

CITY OF HOUSTON, TEXAS  
 PLEDGED REVENUES (in thousands)

AIRPORT SYSTEM FUND

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>NET REVENUE</b>										
Operating revenue	\$ 410,402	\$ 417,550	\$ 432,994	\$ 452,107	\$ 476,282	\$ 488,897	\$ 494,041	\$ 510,864	\$ 498,464	\$ 471,912
Interest on investments - revenue fund	12,889	9,826	7,029	5,499	6,014	6,986	9,306	13,348	19,681	19,503
Other nonoperating revenues	341	2,289	1,222	3,162	7,526	(52)	7,177	(1,805)	47	122
Gross revenues	423,632	429,665	441,245	460,768	489,822	495,831	510,524	522,407	518,192	491,537
Less: Maintenance and operating expenses	(262,668)	(255,507)	(252,745)	(268,745)	(283,557)	(314,715)	* (254,506)	(326,889)	** (315,153)	(314,034)
Net pledged revenue	\$ 160,964	\$ 174,158	\$ 188,500	\$ 192,023	\$ 206,265	\$ 181,116	\$ 256,018	\$ 195,518	*** 203,039	\$ 177,503
<b>DEBT SERVICE</b>										
Principal	\$ 61,136	\$ 59,575	\$ 56,800	\$ 60,419	\$ 71,999	\$ 79,093	\$ 82,707	\$ 81,137	\$ 80,110	\$ 89,090
Interest	97,546	91,736	97,138	96,005	91,320	84,811	92,316	93,319	96,202	91,641
	158,682	151,311	153,938	156,424	163,319	163,904	175,023	174,456	176,312	180,731
Less PFC revenue available for debt service	(38,828)	(36,619)	(34,390)	(35,614)	(38,054)	(42,320)	(54,673)	(50,642)	(60,646)	(55,040)
Less grant revenue available for debt service	(17,999)	(7,360)	-	(22,942)	(16,399)	(13,888)	-	-	-	(14,169)
Total debt service	\$ 101,855	\$ 107,332	\$ 119,548	\$ 97,868	\$ 108,866	\$ 107,696	\$ 120,350	\$ 123,814	\$ 115,666	\$ 111,522
	1.58	1.62	1.58	1.96	1.89	1.68	2.13	1.58	*** 1.76	1.59
Net Required revenue per bond rate covenant	\$ 112,873	\$ 119,343	\$ 133,552	\$ 108,369	\$ 122,822	\$ 120,125	\$ 134,348	\$ 137,474	\$ 127,430	\$ 122,935
<b>RATIO OF REQUIRED REVENUE</b>	1.43	1.46	1.41	1.77	1.68	1.51	1.91	1.42	*** 1.59	1.44

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 Fiscal Year 2016, \$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.

\*Maintenance and operating expense for debt coverage calculations decreased by \$60.2 million between Fiscal Year 2017 and Fiscal Year 2016, 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.

\*\* Fiscal Year 2019 maintenance and operating expenses is updated due to allowable exclusions in the definition of maintenance and operating expense in the Master Bond Ordinance.

\*\*\* Fiscal Year 2019 Net pledged revenue, coverage of debt service and ratio of required revenue are updated accordingly.