments for single-family homes, which determined that OPA met (and improved on) industry standards for uniformity, equity, and accuracy. As of July 9, 2025, OPA has received approximately 20,579 FLRs, with 11,455 that have yet to be decided. As of July 9, 2025, BRT has received 13,036 appeals, with approximately 8,111 that have yet to be decided.

For tax year 2026 (as certified on March 31, 2025), the City did not conduct a citywide revaluation so that OPA could focus on reviewing FLR applications submitted for tax year 2025. As such, the City carried forward the assessed values from tax year 2025, with the exception of properties that had new construction, expiring abatements, renovations, subdivisions, consolidations, or errors in prior year assessments. Change of Assessment notices were sent out on May 23, 2025. Property owners had until July 11, 2025 to file an FLR for tax year 2026. Property owners also have the option to file a BRT appeal by October 6, 2025.

Review of Assessment Methodology. OPA continues to review its assessment methodology in order to improve the transparency and accuracy of its assessment activities and the quality of assessments. Such efforts include (i) implementing a computer-assisted mass appraisal system program, (ii) contracting with an outside vendor to improve the quality of OPA's data, (iii) strengthening OPA's modeling team, and (iv) providing more training to the sales validation team, which was created in 2019, to help ensure improved data. Additionally, OPA retained an outside firm to conduct an independent ratio study

examining the uniformity, accuracy, and equity of OPA's tax year 2025 assessments for single-family residential properties. The Mayor has also established a task force to examine OPA's assessment process.

Real Estate Tax Tables. See Table 8 below for data with respect to Real Estate Taxes levied from 2020 to 2024 and collected by the City from January 1, 2020 to June 30, 2024. See Table 9 for the assessed property values of the City's principal taxable assessed parcels in 2025. See Table 10 for the 2025 market and assessed values of the ten highest valued taxable real properties in the City, as well as the amounts and duration of Real Estate Tax abatements with respect to such properties.

Table 8
City of Philadelphia
Real Property Taxes Levied and Collected
For the Calendar Years 2020-2024
(Amounts in Millions of USD)[(1), (2)]

Calendar Year	Taxes Levied Based on Original Assessment[(3)]	Taxes Levied Based on Adjusted Assessment[(4)]	Collections in the Calendar Year of Levy[(6)]	Percentage Collected in the Calendar Year of Levy	Collections in Subsequent Years[(5), (6)]	Total Collections to Date: All Years[(6)]	Percentage Collected to Date: All Years[(6)]
2020	$722.7	$700.4	$671.5	95.9%	$27.1	$698.6	99.7%
2021	$729.7	$714.5	$692.2	96.9%	$22.4	$714.6	100.0%
2022	$732.2	$721.9	$705.7	97.8%	$15.1	$720.8	99.8%
2023	$872.8	$838.7	$789.2	94.1%	$13.7	$802.9	95.7%
2024	$875.6	$849.3	$774.2	N/A	N/A	$774.2	N/A

(1) Source: Fiscal Year 2024 ACFR.
(2) Real Estate Taxes are levied by the City and the School District. While this table reflects City General Fund Real Estate Tax revenues exclusively, the School District Real Estate Tax collection rates are the same.
(3) Taxes are levied on a calendar year basis. They are due on March 31.
(4) Adjustments include assessment appeals, the senior citizen tax discount, and the tax increment financing return of tax paid. For more information on the reassessment appeal process, see "– Real Property Taxes – Assessment and Appeals."
(5) Includes payments from capitalized interest. This capitalization occurs only after the first year of the levy on any amount that remains unpaid at that time.
(6) For calendar year 2024, the data shown reflect collections through June 30, 2024. For earlier calendar years, the data shown reflect collections through December 31 of the respective year.

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Table 9
Principal Taxable Assessed Parcels – 2026
(Amounts in Millions of USD)[1]

Taxpayer	2026 Assessment[2]	2026 Percentage of Total Assessments
EQC Nine Penn Center Prop	$390.5	0.22%
Kim Sub Cira Square LP	370.6	0.21%
Liberty Property Phila[3]	357.6	0.20%
Phila Liberty Place LP	310.7	0.17%
Brandywine Cira Walnut 1	280.4	0.16%
PRU 1901 Market LLC	278.0	0.15%
Brandywine Cira LP	260.1	0.14%
NG 1500 Market St LLC	250.7	0.14%
Brandywine Operating	239.8	0.13%
Philadelphia Market	221.4	0.12%
Total	**$2,959.7**	**1.65%**
Total Taxable Assessments[4]	**$179,714.3**	

Source: City of Philadelphia, Office of Property Assessment.

(1) Figures may not sum due to rounding.
(2) Assessment Values rounded to the nearest $100,000 and only include the largest assessed property for each taxpayer, additional properties owned by the same taxpayer are not included.
(3) Acquired by Prologis, Inc. in the first quarter of calendar year 2020.
(4) Total 2026 Taxable Assessment as of May 7, 2025.

Table 10
Ten Largest Certified Market and Assessment Values of Tax-Abated Properties
Certified Values for 2026
(Amounts in Millions of USD)[1, 2]

Location	2026 Certified Market Value	Total Assessment	Total Taxable Assessment	Total Exempt Assessment	Exempt Through Tax Year
900 Packer Ave	$440.0	$440.0	$43.8	$396.2	2031
1800 Arch St	$319.8	$319.8	$32.0	$287.8	2027
2201 Park Towne Pl	$276.9	$276.9	$166.0	$110.9	2028
1001-99 N Delaware Ave	$242.0	$242.0	$129.0	$113.0	2026
170 S Independence W Mall	$186.5	$186.5	$157.3	$29.1	2028
1801-45 John F Kennedy Blvd	$185.0	$185.0	$154.4	$30.6	2026
1441 Chestnut St	$156.5	$156.5	$15.6	$140.8	2031
2400 Market St	$151.8	$151.8	$39.5	$112.2	2028
1112 N Hancock St Unit 1	$150.0	$150.0	$15.0	$135.0	2033
25 N 38th St Unit A	$147.8	$147.8	$29.6	$118.3	2033

Source: City of Philadelphia, Office of Property Assessment.
(1) Figures may not sum due to rounding.
(2) Certified Values as of 03/31/2025.

Sales and Use Tax

Pursuant to the authorization granted by the Commonwealth under the PICA Act, the City adopted a 1% sales and use tax (the "City Sales Tax") for City general revenue purposes effective beginning in Fiscal Year 1992. It is imposed in addition to, and on the same basis as, the Commonwealth's sales and use tax. Vendors are required to pay City Sales Taxes to the Commonwealth Department of Revenue together with the Commonwealth sales and use tax. The State Treasurer deposits the collections of City Sales Taxes in a special fund and disburses the collections, including any investment income earned thereon, less administrative fees of the Commonwealth Department of Revenue, to the City on a monthly basis.

The City's budgets for Fiscal Years 2010-2014 provided for an increase in the City Sales Tax rate to 2%, as authorized by the Commonwealth effective October 8, 2009, through June 30, 2014. In July 2013, the Commonwealth authorized the implementation of a new, permanent 1% increase in the City Sales Tax rate effective July 1, 2014, which was adopted by the City on June 12, 2014 and became effective on July 1, 2014. Under the reauthorized City Sales Tax, the first $120 million collected from the additional 1% is distributed to the School District. For Fiscal Years 2015-2018, the General Assembly authorized the City to use the next $15 million of City Sales Tax revenues from such additional 1% collected in such Fiscal Years for the payment of debt service on obligations issued by the City for the benefit of the School District. Following such debt service payments, that remaining portion of the City Sales Tax revenues from such additional 1% distributed to the City is required to be used exclusively in accordance with Act 205 (as defined herein) and deposited to the Municipal Pension Fund. Post Fiscal Year 2018, all of the revenues from such additional 1% are required to be deposited to the Municipal Pension Fund.

Table 11 sets forth the City Sales Taxes collected in Fiscal Years 2022-2024, the budgeted amount and current estimate for Fiscal Year 2025, and the budgeted amount for Fiscal Year 2026.

Table 11
Summary of City Sales Tax Collections
Fiscal Years 2022-2024 (Actual), 2025 (Adopted Budget and Current Estimate), and 2026 (Adopted Budget)
(Amounts in Millions of USD)[1]

Fiscal Year	City Sales Tax Collections[2]
2022 (Actual)	$277.7
2023 (Actual)	$302.2
2024 (Actual)	$300.0
2025 (Adopted Budget)	$316.9
2025 (Current Estimate)	$307.4
2026 (Adopted Budget)	$324.0

(1) Sources: For Fiscal Years 2022-2024, the City's ACFRs for such Fiscal Years. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the Thirty-Fourth Five-Year Plan, as applicable. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget.

(2) Net collections estimated to be distributed to the City from the first 1% City Sales Tax and following the distribution of $120 million of revenues from the second 1% City Sales Tax to the School District, as described above.

Real Property Transfer Tax

Real Property Transfer Taxes are collected in connection with the sale of real property in the City. The Real Property Transfer Tax rate in the City is 4.278%, 3.278% of which is imposed by the City and 1% of which is charged by the Commonwealth. The Real Property Transfer Tax rate for Fiscal Year 2026 has been increased to 4.578%, 3.578% of which is imposed by the City and 1% of which is charged by the Commonwealth.

In the Fiscal Year 2024 ACFR, the City reported that it collected approximately $265.6 million in revenues from the Real Property Transfer Tax in Fiscal Year 2024. In the Thirty-Fourth Five-Year Plan, the City currently estimates that it will collect approximately $315.4 million in revenues from the Real Property Transfer Tax in Fiscal Year 2025.

The Fiscal Year 2026 Adopted Budget and the Thirty-Fourth Five-Year Plan include the Housing Opportunities Made Easy (H.O.M.E.) Initiative, which will build and preserve 30,000 units of new and existing housing and otherwise support affordable housing. The H.O.M.E. Initiative contemplates two phases of bond financing through the Philadelphia Redevelopment Authority, totaling approximately $800 million. Debt service on such bonds will be supported, in part, by an increase in the Real Property Transfer Tax. As part of the H.O.M.E. Initiative, the City has eliminated the Construction Impact Tax for affordable housing to facilitate construction.

Other Taxes

The City also collects a Parking Tax, an Amusement Tax, a Valet Parking Tax, an Outdoor Advertising Tax, a Smokeless Tobacco Tax, the Philadelphia Beverage Tax (see below), and other miscellaneous taxes. Starting in Fiscal Year 2024, the Parking Tax and the Valet Parking Tax revenues are no longer part of the General Fund. As described herein, such revenues have been reassigned to the Transportation Fund.

In June 2016, City Council passed the Philadelphia Beverage Tax (Chapter 19-4100 of the Philadelphia Code) (the "Philadelphia Beverage Tax"). On October 31, 2016, the Department of Revenue adopted regulations for the Philadelphia Beverage Tax. The Philadelphia Beverage Tax taxes the distribution of caloric and non-caloric sweetened beverages at 1.5 cents per ounce and became effective January 1, 2017.

The Philadelphia Beverage Tax is deposited into the General Fund, and with the additional revenue, the City has budgeted for pre-Kindergarten programs, community schools, and debt service for improvements to parks, playgrounds, recreation centers, and libraries, as contemplated by the City's Rebuild program. In the Fiscal Year 2024 ACFR, the City reported that it collected approximately $69.6 million in revenues from the Philadelphia Beverage Tax for Fiscal Year 2024.

In the Thirty-Fourth Five-Year Plan, the City estimates that it will collect approximately $65.7 million in revenues from the Philadelphia Beverage Tax in Fiscal Year 2025.

Collection Initiatives

The City pursues a multifaceted strategy designed to improve on-time collections of various taxes while decreasing delinquencies. Key compliance strategies continue to include revocation of commercial licenses and sequestration, among others.

In addition to compliance efforts, the City has completed multiple technology projects – one to implement technology solutions for its cashiering and payments processing systems and another to

develop an integrated data warehouse and case management system. These projects were prior to the City's launch of its new tax system of record and its public facing counterpart, the Philadelphia Tax Center, which was completed in October 2022. These initiatives improve operational efficiencies, customer service and compliance, and drive enforcement efforts by providing tools previously unavailable to the City.

As a result of economic disruptions from the COVID-19 pandemic, the City modified its regular collection strategies. Throughout the pandemic, the Department of Revenue continued to send bills and notifications and pursue outreach efforts to both businesses and vulnerable residents. Enforcement projects, and placements with collection agencies have resumed as economic conditions have improved, including the revocation of business licenses and performing tax sales. In July 2024, the City resumed the Sheriff's sale of properties with delinquent property tax accounts. The City continues to evaluate and pursue long-time delinquent accounts and place liens on properties for property-based taxes and fees.

Along with existing flexible payment agreements for property tax and water fees, the City also launched new payment agreements for all business taxes to bring businesses affected by COVID-19 closures into compliance. Additionally, the Department of Revenue launched an "Offers in Compromise" program, which allows certain taxpayers to submit a request to settle their tax obligations for a payment of less than the full amount owed. Such requests are determined based on the taxpayer's current and projected financial circumstances. The program is designed to bring long-time delinquent accounts into compliance.

Other Locally Generated Non-Tax Revenues

These revenues include license fees and permit sales, traffic fines and parking meter receipts, court related fees, certain stadium revenues, interest earnings and other miscellaneous charges and revenues of the City. Beginning with Fiscal Year 2024, some of these revenues are no longer part of the General Fund and have been reassigned to the newly created Transportation Fund, which supports transportation activities including paving, traffic, engineering, school crossing guards, right-of-way management, public safety enforcement officers, surveys, and street lighting.

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Revenue from Other Governments

Table 12 presents revenues received from other governmental jurisdictions for Fiscal Years 2022-2024, the budgeted amount and current estimate for Fiscal Year 2025, the budgeted amount for Fiscal Year 2026, and the percentage such revenues represent in the General Fund. The table does not reflect substantial amounts of revenues from other governments received by the Grants Revenue Fund, Community Development Fund, and other operating and capital funds of the City.

Table 12
Revenue from Other Governmental Jurisdictions
Fiscal Years 2022-2024 (Actual), 2025 (Adopted Budget and Current Estimate), and 2026 (Adopted Budget)
(Dollar Amounts in Millions of USD)[1], [2], [3]

Fiscal Year	Commonwealth[4]	Federal Government	Other Governments[5]	Total	Percentage of General Fund Revenues
2022 (Actual)	$228.9	$84.6[6]	$62.6	$376.1	6.5%
2023 (Actual)	$252.7	$42.9	$67.6	$363.2[7]	6.0%
2024 (Actual)	$261.5	$37.9	$59.6	$359.0	5.9%
2025 (Adopted Budget)	$296.1	$37.3	$65.1	$398.5	6.4%
2025 (Current Estimate)	$305.3	$65.3	$65.5	$436.0	6.8%
2026 (Adopted Budget)	$325.4	$61.2	$67.8	$454.5	7.2%

(1) Sources: Derived from the applicable adopted budgets and five-year plans for the given Fiscal Year.
(2) Figures may not sum due to rounding.
(3) Does not include the PICA Tax.
(4) Such revenues are for health, welfare, court, and various other specified purposes.
(5) Such revenues primarily consist of payments from PGW, parking fines and fees from PPA, and other authorized adjustments.
(6) Includes federal relief funding from the CARES Act.
(7) Does not include other authorized adjustments of $59.1 million.

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Revenues from City-Owned Systems

In addition to taxes, the City realizes revenues through the operation of various City-owned systems, such as the Water and Wastewater Systems and PGW. The City has issued revenue bonds with respect to the Water and Wastewater Systems and PGW to be paid solely from and secured by a pledge of the respective revenues of these systems. The revenues of the Water and Wastewater Systems and PGW are not legally available for payment of other obligations of the City until, on an annual basis, all bond debt service requirements and covenants relating to those bonds have been satisfied, and then only in a limited amount and upon satisfaction of certain other conditions.

Water Fund. The revenues of the Water Department are required to be segregated from other funds of the City. Under the City's Restated General Water and Wastewater Revenue Bond Ordinance of 1989 (the "Water Ordinance"), an annual transfer may be made from the Water Fund to the City's General Fund in an amount not to exceed the lesser of (i) all Net Reserve Earnings and (ii) $4,994,000. "Net Reserve Earnings" means the amount of interest earnings during the Fiscal Year on amounts in the Debt Reserve Account and Subordinated Bond Fund, each as defined in the Water Ordinance.

Table 13 shows the amounts transferred from the Water Fund to the General Fund for Fiscal Years 2022-2024, the budgeted amount and current estimate for Fiscal Year 2025, and the budgeted amount for Fiscal Year 2026.

Table 13
Transfers from Water Fund to General Fund (Excess Interest on Sinking Fund Reserve)
Fiscal Years 2022-2024 (Actual), 2025 (Adopted Budget and Current Estimate), and 2026 (Adopted Budget)[(1), (2)]

Fiscal Year	Amount Transferred
2022 (Actual)	$575,643
2023 (Actual)	$0
2024 (Actual)	$1,687,102
2025 (Adopted Budget)	$1,500,000
2025 (Current Estimate)	$1,500,000
2026 (Adopted Budget)	$1,500,000

(1) Sources: For Fiscal Years 2021-2024, the City's Supplemental Report of Revenues & Obligations for such Fiscal Years. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the Thirty-Fourth Five-Year Plan, as applicable. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget.

(2) The Water Department's budgeted amount for such transfers is typically greater than the figure included in the City's operating budget.

The City also budgets for certain transfers from the Water Fund to the General Fund related to services performed and costs borne by the General Fund. For Fiscal Year 2022, the amount of such transfers was approximately $6.5 million. For Fiscal Year 2023, the amount of such transfers was approximately $4.6 million. For Fiscal Year 2024, the amount of such transfers was $11.8 million. For Fiscal Year 2025, the budgeted amount of such transfers is approximately $5.7 million. For Fiscal Year 2025, the current estimate of such transfers is approximately $9.9 million. For Fiscal Year 2026, the budgeted amount of such transfers is approximately $10.4 million.

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PGW Annual Payments

The revenues of PGW are required to be segregated from other funds of the City. Payments for debt service on PGW bonds are made directly by PGW. PGW is required to make an annual payment of $18 million to the General Fund. The Fiscal Year 2026 Adopted Budget includes such $18 million annual payment to the General Fund from PGW for such Fiscal Year.

PGW made a payment of $18.0 million to the City in each of the City's Fiscal Years 2025, 2024, 2023, and 2022. The City has the right to obtain such payment from PGW in any lawful manner, including set off against payments the City would otherwise make to PGW.

At the direction of the Finance Director and approval of City Council, PGW can increase its annual payment by an amount equal to or less than 10% (i.e., up to a $19.8 million annual payment). To the extent that PGW is directed by the Finance Director to increase its annual payment to an amount greater than $19.8 million, PGW must first gain approval from the Pennsylvania Public Utility Commission (the "PUC").

For more information on PGW, see "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Government Services."

Philadelphia Parking Authority Revenues

The PPA was established by City ordinance pursuant to the Pennsylvania Parking Authority Law (P.L. 458, No. 208 (June 5, 1947)). Various statutes, ordinances, and contracts authorize the PPA to plan, design, acquire, hold, construct, improve, maintain and operate, own or lease land and facilities for parking in the City, including such facilities at PHL (where PPA manages certain parking facilities only under a management agreement), and to administer the City's on-street parking program.

On-street parking revenues are administered and collected, on behalf of the City, by the PPA. Pursuant to Pennsylvania law, the PPA transmits these revenues to the City, net of any actual expenses incurred in the administration of the on-street parking system in accordance with the PPA's approved budget. If such net revenues exceed a designated threshold, then any excess above that threshold is to be transmitted to the School District by PPA. The current threshold is estimated to be $42.3 million and includes a mandatory escalator to take into account increases in revenues.

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Table 14 presents payments received by the City from PPA for on-street parking and parking at certain off-street parking lots for Fiscal Years 2022-2024, the budgeted amount and current estimate for Fiscal Year 2025, and the budgeted amount for Fiscal Year 2026.

Table 14
PPA Payments to the City
Fiscal Years 2022-2024 (Actual), 2025 (Adopted Budget and Current Estimate), and 2026 (Adopted Budget)[(1), (2)]
(Amounts in Millions of USD)

Fiscal Year	Payments to the City
2022 (Actual)	$44.6
2023 (Actual)	$48.7
2024 (Actual)	$40.3
2025 (Adopted Budget)	$46.7
2025 (Current Estimate)	$46.7
2026 (Adopted Budget)	$49.5

(1) Sources: For Fiscal Years 2022-2024, the City's Supplemental Report of Revenues & Obligations for such Fiscal Years. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the Thirty-Fourth Five-Year Plan, as applicable. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget.

(2) Table 14 shows City revenues; none of such payments is transferred to the School District.

Table 15

[Reserved]

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EXPENDITURES OF THE CITY

Three of the principal City expenditures are for personal services (personnel) (including pensions and other employee benefits), purchase of services (including payments to SEPTA), and debt service. The expenditures for personal services (personnel) and purchase of services are addressed below under this caption; debt service is addressed below under "DEBT OF THE CITY."

Personal Services (Personnel)

As of June 30, 2024, the City employed 27,119 full-time employees, representing approximately 3.8% of employees in Philadelphia (approximately 720,237 employees, according to preliminary, non-seasonally adjusted data from the Bureau of Labor Statistics). Of the 27,119 full-time employees, the salaries of 20,865 were paid from the General Fund. Additional sources of funding for full-time City employees include the Grants Revenue Fund, the Water Fund, and the Aviation Fund, as well as grants and contributions from other governments. Activities funded through such grants and contributions are not undertaken if funding is not received. Table 16 sets forth the number of filled, full-time positions of the City as of the dates indicated.

Table 16
Filled, Full-Time Positions[1], [2]

	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
General Fund					
Police	7,175	6,869	6,651	6,351	6,204
Fire	2,628	2,678	2,667	2,794	2,815
Courts	1,825	1,773	1,686	1,685	1,707
Prisons	1,975	1,620	1,393	1,312	1,266
Streets	1,925	1,941	2,072	2,068	1,495
Public Health	739	716	689	690	730
Human Services[3]	437	492	492	535	441
All Other	5,718	5,541	5,405	5,836	6,207
Total – General Fund	22,422	21,630	21,055	21,271	20,865
Other Funds	5,917	5,579	5,377	5,321	6,254
Total – All Funds	28,339	27,209	26,432	26,592	27,119

(1) Source: Table P-1 in the City's Quarterly City Managers Reports.
(2) Table 16 does not include part-time, seasonal, or temporary employees.
(3) Positions have been transferred to the Grants Revenue Fund. Non-reimbursed expenditures will be transferred to the General Fund during the fiscal year.

Overview of City Employees

The wages and benefits of City employees vary not only by position, but also by whether the employees are represented by a union and, if so, which union. Employee wages and benefits may also be impacted by whether the employee is subject to the civil service system or exempt from those rules. Thus, City employees may be broken down into three major categories for purposes of understanding how their wages and benefits are determined: (i) employees who are not subject to the civil service system ("exempt employees"); (ii) employees who fall under the civil service system but are not represented by a union ("non-represented employees"); and (iii) employees who are subject to the civil service system and are represented by a union ("union employees").

As of February 2025, the City had approximately 22,600 unionized employees, representing approximately 81% of the City's employees. Such employees were represented by the City's five municipal unions: (i) Fraternal Order of Police ("FOP") Lodge No. 5; (ii) International Association of

Fire Fighters ("IAFF") Local 22; (iii) American Federation of State, County and Municipal Employees District Council 33 ("AFSCME DC 33"); (iv) American Federation of State, County and Municipal Employees District Council 47 ("AFSCME DC 47"); and (v) United Steelworkers Local 286 ("Steelworkers Local 286"). Table 18 describes certain aspects of the collective bargaining agreements ("CBAs") or interest arbitration awards with the City's municipal unions.

A brief description of certain terms of the current labor agreements is included below.

AFSCME DC 33 and AFSCME DC 33, Local 159 Correctional Officers ("AFSCME DC 33 Local 159") share a common health fund. Under prior CBAs, the cost of bonuses for such unions have been partially offset by reduced monthly City contributions to the health fund. Such reduced monthly contributions have been paused and the City is currently making full contributions to the health fund. It is not known at this time when or if the reduced monthly contributions may resume. The new AFSCME DC 33 contract described below offers a similar bonus and health fund arrangement.

On November 15, 2023, the City and the FOP Lodge 5 (Police Department) entered into a one-year extension of the existing CBA, covering Fiscal Year 2025. It provides for (i) wage increases of 5%, (ii) a one-time lump sum bonus of $1,800 upon successful completion of the Police Academy (along with Active Bystandership for Law Enforcement (ABLE) training) (payment was made by August 1, 2024), (iii) a one-time lump sum payment of $4.5 million to the Joint Retiree Trust Fund, and (iv) a $14 increase to current meal allowances, effective July 1, 2024. For FOP Lodge 5 (Police Department), there is no new CBA in place at this time.

On December 19, 2023, the City and IAFF entered into a one-year extension of the existing CBA, covering Fiscal Year 2025. It provides for (i) wage increases of 5%; (ii) a one-time lump sum bonus of $1,800; (iii) a one-time lump sum payment of $3,050,000 to the Joint Retiree Trust Fund; and (iv) reimbursement to the union of reasonable and necessary funeral expenses associated with a line of duty death, up to a maximum of $75,000. The extension was ratified by IAFF members on or about February 1, 2024. For IAFF, there is no new CBA in place at this time.

On December 8, 2023, the City and FOP Lodge No. 5 (Sheriff's Office and Register of Wills ("ROW")) entered into a one-year extension of the existing CBA, covering Fiscal Year 2025. It provides for (i) wage increases for Sheriffs of 4.5%; (ii) wage increases for ROW to match that of DC33 (i.e., 5.0%); (iii) a one-time lump sum bonus for members ($1,500 for the Sheriffs and $1,400 for ROW. For ROW, the wage increase and bonus were ratified on December 10, 2024. For FOP Lodge No. 5 (Sheriff's Office and Register of Wills), there is no new CBA in place at this time.

The City and Steelworkers Local 286 agreed to the terms of a one-year extension (a 4.25% salary increase for Fiscal Year 2025, which was later increased to 4.4%, and a $1,300 bonus). Effective sixty (60) days after ratification, each permanent part-time employee received a bonus of $650, consistent with the City's practices and policies. Such agreement was ratified by the union members on June 1, 2024. For Steelworkers Local 286, there is no new labor agreement in place at this time.

On June 17, 2024, an arbitration panel issued a one-year extension of the arbitration award for AFSCME DC 33 Local 159, which includes a 4.5% salary increase for Fiscal Year 2025 and a $1,600 bonus. In another award, AFSCME DC 33 Local 159 received an additional 3% salary increase in exchange for civilianization changes (which is where the City engages non-bargaining unit personnel to perform work that has been performed by the bargaining unit). For AFSCME DC 33 Local 159, there is no new labor agreement in place at this time.

On August 1, 2024, the City and AFSCME DC 47 agreed to the terms of a one-year extension (a 4.4% salary increase for Fiscal Year 2025 (and the last pay period of Fiscal Year 2024) and a $1,400 bonus), which was ratified by the members on August 9, 2024. Effective thirty (30) days after ratification, the City paid a lump sum of $850,000 to the DC 47 Health and Welfare Fund. The salary increase was subsequently increased to 5.0%.

On August 1, 2024, the City and AFSCME DC 47 Local 810 (representing professional rank and file employees at the First Judicial District) and Local 2186 (representing first-level supervisors at the First Judicial District) agreed to the terms of a one-year extension (a 4.4% salary increase for Fiscal Year 2025 (and the last pay period of Fiscal Year 2024) and a $1,400 bonus), which was ratified by the members on August 19, 2024. The salary increase was subsequently increased to 5.0%.

On July 9, 2025, the City and AFSCME DC 33 reached an agreement on terms of a three-year agreement covering Fiscal Years 2026-2028. The agreement includes a 3.0% salary increase each Fiscal Year (plus the addition of a fifth step, which will provide the equivalent of a 2.00% increase over the course of the agreement (for about 80% of members)) and a $1,500 bonus, among other things. The agreement was ratified by members on July 21, 2025. The agreement is estimated to cost $115 million over five years.

On July 15, 2025, the City and AFSCME DC 47 reached a tentative agreement on terms of a three-year agreement covering Fiscal Years 2026-2028. The agreement includes annual salary increases of 2.5%, 3.0%, and 3.0%, as well as a 1.0% increase between the top two steps on the pay scale and a one-time $1,250 bonus, among other things. The agreement was ratified by members on July 25, 2025. The agreement is estimated to cost $80 million over five years.

The costs of the labor agreements discussed above have been included in the City's five-year plans, as applicable. As noted herein, the City budgets for a Labor Reserve to account for possible labor cost increases. Over the course of the Thirty-Fourth Five-Year Plan, the Labor Reserve is estimated to total approximately $550 million. See "DISCUSSION OF FINANCIAL OPERATIONS – Current Financial Information" herein).

For more information on the current status of the interest arbitration awards that have been issued for, and contract settlements reached with, the City's major labor organizations, as well as changes that have been made for non-represented employees, see Table 18.

Collective bargaining with respect to the wages, hours and other terms and conditions of employment of union employees, other than uniformed employees of the Police Department and the Fire Department, is governed by the Public Employee Relations Act (Pa. P.L. 563, No. 195 (1970)) ("PERA"). PERA requires the City and the unions to negotiate in good faith to attempt to reach agreement on new contract terms and, if an impasse exists after such negotiations, to mediate through the Commonwealth Bureau of Mediation. Once the mediation procedures have been satisfied, and if no CBA has been reached, most employees covered by PERA are permitted to strike. Certain employees, however, including employees of the Sheriff's Office and the Register of Wills represented by the FOP, corrections officers represented by AFSCME DC 33, and employees of the First Judicial District represented by AFSCME DC 47, are not permitted to strike under PERA. These employees must submit any impasse to binding interest arbitration once the mediation procedures have been satisfied. PERA permits parties at an impasse, which are not required to submit to binding interest arbitration, to do so voluntarily. Provisions of an interest arbitration award issued under PERA that require legislative action are considered advisory only and the legislative body is permitted to meet, consider, and reject those provisions.

Uniformed employees of the Police Department and the Fire Department bargain under the Policemen and Firemen Collective Bargaining Act (Pa. P.L. 237, No. 111 (1968)) ("Act 111"), which provides for final and binding interest arbitration to resolve collective bargaining impasses and prohibits these employees from striking. Interest arbitration under Act 111 operates similarly to interest arbitration under PERA, but City Council is not permitted to reject the portions of an interest arbitration award that require legislative action. To the contrary, City Council is required to pass any legislation necessary to implement the award unless doing so would violate state or federal law. Thus, the arbitration panel has significant, although not limitless, power to issue an award on mandatory subjects of bargaining. As with interest arbitration under PERA, the arbitration panel cannot issue an award on a matter that is one of inherent managerial policy. In addition to the grounds available to challenge a PERA interest arbitration award on appeal, the PICA Act requires an Act 111 interest arbitration panel to, among other things, give substantial weight to the City's five-year plan and ability to pay for the cost of the award without negatively impacting services, and gives the City the right to appeal the award to the Court of Common Pleas if it believes the panel has failed to meet these responsibilities. If the arbitration panel fails to do so or, among other things, if it awards wages or benefits that exceed what is assumed in the most-recent five-year plan without substantial evidence in the record demonstrating that the City can afford these increases without adversely impacting service levels, the Court of Common Pleas is required to vacate the arbitration award and remand it to the arbitration panel.

Overview of Employee Benefits

The City provides various pension, life insurance, and health benefits for its employees. The benefits offered depend on the employee's union status and bargaining unit, if applicable. Health equity and tackling the social determinants of health are the top priorities for the City's health plans. The City participated in an 18-month project with the Center for Disease Control ("CDC") to evaluate the effectiveness of benefits programming based upon established national standards. The City received the highest rating in this project and its participation created a road map for future health benefit improvements. General Fund employee benefit expenditures for Fiscal Years 2022 through 2026 are shown in Table 17.

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Table 17
General Fund Employee Benefit Expenditures
Fiscal Years 2022-2024 (Actual), 2025 (Adopted Budget and Current Estimate), and 2026 (Adopted Budget)
(Amounts in Millions of USD)[1]

	Actual 2022	Actual 2023	Actual 2024	Adopted Budget 2025	Current Estimate 2025	Adopted Budget 2026
Pension Costs[2]	$1,031.4[5]	$929.7[6]	$958.9[7]	$833.1[8]	$817.7[9]	$836.4[10]
Health						
Payments under City-administered plan	91.9	90.3	108.2	152.9	152.9	158.3
Payments under union-administered plans	392.4	409.5	394.0	455.1	449.7	494.9
Total Health	484.3	499.8	502.2	608.0	602.6	653.2
Federal Insurance Contributions Act (FICA) Taxes[3]	81.9	89.1	98.0	101.7	101.7	109.2
Other[4]	92.4	107.3	104.3	134.3	134.4	146.8
Total	$1,690.0	$1,625.9	$1,663.4	$1,677.1	$1,656.4	$1,745.6

(1) Sources: The City's five-year financial plans and the City's Quarterly City Managers Reports. "Payments under City-administered plan" and "Payments under union-administered plans" were provided by the City, Department of Human Resources and the Budget Office. Figures may not sum due to rounding.
(2) Includes debt service on Pension Bonds (as defined herein) and the Commonwealth contributions to the Municipal Pension Fund. See Tables 29 and 30.
(3) Includes payments of social security and Medicare taxes.
(4) Includes payments for unemployment compensation, employee disability, group life, group legal, tool allowance, and flex cash payments (and COVID-19 funeral expenses for Actual 2022 and Current Estimate 2023).
(5) Includes $78.8 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(6) Includes $92.1 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(7) Includes $90.0 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(8) Assumes $98.5 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(0) Assumes $98.5 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(10) Assumes $102.0 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."

Each of the City's four municipal unions sponsors its own health plan that provides medical, prescription, dental and optical benefits to participating employees and eligible retirees through trusts on which the City has varying degrees of minority representation. Exempt and non-represented employees, along with represented employees of the Register of Wills, certain employees represented by AFSCME DC 33, and employees represented by Steelworkers Local 286 who have chosen not to become members of the union's healthcare plan, receive health benefits through a plan sponsored and administered by the City. Each of the plans provides different benefits determined by the plan sponsor or through collective bargaining. To provide health care coverage, the City pays a negotiated monthly premium for employees covered by the union contract for AFSCME DC 33 and is self-insured for all other eligible employees. The City is also responsible for 92% of AFSCME DC 47's health care costs. Aside from AFSCME DC 33 and AFSCME DC 47, the City is responsible for the actual health care cost that is invoiced to the City's unions by their respective vendors. The actual cost can be a combination of self-insured claim expenses, premiums, ancillary services, and administrative expenses. In addition, employees who satisfy certain eligibility criteria receive five years of health benefits after their retirement. See "OTHER POST-EMPLOYMENT BENEFITS" below. Such benefits are determined and administered by the plan in which the employee participated at the time of his or her retirement. Other employee benefits, including life insurance and paid leave, are similarly determined by the respective CBAs, as well as City policies and Civil Service Regulations. Employees also participate in the Municipal Pension Plan. See "PENSION SYSTEM" below.

Overview of Current Labor Contract Settlements

Table 18 summarizes the current status of the contract settlements reached with the City's major labor organizations, as well as changes that have been made for non-represented employees. It also provides a brief summary of pension reforms that have occurred since 2016, as part of previous labor contract settlements. Table 18 does not include exempt employees or employees from Steelworkers Local 286 (which as of February 28, 2025 totaled 4,148 and 680, respectively).

Table 18
Status of Arbitration Awards and Labor Contract Settlements

Organization	Authorized Number of Full-Time Citywide Employees Represented[1]	Status of Arbitration Award or Contract Settlement	Wage Increases	Pension Reforms[2]
FOP Lodge No. 5 (Police Department)	5,494	One-year contract extension effective July 1, 2024	• 5.00% in Fiscal Year 2025	• Current employees in Plan 87 or Plan 10 will pay an additional .92% of salary effective 7/1/17, increasing by an additional .92% of salary effective 7/1/18 (total increase of 1.84%). These contributions are on top of the current 5% or 6% contribution rates in effect, varies by plan membership • Employees hired on or after 7/1/17 are required to pay an additional 2.5% of salary
FOP Lodge No. 5 (Sheriff's Office and Register of Wills)	297	One-year contract extension effective July 1, 2024	Sheriff's Office employees: • 4.50% in Fiscal Year 2025 Register of Wills employees: • 5.00% in Fiscal Year 2025	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 • Plan 10 is closed to new enrollment for members of Lodge 5 • DROP (as defined below) interest rate decreases from 4.5% to the rate on the one-year treasury effective January 1 of each year for participants not currently enrolled or eligible to enroll
IAFF Local 22	2,759	One-year contract effective July 1, 2024	• 5.00% in Fiscal Year 2025	• Current employees in Plan 87 or Plan 10 will pay an additional .92% of salary effective 7/1/17, increasing by an additional .92% of salary effective 7/1/18 (total increase of 1.84%). These contributions are on top of the current 5% or 6% contribution rates in effect; varies by plan membership • Employees hired on or after 7/1/17 are required to pay an additional 2.5% of salary
AFSCME DC 33	7,601	Three-year contract effective July 1, 2025	• 3.00% in Fiscal Year 2026 • 3.00% in Fiscal Year 2027 • 3.00% in Fiscal Year 2028 • Addition of a fifth step, which will provide the equivalent of a 2.00% increase over the course of the agreement (for about 80% of members)	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 • Plan 10 is closed to new enrollment for members of DC 33 • DROP interest rate decreases from 4.5% to the rate on the one-year treasury effective January 1 of each year for participants not currently enrolled or eligible to enroll

[1] From data provided by the Department of Labor as of February 28, 2025.
[2] "Plan 87," "Plan 10," and "Plan 16" referenced in this column are described in Table 19.

Organization	Authorized Number of Full-Time Citywide Employees Represented[1]	Status of Arbitration Award or Contract Settlement	Wage Increases	Pension Reforms[2]
AFSCME DC 33, Local 159 Correctional Officers	1,392	One-year contract extension effective July 1, 2024	• 4.50% in Fiscal Year 2025	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 • Plan 10 is closed to new enrollment for members of DC 33 • DROP interest rate decreases from 4.5% to the rate on the one-year treasury effective January 1 of each year for participants not currently enrolled or eligible to enroll
AFSCME DC 47	3,978	Three-year contract effective July 1, 2025	• 2.50% in Fiscal Year 2026 • 3.00% in Fiscal Year 2027 • 3.00% in Fiscal Year 2028 • Additional 1.00% increase between the top two steps on the pay scale	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Plan 10 is closed to new enrollment for members of DC 47 (effective January 1, 2019)
AFSCME DC 47 Local 810 Court Employees	407	One-year contract extension effective July 1, 2024	• 4.40% in Fiscal Year 2025	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contribution to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Plan 10 is closed to new enrollment for members of DC 47 (effective January 1, 2019)
Non-Represented Employees	1,224	Changes for non-represented employees	• 4.40% in Fiscal Year 2025	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contribution to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Previous 2011 reforms to DROP program remain in place; interest rate was decreased from 4.5% to the rate on the one-year treasury effective January 1 of each year for participants not currently enrolled or eligible to enroll and eligibility age remains increased by two years

(1) From data provided by the Department of Labor as of February 28, 2025.
(2) "Plan 87," "Plan 10," and "Plan 16" referenced in this column are described in Table 19.

Certain features of the 1987 Plan ("Plan 87"), the 2010 Plan ("Plan 10"), and the 2016 Plan ("Plan 16") are summarized in Table 19. Plan 87 is solely a defined benefit plan. Plan 10 and Plan 16 are "hybrid" plans that include both defined benefit and defined contribution components. A more comprehensive summary of each plan is included as Appendix D of the July 1, 2024 Valuation (as defined herein). See "PENSION SYSTEM" below.

Table 19
Summary of Key Aspects of Plan 87, Plan 10, and Plan 16

Plan 87	Normal Retirement Eligibility	Average Final Compensation ("AFC")	Defined Benefit – Retirement Benefits Multiplier
Municipal (Plan Y)	Age 60 and 10 years of credited service[1]	Average of three highest calendar or anniversary years	• (2.2% x AFC x years of service up to 10 years) plus (2.0% x AFC x numbers of years in excess of 10 years), subject to a maximum of 100% of AFC
Police and Fire	Age 50 and 10 years of credited service[1]	Average of two highest calendar or anniversary years	• (2.2% x AFC x years of service up to 20 years) plus (2.0% x AFC x numbers of years in excess of 20 years), subject to a maximum of 100% of AFC
Elected Official (Plan L)	Age 55 and 10 years of credited service[2]	Average of three highest calendar or anniversary years	• 3.5% x AFC x years of service, subject to a maximum of 100% of AFC

Plan 10	Normal Retirement Eligibility	Average Final Compensation ("AFC")	Defined Benefit – Retirement Benefits Multiplier
Municipal	Age 60 and 10 years of credited service	Average of five highest calendar or anniversary years	• 1.25% x AFC x years of service up to 20 years
Police and Fire[3]	Age 50 and 10 years of credited service	Average of five highest calendar or anniversary years	• 1.75% x AFC x years of service up to 20 years - **Defined Contribution** • The City matches employee contributions at a 50% rate, with the total City match not to exceed 1.5% of compensation for each year. • After five years of credited service, the full amount in the account is distributed to the employee when he or she separates from City service. • The right to the portion of the account attributable to City contributions does not vest until the completion of five years of credited service.

Plan 16	Normal Retirement Eligibility	Average Final Compensation ("AFC")	Defined Benefit – Retirement Benefits Multiplier
Municipal	Age 60 and 10 years of credited service	Lesser of (i) AFC under Plan Y (of Plan 87) (which is the average of three highest calendar or anniversary years) or (ii) $65,000	• (2.2% x AFC x years of service up to 10 years) plus (2.0% x AFC x numbers of years in excess of 10 years), subject to a maximum of 100% of AFC - **Defined Contribution** • Employees may voluntarily participate in the defined contribution portion; employee contributions vest immediately. • For employees with annual salaries above the cap, the City matches employee contributions at a 50% rate, with the total City match not to exceed 1.5% of compensation for each year (only if employee is contributing); the City's matching contributions vest after five years of credited service. • The maximum annual employee contribution is $20,500, excluding the City's matching contributions.

[1] Five years of credited service for those who make additional contributions. See "PENSION SYSTEM – Pension System; Pension Board – Membership."
[2] The lesser of two full terms or eight years of credited service for those elected officials who make additional contributions. See "PENSION SYSTEM – Pension System; Pension Board – Membership."
[3] Under Plan 10 (Police and Fire), pension contributions freeze after 20 years. At such time and for each subsequent year, the employee's pension payments remain fixed and the employee may no longer make pension contributions.

Purchase of Services

Table 20 shows the City's major purchase of services, which represents one of the major classes of expenditures from the General Fund. Table 20 shows contracted costs of the City for Fiscal Years 2022-2024, the budgeted amount and current estimate for Fiscal Year 2025, and the budgeted amount for Fiscal Year 2026.

Table 20
Purchase of Services in the General Fund
Fiscal Years 2022-2024 (Actual), 2025 (Adopted Budget and Current Estimate), and 2026 (Adopted Budget)
(Amounts in Millions of USD)[1], [7]

	Actual 2022	Actual 2023	Actual 2024	Adopted Budget 2025	Current Estimate 2025	Adopted Budget 2026
Human Services[2]	$138.8	$151.0	178.6	$182.6	$182.6	$190.9
Public Health	86.9	64.9	70.9	73.1	73.1	70.7
Public Property[3]	162.0	215.7	225.4	248.6	248.6	276.7
Sanitation[4]	60.4	70.7	59.9	62.4	62.4	67.1
First Judicial District	13.4	17.7	21.9	9.1	9.2	9.1
Licenses & Inspections	13.0	14.2	16.4	13.9	14.0	14.2
Homeless Services[5]	45.8	69.8	72.1	77.7	77.7	72.4
Prisons	97.9	108.4	120.1	119.8	128.1	122.6
All Other[6]	396.2	494.9	595.1	635.1	686.4	784.7
Total	**$1,014.4**	**$1,207.3**	**$1,360.4**	**$1,422.3**	**$1,482.1**	**$1,608.2**

[1] Sources: For Fiscal Years 2022-2024, the City's Supplemental Report of Revenues & Obligations for such Fiscal Years. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the Thirty-Fourth Five-Year Plan, as applicable. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget.
[2] Includes payments for care of dependent and delinquent children.
[3] Includes payments for SEPTA, space rentals, and utilities.
[4] Includes solid waste disposal costs; appropriated under Streets prior to Fiscal Year 2026.
[5] Includes homeless shelter and boarding home payments.
[6] Includes the Convention Center subsidy, payments for vehicle leasing, and debt service on lease and service agreement financings, among other things.
[7] Figures may not sum due to rounding.

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City Payments to School District

Table 21 presents the City's payments to the School District from the General Fund for Fiscal Years 2022-2024, the budgeted amount and current estimate for Fiscal Year 2025, and the budgeted amount for Fiscal Year 2026.

Table 21
City Payments to School District
Fiscal Years 2022-2024 (Actual), 2025 (Adopted Budget and Current Estimate), and 2026 (Adopted Budget)
(Amounts in Millions of USD)[1]

	Actual 2022	Actual 2023	Actual 2024	Adopted Budget 2025	Current Estimate 2025	Adopted Budget 2026
City Payments to School District	$256.0	$270.0	$282.1	$284.1	$284.1	$284.1

[1] Sources: For Fiscal Years 2022-2024, the City's ACFRs for such Fiscal Years. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the Thirty-Fourth Five-Year Plan, as applicable. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget.

For more discussion of the School District, see "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Local Government Agencies – *Mayoral-Appointed or Nominated Agencies* – The School District," above. For a discussion of changes in the funding provided by the City to the School District, see "REVENUES OF THE CITY – Sales and Use Tax." For a discussion of additional funding for the School District, see "REVENUES OF THE CITY – Real Property Taxes."

City Payments to Southeastern Pennsylvania Transportation Authority (SEPTA)

SEPTA operates a public transportation system within the City and Bucks, Chester, Delaware, and Montgomery counties. SEPTA's operating budget is supported by federal, Commonwealth, and local subsidies, including payments from the City. Table 22 presents the City's subsidy to SEPTA from the General Fund for Fiscal Years 2022-2024, the budgeted amount and current estimate for Fiscal Year 2025, and the budgeted amount for Fiscal Year 2026.

Table 22
City Payments to SEPTA
Fiscal Years 2022-2024 (Actual), 2025 (Adopted Budget and Current Estimate), and 2026 (Adopted Budget)
(Amounts in Millions of USD)[1]

	Actual 2022	Actual 2023	Actual 2024	Adopted Budget 2025	Current Estimate 2025	Adopted Budget 2026
City Payment to SEPTA	$91.2	$100.7	$109.6	$133.3	$133.3	135.0

[1] Sources: For Fiscal Years 2022-2024, the City's ACFRs for such Fiscal Years. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the Thirty-Fourth Five-Year Plan, as applicable. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget.

The City budgets operating subsidies each Fiscal Year to at least match the estimated operating subsidies of the Commonwealth under Act 89. The state operating subsidy is funded through the Pennsylvania Public Transportation Trust Fund as created by Act 44 of 2007, amended by Act 89 of 2013. The local match requirement is calculated to match state operating subsidies. In addition, local matching funds must be appropriated each Fiscal Year in which state funds are received in order for SEPTA to receive the full allocation of state funds. The Thirty-Fourth Five-Year Plan projects annual operating subsidy payments to SEPTA from the City will increase to approximately $152.6 million by Fiscal Year 2030.

City Payments to Convention Center Authority

In connection with the financing of the expansion to the Pennsylvania Convention Center and the refinancing of debt for the original Pennsylvania Convention Center construction, the Commonwealth, the City, and the Convention Center Authority entered into an operating agreement in 2010 (the "Convention Center Operating Agreement"). The Convention Center Operating Agreement provides for the operation of the Convention Center by the Convention Center Authority and includes an annual subsidy of $15,000,000 from the City to the Convention Center Authority in each Fiscal Year through Fiscal Year 2040.

As authorized by ordinance, the City has agreed to pay to the Convention Center Authority on a monthly basis a certain percentage of hotel room taxes and hospitality promotion taxes collected during the term of the Convention Center Operating Agreement. The remaining percentages of such taxes are paid to the City's tourism and marketing agencies. The General Fund does not retain any portion of the proceeds of the hotel room rental tax or the hospitality promotion tax.

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PENSION SYSTEM

The amounts and percentages set forth under this heading relating to the City's pension system, including, for example, actuarial liabilities and funded ratios, are based upon numerous demographic and economic assumptions, including the investment return rates, inflation rates, salary increase rates, post-retirement mortality, active member mortality, rates of retirement, etc. The reader should review and carefully consider the assumptions set forth in the documents that are cited as the sources for the information in this section. In addition, the reader is cautioned that such sources and the underlying assumptions are relevant as of their respective dates, and are subject to changes, any of which could cause a significant change in the unfunded actuarial liability.

Each year, an actuarial valuation report of the City's pension system is published in late March or early April. Such report includes, as of July 1 of a given Fiscal Year, an examination of the current financial condition of the pension system, key historical trends, and the projected financial outlook of the pension system, among other information. In addition, an annual report on the audited financial statements of the City's pension system is published in late December or early January. The information included under the caption "PENSION SYSTEM" is derived from the actuarial valuation reports or the annual reports on the audited financial statements of the City's pension system, unless otherwise noted herein.

Overview

The City faces significant ongoing financial challenges in meeting its pension obligations, including an unfunded actuarial liability ("UAL") of approximately $4.55 billion as of July 1, 2024. In Fiscal Year 2024, the City's contribution to the Municipal Pension Fund was approximately $948.7 million, of which the General Fund's share (including the Commonwealth contribution) was $778.8 million. See Table 29. With respect to the General Fund budget, the City's aggregate pension costs (consisting of payments to the Municipal Pension Fund and debt service on the Pension Bonds (as defined herein)) have ranged from a low of approximately 12.44% to a high of approximately 17.74% in Fiscal Years 2015-2024. See Table 31.

The funded ratio of the Municipal Pension Plan (i) was 76.7% on July 1, 1999 (at which time the UAL was approximately $1.4 billion), (ii) was 44.8% funded on July 1, 2016, and (iii) as a result of the steps to improve the Municipal Pension Fund listed below, was 65.4% on July 1, 2024 (at which time the UAL was approximately $4.55 billion). These metrics are the product of a number of factors, including the following:

- The City and its actuary monitor the changes in the fixed income and equity markets, the potential impact negative investment returns may have for the Municipal Pension System's assets, and the related impact on future City contributions to the Municipal Pension System. The actual investment return rate for Fiscal Year 2024 is reflected in the July 1, 2024 Valuation.

- A reduction in the assumed rate of return, from 8.75% as of July 1, 2008, to 7.30% effective July 1, 2024 (i.e., Fiscal Year 2025). The Pension Board also approved a further reduction in the assumed rate of return from 7.30% to 7.25% effective July 1, 2025 (Fiscal Year 2026). Although the gradual reductions in the assumed rates of return reflected in Table 24 are considered a prudent response to market conditions and experience studies, by reducing the assumed return in the measurement of the actuarial liabilities, it serves to increase the UAL from what it otherwise would have been.

- Adopting more conservative mortality rates in response to experience studies performed by the Municipal Pension Plan actuary.

- The Municipal Pension Plan is a mature system, which means the number of members making contributions to the Municipal Pension Plan is less than the number of retirees and other beneficiaries receiving payments from the Municipal Pension Plan. See Table 23. It would typically be expected that the aggregate of member contributions and the City's contributions would be less than the amount of benefits and refunds payable in most years, with the result that in such years investment income must be relied upon to meet such difference before such income can contribute to an increase in the Municipal Pension System's assets growth.

  Over the last five years, the aggregate of member contributions and the City's contribution have exceeded the amount of benefits and refunds payable in such Fiscal Years. This is, in part, the result of the City's adoption of the Revenue Recognition Policy or RRP, as described below. See Table 26.

- The determination by the City, commencing in Fiscal Year 2005, to fund in accordance with the "minimum municipal obligation" ("MMO"), as permitted and as defined by Pennsylvania law, in lieu of the City Funding Policy (as defined herein), resulted in the City contributing less than otherwise would have been contributed. As noted above, the City's adoption of the Revenue Recognition Policy or RRP has resulted in higher City contributions. See below, "– Funding Requirements; Funding Standards."

- Revising, in Fiscal Year 2009, in accordance with Pennsylvania law, the period over which the UAL was being amortized, such that the UAL as of July 1, 2009 was "fresh started" to be amortized over a 30-year period ending June 30, 2039. In addition, changes were made to the periods over which actuarial gains and losses and assumption changes were amortized under Pennsylvania law. See "– UAL and its Calculation – Actuarial Valuations."

The City has taken a number of steps to address the funding of the Municipal Pension Plan, including the following:

- Reducing the assumed rate of return on a gradual and consistent basis, which results in the City making larger annual contributions. See Table 24.

- Adopting more conservative mortality rates in response to experience studies performed by the Municipal Pension Plan actuary reducing the potential for future experience losses due to mortality experience.

- Changing from a level percent of pay amortization schedule to a level dollar amortization schedule, in conjunction with the revisions to the amortization periods that occurred in Fiscal Year 2009. This results in producing payments that ensure that a portion of principal on the UAL is paid each year.

- Funding consistently an amount greater than the MMO. See Table 29.

- Entering into CBAs by which additional contributions are being made (and will be made) by certain current (and future) members and by which benefits will be capped for certain future members of the Municipal Pension Plan. See Table 18.

- Securing additional funding, including funds required to be deposited by the City to the Municipal Pension Fund from its share of sales tax revenue commencing in Fiscal Year 2016.

- Adopting a Revenue Recognition Policy or RRP (as defined and described below), commencing in Fiscal Year 2018, by which sources of anticipated additional revenue that will be received by the Municipal Retirement System are specifically dedicated toward paying down the unfunded pension liability and not to reducing future costs of the City. The additional revenue is tracked and accumulated in a notional account, which is then deducted from the Actuarial Asset Value to determine the contribution under the Revenue Recognition Policy. As a result, such contribution is higher than the MMO.

- Changing the investment strategy to increase the use of passive investment vehicles, which has resulted in increased returns and decreased fees.

As a result of (i) pension reforms adopting a defined benefit plan capped at $65,000 for new municipal employees, along with increased employee contributions, (ii) a portion of the sales tax dedicated to paying down the UAL, (iii) the various other reforms mentioned above, and (iv) the City making contributions in excess of MMO and in some years in excess of RRP, the funded ratio of the Municipal Pension Plan increased 20.4% from 45.0% in Fiscal Year 2015 to 65.4% in Fiscal Year 2024 while the UAL decreased $1.39 billion from $5.94 billion in Fiscal Year 2015 to $4.55 billion in Fiscal Year 2024. See Table 27. The Municipal Pension Fund had a positive cash flow, excluding investment returns, for Fiscal Years 2020-2024 (see "– Rates of Return; Asset Values; Changes in Plan Net Position – Changes in Plan Net Position" and Table 26).

This "Overview" is intended to highlight certain of the principal factors that led to the pension system's current funded status, and significant steps the City and the Pension Board (as defined herein) have taken to address the underfunding. The reader is cautioned to review with care the more detailed information presented below under this caption, "PENSION SYSTEM."

Pension System; Pension Board

The City maintains two defined-benefit pension programs and a hybrid defined-benefit/defined-contribution plan, which are (i) the Municipal Pension Plan, a single employer plan, which provides benefits to police officers, firefighters, non-uniformed employees, and non-represented appointed and elected officials; (ii) a hybrid defined-benefit/defined-contribution for non-uniformed municipal employees hired after 2016; and (iii) the PGW Pension Plan, a single employer plan, which provides benefits to PGW employees. The Municipal Pension Plan is administered through nine (9) benefit plans with 21 separate contribution rates, the funding for which is accounted for on a consolidated basis by the Municipal Pension Fund.

Such benefit structures establish for their respective members different contribution levels, retirement ages, etc., but all assets are available to pay benefits to all members of the Municipal Pension Plan. The Municipal Pension Plan is a mature plan, initially established in 1915, with net investment assets that totaled approximately $8.6 billion as of June 30, 2024. The Municipal Pension Plan has 27,479 members who make contributions to the plan and provides benefits to 37,627 retirees and other beneficiaries including terminated vested members.

PGW is principally a gas distribution facility owned by the City. For accounting presentation purposes, PGW is a component unit of the City and follows accounting rules as they apply to proprietary fund-type activities. The PGW Pension Plan is funded with contributions by PGW to such plan, which

are treated as an operating expense of PGW, and such plan is not otherwise addressed under the caption "PENSION SYSTEM." See "PGW PENSION PLAN" below.

Contributions are made by the City to the Municipal Pension Fund from: (i) the City's General Fund; (ii) funds that are received by the City from the Commonwealth for deposit into the Municipal Pension Fund; and (iii) various City inter-fund transfers, representing amounts contributed, or reimbursed, to the City's General Fund for pensions from the City's Water Fund, Aviation Fund, and certain other City funds or agencies. See Table 29. In addition to such City (employer) contribution, the other principal additions to the Municipal Pension Fund are: (i) member (employee) contributions; (ii) interest and dividend income; (iii) net appreciation in asset values; and (iv) net realized gains on the sale of investments. See Table 26. An additional source of funding is that portion of the 1% Sales Tax rate increase that is required under Pennsylvania law to be deposited to the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."

The City of Philadelphia Board of Pensions and Retirement (the "Pension Board") was established by the City Charter to administer "a comprehensive, fair and actuarially sound pension and retirement system covering all officers and employees of the City." The City Charter provides that the Pension Board "shall consist of the Director of Finance, who shall be its chairman, the Managing Director, the City Controller, the City Solicitor, the Personnel Director and four other persons who shall be elected to serve on the Board by the employees in the civil service in such manner as shall be determined by the Board." In addition, there is one non-voting member on the Pension Board, who is appointed by the President of City Council. An Executive Director, together with a budgeted staff of 72 personnel, administers the day-to-day activities of the retirement system, providing services to 65,106 members.

The Municipal Pension Plan, the Municipal Pension Fund, and the Pension Board are for convenience sometimes collectively referred to under this caption as the "Municipal Retirement System."

Membership. Table 23 shows the membership totals for the Municipal Pension Plan, as of July 1, 2024 and as compared to July 1, 2023.

Table 23
Municipal Pension Plan – Membership Totals

	July 1, 2024	July 1, 2023	% Change
Actives	27,479	26,646	3.1%
Terminated Vesteds	665	781	-14.9%
Disabled	3,730	3,758	-0.7%
Retirees	22,515	22,409	0.5%
Beneficiaries	8,615	8,565	0.6%
Deferred Retirement Option Plan ("DROP")	2,102	2,210	-4.9%
Total City Members	65,106	64,369	1.1%
Annual Salaries	$2,118,480,484	$1,993,014,337	6.3%
Average Salary per Active Member	77,095	74,796	3.1%
Annual Retirement Allowances	$872,374,925	$848,128,541	2.9%
Average Retirement Allowance	$25,025	$24,419	2.5%

Source: July 1, 2024 Valuation.

As shown in Table 23, total membership in the Municipal Pension Plan increased by 1.1%, or from 64,369 to 65,106 members, from July 1, 2023 to July 1, 2024, including an increase of 3.1% in active members from 26,646 to 27,479 (who were contributing to the Municipal Pension Fund). Of the 65,106 members as of July 1, 2024, 37,627 were retirees, beneficiaries, disabled, and other members (who were withdrawing from, or not contributing to, the Municipal Pension Fund).

Subject to the exceptions otherwise described in this paragraph, employees and officials become vested in the Municipal Pension Plan upon the completion of ten years of service. Employees and appointed officials who hold positions that are exempt from civil service and who are not entitled to be represented by a union, and who were hired before January 13, 1999, may elect accelerated vesting after five years of service in return for payment of a higher employee contribution than if the vesting period were ten years. Such employees and officials become vested after five years of service if hired after January 13, 1999, or seven years of service if hired after January 1, 2019, and pay a higher employee contribution than if the vesting period were ten years. Elected officials become vested in the Municipal Pension Plan once they complete service equal to the lesser of two full terms in their elected office or eight years and pay a higher contribution than if the vesting period were ten years. Elected officials pay an additional employee contribution for the full cost of the additional benefits they may receive over those of general municipal employees. Upon retirement, employees and officials may receive up to 100% of their average final compensation depending upon their years of credited service and the plan in which they participate.

All City employees participate in the U.S. Social Security retirement system except for uniformed Police and uniformed Fire employees.

Certain membership information relating to the City's municipal retirement system provided by the Pension Board is set forth in Appendix A to the July 1, 2024 Actuarial Valuation Report (the "July 1, 2024 Valuation") and includes as of July 1, 2024, among other information, active and non-active member data by plan, age/service distribution for active participants and average salary for all plans, and age and benefit distributions for non-active member data.

Funding Requirements; Funding Standards

City Charter. The City Charter establishes the "actuarially sound" standard quoted above. Case law has interpreted "actuarially sound" as used in the City Charter to require the funding of two components: (i) "normal cost" (as defined below) and (ii) interest on the UAL. (*Dombrowski v. City of Philadelphia*, 431 Pa. 199, 245 A.2d 238 (1968)).

Pennsylvania Law. The Municipal Pension Plan Funding Standard and Recovery Act (Pa. P.L. 1005, No. 205 (1984)) ("Act 205"), applies to all municipal pension plans in Pennsylvania, "[n]otwithstanding any provision of law, municipal ordinance, municipal resolution, municipal charter, pension plan agreement or pension plan contract to the contrary . . . ." Act 205 provides that the annual financial requirements of the Municipal Pension Plan are: (i) the normal cost; (ii) administrative expense requirements; and (iii) an amortization contribution requirement. In addition, Act 205 requires that the MMO be payable to the Municipal Pension Fund from City revenues, and that the City shall provide for the full amount of the MMO in its annual budget. The MMO is defined as "the financial requirements of the pension plan reduced by . . . the amount of any member contributions anticipated as receivable for the following year." Act 205 further provides that the City has a "duty to fund its municipal pension plan," and the failure to provide for the MMO in its budget, or to pay the full amount of the MMO, may be remedied by the institution of legal proceedings for mandamus.

In accordance with Pennsylvania law and Act 205, the City uses the entry age normal actuarial funding method, whereby "normal cost" (associated with active employees only) is the present value of the benefits that the City expects to become payable in the future distributed evenly as a percent of expected payroll from the age of first entry into the plan to the expected age at retirement. The City's share of such normal cost (to which the City adds the Plan's administrative expenses) is reduced by member contributions. The term "level" means that the contribution rate for the normal cost, expressed as a percentage of active member payroll, is expected to remain relatively level over time.

The City has budgeted and paid at least the full MMO amount since such requirement was established. Prior to Fiscal Year 2005, the City had been contributing to the Municipal Pension Plan the greater amount as calculated pursuant to the City Funding Policy, which was implemented before Act 205 was effective, as described below. Beginning in Fiscal Year 2018, the City is contributing under the Revenue Recognition Policy (defined below), which requires higher contribution amounts than under the MMO. Payment of the MMO is a condition for receipt of the Commonwealth contribution to the Municipal Pension Fund. See Table 29.

Act 205 was amended in 2009 by Pa. P.L. 396, No. 44 ("Act 44") to authorize the City to: (i) "fresh start" the amortization of the UAL as of July 1, 2009 by a level annual dollar amount over 30 years ending June 30, 2039; and (ii) revise the amortization periods for actuarial gains and losses and assumption changes in accordance with Act 44, as described below under "UAL and its Calculation – Actuarial Valuations." In addition, Act 44 authorized the City to defer, and the City did defer, $150 million of the MMO otherwise payable in Fiscal Year 2010, and $80 million of the MMO otherwise payable in Fiscal Year 2011, subject to repayment of the deferred amounts by June 30, 2014. The City repaid the aggregate deferred amount of $230 million, together with interest at the then-assumed interest rate of 8.25%, in Fiscal Year 2013. Because the final amortization date is fixed, if all actuarial assumptions are achieved, the unfunded liability would decline to zero as of the final amortization date. To the extent future experience differs from the assumptions used to establish the 30-year fixed amortization payment schedule, new amortization bases attributable to a particular year's difference would be established and amortized over their own 20-year schedule.

GASB; City Funding Policy. Governmental Accounting Standards Board ("GASB") Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" ("GASB 27"), applied to the City for Fiscal Years beginning prior to July 1, 2014. For the Fiscal Year beginning July 1, 2014, GASB Statement No. 68 ("GASB 68"), which amends GASB 27 in several significant respects, applies. GASB 27 defined an "annual required contribution" ("ARC") as that amount sufficient to pay (i) the normal cost and (ii) the amortization of UAL, and provides that the maximum acceptable amortization period is 30 years (for the initial 10 years of implementation, 1996-2006, a 40-year amortization period was permitted). GASB 27 did not establish funding requirements for the City but rather was an accounting and financial reporting standard. GASB 68 does not require the calculation of an ARC but does require the City to include as a liability on its balance sheet the City's "net pension liability," as defined by GASB 68. The City has been funding the Municipal Pension Fund since Fiscal Year 2003 based on the MMO (at a minimum), including the deferral permitted by Act 44. See Table 29 below.

The City, prior to Fiscal Year 2005, had been funding the Municipal Pension Fund in accordance with what the City referred to as the "City Funding Policy." That reference was used and continues to be used in the Actuarial Reports. Under the City Funding Policy, the UAL as of July 1, 1985, was to be amortized over 34 years ending June 30, 2019, with payments increasing at 3.3% per year, the assumed payroll growth. This initial UAL base under the City's Funding Policy has now been fully amortized. Other changes in the unfunded actuarial liability were amortized in level-dollar payments over various periods as prescribed in Act 205. In 1999, the City issued pension funding bonds, the proceeds of which

were deposited directly into the Municipal Pension Fund to pay down its UAL. See "– Annual Contributions – *Annual Debt Service Payments on the Pension Bonds*" below.

Revenue Recognition Policy. The City follows a policy (the "Revenue Recognition Policy" or "RRP") to contribute each year to the Municipal Pension Fund an amount in excess of the MMO. Aspects of such policy are mandated by City ordinance or labor agreements, as applicable. The determination for such additional funding is based on not including in the actuarial asset value when determining the annual contribution obligation, the following revenue sources: (i) the portion of the amounts generated by the increase in the Sales Tax rate that became effective on July 1, 2014 and are deposited to the Municipal Pension Fund (see "REVENUES OF THE CITY – Sales and Use Tax"), (ii) contributions to be made by City employees that are under Plan 16 (described above in the text that immediately follows Table 19), and (iii) additional member contributions for current and future members in Plan 87 Police, Plan 87 Fire, and all Municipal Plans.

The amounts projected by the City in the Thirty-Fourth Five-Year Plan to be deposited from Sales Tax revenue into the Municipal Pension Fund, for Fiscal Years 2025-2030, respectively, are as follows: (i) $98.5 million; (ii) $102.0 million; (iii) $110.6 million; (iv) $119.1 million; (v) $127.8 million; and (vi) $135.3 million.

UAL and its Calculation

According to the July 1, 2024 Valuation, the funded ratio (the valuation of assets available for benefits to total actuarial liability) of the Municipal Pension Fund as of July 1, 2024 was 65.4% and the Municipal Pension Fund had an unfunded actuarial liability ("UAL") of $4.55 billion. The UAL is the difference between total actuarial liability ($13.13 billion as of July 1, 2024) and the actuarial value of assets ($8.58 billion as of July 1, 2024).

Key Actuarial Assumptions. In accordance with Act 205, the actuarial assumptions must be, in the judgment of both Cheiron (the independent consulting actuary for the Municipal Pension Fund) and the Pension Board, "the best available estimate of future occurrences in the case of each assumption." The assumed investment return rate used in the July 1, 2024 Valuation was 7.30% a year, net of investment expenses, compounded annually. For the prior actuarial valuation, the assumed investment return rate was 7.35%. See Table 24 for the assumed rates of return for Fiscal Years 2015 to 2024. The 7.35% was used to establish the MMO payment for Fiscal Year 2025 and 7.30% will be used to establish the MMO payment for Fiscal Year 2026.

Other key actuarial assumptions in the July 1, 2024 Valuation include the following: (i) total annual payroll growth of 3.30%, (ii) annual administrative expenses assumed to increase 3.30% per year, (iii) to recognize the expense of the benefits payable under the Pension Adjustment Fund (as described below), actuarial liabilities were increased by 0.54%, based on the statistical average expected value of the benefits, (iv) a vested employee who terminates will elect a pension deferred to service retirement age so long as their age plus years of service at termination are greater than or equal to 55 (45 for police and fire employees in the 1967 Plan), (v) for municipal and elected members, 65% of all disabilities are ordinary and 35% are service-connected, (vi) for police and fire members, 25% of all disabilities are ordinary and 75% are service-connected, and (vii) 70% of active members and 40% of non-active members are assumed to be married with male spouses assumed to be four-years older than female spouses. For a complete description of the actuarial assumptions, including the decrement tables used (ie: mortality, retirement, termination, and disability), see Appendix C of the July 1, 2024 Valuation.

"Smoothing Methodology". The Municipal Retirement System uses an actuarial value of assets to calculate its annual pension contribution, using an asset "smoothing method" to dampen the volatility in asset values that could occur because of fluctuations in market conditions. The Municipal Retirement System used a five-year smoothing prior to Fiscal Year 2009, and beginning with Fiscal Year 2009 began employing a ten-year smoothing. Using the ten-year smoothing methodology, investment returns in excess of or below the assumed rate are prospectively distributed in equal amounts over a ten-year period, subject to the requirement that the actuarial value of assets will be adjusted, if necessary, to ensure that the actuarial value of assets will never be less than 80% of the market value of the assets, nor greater than 120% of the market value of the assets. The actuarial value of assets as of July 1, 2024, was approximately 100.3% of the market value of the assets, as compared to 102.3% as of July 1, 2023.

Actuarial Valuations. The Pension Board engages an independent consulting actuary (currently Cheiron) to prepare annually an actuarial valuation report. Act 205, as amended by Act 44, establishes certain parameters for the actuarial valuation report, including: (i) use of the entry age normal actuarial cost method; (ii) that the report shall contain: (a) actuarial exhibits, financial exhibits, and demographic exhibits; (b) an exhibit of normal costs expressed as a percentage of the future covered payroll of the active membership in the Municipal Pension Plan; and (c) an exhibit of the actuarial liability of the Municipal Pension Plan; and (iii) that changes in the actuarial liability be amortized in level-dollar payments as follows: (a) actuarial gains and losses be amortized over 20 years beginning July 1, 2009 (prior to July 1, 2009, gains and losses were amortized over 15 years); (b) assumption changes be amortized over 15 years beginning July 1, 2010 (prior to July 1, 2010, assumption changes were amortized over 20 years); (c) plan changes for active members be amortized over 10 years; (d) plan changes for inactive members be amortized over one year; and (e) plan changes mandated by the Commonwealth be amortized over 20 years.

Act 205 further requires that an experience study be conducted at least every four years, and cover the five-year period ending as of the end of the plan year preceding the plan year for which the actuarial valuation report is filed. An experience study was prepared by Cheiron in March 2022 for the period July 1, 2016 – June 30, 2021 (the "Experience Study"). The actuarial and demographic assumptions that were adopted by the Pension Board in response to such Experience Study remained in effect for the July 1, 2024 Valuation (which was used to determine the June 30, 2026 fiscal year end MMO, City Funding Policy, and Revenue Recognition Policy contributions). Details of the assumption changes and the experience of the Municipal Pension Plan can be found in the *City of Philadelphia Municipal Retirement System Experience Study Results for the period covering July 1, 2016 – June 30, 2021*. Such Experience Study can be found on the City's website under the section for the Board of Pensions and Retirement and the reports included therein.

Pension Adjustment Fund

Pursuant to § 22-311 of the Philadelphia Code, the City directed the Pension Board to establish a Pension Adjustment Fund ("PAF") on July 1, 1999, and further directed the Pension Board to determine, effective June 30, 2000, and each Fiscal Year thereafter, whether there are "excess earnings" (as defined therein) available to be credited to the PAF. The Pension Board's determination is to be based upon the actuary's certification using the "adjusted market value of assets valuation method" as defined in § 22-311. Although the portion of the assets attributed to the PAF is not segregated from the assets of the Municipal Pension Fund, the Philadelphia Code provides that the "purpose of the Pension Adjustment Fund is for the distribution of benefits as determined by the Board for retirees, beneficiaries or survivors [and] [t]he Board shall make timely, regular and sufficient distributions from the Pension Adjustment Fund in order to maximize the benefits of retirees, beneficiaries or survivors." Distributions are to be made "without delay" no later than six months after the end of each Fiscal Year. The PAF was established, in part, because the Municipal Retirement System does not provide annual cost-of-living

increases to retirees or beneficiaries. At the time the PAF was established, distributions from the PAF were subject to the restriction that the actuarial funded ratio using the "adjusted market value of assets" be not less than such ratio as of July 1, 1999 (76.7%). That restriction was deleted in 2007.

The amount to be credited to the PAF is 50% of the "excess earnings" that are between one percent (1%) and six percent (6%) above the actuarial assumed investment rate. Earnings in excess of six percent (6%) of the actuarial assumed investment rate remain in the Municipal Pension Fund. Although the Pension Board utilizes a ten-year smoothing methodology, as explained above, for the actuarial valuation of assets for funding and determination of the MMO, § 22-311 provides for a five-year smoothing to determine the amount to be credited to the PAF.

The actuary determined that for the Fiscal Year ended June 30, 2024, there were no "excess earnings" as defined to be credited to the PAF. The Pension Board transfers to the PAF the full amount calculated by the actuary as being available in any year for transfer within six months of the Pension Board designating the amount to be transferred.

Transfers to the PAF and the resultant additional distributions to retirees result in removing assets from the Municipal Pension Plan. To account for the possibility of such transfers, and as an alternative to adjusting the assumed investment return rate to reflect such possibility, the actuary applies a load of 0.54% to the calculated actuarial liability as part of the funding requirement and MMO. Such calculation was utilized for the first time in the July 1, 2013 actuarial valuation.

The market value of assets as used under this caption, "PENSION SYSTEM," represents the value of the assets if they were liquidated on the valuation date and this value includes the PAF (except as otherwise indicated in certain tables), although the PAF is not available for funding purposes. The actuarial value of assets does not include the PAF.

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Rates of Return; Asset Values; Changes in Plan Net Position

Rates of Return. Table 24 sets forth for the Fiscal Years 2015-2024 the market value of assets internal rate of return and actuarial value of assets internal rate of return experienced by the Municipal Pension Fund, and the assumed rate of return. The 5-year and 10-year annual average returns as of June 30, 2024, were 7.39% and 6.09% respectively, on a market value basis.

Table 24
Municipal Pension Fund
Annual Rates of Return

Year Ending June 30,	Market Value	Actuarial Value[(1)]	Assumed Rate of Return
2015	0.3%	5.8%	7.80%
2016	-3.2%	4.5%	7.75%
2017	13.1%	4.4%	7.70%
2018	9.0%	5.1%	7.65%
2019	5.7%	7.6%	7.60%
2020	1.5%	6.5%	7.55%
2021	28.4%	6.3%	7.50%
2022	-6.5%	7.7%	7.45%
2023	8.1%	6.5%	7.40%
2024	8.4%	6.3%	7.35%

Source: July 1, 2024 Valuation.

(1) Net of PAF. See "Pension Adjustment Fund" above. The actuarial values reflect a ten-year smoothing.

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Asset Values. Table 25 sets forth, as of the July 1 actuarial valuation date for the years 2015-2024, the actuarial and market values of assets in the Municipal Pension Fund and the actuarial value as a percentage of market value.

Table 25
Actuarial Value of Assets vs. Market Value of Net Assets
(Dollar Amounts in Millions of USD)

Actuarial Valuation Date (July 1)	Actuarial Value of Assets[(1)]	Market Value of Net Assets[(1)]	Actuarial Value as a Percentage of Market Value
2015	$4,863.4	$4,636.1	104.9%
2016	$4,936.0	$4,350.8	113.5%
2017	$5,108.6	$4,873.0	104.8%
2018	$5,397.4	$5,340.1	101.1%
2019	$5,852.5	$5,687.2	102.9%
2020	$6,242.7	$5,781.6	108.0%
2021	$6,633.1	$7,348.5	90.3%
2022	$7,176.1	$6,905.5	103.9%
2023	$7,979.2	$7,800.9	102.3%
2024	$8,583.2	$8,558.4	100.3%

Source: July 1, 2024 Valuation for Actuarial Value of Assets; 2015-2024 Actuarial Reports for Market Value of Net Assets.

(1) For purposes of this table, the Market Value of Net Assets excludes the PAF, which as of June 30, 2024 equaled $7.8 million. The Actuarial Value of Assets excludes that portion of the Municipal Pension Fund that is allocated to the PAF. The actuarial values reflect a ten-year smoothing.

Changes in Plan Net Position. Table 26 sets forth, for Fiscal Years 2020-2024, the additions, including employee (member) contributions, City contributions (including contributions from the Commonwealth), investment income and miscellaneous income, and deductions, including benefit payments and administration expenses, for the Municipal Pension Fund. Debt service payments on pension funding bonds (as described below at "Annual Contributions – *Annual Debt Service Payments on the Pension Bonds*") are made from the City's General Fund, Water Operating Fund, and Aviation Operating Fund, but are not made from the Municipal Pension Fund, and therefore are not included in Table 26. In those years in which the investment income is less than anticipated, the Municipal Pension Fund may experience negative changes (total deductions greater than total additions). If unrealized gains are excluded from the calculation, resulting in a comparison of cash actually received against actual cash outlays, it could result in a negative cash flow in some Fiscal Years, which is typical of a mature retirement system. However, in Fiscal Years 2020-2024, there was a positive cash flow.

Contributions from the Commonwealth are provided pursuant to the provisions of Act 205. Any such contributions are required to be used to defray the cost of the City's pension system. The amounts contributed by the Commonwealth for each of the last ten Fiscal Years are set forth in Table 29 below. The contributions from the Commonwealth are capped pursuant to Act 205, which provides that "[n]o municipality shall be entitled to receive an allocation of general municipal pension system State aid in an amount greater that 25% of the total amount of the general municipal pension system State aid available."

Employee (member) contribution amounts reflect contribution rates as a percent of pay, which for the plan year beginning July 1, 2024, vary from 6.00% to 8.50% for police and fire employees, and from 2.61% to 7.00% for municipal employees excluding elected officials. These rates include the increases

for police employees effective July 1, 2017, resulting from the FOP Lodge No. 5 and IAFF Local No. 22 Labor Contracts. Such contracts increased member contributions for current police officers in Plan 87 and Plan 10 by 0.92% effective July 1, 2017, and an additional 0.92% effective July 1, 2018. For new police officers and fire fighters hired or rehired on or after July 1, 2017, the member contribution rate is increased by 2.5% over the rate which would otherwise be in effect as of July 1, 2017. The rates also include the increases in contributions for certain municipal employees and elected officials currently in Plans 67, 87 and 87 Prime and elected officials as required by legislation. This legislation called for employees in these groups to pay an additional 0.5% of compensation from January 1, 2015 to December 31, 2015 and an additional 1.0% from January 1, 2016 onwards. New employees in these groups entering Plan 87 Municipal Prime will pay an additional 1.0% of compensation, which is included in Table 26. Finally, these rates do not include the additional tiered contributions paid by current and future municipal employees based on their level of compensation.

Table 26
Changes in Net Position of the Municipal Pension Fund
Fiscal Years 2020-2024
(Amounts in Thousands of USD)

	2020	2021	2022	2023	2024
Beginning Net Assets (Market Value)[1]	$5,688,383	$5,782,891	$7,424,983	$6,939,834	$7,808,089
Additions					
- Member Contributions	111,825	111,273	110,447	120,691	127,355
- City Contributions[2]	768,721	788,483	859,787	1,164,974	948,686
- Investment Income[3]	85,228	1,642,217	(480,676)	568,995	657,228
- Miscellaneous Income[4]	1,923	1,273	913	1,962	1,730
Total	$967,697	$2,543,246	$490,471	$1,856,622	$1,734,999
Deductions					
- Benefits and Refunds	(862,198)	(891,445)	(966,686)	(979,429)	(966,848)
- Administration	(10,991)	(9,709)	(8,933)	(8,938)	(10,033)
Total	$(873,189)	$(901,154)	$(975,619)	$(988,367)	$(976,881)
Ending Net Assets (Market Value)	$5,782,891	$7,424,983	$6,939,834	$7,808,089	$8,566,208

Source: Municipal Pension Fund's audited financial statements.

(1) Includes the PAF, which is not available for funding purposes.

(2) City Contributions include pension contributions from the Commonwealth. See Table 29.

(3) Investment income is shown net of fees and expenses, and includes interest and dividend income, net appreciation (depreciation) in fair value of investments, and net gains realized upon the sale of investments.

(4) Miscellaneous income includes securities lending and other miscellaneous revenues.

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Funded Status of the Municipal Pension Fund

Tables 27 and 28 set forth, as of the July 1 actuarial valuation date for the years 2015-2024, the asset value, the actuarial liability, the UAL, the funded ratio, covered payroll and UAL, as a percentage of covered payroll for the Municipal Pension Fund on actuarial and market value bases, respectively.

Table 27
Schedule of Funding Progress (Actuarial Value)
(Dollar Amounts in Millions of USD)

Actuarial Valuation Date (July 1)	Actuarial Value of Assets (a)	Actuarial Liability (b)	UAL (Actuarial Value) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b-a)/c]
2015	$4,863.4	$10,800.4	$5,937.0	45.0%	$1,597.8	371.6%
2016	$4,936.0	$11,024.8	$6,088.8	44.8%	$1,676.5	363.2%
2017	$5,108.6	$11,275.7	$6,167.1	45.3%	$1,744.7	353.5%
2018	$5,397.4	$11,521.0	$6,123.5	46.8%	$1,805.4	339.2%
2019	$5,852.5	$11,783.1	$5,930.6	49.7%	$1,842.6	321.9%
2020	$6,242.7	$12,038.1	$5,795.4	51.9%	$1,921.2	301.7%
2021	$6,633.1	$12,074.0	$5,441.0	54.9%	$1,886.5	288.4%
2022	$7,176.1	$12,448.4	$5,272.3	57.6%	$1,921.1	274.4%
2023	$7,979.2	$12,821.4	$4,842.2	62.2%	$1,993.0	243.0%
2024	$8,583.2	$13,133.7	$4,550.5	65.4%	$2,118.5	214.8%

Source: July 1, 2024 Valuation.

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Table 28
Schedule of Funding Progress (Market Value)
(Dollar Amounts in Millions of USD)

Actuarial Valuation Date (July 1)	Market Value of Net Assets[(1)] (a)	Actuarial Liability (b)	UAL (Market Value) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b-a)/c]
2015	$4,636.1	$10,800.4	$6,164.3	42.9%	$1,597.8	385.8%
2016	$4,350.8	$11,024.8	$6,674.0	39.5%	$1,676.5	398.1%
2017	$4,873.0	$11,275.7	$6,402.7	43.2%	$1,744.7	367.0%
2018	$5,340.1	$11,521.0	$6,180.9	46.4%	$1,805.4	342.4%
2019	$5,687.2	$11,783.1	$6,095.9	48.3%	$1,842.6	330.8%
2020	$5,781.6	$12,038.1	$6,256.5	48.0%	$1,921.2	325.7%
2021	$7,348.5	$12,074.0	$4,725.5	60.9%	$1,886.5	250.5%
2022	$6,905.5	$12,448.4	$5,542.9	55.5%	$1,921.1	288.5%
2023	$7,800.9	$12,821.4	$5,020.5	60.8%	$1,993.0	251.9%
2024	$8,558.4	$13,133.7	$4,575.3	65.2%	$2,118.5	216.0%

Source: 2015-2024 Actuarial Valuation Reports.

(1) For purposes of this table, the Market Value of Net Assets excludes the PAF, which as of June 30, 2015 equaled $38.2 million ; as of June 30, 2016 equaled $7.2 million; as of June 30, 2017 equaled $1.1 million; as of June 30, 2018 equaled $1.2 million; as of June 30, 2019 equaled $1.2 million; as June 30, 2020 equaled $1.2 million; as June 30, 2021 equaled $76.5 million; as June 30, 2022 equaled $34.3 million; as June 30, 2023 equaled $7.2 million; and as June 30, 2024 equaled $7.8 million.

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Annual Contributions

Annual Municipal Pension Contributions

Table 29 shows the components of the City's annual pension contributions to the Municipal Pension Fund for the Fiscal Years 2015-2024.

Table 29
Total Contribution to Municipal Pension Fund
(Dollar Amounts in Millions of USD)

Fiscal Year	General Fund Contribution (A)	Commonwealth Contribution (B)	Aggregate General Fund Contribution (A+B)	Water Fund Contribution	Aviation Fund Contribution	Grants Funding and Other Funds Contribution[(1)]	Contributions from Quasi-governmental Agencies	Pension Bond Proceeds	Total Contribution (C)	MMO (D)	MMO (Deferred) Makeup Payments	% of MMO Contributed (C/D)
2015	$388.5	$62.0	$450.5	$48.3	$23.9	$33.4	$21.1	$0.0	$577.2	$556.0	-	103.8%
2016	$449.6	$62.6	$512.2	$55.1	$27.1	$34.8	$31.0	$0.0	$660.2	$595.0	-	111.0%
2017	$487.0	$68.7	$555.7	$61.0	$28.8	$33.3	$27.4	$0.0	$706.2	$629.6	-	112.2%
2018	$559.7	$72.4	$632.1	$62.7	$28.8	$32.5	$25.9	$0.0	$782.0	$661.3	-	118.3%
2019	$567.7	$74.8	$642.5	$64.7	$31.6	$33.8	$25.2	$0.0	$797.8	$668.3	-	119.4%
2020	$545.1	$82.0	$627.1	$71.6	$34.0	$14.6	$21.4	$0.0	$768.7	$675.8	-	113.7%
2021	$558.5	$81.3	$639.8	$81.2	$34.7	$12.5	$20.3	$0.0	$788.5	$673.9	-	117.0%
2022	$671.9	$79.3	$751.2	$59.0	$21.8	$12.6	$15.2	$0.0	$859.8	$678.2	-	126.8%
2023	$939.2	$84.2	$1,023.4	$57.8	$22.2	$44.4	$17.2	$0.0	$1,165.0	$664.1	-	175.4%
2024	$684.5	$94.3	$778.8	$60.8	$24.4	$63.8	$20.9	$0.0	$948.7	$671.7	-	141.2%

(1) Other Funds Contributions represents contributions to the Municipal Pension Fund from the City's Special Gasoline Tax Fund, Community Development Block Grant Fund, Housing Trust Fund, and Transportation Fund.

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Annual Debt Service Payments on the Pension Bonds

Pension funding bonds ("Pension Bonds") were initially issued in Fiscal Year 1999 (the "1999 Pension Bonds"), at the request of the City, by PAID. Debt service on the Pension Bonds is payable pursuant to a Service Agreement between the City and PAID. The Service Agreement provides that the City is obligated to pay a service fee from its current revenues and the City covenanted in the agreement to include the annual amount in its operating budget and to make appropriations in such amounts as are required. If the City's revenues are insufficient to pay the full service fee in any Fiscal Year as the same becomes due and payable, the City has covenanted to include amounts not so paid in its operating budget for the ensuing Fiscal Year.

The 1999 Pension Bonds were issued in the principal amount of $1.3 billion, and the net proceeds were used, together with other funds of the City, to make a contribution in Fiscal Year 1999 to the Municipal Pension Fund in the amount of approximately $1.5 billion.

In October 2012, PAID, at the request of the City, issued Pension Bonds in the principal amount of $231.2 million, the proceeds of which were used principally to make a $230 million repayment of deferred contributions to the Municipal Pension Fund. These bonds had maturities of April 1, 2013 and 2014, and have been repaid.

In December 2012, PAID, at the request of the City, issued Pension Bonds in the approximate principal amount of $300 million (the "2012 Pension Bonds"), the proceeds of which were used to currently refund a portion of the 1999 Pension Bonds. The refunding generated savings of approximately $22.6 million, which the City deposited into the Municipal Pension Fund.

In April 2021, PAID, at the request of the City, issued bonds in the approximate principal amount of $137 million, the proceeds of which were used, among other things, to refund a portion of the 1999 Pension Bonds and the 2012 Pension Bonds. Such refunding restructured debt service to provide the City with budgetary relief in Fiscal Years 2021 and 2022. No proceeds of the bonds were used to make a deposit to the Municipal Retirement System.

As discussed herein, the City has a balloon payment due on the Pension Bonds in Fiscal Year 2029, which is the largest payment due on such bonds, but not the final maturity. For more information on the debt service requirements for the Pension Bonds and other debt of the City, see Table 42 herein. The City has included this balloon payment in its five-year plans.

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Table 30 shows the components of the City's annual debt service payments on the Pension Bonds for the Fiscal Years 2015-2024.

Table 30
Total Debt Service Payments on Pension Bonds
(Amounts in Millions of USD)

Fiscal Year	General Fund Payment	Water Fund Payment	Aviation Fund Payment	Other Funds Payment[(1)]	Grants Funding	Total Payment
2015	$107.7	$12.6	$5.9	$0.8	$4.0	$131.0
2016	$109.9	$13.7	$6.4	$0.9	$3.8	$134.7
2017	$109.5	$14.5	$6.6	$0.9	$3.3	$134.8
2018	$110.1	$14.3	$6.3	$0.9	$3.1	$134.7
2019	$109.8	$14.2	$6.6	$1.1	$3.0	$134.7
2020	$110.1	$15.7	$7.1	$1.2	$0.6	$134.7
2021[(2)]	$28.4	$4.5	$1.9	$0.3	$0.5	$35.6
2022[(2)]	$91.7	$8.5	$3.1	$0.5	$0.9	$104.7
2023	$111.0	$10.8	$4.1	$0.7	$7.5	$134.1
2024	$121.0	$12.5	$5.0	$4.6	$9.0	$152.1

(1) Other Funds Payments represents the allocable portion of debt service payments on the City's Pension Bonds from the City's Community Development Block Grant Fund, Housing Trust Fund, Transportation Fund, and Municipal Pension Fund.

(2) For more information on debt service payments on Pension Bonds issued in April 2021, which decreased debt service in 2021 and 2022, see "– *Annual Debt Service Payments on the Pension Bonds*" above.

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Annual Pension Costs of the General Fund

Table 31 shows the annual pension costs of the General Fund for the Fiscal Years 2015-2024, being the sum of the General Fund Contribution to the Municipal Pension Fund (column (A) in Table 29) and the General Fund debt service payments on Pension Bonds (Table 30).

Table 31
Annual Pension Costs of the General Fund
(Amounts in Millions of USD)

Fiscal Year	General Fund Pension Fund Contribution (A)[(1)]	General Fund Pension Bond Debt Service Payment (B)	Annual Pension Costs (A+B)	Total General Fund Expenditures (C)	General Fund portion of Annual Pension Costs as % of Total General Fund Expenditures (A+B)/C
2015	$388.5	$107.7	$496.2	$3,831.5	12.95%
2016	$449.6	$109.9	$559.5	$4,015.8	13.93%
2017	$487.0	$109.5	$596.5	$4,139.8	14.41%
2018	$559.7	$110.1	$669.8	$4,402.9	15.21%
2019	$567.7	$109.8	$677.5	$4,772.4	14.20%
2020	$545.1	$110.1	$655.2	$5,036.5	13.01%
2021	$558.5	$28.4	$586.9	$4,717.8	12.44%
2022	$671.9	$91.7	$763.6	$5,338.5	14.30%
2023	$939.2	$111.0	$1,050.2	$5,918.4	17.74%
2024	$684.5	$121.0	$805.5	$6,134.7	13.13%

(1) Does not include Commonwealth contribution. See Table 29.

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Table 32 shows the annual City contribution to the Municipal Pension Fund as a percentage of the covered employee payroll.

Table 32
Annual City Contribution ("ACC") as % of Covered Employee Payroll
(Dollar Amounts in Thousands of USD)

Fiscal Year	Annual City Contribution	Fiscal Year Covered Employee Payroll[(1)]	ACC as % of Payroll
2015	$577,195	$1,597,849	36.12%
2016	$660,247	$1,676,549	39.38%
2017	$706,237	$1,744,728	40.48%
2018	$781,984	$1,805,400	43.31%
2019	$797,806	$1,842,555	43.30%
2020	$768,721	$1,921,217	40.01%
2021	$788,483	$1,886,512	41.80%
2022	$859,787	$1,921,142	44.75%
2023	$1,164,974	$1,993,014	58.45%
2024	$948,686	$ 2,132,041	44.50%

Source: Municipal Pension Fund Financial Statements, June 30, 2024.

(1) The definition of "covered-employee payroll" in GASB 68 differs slightly from the "covered payroll" definition in GASB 27. See "PENSION SYSTEM – Funding Requirements; Funding Standards – *GASB; City Funding Policy*."

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Actuarial Projections of Funded Status

Cautionary Note. The information under this subheading, "Actuarial Projections of Funded Status," was prepared by Cheiron. The table below shows a five-year projection of RRP payments, Actuarial Value of Assets, Actuarial Liability, UAL, and Funded Ratio. The charts below show projections of funded ratios and City contributions based on the RRP through Fiscal Year 2044. All projections, whether for five years or for twenty years, are subject to actual experience deviating from the underlying assumptions and methods, and that is particularly the case for the charts below for the periods beyond the projections in the five-year table. **Projections and actuarial assessments are "forward looking" statements and are based on assumptions which may not be fully realized in the future and are subject to change, including changes based on the future experience of the City's Municipal Pension Fund and Municipal Pension Plan.**

The projections are on the basis that all assumptions as reflected in the July 1, 2024 Valuation are exactly realized and the City makes all future RRP payments on schedule as required by the RRP funding policy, and must be understood in the context of the assumptions, methods and benefits in effect as described in the July 1, 2024 Valuation. Included among such assumptions are: (i) the rates of return for the Municipal Pension Fund over the projection period will equal 7.30% in Fiscal Year 2025 and 7.25% annually thereafter, (ii) RRP contributions will be made each year, (iii) the provisions of Act 205 as amended by Act 44 will remain in force during the projection period, and (iv) the future population changes of the participants in the pension plan will follow the demographic actuarial assumptions with the active population remaining constant in the future.

The July 1, 2024 Valuation includes charts reflecting City contributions based on MMO (Baseline projection set 1), and charts reflecting the additional City contributions in accordance with the RRP (Baseline projection set 2). The charts provided below are based on the City making RRP contributions each year, which are higher than the MMO contributions required under Pennsylvania law. Using the RRP, the Municipal Retirement System is projected to be 80% funded by 2028 and 100% funded by 2033, two years earlier than under the MMO projections. By the end of the projection period, the Municipal Retirement System is expected to be funded at 131.0% compared to 113.0% when MMO contributions are made. See the July 1, 2024 Valuation for further discussion of the assumptions and methodologies used by the Actuary in preparing the July 1, 2024 Valuation and the following projections, all of which should be carefully considered in reviewing the projections. The July 1, 2024 Valuation is available for review on the website of the City's Board of Pensions. The table and charts below separately set forth estimates of Sales Tax revenues that will be deposited by the City into the Municipal Pension Fund, which were provided by the City to Cheiron based on current estimates or budgeted amounts of such revenues as included in the Thirty-Fourth Five-Year Plan. Cheiron has not analyzed and makes no representation regarding the validity of the sales tax revenue assumptions and estimates provided by the City. See "REVENUES OF THE CITY – Sales and Use Tax."

Each of the tables and graphs that follow are shown in Appendix E of the July 1, 2024 Valuation and such report should be referenced regarding the underlying benefits, methods, and assumptions utilized in the production of these values.

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Five-Year Projection. The following chart provides dollar amounts in millions of USD.

Table E-1 ($ millions)						
Fiscal Year End	RRP Contributions	Sales Tax Contributions	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial Liability	Funded Ratio
2025	$ 741.5	$ 93.7	$ 8,583.2	$ 13,133.7	$ 4,550.5	65.4%
2026	759.8	102.0	9,113.6	13,332.1	4,218.5	68.4%
2027	760.1	110.6	9,729.8	13,451.1	3,721.3	72.3%
2028	758.9	119.1	10,346.4	13,552.3	3,205.9	76.3%
2029	753.0	127.8	10,979.9	13,634.2	2,654.4	80.5%
2030	743.7	135.3	11,733.1	13,784.2	2,051.1	85.1%

Twenty-Year Projections.

Funded Ratio Chart based on the RRP:

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Expected City Contribution Chart based on the RRP:

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OTHER POST-EMPLOYMENT BENEFITS

The City self-administers a single employer, defined benefit plan for post-employment benefits other than pension benefits ("OPEB"), and funds such plan on a pay-as-you-go basis. The City's OPEB plan provides for those persons who retire from the City and are participants in the Municipal Pension Plan: (i) post-employment healthcare benefits for a period of five years following the date of retirement and (ii) lifetime life insurance coverage ($7,500 for firefighters who retired before July 1, 1990; $6,000 for all other retirees). In general, retirees eligible for OPEB are those who terminate their employment after ten years of continuous service to immediately become pensioned under the Municipal Pension Plan.

To provide health care coverage, the City pays a negotiated monthly premium for retirees covered by the union contract for AFSCME DC 33 and is self-insured for all other eligible pre-Medicare retirees. The City is also responsible for 92% of AFSCME DC 47's health care costs. Aside from AFSCME DC 33 and AFSCME DC 47, the City is responsible for the actual health care cost that is invoiced to the City's unions by their respective vendors. The actual cost can be a combination of self-insured claim expenses, premiums, ancillary services, and administrative expenses. Eligible union represented employees receive five years of coverage through their union's health fund. The City's funding obligation for pre-Medicare retiree benefits is the same as for active employees. Union represented and non-union employees may defer their retiree health coverage until a later date. For some groups, the amount that the City pays for their deferred health care is based on the value of the health benefits at the time the retiree claims the benefits, but for police and fire retirees who retired after an established date, the City pays the cost of five years of coverage when the retiree claims the benefits.

The annual payments made by the City for OPEB for Fiscal Years 2020-2024 are shown in Table 33.

Table 33
Annual OPEB Payment
(Amounts in Thousands of USD)

Fiscal Year ended June 30,	Annual OPEB Payment
2020	$104,600
2021	$97,800
2022	$118,300
2023	$101,100
2024	$103,600

Source: See Note IV.3 to the City's ACFRs for such Fiscal Years.

For financial reporting purposes, although the City funds OPEB on a pay-as-you-go basis, it is required to include in its financial statements (in accordance with GASB Statement No. 75) a calculation similar to that performed to calculate its pension liability. Pursuant to GASB 75, an annual required contribution is calculated which, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liability over a period not to exceed 30 years. The City's total OPEB liability reported as of June 30, 2024 of $1.81 billion, was measured as of June 30, 2023 based on an actuarial valuation as of June 30, 2022. See Note IV.3 to the Fiscal Year 2024 ACFR.

PGW PENSION PLAN

General

PGW consists of all the real and personal property owned by the City and used for the acquisition, manufacture, storage, processing, and distribution of gas within the City, and all property, books, and records employed and maintained in connection with the operation, maintenance, and administration of PGW. The City Charter provides for a Gas Commission (the "Gas Commission") to be constituted and appointed in accordance with the provisions of contracts between the City and the operator of PGW as may from time to time be in effect, or, in the absence of a contract, as may be provided by ordinance. The Gas Commission consists of the City Controller, two members appointed by City Council and two members appointed by the Mayor.

PGW is operated by PFMC, pursuant to an agreement between the City and PFMC dated December 29, 1972, as amended, authorized by ordinances of City Council (the "Management Agreement"). Under the Management Agreement, various aspects of PFMC's management of PGW are subject to review and approval by the Gas Commission. The PUC has the regulatory responsibility for PGW with regard to rates, safety, and customer service.

The City sponsors the Philadelphia Gas Works Pension Plan (the "PGW Pension Plan"), a single employer defined benefit plan, to provide pension benefits for certain current and former PGW employees and other eligible class employees of PFMC and the Gas Commission. As plan sponsor, the City, through its General Fund, could be responsible for plan liabilities if the PGW Pension Plan does not satisfy its payment obligations to PGW retirees. At June 30, 2024, the PGW Pension Plan membership total was 3,700, comprised of: (i) 2,548 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them; and (ii) 1,152 participants, of which 816 were vested and 336 were nonvested.

PGW Pension Plan

The PGW Pension Plan provides retirement benefits as well as death and disability benefits. Retirement benefits vest after five years of credited service. Retirement payments for vested employees commence: (i) at age 65 and five years of credited service; (ii) age 55 and 15 years of credited service; or (iii) without regard to age, after 30 years of credited service. For covered employees hired prior to May 21, 2011 (union employees) or prior to December 21, 2011 (non-union employees), PGW pays the entire cost of the PGW Pension Plan. Union employees hired on or after May 21, 2011 and non-union employees hired on or after December 21, 2011 have the option to participate in the PGW Pension Plan and contribute 6% of applicable wages or participate in a plan established in compliance with Section 401(a) of the Internal Revenue Code (defined contribution plan) and have PGW contribute 5.5% of applicable wages.

PGW is required by statute to contribute the amounts necessary to fund the PGW Pension Plan. The PGW Pension Plan is funded with (i) contributions by PGW, (ii) contributions from the Sinking Fund Commission of the City (the "Sinking Fund Commission"), (iii) investment earnings, and (iv) employee contributions required for new hires after December 2011 who elect to participate in the PGW Pension Plan. Each month, the Sinking Fund Commission sends, in two separate payments, (i) approximately $2.5 million and (ii) one-twelfth of PGW's annual contribution to the applicable bank account for processing and payment to PGW pensioners.

Benefit and contribution provisions are established by City ordinance and may be amended only as allowed by City ordinance. The pension payments are treated as an operating expense of PGW and are

included as a component of PGW's base rate. The PUC approves all items that are to be included in PGW's base rates.

Pension Costs and Funding

PGW pays an annual amount that is projected to be sufficient to cover its normal cost and an amortization of the PGW Pension Plan's UAL. Table 34 shows the normal cost, the amortization payment, and the resulting annual required contribution as of the last five actuarial valuation dates for the PGW Pension Plan. Prior to fiscal year 2016, PGW had been using a 20-year open amortization period (and the payments in Table 34 are on the basis of a 20-year open amortization). Commencing in PGW's fiscal year 2016, PGW calculated an annual required contribution on the basis of both a 20-year open amortization period and a 30-year closed amortization period and contributed the higher of the two amounts. An open amortization period is one that begins again or is recalculated at each actuarial valuation date. With a closed amortization period, the unfunded liability is amortized over a specific number of years to produce a level annual payment. Because the final amortization date is fixed, if all actuarial assumptions are achieved, the unfunded liability would decline to zero as of the final amortization date. To the extent future experience differs from the assumptions used to establish the 30-year fixed amortization payment schedule, new amortization bases attributable to a particular year's difference would be established and amortized over their own 30-year schedule. Commencing in PGW's fiscal year 2021, PGW's annual contribution is required to be at least $30 million annually unless changed by written directive of the Finance Director. The contribution amount exceeds the suggested level of funding in the Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan and is consistent with the contribution amount in PGW's base rates (i.e., rates PGW charges for services). The $30 million annual contribution amount remains in effect.

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Table 34
PGW Pension – Annual Required Contributions ("ARC")
(Dollar Amounts in Thousands of USD)

Calculation of ARC for the 12-month period ended:	Normal Cost[1] (A)	Amortization Payment[1] (B)	ARC[1], [2] (A + B)	Payments to Beneficiaries[3]
7/1/2020	$6,161	$16,504	$22,665	$55,061
7/1/2021	$7,892	$17,375	$25,267	$56,647
7/1/2022	$7,732	$17,470	$25,202	$58,502
7/1/2023	$7,754	$17,306	$25,060	$60,312
7/1/2024	$7,772	$16,256	$24,028	$60,928

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan.

(2) Each ARC is the sum reflected in this table, but the "Calculated Mid-Year Contribution" in Tables 36 and 37 more closely approximates the actual pension contributions made by PGW.

(3) Sources: For 2020, the audited financial statements for PGW for the fiscal years ended August 31, 2020 and 2019. For 2021, the audited financial statements for PGW for fiscal years ended August 31, 2021 and 2020. For 2022, the audited financial statements for PGW for fiscal years ended August 31, 2022 and 2021. For 2023, the audited financial statements for PGW for fiscal years ended August 31, 2023 and 2022. For 2024, the Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan.

Although PGW has paid its annual required contribution each year, the market value of assets for the PGW Pension Plan is less than the actuarial accrued liability, as shown in the next table. Table 35 shows such values as of the applicable actuarial valuation dates (July 1, 2020 through July 1, 2024).

Table 35
Schedule of Pension Funding Progress
(Dollar Amounts in Thousands of USD)[1]

Actuarial Valuation Date	Market Value of Assets	Actuarial Liability	UAL (Market Value)	Funded Ratio
7/1/2020	$543,230	$741,279	$198,049	73.28%
7/1/2021	$673,542	$792,325	$118,783	85.01%
7/1/2022	$565,748	$806,257	$240,509	70.17%
7/1/2023	$604,133	$812,231	$208,098	74.38%
7/1/2024	$654,984	$819,095	$164,111	79.96%

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan.

The current significant actuarial assumptions for the PGW Pension Plan are: (i) investment return rate of 7.00% compounded annually; (ii) salaries are assumed to increase by an amount based on years of service, see table 3 in The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan; and (iii) retirements that are assumed to occur at the ages detailed in The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan.

The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan includes certain changes to the actuarial assumptions, including (i) modifications to mortality tables, turnover rates, disability rates, retirement rates, and salary scales, (ii) increases to assumed participant compensation in the final year of employment prior to retirement, and (iii) modifications to the optional payment form election percentages and the surviving spouse benefit assumptions.

PGW uses a September 1 – August 31 fiscal year, while the PGW Pension Plan uses a July 1 – June 30 fiscal year (the same as the City's fiscal year). The last five actuarial valuation reports for the PGW Pension Plan utilized a plan year of July 1 to June 30. This is reflected in Table 35 above.

The PGW Pension Plan actuary prepared a separate actuarial valuation report ("GASB 67 Report") for the fiscal year ending June 30, 2024, for purposes of plan reporting information under Governmental Accounting Standards Board Statement No. 67, "Financial Reporting for Pension Plans." The GASB 67 Report shows for the fiscal year ending June 30, 2024, an unfunded liability of approximately $186.7 million (rather than the approximately $164.1 million reflected in Table 35), which results in a funded ratio of 77.82%. In addition, that report provides an interest rate sensitivity, which shows that were the investment rate to be 6.00% (1% lower than the assumed investment rate of 7.00%), the unfunded liability would be approximately $276.4 million.

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Projections of Funded Status

The information under this subheading, "Projections of Funded Status," is extracted from tables prepared by Aon, as actuary to the PGW Pension Plan, which were included in their "Philadelphia Gas Works Pension Plan – Funding Alternative Funding Schedules July 1, 2024-June 30, 2025". The charts show projections, using both the current amortization method (20-year, open) and the alternative amortization method (30-year, fixed). See "– Pension Costs and Funding" above. Projections are subject to actual experience deviating from the underlying assumptions and methods. **Projections and actuarial assessments are "forward looking" statements and are based upon assumptions that may not be fully realized in the future and are subject to change, including changes based upon the future experience of the PGW Pension Plan.**

Table 36
Schedule of Prospective Funded Status (20-Year Open Amortization)
(Dollar Amounts in Thousands of USD)

Actuarial Valuation Date (July 1)	Actuarial Value of Assets	Actuarial Accrued Liability	UAL (Actuarial Value)	Calculated Mid-Year Contribution[(1), (2)]	Funded Ratio
2024	$634,818	$819,095	$184,277	$24,841	77.50%
2025	655,153	821,803	166,650	23,221	79.72%
2026	650,523	824,215	173,692	23,866	78.93%
2027	672,073	826,333	154,260	22,129	81.33%
2028	686,690	828,569	141,879	21,079	82.88%
2029	693,104	831,128	138,024	20,820	83.39%
2030	699,788	834,037	134,249	20,561	83.90%
2031	706,373	836,943	130,570	20,285	84.40%
2032	713,191	840,194	127,003	20,048	84.88%
2033	720,395	843,925	123,531	19,765	85.36%

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan.

(2) Pursuant to the established funding policy, PGW contributes, on a monthly basis, payments of $2.5 million to the payroll account for benefits to retirees, beneficiaries, survivors, etc. The actuary's report assumes contributions at the beginning, middle, and end of the plan year. PGW utilizes the mid-year contribution level to approximate the actual funding methodology.

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Table 37
Schedule of Prospective Funded Status (30-Year Closed Amortization)
(Dollar Amounts in Thousands of USD)

Actuarial Valuation Date (July 1)	Actuarial Value of Assets	Actuarial Accrued Liability	UAL (Actuarial Value)	Calculated Mid-Year Contribution[1], [2]	Funded Ratio
2024	$634,818	$819,095	$184,277	$24,514	77.50%
2025	654,814	821,803	166,989	23,479	79.68%
2026	650,427	824,215	173,788	24,346	78.91%
2027	672,467	826,333	153,866	23,199	81.38%
2028	688,219	828,569	140,350	22,606	83.06%
2029	696,320	831,128	134,808	22,668	83.78%
2030	705,143	834,037	128,895	22,722	84.55%
2031	714,339	836,943	122,604	22,749	85.35%
2032	724,265	840,194	115,929	22,809	86.20%
2033	735,101	843,925	108,824	22,813	87.11%

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan.

(2) Pursuant to the established funding policy, PGW contributes, on a monthly basis, payments of $2.5 million to the payroll account for benefits to retirees, beneficiaries, survivors, etc. The actuary's report assumes contributions at the beginning, middle, and end of the plan year. PGW utilizes the mid-year contribution level to approximate the actual funding methodology.

Additional Information

The City issues a publicly available financial report that includes financial statements and required supplementary information for the PGW Pension Plan. The report is not incorporated into this Official Statement by reference. The report may be obtained by writing to the Office of the Director of Finance of the City.

Further information on the PGW Pension Plan, including with respect to its membership, plan description, funding policy, actuarial assumptions and funded status is contained in the Fiscal Year 2024 ACFR.

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PGW OTHER POST-EMPLOYMENT BENEFITS

PGW provides post-employment healthcare and life insurance benefits to its participating retirees and their beneficiaries and dependents. The City, through its General Fund, could be responsible for costs associated with post-employment healthcare and life insurance benefits if PGW fails to satisfy its post-employment benefit obligations.

PGW pays the full cost of medical, basic dental, and prescription coverage for employees who retired prior to December 1, 2001. Employees who retire after December 1, 2001 are provided a choice of three plans at PGW's expense and can elect to pay toward a more expensive plan. Union employees hired prior to May 21, 2011 and non-union employees hired prior to December 21, 2011 who retire from active service to immediately begin receiving pension benefits are entitled to receive lifetime post-retirement medical, prescription, and dental benefits for themselves and, depending on their retirement plan elections, their dependents. Employees hired on or after those dates are entitled to receive only five years of post-retirement benefits. Currently, PGW provides for the cost of healthcare and life insurance benefits for retirees and their beneficiaries on a pay-as-you-go-basis.

As part of a July 29, 2010 rate case settlement (the "Rate Settlement"), which provided for the establishment of an irrevocable trust for the deposit of funds derived through a rider from all customer classes to fund OPEB liabilities (the "OPEB Surcharge"), PGW established the trust in July 2010, and began funding the trust in accordance with the Rate Settlement in September 2010. The Rate Settlement provided that PGW was to deposit $15.0 million annually for an initial five-year period towards the ARC, and an additional $3.5 million annually, which represented a 30-year amortization of the OPEB liability at August 31, 2010. These deposits were funded primarily through increased rates of $16.0 million granted in the Rate Settlement. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period of 30 years. In PGW's 2015-2016 Gas Cost Rate ("GCR") proceeding, PGW proposed to continue its OPEB Surcharge. The parties to the GCR proceeding submitted a settlement agreement continuing the OPEB Surcharge at the same level of revenue ($16.0 million annually) and funding ($18.5 million annually). Such settlement agreement was approved by the PUC.

The current significant actuarial assumptions for the PGW OPEB Plan are: (i) investment return rate of 7.00% compounded annually; (ii) salaries assumed to increase by an amount based on years of service, and (iii) retirements assumed to occur at the ages detailed in The Actuarial Valuation Report – Retiree Health Insurance Program GASB 74 (Valuation Date: December 31, 2024).

PGW uses a September 1 – August 31 fiscal year, while the PGW OPEB Plan uses a January 1 – December 31 calendar year. The last seven actuarial valuation reports for the PGW OPEB Plan utilized a plan year of January 1 – December 31. This is reflected in Table 39 below.

In Table 39, the PGW OPEB Plan shows an unfunded liability of approximately $83.5 million, which results in a funded ratio of 84.6%. In addition, The Actuarial Valuation Report – Retiree Health Insurance Program GASB 74 report provides an interest rate sensitivity, which shows that if the investment rate were to be 6.00% (1% lower than the assumed investment rate of 7.00%), the unfunded liability would be approximately $156.1 million.

Table 38 provides detail of actual PGW OPEB payments for PGW Fiscal Years 2020-2024 and projected PGW OPEB payments for PGW Fiscal Years 2025-2029. **Projections and actuarial assessments are "forward looking" statements and are based upon assumptions that may not be fully realized in the future and are subject to change, including changes based upon the future experience.**

Table 38
PGW OPEB Payments
(Amounts in Thousands of USD)

Calculation of OPEB Payment for the 12-month period ended:	Healthcare	Life Insurance	OPEB Trust	Total
Actual[1]				
8/31/2020	$26,944	$1,661	$18,500	$47,105
8/31/2021	$24,655	$1,725	$18,500	$44,880
8/31/2022	$21,970	$1,778	$18,500	$42,248
8/31/2023	$24,746	$1,797	$18,500	$45,043
8/31/2024	$25,569	$1,737	$18,500	$45,806
Projections[2]				
12/31/2025	$26,614	$1,700	$18,500	$46,814
12/31/2026	$28,225	$1,700	$18,500	$48,425
12/31/2027	$ 0	$ 0	$16,300	$16,300
12/31/2028	$ 0	$ 0	$ 7,250	$ 7,250
12/31/2029	$ 0	$ 0	$ 7,348	$ 7,348

(1) Source: PGW audited financial statements for fiscal year ended August 31, 2024.

(2) The Actuarial Valuation Report for the PGW Health and Life Insurance Plan GASB 75 Projected Costs – Discount Rate = 7.0%.

Table 39 is the schedule of PGW OPEB funding progress.

Table 39
Schedule of OPEB Funding Progress
(Dollar Amounts in Thousands of USD)

Actuarial valuation date	Actuarial value of assets	Actuarial liability	Unfunded actuarial liability	Funded ratio
12/31/2017[1]	$180,743	$559,631	$378,888	32.3%
12/31/2018[1]	$184,455	$520,533	$336,078	35.4%
12/31/2019[1]	$245,361	$493,570	$248,209	49.7%
12/31/2020[1]	$306,079	$507,667	$201,588	60.3%
12/31/2021[1]	$365,944	$515,175	$149,231	71.0%
12/31/2022[1]	$320,635	$529,342	$208,707	60.6%
12/31/2023[1]	$393,913	$507,620	$113,707	77.6%
12/31/2024[2]	$459,847	$543,352	$ 83,505	84.6%

(1) The Actuarial Valuation Report for the PGW Health and Life Insurance Plan for Retired Employees GASB 75 Financial Disclosure Report for the Fiscal Year Ended August 31, 2024.

(2) The Actuarial Valuation Report – Retiree Health Insurance Program GASB 74.

CITY CASH MANAGEMENT AND INVESTMENT POLICIES

General Fund Cash Flow

Because the receipt of revenues into the General Fund generally lags behind expenditures from the General Fund during each Fiscal Year, the City sometimes issues notes in anticipation of General Fund revenues and makes payments from the Consolidated Cash Account (described below) to finance its on-going operations.

The timing imbalance referred to above results from several factors, principally the following: (i) Real Estate Taxes, BIRT, and Net Profits Taxes are not due until the latter part of the Fiscal Year; and (ii) the City experiences lags in reimbursement from other governmental entities for expenditures initially made by the City in connection with programs funded by other governments.

From time to time, the City issues, or PICA has issued on behalf of the City, tax and revenue anticipation notes. Each issue was repaid when due, prior to the end of the particular Fiscal Year. The City did not issue tax and revenue anticipation notes in Fiscal Year 2024 or Fiscal Year 2025. The City does not expect to issue tax and revenue anticipation notes in Fiscal Year 2026.

The repayment of the tax and revenue anticipation notes is funded through cash available in the General Fund.

Consolidated Cash

The Act of the General Assembly of June 25, 1919 (Pa. P.L. 581, No. 274, Art. XVII, § 6) authorizes the City to make temporary inter-fund loans between certain operating and capital funds. The City maintains a Consolidated Cash Account for the purpose of pooling the cash and investments of all City funds, except those which, for legal or contractual reasons, cannot be commingled (e.g., the Municipal Pension Fund, sinking funds, sinking fund reserves, funds of PGW, the Aviation Fund, the Water Fund, and certain other restricted purpose funds). A separate accounting is maintained to record the equity of each member fund that participates in the Consolidated Cash Account. The City manages the Consolidated Cash Account pursuant to the procedures described below.

To the extent that any member fund temporarily experiences the equivalent of a cash deficiency, an advance is made from the Consolidated Cash Account, in an amount necessary to result in a zero balance in the cash equivalent account of the borrowing fund. All subsequent net receipts of a member fund that has negative equity are applied in repayment of the advance.

All advances are made within the budgetary constraints of the borrowing funds. Within the General Fund, this system of inter-fund advances has historically resulted in the temporary use of tax revenues or other operating revenues for capital purposes and the temporary use of capital funds for operating purposes. With the movement of the reimbursable component of DHS activities from the General Fund to the Grants Revenue Fund, a similar system of advances has resulted in the use of tax revenues or other operating revenues in the General Fund to make expenditures from the Grants Revenue Fund, which advances may be outstanding for multiple Fiscal Years, but which are expected to be reimbursed by the Commonwealth.

The City maintains an ongoing cash reconciliation process, which, in short, reconciles the account balance and activity shown on the records of the bank at which the cash balance of the Consolidated Cash Account is maintained to that shown on the City's records. The City periodically reviews its internal policies to improve the cash reconciliation process and resolve any variances.

Procedures governing the City's cash management operations require the General Fund-related operating fund to borrow initially from the General Fund-related capital fund, and only to the extent there is a deficiency in such fund may the General Fund-related operating fund borrow money from any other funds in the Consolidated Cash Account.

Investment Practices

Cash balances in each of the City's funds are managed to maintain daily liquidity to pay expenses, and to make investments that preserve principal while striving to obtain the maximum rate of return. Pursuant to the City Charter, the City Treasurer is the City official responsible for managing cash collected into the City Treasury. The available cash balances in excess of daily expenses are placed in demand accounts, swept into money market mutual funds, or used to make investments directed by professional investment managers. These investments are held in segregated trust accounts at a separate financial institution. Cash balances related to revenue bonds for water and sewer and the airport are directly deposited and held separately in trust. A fiscal agent manages these cash balances in accordance with the applicable bond documents and the investment practice is guided by administrative direction of the City Treasurer per the Investment Committee and the Investment Policy (as described below). In addition, certain operating cash deposits (such as Community Behavioral Health, Special Gas/County Liquid and "911" surcharge) of the City are restricted by purpose and required to be segregated into accounts in compliance with federal or Commonwealth reporting.

Investment guidelines for the City are embodied in Section 19-202 of the Philadelphia Code. In furtherance of these guidelines, as well as Commonwealth and federal legislative guidelines, the Director of Finance adopted a written Investment Policy (the "Policy") that went into effect in August 1994 and was most recently revised in January 2023. The Policy supplements other legal requirements and establishes guiding principles for the overall administration and effective management of all of the City's monetary funds (except the Municipal Pension Fund, the PGW Retirement Reserve Fund, the PGW OPEB Trust and the PGW Workers' Compensation Reserve Fund).

The Policy delineates permitted investments as authorized by the Philadelphia Code and the funds to which the Policy applies. Investment managers may invest in the instruments expressly listed in the Policy, which states that investments in instruments not listed as authorized investments are prohibited. The authorized investments include U.S. government securities, U.S. treasuries, U.S. agencies, repurchase agreements, commercial paper, corporate bonds, money market mutual funds, obligations of the Commonwealth, collateralized banker's acceptances and certificates of deposit, and collateralized mortgage obligations and pass-through securities directly issued by a U.S. agency or instrumentality, all of investment grade rating or better and with maturity limitations.

U.S. government treasury and agency securities carry no limitation as to the percent of the total portfolio. Commercial paper and corporate bonds are limited to investment of no more than 30% of the total portfolio. Repurchase agreements and money market mutual funds are limited to investment of no more than 25% of the total portfolio. Obligations of the Commonwealth and collateralized banker's acceptances and certificates of deposit are limited to no more than 15% of the total portfolio. Collateralized mortgage obligations and pass-through securities directly issued by a U.S. agency or instrumentality are limited to no more than 5% of the total portfolio.

U.S. government securities carry no limitation as to the percent of the total portfolio per issuer. U.S. agency securities are limited to no more than 33% of the total portfolio per issuer. Repurchase agreements and money market mutual funds are limited to no more than 10% of the total portfolio per issuer. Commercial paper, corporate bonds, obligations of the Commonwealth, collateralized banker's acceptances and certificates of deposit, and collateralized mortgage obligations and pass-through

securities directly issued by a U.S. agency or instrumentality are limited to no more than 3% of the total portfolio per issuer.

The Policy provides for an ad hoc Investment Committee consisting of the Director of Finance, the City Treasurer and one representative each from the Water Department, the Department of Aviation, and PGW. The Investment Committee meets quarterly with each of the investment managers to review each manager's performance to date and to plan for the next quarter. Investment managers are given any changes in investment instructions at these meetings. The Investment Committee approves all modifications to the Policy. The Investment Committee may from time to time review and revise the Policy and may approve temporary waivers of the restrictions on assets based on cash management needs and recommendations of investment managers.

Investment managers provide monthly compliance reports to the Investment Committee, which certify that the manager has received, read, and established control measures for ensuring compliance with the Policy, and that the applicable City accounts are in compliance with the Policy. Such reports must include instances of non-compliance, if any, and indicate corrective action taken, gains or losses, and the timeframe, to bring the account into compliance.

The Policy expressly forbids the use of any derivative investment product as well as investments in any security whose yield or market value does not follow the normal swings in interest rates. Examples of these types of securities include, but are not limited to, structured notes, floating rate (excluding U.S. Treasury and U.S. agency floating rate securities) or inverse floating rate instruments, securities that could result in zero interest accrual if held to maturity, and mortgage derived interest and principal only strips. The City currently makes no investments in derivatives.

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DEBT OF THE CITY

General

Section 12 of Article IX of the Constitution of the Commonwealth provides that the authorized debt of the City "may be increased in such amount that the total debt of [the] City shall not exceed 13.5% of the average of the annual assessed valuations of the taxable realty therein, during the ten years immediately preceding the year in which such increase is made, but [the] City shall not increase its indebtedness to an amount exceeding 3.0% upon such average assessed valuation of realty, without the consent of the electors thereof at a public election held in such manner as shall be provided by law." The Supreme Court of Pennsylvania has held that bond authorizations once approved by the voters need not be reduced as a result of a subsequent decline in the average assessed value of City property. The general obligation debt subject to the limitation described in this paragraph is referred to herein as "Tax-Supported Debt."

The Constitution of the Commonwealth further provides that there shall be excluded from the computation of debt for purposes of the Constitutional debt limit, debt (herein called "Self-Supporting Debt") incurred for revenue-producing capital improvements that may reasonably be expected to yield revenue in excess of operating expenses sufficient to pay interest and sinking fund charges thereon. In the case of general obligation debt, the amount of such Self-Supporting Debt to be so excluded must be determined by the Court of Common Pleas of Philadelphia County upon petition by the City. Self-Supporting Debt is general obligation debt of the City, with the only distinction from Tax-Supported Debt being that it is not used in the calculation of the Constitutional debt limit. Self-Supporting Debt has no lien on any particular revenues.

For purposes of this Official Statement, Tax-Supported Debt and Self-Supporting Debt are referred to collectively as "General Obligation Debt." The term "General Fund-Supported Debt" is comprised of: (i) General Obligation Debt; and (ii) PAID, PMA, PPA, PEA, and PRA bonds, which are secured by agreements with the City to appropriate and pay amounts sufficient to pay principal, interest, or redemption price when due on the bonds.

Using the methodology described above, as of June 30, 2025, the Constitutional debt limitation for Tax-Supported Debt was $18,336,884,508. The total amount of authorized debt applicable to the debt limit was $3,011,685,000, including $1,141,810,000 of authorized but unissued debt, leaving a legal debt margin of 15,628,785,000. Based on the foregoing figures, the calculation of the legal debt margin is as follows:

Table 40
General Obligation Debt Limit
As of June 30, 2025
(Amounts in Thousands of USD)

Authorized, issued and outstanding	$1,869,875
Authorized and unissued	1,141,810
Total	$3,011,685
Less: Self-Supporting Debt	($303,585)
Less: Serial bonds maturing within a year	0
Total amount of authorized debt applicable to debt limit	2,708,100
Legal debt limit	18,336,885
Legal debt margin	$15,628,785

The $18.337 billion Constitutional debt limit calculation includes ten years of property values certified under the City's AVI program. See "REVENUES OF THE CITY – Real Property Taxes." Assuming no increase or decrease in property values used to calculate the Constitutional debt limit in Table 40, the Constitutional debt limit is estimated to be $26.702 billion by 2034. Following these increases in assessed values, the City is below the 3.0% threshold. As a result, beginning with Fiscal Year 2022, the City's bond authorizations have not required electoral consent.

The City is also empowered by statute to issue revenue bonds and, as of June 30, 2025, had outstanding $3.43 billion aggregate principal amount of Water and Wastewater Revenue Bonds ("Water and Wastewater Bonds"), $1.18 billion aggregate principal amount of Gas Works Revenue Bonds, and $1.31 billion aggregate principal amount of Airport Revenue Bonds. As of June 30, 2025, the City has also enacted ordinances authorizing the issuance of (i) up to $500 million aggregate principal amount in Airport Revenue Commercial Paper Notes for the Department of Aviation, (ii) up to $1 billion of Airport Revenue Bonds to finance capital projects for the Department of Aviation (of which approximately $179.6 million has been issued), (iii) up to $270 million of Gas Works Revenue Notes to finance working capital and capital projects for PGW, (iv) up to $300 million of Gas Works Revenue Bonds to finance capital projects for PGW, of which approximately $92.0 million has been issued, (v) up to $400 million of Water and Wastewater Commercial Paper Notes for the Philadelphia Water Department, and (vi) up to $2.9 billion of Water and Wastewater Revenue Bonds for the Philadelphia Water Department, of which approximately $1.0 billion has been issued. For information on recent and upcoming financings, see "OTHER FINANCING RELATED MATTERS – Recent and Upcoming Financings."

The PICA Bonds reached final maturity on June 15, 2023, and there are no PICA Bonds outstanding as of June 30, 2025. For more information on PICA Bonds, see "– PICA Bonds" below.

Short-Term Debt

As provided in the PICA Act, the City's tax and revenue anticipation notes are general obligations of the City but do not constitute debt of the City subject to the limitations of the Constitutional debt limit. The City did not issue tax and revenue anticipation notes in Fiscal Year 2024 or Fiscal Year 2025. The City does not expect to issue tax and revenue anticipation notes in Fiscal Year 2026. See "OTHER FINANCING RELATED MATTERS – Recent and Upcoming Financings" and "CITY CASH MANAGEMENT AND INVESTMENT POLICIES – General Fund Cash Flow."

Long-Term Debt

Table 41 presents a synopsis of the bonded debt of the City and its component units as of the date indicated. Of the total balance of the City's General Fund-Supported Debt issued and outstanding as of June 30, 2025, approximately 43% is scheduled to mature within five Fiscal Years and approximately 69% is scheduled to mature within ten Fiscal Years.

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Table 41
Bonded Debt
as of June 30, 2025
(Amounts in Thousands of USD)[1], [2]

General Obligation Debt and PICA Bonds				
General Obligation Bonds[3]		$1,869,875		
PICA Bonds		0		
Subtotal: General Obligation Debt and PICA Bonds			**$1,869,875**	
Other General Fund-Supported Debt[4]				
Philadelphia Municipal Authority				
Juvenile Justice Center	63,795			
Public Safety Campus	52,815			
Energy Conservation	3,195			
		$119,805		
Philadelphia Authority for Industrial Development				
Pension capital appreciation bonds	$19,459			
Pension fixed rate bonds	636,195			
Stadiums	130,915			
Cultural and Commercial Corridor	49,820			
One Parkway	7,140			
Affordable Housing	38,860			
400 N. Broad[5]	210,085			
Art Museum	7,700			
Rebuild	148,515			
		$1,248,689		
Philadelphia Redevelopment Authority				
Neighborhood Transformation Initiative	84,175			
Home Repair Program	31,245			
Neighborhood Preservation Initiative	331,680			
		$447,100		
Philadelphia Energy Authority				
Streetlight Improvement Project	81,040			
		$81,040		
Philadelphia Parking Authority		$4,645		
Subtotal: Other General Fund-Supported Debt			**$1,901,099**	
Revenue Bonds				
Water Fund[6]		$3,433,000		
Aviation Fund[6]		1,306,460		
Gas Works[6]		1,177,130		
Subtotal: Revenue Bonds			**$5,916,590**	
				$9,687,564
Grand Total				

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(1) Unaudited; figures may not sum due to rounding.

(2) Does not include the issuance of the 2025 Bonds as described in the forepart of this Official Statement.

(3) For tables setting forth a ten-year historical summary of Tax-Supported Debt of the City and the School District and the debt service requirements to maturity of the City's outstanding bonded indebtedness as of June 30, 2024, see the Fiscal Year 2024 ACFR.

(4) The principal amount outstanding relating to the PAID 1999 Pension Obligation Bonds, Series B (capital appreciation bonds) is reflected as the accreted value thereon as of June 30, 2025.

(45) Includes (i) sublease payments of approximately $15.2 million annually for the police headquarters renovation; and (ii) an assumption that the City issues approximately $200 million in bonds in 2026 to acquire the project at an assumed interest rate of 5% over the next 20 years.

(6) Does not include any outstanding commercial paper or short-term note issuances for the Department of Aviation, the Water Department, or PGW, as applicable.

Table 42
Annual Debt Service on General Fund-Supported Debt
(as of June 30, 2025)
(Amounts in Millions of USD)[1]

Fiscal Year	General Obligation Debt[2]			Other General Fund-Supported Debt[4], [5]			Aggregate General Fund-Supported Debt		
	Principal	Interest[3]	Total	Principal	Interest[6], [7]	Total	Principal	Interest	Total
2026	$122.19	$70.64	$192.83	$182.81	$108.85	$291.66	$305.00	$179.48	$484.48
2027	130.76	81.04	211.80	204.24	82.72	286.96	335.00	163.76	498.76
2028	137.58	74.61	212.18	214.94	74.91	289.85	352.52	149.52	502.04
2029	112.44	68.73	181.17	290.21	56.11	346.32	402.65	124.85	527.49
2030	129.68	62.97	192.65	90.56	45.32	135.88	220.24	108.30	328.54
2031	136.82	56.60	193.42	94.93	40.93	135.86	231.74	97.54	329.28
2032	143.62	49.87	193.49	57.34	36.91	94.25	200.95	86.79	287.74
2033	113.80	43.65	157.45	57.86	34.33	92.18	171.66	77.98	249.63
2034	105.25	38.26	143.51	74.94	31.66	106.60	180.19	69.92	250.11
2035	96.48	33.26	129.74	92.98	28.42	121.40	189.46	61.68	251.14
2036	101.41	28.48	129.89	59.32	24.51	83.83	160.73	53.00	213.73
2037	91.84	23.95	115.79	62.23	21.61	83.84	154.07	45.56	199.62
2038	95.74	19.73	115.47	65.28	18.55	83.82	161.01	38.28	199.29
2039	80.87	15.83	96.70	56.47	15.43	71.90	137.34	31.26	168.60
2040	49.73	12.39	62.12	49.37	12.72	62.08	99.09	25.11	124.20
2041	52.02	10.10	62.12	51.80	10.28	62.08	103.82	20.38	124.19
2042	54.46	7.66	62.12	46.07	7.95	54.02	100.53	15.61	116.14
2043	26.61	5.32	31.92	41.33	5.86	47.19	67.94	11.18	79.11
2044	28.01	3.92	31.92	43.41	3.78	47.19	71.42	7.70	79.12
2045	29.52	2.41	31.92	18.74	1.98	20.72	48.26	4.39	52.64
2046	31.11	0.82	31.92	14.76	1.14	15.90	45.86	1.96	47.82
2047	0.00	0.00	0.00	15.52	0.39	15.90	15.52	0.39	15.90
2048	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**$1,869.88**	**$710.26**	**$2,580.13**	**$1,885.06**	**$664.38**	**$2,549.44**	**$3,754.94**	**$1,374.64**	**$5,129.57**

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(1) Does not include letter of credit fees. Figures may not sum due to rounding.

(2) Includes both Tax-Supported Debt and Self-Supporting Debt. See "– General." Does not include PICA Bonds (no PICA Bonds are currently outstanding).

(3) Assumes interest rate on hedged variable rate bonds to be the associated fixed swap rate.

(4) Includes PAID, PMA, PPA, PEA, and PRA bonds, which are secured by agreements with the City to appropriate and pay amounts sufficient to pay principal, interest, or redemption price when due on such bonds, with capital appreciation bonds including only actual amounts payable. The original issuance amount of such capital appreciation bonds is included under the "Principal" column in the Fiscal Year such bonds mature and the full accretion amount at maturity less the original issuance amount is included in the "Interest" column in the Fiscal Year such bonds mature.

(5) Includes (i) sublease payments of approximately $15.2 million annually for the police headquarters renovation; and (ii) an assumption that the City issues approximately $200 million in bonds in 2026 to acquire the project at an assumed interest rate of 5% over the next 20 years.

(6) Assumes interest rate on hedged variable rate bonds to be the associated fixed swap rate.

(7) Net of capitalized interest, if any.

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Other Long-Term Debt Related Obligations

The City has entered into other contracts and leases to support the issuance of debt by public authorities related to the City pursuant to which the City is required to budget and appropriate tax or other general revenues to satisfy such obligations, as shown in Table 41. The City budgets all other long-term debt-related obligations as a single budget item with the exception of PPA.

The Hospitals Authority and the State Public School Building Authority have issued bonds on behalf of the Community College of Philadelphia ("CCP"). Under the Community College Act (Pa. P.L. 103, No. 31 (1985)), each community college must have a local sponsor, which for CCP is the City. As the local sponsor, the City is obligated to pay up to 50% of the annual capital expenses of CCP, which includes debt service. The remaining 50% is paid by the Commonwealth. Additionally, the City annually appropriates funds for a portion of CCP's operating costs (less tuition and less the Commonwealth's payment), as well as certain scholarship programs. The amount paid by the City in Fiscal Year 2023 was $67.1 million. The amount paid by the City in Fiscal Year 2024 was $59.0 million. The budgeted amount and current estimate for Fiscal Year 2025 is $56.0 million. The budgeted amount for Fiscal Year 2026 is $54.0 million.

PICA Bonds

PICA issued several series of bonds at the request of, or for the benefit of, the City (the "PICA Bonds"). Under the PICA Act (both before and after the recent amendments thereto), PICA no longer has authority to issue bonds to finance cash flow deficits but may refund bonds previously issued. The proceeds of the PICA Bonds were used to: (i) make grants to the City to fund its General Fund deficits, to fund all or a portion of the costs of certain City capital projects, to provide other financial assistance to the City to enhance operational productivity, and to defease certain of the City's general obligation bonds; (ii) refund other PICA Bonds; and (iii) pay costs of issuance. The PICA Bonds reached final maturity on June 15, 2023, and there are no PICA Bonds outstanding as of June 30, 2025.

The PICA Act authorizes the City to impose a tax for the sole and exclusive purposes of PICA. In connection with the adoption of the Fiscal Year 1992 budget and the execution of the PICA Agreement, as so authorized by the PICA Act, the City reduced the wage, earnings, and net profits taxes on City residents by 1.5% and enacted a new tax of 1.5% on wages, earnings, and net profits of City residents (the "PICA Tax"), which continues in effect. When outstanding, the PICA Tax secures the PICA Bonds. There are currently no PICA Bonds outstanding.

Pursuant to amendments to the PICA Act in 2022, PICA may, at the request of the City, issue bonds to finance capital projects from time to time in accordance with the timelines set forth therein. Further, the amendments to the PICA Act provide that the PICA Tax will continue to be authorized and dedicated for so long as PICA remains in existence (regardless of whether any PICA Bonds are outstanding). As amended, the PICA Act provides that PICA will remain in existence until the later of January 2, 2047 or one year after all its liabilities are met or, in the case of PICA Bonds, one year after provision for such payment shall have been made or provided for in the applicable bond indenture. In June 2023, City Council passed, and the Mayor signed, an amendment to the PICA Tax ordinance to extend its duration in response to the continued authorization of the PICA Tax pursuant to the amendments to the PICA Act. In addition, the City and PICA approved and entered into the 2023 PICA Agreement that reflects and implements the PICA Act as amended, and replaces the expired 1992 PICA Agreement.

At any time, the City is authorized to increase for its own use its various taxes, including its wage, earnings, and net profits taxes on City residents and could do so upon the expiration of the PICA

Tax. Certain taxes, such as sales, liquor, and hotel taxes, among others, cannot be increased by the City without Commonwealth approval.

The PICA Tax is collected by the City's Department of Revenue, as agent of the State Treasurer, and deposited in the Pennsylvania Intergovernmental Cooperation Authority Tax Fund (the "PICA Tax Fund") of which the State Treasurer is custodian. The PICA Tax Fund is not subject to appropriation by City Council or the General Assembly. See "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Local Government Agencies – *Non-Mayoral-Appointed or Nominated Agencies* – PICA."

The PICA Act authorizes PICA to pledge the PICA Tax to secure its bonds and prohibits the Commonwealth and the City from repealing the PICA Tax or reducing its rate while PICA remains in existence. PICA Bonds are payable from PICA revenues, including the PICA Tax, pledged to secure PICA's bonds, the Bond Payment Account (as described below) and any debt service reserve fund established for such bonds and have no claim on any revenues of the Commonwealth or the City.

The PICA Act establishes a "Bond Payment Account" for PICA as a trust fund for the benefit of PICA bondholders and authorizes the creation of a debt service reserve fund for bonds issued by PICA. The State Treasurer is required to pay the proceeds of the PICA Tax held in the PICA Tax Fund directly to the Bond Payment Account. The proceeds of the PICA Tax in excess of amounts required for: (i) debt service; (ii) replenishment of any debt service reserve fund for bonds issued by PICA; and (iii) certain PICA operating expenses, are required to be deposited in a trust fund established exclusively to benefit the City and designated the "City Account." Amounts in the City Account are required to be remitted to the City not less often than monthly, unless PICA certifies the City's non-compliance with the then-current five-year financial plan.

The total amount of PICA Tax remitted by the State Treasurer to PICA (which is net of the costs of the State Treasurer in collecting the PICA Tax), PICA annual debt service and investment expenses, and net PICA tax revenue remitted to the City for Fiscal Years 2022-2024, the budgeted amounts and current estimates for Fiscal Year 2025, and the budgeted amounts for Fiscal Year 2026 are set forth in Table 43.

Table 43
Summary of PICA Tax Remitted by the State Treasurer to PICA and Net Taxes Remitted by PICA to the City (Amounts in Millions of USD)[1], [2]

Fiscal Year	PICA Tax[3]	PICA Annual Debt Service and Expenses[3]	Net taxes remitted to the City[3]
2022 (Actual)	$585.6	$30.5	$555.1
2023 (Actual)	$674.3	$0.0	$674.3
2024 (Actual)	$716.3	$10.8	$705.5
2025 (Adopted Budget)	$739.4	$0.0	$739.4
2025 (Current Estimate)	$743.4	$0.0	$743.4
2026 (Adopted Budget)	$769.3	$0.0	$769.3

(1) Figures may not sum due to rounding.
(2) As of the date of this Official Statement, there are no PICA Bonds outstanding.
(3) Source: For Fiscal Years 2021-2024, the ACFRs for the applicable Fiscal Year. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the Thirty-Fourth Five-Year Plan, as applicable. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget.

OTHER FINANCING RELATED MATTERS

Swap Information

The City is a party to various swaps related to its outstanding General Fund-Supported Debt as detailed in Table 44.

Table 44
Summary of Swap Information
for General Fund-Supported Debt (as of June 30, 2025)

City Entity	City GO	City Lease PAID	City Lease PAID
Related Bond Series	2009B[1]	2007B-2 (Stadium)[3]	2007B-2 (Stadium)[4]
Initial Notional Amount	$313,505,000	$217,275,000	$72,400,000
Current Notional Amount	$100,000,000	$30,550,205	$10,179,795
Termination Date	8/1/2031	10/1/2030	10/1/2030
Product	Fixed Payer Swap	Fixed Payer Swap	Fixed Payer Swap
Rate Paid by Dealer	SIFMA	SIFMA	SIFMA
Rate Paid by City Entity	3.829%	3.9713%	3.9713%
Dealer	Royal Bank of Canada	JPMorgan Chase Bank, N.A.	Merrill Lynch Capital Services, Inc.
Fair Value[2]	($5,327,498)	($1,290,305)	($429,983)
Additional Termination Events	For Dealer: Rating change below BBB- or Baa3 For City: Rating change below BBB- or Baa3 upon insurer event (includes insurer being rated below A- or A3)	For Dealer: Rating change below BBB- or Baa3 For PAID: Rating change below BBB- or Baa3 upon insurer event (includes insurer being rated below A- or A3)	For Dealer: Rating change below BBB- or Baa3 For PAID: Rating change below BBB- or Baa3 upon insurer event (includes insurer being rated below A- or A3)

(1) On July 28, 2009, the City terminated a portion of the swap in the amount of $213,505,000 in conjunction with the refunding of its Series 2007B bonds with the Series 2009A fixed rate bonds and the Series 2009B variable rate bonds. The City made a termination payment of $15,450,000.

(2) Fair values are as of June 30, 2025, and are shown from the City's perspective and include accrued interest.

(3) On July 15, 2014, PAID terminated a portion of the swap in the amount of $41,555,000 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2014B fixed rate bonds. PAID made a termination payment of $4,171,000 to JPMorgan. On September 11, 2019, PAID terminated a portion of the swap in the amount of $33,455,654 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2019 fixed rate bonds. PAID made a termination payment of $6,051,000 to JPMorgan.

(4) On July 15, 2014, PAID terminated a portion of the swap in the amount of $13,840,000 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2014B fixed rate bonds. PAID made a termination payment of $1,391,800 to Merrill Lynch. On September 11, 2019, PAID terminated a portion of the swap in the amount of $11,149,346 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2019 fixed rate bonds. PAID made a termination payment of $1,998,000 to Merrill Lynch.

While the City is party to several interest rate swap agreements, for which there is General Fund exposure and on which the swaps currently have a negative mark against the City, the City has no obligation to post collateral on these swaps while the City's underlying ratings are investment grade.

For more information related to certain swaps entered into in connection with revenue bonds issued for PGW, the Water Department, and the Department of Aviation, see the Fiscal Year 2024 ACFR.

Swap Policy

The City has adopted a swap policy for the use of swaps, caps, floors, collars and other derivative financial products (collectively, "swaps") in conjunction with the City's debt management. The swap program managed by the City includes swaps related to the City's general obligation bonds, tax-supported service contract debt issued by related authorities, debt of the Water Department, Department of Aviation, and debt of PGW. When outstanding, swaps related to debt of PICA, the School District, and the PPA are managed by those governmental entities, respectively.

The Director of Finance has overall responsibility for entering into swaps. Day-to-day management of swaps is the responsibility of the City Treasurer, and the Executive Director of the Sinking Fund Commission is responsible for making swap payments. The Office of the City Treasurer and the Law Department coordinate their activities to ensure that all swaps that are entered into are in compliance with applicable federal, state, and local laws.

The swap policy addresses the circumstances when swaps can be used, the risks that need to be evaluated prior to entering into swaps and on an ongoing basis after swaps have been executed, the guidelines to be employed when swaps are used, and how swap counterparties will be chosen. The swap policy is used in conjunction with the City's Debt Management Policy, reviewed annually, and updated as needed.

Under the swap policy, permitted uses of swaps include: (i) managing the City's exposure to floating interest rates through interest rate swaps, caps, floors and collars; (ii) locking in fixed rates in current markets for use at a later date through the use of forward starting swaps and rate locks; (iii) reducing the cost of fixed or floating rate debt through swaps and related products to create "synthetic" fixed or floating rate debt; and (iv) managing the City's credit exposure to financial institutions and other entities through the use of offsetting swaps.

Since swaps can create exposure to the creditworthiness of financial institutions that serve as the City's counterparties on swap transactions, the City has established standards for swap counterparties. As a general rule, the City enters into transactions with counterparties whose obligations are rated in the A rated category or better from two nationally recognized rating agencies. If the counterparty's credit rating is below the double-A rating category, the swap policy requires that the City's exposure be collateralized. If a counterparty's credit is downgraded below the A category, even with collateralization, the swap policy requires a provision in the swap permitting the City to exercise a right to terminate the transaction prior to its scheduled termination date.

Letter of Credit Agreements

The City has entered into various letter of credit agreements related to its General Fund-Supported Debt as detailed in Table 45. Under the terms of such letter of credit agreements, following a purchase of the applicable bonds, the City may be required to amortize such bonds more quickly than as originally scheduled at issuance.

Table 45
Summary of Letter of Credit Agreements
for General Fund-Supported Debt
as of June 30, 2025

Variable Rate Bond Series	Amount Outstanding	Bond Maturity Date	Provider	Expiration Date	Rating Thresholds [1]
General Obligation Multi-Modal Refunding Bonds, Series 2009B	$100,000,000	August 1, 2031	Truist Bank	August 1, 2031	The long-term rating assigned by any one of the rating agencies to any unenhanced long-term parity debt of the City is (i) withdrawn or suspended for credit-related reasons or (ii) reduced below investment grade.
PAID Multi-Modal Lease Revenue Refunding Bonds, Series 2007B-2	$46,575,000	October 1, 2030	TD Bank	October 1, 2030[2]	The long-term ratings assigned by at least two of the rating agencies to any unenhanced general obligation bonds of the City is (i) withdrawn or suspended for credit-related reasons, or (ii) reduced below investment grade.

(1) The occurrence of a Rating Threshold event would result in an event of default under the reimbursement agreement with the related bank.
(2) The stated Expiration Date may be advanced at the option of the Provider to a date that is one hundred eighty days after the date the Provider gives notice of its exercise of such option (the "Option Notification Date"). Such Option Notification Date may occur between February 26, 2027 and August 26, 2027.

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Recent and Upcoming Financings

Recent Financings. The following is a list of financings that the City has entered into in Fiscal Year 2025.

- In September 2024, the City issued $424,250,000 in Gas Works Revenue Bonds.
- In November 2024, the City issued $595,780,000 in Water and Wastewater Revenue Bonds.
- In December 2024, PRA issued $149,105,000 in City Service Agreement Revenue Bonds for the benefit of the City.
- In January 2025, PRA issued $68,820,000 in City Service Agreement Revenue Refunding Bonds for the benefit of the City.
- In June 2025, the City issued $872,570,000 in General Obligation Bonds.

Upcoming Financings. In addition to the financing contemplated by this Official Statement, the following is a list of financings that the City expects to enter into during the remainder of calendar year 2025.

- PAID expects to issue approximately $130,000,000 in City Service Agreement Revenue Bonds for the benefit of the City as the third phase of financing for the Rebuild Program.
- PRA expects to issue approximately $400,000,000 in City Service Agreement Revenue Bonds for the benefit of the City in connection with the H.O.M.E. Initiative.

CITY CAPITAL PROGRAM

As part of the annual budget process, the Mayor submits for approval a six-year capital program to City Council, together with the proposed operating budget. For more information on the City's budget process, see "DISCUSSION OF FINANCIAL OPERATIONS – Budget Procedure."

Certain Historical Capital Expenditures

Table 46 shows the City's historical expenditures for Fiscal Years 2021-2025 for certain capital purposes, including expenditures for projects related to transit, streets and sanitation, municipal buildings, recreation, parks, museums, and stadia, and economic and community development. This table does not include expenditures for the City's enterprise funds. The source of funds used for such expenditures are primarily general obligation bond proceeds, but also include federal, state, private, and other government funds and operating revenue. Figures in Table 46 are generated after the Fiscal Year closes and may not sum due to rounding.

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Table 46
Historical Expenditures for Certain Capital Purposes
Fiscal Years 2021-2025

Purpose Category	2021	2022	2023	2024	2025
Transit	$ 275,524	$ 7,391,397	$ 2,252,818	$ 1,403,503	$ 1,248,800
Streets & Sanitation	74,069,852	49,505,218	79,721,589	94,759,334	146,339,661
Municipal Buildings	88,706,617	89,560,752	75,369,416	80,029,033	148,595,380
Recreation, Parks, Museums & Stadia	28,727,639	26,443,401	44,565,539	141,339,977	84,428,371
Economic & Community Development	10,219,384	12,952,262	15,135,822	11,408,633	49,153,420
Total	**$201,999,016**	**$185,853,030**	**$217,045,184**	**$328,940,480**	**$429,765,632**

Table 47 shows the City's historical expenditures for Fiscal Years 2021-2025 for certain capital purposes from general obligation bond proceeds only and the percentage of the total costs covered by such proceeds in such Fiscal Years. Figures in Table 47 are generated after the Fiscal Year closes and may not sum due to rounding.

Table 47
Historical Expenditures for Certain Capital Purposes
(General Obligation Bond Proceeds Only)
Fiscal Years 2021-2025

Purpose Category	2021	2022	2023	2024	2025
Transit	$ 274,336	$ 7,391,397	$ 2,252,818	$ 1,403,503	$ 1,248,800
Streets & Sanitation	27,389,047	20,984,230	26,035,836	38,118,666	67,590,151
Municipal Buildings	60,609,517	62,468,532	60,607,214	64,204,573	130,435,681
Recreation, Parks, Museums & Stadia	23,396,808	21,981,840	42,672,209	85,038,878	60,941,972
Economic & Community Development	9,934,028	11,301,908	12,392,809	11,040,070	43,776,880
Total	**$121,603,736**	**$124,127,907**	**$143,960,886**	**$199,805,690**	**$303,993,484**
Percentage of Total Costs	**60%**	**67%**	**66%**	**61%**	**71%**

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Fiscal Year 2026-2031 Capital Program

The Fiscal Year 2026-2031 Capital Program contemplates a total budget of $17.93 billion (compared to $16.21 billion as budgeted in the Fiscal Year 2025-2030 Capital Program). In the Fiscal Year 2026-2031 Capital Program, approximately $7.46 billion is expected to be provided from federal, Commonwealth, and other sources and approximately $10.23 billion through City funding. For Fiscal Year 2026, the City has budgeted $7.32 billion for capital projects (compared to $6.09 billion in Fiscal Year 2025). Table 48 shows the amounts budgeted each year from various sources of funds for capital projects in the Fiscal Year 2026-2031 Capital Program.

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Table 48
Fiscal Year 2026-2031 Capital Program
(Amounts in Thousands of USD)

Funding Source	2026	2027	2028	2029	2030	2031	2026-2031
City Funds--Tax Supported							
Carried-Forward Loans	610,627	-	-	-	-	-	610,627
Operating Revenue	583,441	7,250	7,250	7,250	7,250	2,750	615,191
New Loans	378,814	232,235	220,692	225,566	225,559	225,218	1,508,084
Prefinanced Loans	17,494	-	-	-	-	-	17,494
PICA Prefinanced Loans	9,498	-	-	-	-	-	9,498
Tax Supported Subtotal	**$1,599,874**	**$239,485**	**$227,942**	**$232,816**	**$232,809**	**$227,968**	**$2,760,894**
City Funds--Self Sustaining							
Self-Sustaining Carried Forward Loans	1,845,201	-	-	-	-	-	1,845,201
Self-Sustaining Operating Revenue	166,532	91,197	106,254	120,524	134,605	142,621	761,733
Self-Sustaining New Loans	913,930	852,118	832,647	801,701	788,473	680,235	4,869,104
Self-Sustaining Subtotal	**$2,925,663**	**$943,315**	**$938,901**	**$922,225**	**$923,078**	**$822,856**	**$7,476,038**
Other City Funds							
Revolving Funds	55,000	55,000	32,000	32,000	32,000	22,000	228,000
Other Than City Funds							
Carried-Forward Other Government	32,359	-	-	-	-	-	32,359
Other Government Off Budget	212,508	59,938	109,553	85,007	175,427	161,704	804,137
Other Governments/Agencies	2,500	-	-	-	-	-	2,500
Carried-Forward State	360,330	-	-	-	-	-	360,330
State Off Budget	376,067	299,815	314,959	343,288	457,917	473,977	2,266,023
State	103,400	97,939	94,994	95,887	94,653	82,319	569,192
Carried-Forward Private	118,254	-	-	-	-	-	118,254
Private	29,995	16,940	14,074	13,226	13,035	10,044	97,314
Carried-Forward Federal	966,673	-	-	-	-	-	966,673
Federal Off-Budget	180,435	146,375	141,113	135,032	221,939	208,818	1,033,712
Federal	357,750	204,219	173,463	163,011	161,870	149,383	1,209,696
Other Than City Funds Subtotal	**$2,740,271**	**$825,226**	**$848,156**	**$835,451**	**$1,124,841**	**$1,086,245**	**$7,460,190**
TOTAL	**$7,320,808**	**$2,063,026**	**$2,046,999**	**$2,022,492**	**$2,312,728**	**$2,159,069**	**$17,925,122**

LITIGATION

Generally, judgments and settlements on claims against the City are payable from the General Fund, except for claims against the Water Department, the Department of Aviation, and PGW, which are paid out of their respective funds or revenues and only secondarily out of the General Fund.

The Act of October 5, 1980, P.L. 693, No. 142, known as the "Political Subdivision Tort Claims Act," (the "Tort Claims Act") established a $500,000 aggregate limitation on damages for injury to a person or property arising from the same cause of action or transaction or occurrence or series of causes of action, transactions or occurrences with respect to governmental units in the Commonwealth such as the City. The constitutionality of that aggregate limitation on damages was upheld by the Pennsylvania Supreme Court in *Zauflik v. Pennsbury School District*, 104 A.3d 1096 (Pa. 2014). Under Pennsylvania Rule of Civil Procedure 238, delay damages are not subject to the $500,000 limitation. The limit on damages is inapplicable to any suit against the City that does not arise under state tort law, such as claims made against the City under federal civil rights laws. The state constitutionality of the limitation on damages is again before the Pennsylvania Supreme Court in *Freilich v. SEPTA* (review granted on March 11, 2024). Legislation to amend the limitation on damages has also been introduced in the Pennsylvania legislature.

General Fund

Table 49 presents the City's aggregate losses from settlements and judgments paid out of the General Fund for Fiscal Years 2021-2024 and the budgeted amount for Fiscal Year 2025.

Table 49
Aggregate Losses – General and Special Litigation Claims (General Fund)
Fiscal Years 2021-2024 (Actual) and 2025 (Budget)
(Amounts in Millions of USD)

	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Budget 2025
Aggregate Losses	$47.8	$48.0	$68.8	$61.0	$85.7

Sources: The City, Budget Office, Indemnity Account, Status Reports.

The current estimate of settlements and judgments from the General Fund for Fiscal Year 2025 is $86.3 million. This estimate is based on internal calculations using (i) the "Probable Costs" listed in its Quarterly Litigation Reports, (ii) the 3-year average cost for closed cases, and (iii) current year-to-date spending reports. Current year spending includes payments made for settled cases pursuant to payment plans over multiple years. Such payments are generally made at the start of a Fiscal Year, which can result in the current estimate being skewed higher during the early part of such Fiscal Year.

In budgeting for settlements and judgments in the annual operating budget and projecting settlements and judgments for each five-year plan, the City bases its estimates on past experience and on an analysis of estimated potential liabilities and the timing of outcomes, to the extent a proceeding is sufficiently advanced to permit a projection of the timing of a result. General and special litigation claims are budgeted separately from back-pay awards and similar settlements relating to labor disputes. Usually, some of the costs arising from labor litigation are reported as part of current payroll expenses.

In addition to routine litigation incidental to performance of the City's governmental functions and litigation arising in the ordinary course relating to contract and tort claims and alleged violations of

law, certain special litigation matters are currently being litigated and/or appealed and adverse final outcomes of such litigation could have a substantial or long-term adverse effect on the General Fund. These proceedings involve: (i) environmental-related actions and proceedings in which it has been or may be alleged that the City is liable for damages, including but not limited to property damage and bodily injury, or that the City should pay fines or penalties or the costs of response or remediation, because of the alleged generation, transport, or disposal of toxic or otherwise hazardous substances by the City, or the alleged disposal of such substances on or to City-owned property; (ii) contract disputes and other commercial litigation; (iii) union arbitrations and other employment-related litigation; (iv) potential and certified class action suits; and (v) civil rights litigation. The ultimate outcome and fiscal impact, if any, on the General Fund of the claims and proceedings described in this paragraph are not currently predictable.

In August 2024, there was a notable development in one of the City's litigation matters. The case involves a class action arising out of the conditions of confinement at the Philadelphia Department of Prisons ("PDP"). In April 2022, the City entered into a settlement agreement, which was approved by the U.S. District Court for the Eastern District of Pennsylvania and entered as a court order in July 2022. The plaintiffs in this case filed a motion requesting the court find the City in contempt because of its alleged failure to meet the provisions of the settlement agreement. In August 2024, the U.S. District Court issued the contempt order, pursuant to which the City is ordered to spend $25 million, approximately equal to the amount of unspent money from the PDP budget over each of the four years of the litigation, on specific remediation measures at the prisons as set forth in the settlement agreement. The $25 million was paid out of the City's Indemnity Account in October 2024.

For more information on City litigation, see Note IV.8 to the Fiscal Year 2024 ACFR, "Contingencies – Primary Government – Claims and Litigation." In addition, see "REVENUES OF THE CITY – Real Property Taxes" for a discussion of litigation relating to the reassessment of commercial property in tax year 2018.

Water Fund

Various claims have been asserted against the Water Department and in some cases lawsuits have been instituted. Many of these Water Department claims have been reduced to judgment or otherwise settled in a manner requiring payment by the Water Department. Table 50 presents the Water Department's aggregate losses from settlements and judgments paid out of the Water Fund for Fiscal Years 2021-2024 and the budgeted amount for Fiscal Year 2025. The current estimate for Fiscal Year 2025 is $6.5 million. The Water Fund is the first source of payment for any of the claims against the Water Department.

Table 50
Aggregate Losses – General and Special Litigation Claims (Water Fund)
Fiscal Years 2021-2024 (Actual) and 2025 (Budget)
(Amounts in Millions of USD)

	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Budget 2025
Aggregate Losses	$2.5	$5.9	$6.0	$6.0	$6.5

Sources: The City, Budget Office, Indemnity Account, Status Reports.

Aviation Fund

Various claims have been asserted against the Department of Aviation and in some cases lawsuits have been instituted. Many of these Department of Aviation claims have been reduced to judgment or otherwise settled in a manner requiring payment by the Department of Aviation. Table 51 presents the Department of Aviation's aggregate losses from settlements and judgments paid out of the Aviation Fund for Fiscal Years 2021-2024 and the budgeted amount for Fiscal Year 2025. The current estimate for Fiscal Year 2025 is $1.8 million. The Aviation Fund is the first source of payment for any of the claims against the Department of Aviation.

Table 51
Aggregate Losses – General and Special Litigation Claims (Aviation Fund)
Fiscal Years 2021-2024 (Actual) and 2025 (Budget)
(Amounts in Millions of USD)

	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Budget 2025
Aggregate Losses	$1.2	$1.0	$1.8	$1.1	$2.5

Sources: The City, Budget Office, Indemnity Account, Status Reports.

Transportation Fund

Aggregate losses from settlements and judgments paid out of the Transportation Fund for Fiscal Year 2024 and the budgeted amount for Fiscal Year 2025 are $12.0 million and $15.0 million, respectively.

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PGW

Various claims have been asserted against PGW and in some cases lawsuits have been instituted. Many of these PGW claims have been reduced to judgment or otherwise settled in a manner requiring payment by PGW. Table 52 presents PGW's settlements and judgments paid out of PGW revenues, with accompanying reserve information, in PGW Fiscal Years 2019 through 2024. PGW revenues are the first source of payment for any of the claims against PGW. PGW currently estimates approximately $2.8 million and $2.4 million in settlements and judgments for PGW Fiscal Years 2025 and 2026, respectively.

Table 52
Claims and Settlement Activity (PGW)
PGW Fiscal Years 2019-2024
(Amounts in Thousands of USD)

Fiscal Year (ending August 31)	Beginning of Year Reserve	Current Year Claims and Adjustments	Claims Settled	End of Year Reserve	Current Liability Amount (due within one year)
2019	$14,064	($1,582)	($2,922)	$9,560	$3,925
2020	$9,560	$1,973	($2,091)	$9,442	$5,435
2021	$9,442	$2,384	($1,845)	$9,981	$4,584
2022	$9,981	$808	($2,535)	$8,253	$3,917
2023	$8,253	$1,207	($2,671)	$6,789	$3,769
2024	$6,789	$5,285	($3,300)	$8,774	$3,318

Sources: For fiscal years ended August 31, 2019, through August 31, 2024, PGW's audited financial statements.

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APPENDIX IV
SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS AND THE GENERAL ORDINANCE

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APPENDIX IV

SUMMARY OF CERTAIN AUTHORIZATIONS FOR THE SERIES 2025 BONDS

The following are summaries of certain provisions and/or definitions of The First Class City Revenue Bond Act (the "Act") and the Amended and Restated General Airport Revenue Bond Ordinance of 1995, as amended and supplemented (the "General Ordinance"). The summaries are not, and should not be regarded as, complete statements of the provisions of these documents and legislation. Reference is made to the Act and the General Ordinance, copies of which are available from the Office of the Director of Finance, 1401 J. F. Kennedy Boulevard, Municipal Services Building, Room 1330, Philadelphia, Pennsylvania 19102, for the complete terms and provisions thereof.

THE FIRST CLASS CITY REVENUE BOND ACT

The Series 2025 Bonds are being issued under the terms of The First Class City Revenue Bond Act, the General Ordinance pursuant to the terms of the Twentieth Supplemental Ordinance and the Bond Committee Determination. The following summarizes the terms of The First Class City Revenue Bond Act. All capitalized terms used in the following summary of The First Class City Revenue Bond Act are defined as in The First Class City Revenue Bond Act and may be differently referenced in other portions of this Official Statement.

General Authorization; Definition of Project; Bonds to be Special Obligations

The Act is intended to provide a comprehensive authorization to the City and any other Pennsylvania city of the first class to issue revenue bonds ("Bonds") to finance various types of projects.

The Act defines "Project" to include, among other things, any buildings, structures, facilities or improvements of a public nature, the related land, rights or leasehold estates in land and the related furnishings, machinery, apparatus or equipment of a capital nature, which the City is authorized to own, construct acquire, improve, lease, operate or support; any item of construction, acquisition or extraordinary maintenance or repair thereof, the City's share of the cost of any of the foregoing undertaken jointly with others; and any combination of the foregoing or any undivided portion of the cost of any of the foregoing as may be designated a project by the City for financing purposes and in respect of which the City may reasonably be expected to receive "Project Revenues" (as defined in the act), which include, among other things, all revenues generated by the Project financed.

Bonds issued under the Act are required to be payable solely from Project Revenues and to be secured solely by such revenues and by any reserve funds which may be created in connection with the Bonds. The Bonds are not permitted to pledge the credit or taxing power of the City, to create a debt or charge against the tax or general revenues of the City, or to create a lien against any City property other than the Project Revenues pledged therefore and reserve funds established in respect of the Bonds. The Bonds are excluded from the calculation of the City's debt-incurring capacity under the Pennsylvania Constitution.

Estimates of Future Revenues

To establish that Project Revenues will be sufficient to amortize all Bonds outstanding, the Act requires a finding to be made in the ordinance authorizing the issuance of the Bonds that the pledged Project Revenues will be sufficient to pay any prior parity charges on such pledged Project Revenues and the principal of and interest on the Bonds. The finding is to be based on a report of the chief fiscal officer of the City filed with the City Council and supported by appropriate schedules and summaries. The report of

the chief fiscal officer of the city may be based on a report of the airport consultant employed by the City to evaluate the Project.

For the purposes of estimating future Project Revenues, the Act provides that only the following shall be included (i) those rents, rates, tolls or charges to the general public which, under existing authorizations, and in effect as of the date of calculation, will be reasonably collectable during the fiscal year under the rate schedule which is or will be in effect during such fiscal year, or which may be imposed by administrative action without further legislation: (ii) those bulk payments which may be imposed under subsisting legislation or which are provided under subsisting agreements or are the subject of an expression of intent by the prospective obligor deemed reliable by the chief fiscal officer of the City; and (iii) those governmental subsidies or payments which, under subsisting legislation, are subject to reasonably precise calculation and, unless stated in such legislation or authorization to be of an annually or more frequent recurring nature, are payable in such year.

Details of Bonds and City Covenants

The Act provides that the ordinance authorizing the issuance of the Bonds shall fix the aggregate amounts of the Bonds to be issued from time to time and determine, or designate officers of the City to determine, the form and details of the Bonds. The City may include in its Bond ordinance various covenants with Bondholders, including covenants governing the imposition, collection and disbursement of Project Revenues, Project operation and maintenance, the establishment, segregation, maintenance, custody, investment and disbursement of sinking funds and reserves, the issuance of additional priority or parity bonds, the redemption of the Bonds and such other provisions as the City deems necessary or desirable in the interest or for the protection of the City or of such Bondholders. Under the Act the covenants, terms and provisions of the Bond ordinance made for the benefit of Bondholders constitute contractual obligations of the City, but such covenants (within limitations, if any, fixed by the Bond ordinance) may be modified by agreement with a majority in interest of the Bondholders or such larger portion thereof as may be provided in the Bond ordinance.

Sinking Fund

The Act requires that the Bond ordinance shall provide for the establishment of a sinking fund for the payment of the principal of and interest on the Bonds. Payment into such sinking fund shall be made in annual or more frequent installments and shall be sufficient to pay or accumulate for payment all principal of and interest on the Bonds for which the sinking fund is established as and when the same shall become due and payable. The sinking fund shall be managed by the chief fiscal officer of the City and moneys therein to the extent not currently required, shall be invested, subject to limitations established by the Bond ordinance and the Act. Interest and profits from investment of moneys in the sinking fund shall be added to such fund and may be applied in reduction of or to complete required deposits into the sinking fund. Excess moneys in the sinking fund shall be repaid to the City for its general purposes or may be applied as may be provided in the Bond ordinance. All moneys deposited in the sinking fund are subjected to a perfected security interest for the benefit of the holders of the Bonds, for which the fund is established, until properly disbursed. This perfected security interest also applies, under the terms of the Act, to moneys in the sinking fund reserve created as part of the sinking fund by the General Ordinance.

Refunding

Any outstanding Bonds issued under the Act or other bonds issued for purposes for which bonds are issuable under the Act, whether issued before or after the effective date of the Act, may from time to time be refunded by Bonds issued under the Act and are subject to the same protections and provisions required for the issuance of an original issue of Bonds. The last stated maturity date of the refunding Bonds may

not be later than ten years after the last stated maturity date of the Bonds to be refunded. If outstanding Bonds are refunded in advance of their maturity or redemption date, the principal thereof and interest thereon to payment or redemption date, and redemption premium payable, if any, will no longer be deemed to be outstanding obligations when the City shall have deposited with a bank, bank and trust company or trust company, funds irrevocably pledged to the purpose, which are represented by demand deposits, interest bearing time accounts, savings deposits, certificates of deposit (insured or secured as public funds) or specified obligations of the United States or of the Commonwealth of Pennsylvania to effect such redemption or payment or, if interest on the deposited funds to the time of disbursement is also pledged, sufficient, together with such interest, for such purpose and, in the case of redemption, shall have duly called the Bonds for redemption or given irrevocable instructions to give notice of such call.

Validity of Proceedings; Suits and Limitations Thereon

Prior to delivery of any Bonds, the City must file with the Court of Common Pleas a transcript of the proceedings authorizing the issuance of the Bonds. If no action is brought on or before the twentieth day following the date of recording of the transcript, the validity of the proceedings, the City's right to issue the Bonds, the lawful nature of the purpose for which the Bonds are issued, and the validity and enforceability of the Bonds in accordance with their terms may not thereafter be inquired into judicially, in equity, at law, or by civil or criminal proceedings, or otherwise, either directly or collaterally, except where a constitutional question is involved.

Negotiable Instrument

The Act provides that Bonds issued thereunder shall have the qualities and incidents of securities under article 8 of the Uniform Commercial Code of the Commonwealth and shall be negotiable instruments.

Exemption from State Taxation

The Commonwealth pledges with the holders from time to time of Bonds issued under the Act that such Bonds, and the interest thereon, shall at all times be free from taxation within and by the Commonwealth, but this exemption does not extend to gift, succession or inheritance taxes or any other taxes not levied directly on the Bonds and the receipt of interest thereon.

Defaults and Remedies

If the City should fail to pay the principal of or interest on any Bond when the same shall be due and payable, the remedy provisions of the Act permit the holder of such Bond, subject to the limitations described below, to recover the amount due in an action in Philadelphia Common Pleas Court; but a judgment rendered in favor of the Bondholder in such an action is collectible only from Pledged Amounts. The holders of 25% or more in aggregate principal amount of the Bonds of such series then outstanding which are in default, whether because of failure of timely payment which is not cured in 30 days, or failure of the City to comply with any other provisions of the Bonds or any Bond ordinance, may appoint a trustee to represent them. On being appointed, the trustee shall be the exclusive representative for the affected Bondholders and the individuals rights of action described above shall no longer be available. The trustee may, and upon written request of the holders of 25% or more in aggregate principal amount of Bonds in default, and on being furnished with indemnity satisfactory to it, shall, take one or more of the following actions, which, if taken, shall preclude similar action, whether previously or subsequently initiated, by individual holders of Bonds; enforce, by proceedings at law or in equity, all rights of the holders of the Bonds; bring suit on the Bonds; bring suit in equity to require the City to make an accounting for all pledged Project Revenues received and to enjoin unlawful action or action in violation of the holders' rights; and, after 30 days' written notice to the City, and subject to any limitations in the

Bond ordinance, declare the unpaid principal of the Bonds to be immediately due and payable, together with interest thereon at the rates stated in the Bonds until final payment, and upon the curing of all defaults, to annual such declaration. In any suit, action or proceeding by or on behalf of holders of defaulted Bonds, trustee fees and expenses, including operating costs of a project and reasonable counsel fees, shall constitute taxable costs, and all such costs and expenses allowed by the Court shall be deemed additional principal due on the Bonds and shall be paid in full from any recovery prior to any distribution to the holders of the Bonds. The General Ordinance limits any such recovery to Pledged Amounts. The trustee shall make distribution of any sums so collected in accordance with the Act.

Refunding with General Obligation Bonds

Upon certification by the City's chief fiscal officer that Project Revenues pledged for the payment of Series 2025 Bonds have become insufficient to meet the requirements of the ordinance or ordinances under which the Series 2025 Bonds were issued, the City Council is empowered, subject to applicable Pennsylvania constitutional debt limitations, to authorize the issuance and sale of general obligation refunding bonds of the City, without limitations as to rate of interest, in such principal amount (subject to the aforesaid limitations on indebtedness) as may be required, together with other available funds, to pay and redeem such Bonds, together with interest to the payment or redemption date and redemption premium, if any.

THE AMENDED AND RESTATED GENERAL AIRPORT REVENUE BOND ORDINANCE

The Bonds are being issued under the terms of the General Ordinance. The Twentieth Supplemental Ordinance sets forth the specific terms of the Bonds. The following summarizes the terms of the General Ordinance. All capitalized terms used in the following summary of the General Ordinance are defined as in the General Ordinance and may be differently referenced in other portions of this Official Statement.

Certain Definitions

The following is a summary of certain terms defined in the General Ordinance and used in this Official Statement. Reference should be made to the General Ordinance for a full and complete statement of its terms and any capitalized terms used herein but not otherwise defined.

"Accreted Value" means, with respect to Capital Appreciation Bonds, the amount to which, as of any specified time, the Original Value of any such Capital Appreciation Bond has been increased by accretion, all as may be provided in an applicable Supplemental Ordinance.

"Act" means The First Class City Revenue Bond Act, approved October 18, 1972 (Act No. 234, 53 P.S. §15901 to 15924), as from time to time amended.

"Airport System" means the Airport and Northeast Philadelphia Airport, as such system currently exists or hereafter may be developed, expanded, extended or improved from time to time.

"Amended and Restated General Airport Revenue Bond Ordinance" or "General Ordinance" means the Amended and Restated General Airport Revenue Bond Ordinance, as amended from time to time by one or more Supplemental Ordinances in accordance with Article V or Article X of the Amended and Restated General Airport Revenue Bond Ordinance.

"Amounts Available for Debt Service" means for any particular period, Project Revenues for that period plus: (a) Passenger Facility Charges which are legally available to pay Debt Service Requirements with respect to such particular period to the extent such Passenger Facility Charges have been pledged under a Supplemental Ordinance, (b) grants or moneys received from private persons or public agencies, either federal, state or local, directly or indirectly for the benefit of the Airport System, to the extent deposited in the Sinking Fund to be used for Debt Service Requirements, and (c) that portion of the Aviation Operating Fund attributable to Amounts Available for Debt Service.

Notwithstanding the foregoing, such period shall not be in excess of (i) the maximum amortization period permitted by the Act, or (ii) the useful life of the assets to be financed, or the remaining useful life of the assets being refinanced.

"Authority" shall mean a municipal authority created pursuant to the Municipal Authorities Act of 1945, as amended, or an authority created pursuant to any other applicable statute or to another entity.

"Aviation Capital Fund" means the Aviation Capital Fund established in Section 4.04 of the General Ordinance.

"Aviation Funds" means, collectively, the Aviation Operating Fund, the Aviation Capital Fund, the Sinking Fund (including the Sinking Fund Reserve Account), the Subordinate Obligations Fund, and the Renewal Fund.

"Aviation Operating Fund" means the operating fund of the Department of Aviation[1] which is so designated in the City's books and records and which is established in Section 4.04 of the General Ordinance and described in Sections 4.05 and 4.06 of the General Ordinance.

"Balloon Bonds" means any Series of Bonds, or any portion of a Series of Bonds, designated by a Determination as Balloon Bonds, (a) 25% or more of the principal payments (including mandatory sinking fund payments) of which are due in a single year, or (b) 25% or more of the principal of which may, at the option of the holder or holders thereof, be redeemed at one time; *provided, however* that a Variable Rate Bond which is able to be redeemed at the option of the Holder shall not constitute a Balloon Bond.

"Bond" or "Bonds" means any airport revenue bond, note, commercial paper or obligation of the City, authorized and issued, or assumed, under one or more supplemental ordinances amending and supplementing the General Airport Revenue Bond Ordinance of 1978, or the General Ordinance.

"Bond Committee" means the Mayor, City Controller and City Solicitor or a majority thereof.

"Bond Counsel" means a firm of nationally recognized bond counsel selected by the City.

"Bondholder" or "Holder" means any registered owner of Bonds or holder of Bonds issued in coupon form at the time Outstanding.

"Capital Appreciation Bonds" means any Bonds issued under the General Ordinance which do not pay interest either until maturity or until a specified date prior to maturity, but whose Accreted Value increases periodically by accretion to a final Maturity Value.

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[1] The Nineteenth Supplemental Ordinance made a global change to the General Ordinance by replacing "Division of Aviation" with "Department of Aviation."

"City" means the City of Philadelphia, Pennsylvania.

"City Controller" means the head of the City's auditing department as provided by the Philadelphia Home Rule Charter.

"City Solicitor" means the head of the City's law department as provided by the Philadelphia Home Rule Charter.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consultants" means nationally recognized Independent registered consulting engineers, registered architects, certified public accountants or other Independent qualified experts having broad experience in the operation of airport systems of the magnitude and scope of the Airport System.

"Cost Accounting System" means the system for accounting for the collection, allocation, and reporting of revenues, expenses and debt service associated with the operation of the Airport System in accordance with Cost Centers as provided for in the Airline Agreements, or if none of the Airline Agreements is in effect, as determined by the City, from time to time.

"Cost Centers" means the cost areas to be used in the Cost Accounting System as set forth in the Airline Agreements, or if none of the Airline Agreements is in effect, then as determined by the City from time to time. Such Cost Centers shall initially consist of the Airport Area Cost Center, the Terminal Area Cost Center, the Other Buildings and Area Cost Center, the Northeast Philadelphia Airport Cost Center, the Outside Terminal Area Cost Center and the Airport Services Cost Center, all as defined in the Airline Agreements.

"Credit Facility" means any letter of credit, standby bond purchase agreement, line of credit, surety bond, insurance policy or other insurance commitment or similar agreement (other than a Qualified Swap or an Exchange Agreement) that is provided by a commercial bank, insurance company or other institution, with a current long term rating in at least the "A" category by a Rating Agency at the time the Credit Facility is obtained by the City.

"Debt Service Account" means the Debt Service Account of the Sinking Fund established in Section 4.04 of the General Ordinance.

"Debt Service Requirements," with reference to a specified period, means:

A. amounts required to be paid into any mandatory sinking fund established for the Bonds, for the benefit of Bondholders during the period;

B. amounts needed to pay the principal or redemption price of Bonds maturing during the period and not to be redeemed at or prior to maturity through any sinking fund established for the Bonds, for the benefit of the Bondholders;

C. interest payable on Bonds during the period, with adjustments for (i) capitalized interest and accrued interest, (ii) any investment income realized from investments in the Aviation Capital Fund, Sinking Fund Reserve Account and Renewal Fund to the extent that such investment proceeds are deposited in or credited to the Debt Service Account of the Sinking Fund, and (iii) all net amounts payable to the City under a Qualified Swap during such period (other than termination amounts payable by a Qualified Swap Provider due as a result of termination of a Qualified Swap); and

D. all net amounts, if any, due and payable by the City under a Qualified Swap (other than termination amounts payable to a Qualified Swap Provider due as a result of termination of a Qualified Swap), a Credit Facility, or a Standby Agreement for Bonds during such period secured by a parity pledge of Project Revenues as set forth in a Determination or Supplemental Ordinance pursuant to which the related Bonds were issued.

For purposes of estimating Debt Service Requirements for any future period, (i) any Option Bond outstanding during such period shall be assumed to mature on the stated maturity date thereof, except that the principal amount of any Option Bond that has been tendered for payment before its stated maturity date and has not at the time of such estimate been remarketed, shall be deemed to accrue on the date required for payment pursuant to the terms of the Standby Agreement; and (ii) Debt Service Requirements on Bonds for which the City has entered into a Qualified Swap shall be calculated assuming that the interest rate on such Bonds shall equal the stated fixed or variable rate payable by the City on the Qualified Swap or, if applicable and if greater than such stated rate, the applicable rate for any Bonds issued in connection with the Qualified Swap adjusted, in the case of a variable rate obligation, as provided in Section 5.01 of the General Ordinance; provided that if the Qualified Swap Provider's payments under the Qualified Swap are based on an index, then, Debt Service Requirements on such Bonds shall be calculated using the sum of (i) the interest rate on the Bonds, and (ii) the difference between the fixed rate obligation of the City under the Swap Agreement and such index; provided, further that, for purposes of projecting the difference in (ii) above, the City shall be entitled to assume that the difference will be equal to the average differential during the period of twenty-four (24) consecutive calendar months preceding the date of calculation or, if the Swap Agreement was entered into less than twenty-four (24) months prior thereto, the average differential since the date the Swap Agreement was entered into.

Calculation of Debt Service Requirements with respect to Variable Rate Bonds and Balloon Bonds shall be subject to adjustment as permitted by Section 5.01(b) of the General Ordinance.

"Customer Facility Charges" means all customer facility charges collected pursuant to applicable law.

"Department of Aviation" means the Department of the City responsible for the maintenance, improvement, repair and operation of the Airport System and for the construction of additional facilities for the Airport System or any successor Department of the City which is charged by law with such responsibility.

"Designated PFC Revenues for Debt Service" mean Passengers Facility Charges made available to pay the Debt Service Requirements on one or more Series of Bonds during any period pursuant to the General Ordinance.

"Determination" means a determination by the Bond Committee regarding certain matters relating to the issuance of a Series of Bonds, made pursuant to the General Ordinance or the Supplemental Ordinance providing for the issuance of such Series of Bonds.

"Director of Finance" means the chief financial officer of the City as established by the Philadelphia Home Rule Charter.

"Effective Date" shall have the meaning set forth in Article I of the General Ordinance.

"Exchange Agreement" means, to the extent from time to time permitted by applicable law, any interest exchange agreement, interest rate swap agreement, currency swap agreement or other contract or

agreement, other than a Qualified Swap that has not been deemed to be an Exchange Agreement pursuant to Section 3.12 of the General Ordinance, authorized, recognized and approved by a Supplemental Ordinance or Determination as an Exchange Agreement and providing for (i) certain payments by the City, and (ii) payments by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, or whose obligations under an Exchange Agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated at all times in one of the three highest rating categories (without regard to gradation) by Moody's and S&P (however, the rating by Moody's and S&P, or either of them, shall only be required to the extent such Rating Agency is then rating Bonds Outstanding under the General Ordinance) or the equivalent thereof by any successor thereto as of the date the Exchange Agreement is entered into; which payments by the City and counterparty are calculated by reference to fixed or variable rates.

"Existing Bonds" means any Bonds to the extent the lien of such bonds is not defeased on or prior to the Effective Date of the General Ordinance, which Existing Bonds shall be specified in a certificate of the Director of Finance on the Effective Date and thereafter shall be secured by the General Ordinance.

"Financial Consultant" means a firm of investment bankers, a financial consulting firm, a firm of certified public accountants or any other firm which is qualified to calculate amounts required to be rebated to the United States pursuant to Section 148(f) of the Code.

"Fiscal Agent" means a bank or other entity designated as such pursuant to Section 7.01 of the General Ordinance or its successor.

"Fiscal Year" means the fiscal year of the City.

"Fitch" means Fitch Investors Service and any successor thereto.

"General Airport Revenue Bond Ordinance of 1978" means the General Airport Revenue Bond Ordinance of 1978, approved March 16, 1978, as amended and supplemented from time to time.

"General Obligation Bonds" means the general obligation bonds of the City issued and outstanding from time to time to finance, in whole or in part, improvements to the Airport System and adjudged, pursuant to the Constitution and laws of the Commonwealth of Pennsylvania, to be self-sustaining on the basis of expected Project Revenues.

"Government Obligations" means direct noncallable obligations of, or obligations of the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America.

"Interdepartmental Charges" means the actual charges for services performed for the Department of Aviation by all officers, departments, boards or commissions of the City which are included in the computation of Operating Expenses of the Department of Aviation and allocable to the Airport System.

"Independent" means a person who is not a salaried employee or elected or appointed official of the City; provided, however, that the fact that such person is retained regularly by or transacts business with the City shall not make such person an employee within the meaning of this definition.

"Maturity Value" with respect to Capital Appreciation Bonds means the amount due on the maturity date.

"Moody's" means Moody's Investors Service and any successor thereto.

"Net Operating Expenses" means Operating Expenses exclusive of Interdepartmental Charges. On and after the date on which a transaction described in Section 9.01 of the General Ordinance is completed, Net Operating Expenses may include Interdepartmental Charges at the written direction of the City.

"Non-Parity Sinking Fund Reserve Requirement" means any Sinking Fund Reserve Requirement referred to in clause (ii) of the definition of "Sinking Fund Reserve Requirement" as specified in a Supplemental Ordinance.

"Non-Parity Sinking Fund Reserve Account" means any account of the Sinking Fund Reserve Account created pursuant to a Supplemental Ordinance for a particular Series of Bonds that will not be secured by the Parity Sinking Fund Reserve Account, and for which a Non-Parity Sinking Fund Reserve Requirement applies.

"Northeast Philadelphia Airport" means the airport facility operated by the Department of Aviation, and located in the northeast portion of the City as such facility currently exists or hereafter may be developed, extended or improved from time to time.

"NSS General Obligation Bonds" means the general obligation bonds of the City issued and outstanding from time to time to finance, in whole or in part, improvements to the Airport System that have not been adjudged to be self-sustaining on the basis of expected Project Revenues.

"Operating Expenses" means all costs and expenses of the Airport System paid from Project Revenues to operate and maintain in good operating condition during each Fiscal Year those portions of the Airport System from which revenues are derived and which are included within the definition of Project Revenues, and shall include, without limitation, salaries and wages, purchases of services, interest on temporary borrowings to be paid from Bonds, costs of materials, supplies and equipment that can be expensed, maintenance costs, costs of any property or the replacement thereof or for any work or project, related to the Airport System having an estimated life or usefulness and a cost less than minimum standards for capitalization established by the Department of Aviation's accounting policies (provided such minimum standards shall in no event be less than the standards set forth in the City Charter of the City), pension and welfare plan and worker's compensation requirements, unemployment compensation requirements, taxes and payments in lieu of taxes, insurance premiums, provisions for claims, refunds and uncollectible receivables and Interdepartmental Charges, all consistently determined in accordance with the accrual basis of accounting adjusted to meet the particular requirements of the Airline Agreements and the Ordinance, consistently applied, but Operating Expenses shall exclude depreciation, amortization, and except as expressly set forth above, Debt Service Requirements and amounts due under Subordinate Obligations and Exchange Agreements. Operating Expenses shall also exclude debt service on General Obligation Bonds and NSS General Obligation Bonds. Aggregate financing payments under capitalized lease agreements shall be payable as Operating Expenses to the extent payments under such capitalized lease agreements either (i) do not constitute Capital Expenditures under the Airline Agreements, or (ii) constitute Capital Expenditures under the Airline Agreements and have not been disapproved by the Majority-in-Interest under the Airline Agreements. Any financing payments on capitalized lease agreements not satisfying the requirements of either clause (i) or (ii) above, may be payable in accordance with Section 4.06(i) of the General Ordinance.

"Option Bond" means any Bond which by its terms may be tendered by and at the option of the Holder thereof for payment by the City prior to its stated maturity date or the maturity date of which may be extended by and at the option of the Holder thereof.

"Ordinance" means the General Ordinance, as amended from time to time by one or more Supplemental Ordinances in accordance with Article V or Article X of the General Ordinance.

"Original Value" with respect to Capital Appreciation Bonds means the principal amount paid by the initial purchasers on the date of original issuance.

"Outside Terminal Area" shall have the meaning ascribed in the Airline Agreements.

"Outstanding" when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being issued and delivered subject to the General Airport Revenue Bond Ordinance of 1978 or the General Ordinance except (i) any Bonds canceled by the Fiscal Agent at or prior to such date; (ii) Bonds (or portion of Bonds) for the payment or redemption of which moneys, equal to the principal amount, Accreted Value or redemption price thereof, as the case may be, with interest (except to the extent of any Capital Appreciation Bonds) to the date of maturity or redemption date, shall be held in trust under the General Ordinance and set aside for such payment or redemption, provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in Article VI of the General Ordinance or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice; (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III or Section 6.06 of the General Ordinance; and (iv) Bonds deemed to have been paid as provided in Section 11.01 of the General Ordinance.

"Parity Sinking Fund Reserve Requirement" means the Sinking Fund Reserve Requirement described in clause (i) of the definition of " Sinking Fund Reserve Requirement."

"Parity Sinking Fund Reserve Account" means the Sinking Fund Reserve Account created pursuant to the first paragraph of Section 4.09 of the General Ordinance.

"Passenger Facility Charges" means all passenger facility charges collected pursuant to applicable law.

"Permitted Investments" shall mean any of the following obligations, but only to the extent the same are legal for investment of funds of the City at the time, under applicable law:

(a) Government Obligations;

(b) Qualified Rebate Fund Securities;

(c) Bonds, notes or other obligations of United States government agencies issued by the Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, General Services Administration, Government National Mortgage Association, Resolution Funding Corporation, U.S. Maritime Administration, Small Business Administration, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Student Loan Marketing Association;

(d) Interest-bearing time or demand deposits, or certificates of deposit with a maturity date of no longer than twenty four months from the date of the investment, or other similar arrangements with any institution (including the Fiscal Agent or its affiliates) with a bond or deposit rating at all times in the higher of (i) the rating on the Bonds Outstanding under the General Ordinance, or (ii) one of the three highest rating categories (without regard to gradation), by S&P and Moody's (however, the rating by Moody's and S&P, or either of them, shall only be required to the extent such Rating Agency is then

rating Bonds Outstanding under the General Ordinance); with a maturity date of no longer than twenty four months from the date of the investment, provided that such deposits, certificates, and other arrangements are fully insured by the Federal Deposit Insurance Corporation through the Bank Insurance Fund or Savings Association Insurance Fund, or to the extent not insured, are secured by a pledge of collateral as provided by laws applicable to funds of the City of Philadelphia;

(e) Commercial paper (having original maturities of not more than 270 days) rated at all times P-1 or A-1+ by Moody's and S&P, respectively, however, the rating by Moody's and S&P, or either of them, shall only be required to the extent such Rating Agency is then rating Bonds Outstanding under the General Ordinance;

(f) Investments in money market funds rated at all times in one of the two highest rating categories (without regard to gradation) by S&P and Moody's (however, the rating by Moody's and S&P, or either of them, shall only be required to the extent such Rating Agency is then rating Bonds Outstanding under the General Ordinance);

(g) Repurchase agreements with a term not exceeding twenty four months with the Fiscal Agent or any bank with a capital and surplus of at least $100,000,000 and a bond or deposit rating at all times in the higher of (i) the rating on the Bonds Outstanding under the General Ordinance, or (ii) one of the three highest rating categories of S&P and Moody's (provided that, the rating by Moody's and S&P, or either of them, shall only be required to the extent such Rating Agency is then rating Bonds Outstanding under the General Ordinance) which bank is a member of the Federal Reserve System, or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, that are collateralized with Permitted Investments described in (a) or (b) above, having a market value at the time of purchase (inclusive of accrued interest) at least equal to 102% of the full amount of the repurchase agreement and which Permitted Investments shall be held by a third party custodian which is a bank or trust company pursuant to a third party custodial agreement;

(h) General Obligation bonds of corporations rating in one of the two highest rating categories (without regard to gradation) by Moody's and S&P, provided that, the rating by Moody's and S&P, or either of them, shall only be required to the extent such Rating Agency is then rating Bonds Outstanding under the General Ordinance;

(i) Collateralized mortgage obligations which are rated in one of the two highest rating categories (without regard to gradation) by Moody's and S&P, with a maturity date no later than two years from the date of investment; provided that the rating by Moody's and S&P, or either of them, shall only be required to the extent such Rating Agency is then rating Bonds Outstanding under the General Ordinance;

(j) Obligations of the Commonwealth or any municipality or other political subdivision of the Commonwealth with a maturity date no later than two years from the date of investment, rated by Moody's and S&P in one of the three highest rating categories (without regard to gradation); provided that, the rating by Moody's and S&P, or either of them, shall only be required to the extent such Rating Agency is then rating Bond Outstanding under the General Ordinance; and

(k) Any other obligation approved in writing by S&P and Moody's to the extent that either is rating Bonds Outstanding under the General Ordinance at the time.

"Philadelphia Home Rule Charter" means the Philadelphia Home Rule Charter, as amended or superseded by any new home rule charter, adopted pursuant to authorization of the First Class City Home Rule Act approved April 21, 1949, P. L. 665 §1, *et seq*. (53 P. S. § 13101, *et seq*.).

"Pledged Amounts" shall have the meaning set forth in Section 4.02 of the General Ordinance.

"Prior Bonds" means the bonds issued under the General Airport Revenue Bond Ordinance of 1978 designated as Airport Revenue Bonds, Series 1978, 1984, 1985 and 1988.

"Project" shall have the meaning assigned to it in the Act, as the same may be amended from time to time.

"Project Revenues" means all of the revenues, rents, rates, tolls or other charges imposed upon all lessees, occupants and users of the Airport System and all moneys received by or on behalf of the City from all sources during any Fiscal Year (except as hereinafter excluded) from or in connection with the ownership, operation, improvements and enlargements of the Airport System, or any part thereof and the use thereof, including, without limitation, revenues pledged or appropriated for the benefit of the Airport System, all rentals, rates, charges, landing fees, use charges, concession revenues, income derived from the City's sale of services, fuel, oil, and other supplies or commodities, and all other charges received by the City or accrued by it from the Airport System, and any investment income realized from the investment of the foregoing, except as provided below, and all accounts, contract rights and general intangibles representing the Project Revenues all consistently determined in accordance with the accrual basis of accounting adjusted to meet the particular requirements of the Airline Agreements (if any of the Airline Agreements are in effect) and the General Ordinance.

Project Revenues as defined in the preceding paragraph shall not include (a) (i) any and all Passenger Facility Charges, or any taxes which the City may from time to time impose upon users of the Airport System, and (ii) Designated PFC Revenues for Debt Service, (b) any governmental grants and contributions in aid of capital projects, (c) such rentals as may be received pursuant to Special Facility Agreements for Special Purpose Facilities, (d) unless pledged pursuant to a Supplemental Ordinance pursuant to Section 4.02 of the General Ordinance, Customer Facility Charges, (e) Released Revenues, (f) proceeds of the sale of Bonds and any income realized from the investment of proceeds of the sale of Bonds maintained in the Aviation Capital Fund and income realized from investments of amounts maintained in the Renewal Fund and Sinking Fund Reserve Account, (g) except as required by applicable laws, rules or regulations, net proceeds from the sale of Airport assets, including the sale or transfer of all or substantially all of the assets of the Airport System under Section 9.01 of the General Ordinance unless the Department of Aviation determines to include any such net proceeds as Project Revenues and such determination is evidenced by written notification by the City to the Fiscal Agent, (h) proceeds of insurance or eminent domain (other than proceeds that provide for lost revenue due to business interruption or business loss), and (i) net amounts payable to the City under a Qualified Swap (other than termination amounts payable to a Qualified Swap Provider due as a result of termination of a Qualified Swap).[2]

"Qualified Escrow Securities" means funds which are represented by (a) demand deposits, interest-bearing time accounts, savings deposits or certificates of deposit, but only to the extent such deposits or accounts are fully insured by the Federal Deposit Insurance Corporation or any successor United States governmental agency, or to the extent not insured, fully secured and collateralized by Government Obligations having a market value (exclusive of accrued interest) at all times at least equal to

[2] Upon the issuance of the Series 2025 Bonds and occurrence of the contemporaneous discharge of the Series 2015A Bonds, the consent of Holders of one hundred percent (100%) of the Outstanding Bonds was obtained, the second paragraph of the definition of "Project Revenues" was amended to add the concept of “Released Revenues.”

the principal amount of such deposits or accounts, (b) if at the time permitted under the Act, noncallable obligations of the Commonwealth of Pennsylvania or any political subdivision thereof or any agency or instrumentality of the Commonwealth of Pennsylvania or any political subdivision thereof for which cash, Government Obligations or a combination thereof have been irrevocably pledged to or deposited in a segregated escrow account for the payment when due of principal or redemption price of and interest on such obligations, and any such cash or Government Obligations pledged and deposited are payable as to principal or interest in such amounts and on such dates as may be necessary without reinvestment to provide for the payment when due of the principal or redemption price of and interest on such obligations, and such obligations are rated by Moody's and S&P (however, the rating by Moody's and S&P, or either of them, shall only be required to the extent such Rating Agency is then rating Bonds Outstanding under the General Ordinance) in the highest rating category (without regard to gradations) assigned by each such rating service to obligations of the same type, or (c) noncallable Government Obligations. In each case such funds (i) are subject to withdrawal, maturing or payable at the option of the holder, at or prior to the dates needed for disbursement, provided such deposits or accounts, whether deposited by the City or by such depository, are insured or secured as public deposits with securities having at all times a market value exclusive of accrued interest equal to the principal amount thereof, (ii) are irrevocably pledged for the payment of such obligations and (iii) are sufficient, together with the interest to disbursement date payable with respect thereto, if also pledged, to meet such obligations in full.

"Qualified Rebate Fund Securities" means either:

(a) Government Obligations; or

(b) rights to receive the principal of or the interest on Government Obligations through (i) direct ownership, as evidenced by physical possession of such Government Obligations or unmatured interest coupons or by registration as to ownership on the books of the issuer or its duly authorized paying agent or transfer agent, or (ii) purchase of certificates or other instruments evidencing an undivided ownership interest in payments of the principal of or interest on Government Obligations held under book-entry with the New York Federal Reserve Bank; or

(c) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and which are rated at the time purchased, based on the escrow, in the highest rating category of S&P and Moody's.

"Qualified Swap" or "Swap Agreement" means, with respect to a Series of Bonds, any financial arrangement that (i) is entered into by the City with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) provides that (a) the City shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the principal amount of all or any portion of the Outstanding Bonds of such Series, and that such entity shall pay to the City an amount based on the interest accruing on a principal amount initially equal to the same principal amount of such Bonds, at either a variable rate of interest or a fixed rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Bonds) or that one shall pay to the other any net amount due under such arrangement, (b) the City shall pay to such entity an amount based on the interest accruing on the principal amount of all or any portion of the Outstanding Bonds of such Series at a variable rate of interest as set forth in the arrangement and that such entity shall pay to the City an amount based on interest accruing on a principal amount equal to the same principal amount of such Bonds at an agreed fixed rate or that one shall pay to the other any net amount due under such arrangement or, (c) the City shall be paid by a Qualified Swap Provider an

amount, based on a notional amount equal to the principal amount of all or any portion of the Outstanding Variable Rate Bonds of such Series, if the interest rate on such Series of Variable Rate Bonds exceeds a previously agreed upon rate, and/or the City shall pay to the Qualified Swap Provider an amount, based on a notional amount equal to the principal amount of all or any portion of the Outstanding Variable Rate Bonds of such Series, if the interest rate on such Series of Variable Rate Bonds is less than a previously agreed upon rate; (iii) has been approved of in writing by the Signatory Airlines; and (iv) which has been designated in writing to the Fiscal Agent by the City as a Qualified Swap with respect to the Bonds.

"Qualified Swap Provider" means, with respect to a Series of Bonds, an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, are rated (at the time the subject Qualified Swap is entered into) at the higher of (i) A by Moody's and A by S&P, or the equivalent thereof by any successor thereto, or (ii) the then current rating on Bonds outstanding under the General Ordinance, without taking into account Bonds the rating on which is based upon a Credit Facility for such Bonds, provided if all Bonds Outstanding under the General Ordinance are rated based upon one or more Credit Facilities, then the senior unsecured long term obligations or claims paying ability of the provider shall be at least equal to A by Moody's and S&P.

"Rate Covenant" means the rate covenant applicable pursuant to Section 5.01 of the General Ordinance.

"Rating Agency" means any rating service which has issued a credit rating on Bonds which is in effect at the time in question or, upon discontinuance of any of such rating services, such other nationally recognized rating service or services if any such rating service has issued a credit rating on the Bonds at the request of the City and such credit rating is in effect at the time in question.

"Rebate Bond Year," for purposes of Section 4.14 of the General Ordinance and in order to facilitate compliance with the arbitrage rebate requirements of the Code, shall mean the period or periods specified in a Supplemental Ordinance or Determination for a Series of Bonds.

"Rebate Fund" means the Rebate Fund established in Section 4.04 of the General Ordinance.

"Record Date" means (i) with respect to any Variable Rate Bond, the Business Day immediately preceding an interest payment date or a redemption date or the maturity date, or such other date as set forth in the related Supplemental Ordinance, and (ii) with respect to Bonds bearing interest in a fixed rate mode or Bonds bearing interest at a prescribed fixed rate, the fifteenth (15th) day (regardless of whether it is a Business Day) of the calendar month next preceding an interest payment date, a redemption date or maturity date, or such other date as set forth in the related Supplemental Ordinance.

"Released Revenues" means revenues in respect of which the following have been filed as part of a Supplemental Ordinance: (a) documentation of the City describing a specific identifiable portion of revenues and approving that such revenues be excluded from the term Project Revenues; (b) either (i) a certificate prepared by the City showing that revenues for each of the two most recent completed Fiscal Years, after the specific identifiable portion of revenues covered by the City's documentation described in (a) above are excluded, were at least sufficient to satisfy the provisions of Section 5.01 of the General Ordinance; or (ii) a certificate prepared by a Consultant showing that the estimated revenues (excluding the specific identifiable portion of revenues covered in (a) above) for each of the first three complete Fiscal Years immediately following the Fiscal Year in which the documentation described in (a) above is provided by the City, will not be less than the amounts sufficient to satisfy the provisions of Section 5.01 of the General Ordinance; (c) an opinion of Bond Counsel to the effect that the exclusion of such specific

identifiable portion of revenues from the definition of Project Revenues and from the pledge and lien of the Amended and Restated General Airport Revenue Bond Ordinance will not, by itself, cause the interest on any Outstanding Bonds to be included in gross income for purposes of federal income tax; and (d) written confirmation from each Rating Agency that has been requested by the City to maintain a rating on the Bonds and are then maintaining a rating on any of the Bonds to the effect that the exclusion of such specific identifiable portion of revenues from the definition of Project Revenues will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Bonds.

Additionally, the City shall give written notice to each Rating Agency that has been requested by the City to maintain a rating on the Bonds and that is then maintaining a rating on any of the Bonds at least 15 days prior to any specific identifiable portion of revenues being excluded from the definition of Project Revenues as provided in this definition of "Released Revenues."

Upon filing of such documents, the specific identifiable portion of revenues described in the Supplemental Ordinance shall no longer be included in the definition of Project Revenues and shall be excluded from the pledge and lien of the Amended and Restated General Airport Revenue Bond Ordinance, unless otherwise included in the definition of Project Revenues in a future Supplemental Ordinance.

"Remarketing Agent" means a Remarketing Agent appointed in the manner provided in the applicable Supplemental Ordinance or Determination authorizing the issuance of Variable Rate Bonds.

"Remarketing Agreement" means an agreement providing for the remarketing of tendered Variable Rate Bonds by a Remarketing Agent, as more fully set forth and defined in the Supplemental Ordinance authorizing any Series of Variable Rate Bonds.

"Renewal Fund" means the Renewal Fund established in Section 4.04 of the General Ordinance.

"Renewal Fund Requirement" means $2,500,000 or such other amount as determined by the Consultant from time to time to be appropriate taking into account the size and operations of the Airport System.

"Required Rebate Fund Balance" shall have the meaning set forth in Section 4.14 of the General Ordinance.

"Second Supplemental Ordinance" means the Second Supplemental Ordinance to the General Ordinance.

"Series" when applied to Bonds means, collectively, all of the Bonds of a given issue authorized by Supplemental Ordinance, as provided in the General Ordinance, and may also mean, if appropriate, a subseries of any Series if, for any reason, the City should determine to divide any Series into one or more subseries of Bonds, or multiple series of Bonds, as the case may be.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill and any successor thereto.

"Signatory Airlines" means the airlines that are signatories to the Use and Lease Agreements.

"Sinking Fund" means the Sinking Fund established in Section 4.04 of the General Ordinance.

"Sinking Fund Depositary" means the bank named as such in Section 7.01 of the General Ordinance.

"Sinking Fund Installment" means an amount so designated which is established pursuant to Section 3.01 of the General Ordinance.

"Sinking Fund Reserve Account" means the Sinking Fund Reserve Account established in Section 4.04 of the General Ordinance.

"Sinking Fund Reserve Requirement" means (i) with respect to all Bonds (whether interest thereon is includable in, or excludable from, gross income for Federal income tax purposes) which the City determines will be secured by the Parity Sinking Fund Reserve Account, an amount equal to the least of: (a) 10% of the outstanding principal amount of the Bonds, or if any series of Bonds are issued with original issue discount, 10% of the proceeds of such Bonds, (b) the maximum annual debt service on the Bonds, or (c) 125% of the average annual debt service on the Bonds, *provided, however*, in calculating the maximum annual debt service on the final maturity date for the Bonds Outstanding, an amount equal to the Sinking Fund Reserve Requirement may be subtracted from the debt service requirements amount for said year. For purposes of determining the Sinking Fund Reserve Requirement, Debt Service Requirements will be computed without regard to any Qualified Swap, Credit Facility or Standby Agreement, and the Debt Service Requirements attributable to any (i) Balloon Bonds, or Variable Rate Bonds shall be calculated in the manner set forth in Section 5.01(b) of the General Ordinance, or based upon the assumed fixed rate of interest as set forth in the Supplemental Ordinance or Determination for such Bonds, and (ii) Option Bonds shall be calculated in the manner set forth in the last paragraph under the definition of Debt Service Requirements.[3]

"Special Facility Agreement" means an agreement entered into by the City and one or more other parties, relating to the design, construction, and/or financing of any facility, improvement, structure, equipment, or assets acquired or constructed on any land or in or on any structure or buildings that is or are part of the Airport System, all or a portion of the payments to the City under which (a) are intended to be excluded from Amounts Available for Debt Service, and (b) may be pledged to the payment of Special Facility Revenue Bonds.

"Special Facility Revenue Bonds" means any City revenue bonds or notes authorized and issued for the purpose of acquiring, constructing, or improving a Special Purpose Facility leased to, or contracted for operation by, any person or persons, under a specific lease or contract requiring the user or users thereof to provide for the payment of rentals or sums adequate to pay all principal, interest, redemption price, reserve requirements, if any, as required in the legislation authorizing the Special Facility Revenue Bonds (the "debt service charges") on the Special Facility Revenue Bonds.

"Special Purpose Facility" means any facility acquired or constructed for the benefit or use of any person or persons and the costs of construction and acquisition of which are paid for (a) by the obligor under a Special Facility Agreement, (b) from the proceeds of Special Facility Revenue Bonds, or (c) both.

"Standby Agreement" with respect to a Series of Bonds, means an irrevocable letter of credit and related reimbursement agreement, line of credit, standby bond purchase agreement or similar agreement

[3] Upon the issuance of the Series 2025 Bonds and occurrence of the contemporaneous discharge of the Series 2015A Bonds, the consent of Holders of one hundred percent (100%) of the Outstanding Bonds was obtained, the new "Sinking Fund Reserve Requirement" became effective.

providing for the purchase of all or a portion of the Bonds of such Series, as amended, supplemented or extended from time to time.

"Standby Purchaser," with respect to a Series of Bonds, means the provider of the Standby Agreement for such Series of Bonds.

"Subordinate Obligation" means any obligation referred to in, and complying with the provisions of, Section 5.04(h) of the General Ordinance.

"Subordinate Obligation Fund" means the Subordinate Obligation Fund established in Section 4.04 of the General Ordinance.

"Subordinate Obligation Ordinance" means the ordinance, and any supplements or amendments thereto authorizing the issuance of a series of Subordinate Obligations.

"Substitute Credit Facility" means any letter of credit, standby bond purchase agreement, line of credit, surety bond, insurance policy or other insurance commitment or similar agreement (other than a Qualified Swap or an Exchange Agreement) that replaces a Credit Facility and is provided by a commercial bank, insurance company or other financial institution with a then current long term credit rating (or whose obligations thereunder are guaranteed by a financial institution with a long term rating) from Moody's and S&P (however, the rating by Moody's and S&P, or either of them, shall only be required to the extent such Rating Agency is, at the time in question, then rating Bonds Outstanding under the General Ordinance) not lower than the credit rating of any Series of Bonds which has no Credit Facility; provided that in no event shall such substitution take place unless Moody's and S&P acknowledge in writing that such substitution, in and of itself, will not result in a lowering, suspension or withdrawal of the rating on the Bonds secured by such Credit Facility.

"Supplemental Ordinance" means an ordinance supplemental to the General Ordinance enacted pursuant to the Act and the General Ordinance by the Council of the City.

"Tender Agent," with respect to a Series of Bonds, means any commercial bank or trust company organized under the laws of any state of the United States or any national banking association designated as a tender agent for such Series of Bonds, and its successor or successors hereafter appointed in the manner provided in the applicable Supplemental Ordinance or Determination.

"Uncertificated Bond" means any Bond which is fully registered as to principal and interest and which is not represented by an instrument.

"Use and Lease Agreements" mean the Airline - Airport Use and Lease Agreements (the "Airline Agreements") currently in effect, if any and, as amended from time to time, between the City and the Signatory Airlines providing for the construction of capital improvements to the Airport System, the financing of such improvements, the use and occupancy of portions of the Airport System by the Signatory Airlines and the rates, rents and charges to be paid by the Signatory Airlines for such use and occupancy as therein provided.

"Variable Rate Bond" means any Bond, the rate of interest on which is subject to change prior to maturity and cannot be determined in advance of such change.

SUMMARY OF OPERATIVE PROVISIONS OF THE GENERAL ORDINANCE

The following is a summary of certain operative provisions of the General Ordinance. Reference should be made to the General Ordinance for a full and complete statement of its provisions and the meaning of any capitalized terms used herein but not otherwise defined.

Authorization, Scope and Purpose; Effective Date

The General Ordinance was enacted pursuant to the provisions of The First Class City Revenue Bond Act for the purpose of amending and restating in full, the General Airport Revenue Bond Ordinance of 1978, approved on March 16, 1978, as supplemented and amended. The General Ordinance became effective immediately and without any further action by City Council upon the consent of the Holders of at least 67 percent of the Outstanding Bonds (the "Effective Date"). On the Effective Date, the General Airport Revenue Bond Ordinance of 1978 and all supplements thereto were no longer in force or with any effect; provided that supplements to the General Airport Revenue Bond Ordinance of 1978 relating to Existing Bonds were deemed to be supplements to the General Ordinance on and after the Effective Date, to the extent such supplements were not inconsistent with the General Ordinance.

Concerning the Bonds

Form and Terms of Bonds. The aggregate principal amount of Bonds which may be issued or assumed, authenticated and delivered under the General Ordinance is unlimited, but prior to the issuance or assumption of such Series of Bonds, the City shall enact a Supplemental Ordinance authorizing such Series and the maximum aggregate principal amount of such Series and comply with all conditions in Section 5.04 of the General Ordinance (described under "Conditions and Provisions Relating to Issuing Bonds" hereinafter) and all conditions in the Act pertaining to the issuance or assumption of Airport System revenue bonds.

A Series of Bonds may be secured by a Credit Facility or Standby Agreement meeting the requirements of the General Ordinance and the applicable Supplemental Ordinance. In connection with the issuance of its Bonds or at any time thereafter so long as a Series of Bonds remains Outstanding, the City also may enter into Qualified Swaps or Exchange Agreements if the Bond Committee determines that any such Qualified Swap or Exchange Agreement will assist the City in more effectively managing its interest costs. The City's payment obligation under any Qualified Swap (other than termination amounts payable to a Qualified Swap Provider due as a result of termination of a Qualified Swap) shall be made from the Sinking Fund and its payment obligation under any such Exchange Agreement shall be made in accordance with Section 4.06(e) of the General Ordinance. Unless otherwise acknowledged in writing by S&P, that execution and delivery of such Qualified Swap Agreement or Exchange Agreement will not, in and of itself, result in a downgrade, suspension or withdrawal of the credit ratings on any Bonds Outstanding under the General Ordinance, the City will not enter into any Qualified Swap or Exchange Agreement.

Notwithstanding anything to the contrary in the General Ordinance, any Qualified Swap or Exchange Agreement entered into after June 15, 2005, may only be executed if authorized by Resolution of the City Council.

Issuance of Bonds

Purpose of Bonds; Combination of Projects for Financing Purposes. The Bonds issued or assumed under the General Ordinance shall be issued or assumed for the purpose (i) of paying the costs of

Projects relating to the Airport System of the City, (ii) of reimbursing any fund of the City from which such costs shall have been paid or advanced together with interest thereon, (iii) of funding any of such costs for which the City shall have outstanding bond anticipation notes or other obligations, (iv) of refunding any Bonds or bonds of the City issued for the foregoing purposes, or (v) of refunding any General Obligation Bonds or NSS General Obligation Bonds.

Pledge of Revenues; Grant of Security Interest; Limitation on Recourse

The City pursuant to the General Ordinance pledges for the security and payment of all Bonds and thereby grants to Bondholders a lien on and security interest in: (i) all Project Revenues, (ii) amounts payable to the City under a Qualified Swap, (iii) except as provided in Section 4.09 of the General Ordinance (with respect to a non-parity reserve fund), all amounts on deposit in or credited to the Aviation Funds and (iv) proceeds of the foregoing ((i)-(iv) collectively are referred to herein as, the "Pledged Amounts"). The City may pledge Passenger Facility Charges pursuant to a Supplemental Ordinance and such Passenger Facility Charges, and proceeds thereof, shall constitute Pledged Amounts; provided, however, that if as a result of applicable law, rules and regulations, such Passenger Facility Charges may only be pledged to secure one or more specified Series of Bonds, such pledged Passenger Facility Charges, and proceeds thereof, shall constitute Pledged Amounts solely with respect to such Series of Bonds; provided, further, that Passenger Facility Charges shall not constitute Pledged Amounts or Amounts Available for Debt Service under the General Ordinance unless the City first receives written confirmation from all Rating Agencies then rating any Bonds Outstanding under the General Ordinance, that the pledge of Passenger Facility Charges in and of itself will not result in a downgrade, suspension or withdrawal of rating on any Bonds Outstanding under the General Ordinance, without taking into account Bonds the rating on which is based upon one or more Credit Facilities for such Bonds, provided that if all Bonds Outstanding under the General Ordinance are rated based upon a Credit Facility, then Passenger Facility Charges may be pledged only upon receipt by the City of written consent by the providers of all such Credit Facilities. To the extent that the Fiscal Agent maintains such Pledged Amounts, the Fiscal Agent shall hold and apply the security interest granted by the General Ordinance in the Pledged Amounts, in trust, for the equal and ratable benefit and security of all present and future Holders of Bonds issued pursuant to the provisions of the General Ordinance and each Supplemental Ordinance, without preference, priority or distinction of any one Bond over any other Bond; provided however, that the pledge of the General Ordinance may also be for the benefit of the provider of a Credit Facility, Standby Agreement or Qualified Swap (other than with respect to termination amounts payable to a Qualified Swap Provider due as a result of termination of a Qualified Swap), or any other person who undertakes to provide moneys for the account of the City for the payment of principal or redemption price of and interest on any Series of Bonds, on an equal and ratable basis with Bonds, to the extent provided by any Supplemental Ordinance or Determination.

Amounts constituting revenues, rents, rates, tolls or other charges generated or allocable to the Outside Terminal Area may be pledged under the General Ordinance as Project Revenues, only if there shall be delivered to the Fiscal Agent: (i) a written statement supported by appropriate schedules and summaries, that on the basis of historical, and estimated future annual financial operations of the Airport System, from which Amounts Available for Debt Service are to be derived, the Airport System will, in the opinion of the Consultant, yield Amounts Available for Debt Service for each of the five Fiscal Years (or three Fiscal Years in the event that the Consultant is professionally unable to provide an opinion for a period in excess of three Fiscal Years) ended immediately following the pledge of amounts described above, sufficient to comply with the Rate Covenant, and (ii) for so long as any of the Airline Agreements are in effect, with the prior written consent of the Signatory Airlines to amend the Airline Agreements so that they reflect the foregoing modifications. For purposes of the statement in clause (i) above, the definition of "Operating Expenses" shall be deemed to include projected operating expenses of the Outside Terminal Area and Debt Service Requirements shall be deemed to include the debt service on any

Bonds assumed or to be assumed under the General Ordinance, and any Qualified Swap, Credit Facility or Standby Agreement related thereto which is secured by a parity pledge of Project Revenues.

Neither the Bonds nor the City's reimbursement or other contractual obligations under any Credit Facility, Standby Agreement, Qualified Swap or Exchange Agreement shall constitute a general indebtedness or a pledge of the full faith and credit of the City within the meaning of any Constitutional or statutory provision or limitation of indebtedness. No Bondholder or beneficiary of any of the foregoing agreements shall ever have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the City for the payment of the principal and redemption price of or interest on the Bonds or the making of any payments under the General Ordinance. The Bonds and the obligations evidenced thereby and by the foregoing agreements, shall not constitute a lien on any property of or in the City, except as set forth in this section.

Designated PFC Revenues for Debt Service

The City may for any period elect to designate any available Passenger Facility Charges as "Designated PFC Revenues for Debt Service" by filing with the Fiscal Agent a certificate signed by the Director of Finance that includes (a) a representation by the City that such PFCs, when received by the City, may be validly designated as and included in "Designated PFC Revenues for Debt Service" under the General Ordinance and are legally available to pay the Debt Service Requirements on all or a portion of the Bonds, (b) the amount of PFCs that are being designated as and included in "Designated PFC Revenues for Debt Service," (c) the appropriate account(s) of the Sinking Fund such Designated PFC Revenues for Debt Service are to be deposited to, and (d) the time period during which such Designated PFC Revenues for Debt Service will be designated as and included in "Designated PFC Revenues for Debt Service." After the filing of such certificate with the Fiscal Agent, the City shall cause the Designated PFC Revenues for Debt Service designated therein to be deposited to the account(s) of the Sinking Fund and used to pay the Debt Service Requirements on the applicable Series of Bonds. Notwithstanding any other provision hereof, if such Designated PFC Revenues for Debt Service are subject to any prior pledge or lien or irrevocable commitment, the application thereof to the payment of Debt Service Requirements on the Bonds shall be subordinate to the terms of such prior pledge or lien or irrevocable commitment and the certificate of the Director of Finance designating the Designated PFC Revenues for Debt Service shall indicate the amount of the obligation payable in such Fiscal Year from the Designated PFC Revenues for Debt Service pursuant to such prior pledge or lien or irrevocable commitment.

Bonds to be Parity Bonds

All Bonds issued under the General Ordinance shall be parity Bonds equally and ratably secured by the pledge of and grant of the security interest described in the preceding section, except as provided for in the preceding section and the section below entitled "Sinking Fund Reserve Account" without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond or as between principal and interest.

Subordinate Obligations issued pursuant to a Subordinate Obligation Ordinance shall be secured (i) by a pledge of and grant of the security interest in Project Revenues to the extent required to be deposited in the Subordinate Obligations Fund and (ii) the amounts on deposit in or credited to the Subordinate Obligations Fund subject and subordinate to the payment of the amounts described in clauses (a) through (d) of the section below entitled "Transfer from Aviation Operating Fund to Other Funds and Accounts" from Amounts Available for Debt Service and subject to the elimination of any deficiency in any fund or account established under the General Ordinance or under any Supplemental Ordinance.

Pursuant to the General Ordinance, the City reserves the right, and nothing in the General Ordinance shall be construed to impair such right, to finance improvements to the Airport System by the issuance of its General Obligation Bonds, NSS General Obligation Bonds, Special Facility Revenue Bonds or Subordinate Obligations under ordinances other than Supplemental Ordinances; provided that in the case of any Airport System revenue bonds or notes for the payment of which Project Revenues shall be used or pledged, payment of such Airport System revenue bonds shall be subject and subordinate to the payment from such Project Revenues of the payments described in the section below entitled "Transfer from Aviation Operating Fund to Other Funds and Accounts" and subject to the elimination of any deficiency in any fund or account established under the General Ordinance or under any Supplemental Ordinance.

Establishment of Funds and Accounts

The following funds and accounts are established pursuant to the General Ordinance and shall be held by the City: (a) Aviation Operating Fund; (b) Aviation Capital Fund; and (c) Rebate Fund.

The following funds and accounts are established pursuant to the General Ordinance or, have heretofore been established and shall be maintained by the Fiscal Agent: (a) Sinking Fund and within such Sinking Fund, a Sinking Fund Reserve Account, a Debt Service Account and a Charges Account; (b) Subordinate Obligation Fund; and (c) Renewal Fund.

On the Effective Date of the General Ordinance, the City transferred or caused to be transferred or credited on its books and records all amounts maintained in or credited to the funds and accounts created under the General Airport Revenue Bond Ordinance of 1978 as set forth in the General Ordinance.

Nothing in the General Ordinance shall be construed to prevent the City from establishing, in connection with the issuance of one or more Series of Bonds, additional funds or accounts to be held for the benefit of one or more Series of Bonds issued under the General Ordinance, as set forth in Supplemental Ordinances; provided that, no such additional funds or accounts shall be established unless, in the opinion of Bond Counsel, establishment of additional funds or accounts would not (i) adversely affect the exclusion of interest on Bonds, if any, from gross income for federal income tax purposes, or (ii) materially adversely affect the security or interests of Bondholders. If required by law, rules or regulations, the City shall establish and maintain a separate account within the Sinking Fund for pledged Passenger Facility Charges.

Segregation of Aviation Funds; Deposit of Project Revenues into Aviation Operating Fund.

(a) The Aviation Funds shall be held separate and apart from all other funds and accounts of the City and the Fiscal Agent and the funds and accounts therein shall not be commingled with, loaned or transferred among themselves or to any other City funds or accounts except as expressly permitted in the General Ordinance.

(b) The City shall, upon receipt of any Project Revenues, deposit such Project Revenues into the Aviation Operating Fund. Any Passenger Facility Charges that constitute Amounts Available for Debt Service under the General Ordinance, shall be deposited directly into the appropriate account or subaccount of the Sinking Fund to the extent required to pay debt service on Bonds. The City and Fiscal Agent also shall cause to be deposited into the Aviation Operating Fund, Sinking Fund Reserve Account, Sinking Fund, and Renewal Fund proceeds of Bonds as designated by Supplemental Ordinance or Determination and any other funds directed to be deposited into the Aviation Operating Fund, Sinking Fund Reserve Account, Sinking Fund, or Renewal Fund by the City. The Fiscal Agent shall, at the

written direction of the City, disburse from the Aviation Operating Fund the amounts and at the times specified below in the section entitled "Transfer from Aviation Operating Fund to Other Funds and Accounts."

(c) (i) If at any time sufficient moneys are not available in the Aviation Operating Fund to pay Operating Expenses and to make the transfers required by the section below entitled "Transfer from Aviation Operating Fund to Other Funds and Accounts", or if a deficiency exists in the Aviation Capital Fund, then, subject to the requirements of (ii) and (iii) below, amounts on deposit in the Aviation Capital Fund and Renewal Fund may be loaned, at the written direction of the City, to the Aviation Operating Fund for the payment of such Operating Expenses and to make transfers required by the section below entitled "Transfer from Aviation Operating Fund to Other Funds and Accounts", to the extent of the deficiency, and amounts on deposit in the Aviation Operating Fund and Renewal Fund may be loaned, at the written direction of the City, to the Aviation Capital Fund, to the extent of the deficiency. Notwithstanding anything to the contrary in this subparagraph (c), during any Fiscal Year, loans from the Aviation Capital Fund and loans from the Aviation Operating Fund pursuant to this section at any time shall not exceed in the aggregate 5% of the Department of Aviation's budgeted Operating Expenses net of Debt Service Requirements for such Fiscal Year.

(ii) Loans from the Aviation Capital Fund to the Aviation Operating Fund shall be made only

to the extent of unencumbered capital amounts in the Aviation Capital Fund, and may be spent only for purposes authorized under applicable federal, state and local law. Any amounts borrowed from the Aviation Capital Fund shall be repaid on the earlier to occur of: (1) the date the funds are required by the Department of Aviation for purposes of the Aviation Capital Fund, (2) the date proceeds of Bonds, bonds or notes become available to the City for reimbursement of the expenditures made with the money borrowed, or (3) the last day of the twelve-month period beginning on the date the loan was made, in which case repayment may be made from the Renewal Fund;

(iii) Loans from the Aviation Operating Fund to the Aviation Capital Fund shall be made only

to the extent of any surplus in the Aviation Operating Fund; provided that a Consultant delivers a written certification to the Fiscal Agent that the Department of Aviation will have, after making the loan, sufficient funds in the Aviation Operating Fund to pay all Operating Expenses when payable and the Debt Service Requirements up to and including the later of: the last day of the Fiscal Year in which the loan takes place or, the next interest payment date. Amounts loaned to the Aviation Capital Fund shall be used for the following purposes: (1) capital projects previously approved by the Signatory Airlines in accordance with the Airline Agreements, or (2) capital projects for which an appropriation has been made. Any amounts borrowed shall be repaid no later than the date the funds are required by the Department of Aviation for purposes of the Aviation Operating Fund.

Transfer from Aviation Operating Fund to Other Funds and Accounts. Amounts on deposit in the Aviation Operating Fund Operating Fund shall be applied by the City or the Fiscal Agent, as the case may be, in the following manner and in the following order of priority:

(a) to pay such sums constituting Net Operating Expenses in a timely manner;

(b) for deposit in the appropriate accounts of the Sinking Fund, the amount necessary to provide for the timely payment of Debt Service Requirements;

(c) for deposit in the Sinking Fund Reserve Account or the appropriate subaccount thereof, the amount, if any, required to eliminate any deficiencies therein; provided, however, in the event there

are insufficient amounts available to replenish all of the accounts or subaccounts within the Sinking Fund Reserve Account, the amount to be deposited in each Sinking Fund Reserve Account or subaccount shall be determined by dividing the Sinking Fund Reserve Requirement on the Outstanding Bonds secured thereby by the sum of the Sinking Fund Reserve Requirements on all Bonds Outstanding under the General Ordinance and multiplying that result by the total amount available to be deposited under this clause (c);

(d) for deposit in the Renewal Fund, the amount, if any, required to eliminate any deficiency therein, and to pay amounts due and payable under Exchange Agreements;

(e) to pay termination amounts to a Qualified Swap Provider due as a result of the termination of a Qualified Swap and termination amounts payable to JP Morgan Chase Bank – New York with respect to Payments upon Early Termination on the Interest Rate Swap Transaction effective June 15, 2005;

(f) for deposit in the Subordinate Obligation Fund (i) the amount necessary to provide for the timely payment of the principal or redemption price of and interest on Subordinate Obligations, (ii) on or before the dates that other payments are due under any credit facility, liquidity facility or swap agreement constituting Subordinate Obligations, to deposit the amount necessary to make such payments, (iii) forward to the paying agent in respect of bond anticipation notes (payable by exchange for, or out of the proceeds of the sale of Subordinate Obligations) the amount necessary to provide for the timely payment of interest thereon (to the extent not capitalized), and (iv) deposit in the applicable subaccount of the sinking fund reserve account for a series of Subordinate Obligations the amounts, if any, required to eliminate any deficiency in such account;

(g) to pay to the City the amount necessary to provide for the timely payment of the principal or redemption price of and interest on General Obligation Bonds; [4]

(h) to pay any Interdepartmental Charges;

(i) to pay to the City the amount necessary to provide for the timely payment of the principal or redemption price of and interest of NSS (non-self-sustaining) General Obligation Bonds;[2] and

(j) Any amounts remaining in the Aviation Operating Fund following any transfer then required to be made pursuant to subparagraphs (a)-(i) above, may be used at the written direction of the City for any Airport System purposes. In the Airline Agreement, the City has provided its written direction to use such remaining amounts as provided in subparagraphs (k)-(m) below.

So long as any Bonds or bonds are outstanding, the deposit and application of Project Revenues for each Fiscal Year during the term of the Airline Agreement shall be governed by the General Ordinance. The City is expressly permitted in the General Ordinance to use amounts remaining in the Aviation Operating Fund following any transfers pursuant to subparagraphs (a)-(i) above for the Bond Redemption and Improvement Requirement, the O&M Requirement, the Airline Revenue Allocation, and City Revenue Allocation. Pursuant to Section 4.06 of the General Ordinance, any amounts remaining in the Aviation Operating Fund following any transfer then required to be made pursuant to subparagraphs (a)-(i) above may be used for any Airport System purposes at the written direction of the City. The City has directed that such amounts remaining will be applied or credited in the following manner:

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[4] No general obligation debt of the City described in paragraphs (g) and (i) above are currently outstanding.

(k) Bond Redemption and Improvement Account. The Bond Redemption and Improvement Account is available for use by City for the payment of deficiencies with respect to the Debt Service Requirements or deficiencies with respect to the Sinking Fund Reserve Requirement as provided under the General Ordinance. If no such deficiencies exist, City is not in default under the General Ordinance and a Majority-in Interest of the Eligible Signatory Airlines, determined pursuant to the Airfield Area MII Formula, mutually agree (whose agreement will not be unreasonably withheld), the Department of Aviation can use such amounts for repair, renewals, replacements or alterations to the Airport System; redemption of Bonds; costs of Capital Projects or equipment; purchase of Bonds; arbitrage rebate pursuant to Section 148(f) of the Code or for any lawful Airport System purposes. The Bond Redemption and Improvement Requirement shall mean an amount not to exceed twenty five percent (25%) of the Debt Service Requirement net of PFC Revenues. The Bond Redemption and Improvement Account may be funded with amounts remaining, if any, following any and all transfers required by subparagraphs (a)-(i) above.

(1) Notwithstanding the foregoing, for each and every Fiscal Year during the term of Airline Agreement, the interest earned on the balance of the Bond Redemption and Improvement Account shall first be used to reduce the Bond Redemption and Improvement Requirement for the following Fiscal Year and the remaining interest and any excess balance in the Bond Redemption and Improvement Account due to a reduction in the Debt Service Requirement net of PFC Revenues, if any, shall be transferred to the Aviation Operating Fund and then allocated to the Airport Cost Centers in proportion to the Debt Service Requirement for each such Airport Cost Center as a Non-Airline Revenue.

(2) The net Bond Redemption and Improvement Requirement shall be allocated on the basis of Debt Service Requirements to the Airport Cost Centers.

(l) Operation & Maintenance Account ("O&M Account"). The O&M Account is available for use by City for the payment of Operating Expenses in City's sole discretion in the event the then current Airport Revenues allocated to Operating Expenses in the Annual Budget are deemed to be insufficient. If a Majority-in Interest of the Eligible Signatory Airlines, determined pursuant to the Airfield Area MII Formula, and City mutually agree (whose agreement will not be unreasonably withheld), any balance then can be used for repairs, renewals, replacements, alterations, the redemption of Bonds or bonds or for any Airport System purposes. Notwithstanding the foregoing, the City has no reasonable expectation that funds in the O&M Account will be used to pay Debt Service since the account is being created to pay Operating Expenses. The O&M Account may be funded with amounts remaining, if any, following any and all transfers required by subparagraphs (a)-(j) above. Thereafter, the City and Signatory Airlines acknowledge that the current O&M Account balance is less than the amount required and agree to: **1.** Increase the funding of the O&M Requirement in the following manner annually during the initial Term of the Agreement, which expires June 30, 2026**: a.** Three million dollars ($3,000,000) per Fiscal Year funded through current operations; **b.** To the extent that the actual Airline overpayments exceed fifteen million dollars ($15,000,000) an additional four million dollars ($4,000,000) will be required; **2.** After the initial Term of the Agreement, the following amounts will be required until such time as the balance of the O&M Account is equal to twenty five percent (25%) of Operating Expenses: **a**. Four million dollars ($4,000,000) per Fiscal Year funded through current operations; **b.** To the extent that the actual Airline overpayments exceed fifteen million dollars ($15,000,000), an additional five million dollars ($5,000,000) will be required; **3.** Following the funding of the O&M Account equal to twenty five percent (25%) of Operating Expenses, the annual required deposit thereafter will be the incremental amount needed to maintain the twenty five percent (25%) balance, but in no event will the annual deposit exceed ten million dollars ($10,000,000) annually; **4.** Notwithstanding the foregoing, for each and every Fiscal Year during the Term of the Agreement, the interest earned on the balance of the O&M Account

shall first be used to reduce the O&M Requirement for the following Fiscal Year and the remaining interest and any excess balance in the O&M Account due to a reduction in Operating Expenses, if any, shall be transferred to the Aviation Operating Fund, then allocated to the Airport Cost Centers in proportion to the Operating Expenses for each such Airport Cost Center as a Non-Airline Revenue. **5.** The net O&M Requirement shall be allocated on the basis of Operating Expenses to the Airport Cost Centers.

(m) City and Airline Revenue Allocation. For each Fiscal Year during the Term of the Agreement, the prior Fiscal Year's total net revenue from the Outside Terminal Area Cost Center, if any, shall be allocated between City and Airlines. The Airline Revenue Allocation shall be calculated as follows from any amounts remaining in the Aviation Operating Fund if any, following any and all transfers required by Section 4.06 of the Bond Ordinance and by Sections 5.06.A and 5.06.B above of the Agreement as follows: **1.** Thirty million dollars ($30,000,000) of Outside Terminal Area net revenues generated during FY 2023 shall be deemed the Airline Revenue Allocation to be credited to the Airlines in FY 2024. **2.** During the Term of the Agreement, the City Revenue Allocation shall be equal to fifty percent (50%) of the prior Fiscal Year's total net revenue from the Outside Terminal Area Cost Center. **3.** During the Term of the Agreement, the Airline Revenue Allocation shall be equal to fifty percent (50%) of the prior Fiscal Year's total net revenue from the Outside Terminal Area Cost Center.(Funds available exclude that portion of the Aviation Operating Fund balance for use as Amounts Available for Debt Service.) **4.** The City Revenue Allocation for each Fiscal Year, if any, shall be applied to the Discretionary Account or to such other fund or account of the Airport System as determined by City. **5.** Airline Revenue Allocation for each Fiscal Year, if any, shall be allocated to Airline Cost Centers, as follows: **a.** Ninety percent (90%) will be allocated to the Terminal Area **b.** Ten percent (10%) will be allocated to the Airfield Area **6.** Such allocation of the Airline Revenue Allocation shall be credited against Rents for each Signatory Airline in the subsequent Fiscal Year during the Term of the Agreement.

(n) Discretionary Account. Any amounts remaining in the Aviation Operating Fund, less the Airline Revenue Allocation, shall be deposited in the Discretionary Account to be used by City for any lawful Airport System purpose.

(o) Replenishment of Bond Redemption and Improvement, O&M, and Discretionary Accounts. To the extent any balances are used, or any required deposits are deferred in the Bond Redemption and Improvement, the O&M or the Discretionary Accounts to stabilize Airline rates and charges, Airlines agree to replenish amounts contributed in equal amounts over the three fiscal years following the fiscal year of the contribution.

Sinking Fund. Except as set forth in Sections 4.02, 4.04 and 4.09 of the General Ordinance, the Sinking Fund shall be a consolidated fund for the equal and proportionate benefit of the Holders of all Bonds from time to time Outstanding, Credit Facilities, Standby Agreements, and Qualified Swap Agreements secured by a parity pledge of Project Revenues and payable pursuant to subparagraph (c) of the section above entitled "Transfer from Aviation Operating Fund to Other Funds and Accounts", and each account therein may be invested and reinvested on a consolidated basis in accordance with Section 9 of the Act.

The Fiscal Agent, as directed by the City by Supplemental Ordinance, Determination or other written direction, shall pay out of the Debt Service Account of the Sinking Fund to the designated paying agent or agents (i) on or before each interest payment date for any of the Bonds the amount required for the interest payable on such date; and (ii) on or before each principal, redemption or prepayment date for any Bonds, the amount required for the principal, redemption or prepayment payable on such date, and (iii) on or before the respective due dates the amounts, if any, due under any Swap Agreements (other than termination amounts payable to a Qualified Swap Provider due as a result of termination of a Qualified Swap). Such amounts shall be applied by the designated paying agent or agents on the due

dates thereof. The Fiscal Agent shall also pay out of the Debt Service Account of the Sinking Fund the accrued interest included in the purchase price of Bonds purchased for retirement and on or before the due dates any amounts owing by the City under any Credit Facility or Standby Agreement, payable from the Debt Service Account, on account of advances to pay principal of or interest or redemption premium on Bonds.

Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) if so directed by the City, shall be applied by the Fiscal Agent, on or prior to the 60th day preceding the due date of such Sinking Fund Installment, to the purchase of Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established. All purchases of Bonds pursuant to this paragraph shall be made at prices not exceeding the applicable sinking fund redemption price of such Bonds plus accrued interest, and such purchases shall be made by the Fiscal Agent as directed by the City. As soon as practicable after the 42nd day preceding the due date of any such Sinking Fund Installment, the Fiscal Agent shall proceed to call for redemption, by giving notice as provided in Section 6.03 of the General Ordinance, on such due date Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment after making allowance for any Bonds purchased pursuant to Section 4.10 of the General Ordinance which the City has directed the Fiscal Agent to apply as a credit against such Sinking Fund Installment as provided in Section 4.08 thereof. The Fiscal Agent shall pay out of the Sinking Fund to the appropriate paying agent or agents, on or before such redemption date (or maturity date) the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing) and such amount shall be applied by such paying agent or agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the City from Amounts Available for Debt Service, or other amounts available therefor.

In the event of the refunding of any Bonds, the Fiscal Agent shall, if the City so directs in writing, withdraw from the Sinking Fund all, or any portion of, the amounts accumulated therein with respect to principal or interest on the Bonds being refunded and deposit such amounts with itself or another financial institution serving as escrow agent to be held for the payment of the principal or redemption price, if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to Section 11.01 of the General Ordinance. In the event of a refunding, the City may also direct the Fiscal Agent to withdraw from the Sinking Fund all, or a portion of, the amounts accumulated therein with respect to principal and interest on the Bonds being refunded and deposit such amounts in any fund or account established under the General Ordinance.

If any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise or at the date fixed for redemption thereof, if moneys sufficient to pay such Bond shall have been deposited with the Fiscal Agent, it shall be the duty of the Fiscal Agent to hold such moneys, without liability to the City, any Bondholder or any other person for interest thereon, for the benefit of the owner of such Bond. Notwithstanding the foregoing, any moneys in the Sinking Fund for the payment of the interest, principal or redemption premium of Bonds unclaimed for two (2) years after the due date shall be repaid to the Aviation Operating Fund but such repayment shall not discharge the obligation, if any, for which such moneys were previously held in the Sinking Fund; provided, however, that such repayment shall not be made unless, at the time of such repayment, there shall exist no deficiency in any fund or account established under the General Ordinance or any Supplemental Ordinance.

The Fiscal Agent shall pay, solely out of the Charges Account to the appropriate payees any fees, expenses and other amounts due and payable from the Charges Account, under any Credit Facility or Standby Agreement, with respect to Bonds, to the extent such amounts are not paid from the Debt Service Account.

Credits Against Sinking Fund Installments. If at any time Bonds of any Series or maturity for which Sinking Fund Installments shall have been established are purchased or redeemed other than pursuant to the third paragraph of the section above entitled "Sinking Fund" or are deemed to have been paid pursuant to Section 11.01 of the General Ordinance and, with respect to such Bonds which have been deemed paid, irrevocable instructions have been given to the Fiscal Agent to redeem or purchase the same on or prior to the due date of the Sinking Fund Installment to be credited under this section, the City may from time to time and at any time by written notice to the Fiscal Agent specify the portion, if any, of such Bonds so purchased, redeemed or deemed to have been paid and not previously applied as a credit against any Sinking Fund Installment which are to be credited against future Sinking Fund Installments. Such notice shall specify the amounts of such Bonds to be applied as a credit against such Sinking Fund Installment or Sinking Fund Installments and the particular Sinking Fund Installment or Installments against which such Bonds are to be applied as a credit; provided, however that none of such Bonds may be applied as a credit against a Sinking Fund Installment to become due less than forty-two (42) days after such notice is delivered to the Fiscal Agent. All such Bonds to be applied as a credit shall be surrendered to the Fiscal Agent for cancellation on or prior to the due date of the Sinking Fund Installment against which they are being applied as a credit. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

Sinking Fund Reserve Account. There is created under the General Ordinance a parity Sinking Fund Reserve Account within the Sinking Fund to be known as the "Parity Sinking Fund Reserve Account." Unless the applicable Supplemental Ordinance designates a Non-Parity Sinking Fund Reserve Requirement, the City shall deposit, or cause to be deposited in the Parity Sinking Fund Reserve Account from the proceeds of the sale of each Series of Bonds, or from other amounts available therefor, an amount which, when added to the existing balance in the Parity Sinking Fund Reserve Account, will be equal to the Parity Sinking Fund Reserve Requirement immediately after the issuance of such Series of Bonds. All amounts in the Parity Sinking Fund Reserve Account shall be available to pay the principal, redemption price or interest on any other Series of Bonds secured by the Parity Sinking Fund Reserve Account.

If a Supplemental Ordinance for a Series of Bonds designates a Non-Parity Sinking Reserve Requirement for such Series of Bonds, the Supplemental Ordinance pursuant to which such Bonds were issued shall either create a separate Non-Parity Sinking Fund Reserve Subaccount, or create or designate a previously created subaccount within the Sinking Fund Reserve Account. Notwithstanding anything to the contrary in Section 4.09 of the General Ordinance, the City shall not create a Non-Parity Sinking Fund Reserve Account or designate a Non-Parity Sinking Fund Reserve Requirement unless the City first obtains written confirmation from any one Rating Agency then rating the Bonds that such action, in and of itself, will not result in a downgrade, suspension or withdrawal of the credit rating on any Bonds Outstanding thereunder. The City shall, under direction of the Director of Finance, deposit in the specified Non-Parity Sinking Fund Reserve Subaccount created pursuant to any Supplemental Ordinance, the amount required to be deposited pursuant to the Supplemental Ordinance for such Series of Bonds. The money and investments in each Non-Parity Sinking Fund Reserve Subaccount shall be held and maintained in an amount equal at all times to the applicable Non-Parity Sinking Fund Reserve Requirement for such Series secured thereby, as provided in the Supplemental Ordinance authorizing

such Series of Bonds. All amounts in each Non-Parity Sinking Fund Reserve Subaccount shall be available solely to secure the Bonds specified in the Supplemental Ordinance pursuant to which such subaccount was created.

If at any time and for any reason, the moneys in the Debt Service Account of the Sinking Fund shall be insufficient to pay as and when due, the principal of (and premium, if any) or interest on any Bond or Bonds or other obligations payable from the Debt Service Account then due (including any amounts payable out of the Sinking Fund under Swap Agreements), the Fiscal Agent is authorized and directed (i) with respect to Bonds secured by the Parity Sinking Fund Reserve Account, to withdraw an amount equal to the deficiency from the Parity Sinking Fund Reserve Account, and use such amount to pay debt service on the Bonds secured thereby, and (ii) with respect to Bonds secured by a Non-Parity Sinking Fund Reserve Subaccount, to withdraw an amount equal to the deficiency from such Non-Parity Sinking Fund Reserve Subaccount and use such amount to pay debt service on the Bonds secured thereby. If by reason of such withdrawal or for any other reason there shall be a deficiency in the Sinking Fund Reserve Account or any subaccount thereof, the City covenants to restore such deficiency promptly from Project Revenues, in no event later than the next interest payment date for Bonds Outstanding under the General Ordinance.

Any money in the Sinking Fund Reserve Account or any subaccount thereof in excess of the applicable Sinking Fund Reserve Requirement shall be transferred on an annual basis to the Debt Service Account of the Sinking Fund at the written direction of the City.

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Sinking Fund Reserve Account or any subaccount thereof, the City may cause to be deposited into any account or subaccount of the Sinking Fund Reserve Account an unconditional and irrevocable surety bond or an insurance policy payable to the Fiscal Agent for the account of the Holders of the Series of Bonds in question or an irrevocable letter of credit in an amount equal to the difference between the Sinking Fund Reserve Requirement for the related Series of Bonds and the remaining sums, if any, then on deposit in the applicable account or subaccount of the Sinking Fund Reserve Account. The surety bond, insurance policy or letter of credit (each, a "Sinking Fund Reserve Facility") shall be payable (upon the giving of notice as required thereunder) on any payment date on which moneys will be required to be withdrawn from the applicable account or subaccount of the Sinking Fund Reserve Account and applied to the payment of debt service on the related Series of Bonds and such withdrawal cannot be met by amounts on deposit in the applicable account or subaccount of the Sinking Fund Reserve Account or provided from amounts held in any other Fund under the General Ordinance that are available to pay debt service on such Series of Bonds.

The insurer providing such surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in not lower than the "A" category (without regard to gradations) by any one Rating Agency. The letter of credit issuer shall be a bank or trust company which is rated not lower than the "A" category (without regard to gradations) by any one Rating Agency, and the letter of credit itself shall be rated in at least "A" category of such Rating Agency. If a disbursement is made pursuant to a Sinking Fund Reserve Facility provided pursuant to this subsection, the City shall be obligated either (i) to reinstate the maximum limits of such Sinking Fund Reserve Facility or (ii) to deposit into the applicable account or subaccount of the Sinking Fund Reserve Account, funds in the amount of the disbursement made under such Sinking Fund Reserve Facility, or a combination of such alternatives, as shall provide that the amount in the applicable account or subaccount of the Sinking Fund Reserve Account equals the Sinking Fund Reserve Requirement for the related Series of Bonds within a time period not longer than would be required to restore the applicable account or subaccount of the Sinking Fund Reserve Account by operation of Section 4.09 of the General Ordinance and from the same

source of funds as provided herein. Upon the occurrence of any reduction or suspension of any credit rating with respect to such Sinking Fund Reserve Facility (or the provider thereof) required by Section 4.09 of the General Ordinance, the City shall replace the Sinking Fund Reserve Facility with a new one that meets the aforesaid rating requirements; provided however that with respect to any letter of credit that is a Sinking Fund Reserve Facility, the City may in lieu of replacing such Sinking Fund Reserve Facility, cause the Sinking Fund Reserve Facility to be drawn upon to the full extent possible and deposit such monies in the subaccount of the Sinking Fund Reserve Account in which the Sinking Fund Reserve Facility was held. In addition, 30 days prior to the expiration date of any Sinking Fund Reserve Facility, that is a letter of credit the City shall either extend the term of such Sinking Fund Reserve Facility by at least one year or deposit cash in the face amount of the Sinking Fund Reserve Facility in question in the appropriate account or subaccount of the Sinking Fund Reserve Account in replacement of such Sinking Fund Reserve Facility, and if the City fails to take either of such actions by such date, the Fiscal Agent shall within five Business Days thereafter draw down upon the Sinking Fund Reserve Facility that is a letter of credit to the full extent possible and deposit the proceeds of such draw in the appropriate subaccount of the Sinking Fund Reserve Account.

Subordinate Obligation Fund. Subject to the third paragraph of this section, the Fiscal Agent upon direction of the Director of Finance, shall apply amounts in the Subordinate Obligation Fund to the payment of the principal of, redemption premium, if any, and interest on Subordinate Obligations and to payments due under any credit facility, qualified swap or standby agreement in accordance with the provisions of, and subject to the priorities and limitations and restrictions provided, in the Subordinate Obligation Ordinance or Supplemental Ordinance or Determination.

At any time and from time to time the City may deposit in the Subordinate Obligation Fund for the payment of Subordinate Obligations amounts received from any source other than Project Revenues which is not inconsistent with the General Ordinance, any Supplemental Ordinance or any Subordinate Obligation Ordinance or Determination.

If at any time the amounts in the Sinking Fund shall be less than the current requirement of such fund pursuant to subparagraphs (a) and (b) of Section 4.06 of the General Ordinance and there shall not be on deposit in the Sinking Fund Reserve Account, the Aviation Operating Fund or the Renewal Fund available moneys sufficient to cure such deficiency, then the Fiscal Agent shall withdraw from the Subordinate Obligation Fund and deposit in the Sinking Fund the amount necessary (or all the moneys in said fund, if less than the amount necessary) to eliminate such deficiency.

Any moneys in the Subordinate Obligation Fund for the payment of Subordinate Obligations, unclaimed for two (2) years after the due date shall be repaid to the City but such repayment shall not discharge the obligation, if any, for which such moneys were previously held in the Subordinate Obligation Fund; provided, however, that such repayment shall not be made unless, at the time of such repayment, there shall exist no deficiency in any fund or account established under the General Ordinance, any Supplemental Ordinance or any Subordinate Obligation Ordinance.

Aviation Capital Fund. Proceeds of Bonds issued for capital purposes shall be deposited into the Aviation Capital Fund and disbursed according to established procedures of the City for purposes permitted by the Act, other applicable law and the Bonds and such other purposes as are permitted under the General Ordinance.

Renewal Fund. All amounts credited to the Renewal Fund on or after the Effective Date shall be maintained in accordance with this section. Payments from the Renewal Fund shall be made only for the following purposes: (a) to pay the cost of major repairs, renewals and replacements of Airport System facilities for purposes of meeting unforeseen contingencies and emergencies arising from the operation of

the Airport System, or (b) to pay expenses chargeable as Operating Expenses if Project Revenues are insufficient, for whatever reason to cover such Operating Expenses in any Fiscal Year, (c) to pay debt service on the Bonds, or (d) to repay any loan in accordance with Section 4.05(c)(ii)(3) of the General Ordinance.

The City shall withdraw from the Renewal Fund the sum or sums necessary to make such payments and shall apply the same to such purpose. If by reason of such withdrawal or any other reason, funds on deposit in the Renewal Fund are less than the Renewal Fund Requirement, the City shall deposit in the Renewal Fund the amount of such deficiency, but only from Project Revenues as the same shall become available, by regular quarterly deposits which shall not be required to exceed the total of $500,000 in any Fiscal Year, and the availability of which shall be determined in accordance with the priorities specified in the section herein entitled "Transfer from Aviation Operating Fund to Other Funds and Accounts."

If at any time the moneys and investments in the Renewal Fund are in excess of the Renewal Fund Requirement, the amount of such excess on order of the Director of Finance, shall be paid over by the City to the Debt Service Account of the Sinking Fund, to be used and applied as are all other moneys deposited in or on deposit therein.

Rebate Fund. The Rebate Fund shall be maintained by the City for so long as any Series of Bonds is Outstanding, and for sixty (60) days thereafter (or such other period as may be specified by the Code and applicable regulations), for the purpose of paying to the United States Treasury the amount required to be rebated pursuant to Section 148(f) of the Code. All amounts in the Rebate Fund, including income earned from investment of amounts in the Rebate Fund, shall be held by the City free and clear of the lien created by the General Ordinance.

Management of Funds and Accounts. The moneys on deposit in the funds and accounts established under the General Ordinance, to the extent not currently required, shall be invested and secured as required by Section 9 of the Act, all at the direction and under the management of the Director of Finance or such other chief fiscal officer of the City as may hereinafter be established.

Investment of Funds and Accounts. All moneys deposited in any fund or account established under the General Ordinance or under any Supplemental Ordinance may be invested by the City or by the Fiscal Agent, at the oral (confirmed in writing promptly thereafter) or written direction of the City, in any Permitted Investments (except as otherwise provided in the General Ordinance with respect to the Sinking Fund, Sinking Fund Reserve Account and Rebate Fund); provided that any investments with respect to amounts on deposit in the Sinking Fund (other than the Sinking Fund Reserve Account) shall mature or shall be subject to redemption by the holder thereof upon demand at par no later than the date when such amounts are needed for the purposes of such funds or accounts.

Interest earnings on amounts on deposit (i) in the Aviation Operating Fund shall be credited to the Aviation Operating Fund; (ii) in the Sinking Fund shall be credited to the Sinking Fund to the extent needed to meet Debt Service Requirements and additional interest earnings may be credited to the Aviation Operating Fund so long as such credit will not adversely impact the tax-exempt status of tax-exempt Bonds Outstanding under the General Ordinance; (iii) in the Sinking Fund Reserve Account shall be credited to the Sinking Fund Reserve Account to the extent needed to satisfy the Sinking Fund Reserve Requirements and additional interest earnings shall be credited to the Debt Service Account of the Sinking Fund; (iv) in the Subordinate Obligation Fund shall be credited to the Subordinate Obligation Fund to the extent needed to satisfy payment provisions for the Subordinate Obligations and additional interest earnings may be credited to the Aviation Operating Fund; (v) in the Renewal Fund, shall be credited to the Renewal Fund to the extent needed to meet the Renewal Fund Requirements and any

additional interest earnings shall be credited to the Debt Service Account of the Sinking Fund; (vi) in the Aviation Capital Fund shall be credited to the appropriate account of the Aviation Capital Fund; and (vii) in the Rebate Fund shall be credited to the Rebate Fund.

Valuation of Funds and Accounts. In computing the assets of any fund or account established under the General Ordinance, investments and accrued interest thereon shall be deemed a part thereof. Such investments shall be valued on June 30 of each Fiscal Year at the lower of the cost or current market value thereof if the applicable maturity is more than one (1) year and at par if the applicable maturity is equal to or less than one (1) year plus accrued interest, or at the redemption price thereof, if then redeemable at the option of the holder; provided that investments in any reserve fund or reserve account of the Sinking Fund established pursuant to a Supplemental Ordinance may be valued as provided in the Supplemental Ordinance establishing it. The annual valuation shall apply for all purposes of the General Ordinance except if Bonds are issued or a fund deficit occurs based on the annual valuation, in which cases a valuation shall be made on the date Bonds are issued or the deficit is eliminated, as the case may be.

Covenants of City

Rate Covenant.

(a) The City covenants with Bondholders that it will, at a minimum, impose, charge and recognize as revenues in each Fiscal Year such rentals, charges and fees as shall, together with that portion of the Aviation Operating Fund balance attributable to Amounts Available for Debt Service and carried forward at the beginning of such Fiscal Year and together with all other Amounts Available for Debt Service to be received in such Fiscal Year, equal not less than the greater of:

(1) The sum of:

(i) all Net Operating Expenses payable during such Fiscal Year;

(ii) 150% of the amount required to pay the Debt Service Requirements during such Fiscal Year;

(iii) the amount, if any, required to be paid into the Sinking Fund Reserve Account during such Fiscal Year; and

(iv) the amount, if any, required to be paid into the Renewal Fund during such Fiscal Year; or

(2) The sum of:

(i) all Operating Expenses payable during such Fiscal Year; and

(ii) (A) all Debt Service Requirements during such Fiscal Year (B) all debt service requirements during such Fiscal Year in respect of all outstanding General Obligation Bonds issued for improvements to the Airport System and all outstanding NSS General Obligation Bonds issued for improvements to the Airport System; (C) all debt service requirements during such Fiscal Year on Subordinate Obligations and any other subordinate indebtedness secured by any Amounts Available for Debt Service, (D) all amounts required to repay loans among funds made

pursuant to Section 4.05(c) of the General Ordinance, (E) the amount, if any, required to be paid into the Sinking Fund Reserve Account or Renewal Fund during such Fiscal Year and (F) all amounts required to be paid under Exchange Agreements.

Provided, however, if (i) the written election of the City is obtained and filed with the Fiscal Agent, and (ii) so long as any Airline Agreements is in effect, the prior written consent of the Signatory Airlines to amend the Airline Agreements is obtained, then the foregoing rate covenant shall no longer be effective, and the rate covenant in the section below entitled "Alternative Rate Covenant" shall be substituted in lieu of the foregoing for all purposes.

(b) (1) In the event that any Bonds Outstanding are, or any proposed series of Bonds, are to be Balloon Bonds, then Debt Service Requirements on such Balloon Bonds shall be calculated for purposes of projecting compliance with the General Ordinance, or for purposes of determining the Sinking Fund Reserve Requirement for a particular series of Balloon Bonds, whether for any period prior to or after the date of calculation, as follows:

(A) If such Balloon Bonds are not Capital Appreciation Bonds, then, for purposes of determining Debt Service Requirements, each maturity that constitutes Balloon Bonds shall, unless otherwise provided in a Supplemental Ordinance under which such Balloon Bonds are issued, be treated as if it were to be amortized over a period of no more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Balloon Bonds were issued, and extending not later than the stated or deemed, as the case may be, final maturity of such Balloon Bonds, but in no event later than 30 years from the date such Balloon Bonds were originally issued; and the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or its successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index designated in a Determination, or if a Determination fails to select a replacement index, that rate determined by a banking institution or an investment banking institution knowledgeable in airport finance as the interest rate or rates at which the City could reasonably expect to borrow by incurring indebtedness with the same term as assumed above, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Bonds only a portion of which constitutes Balloon Bonds, the remaining portion shall be treated as described in such other provision of the definition of Debt Service Requirements as shall be applicable and, with respect to any Bonds or that portion of a series thereof which constitutes Balloon Bonds, all Debt Service Requirements becoming due prior to the year of the stated maturity of the Balloon Bonds shall be treated as described in such other provision of Debt Service Requirements as shall be applicable; and

(B) If such Balloon Bonds are Capital Appreciation Bonds, by assuming that the Accreted Value of such Bonds for purposes of determining Debt Service Requirements, each maturity that constitutes Balloon Bonds shall, unless otherwise provided in a Supplemental Ordinance under which such Balloon Bonds are issued, be treated as if it were to be amortized over a period of no more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the

year in which such Balloon Bonds were issued, and extending not later than the stated or deemed, as the case may be, final maturity of such Balloon Bonds, but in no event later than 30 years from the date such Balloon Bonds were originally issued; and the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or its successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index designated in a Determination, or if a Determination fails to select a replacement index, that rate determined by a banking institution or an investment banking institution knowledgeable in airport finance as the interest rate or rates at which the City could reasonably expect to borrow by incurring indebtedness with the same term as assumed above, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Bonds only a portion of which constitutes Balloon Bonds, the remaining portion shall be treated as described in such other provision of the definition of Debt Service Requirements as shall be applicable and, with respect to any Bonds or that portion of a series thereof which constitutes Balloon Bonds, all Debt Service Requirements becoming due prior to the year of the stated maturity of the Balloon Bonds shall be treated as described in such other provision of Debt Service Requirements as shall be applicable.

(2) The City shall be entitled to assume, in calculating Debt Service Requirements on any Variable Rate Bonds for purposes of projecting compliance with this section or funding the Sinking Fund Reserve Account, that such Variable Rate Bonds will bear interest at a rate equal to (i) the average interest rate on the Variable Rate Bonds during the period of twenty-four (24) consecutive calendar months preceding the date of calculation or (ii) if the Variable Rate Bonds were not Outstanding during the entire twenty-four (24) month period, the average interest rate on the Variable Rate Bonds since their date of issue or (iii) such other rate as may be specified in a Supplemental Ordinance or Determination.

(3) If a series of Bonds to be issued will be Variable Rate Bonds, then for purposes of calculating the Debt Service Requirements on the proposed series of Bonds under this section or the section below entitled "Conditions of and Provisions Relating to Issuing Bonds", the rate of interest to be borne by such Variable Rate Bonds shall be deemed to be the Bond Buyer's 25 Bond Revenue Index, or any successor standard index for long-term, tax exempt, investment grade revenue bonds for a date within 90 days of the issuance of such Variable Rate Bonds.

The City represents that it has, by its Code of Ordinances, as amended, authorized the imposition of rents, rates, fees and charges by the Department of Commerce by contract, lease or otherwise sufficient from time to time to comply with the Rate Covenant and covenants with the Holders of Bonds that it will not repeal or materially adversely dilute or impair such authorization.

Operation of System

The City covenants with the Holders of all Bonds Outstanding under the General Ordinance that so long as such Bonds shall remain Outstanding it will continuously maintain the Airport System or cause the Airport System to be maintained in good condition and will continuously operate the Airport System or cause the Airport System to be operated; provided that the City may dispose of such portions of the Airport System which are no longer necessary or required for Airport purposes; and provided further that this covenant shall not apply to any portion of the Airport System assigned or conveyed pursuant to Article IX of the General Ordinance.

Conditions and Provisions Relating to Issuing Bonds

The City covenants with the Holders of all Bonds Outstanding under the General Ordinance that so long as any such Bonds shall remain Outstanding it will not issue or assume any Series of Bonds thereunder without first complying with the conditions set forth in subparagraphs (a) through (d) below and further covenants to comply with the provisions of subparagraphs (e) through (h) below:

(a) *Enactment of Supplemental Ordinance*. Prior to the issuance or assumption of any Series of Bonds (but only following the filing of the report and opinion required by Section 8 of the Act) the City shall enact a Supplemental Ordinance meeting the requirements of Section 5.04(a) of the General Ordinance.

(b) *Filing of Transcript*. Prior to the issuance or assumption of any Series of Bonds, the Director of Finance shall, in addition to the filing requirements of Section 12 of the Act, file with the Fiscal Agent a transcript of the proceedings authorizing the issuance of such Series of Bonds meeting the requirements of Section 5.04(b) of the General Ordinance.

(c) *Delivery of Consultant's Report*. Prior to the issuance or assumption of any Series of Bonds pursuant to a Supplemental Ordinance (except that no Consultant's report shall be required in the case of issuance of any Series of Bonds for the purpose of refunding another Series of Bonds so long as the City certifies in writing that the Debt Service Requirements in any year on the proposed refunding Bonds do not exceed the Debt Service Requirements in any such year on the Bonds to be refunded), the City shall cause to be filed with the Fiscal Agent a report of Consultants setting forth the qualifications of the Consultants and containing, among other things, a statement, supported by appropriate schedules and summaries, that, on the basis of historical and estimated future annual financial operations of the Aviation System from which pledged Amounts Available for Debt Service are to be derived, (1) for either the immediately preceding Fiscal Year of the City, or any period of 12 full consecutive months during the 18-month period preceding the delivery of the Consultant's report, the Aviation System yielded pledged Amounts Available for Debt Service sufficient to satisfy the Rate Covenant, (2) no deficiency exists in the Sinking Fund Reserve Account and (3) the Airport System will, in the opinion of the Consultants, yield pledged Amounts Available for Debt Service for each of the five Fiscal Years (or three Fiscal Years in the event that the Consultant is professionally unable to provide an opinion for a period in excess of three Fiscal Years) ended immediately following the issuance or assumption of the Bonds, sufficient to comply with the Rate Covenant.

(d) *Opinions of Counsel*. Upon the issuance of any Series of Bonds, the City shall cause to be filed with the Fiscal Agent (i) an opinion of Bond Counsel to the effect that (1) the Bonds have been duly issued or assumed for a permitted purpose under the Act and the General Ordinance and (2) all conditions precedent to the issuance or assumption of the Bonds pursuant to the Act and the General Ordinance have been satisfied, and (ii) an opinion of the City Solicitor to the effect that (1) all documents delivered by the City in connection with the issuance of the Bonds have been duly and validly authorized, executed and delivered, (2) such execution and delivery and all other actions taken by the City in connection with the issuance of the Bonds have been duly authorized by all necessary actions of City Council, and (3) nothing has come to their attention that would lead them to believe that an event of default under the General Ordinance has occurred, and is continuing. The Fiscal Agent may conclusively rely upon such opinions.

(e) *Execution of Documents*. The Mayor, the City Solicitor, the City Controller, the Director of Finance and such other officers of the City as may be appropriate are authorized in connection with the issuance or assumption of any Series of Bonds under the General Ordinance to prepare, execute and file on behalf of the City such statements, documents, certificates or other material as may accurately and

properly reflect the financial condition of the City or other matters relevant to the issuance or payment of such Bonds and as may be required or appropriate to comply with applicable State or Federal laws or regulation.

(f) *Disposition of Proceeds*. Unless otherwise provided in the applicable Supplemental Ordinance or Determination, accrued interest on Bonds shall be deposited in the Sinking Fund, an amount sufficient to satisfy the requirements of Section 4.09 of the General Ordinance shall be deposited in the Sinking Fund Reserve Account and the balance of the proceeds of the Bonds shall be deposited in the Bond Proceeds Account of the Aviation Capital Fund and shall be disbursed therefrom, in accordance with established procedures of the City, as provided in Section 4.11 of the General Ordinance, provided, however, that if such Bonds shall be issued for the purpose of funding or refunding Bonds previously issued by the City such proceeds shall, unless otherwise directed by the Supplemental Ordinance, be deposited in a special fund or account to be established with and held by the Fiscal Agent or another entity acting as an escrow agent and invested (if appropriate) and disbursed under the direction of the Director of Finance for the purpose of retiring the Bonds being funded or refunded.

(g) *Refunding Bonds*. If the City shall, by Supplemental Ordinance, authorize the issuance of refunding Bonds pursuant to Section 10 of the Act, in the absence of specific direction or inconsistent authorization in the Supplemental Ordinance, the Director of Finance is authorized by the General Ordinance in the name and on behalf of the City to take all such action, including the irrevocable pledge of proceeds and the income and profit from the investment thereof for the payment and redemption of the refunded Bonds, bonds or notes including the publication of all required redemption notices or the giving of irrevocable instructions therefor, as may be necessary or appropriate to accomplish the funding or refunding and to comply with the requirements of Section 10 of the Act.

(h) *Subordinate Obligations*. The City may, at any time, or from time to time, issue Subordinate Obligations for any purpose permitted under the Act pursuant to a Subordinate Obligation Ordinance. Subordinate Obligations shall be payable out of, and may be secured by a security interest in and a pledge and assignment of Project Revenues; provided, however, that any such security interest in and pledge and assignment of Project Revenues and amounts on deposit in the Subordinate Obligation Fund shall be, and shall be expressed to be, subordinate in all respects to the security interest in, and pledge and assignment of the Pledged Amounts for the security of Bonds.

Delivery of Reports

The City covenants with the Holders of all Bonds Outstanding under the General Ordinance that so long as such Bonds shall remain Outstanding it will, within one hundred twenty (120) days following the close of each Fiscal Year of the City or as soon thereafter as is practicable (not exceeding one hundred fifty (150) days following the close of each Fiscal Year), file with the Fiscal Agent a report of the operation of the Airport System for such Fiscal Year, including a statement of revenue, expenses, and net revenue (in each case not inconsistent with the statement of income, expenses, and other accounts of the City audited by the City Controller) prepared by the City or its Department of Aviation in accordance with the accrual basis of accounting adjusted to meet the particular requirements of the Airline Agreements and the General Ordinance consistently applied, showing compliance with the Rate Covenant and containing any required information as to the Cost Centers prepared in accordance with the Cost Accounting System, accompanied by a certificate of the Director of Aviation that the Airport System is in good operating condition and by a certificate of the Director of Finance that as of the date of such report the City has complied with all of the covenants in the General Ordinance and in all Supplemental Ordinances on its part to be performed. Such report shall be furnished to the Fiscal Agent in such reasonable number of copies as shall be required to meet the written requests of Bondholders therefor on a first come first served basis.

Disposition of Insurance Proceeds and Proceeds from the Sale of Assets

In the event that any assets of the Airport System are destroyed or the City shall sell any assets of the Airport System (except in the event of the sale or transfer of all or substantially all of the assets of the Airport System under Section 9.01 of the General Ordinance), the City shall apply such amounts, at the direction of the Director of Finance or such other chief fiscal officer of the City as may hereinafter be established (i) to the retirement of the principal amount of debt incurred in respect to the Airport System; (ii) to the reconstruction, repair or replacement of assets of the Airport System; (iii) to the making of capital additions or improvements to the Airport System or (iv) to the deposit in one of the Aviation Funds for any other Airport System purpose; provided that, if the insurance proceeds or the proceeds from the sale of assets are less than or equal to one and five-tenths percent (1.5%) of the depreciated value of property, plant and equipment of the Airport System, as shown on the financial statements of the City for the preceding Fiscal Year, such amounts may be used for any Airport System purpose.

Bonds Not to Become Arbitrage Bonds

The City covenants for the benefit of the Bondholders that, notwithstanding any other provision of the General Ordinance or any other instrument, it will neither make nor instruct the Fiscal Agent to make any investment or other use of amounts on deposit in the funds and accounts established under the General Ordinance or other proceeds of the Bonds which would cause any Series of Bonds issued under the General Ordinance as tax-exempt to be arbitrage bonds under Section 148 of the Code and the regulations thereunder to the extent that the same are applicable at the time of such investment; it will file any reports required to be filed pursuant to the Code; and it will not take or fail to take any action so as to render any Series of Bonds issued under the General Ordinance as tax-exempt to be arbitrage bonds under Section 148 of the Code.

Prohibition Against Certain Uses of Funds; Enforcement

(a) The City covenants that while any Bonds are Outstanding under the General Ordinance, it will not direct the Fiscal Agent to transfer, loan or advance proceeds of the Bonds or Amounts Available for Debt Service from the Aviation Funds to any City account for application other than for Airport System purposes.

(b) If, on any date when a deposit is required to be made of the Project Revenues, the City fails to comply with any provision of the General Ordinance, the Fiscal Agent is authorized to and shall seek, by mandamus or other suit, action or proceeding at law or in equity, the specific enforcement or performance of the obligation of the City to cause the Project Revenues to be transferred to the Aviation Operating Fund, and still have any and all other rights and remedies of a fiscal agent under the General Ordinance, any Supplemental Ordinance, the Act or otherwise at law or in equity.

Credit Facilities, Standby Agreements and Qualified Swaps

All or any of the foregoing covenants of the City for the benefit of the Bondholders may also be for the benefit of the providers of any Credit Facility, Standby Agreement and any Qualified Swap to the extent provided in a Supplemental Ordinance or Determination.

Fiscal Agent

Fiscal Agent. The Fiscal Agent under the General Airport Revenue Bond Ordinance of 1978 or its successor, shall be Fiscal Agent as of the Effective Date for the General Ordinance. The City may

appoint a successor Fiscal Agent by Supplemental Ordinance to act as Fiscal Agent under the General Ordinance, and in connection with the Bonds issued thereunder. The Fiscal Agent shall also act as depository of the Sinking Fund and the Subordinate Obligation Fund, and may act as paying agent and Bonds Registrar.

Nothing in the General Ordinance shall be construed to prevent the City, in accordance with law, from engaging other Fiscal Agents from time to time or to engage other paying agents of the Bonds or any Series thereof in addition to, or as a successor to the Fiscal Agent. Any entity appointed by the City as Fiscal Agent under the General Ordinance shall be a trust company or national or state bank having trust powers and combined capital and surplus of at least fifty million ($50,000,000) dollars and be qualified to serve pursuant to the Act. Any entity appointed by the City as Fiscal Agent under the General Ordinance as a successor to the Fiscal Agent shall assume all rights and obligations of the Fiscal Agent thereunder.

Subject to the foregoing, the proper officers of the City are authorized to enter into contracts or to confirm existing agreements governing the maintenance of funds and accounts and records, the disposal of canceled Bonds, the rights, duties, privileges and immunities of the Fiscal Agent, and such other matters as are authorized by the Act and as are customary and appropriate and to confirm the agreement of the Fiscal Agent, in its several capacities, to comply with the provisions of the Act and of the General Ordinance.

The Fiscal Agent shall keep on file a copy of each report and its accompanying certificates delivered to it pursuant to the General Ordinance for a period of ten (10) years and shall exhibit the same to, and permit the copying thereof by, any Bondholder, or his authorized representative at all reasonable times.

Resignation of Fiscal Agent. The Fiscal Agent may resign and be discharged of the duties created by the General Ordinance by written resignation filed with the Director of Finance not less than sixty (60) days before the date when such resignation is to take effect. Such resignation shall take effect on the day specified in such notice provided that a successor Fiscal Agent has been appointed and has accepted its role as Fiscal Agent. If a successor Fiscal Agent is appointed prior to the date specified in the notice, the resignation shall take effect immediately on the appointment and acceptance of such successor, and the City shall give the notices required in the following section.

Appointment of Successor Fiscal Agent. If the Fiscal Agent or any successor Fiscal Agent resigns, is replaced, or is dissolved or if its property or business is taken under the control of any state or Federal court or administrative body, a vacancy shall exist in the office of the Fiscal Agent, and the City shall appoint a successor within thirty (30) days of such vacancy and shall mail notice of such appointment to the Bondholders and to the registered depositories at their registered addresses by first class mail, postage prepaid, within thirty (30) days of such appointment. If no successor is appointed within such thirty (30) day period, the Fiscal Agent and any Bondholder may petition any court of competent jurisdiction to appoint a successor.

Defaults and Remedies

Defaults and Statutory Remedies: Notice to Bondholders. If the City shall fail or neglect to pay or to cause to be paid the principal of, redemption premium, if any, or interest on any Bond or any Series of Bonds issued under the General Ordinance, whether at stated maturity or upon call for prior redemption or if the City, after written notice to it, shall fail or neglect to make any payment owed by it as a result of a Credit Facility or Standby Agreement and secured by a parity pledge of Project Revenues entered into with respect to Bonds and the provider of the Credit Facility or Standby Agreement provides

written notification to the Fiscal Agent of such failure or neglect, or if the City shall fail to comply with any provision of any Bonds or with any covenant of the City contained in the General Ordinance, then, under and subject to the terms and conditions stated in the Act, the Holder or Holders of any Bond or Bonds shall be entitled to all of the rights and remedies, including the appointment of a trustee, provided in the Act; provided, however, that the remedy provided in Section 20(b)(4) of the Act may be exercised only upon the failure of the City to pay, when due, principal and redemption price (including principal due as a result of a scheduled mandatory redemption) and interest on a Series of Bonds.

Upon the occurrence of an event of default specified in this section, or if an event occurs which could lead to a default with the passage of time and of which the Fiscal Agent has actual notice, the Fiscal Agent shall, within thirty (30) days, given written notice thereof by first-class mail to all Bondholders.

Remedies Not Exclusive; Effect of Delay in Exercise of Remedies. No remedy in the General Ordinance or in the Act conferred upon or reserved to the trustee, if any, or to the Holder of any Bond is intended to be exclusive (except as specifically provided in the Act) of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the General Ordinance or now or hereafter existing at law or in equity or by statute.

No delay or omission of a trustee, if one be appointed pursuant to Section 20 of the Act, or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by Article VIII of the General Ordinance, by the Act or otherwise may be exercised from time to time, and as often as may be deemed expedient.

Remedies to be Enforced Only Against Pledged Amounts. Any decree or judgment for the payment of money against the City by reason of default under the General Ordinance shall be enforceable only against the Pledged Amounts, and no decree or judgment against the City upon an action brought under the General Ordinance shall order or be construed to permit the occupation, attachment, seizure, or sale upon execution of any other property of the City.

Conveyance of System and Assignment, Assumption and Release of Obligations

Conveyance and Assignment, Assumption and Release. Nothing in the General Ordinance shall prevent the City from conveying and assigning to a municipal authority created pursuant to the Municipality Authorities Act, 53 Pa. C. S. ch. 56, or an authority created pursuant to any other applicable statute or to another entity (the "Authority") all or substantially all (or less than substantially all, as provided below) of its right, title and interest in the Airport System and thereupon becoming released from all of its obligations under the General Ordinance, under any Supplemental Ordinance and under the Bonds and related obligations, including, but not limited to Credit Facilities, Standby Agreements, Qualified Swaps and Exchange Agreements, (i) if the Authority assumes in writing the City's obligations (1) to operate or cause the Airport System to be operated and to maintain or cause the Airport System to be maintained in good condition; and (2) to pay the principal, redemption premium, if any, and interest on all Outstanding Bonds and Subordinate Obligations, and all payments due under Credit Facilities, Standby Agreements, Qualified Swaps and Exchange Agreements entered into pursuant to the General Ordinance and then outstanding according to the terms thereof; and (ii) if the instrument of assumption provides the Bondholders or the trustee or entity serving in a similar capacity and acting on behalf of the Bondholders with the substantial equivalent of all of the rights and remedies provided in the General Ordinance and the Act; provided, however, that before the City may consummate such a conveyance and assignment and obtain a release of its obligations under the General Ordinance, under any Supplemental Ordinance and under the Bonds and related obligations, including but not limited to Credit Facilities,

Standby Agreements, Qualified Swaps, and Exchange Agreements, the following conditions shall have been satisfied:

(a) the City and the Fiscal Agent shall have received an opinion of the City Solicitor substantially to the effect that the conveyance to the Authority of all or substantially all of the City's right, title and interest in the Airport System, the assignment to the Authority of the obligations of the City under the General Ordinance, any Supplemental Ordinance, the Bonds and any Subordinate Obligations to make payments of principal, redemption premium, if any, and interest on the Bonds, and the release of the City from all of its obligations under the General Ordinance, under any Supplemental Ordinance, under the Bonds or any Subordinate Obligations, and under related obligations, including, but not limited to, Credit Facilities, Standby Agreements, Qualified Swaps and Exchange Agreements, have been duly authorized by the City and do not violate any applicable law, ordinance, resolution or regulation of the City or any applicable court decision;

(b) the City and the Fiscal Agent shall have received an opinion of the solicitor of the Authority substantially to the effect that (i) the acquisition by the Authority of all or substantially all of the City's right, title and interest in the Airport System and the assumption by the Authority of the City's obligations under the General Ordinance, under any Supplemental Ordinance, under the Bonds, and any Subordinate Obligations to make payments of principal, redemption premium, if any, and interest on the Bonds and any Subordinate Obligations and related obligations, including, but not limited to, Credit Facilities, Standby Agreements, Qualified Swaps and Exchange Agreements, have been duly authorized by the Authority and do not violate any law, ordinance, resolution or regulation applicable to the Authority or any applicable court decision; (ii) the instrument under which the Authority assumes the obligations of the City under the General Ordinance, under any Supplemental Ordinance and under the Bonds, and any Subordinate Obligations to make payments of principal, redemption premium, if any, and interest on the Bonds and any Subordinate Obligations constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms except as enforcement may be limited by bankruptcy, insolvency or other similar laws or equitable principles affecting the enforcement of creditors' rights; (iii) the security interest granted by the Authority pursuant to subparagraph (d) creates a valid and effective lien in favor of Holders of Bonds and security interest in the Pledged Amounts to be generated by the Airport System; and (iv) the rates and charges established by the Authority and referred to below in subparagraph (e) have been duly authorized and enacted in accordance with applicable law;

(c) the City and the Fiscal Agent shall have received an opinion of Bond Counsel substantially to the effect that (i) the conveyance of all or substantially all of the City's right, title and interest in the Airport System to the Authority; the release of the City from its obligations under the General Ordinance, under any Supplemental Ordinance and under the Bonds and any Subordinate Obligations; and the assumption by the Authority of the City's obligations under the General Ordinance, under any Supplemental Ordinance, under the Bonds and Subordinate Obligations to make payments of principal, redemption premium, if any, and interest on the Bonds and Subordinate Obligations, and under related obligations, including, but not limited to, Credit Facilities, Standby Agreements, Qualified Swaps and Exchange Agreements, will not have an adverse effect on the exemption of interest on any series of Bonds issued as tax-exempt Bonds; (ii) the instrument under which the Authority assumes the obligations of the City under the General Ordinance, under any Supplemental Ordinance and under the Bonds to make payments of principal, redemption premium, if any, and interest on the Bonds constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms except as enforcement may be limited by bankruptcy, insolvency or other similar laws or equitable principles affecting the enforcement of creditors' rights, and (iii) the security interest granted by the Authority pursuant to subparagraph (d) creates a valid and effective lien in favor of the Holders of Bonds and security interest in the Pledged Amounts;

(d) the Authority shall, concurrently with the conveyance, assignment, assumption and release described above, grant to the trustee or entity serving in a similar capacity and acting on behalf of Bondholders a security interest in Pledged Amounts following the conveyance, assignment, assumption and release;

(e) the City and the Fiscal Agent shall have received a report of a Consultant, concluding that for each of the three (3) twelve (12) month periods following the conveyance, assignment, assumption and release described above, or for each of the three (3) fiscal years of the Authority commencing with the first full fiscal year of the Authority following the conveyance, assignment, assumption and release described above, the Airport System is projected to generate Amounts Available for Debt Service in an amount which is sufficient to enable the Authority to comply with the Rate Covenant determined in accordance with consistently applied accounting principles for each of the three twelve (12) month periods or three (3) fiscal years, as the case may be;

(f) the Authority shall have the authority, so long as Bonds remain Outstanding, to establish, and shall have established and shall have agreed to maintain rates and charges in connection with the operation of the Airport System at a level sufficient, in the opinion of a Consultant, as contained in a report filed with the Fiscal Agent, to generate Amounts Available for Debt Service in an amount which is sufficient to enable the Authority to comply with the Rate Covenant determined in accordance with consistently applied accounting principles;

(g) the Authority shall have agreed, so long as Bonds remain Outstanding, to incur or assume no parity debt payable from Amounts Available for Debt Service following the conveyance, assignment, assumption and release unless (1) in the case of debt incurred or assumed for the purpose of financing capital improvements, extensions, or expansions to the Airport System, or acquisition or assumption of such other assets for use in the operation, maintenance, and administration of the Airport System, or (2) in the case of debt incurred or assumed for the purpose of refinancing existing debt, the Authority first shall have obtained a report of a Consultant, concluding that on the basis of historical and estimated future annual financial operations of the Airport System from which Amounts Available for Debt Service are to be derived, (A) for either the immediately preceding Fiscal Year of the City, or any period of 12 full consecutive months during the 18-month period preceding the delivery of the Consultant's report, the Airport System yielded Amounts Available for Debt Service sufficient to satisfy the Rate Covenant, (B) no deficiency exists in the Sinking Fund Reserve Account and (C) the Airport System will, in the opinion of the Consultants, yield Amounts Available for Debt Service for each of the five Fiscal Years (or, if interest on all or a portion of the proposed debt is to be capitalized, following the Fiscal Year up to which interest has been capitalized on the debt or a portion thereof; provided that in the event that the Consultant is professionally unable to provide an opinion for a period in excess of three Fiscal Years, then such opinion may be for such three year period) ended immediately following the issuance or assumption of the Bonds, sufficient to comply with the Rate Covenant; provided, however, no Consultant's report is required to be delivered in the case of debt incurred or assumed for the purpose of refinancing existing debt, so long as the Authority certifies in writing that the Debt Service Requirements in any year on the proposed refinancing obligations do not exceed the Debt Service Requirements in any such year on the obligations to be refinanced. For purposes of the foregoing sentence and subparagraphs (e) and (f), the phrases "Amounts Available for Debt Service" and "Debt Service Requirements" shall have the meaning assigned in Section 2.01 of the General Ordinance with the exception that references therein to Bonds shall be deemed to include reference to Subordinate Obligations, General Obligation Bonds or NSS General Obligation Bonds which continue to be Outstanding after such transfer, additional debt of the Authority payable from revenues of the Airport System and the debt, if any, which the Authority proposes to incur or assume; and

(h) the Authority shall have agreed to incur or assume no obligation secured, or to be secured, by a pledge of Pledged Amounts senior to the pledge securing the Bonds.

In consideration of such conveyance and transfer, the Authority may finance and pay to the City compensation in an amount agreed upon between the City and Authority. Any such financing and payment of compensation to the City shall be disregarded in determining whether the Authority's instrument of assumption provides the Bondholders or the trustee or entity serving in a similar capacity on behalf of the Bondholders with the substantial equivalent of all of the rights and remedies provided in the General Ordinance and the Act.

Notwithstanding the foregoing, the City may convey to the Authority less than substantially all of its right, title and interest in the Airport System if a Consultant shall first have certified that the assets of and/or rights and interest in the Airport System which the City proposes to exclude from the conveyance to the Authority are not material to the ability of the Airport System to generate revenues following the conveyance. If less than substantially all of the assets of and/or rights and interest in the Airport System are conveyed to the Authority pursuant to this paragraph, references in the preceding paragraphs of this section to "all or substantially all of the City's right, title and interest in the Airport System" shall be deemed modified to reflect a conveyance of less than substantially all of the City's right, title and interest in the Airport System.

In connection with the conveyance to the Authority of all or substantially all of the City's right, title and interest in the Airport System, the City shall convey and assign to the Authority all amounts on deposit in the funds and accounts established under the General Ordinance, provided that any reserve funds shall be transferred as trust funds established for the benefit of the Series of Bonds for which such reserve funds were initially established. The Fiscal Agent shall take such actions as are necessary to terminate its security interest in the Project Revenues and funds and accounts established under the General Ordinance. If the City transfers less than substantially all of its right, title and interest in the Airport System then the City shall convey and assign to the Authority an amount of the balances on deposit in funds and accounts established under the General Ordinance proportionate to the amount of Bonds assumed or defeased. The City Controller shall certify the balances on deposit in the funds and accounts established under the General Ordinance as of the date of the conveyance. To the extent permitted by law, the City Controller will have the right to audit the books of any public Authority created by the City of Philadelphia pursuant to the laws of the Commonwealth of Pennsylvania, and the City Controller will be compensated by such public Authority for reasonable costs incurred in connection with the audit of such books.

Anything in the General Ordinance to the contrary notwithstanding, upon conveyance of all or substantially all of the assets of the Airport System to the Authority pursuant to Article IX of the General Ordinance, the provisions of the General Ordinance shall no longer be enforceable against the City.

Nothing contained in Article IX of the General Ordinance shall be construed to prohibit the City from conveying and assigning all or substantially all (or less than substantially all, as provided in Article IX) of its right, title and interest in the Airport System to an entity owned by private persons provided that the requirements of Article IX of the General Ordinance are otherwise satisfied.

Alternative Rate Covenant.

(i) The Authority may elect, upon conveyance of all or substantially all of the City's right, title and interest in the Airport System, to include in the resolution of the Authority the following rate covenant in lieu of the Rate Covenant contained in Article V of the General Ordinance, and such election shall state whether such election shall become effective as of the date of conveyance, or as of the first day

of the immediately succeeding Fiscal Year. If such election states that it shall become effective beginning on the first day of the immediately succeeding Fiscal Year, then the Rate Covenant in Section 5.01 of the General Ordinance shall remain in effect from the date of conveyance until the last day of the Fiscal Year in which the conveyance took place.

The Authority covenants with the Bondholders that it will, at a minimum, impose, charge and collect in each Fiscal Year such rents, rates, fees and charges, together with any Amounts Available for Debt Service carried forward at the beginning of such Fiscal Year, as shall yield Amounts Available for Debt Service which shall be equal to the greater of the following amounts:

> (A) the lesser of (1) The sum of: (i) all Net Operating Expenses incurred during such Fiscal Year; (ii) 150% of Debt Service Requirements payable during the Fiscal Year; (iii) the amount, if any, required to be paid into the Sinking Fund Reserve Account during such Fiscal Year; and (iv) the amount, if any, required to be paid into the Renewal Fund during the Fiscal Year, or (2) The sum of: (i) all Operating Expenses incurred during such Fiscal Year; (ii) 125% of Debt Service Requirements payable during the Fiscal Year; (iii) the amount, if any, required to be paid into the Sinking Fund Reserve Account during such Fiscal Year; and (iv) the amount, if any, required to be paid into the Renewal Fund during the Fiscal Year; or
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> (B) (1) The sum of: (i) all Operating Expenses incurred during such Fiscal Year, (ii) all Debt Service Requirements during such Fiscal Year, (iii) all debt service requirements during such Fiscal Year in respect of all outstanding General Obligation Bonds or NSS General Obligation Bonds issued for improvements to the Airport System; (iv) all debt service requirements during such Fiscal Year on Subordinate Obligations and any other subordinate indebtedness secured by any Amounts Available for Debt Service, (v) all amounts required to repay loans among funds made pursuant to Section 4.05(c) of the General Ordinance, (vi) the amount, if any, required to be paid into the Sinking Fund Reserve Account or Renewal Fund during such Fiscal Year and (vii) all amounts required to be paid under Exchange Agreements.

(j) Promptly upon any material change in the circumstances which were contemplated at the time such rents, rates, fees and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, the Authority shall review the rents, rates, fees and charges as necessary to enable the Authority to comply with the foregoing requirements; provided that such rents, rates, fees and charges shall in any event produce moneys sufficient to enable the Authority to comply with its covenants in the resolution.

Amendments and Modifications

Amendments and Modifications. In addition to the enactment of Supplemental Ordinances supplementing or amending the General Ordinance in connection with the issuance of successive Series of Bonds, the General Ordinance and any Supplemental Ordinance may be further supplemented, modified or amended: (a) to cure any ambiguity, formal defect or omission herein or therein or to make such provisions in regard to matters or questions arising hereunder or thereunder which shall not be inconsistent with the provisions hereof or thereof and which shall not adversely affect the interests of Bondholders; (b) to grant to or confer upon Bondholders, or a trustee, if any, for the benefit of Bondholders any additional rights, remedies, powers, authority, or security that may be lawfully granted or conferred; (c) to incorporate modifications requested by any Rating Agency or Credit Facility provider to obtain or maintain a credit

rating on any Series of Bonds; (d) to comply with any mandatory provision of state or federal law or with any permissive provision of such law or regulation which does not substantially impair the security or right to payment of the Bonds; provided however that no amendment or modification discussed in parts (a)-(d) shall be made with respect to any Outstanding Bonds to alter the amount, rate or time of payment, respectively, of the principal thereof or the interest thereon or to alter the redemption provisions thereof without the written consent of the Holders of all affected Outstanding Bonds; and (e) except as aforesaid, in such other respect as may be authorized in writing by the Holders of fifty-one percent (51%) in principal amount or Original Value in the case of Capital Appreciation Bonds of the Bonds Outstanding and affected. In the case of a Credit Facility, Standby Agreement or Qualified Swap, if and to the extent provided in the Supplemental Ordinance and Determination of Bonds related thereto, the provider thereof may be the representative of the Bondholders of such Series or portion of such Series for purposes of Bondholder consent, approval or authorization. The written authorization of Bondholders of any supplement to or modification or amendment of the General Ordinance or any Supplemental Ordinance need not approve the particular form of any proposed supplement, modification or amendment but only the substance thereof. Bonds, the payment for which has been provided for in accordance with Section 6.04 the General Ordinance, shall be deemed to be not Outstanding.

Miscellaneous

Deposit of Funds for Payment of Bonds. When interest on, and principal or redemption price (as the case may be) of, all Bonds issued under the General Ordinance, and all amounts owed under any Credit Facility and Standby Agreement entered into under the General Ordinance, have been paid, or there shall have been deposited with the Fiscal Agent or an entity which would qualify as a Fiscal Agent under Section 7.01 thereof an amount, evidenced by moneys or Qualified Escrow Securities the principal of and interest on which, when due, will provide sufficient moneys to fully pay the Bonds at the maturity date or date fixed for redemption thereof, and all amounts owed under any Credit Facility and Standby Agreement entered into under the General Ordinance, the pledge and grant of a security interest in the Pledged Amounts under the General Ordinance shall cease and terminate, and the Fiscal Agent and any other depository of funds and accounts established thereunder shall turn over to the City or to such person, body or authority as may be entitled to receive the same all balances remaining in any funds and accounts established under the General Ordinance.

If the City deposits with the Fiscal Agent or such other qualified entity moneys or Qualified Escrow Securities sufficient to pay, together with interest thereon, the principal or redemption price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on the Bond or Bonds shall cease to accrue on the due date and all liability of the City with respect to such Bond or Bonds shall likewise cease, except as provided in the following paragraph. Thereafter such Bond or Bonds shall be deemed not to be outstanding under the General Ordinance and shall have recourse solely and exclusively to the funds so deposited for any claims of whatsoever nature with respect to such Bond or Bonds, and the Fiscal Agent or such other qualified entity shall hold such funds in trust for such Holder or Holders.

Moneys deposited with the Fiscal Agent or such other qualified entity pursuant to the preceding paragraphs which remain unclaimed two (2) years after the date payment thereof becomes due shall, upon written request of the City, if the City is not at the time to the knowledge of the Fiscal Agent or such other qualified entity (the Fiscal Agent having no responsibility to independently investigate), in default with respect to any covenant in the General Ordinance or the Bonds contained, be paid to the City; and the Holders of the Bond for which the deposit was made shall thereafter be limited to a claim against the City; provided, however, that before making any such payment to the City, the Fiscal Agent or such other qualified entity shall, at the expense of the City, publish in a newspaper of general circulation published in Philadelphia, Pennsylvania, a notice of said moneys remain unclaimed and that, after a date named in

said notice, which date shall be not less than thirty (30) days after the date of publication of such notice, the balance of such moneys then unclaimed will be paid to the City.

This section shall not be construed to limit the procedure set forth in Section 10 of the Act for calculating the principal or redemption price of and interest on any Bonds for the purpose of ascertaining the sufficiency of revenues for the purpose of Sections 7(a)(5) and 8(a)(iii) of the Act for the purpose of determining the outstanding net debt of the City if General Obligation Bonds of the City are refunded pursuant to the Act.

No deposit of funds shall be made pursuant to Section 11.01 of the General Ordinance if, in the opinion of Bond Counsel, such action shall cause the interest on any Series of Bonds initially issued as tax exempt Bonds, to become subject to Federal income tax.

Ordinances are Contracts With Bondholders. The General Ordinance and Supplemental Ordinances adopted pursuant thereto are contracts with the Holders of all Bonds from time to time Outstanding under the General Ordinance and thereunder and shall be enforceable in accordance with the provisions thereof and the laws of Pennsylvania.

THE SIXTEENTH SUPPLEMENTAL ORDINANCE

The Sixteenth Supplemental Ordinance supplements the provisions of the General Ordinance. All capitalized and defined terms used in the following summary of the Sixteenth Supplemental Ordinance which are not otherwise defined in this Official Statement are defined as in the General Ordinance.

The Sixteenth Supplemental Ordinance provides that the City, through the Director of Finance, will publish notice of those amendments to the General Ordinance that become effective upon the consent of the Holders of one hundred percent (100%) of the Outstanding Bonds to all Holders upon the occurrence of the consent of one hundred percent (100%) of the Outstanding Bonds. Publication through the Electronic Municipal Market Access System (EMMA) or such other nationally recognized municipal securities information repository constitutes an acceptable mode of publication.

THE TWENTIETH SUPPLEMENTAL ORDINANCE

The Series 2025 Bonds will be issued under and are subject to the Twentieth Supplemental Ordinance which supplements the provisions of the General Ordinance. Reference is made to the Twentieth Supplemental Ordinance and the General Ordinance for complete details of the terms of the Series 2025 Bonds. All capitalized and defined terms used in the following summary of the Twentieth Supplemental Ordinance which are not otherwise defined in this Official Statement are defined as in the General Ordinance.

The Twentieth Supplemental Ordinance authorizes the Mayor, the City Controller and the City Solicitor, or a majority of them (the "Bond Committee"), on behalf of the City of Philadelphia (the "City"), to borrow, by the issuance and sale of one or more series of Airport Revenue Bonds of the City (the "Series 2025 Bonds"). The Series 2025 Bonds are to be issued under and pursuant to The First Class City Revenue Bond Act of October 18, 1972, Act No. 234 (the "Act"), and are to be secured by the General Ordinance. The aggregate principal amount of the Series 2025 Bonds shall not exceed Two Billion One Hundred Million Dollars ($2,100,000,000) exclusive of costs of issuance (including underwriters' discount), original issue discount, capitalized interest, funding of deposits to the Sinking Fund Reserve Account and similar items, and in the event the Series 2025 Bonds are issued with such items, the Bond Committee is authorized to increase the aggregate principal amount of the Series 2025 Bonds so issued, by the amount of such items (the "Additions").

As indicated in the Twentieth Supplemental Ordinance, the Series 2025 Bonds shall bear interest from the dated date thereof to maturity or prior redemption, if any, at prescribed fixed or variable rates (not exceeding any limitation prescribed by law) as specified or provided in the Determination. The Series 2025 Bonds shall contain series or subseries designations, terms and provisions (including without limitation, interest payment dates, record dates, redemption provisions, denominations, provisions for payments by wire transfer and provision for issuance of the Series 2025 Bonds in book entry form) as the Bond Committee shall determine to be in the best interest of the City and which are not inconsistent with the provisions of the Twentieth Supplemental Ordinance, of the Act or of the General Ordinance. Any series of Bonds issued pursuant to the Twentieth Supplemental Ordinance shall have a final maturity date not later than forty (40) years from the date of obligation of such Bonds.

The Twentieth Supplemental Ordinance provides that the Series 2025 Bonds shall not pledge the credit or taxing power of the City, or create any debt, charge or lien against the tax, general revenues or property of the City other than the revenues pledged by the General Ordinance. The Bond Committee is authorized on behalf of the City to enter into agreements (the "Enhancement Agreements") with any bank, insurance company or other appropriate entity providing credit enhancement or payment or liquidity sources for the account of the City for the Series 2025 Bonds, including, without limitation, letters of credit, lines of credit and insurance. Such Enhancement Agreements may provide for payment or acquisition of the Series 2025 Bonds if the City does not pay the Series 2025 Bonds when due and may provide for repayment with interest to the bank or other institution from the date of such payment or acquisition. The Bond Committee is authorized to make all such covenants and to take any and all necessary or appropriate or other actions in connection with the consummation of the transactions contemplated by the Twentieth Supplemental Ordinance.

The Twentieth Supplemental Ordinance authorizes the issuance of New Money Bonds and Refunding Bonds.

The Twentieth Supplemental Ordinance provides that the New Money Bonds shall not exceed Six Hundred Million Dollars ($600,000,000) in aggregate principal amount plus Additions, shall be issued to pay for some or all of the projects which consist of such capital improvements to the Airport System as may, from time to time, heretofore have been, or hereafter be, included in the capital budget of the City; the construction of such other improvements to, and facilities in, the Airport System, and the acquisition, demolition or replacement of such other real property or property of a capital nature for use in the operation, maintenance and administration of the Airport System as the Director of Aviation may, from time to time, deem necessary or desirable for the prudent management of the Airport System and secure, to the extent required by the Home Rule Charter, the approval of the City Council therefor; and the permanent funding of the cost, if any, of any of the foregoing projects that have been, or hereafter may be, temporarily funded by advances from other funds of the City, or by the Airlines, or by notes (including commercial paper) issued in anticipation of the issuance of the New Money Bonds, together with interest thereon; and/or for the payment or defeasance of all or a portion of the notes issued in connection with City's Airport Revenue Note Commercial Paper Program established under the Seventeenth Supplemental Ordinance to the Amended and Restated Ordinance (collectively, the "New Money Project").

The Twentieth Supplemental Ordinance provides that the Refunding Bonds shall not exceed One Billion Five Hundred Million Dollars ($1,500,000,000) in aggregate principal amount plus Additions, shall be issued to refund, defease, pay, prepay and/or redeem all or any portion of: (i) the New Money Bonds; (ii) the City's outstanding Airport Revenue Refunding Bonds, Series 2015A; (iii) the City's outstanding Airport Revenue Bond, Series 2017 (Federally Taxable); (iv) the City's outstanding Airport Revenue and Refunding Bonds, Series 2017A (Non-AMT); (v) the City's outstanding Airport Revenue and Refunding Bonds, Series 2017B (AMT); (vi) the City's outstanding Airport Revenue Refunding Bonds, Series 2020A (Non_AMT/Private Activity); (vii) the City's outstanding Airport

Revenue Bonds, Series 2020B (Non-AMT/Governmental); (viii) the City's outstanding Airport Revenue and Refunding Bonds, Series 2020C (AMT/Private Activity); or (ix) the City's outstanding Airport Revenue and Refunding Bonds, Series 2021 (AMT/Private Activity) (i) through (ix) are collectively, the "Refunding Project").

The proceeds of the Series 2025 Bonds required for the defeasance of obligations to be refunded or otherwise defeased, as specified in the Twentieth Supplemental Ordinance, may be deposited in an escrow fund or account to be established pursuant to the Escrow Agreement.

The proceeds of the sale of the Series 2025 Bonds shall be used to pay all "Project Costs" as such term is defined in the Act, including, but without limitation, the establishment of the sinking fund reserve required by, and other funds permitted by, the General Ordinance, and the payment of the costs of the issuance of the Series 2025 Bonds.

The Twentieth Supplemental Ordinance provides that the City, in accordance with Treasury Regulation §1.150-2, hereby states its intentions that it may use all or a portion of the Series 2025 Bond proceeds of the reimburse the applicable Aviation fund for expenditures originally paid prior to a date of issuance of the Obligations. All original expenditures which may be reimbursed will be capital expenditures (as defined in Treasury Regulation §1.150-1(b)) and other permissible amounts under Treasury Regulation §1.150-2(d)(3). The property for which the original expenditure may be fully or partially reimbursed from bond proceeds consists of the New Money Project.

Any bond proceeds used to reimburse the applicable Aviation fund for original expenditures will not be used within one (1) year after the allocation in a manner that results in the creation of replacement proceeds (as defined in Treasury Regulation §1.148-1) for the Obligations or for other bonds.

The Twentieth Supplemental Ordinance provides that the City may pledge for the security and payment of some or all of the Series 2025 Bonds a lien and security interest in Passenger Facility Charges ("PFCs") to the extent available. The terms of the PFCs pledged to the Series 2025 Bonds, if any, shall be determined by the Bond Committee in the Bond Committee Determination(s).

The City covenants in the Twentieth Supplemental Ordinance that, so long as any Bond shall remain unpaid, it will make payments or cause payments to be made out of the Sinking Fund established pursuant to the General Ordinance or any of the other Aviation Funds available therefor, at such times and in such amounts as shall be sufficient for the payment of the interest thereon and the principal thereof when due. Prior to approval of the Twentieth Supplemental Ordinance by City Council, the City delivered to the Chief Clerk of City Council an opinion of the City Solicitor to the effect, *inter alia,* that the holders of the Series 2025 Bonds have no claim upon the taxing power or general revenues of the City nor any lien upon any of the property of the City other than the Pledged Amounts pledged for the Bonds.

The City covenants in the Twentieth Supplemental Ordinance that it will make no investment or other use of the proceeds of the Series 2025 Bonds which would cause the Series 2025 Bonds to be "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended, and Treasury Regulations promulgated thereunder (the "Code"), and that the City will comply with the requirements of Section 148 of the Code throughout the term of the Series 2025 Bonds as more fully described in the determination of the Bond Committee. The Director of Finance is authorized to execute on behalf of the City a report of the issuance of the Series 2025 Bonds as required by Section 149(e) of the Code.

The Twentieth Supplemental Ordinance authorizes the Director of Finance to execute and deliver a continuing disclosure agreement relating to the Series 2025 Bonds, meeting the requirements of

Securities and Exchange Commission Rule 15c2-12(b)(5). The City covenants and agrees that it will comply with and carry out all of the provisions of such continuing disclosure agreement.

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APPENDIX V
SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENT

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SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENT

As of July 1, 2023, the City and the principal airlines serving the Airport operate under the terms of an Airport-Airline Use and Lease Agreement (the "Airline Agreement"), which went into effect on July 1, 2023. The Airline Agreement has a three-year term through June 30, 2026 (the "Initial Term"), with options for two one-year extensions as described below (the "Term"). The Airline Agreement sets forth the operational and financial relationship between the City and the airlines executing the Airline Agreement (the "Signatory Airlines"). Set forth below are brief summaries of certain provisions of the Airline Agreement. Such summaries do not purport to be complete and are qualified in their entirety by reference to the Airline Agreement, copies of which are available from the City.

DEFINITIONS

Any capitalized terms used but not defined in this Appendix V shall have the meanings ascribed to them in the body of this Official Statement, in the Airline Agreement and in the Ordinances, if related thereto.

"Affiliate" shall mean any Air Transportation Company that is either a Subsidiary Airline or operates under essentially the same trade name as Airline at the Airport and uses essentially the same livery as Airline and which has executed an Operating License. Airline and any Affiliate shall be counted as one entity for the purposes of computing any joint use formula, MII Formulas and Minimum Use Requirement.

"Air Transportation Business" shall mean the carriage by aircraft of persons, cargo or property as a common airline for compensation or hire, or the carriage of mail, by aircraft, in commerce as defined in the Federal Aviation Act of 1958, as amended.

"Air Transportation Company" shall mean an entity conducting an Air Transportation Business at the Airport.

"Airline Equipment" shall mean those moveable trade fixtures, furniture and equipment located on or affixed to Airline's Leased Premises, or elsewhere at the Airport, purchased and/or constructed at the sole cost and expense of Airline which are considered the personal property of Airline.

"Airline Improvements" shall mean those fixtures and construction related additions, modifications and improvements located on or affixed to Airline's Leased Premises, or elsewhere at the Airport, which have been purchased and/or constructed at the sole cost and expense of Airline.

"Airline's Leased Premises" shall mean the areas of Airline Space that are directly leased to Airline under the Airline Agreement, together with Airline's Ramp Premises.

"Airline Revenues" shall mean all Rents, Additional Rents, fees and other operating revenues paid by Signatory Airlines and their Affiliates in the Airline Cost Centers under the Airline Agreement.

"Airline Revenue Allocation" shall be equal to fifty percent (50%) of the prior Fiscal Year's total net revenue from the Outside Terminal Area Cost Center.

"Airline's Terminal Area Leased Premises" shall mean the total square footage in the Terminal Area attributable to an individual Signatory Airline in any given Fiscal Year during the Term of the Airline Agreement, which is the sum of the Airline's Exclusive Use, Preferential Use, and Joint Use Space.

"Airline Space" shall mean Exclusive Use Space, Preferential Use Space, Joint Use Space, and International Common Use Areas in the Terminal Area leased to any Airline, as same may be modified from time to time by the parties without formal amendment hereto.

"Airport Cost Centers" or "Cost Centers" shall mean collectively the following cost centers:

(a) "Airfield Area" or "Airfield Area Cost Center" shall mean all existing and future City owned and operated airfield areas at the Airport;

(b) "Terminal Area" or "Terminal Area Cost Center" shall mean the Airport passenger terminal buildings, including the areas available for use as baggage make-up, the sidewalk and curb adjacent to the landside of the terminal buildings, the boarding bridges, appurtenances, all pedestrian bridges connecting the terminal buildings with the landside vehicular parking garages, and Airport administrative offices, as such areas now exist or may be developed, extended or improved from time to time;

(c) "Ramp Area" or "Ramp Area Cost Center" shall mean those outside airport operations areas of the Airport designated for the Terminal Area consisting of the aircraft parking positions, ramp space and canopy space (and including any other equipment located on the Ramp Area that are owned by City and provided for the use by Air Transportation Companies);

(d) "Other Buildings and Areas" or "Other Buildings and Areas Cost Center" shall mean those Airport facilities including but not limited to: airline, general aviation and corporate hangars; commissary; fueling facilities; industrial facilities, airline freight, express and mail handling facilities; any ramp associated with these facilities; and certain non-airline facilities (including office, retail, warehouses, etc.) including any property purchased for indirect aviation purposes, such as concurrent commercial development as they now exist or may be developed, demolished, extended, expanded or improved from time to time;

(e) Northeast Philadelphia Airport;

(f) "Outside Terminal Area" or "Outside Terminal Area Cost Center" shall mean the roadway, hotel, service station, vehicular parking and car rental facilities appurtenant, adjacent to or used in connection with the Airport as they now exist or may be developed, extended, or improved from time to time; and

(g) "Airport Services" or "Airport Services Cost Center" shall mean the Airport Expenses and Airport Revenues associated with the operation of the Airport System or any part thereof, which are not directly accounted for in the Airfield Area, Terminal Area, Outside Terminal Area, Other Buildings and Areas, Northeast Philadelphia Airport, and Ramp Area Cost Centers.

Such Airport Cost Centers shall be used for purposes of accounting for Project Revenues and Airport Expenses and for calculating and adjusting certain rentals, fees and charges as specified in the Airline Agreement.

"Airport Expenses" shall mean the Operating Expenses, Debt Service, and Fund Requirements associated with the operation of the Airport System or any part thereof for any Fiscal Year.

"Annual Budget" shall mean the capital and operating budget and annual rates and charges report of the Airport System, prepared and adopted by City for each Fiscal Year during the Term of the Airline Agreement.

"Bond Documents" shall mean those contracts, Airline Agreements, certificates, resolutions or other materials, ancillary to and including the Ordinances, evidencing the issuance of Airport Revenue Bonds.

"Capital Expenditure" shall mean the cost of a Capital Improvement Project net of PFC, CFC, Federal, State, or City's Discretionary Account funds.

"Capital Improvement Project" shall mean (a) the acquisition of land or easements; (b) the purchase of machinery or equipment; (c) the planning, engineering, design, and construction of new facilities; (d) the remediation of environmental contamination, including noise mitigation, or expenditures to prevent or protect against such contamination; or (e) the performance of any extraordinary, nonrecurring major maintenance of existing facilities;

provided, however, that the cost for any single item of the foregoing is $2,500,000 or more and a useful life in excess of five (5) years.

"City Revenue Allocation" shall be equal to fifty percent (50%) of the prior Fiscal Year's total net revenue from the Outside Terminal Area Cost Center.

"Code" shall mean the Internal Revenue Code of 1986, as amended, supplemented, or replaced, and the regulations and rulings issued thereunder.

"Default Rate" shall mean five percent (5%) plus the Prime Rate.

"Discretionary Account" shall mean an account established by the Airline Agreement and funded with City Revenue Allocation or other sources, reflecting funds available for City's use in its sole discretion for any lawful Airport System purpose.

"Fiscal Year" shall mean the twelve-month period commencing on July 1st of each year, or such other twelve-month period as may be established by City from time to time.

"Majority in Interest" or "MII" shall mean the mechanism by which the Signatory Airlines may disapprove a Capital Expenditure, as set forth in the Airline Agreement.

"Majority in Interest Formula" or "MII Formula" shall mean the formulas as set forth in the Airline Agreement.

"Minimum Use Requirement" shall mean the average number of daily turns or average number of daily seats, which may be modified in consultation with the Airlines prior to, and take effect on, July 1 of each year.

"Non-Airline Revenues" shall mean all rentals, charges, fees, ground handling fees, user charges, concession and other operating revenues received by or on behalf of City from the operation of the Airline Cost Centers or any part thereof; but excluding however, all Airline Revenues, and also excluding all gifts, grants, reimbursements, restricted funds or payments received from governmental units or public agencies or any other source, passenger facility charges, customer facility charges, and federal, state or City subsidies or incentives deposited in the Aviation Capital Fund.

"Non-Signatory Airline" shall mean any Air Transportation Company that has not entered into an agreement substantially similar to the Airline Agreement with City. Such Non-Signatory Airlines, (excluding Affiliates of Signatory Airlines that have executed an Operating License), are charged a fifteen percent (15%) premium on all rates and charges as set forth by City from time to time, and do not have all of the same rights and privileges afforded to a Signatory Airline or Affiliates. No MII voting rights are available to Non-Signatory Airlines.

"Operating License" shall mean the contract for the conduct of commercial flight operations at the Airport that has been executed by City and an Air Transportation Company.

"Ordinances" shall mean the Amended and Restated General Airport Revenue Ordinance, approved June 16, 1995, as amended and supplemented from time to time.

"Rents" shall mean all Terminal Rentals, Ramp Area Rentals, Other Fees, other rents, charges, fines, costs, reimbursements, penalties, taxes, late charges, liquidated damages, and interest of all types and of all nature that Signatory Airline is required to pay pursuant to the Airline Agreement.

"Rules and Regulations" shall mean those rules and regulations promulgated by City for the use of the Airport, including but not limited to Airport rates and charges regulations for the use of facilities at the Airport and Northeast Philadelphia Airport, as the same may be amended, modified or supplemented from time to time by City.

"Subsidiary Airline" shall mean any Air Transportation Company that is a directly or indirectly wholly-owned subsidiary of Airline or of Airline's parent company.

BOND DOCUMENTS AND FLOW OF FUNDS

Subordination to Ordinances

The Airline Agreement and all rights granted to the Signatory Airlines thereunder are expressly subordinated and subject to the lien and provisions of the pledges, transfer, hypothecation or assignment made by the City in the Ordinances. The City expressly reserves the right to make such pledges and grant such liens and enter into covenants as it may deem necessary or desirable to secure and provide for the payment of Airport Revenue Bonds, including the creation of reserves therefore, provided that the City shall not take any actions that would be inconsistent with the terms and conditions of the Airline Agreement. Notwithstanding the foregoing, nothing contained in the Airline Agreement shall be deemed a pre-approval by an Airline of a future Ordinance that changes the terms and conditions of the Airline Agreement.

Internal Revenue Code of 1986

With respect to Airport Revenue Bonds that may be issued, the interest on which is intended to be excludable from gross income of the holders for Federal income tax purposes under the Code, the Signatory Airlines agree to not act, or fail to act (and will immediately cease and desist from any action, or failure to act) with respect to the use of the Airline Leased Premises, if the act or failure to act may cause the City to be in noncompliance with the provisions of the Code, and the Signatory Airlines will not take or persist in any action or omission which may cause the interest on such Airport Revenue Bonds to be includable in the gross income of the holders thereof for Federal income tax purposes.

SEC Rule 15c2-12

Upon request of the City, the Signatory Airlines shall provide the City with such information with respect to the Signatory Airlines as the City may request in writing in order for the City to comply with its continuing disclosure obligations under Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule"), as it may be amended from time to time. To the extent that an Airline is an "Obligated Party" with respect to the Airport Revenue Bonds pursuant to the Rule, the Signatory Airline agrees to execute the Continuing Disclosure Agreement incident to such financing. Currently, American Airlines is the only "Obligated Party".

Bond Documents Flow of Funds

All Project Revenues shall be deposited, maintained and paid as set forth in the Bond Documents.

Establishment of Bond Redemption and Improvement Account, O&M Account and Discretionary Account

The Signatory Airlines and the City have agreed under the Airline Agreement to establish the Bond Redemption and Improvement Account, O&M Account and Discretionary Account pursuant to the Ordinances and the Airline Agreement, which accounts shall have the uses described in the Official Statement under the caption "SECURITY FOR THE BONDS – Flow of Funds and Application of Project Revenues". To the extent any balances are used, or any required deposits are deferred in the Bond Redemption and Improvement, the O&M Account or the Discretionary Accounts to stabilize Airline rates and charges, Airlines agree to replenish amounts contributed in equal amounts over the three fiscal years following the fiscal year of the contribution.

RATES, FEES AND CHARGES

Terminal Rentals, Ramp Area Rentals and Landing Fee Rates

For purposes of developing rentals, fees and charges under the Airline Agreement, the Airport System has been divided into Airport Cost Centers to which all revenues, expenses, and debt service on Airport Revenue Bonds

are allocated. Under the Airline Agreement, each Signatory Airline agrees that, pursuant to the Rules and Regulations, the City shall impose, charge and collect and the Signatory Airline agrees to pay such rental charges and fees as may be required pursuant to the Rules and Regulations (including the Rate Covenant and the Ordinances).

Adjustment of Rentals, Fees, and Charges

The Terminal Rentals, Ramp Premises Rate and Landing Fee Rate are subject to adjustment as of July 1, 2023, and each July 1 thereafter during the Term of the Airline Agreement. Signatory Airline rates, fees and charges will be recalculated annually for each Fiscal Year and made effective as of July 1 of each such Fiscal Year.

Terminal Rentals. Terminal Rentals are calculated to ensure that all debt service requirements, operating expenses and fund requirements allocable to the Terminal Building are recovered according to a cost-center residual rate calculation methodology. The Terminal Area Requirement for each Fiscal Year is the amount in the Annual Budget equal to: (1) the sum of (a) Operating Expenses, Debt Service and Fund Requirements allocated to the Terminal Area Cost Center and (b) any deficit or credit estimated in the Annual Budget for operation of the Terminal Area during the then-current Fiscal Year or any adjustment carried over from the preceding Fiscal Year to reflect any difference between the actual versus estimated surplus or deficit, less (2) the sum of (a) all Non-Airline Revenues allocated to the Terminal Area Cost Center, and (b) the Airline Revenue Allocation allocated to the Terminal Area Cost Center.

Ramp Area Rentals. Ramp Area Rentals are calculated to ensure that all debt service requirements, operating expenses, and fund requirements allocable to the Ramp Area are recovered according to a cost-center residual rate calculation methodology. The Ramp Area Requirement for each Fiscal Year is the amount in the Annual Budget equal to: (1) the sum of (a) Debt Service and Fund Requirements allocated to the Ramp Area Cost Center and (b) any deficit or credit estimated in the Annual Budget for operation of the Ramp Area during the then-current Fiscal Year or any adjustment carried over from the preceding Fiscal Year to reflect any difference between the actual versus estimated surplus or deficit, less (2) all Non-Airline Revenues allocated to the Ramp Area Cost Center.

Landing Fee Rates. Signatory Airline Landing Fees are calculated according to a modified cost-center residual rate calculation methodology to recover the net costs of the Airfield Area, Other Buildings and Areas, and Northeast Airport cost centers. The Airfield Area Requirement is equal to: (1) the sum of (a) Operating Expenses, Debt Service and Fund Requirements for the Fiscal Year allocable to the Airfield Area, Other Buildings and Areas and Northeast Airport, and (b) any deficit or credit estimated in the Annual Budget for operation of the Airfield Area, the Other Buildings and Areas and the Northeast Airport during the then-current Fiscal Year or any adjustment carried over from the preceding Fiscal Year to reflect any difference between the actual versus estimated surplus or deficit, less (2) the sum of (a) all Non-Airline Revenues allocated to the Airfield Area, Other Buildings and Areas and Northeast Airport, (b) all Non-Signatory landing fees established in the Rules and Regulations, and (c) the Airline Revenue Allocation allocable to the Airfield Area, if any.

Annual Adjustment. The Aviation Operating Fund budget is developed annually by the City to provide sufficient appropriations for the payment of all operating expenses and debt service payments projected for the Airport System for the ensuing Fiscal Year and satisfaction of the Rate Covenant. The budget, together with all other operating budgets of the City, is submitted by the Mayor to City Council for adoption at least 90 days prior to the beginning of such Fiscal Year. On the basis of the Aviation Operating Fund budget and the applicable Rate Covenant prescribed in the General Ordinance, the City computes the rates and charges which it regards as necessary for the ensuing Fiscal Year. Under the Airline Agreement, the City must provide such computations to the Signatory Airlines no less than 45 days, and hold a consultation meeting no less than 30 days, prior to implementation of the adjustment.

Mid-Year Adjustment. Additional provisions permit adjustments during any Fiscal Year in the event the City estimates a substantial (10% or more) decrease in revenues or increase in expenses. Under the Airline Agreement, the City must hold a consultation meeting with the Signatory Airlines no less than 30 days prior to any such mid-year adjustment.

Accommodation of Signatory Airlines

The Airline Agreement provides the basis for the use and lease of the Airport's terminals, aprons, and other areas. Under the Airline Agreement, to promote the high utilization of gates, all gates are being leased on a preferential-use basis or assigned on a common-use basis.

The Airline Agreement contains provisions obligating each Signatory Airline to accommodate the proposed operations of another airline at such Signatory Airline's preferential use premises under certain circumstances if (i) the City cannot accommodate the existing or proposed operations of the requesting airline (either a Signatory Airline or Non-Signatory Airline) on a common-use gate, and (ii) the use by the requesting airline would not interfere with a Signatory Airline's operations.

If the requesting airline's operations cannot be accommodated at a Signatory Airline's preferential-use premises, the Airline Agreement also provides for the reallocation of leased gates and other terminal areas to provide facilities for lease to a requesting airline or for additional common-use gates. The City may reallocate a portion of any Signatory Airline's leased premises according to specified procedures if such Signatory Airline does not maintain certain Minimum Use Requirements. In consultation with the Signatory Airlines prior to July 1 of each year, City reserves the right to modify the Minimum Use Requirement, which modification will take effect on July 1 of each Fiscal Year, as needed, either upward or downward, to balance the utilization of Domestic and International terminal areas to reflect changing conditions and activity levels.

Passenger Facility Charges

The City has the right to assess Airline passengers a PFC for the use of the Airport and the Signatory Airlines shall collect on behalf of and remit to City on a timely basis any such charges, including but not limited to holding any charges collected by the Signatory Airline, pending remittance to the City, in trust for the benefit of the City. The Signatory Airlines shall remit PFCs to the City and must include an itemized statement with its payment supporting the calculation of the PFC remittance.

Default Rates

If the City shall, at any time or times, accept any payments of Rents after they shall become due and payable, such acceptance shall not excuse subsequent delays, or constitute, or be construed to be a waiver of any or all of City's rights under the Airline Agreement. The Signatory Airlines shall pay interest at the Default Rate on all payments which are unpaid as of the first day after the day on which such payment is due to the City, or such other maximum allowable interest rate should the Default Rate violate any applicable laws or regulations.

CAPITAL EXPENDITURES

Majority-in-Interest Approval of Capital Expenditures

Under the Airline Agreement, as of July 2023, the Signatory Airlines have approved approximately $1.8 billion in Capital Expenditures, to be utilized for the approved Capital Development Program ("CDP") as described in the Official Statement under the caption "SOURCES OF PROJECT REVENUES UNDER THE GENERAL ORDINANCE – Airport-Airline Use and Lease Agreement." The City has executed the Airline Agreement with the fifteen airlines at the Airport: Aer Lingus, Aeroméxico, Air Canada, Alaska Airlines, American Airlines, British Airways, Delta Air Lines, FedEx, Frontier Airlines, JetBlue Airways, Lufthansa, Southwest Airlines, Spirit Airlines, United Airlines and United Parcel Service (UPS). The Airline Agreement is effective through June 30, 2026, with options for two one-year extensions. The Airline Agreement does not limit or restrict the right of the City to implement additional Capital Expenditures within the Airport System at any time; the lack of approval of the Capital Expenditures by a Majority-in-Interest of the Signatory Airlines ("MII Approval") after consultation with the City (other than certain exempted projects that do not require approval) prevents the City from including the cost of such Capital Expenditures in the applicable rate base for the Airline Cost Centers during the term of the Airline Agreement. MII Approval obligates the respective Signatory Airlines to pay rentals, fees, and charges as required by the Airline Agreement to enable the City to comply with the Rate Covenant.

Under the Airline Agreement, Capital Expenditures are deemed approved by the Signatory Airlines unless they are specifically disapproved by a Majority-in-Interest. For any additional projects affecting only Terminal Area rentals, fees, and charges, Majority-in-Interest is defined as no less than 50% plus one of the number of Eligible Signatory Passengers Airlines representing more than 50% of the Signatory Passenger Airline Enplaned Passengers, including passengers from Affiliates for the most recently reported twelve-month period for which data are available. For any additional projects that will impact the rates, fees and charges of the Airfield, the Other Buildings and Areas, or the Philadelphia Northeast Airport Cost Centers, Majority-in-Interest is defined as no less than (i) 50% plus one of the number of Eligible Signatory Airlines, and (ii) more than 50% of the Total Maximum Landed Weight for the most recently reported twelve-month period for which data are available.

Application of Airport Expenses for Capital Improvement Projects

Approved Projects. The Airport Expenses for Capital Improvement Projects that are exempt from a Signatory Airline Consultation Process or deemed approved by the Eligible Signatory Airlines shall be included in the applicable Airline Cost Center rate base upon the Substantial Completion Date of such Capital Improvement Project.

Disapproved Projects. The Airport Expenses for Capital Expenditures or Capital Improvement Project funding variances that are disapproved by the Eligible Signatory Airlines may not be included in an Airline Cost Center rate base unless and until a subsequent Signatory Airline Consultation Process approves the Capital Expenditure or funding variance, as applicable.

Bankruptcy

Notwithstanding any provision contained in the Airline Agreement and to the extent consistent with Federal bankruptcy law, any party to the Airline Agreement which seeks protection under the Federal bankruptcy code, or is currently operating under the protection of the Federal bankruptcy code, herein called "Debtor", shall be prohibited from conveying its interest under the Airline Agreement to any other entity without prior approval of City. In the event that such a Debtor intends to assume the Airline Agreement, or assume and assign the Airline Agreement pursuant to 11 U.S.C. Section 365, Bankruptcy-Executory Contracts and Unexpired Leases, the Debtor shall be required to immediately cure any and all defaults and provide adequate assurance of future performance under the Airline Agreement which shall include, but not be limited to (i) adequate assurance of the reliability of the proposed source for the rentals, fees and charges due under the Airline Agreement upon the assumption of the Airline Agreement, and (ii) adequate assurance that all other consideration due under the Airline Agreement shall be forthcoming upon the assumption of the Airline Agreement.

DEFAULT AND RIGHTS AND REMEDIES UPON DEFAULT

Events of Default

The occurrence of any of the following, subject to rights to cure and other terms and conditions set forth in the Airline Agreement, shall constitute a material breach of the Airline Agreement by the Signatory Airline and an Event of Default:

(a) Signatory Airline's abandonment or constructive abandoning of the Signatory Airline's Terminal Area Leased Premises as determined in the Airline Agreement;

(b) Signatory Airline's failure to pay any Monthly Rents, Passenger Facility Charge payments or any other payment due under the Airline Agreement;

(c) Signatory Airline's failure to pay, when due, any installment of Additional Rents or other sum required to be paid under the Airline Agreement;

(d) Signatory Airline's failure to observe and comply with the requirements of the Airport Security Program, Environmental Compliance, Insurance Requirements, Local Requirements, and provisions of the Airline Agreement regarding Certification of Non-Indebtedness and the Northern Ireland Provision

where such failure continues for thirty (30) days, after notice thereof to the Signatory Airline; provided, however, that if the nature of the default is such that the same cannot reasonably be cured within such thirty (30) day period, the Signatory Airline shall not be deemed to be in default if the Signatory Airline shall within such period commence such cure and thereafter diligently prosecutes the same to completion, and advises the City of same, but in no event for longer than sixty (60) days after notice to Signatory Airline without the consent of the City, or for such shorter cure period as may be specifically prescribed in the Airline Agreement;

(e) Signatory Airline's failure to observe and perform any other provision or covenant of the Airline Agreement to be observed or performed by Signatory Airline, where such failure continues for thirty (30) days, after notice thereof to the Signatory Airline; provided, however, that if the nature of the default is such that the same cannot reasonably be cured within such thirty (30) day period, the Signatory Airline shall not be deemed to be in default if the Signatory Airline shall within such period commence such cure and thereafter diligently prosecutes the same to completion, and advises the City of same, but in no event for longer than sixty (60) days after notice to Signatory Airline without the consent of the City;

(f) The filing of a petition by or against Signatory Airline for relief in bankruptcy or insolvency or for its reorganization or for the appointment pursuant to any local, state or federal bankruptcy or insolvency law of a receiver or trustee of any part of Signatory Airline's property; or, an assignment by Signatory Airline for the benefit of creditors; or the taking possession of the property of Signatory Airline by any local, state or federal governmental officer or agency or court-appointed official for the dissolution or liquidation of Signatory Airline or for the operating, either temporarily or permanently, of Signatory Airline's business, provided, however, that if any such action is commenced against Signatory Airline the same shall not constitute a default if Signatory Airline files a motion to dismiss such action within thirty (30) days after its filing and such action is dismissed or discharged within ninety (90) days after the action against Airline was commenced;

(g) Any failure occurring after City has sent two (2) notices within a twelve (12) month period; and, in any event, more than six (6) Events of Default in any twelve (12) month period will render the next default an automatic Event of Default; and

(h) A default by a Signatory Airline which is not cured within the applicable cure period in any other Airline Agreement entered into with City relating to the Airport System.

Remedies of City

Upon the occurrence of any Event of Default set forth in the Airline Agreement, the City, at its option, subject to the terms and conditions set forth in the Airline Agreement, may take all or any of the following actions:

(a) Perform any obligations of Signatory Airline which Signatory Airline has failed to perform in a timely manner, after reasonable notice, in which case Signatory Airline shall pay to the City, upon receipt of invoice, the City's costs incurred therefor, plus a fifteen percent (15%) administrative fee,

(b) Terminate the Airline Agreement and, until such time as the City has relet the space leased to another Airline thereunder, recover (i) all unpaid Rents which have accrued prior to the date of said Event of Default and which are then due and payable, (ii) damages for the period following the termination of the Term, based upon any and all amounts which Signatory Airline would have been obligated to pay for the balance of the Term, and the City may declare such sums to be immediately due and payable, and (iii) any and all sums due under the Airline Agreement;

(c) The City, at any time after the occurrence of any Event of Default whether or not the Airline Agreement has been terminated as aforesaid, may reenter and repossess, the Signatory Airline's Terminal Area Leased Premises and any part thereof with or without process of law, provided no undue force shall be used, and shall have the option, but not the obligation either in its own name, as agent for Signatory Airline if the Airline Agreement has not been terminated or for its own behalf if the Airline Agreement has been

terminated, to give rights and privileges to or lease to other Airlines or users, all or any part of the Signatory Airline's Terminal Area Leased Premises;

(d) In the event that the City elects to terminate the Airline Agreement, the City at its option, may serve notice upon Signatory Airline that the Airline Agreement and the then unexpired Term hereof shall cease and expire and become absolutely void on the date specified in such notice,

(e) Signatory Airline further expressly authorizes and empowers (which power is coupled with an interest) the City, upon the occurrence of an Event of Default, to exercise the remedy of self-help with respect to the Proprietary Equipment and to enter upon the Signatory Airline's Terminal Area Leased Premises, distrain upon and remove therefrom all inventory, equipment, machinery, trade fixtures and personal property of whatsoever kind or nature, whether owned by Signatory Airline or by others;

(f) The City shall have the right of injunction, in the event of a breach or default or threat thereof by Signatory Airline of any of the Airline Agreements, conditions, covenants or terms hereof, to restrain the same and the right to invoke any remedy allowed by law or in equity;

(g) The Signatory Airlines expressly waive the benefits of all laws, now or hereafter in force, exempting any of Signatory Airline's property on the Signatory Airline's Terminal Area Leased Premises or elsewhere from distraint, levy or sale in any legal proceedings taken by the City to enforce any rights under the Airline Agreement.

(h) The City shall have the right, upon any uncured Event of Default thereunder, to cancel the security badge access to the Airport of all employees of Signatory Airline.

Neither the Airline Agreement nor any rights or privileges thereunder shall be an asset of a Signatory Airline in any bankruptcy, insolvency or reorganization proceeding. If the City shall not be permitted to terminate the Airline Agreement because of the provisions of the United States Bankruptcy Code, the Signatory Airline or any trustee for it shall, within fifteen (15) days upon request by the City to the Bankruptcy Court, assume or reject the Airline Agreement, provided however, that such Signatory Airline may not assume the Airline Agreement unless all defaults thereunder shall have been cured, the City shall have been compensated for any monetary loss resulting from such default and the City shall be provided with adequate assurance of full and timely performance of all provisions, terms and conditions of the Airline Agreement on the part of Signatory Airline to be performed. The failure or delay on the part of any party to enforce or exercise at any time any of the provisions, rights or remedies in the Airline Agreement shall in no way be construed to be a waiver thereof.

City's Right to Cure

The City may perform, in whole or in part, any obligation of which a Signatory Airline is in default, either prior to (provided such Signatory Airline is not in the process of curing its default) or following the maturation of such default into an Event of Default, and such Signatory Airline shall pay on demand as Rents any expenditures made pursuant hereto and the amount of any obligations incurred in connection herewith, plus per annum interest at the Default Rate from the date of any such expenditure, and the City's performance shall not constitute a cure of such default by such Signatory Airline.

DAMAGE OR DESTRUCTION

Partial Damage

If all or any portion of the Signatory Airline's Leased Premises (but specifically excluding any Airline Improvements, Airline Equipment, or personal property, fixtures, equipment or other installations provided by a Signatory Airline in and to the Signatory Airline's Leased Premises), is partially damaged by fire, explosion, the elements, act(s) of war or terrorism, or other casualty, but not rendered untenantable, the same will be repaired with due diligence by City at its own cost and expense, to the extent and only to the extent of insurance proceeds received by City, and there shall be no abatement of Signatory Airline payments, provided, however, that if any damage is

caused by the act or omission of a Signatory Airline, its Affiliates, sublessees, agents, or employees, such Signatory Airline shall be responsible at its expense for making the necessary repairs for which it is responsible as approved by the City. If a Signatory Airline fails to make the necessary repairs in a timely manner as determined by the City, then the Signatory Airline shall reimburse the City for the costs and expenses incurred in such repair, plus a fifteen percent (15%) administrative fee.

Damage Suitable for Repair

If damages referred to in the Airline Agreement shall be so extensive as to render part or all of the Signatory Airline's Leased Premises untenantable, but capable of being repaired in one hundred and twenty (120) days, the same shall be repaired with due diligence by the City at its own cost and expense, to the extent and only to the extent of insurance proceeds received by City, and Signatory Airline payments payable under the Airline Agreement shall abate, in proportion to the portion of the Signatory Airline's Leased Premises rendered untenantable, from the time of such damage until such time as the Signatory Airline's Leased Premises are fully restored and certified by the City's engineers as ready for occupancy; provided, however, that if any damage is caused by the act or omission of a Signatory Airline, its Affiliates, sublessees, agents, or employees, such Signatory Airline shall be responsible, at its expense, for making the necessary repairs as approved by the City. If the Signatory Airline fails to make the necessary repairs for which it is responsible in a timely manner as determined by the City, then the Signatory Airline shall reimburse the City for the costs and expenses incurred in such repair, plus a fifteen percent (15%) administrative fee.

Complete Damage

In the event the Signatory Airline's Leased Premises are completely destroyed by fire, explosion, the elements, act(s) of war or terrorism, or other casualty or so damaged that they are untenantable and cannot be replaced except after more than one hundred and twenty (120) days, the City shall be under no obligation to repair, replace, and reconstruct said Signatory Airline's Leased Premises and such Signatory Airline payments shall abate as of the time of such damage or destruction and shall cease until such time as said Signatory Airline's Leased Premises are fully restored, or until the City provides substitute facilities, acceptable to the Signatory Airline, for use by the Signatory Airline. If within twelve (12) months or such other time as may be mutually agreed to by the City and the Signatory Airline after the time of such damage or destruction said Signatory Airline's Leased Premises shall not have been repaired or reconstructed, and the City has not supplied substitute facilities, acceptable to the Signatory Airline, the Signatory Airline may give City notice of its intention to cancel the Airline Agreement in its entirety as of the date of such damage or destruction.

Airline Acts or Omissions

Notwithstanding the foregoing, if said Signatory Airline's Leased Premises are completely destroyed as a result of the negligence of Signatory Airline or its Affiliates, sublessees, agents, or employees, applicable fees and charges shall not abate and City may, in its discretion, require Signatory Airline to repair and reconstruct said Signatory Airline's Leased Premises within twelve (12) months or such other time as may be mutually agreed to by City and Signatory Airline of such destruction and pay the costs therefor; or City may repair and reconstruct said Signatory Airline's Leased Premises within twelve (12) months of such destruction and Signatory Airline shall be responsible for reimbursing City for the costs and expenses incurred in such repair, plus a fifteen percent (15%) administrative fee.

INSURANCE AND INDEMNIFICATION

Insurance Requirements

During the Term and any extension thereof, each Signatory Airline shall, at its sole cost and expense, obtain and maintain in full force and effect, and promptly pay all premiums, when due, for, the following types of insurance: (1) All Risk Property Insurance, (2) Boiler and Machinery, (3) Automotive Liability, (4) Worker's Compensation and Employer's Liability, (5) General Liability Insurance/Aviation Liability, (6) Cyber Liability, (7) Contractors' Insurance, (8) Commercial General Liability insurance policy for premises operations, products/completed operations, personal and advertising injury, broad form property damage, contractual liability, (9) Automotive liability insurance

covering liability arising from the ownership, maintenance, and/or use of all owned, non-owned and hired, leased and rented trucks and/or automobiles, (10) Professional liability insurance shall be maintained when any architect or engineer performs, directly or indirectly, work for or on behalf of Signatory Airline at Airport or involving Signatory Airline's operations and/or the Total Airline Leased Premises, (11) Environmental Impairment or Pollution Liability Insurance, and (12) Liquor Liability Insurance if alcoholic beverages are served or sold on the Signatory Airline's Leased Premises.

Indemnification

General. To the fullest extent provided by law, each Signatory Airline shall indemnify, defend and hold harmless the City, its officials, agents, employees, representatives, successors and assigns (the "Indemnified Parties") from and against all liability for claims, suits, causes of action, liabilities, losses, costs and expenses (including reasonable attorneys' fees), for which the Indemnified Parties may be held liable by reason of injury (including death) to any person (including Signatory Airline's employees) or damage to any property whatsoever kind or nature except to the extent caused by City's sole negligence or willful misconduct of every kind relating to or arising in connection with: (1) Any act or negligent omission of the Signatory Airline, its agents, directors, officers, employees, contractors or sublessees arising out of or in any manner connected with the Total Airline Leased Premises (including, but not limited to, Signatory Airline's use or occupancy of Total Airline Leased Premises, ingress or egress to Total Airline Leased Premises, access or use of parking lots, walkways or common areas and any alterations or work done in or about the Total Airline Leased Premises by the Signatory Airline or on the Signatory Airline's behalf); (2) Any breach, violation or nonperformance of any covenant, term or condition of the Airline Agreement to be performed or observed by the Signatory Airline, its agents, directors, officers, employees, contractors or sublessees, or of any restrictions of record or of any applicable laws, ordinances, statues, rules, codes or regulations, affecting the Total Airline Leased Space, Proprietary Equipment (unless such Proprietary Equipment was purchased or constructed by City in contravention of such applicable laws and/or regulations) or Airline Equipment, or any part of the Total Airline Leased Space, Proprietary Equipment or Airline Equipment, or the ownership, occupancy or use thereof; (3) Any encroachment of improvements made by Signatory Airline, its agents, directors, officers, employees, contractors or sublessees , upon property adjoining the Total Airline Leased Premises; and (4) Any improper use or disclosure by Airline, its agents, directors, officers, employees, contractors or sublessees of personal identifiable information, personal health information, or confidential corporate information.

Said indemnification does not apply to City-maintained equipment or property, unless caused by Signatory Airline's negligence. Nothing herein shall prevent the Signatory Airline(s) to which City has tendered a matter covered by any indemnification provision of its/their Airline Agreement from joining as a defendant any Air Transportation Company to the extent permitted by applicable law.

Condemnation / Eminent Domain

Total Taking. During the Term of the Airline Agreement, if the whole, or, if such a portion of the Signatory Airline's Leased Premises as will materially interfere with Signatory Airline's conduct of its business be taken or acquired or be sold to a government in lieu thereof under threat of such a taking (each event hereinafter called a "taking") for any public or quasi-public use or purpose under any power of eminent domain or condemnation, then, and in any of such events, the Term of the Airline Agreement shall cease and terminate on the date that title vests in the condemning authority pursuant to such proceedings or under such sale in lieu thereof. Signatory Airline shall pay all required payments apportioned to the date of such termination and shall promptly vacate the Signatory Airline's Leased Premises. All sums representing prepaid rents, fees or charges, if any, shall be promptly repaid to Signatory Airline.

Partial Taking. If the taking of the Signatory Airline's Leased Premises is not the whole and not such a portion as will materially interfere with Signatory Airline's conduct of its business, then the Airline Agreement shall expire as to that portion of the Signatory Airline's Leased Premises taken but shall continue in full force and effect as to that portion of the Signatory Airline's Leased Premises not taken.

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APPENDIX VI
FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL

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PROPOSED FORM OF OPINIONS OF CO-BOND COUNSEL

August 26, 2025

$364,760,000
THE CITY OF PHILADELPHIA, PENNSYLVANIA
AIRPORT REVENUE AND REFUNDING BONDS, SERIES 2025

consisting of

$107,195,000	**$257,565,000**
Airport Revenue Bonds, Series 2025A (Non-AMT/Governmental)	**Airport Revenue and Refunding Bonds, Series 2025B (AMT/Private Activity)**

To the Purchasers of the Within-Described Series 2025 Bonds:

We have acted as Co-Bond Counsel in connection with the authorization, issuance and sale by the City of Philadelphia, Pennsylvania (the "City") of its $364,760,000 Airport Revenue and Refunding Bonds, Series 2025 consisting of $107,195,000 Airport Revenue Bonds, Series 2025A (Non-AMT/Governmental) (the "Series 2025A Bonds") and $257,565,000 Airport Revenue and Refunding Bonds, Series 2025B (AMT/Private Activity) (the "Series 2025B Bonds," and together with the Series 2025A Bonds, the "Series 2025 Bonds"). The Series 2025 Bonds are being issued under and pursuant to the First Class City Revenue Bond Act of the Commonwealth of Pennsylvania (the "Commonwealth"), Act No. 234 of October 18, 1972, P.L. 955, as amended (the "Act"), and the Amended and Restated General Airport Revenue Bond Ordinance approved June 16,1995 (the "Original Ordinance"), as supplemented and amended, including, by the Sixteenth Supplemental Ordinance (Bill No. 170308, approved by the Mayor on May 17, 2017) (the "Sixteenth Supplemental Ordinance"), the Nineteenth Supplemental Ordinance (Bill No. 24037 approved by the Mayor on June 26, 2024) (the "Nineteenth Supplemental Ordinance") and the Twentieth Supplemental Ordinance (Bill No. 240372, approved by the Mayor on June 26, 2024 (the "Twentieth Supplemental Ordinance," and together with the Sixteenth Supplemental Ordinance, the Nineteenth Supplemental Ordinance and the Original Ordinance, the "General Ordinance"). The Series 2025A Bonds are being issued for the purpose of providing funds, together with other available moneys, to: (i) refinance, on a current basis, certain of the City's Outstanding Commercial Paper Notes, (ii) finance capitalized interest on a portion of the Series 2025A Bonds and (iii) pay the costs of issuance of the Series 2025A Bonds. The Series 2025B Bonds are being issued for the purpose of providing funds, together with other available moneys, to: (i) refinance, on a current basis, certain of the City's Outstanding Commercial Paper Notes, (ii) refund, on a current basis, all or a portion of the City's Outstanding Airport Revenue Refunding Bonds, Series 2015A (AMT) (the "2015A Bonds"), (iii) finance capitalized interest on a portion of the Series 2025B Bonds and (iii) pay the costs of issuance of the Series 2025B Bonds.

The Series 2025 Bonds are issued in fully registered form and are dated, are in such denominations, bear interest, mature and are subject to redemption prior to maturity as set forth in the form of the respective Series 2025 Bonds. The Series 2025 Bonds are payable as to principal or

redemption price at the principal Philadelphia corporate trust office of U.S. Bank Trust Company, National Association (successor fiscal agent to U.S. Bank National Association) (the "Fiscal Agent").

The Series 2025 Bonds, together with outstanding issues of Airport Revenue Bonds and all other Airport Revenue Bonds hereafter issued for the purposes and upon the terms and conditions prescribed in the General Ordinance are equally and ratably secured to the extent provided in the General Ordinance, as the case may be, and the Act, by a pledge of Pledged Amounts.

As Co-Bond Counsel for the City, we have examined the Act and such Constitutional provisions, statutes and regulations of the Commonwealth and such other records and documents of the City as we deemed necessary for the purposes of this opinion. We have also examined the Original Ordinance, the Sixteenth Supplemental Ordinance, the Nineteenth Supplemental Ordinance and the Twentieth Supplemental Ordinance; the transcript of proceedings filed by the City with the Court of Common Pleas of Philadelphia, together with evidence of the filing thereof, and certain statements, certifications, opinions, agreements, reports, affidavits, receipts and other documents which we have considered relevant, including, without limitation, an opinion of the City Solicitor of the City and a certification of officials of the City having responsibility for issuing the Series 2025 Bonds given pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations promulgated thereunder.

In rendering the opinions set forth below, we have relied upon the genuineness, accuracy and completeness of all documents, records, certifications and other instruments we have examined, including, without limitation, the authenticity of all signatures appearing thereon.

On the basis of the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the Commonwealth, including the Act, the Original Ordinance, the Sixteenth Supplemental Ordinance, the Nineteenth Supplemental Ordinance and the Twentieth Supplemental Ordinance, the City is authorized to issue the Series 2025 Bonds, and the terms thereof comply with the requirements of the Act and the General Ordinance.

2. The Sixteenth Supplemental Ordinance, the Nineteenth Supplemental Ordinance and the Twentieth Supplemental Ordinance have been duly enacted and the covenants and agreements of the City contained therein, including, specifically but not by way of limitation, the pledge of the Pledged Amounts, as therein described, constitute legal, valid and binding obligations of the City with respect to the Series 2025 Bonds and are enforceable against the City in accordance with their respective terms except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws, or by legal or equitable principles affecting creditors' rights generally.

3. The Series 2025 Bonds have been duly authorized and issued and are valid and binding obligations of the City, are enforceable against the City in accordance with their terms and are limited obligations of the City, payable solely out of Pledged Amounts, as provided in the General Ordinance for the timely payment of the principal thereof, at their respective maturities or redemption dates, and the interest thereon when due.

4. The Series 2025 Bonds do not pledge the credit or taxing power, nor create any debt or charge against the tax or general revenues of the City, nor do they create any lien against any property of the City other than the revenues, monies and funds pledged in the General Ordinance.

5. The issuance of the Series 2025 Bonds does not cause the debt of the City to exceed Constitutional debt limitations.

6. Interest on the Series 2025A Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. Interest on the Series 2025B Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions except for interest on any Series 2025B Bond during any period such Series 2025B Bond is held by a person who is a "substantial user" of the facilities financed or refinanced by the Series 2025B Bonds or a "related person" within the meaning of Section 147(a) of the Code. . The opinions of Co-Bond Counsel are subject to the condition that the City comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon continues to be excluded from gross income. Failure to comply with certain of such requirements could cause the interest on the Series 2025A Bonds or Series 2025B Bonds, as applicable, to be so includable in gross income retroactive to the date of issuance of the Series 2025A Bonds or Series 2025B Bonds, as applicable. The City has covenanted to comply with all such requirements.

Interest on the Series 2025A Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax. Interest on the Series 2025B Bonds is treated as an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax.

We express no opinion regarding other federal tax consequences relating to the Series 2025 Bonds or the receipt of interest thereon.

Under Treasury Regulation § 1.150-1(c)(3), the City has the ability to treat bonds that would otherwise be treated as one issue as separate issues for certain purposes of the Code if each issue could otherwise qualify as a tax-exempt bond issue. The Series 2025A Bond proceeds will be used to refinance certain outstanding Commercial Paper Notes (Non-AMT) of the City and provide capitalized interest on a portion of the Series 2025A Bonds for the remaining period during which certain projects are under construction (not to exceed one year) and thus will be treated as a traditional governmental bond issue. The Series 2025B Bonds will be treated as a separate exempt facility bond issue to provide airports under Section 142 of the Code in that the proceeds thereof will be used to currently refund the City's Airport Revenue Refunding Bonds, Series 2015A (AMT), refinance certain Commercial Paper Notes (AMT) of the City, and provide capitalized interest on a portion of the Series 2025B Bonds for the remaining period during which certain projects are under construction (not to exceed one year).. However, under Treasury Regulation § 1.150-1(c)(3), the Series 2025A Bonds and Series 2025B Bonds may not be treated as separate issues for certain provisions of the Code, including those provisions relating to

arbitrage, arbitrage yield and arbitrage rebate. Because separate issue treatment does not apply for arbitrage purposes,. the failure by the City to comply with certain requirements with respect to the Series 2025A Bonds, in addition to causing the interest on the Series 2025A Bonds to be includable in gross income of the holders of the Series 2025A Bonds, could *also* cause the interest on the Series 2025B Bonds to be includable in gross income of the holders of the Series 2025B Bonds retroactive to the date of issuance of the Series 2025 Bonds.

7. Under the laws of the Commonwealth, as enacted and construed on the date hereof, the interest on the Series 2025 Bonds is free from taxation for state and local purposes within the Commonwealth, but such exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Series 2025 Bonds or the interest thereon.

We express no opinion with respect to, and assume no responsibility for, the accuracy or completeness of the Preliminary Official Statement or the Official Statement prepared in respect of the offering of the Series 2025 Bonds, and make no representation that we have independently verified the contents thereof.

Finally, we call to your attention that the rights of the holders of the Series 2025 Bonds and the enforceability thereof and of the General Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws or equitable principles affecting creditors' rights generally.

Very truly yours,

APPENDIX VII
FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

$364,760,000
THE CITY OF PHILADELPHIA, PENNSYLVANIA
AIRPORT REVENUE AND REFUNDING BONDS, SERIES 2025

consisting of

$107,195,000	**$257,565,000**
Airport Revenue Bonds,	**Airport Revenue and Refunding Bonds,**
Series 2025A	**Series 2025B**
(Non-AMT/Governmental)	**(AMT/Private Activity)**

This Continuing Disclosure Agreement (this "Agreement") dated as of August 26, 2025, by and between The City of Philadelphia, Pennsylvania (the "City") and Digital Assurance Certification, L.L.C., as dissemination agent (the "Dissemination Agent") and acknowledged by American Airlines, Inc. ("American Airlines") in connection with the issuance and sale by the City of its $364,760,000 aggregate principal amount Airport Revenue and Refunding Bonds, Series 2025 (the "Series 2025 Bonds") consisting of $107,195,000 aggregate principal amount of Airport Revenue Bonds, Series 2025A (Non-AMT/Governmental) (the "Series 2025A Bonds") and $257,565,000 Airport Revenue and Refunding Bonds, Series 2025B (AMT/Private Activity) (the "Series 2025B Bonds").

The Series 2025 Bonds are being issued and secured under the provisions of The First Class City Revenue Bond Act, Act No. 234 of the General Assembly of the Commonwealth of Pennsylvania approved October 18, 1972 (the "Act"), the City's Amended and Restated General Airport Revenue Bond Ordinance, approved June 16, 1995 (Bill No. 950282), as amended and supplemented (collectively, the "General Ordinance", including by the Twentieth Supplemental Ordinance (Bill No. 240372), approved by the Mayor on June 26, 2024, the Sixteenth Supplemental Ordinance (Bill No. 170308), approved by the Mayor on May 17, 2017 and the Nineteenth Supplemental Ordinance (Bill No. 240375), approved by the Mayor on June 26, 2024, collectively, the "Ordinances"). Certain matters concerning the Series 2025 Bonds have been determined pursuant to the Ordinances by the 2025 Bond Committee of the City, consisting of the Mayor, the City Controller, and the City Solicitor ("Bond Committee"), in an authorization for the Series 2025 Bonds dated August 15, 2025 ("Bond Committee Determination," and together with the Act and the Ordinances, the "Authorizing Acts"). Capitalized terms used in this Agreement but not defined herein shall have the meanings ascribed to such terms in the Official Statement, including the Appendices attached thereto.

In consideration of the mutual covenants, promises and agreements contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

The Undertaking

Section 1.1. Purpose. This Agreement is being executed and delivered by the City solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information.

(a) Commencing with the Fiscal Year ended June 30, 2025, the Disclosure Representative, as hereinafter defined, shall deliver to the Dissemination Agent no later than February 28, 2026, and no later than each succeeding February 28 thereafter, Annual Financial Information with respect to each Fiscal Year of the City. The Dissemination Agent shall promptly upon receipt thereof file the Annual Financial Information with EMMA (as defined herein).

(b) The City agrees to use its reasonable best efforts to cause any Obligated Person (to the extent such entity is not otherwise required under federal law to do so) to make annual financial information available as required by the Rule. The City takes no responsibility for the accuracy or completeness of such filings by any Obligated Person. The City's obligations under this paragraph are limited to and satisfied by the City's transmitting a notice to such Obligated Person that it has become an Obligated Person under this Agreement, by enclosing a copy of this Agreement and the Rule, and by requesting that such person transmit back to the City an acknowledgement and acceptance of such person's obligations under the Rule with regard to the Series 2025 Bonds. The City agrees to notify the Dissemination Agent of any changes in the identity of any Obligated Person.

(c) The Dissemination Agent shall provide, in a timely manner, notice of any failure of the City to provide the Annual Financial Information by the date specified in subsection (a) hereof.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Disclosure Representative shall provide Audited Financial Statements, when and if available, to the Dissemination Agent. The Dissemination Agent shall promptly upon the receipt thereof file such Audited Financial Statements with EMMA.

Section 1.4. Notice Events.

(a) If a Notice Event occurs, the Disclosure Representative shall provide through the Dissemination Agent, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to EMMA.

(b) Any notice of a defeasance of the Series 2025 Bonds shall state whether the Series 2025 Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) Each Notice Event notice relating to the Series 2025 Bonds shall include the CUSIP numbers of the Series 2025 Bonds to which such Notice Event notice relates or, if the Notice Event notice relates to all bond issues of the City including the Series 2025 Bonds, such Notice Event notice need only include the CUSIP number of the City.

(d) The Dissemination Agent shall promptly advise the City whenever, in the course of performing its duties as Dissemination Agent under this Agreement, the Dissemination Agent has actual notice of an occurrence which, if material, would require the City to provide notice of a Notice Event hereunder; provided, however, that the failure of the Dissemination Agent so to advise the City shall not constitute a breach by the Dissemination Agent of any of its duties and responsibilities under this Agreement.

Section 1.5. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in

this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the City chooses to do so, the City shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

Section 1.6. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including, but not limited to, the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the City under such laws.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the City or the Obligated Person provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org), or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Dissemination Agent. The City has designated the Dissemination Agent as its agent to act on its behalf in providing or filing notices, documents, and information as required of the City under this Agreement. The City may revoke or modify such designation. Upon any revocation of such designation, the City shall comply with its obligation to provide or file notices, documents and information as required under this Agreement or may designate another agent to act on its behalf.

Section 2.4. Transmission of Notices, Documents and Information.

(a) Unless otherwise required by the MSRB, all notices, documents and information provided by the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access ("EMMA") system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided on EMMA shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. Fiscal Year.

(a) The City's current Fiscal Year begins July l and ends June 30, and the City shall promptly file a notification on EMMA, through the Dissemination Agent, of each change in its Fiscal Year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any Fiscal Year longer than twelve (12) calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination.

(a) This Agreement shall be effective upon the issuance of the Series 2025 Bonds.

(b) The City's and the Dissemination Agent's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption, or payment in full of all of the Series 2025 Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the City (i) receives an opinion of Counsel to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Series 2025 Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (ii) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment.

(a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Series 2025 Bonds (except to the extent required under clause (4)(B) below) if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the City or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the City shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the City and the Dissemination Agent, to the same effect as set forth in clause (2) above, (4) either (A) the City shall have delivered to the Dissemination Agent an opinion of Counsel or a determination by an entity, in each case unaffiliated with the City (such as bond counsel or the Dissemination Agent), addressed to the City and the Dissemination Agent, to the effect that the amendment does not materially impair the interests of the holders of the Series 2025 Bonds, or (B) the holders of each of the Series 2025 Bonds and the Disclosure Representative consent to the amendment to this Agreement, in each case, in the same percentages and pursuant to the same procedures as are required for amendments to the Ordinances as in effect at the time of the amendment; and (5) the Disclosure Representative shall have delivered copies of such opinion(s) and amendment to the Dissemination Agent. Such amendment shall be promptly filed by the Dissemination Agent on EMMA and sent to each Registered Owner.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Series 2025 Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the City shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the City and the Dissemination Agent, to the effect that performance by the City and the Dissemination Agent under this Agreement as so amended will not result in a violation of the Rule, and (3) the Disclosure Representative shall have delivered copies of such opinion and amendment to the Dissemination Agent. Such amendment shall be promptly filed by the Dissemination Agent on EMMA and sent to each Registered Owner.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the Series 2025 Bonds, if all of the following conditions are satisfied: (1) the

City shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the City and the Dissemination Agent, to the effect that the amendment is permitted by the Rule, order or any other official pronouncement, or is consistent with any interpretive advice or no-action positions of staff, of the SEC, and (2) the Disclosure Representative shall have delivered copies of such opinion and amendment to the Dissemination Agent. Such amendment shall be promptly filed by the Dissemination Agent on EMMA and sent to each Registered Owner.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the City in preparing its financial statements, the Annual Financial Information for the Fiscal Year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit: Third-Party Beneficiaries: Enforcement.

(a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Series 2025 Bonds, except that beneficial owners of Series 2025 Bonds shall be third-party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section 3.3.

(b) The obligations of the City to comply with the provisions of this Agreement shall be enforceable at the direction of the holders of not less than 25% in aggregate principal amount of each of the Series 2025 Bonds outstanding. The holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of Series 2025 Bonds pursuant to subsection (a) of this Section 3.3, beneficial owners shall be deemed to be holders of Series 2025 Bonds for purposes of this subsection (b).

(c) Any failure by the City or the Dissemination Agent to perform in accordance with this Agreement shall not constitute a default under the Authorizing Acts, and the rights and remedies provided by the Authorizing Acts upon the occurrence of a default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the Commonwealth; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(a) "Airport System" means the Philadelphia International Airport and the Northeast Philadelphia Airport, both of which are currently owned by the City and operated by the City's Department of Aviation (the "Department of Aviation").

(b) "Annual Financial Information" means, collectively, (i) a copy of the Comprehensive Annual Financial Report ("CAFR"), which contains the Audited Financial Statements, (ii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement, and (iii) to the extent such information is not contained in the CAFR, an update of the information in the Official Statement contained in - Table 3 - Annual PFCs, Table 5 - Historical Enplaned Passengers, Table 6 - Historical Total Enplaned Passengers, Table 8 - Summary of Historical Project Revenues and Expenses of the Airport System, and Appendix II - Financial Statements of the Department of Aviation Fiscal Year Ended June 30, 2024. As set forth in clause (i) above, Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements, if Audited Financial Statements are not available.

Annual Financial Information shall be delivered at least annually pursuant to Section 1.2(a) hereof. In connection with Section 4.1(b) hereof, it is the City's intention to satisfy all or a portion of the obligations set forth therein by submitting to EMMA (A) its CAFR, (B) Financial Statements of the Department of Aviation, (C) to the extent not otherwise updated in the CAFR or the Financial Statements of the Department of Aviation, annual updates to the Tables specified in clause (iii) above. If at any time the City deletes, for the purposes of a then-current Appendix, certain financial information or operating date from such Appendix as attached to the Official Statement that is included in one of the Tables specified above, such deleted information will be submitted separately from the updated Appendix.

When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(c) "Audited Financial Statements" means the annual financial statements, if any, of the City and the Department of Aviation, audited by such auditor as shall then be required or permitted by Commonwealth law or the City Charter. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 3.2(a) and (e) hereof, the City may from time to time, if required by federal or Commonwealth legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific federal or Commonwealth law or regulation describing such accounting principles, or other description thereof.

(d) "City Charter" means the Home Rule Charter authorized by the General Assembly in the First Class City Home Rule Act (Act of April 21, 1949, P.L. 665, Section 17) and adopted by the voters of the City, as amended and supplemented.

(e) "Commonwealth" means the Commonwealth of Pennsylvania.

(f) "Counsel" means any nationally recognized bond counsel or counsel expert in federal securities law.

(g) "Disclosure Representative" means the Director of Finance of the City, the City Treasurer or such other official or employee of the City as the Director of Finance or the City Treasurer shall designate in writing to the Dissemination Agent.

(h) "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(i) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(l) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(j) "Notice Event" means any of the following events with respect to the Series 2025 Bonds, whether relating to the City or otherwise:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Series 2025 Bonds, or other material events affecting the tax status of the Series 2025 Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of Series 2025 Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the City;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Airport or the sale of all or substantially all of the assets of the Airport, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) the incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect securities holders, if material; and

(xvi) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

(k) "Obligated Person" means the City and any airline or other entity using the Airport System pursuant to an agreement (for more than one (1) year from the date in question) that includes debt service on the Series 2025 Bonds as part of the calculation of rates and charges, under which agreement such airline or other entity has paid amounts equal to at least twenty percent (20%) of the Project Revenues (as defined in the Ordinances) of the Airport System for each of the two (2) prior Fiscal Years of the Airport System.

(l) "Official Statement" means the Official Statement of the City relating to the Series 2025 Bonds dated August 15, 2025.

(m) "Registered Owner" or "Registered Owners" means, for so long as the Series 2025 Bonds shall be registered in the name of the Securities Depository or its nominee, and includes, for the purposes of this Agreement, the owners of book-entry credits in the Series 2025 Bonds evidencing an interest in the Series 2025 Bonds; provided, however, that the Dissemination Agent shall have no obligation to provide notice hereunder to owners of book-entry credits in the Series 2025 Bonds except those who have filed their names and addresses with the Dissemination Agent for the purposes of receiving notices or giving direction under this Agreement.

(n) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(o) "SEC" means the United States Securities and Exchange Commission.

(p) "Securities Depository" shall mean The Depository Trust Company, New York, New York, or its nominee, Cede & Co., or any successor thereto.

(q) "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

(r) "Underwriters" means the financial institutions named on the cover of the Official Statement.

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ARTICLE V

Miscellaneous

Section 5.1. Duties, Immunities and Liabilities of the Dissemination Agent.

The Dissemination Agent shall have only such duties under the Agreement as are specifically set forth in this Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct in the performance of its duties hereunder. The obligations of the City under this Section 5.1 shall survive resignation or removal of the Dissemination Agent and payment of the Series 2025 Bonds.

Section 5.2. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[SIGNATURE PAGES FOLLOW THIS PAGE]

IN WITNESS WHEREOF, THE CITY OF PHILADELPHIA, has caused this Agreement to be executed by the Director of Finance and DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Dissemination Agent, has caused this Agreement to be executed by one of its authorized officers, all as of the day and year first above written.

CITY OF PHILADELPHIA

By: _____
Name: Rob Dubow
Title: Director of Finance

DIGITAL ASSURANCE CERTIFICATION, **L.L.C.,** as Dissemination Agent

By: _____
Name:
Title:

ACKNOWLEDGEMENT AND AGREEMENT:

American Airlines, Inc. ("American Airlines") hereby acknowledges its current status as an Obligated Person hereunder and the City's undertaking to provide information in accordance with the Rule as described herein. So long as it is an Obligated Person, American Airlines agrees to make available, within one hundred and twenty (120) days after the end of its fiscal year (December 31), its Annual Report filed pursuant to the Securities Exchange Act of 1934, completed on Form 10-K.

AMERICAN AIRLINES, INC.

By: _____
Name: Amanda Zhang
Title: Authorized Officer

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APPENDIX VIII
BOOK-ENTRY ONLY SYSTEM

General

The information set forth herein concerning The Depository Trust Company, New York, New York ("DTC") and the book-entry system described below has been extracted from materials provided by DTC for such purpose, is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the City, the Fiscal Agent or the Underwriters. The websites referenced below are included for reference only and the information contained therein is not incorporated by reference in this Official Statement.

DTC will act as securities depository for the Series 2025 Bonds under a book-entry system with no physical distribution of the Series 2025 Bonds made to the public. The Series 2025 Bonds will initially be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2025 Bonds, each in the principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of

Series 2025 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Fiscal Agent and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity of the Series 2025 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and redemption price of, and interest on, the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Fiscal Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participants and not of DTC (or its nominee), the City or the Fiscal Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and redemption price of, and interest on, the Series 2025 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

THE CITY, THE FISCAL AGENT AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE SERIES 2025 BONDS (A) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2025 BONDS, OR (B) CONFIRMATION OF OWNERSHIP INTERESTS IN THE SERIES 2025 BONDS, OR (C) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE CITY, THE FISCAL AGENT OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (A) SENDING TRANSACTION STATEMENTS; (B) MAINTAINING, SUPERVISING OR REVIEWING THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (C) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2025 BONDS; (D) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED TO BE GIVEN TO HOLDERS OR OWNERS OF THE SERIES 2025 BONDS; (E) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2025 BONDS; OR (F) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE SERIES 2025 BONDS.

Discontinuation of Book-Entry Only System

DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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SEAL OF THE CITY OF PHILADELPHIA