

<b>Department:</b>	
<b>Your name:</b>	
<b>email:</b>	
<b>Phone:</b>	

**QUALIFIED AIRPORT PRIVATE ACTIVITY BONDS ISSUED BY THE CITY**

<b><u>1. Name of facility</u></b>	<b><u>2. Location</u></b>	<b><u>3. Type of facility</u></b>	<b><u>4. Primary use of facility</u></b>	<b><u>5. Ownership</u></b>	<b><u>6. Lease</u></b>	<b><u>7. Other arrangements</u></b>	<b><u>8. Measurement of private use</u></b>	
							<b><u>Sq. footage used by PBI. vs. public use</u></b>	<b><u>Payments to City from private user</u></b>

## Compliance Checklist Review<sup>1</sup>

### **1. Name of Facility**

- Describe the facility that has been financed with AMT Bonds, for example—Terminal Area, Airfield Area, Outside Terminal, etc. Please be specific.

### **2. Location**

- Is the facility located at PHL, PNE or other. If other, describe where the facility is located.

### **3. Type of Facility**

- Facility is either an "airport", "functionally related and subordinate facility", or "other".
- Pursuant to the Treasury Regulations, an "airport" includes facilities which are directly related and essential to— (1) servicing aircraft or enabling aircraft to take off and land, or (2) transferring passengers or cargo to or from aircraft. A facility does not satisfy either of the foregoing requirements if the facility need not be located at, or in close proximity to, the take-off and landing area in order to perform its function. Examples of facilities which satisfy those requirements are terminals, runways, hangars, loading facilities, repair shops, and land-based navigation aids such as radar installation.
- The property financed with Qualified Airport Private Activity Bonds (QAPAB) must serve or be available on a regular basis for general public use (versus facility for a limited number of trades or businesses). For example, a hangar or repair facility at a municipal airport would qualify even if leased or permanently assigned to a private trade or business provided that business serves the general public, such as a common passenger carrier or freight carrier.
- Under the Treasury Regulations, an airport also includes facilities that are "functionally related and subordinate to an airport." A facility (or part thereof) is not functionally related and subordinate to an airport if the facility (or part thereof)— (1) is not of a character and size commensurate with the character and size of the airport at or adjacent to which the facility is located, or (2) is not located at or adjacent to that airport. Examples of facilities functionally related and subordinate to an airport are restaurants and retail stores located in terminals (of a size necessary to serve passengers and employees), ground transportation parking areas and maintenance or overhaul facilities which services aircraft. Unimproved land (including agricultural land) that is adjacent to an airport and that is impaired by a significant level of airport noise is functionally related and subordinate to the airport if after its acquisition that land will not be converted to a use that is incompatible with the level of airport noise.

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<sup>1</sup> This checklist review is intended as a guide for QAPAB issued by the City of Philadelphia. It is not intended to be a comprehensive description/analysis of the federal tax rules governing post-issuance compliance of such bonds.

- For purposes of the Internal Revenue Code of 1986, as amended, at least 95% of proceeds of QAPAB must be used for an "airport." Cost of issuance financed with proceeds of such Bonds (up to 2%) are not considered an "airport" and would be considered part of the 5% of "bad money".

- Examples of facilities that fall into the "other" category and which are not considered an "airport" or "functionally related and subordinate to an airport" include facilities not located at or in close proximity to the takeoff and landing area. A hotel located at or adjacent to an airport is no longer considered to be an "airport" facility or "functionally related and subordinate to an airport".<sup>2</sup>

- **It is possible (and probable) that a facility may have more than 1 use, if that is the case please breakout the use of such facility, for example the "terminal area" may include terminals, restaurants and office space. Please be specific when describing the facility.**

#### **4. Primary Use of Facility**

- Describe how the facility is being used. For example—air passenger transportation, landing, cargo, parking, retail, etc.

#### **5. Ownership**

- Is facility owned by the City of Philadelphia? If not list who owns the facility. The proceeds of QAPAB must be used to finance "Airport" facilities "owned" by the City (or a City Authority).

#### **6. Lease**

- If any space in the facility is to be leased or used by any party other than the City or the Airport, indicate who uses such facility (e.g., retail). No proceeds of QAPAB may be used to provide an airplane, health club facility, facility primarily used for gambling or store the principal purpose of which is the sale of alcoholic beverages for consumption off premises. Generally, not more than 25% of the net proceeds of a QAPAB issue may be used for the acquisition of land.

#### **7. Other Arrangements**

- Discuss any advertising, naming rights, parking agreements or other arrangements with respect to the facility. Quantify payments received by the City as a percentage of gross revenue and on a square footage basis of use, if possible.

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<sup>2</sup> Note that QAPAB issued to finance the Marriott Hotel in 1990 were issued under a specific transaction rule in the 1986 Tax Act.

## 8. Measurement of Use/Non-Qualifying Use

- *Square footage of facility and use.*

- Provide the total square footage of the facility. If the facility qualifies as an Airport or a functionally related and subordinate facility please note the amount of square footage that would be classified as an airport or functionally related and subordinate facility. If a portion of the facility is not considered an airport or functionally related and subordinate facility please describe the square footage of such other use compared to square footage of the facility.

- Describe how often the space is being used if it qualifies as "other" in the "type of facility" category. For example, if there is a conference room in terminal D that is being rented out to private parties please provide specific information.

- If a service provider under a lease or other arrangement is using space please include this in your description of square footage.

- *Payments*

- If payments are provided by a user (including private user) in a facility that qualifies as an Airport or a functionally related and subordinate facility please state that such payments are being used for an "airport purpose". If payments are coming from a user of the facility that is listed in the "other" category for "type of facility" please provide specific information on such payments. For example, if US Airlines is renting office space in terminal B please provide information on such payments.