

**CITY OF HOUSTON AIRPORT SYSTEM
 PLEDGED DEBT COVERAGE
 AS OF JUNE 30, 2018
 WITH PRIOR YEAR COMPARISONS**

	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Net revenues										
Operating revenue	\$ 385,757	\$ 406,579	\$ 410,402	\$ 417,550	\$ 432,994	\$ 452,107	\$ 476,282	\$ 488,897	\$ 494,041	\$ 510,864
Interest on investments - revenue fund	23,664	15,988	12,889	9,826	7,029	5,499	6,014	6,986	9,306	13,348
Other nonoperating revenues	300	2,504	341	2,289	1,222	3,162	7,526	(52)	7,177	(1,805)
Gross revenues	409,721	425,071	423,632	429,665	441,245	460,768	489,822	495,831	510,524	522,407
Less: Maintenance and operating expenses	(242,449)	(245,147)	(262,668)	(255,507)	(252,745)	(268,745)	(283,557)	(314,715)	(254,506) *	(326,889)
Net pledged revenue	\$ 167,272	\$ 179,924	\$ 160,964	\$ 174,158	\$ 188,500	\$ 192,023	\$ 206,265	\$ 181,116	\$ 256,018	\$ 195,518
Debt Service										
Principal	\$ 49,692	\$ 51,832	\$ 61,136	\$ 59,575	\$ 56,800	\$ 60,419	\$ 71,999	\$ 79,093	\$ 82,707	\$ 81,137
Interest	100,746	93,298	97,546	91,736	97,138	96,005	91,320	84,811	92,316	93,319
	150,438	145,130	158,682	151,311	153,938	156,424	163,319	163,904	175,023	174,456
Less PFC revenue available for debt service	(15,847)	(27,087)	(38,828)	(36,619)	(34,390)	(35,614)	(38,054)	(42,320)	(54,673)	(50,642)
Less grant revenue available for debt service	(38,835)	(29,084)	(17,999)	(7,360)	-	(22,942)	(16,399)	(13,888)	-	-
Total debt service	\$ 95,756	\$ 88,959	\$ 101,855	\$ 107,332	\$ 119,548	\$ 97,868	\$ 108,866	\$ 107,696	\$ 120,350	\$ 123,814
Coverage of debt service	1.75	2.02	1.58	1.62	1.58	1.96	1.89	1.68	2.13	1.58
Net Required revenue per bond rate covenant	\$ 105,208	\$ 98,571	\$ 112,873	\$ 119,343	\$ 133,552	\$ 108,369	\$ 122,822	\$ 120,125	\$ 134,348	\$ 137,474
Ratio of required revenue	1.59	1.83	1.43	1.46	1.41	1.77	1.68	1.51	1.91	1.42

Debt service requirements is equal to interest expense (excluding amortization of bond discount and amounts provided for payment of interest by bond proceeds and other sources and deposited into a restricted fund for that purpose) for each respective fiscal year ended June 30, plus principal payment payable on the next July 1. Certain grant revenue and passenger facility charge revenue is available to cover net required revenue and required debt service. In FY2016, \$6,250,000 in remaining series 2009A proceeds were used to pay senior lien bond debt service.

Net revenues in each fiscal year are required to be at least equal to the larger of either: (1) the debt service and reserve transfer requirements of each fiscal year or; (2) 125%, 110% and 100% of the debt service requirements for such fiscal year of the Senior Lien Bonds (or Commercial Paper assumed to be refinanced as Senior Lien Revenue Bonds), Subordinate Lien Revenue Bonds and Inferior Lien debt, respectively.

Revenues and expenses cannot be included in net pledged revenue if they are accounted for outside of the Airport Revenue Fund, and do not affect amounts available for transfer to debt service funds.

*** Operating and maintenance expense for debt coverage calculations decreased by \$60.2 million between FY17 and FY16, primarily due to a \$67.4 million decrease in pension expense associated with pension reform enacted in 2017. Without the effects of pension reform, it is estimated that debt service coverage would have been 1.63.**