



# Philadelphia International Airport (PHL) Northeast Philadelphia Airport (PNE)

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Treasury Manager

January 23, 2023



City of Philadelphia,  
Department of Aviation



PHILADELPHIA INTERNATIONAL AIRPORT  
NORTHEAST PHILADELPHIA AIRPORT



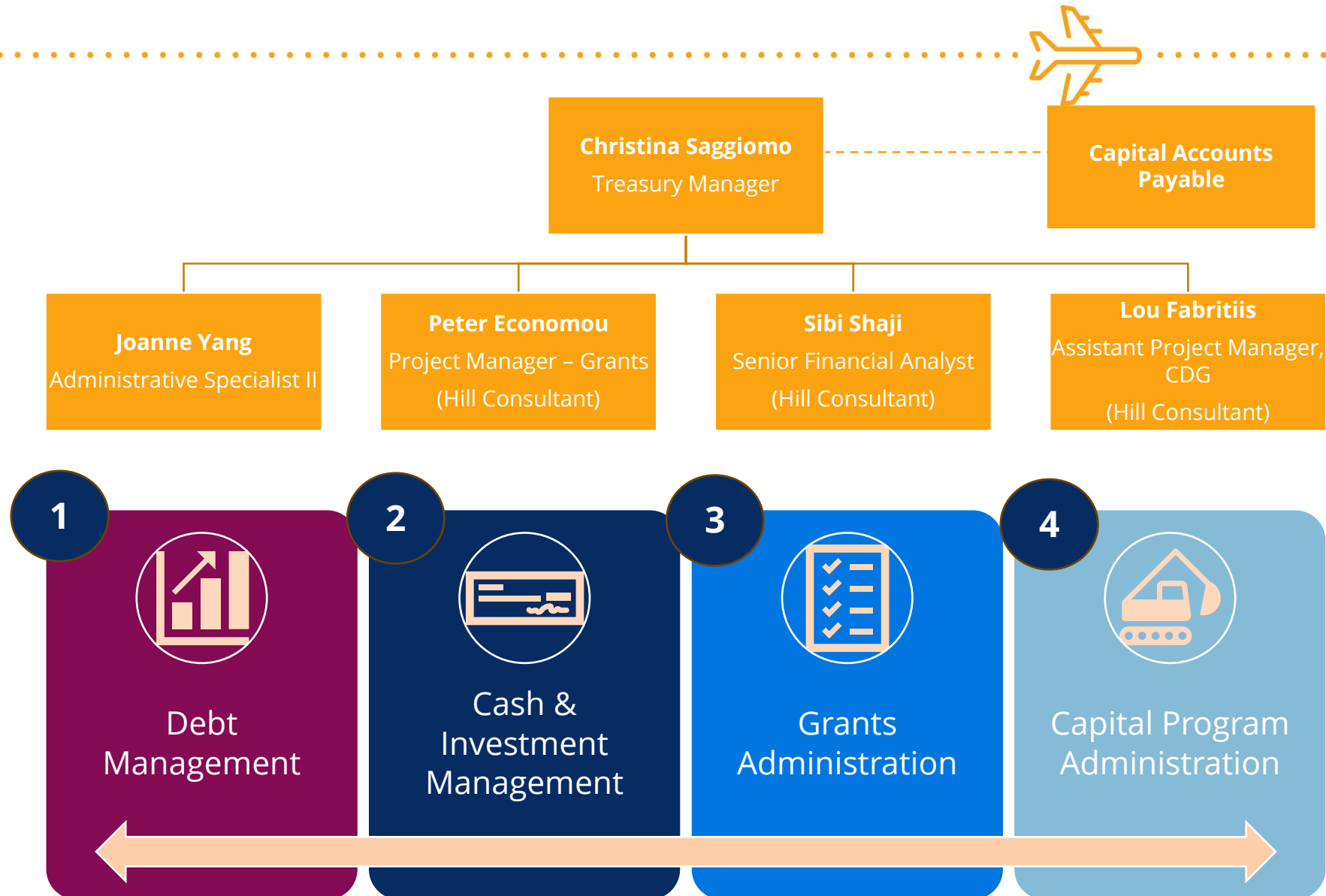
# Department of Aviation's Capital Finance and Treasury Unit



**PHLPNE**

PHILADELPHIA INTERNATIONAL AIRPORT  
NORTHEAST PHILADELPHIA AIRPORT

# Overview – The Capital Finance & Treasury Unit Team



# Types of Airport Costs + Financing



## Operating

- Salaries
- Contractor Services
- Equipment
- Materials
- Utilities
- Insurance



## Funding

- Landing Fees
- Terminal Space Rentals
- Terminal Concessions
- Parking Revenues
- Rental Car Revenues
- Advertising



## Capital

- Airfield
- Terminal
- Security
- Technology
- Landside  
(roadways, garages, etc.)



## Financing

- Commercial Paper
- Airport Revenue Bonds
- Passenger Facility Charges
- Customer Facility Charges
- Grants

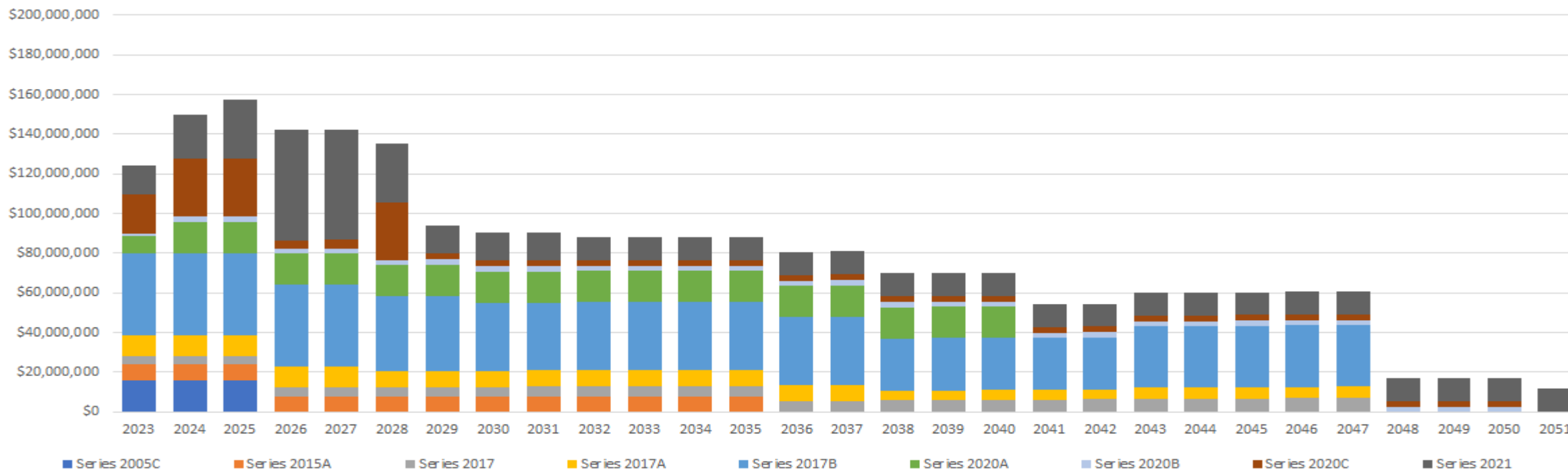


# 1

# Debt Management - Overview



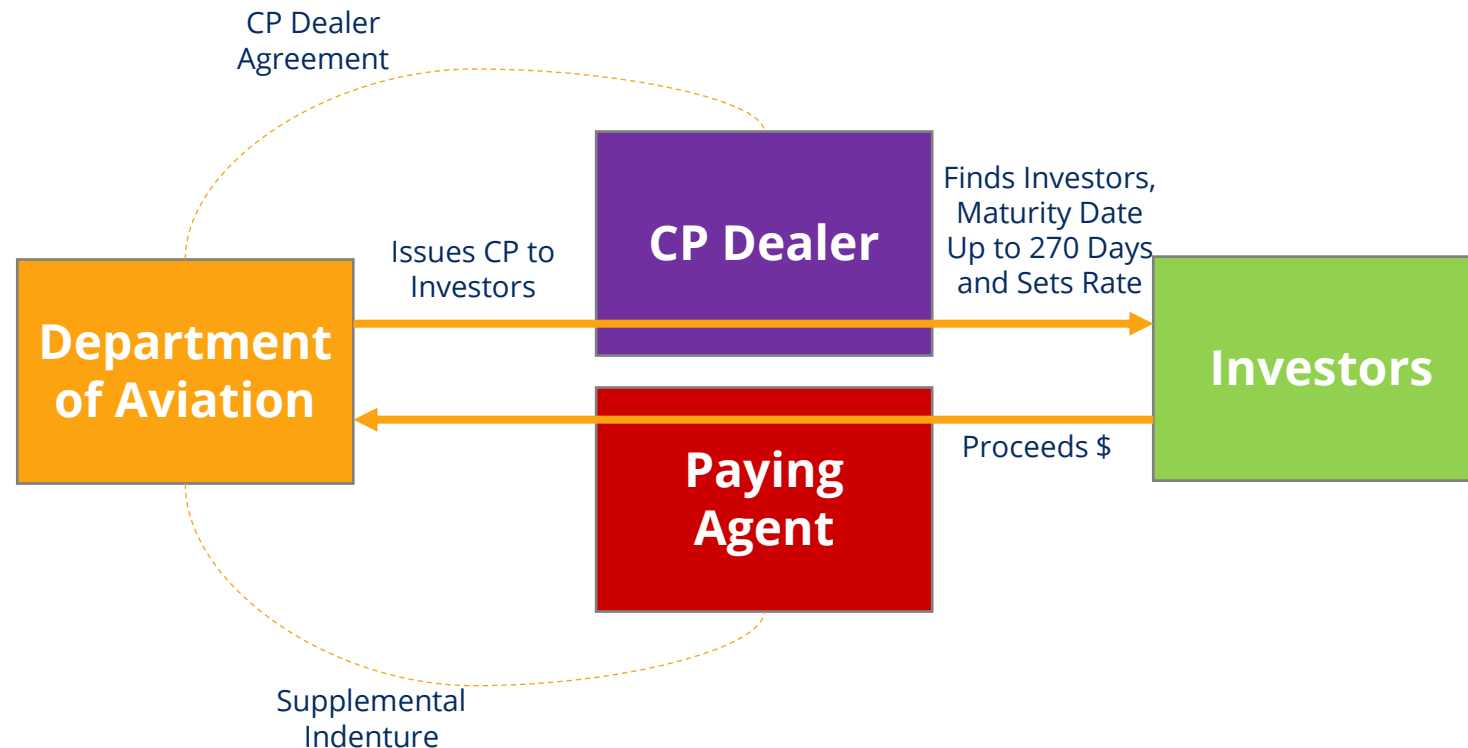
- The Airport has \$1.5 billion of outstanding General Airport Revenue Bond (“GARB”) debt
- The Airport’s bonds fund its capital program (currently \$1.8B approved by the Airlines)
- Our team works to coordinate the issuance of new debt – working group formed
- In addition to the Airport’s long-term debt, our team also its Airports Commercial Paper Program



# The Airport's Commercial Paper Program



- The Airport's current program is \$350 million supported by two banks
- A CP program is a variable rate, short-term loan (similar to getting a construction loan to build a home)



# What are credit ratings and why do they matter?

- Credit Rating Agencies provide a “credit score” in the form of a letter grade to organizations that issue debt in the capital markets
- These agencies give an opinion on how likely an entity is to default on their financial obligations
- The rating impacts interest costs paid on bonds sold and total cost of the assets being built
- The better the credit rating, the lower interest cost on the Airport’s debt
- Each year the Airport goes through an annual review process to assess its current risks
- In June 2023, PHL was upgraded by two notches (from A- to A+) by S&P -- the agency highlighted the Airport’s passenger recovery and strong financial metrics
- In September 2023, Fitch moved the Airport to positive outlook (from stable)

Credit Rating Scales by Agency, Long-Term

Moody's	S&P	Fitch	
Aaa	AAA	AAA	Prime
Aa1	AA+	AA+	High grade
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Upper medium grade
A2	A	A	
A3	A-	A-	Lower medium grade
Baa1	BBB+	BBB+	
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	Non-investment grade speculative
Ba1	BB+	BB+	
Ba2	BB	BB	
Ba3	BB-	BB-	Highly speculative
B1	B+	B+	
B2	B	B	
B3	B-	B-	Substantial risk
Caa1	CCC+	CCC	
Caa2	CCC		
Caa3	CCC-		Extremely speculative
Ca	CC	CC	
C	C	C	Default imminent with little prospect for recovery
/	D	D	
/			



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## 2

# Cash and Investment Management



- The Capital Finance & Treasury Unit assists in managing the Airport's approximately \$1.2 billion in cash and securities
- The Airport also utilizes three investment managers (two of which are MBE firms) to invest funds on our behalf
  - **BlackRock, Ramirez (MBE), Xponance (MBE)**
- The Airport's investment parameters are conservative and governed by the City Charter



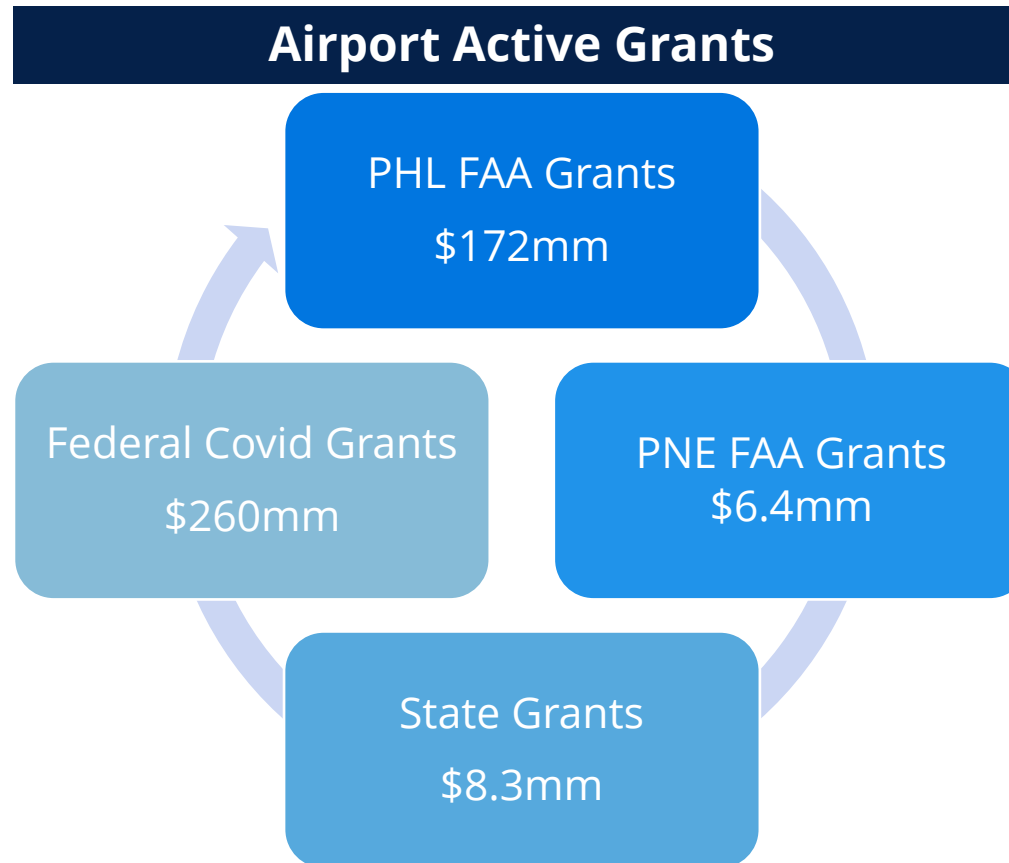


### 3

# Grants Administration



- The Airport's grant portfolio has grown significantly over the last few years
- Grants are an important funding source for the Airport's capital program, but can take a lot of resources to manage



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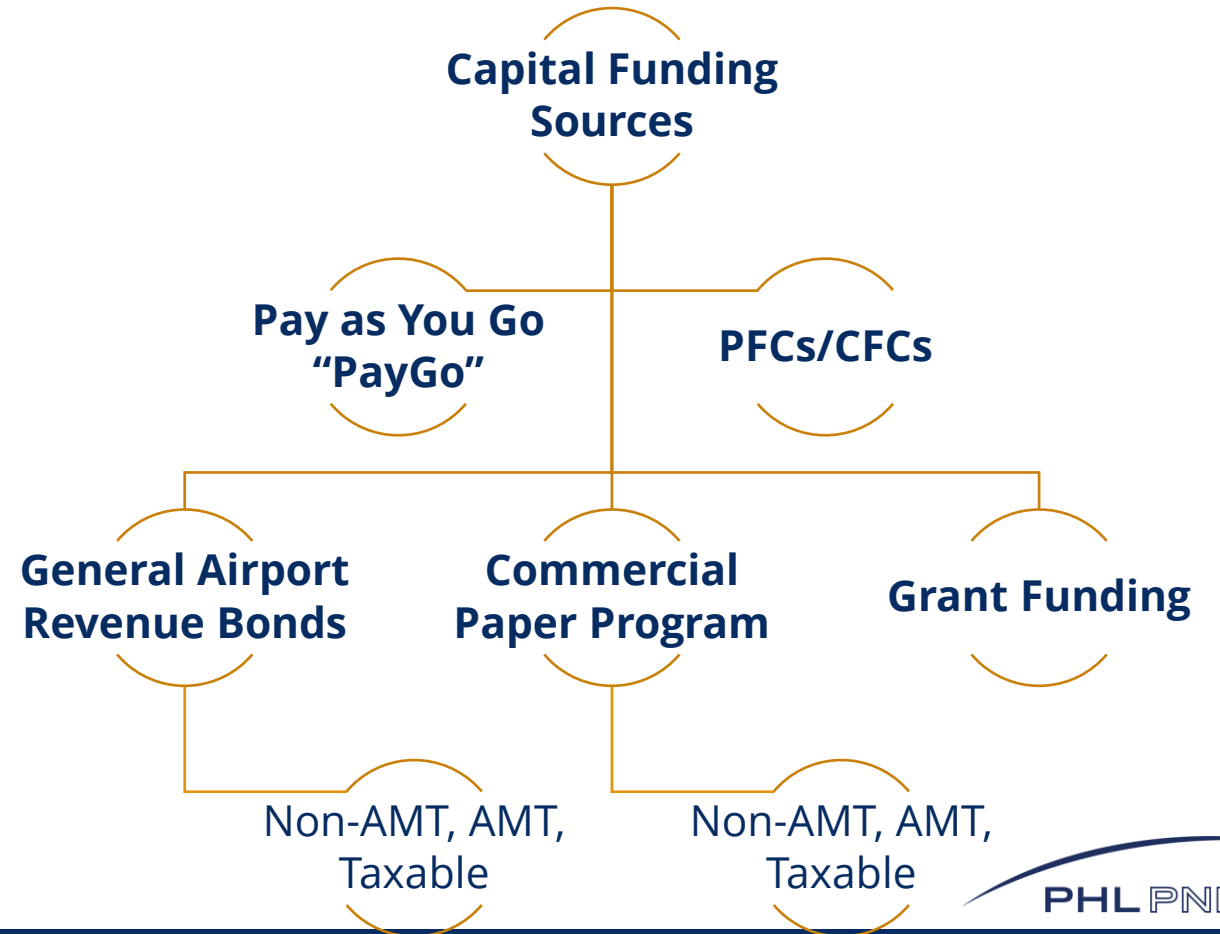
## Capital Program Administration



- The Airport has a significant capital program of just over \$1.8 billion
- Our team develops the Airport’s capital budget submitted to central finance each year
- Depending on the type of project the Airport takes on, it can utilize different types of funding

Projects	Cost (\$millions)
Airfield & Aprons	\$523
Terminal & Landside	\$980
Security & Technology	\$221
PNE Airfield & Taxiways	\$89
<b>Total</b>	<b>\$1,813</b>

Funding Sources	(\$millions)	% of Cost
PFC/Grants	\$291.5	16%
Operating Funds	\$80.0	4%
Debt	\$1,441.5	80%
<b>Total</b>	<b>\$1,813</b>	<b>100%</b>



# Capital Finance & Treasury's Impact on the Department of Aviation's Mission & Vision

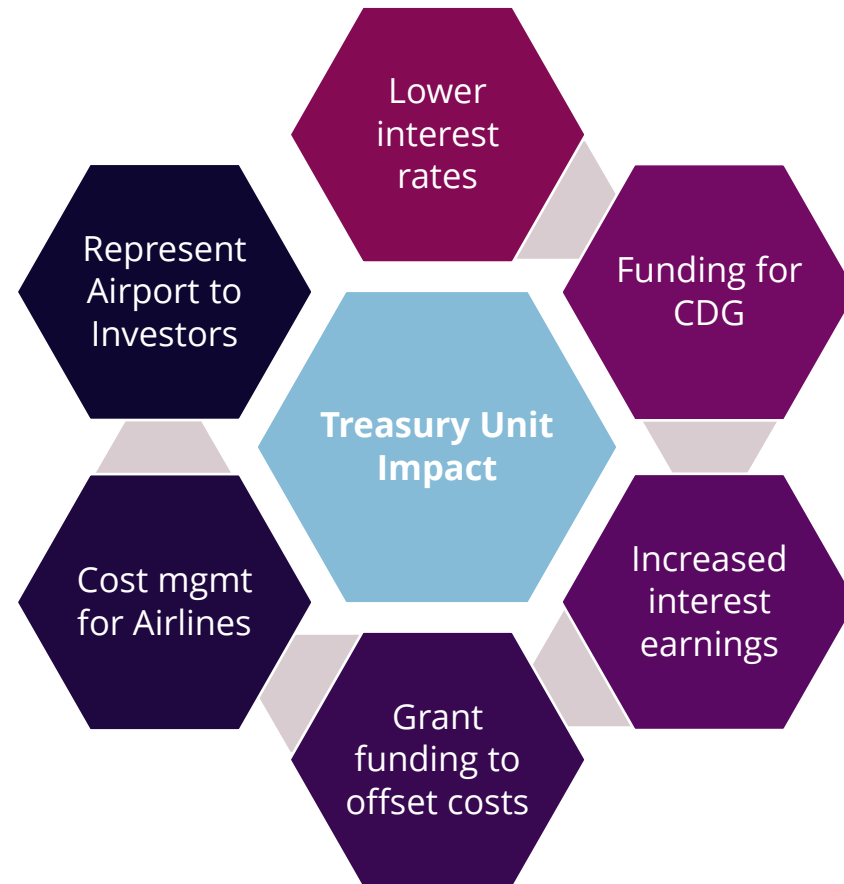


## Vision

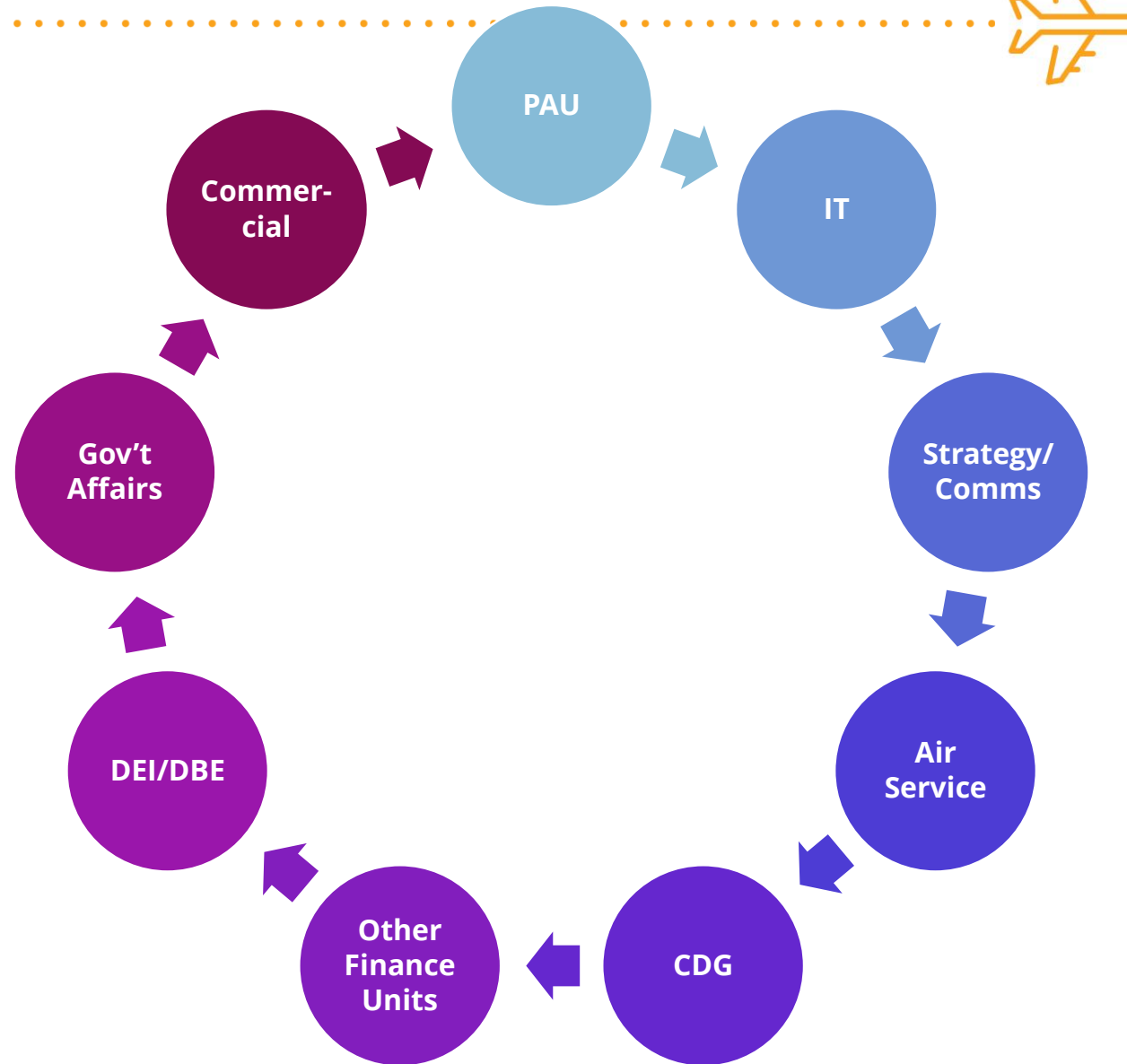
We are a World Class Global Gateway of Choice

## Mission

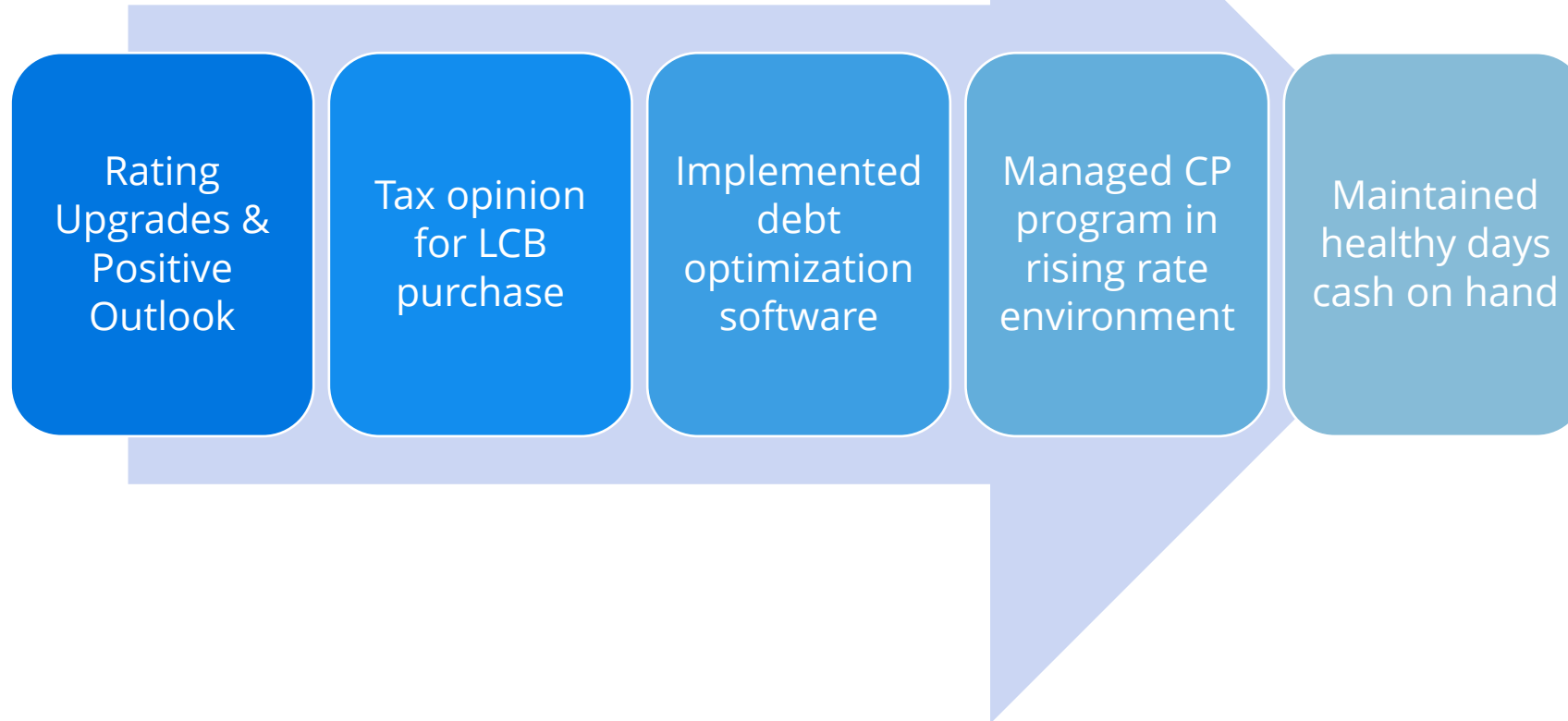
Proudly Connecting Philadelphia with the World



# Capital Finance & Treasury Unit Collaboration



# Capital Finance & Treasury Unit Successes



# Capital Finance & Treasury Unit Aspirations



Expand  
Grants  
Team



Modernize  
City's  
Investment  
Guidelines



Roll Out  
Airport P-  
Card  
Program



Refine  
Cash Flow  
Forecasts  
for Next  
Bond  
Financing



Manage  
Updates to  
General  
Airport  
Revenue  
Bond  
Ordinance



Move  
Toward  
Positive  
Outlook  
from  
Moody's