General Obligation Bond Capacity

Austin Financial Services

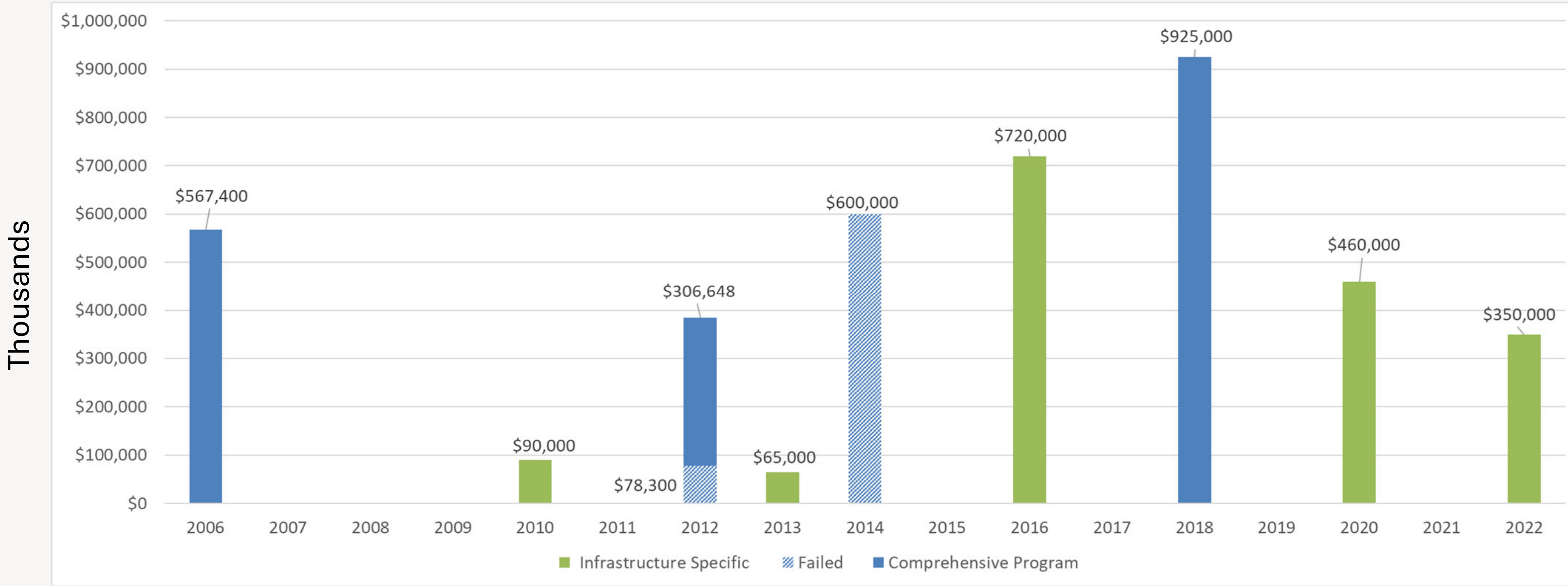
January 14, 2026

Common Terms

- Appropriation – Action by City Council to authorize the spending of City funds for specific purposes.
- Authorization – Voter approval for bond programs.
- Authorized But Unissued (ABU) – Debt legally authorized (either by Council or voters) but not yet sold.
- Certificates of Obligation (CO) – Non-voter approved debt used for land, buildings, right of way, construction of a public work.
- Contractual Obligation (PPFCO) – Non-voter approved debt used for equipment, machinery, vehicles, information technology.
- Encumbered – A commitment to make a payment in the future, typically associated with a contract for goods or services.
- General Obligation (GO) Bonds – Bonds backed by the full faith and credit of the City of Austin. Includes PIBs, COs, and PPFCOs.
- Obligated – Total commitments calculated from the sum of expenditures and encumbrances.
- Public Improvement Bonds (PIB) – Voter authorized debt.
- Remaining Balance – Appropriation minus obligated.
- Spending Plan – Anticipated capital expenditures each fiscal year.

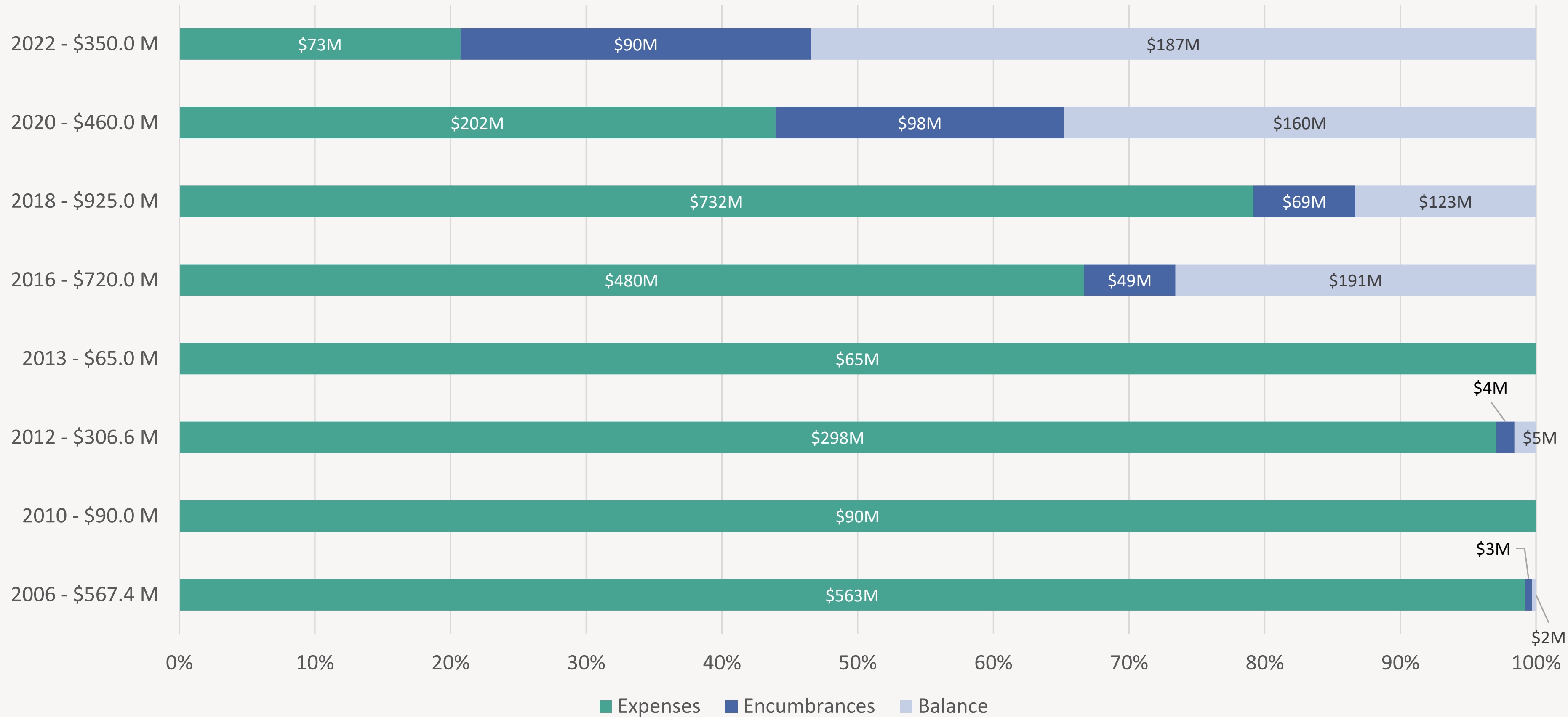
Current Bond Programs and Debt Requirements

Bond Program Election History (2006 – 2022)



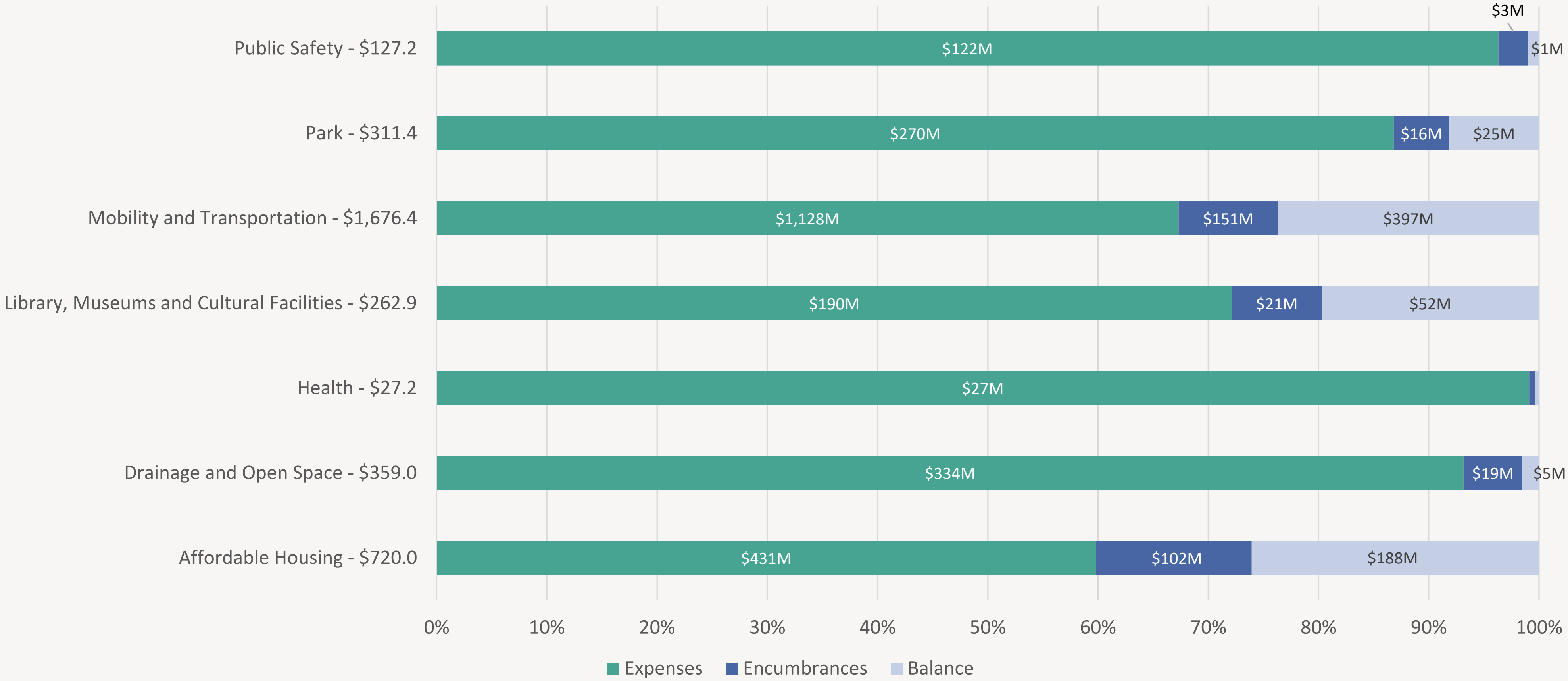
Bond Program Balances (Election Year)

Austin



As of Q4 - FY25

Bond Program Balances (Spending Category)



As of Q4 - FY25

General Obligation Debt

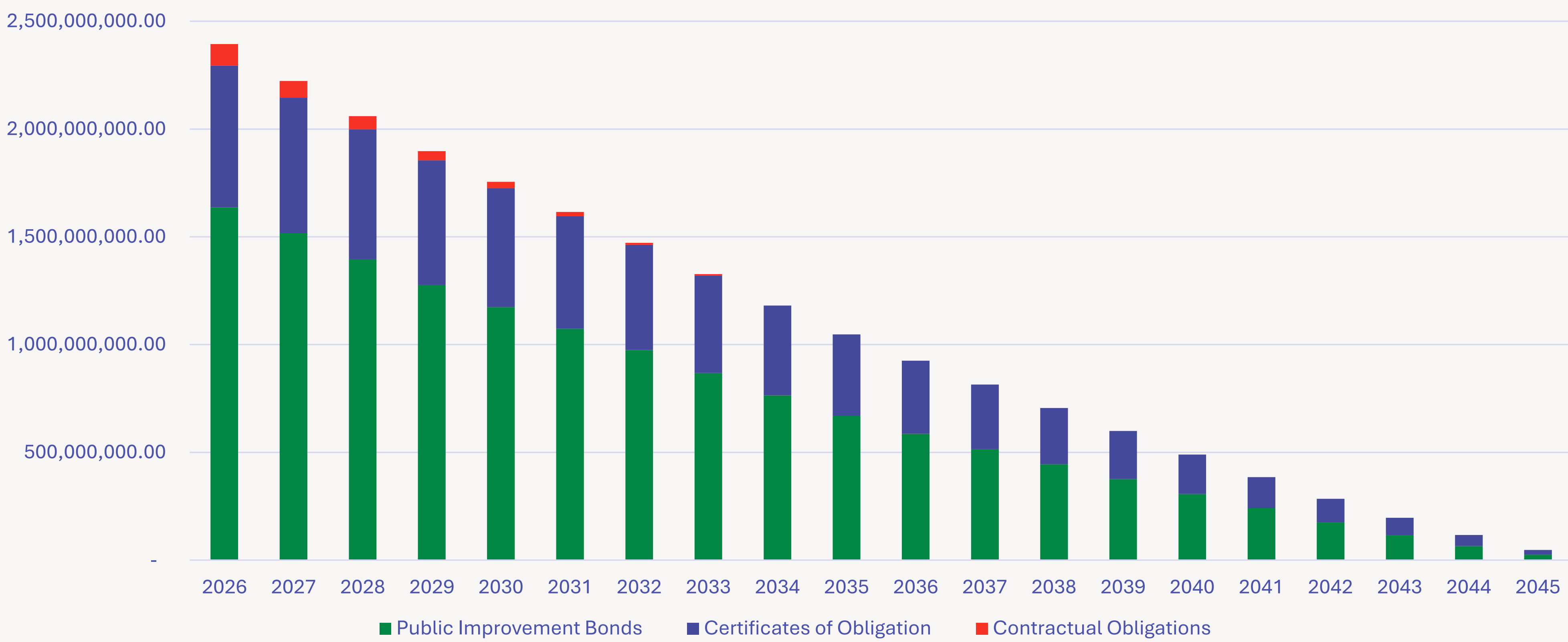
Austin

- $2.4 Billion in currently outstanding General Obligation (GO) Debt
- City Issues GO debt once per year (August/September)
- Revenue pledge – backed by property tax (ad valorem) and “full faith and credit” of the City

Types of GO Debt	Purpose	Voter Approval	Term
Public Improvement Bonds (PIBs)	Capital improvement projects and capital assets	Yes	20 years
Certificates of Obligations (COs)	Real property: land, buildings, right of way, construction of a public work	No	20 years
Contractual Obligations (PPFCOs)	Personal property: equipment, machinery, vehicles, information technology	No	7 years

Current Outstanding GO Debt

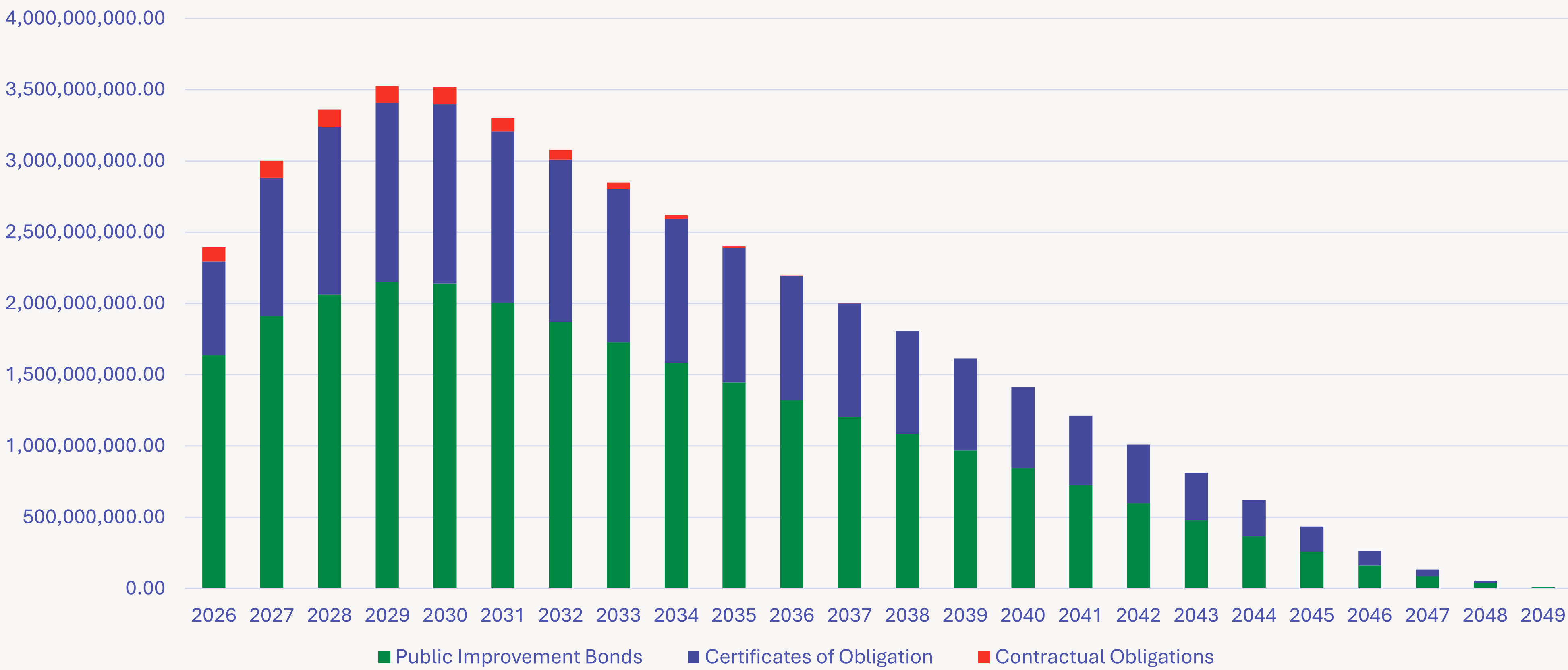
Austin



Authorized But Unissued Highlights

- Public Improvement Bonds (≈$1.02B)
  - $268.0M – 2022 Affordable Housing Bonds
  - $285.0M – 2020 Transportation/Mobility Bonds
  - $217.3M – 2018 GO Bonds
  - $238.9M – 2016 Transportation/Mobility Bonds
  - $10.3M – 2006-2012 GO Bonds
- Certificates of Obligation (≈$850M)
  - Tax Supported: Various facility acquisitions and renovations; Land acquisition; Cap and Stitch (vertical structures)
  - Non-Tax Supported: Waller Creek, Northeast Service Center
  - TBD: Public Safety HQ renovation costs
- Contractual Obligations (≈$200M)
  - IT equipment, vehicles

Projected GO Debt Issuances through 2030



Bond Sale and Capacity Analysis

Analysis Assumptions

- Assessed Valuation growth – 3% year over year
- Conservative forecasted borrowing rates – 5%
- Multi-year forecasted for capacity
  - Consistent with Council adopted financial policies
  - Level debt service
  - ABUs modeled according to departmental spend plans
  - Proposed bond scenarios modeled to be sold over course of bond program
  - Tax rate impacts spread out over several years
  - Continue to utilize Reimbursement Resolutions to fund projects
    - Appropriate funds in one year, sell bonds in subsequent years

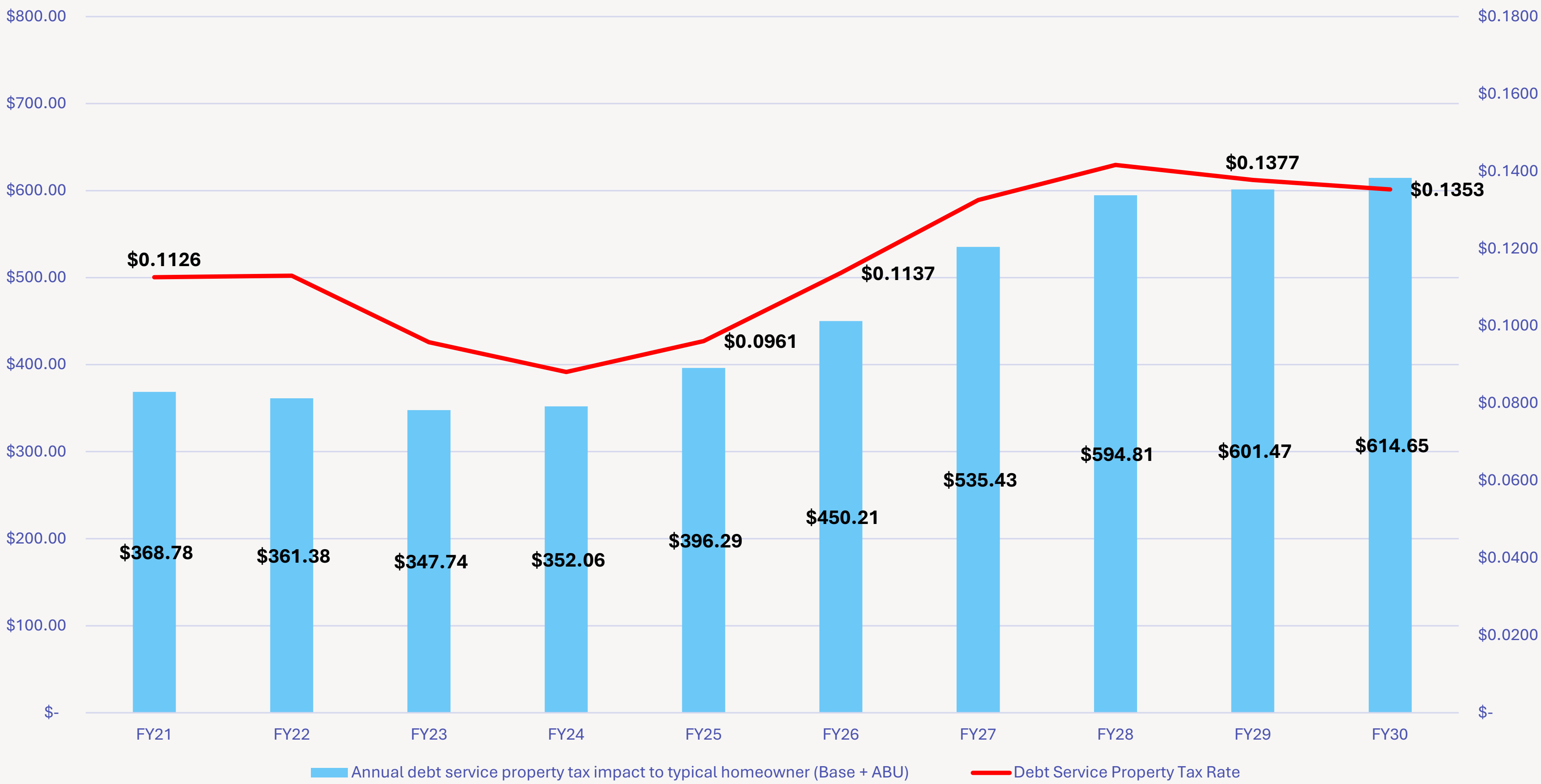
Property Tax Rate

- The City's property tax rate consists of two parts:

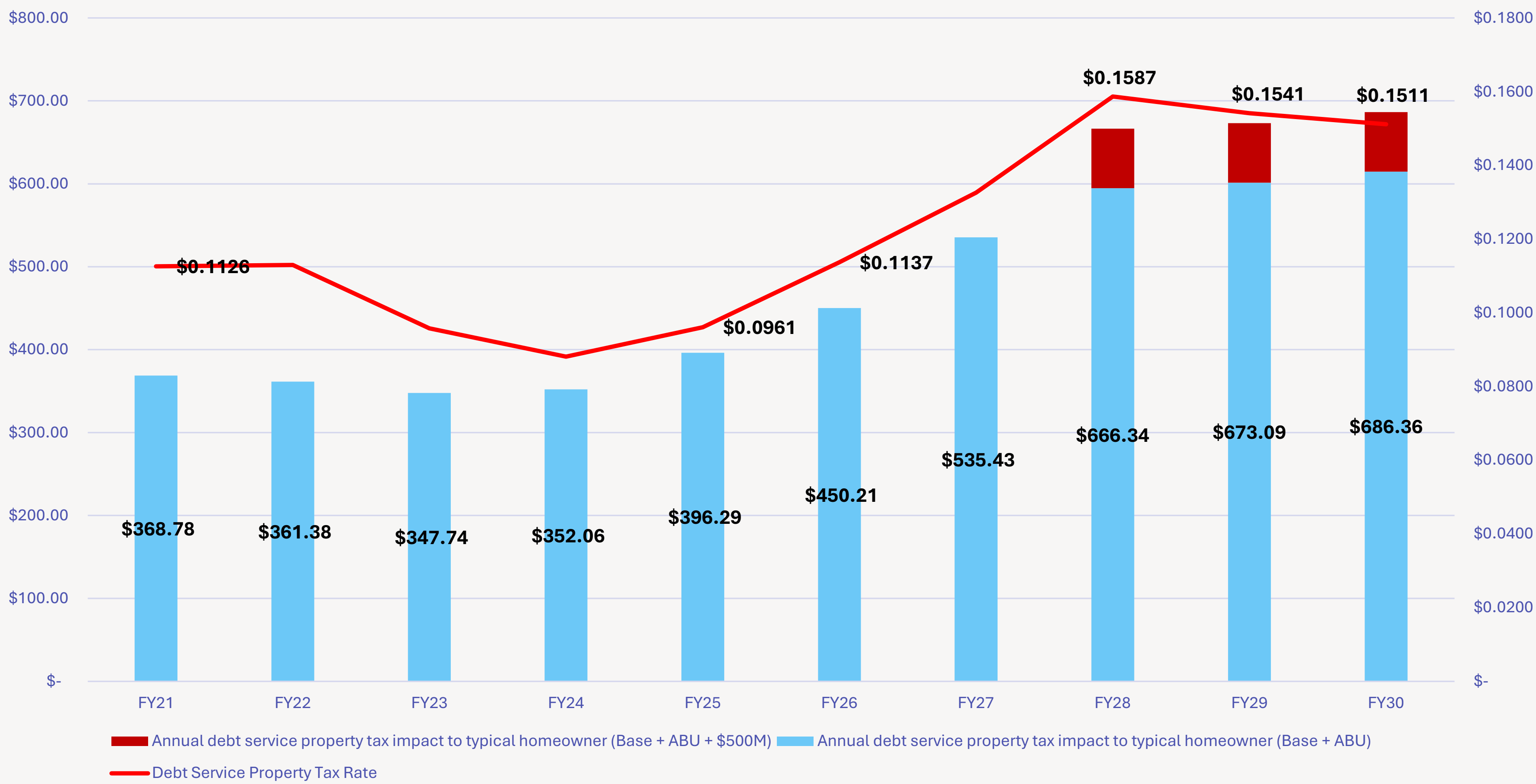
Operations & Maintenance **$0.4103** + Debt Service **$0.1137** = FY 26 Tax Rate **$0.5240**

- Debt service tax rate set each year at level necessary to fund principal and interest payments on debt that has been issued and pledged with property tax
- General Obligation debt service includes both **voter-approved** Public Improvement Bonds and **non-voter approved** Certificates of Obligation and Contractual Obligations.

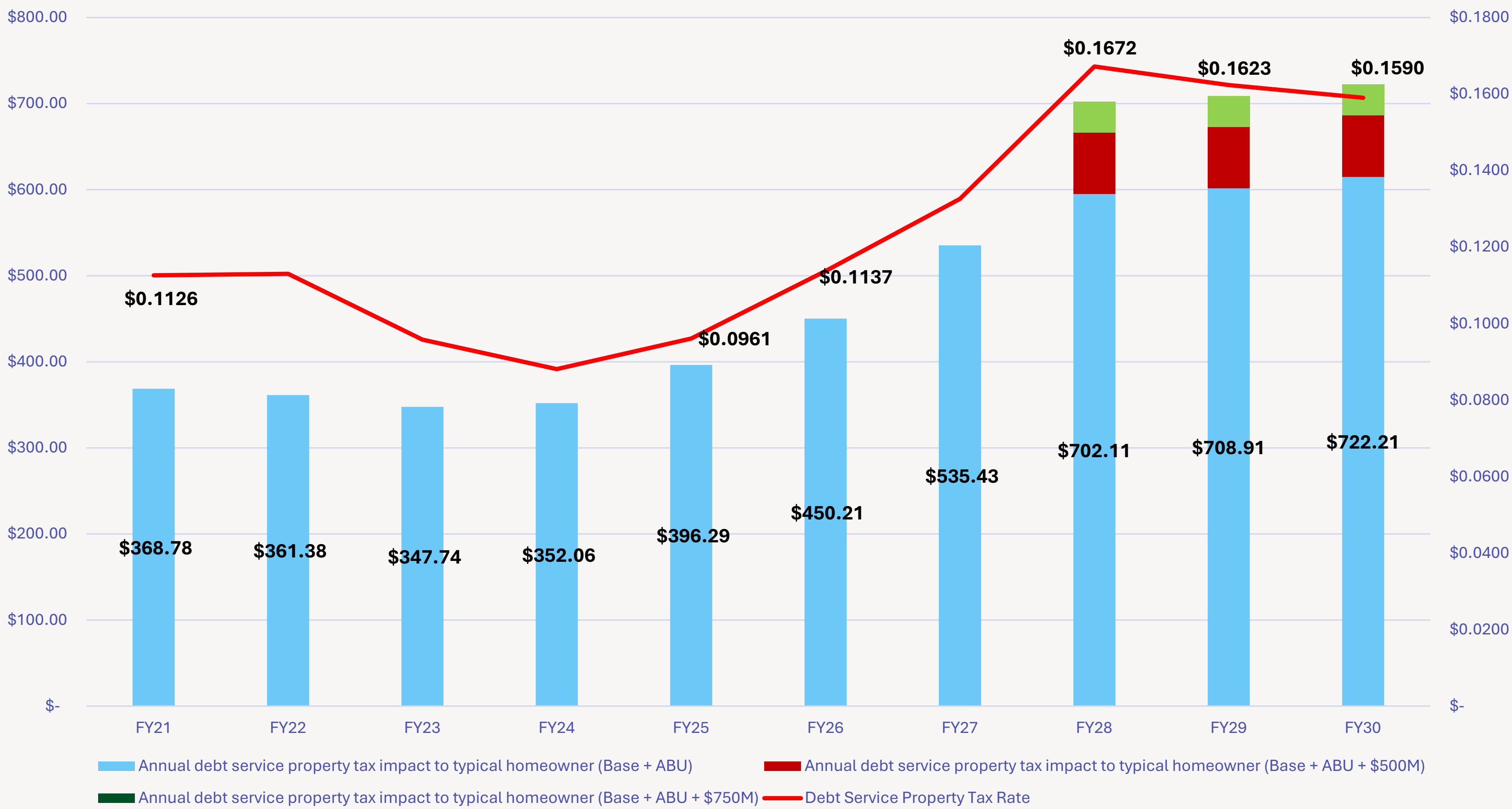
Debt Service Fiscal Impact (Current + ABU)



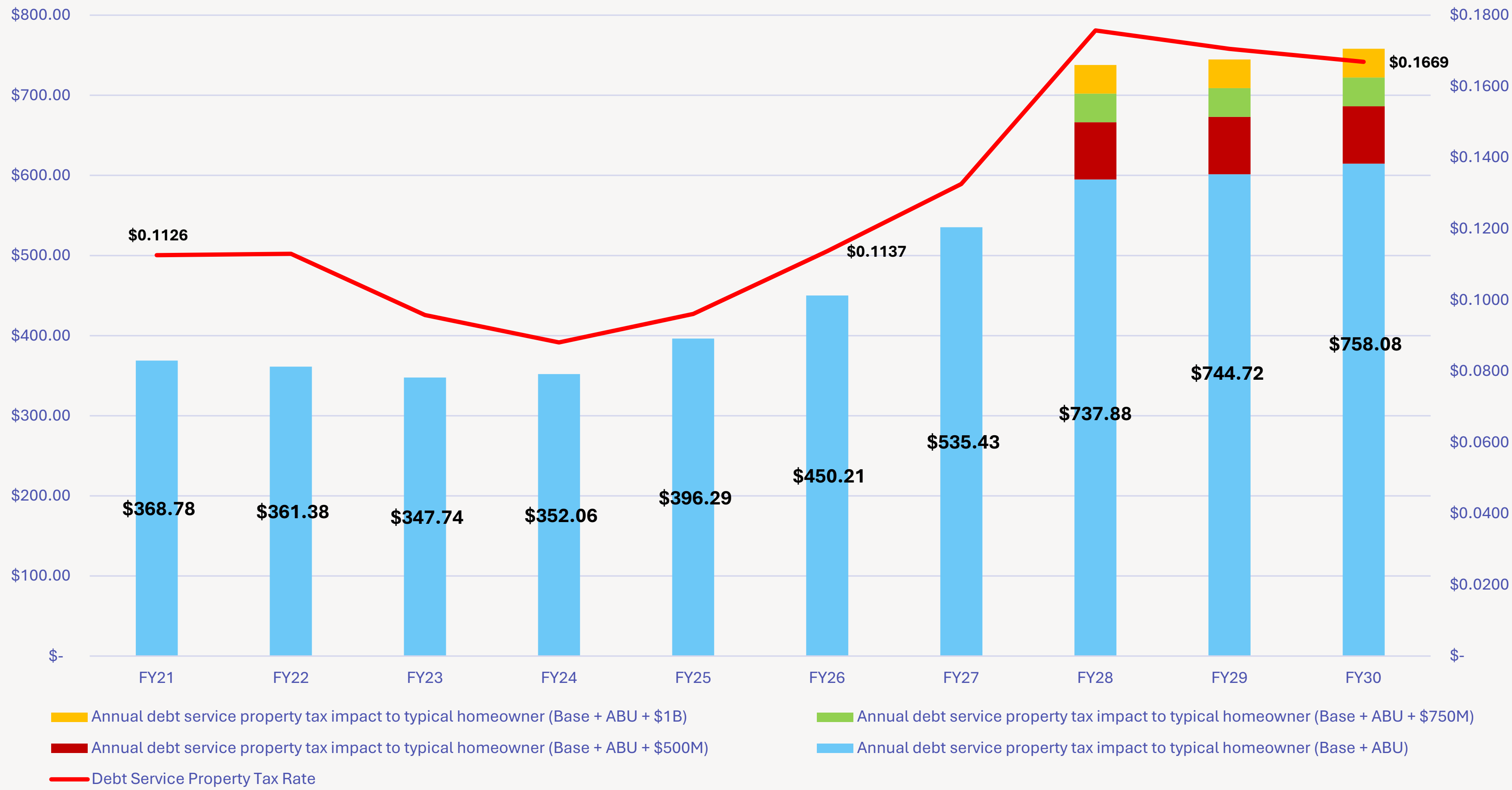
Debt Service Fiscal Impact (+$500M)



Debt Service Fiscal Impact (+$750M)



Debt Service Fiscal Impact (+$1B)



Additional Considerations

Bond Election Results in Texas – Nov. 2025

- City Bond Elections
  - Fourteen cities
  - $852.7M taken to voters
  - $258.2M approved and $594.6M failed (30%/70%)
- County Bond Elections
  - Four counties
  - $527.0M taken to voters
  - $224.0M approved and $303.0M failed (43%/57%)
- School District Bond Elections
  - Sixty-seven school districts
  - $10.4B taken to voters
  - $6.7BM approved and $3.74B failed (64%/36%)

Council Adopted Financial Policies

- Timing of general obligation bond elections
  - Based on current authorized but unissued (ABU) bonds remaining to be sold
  - Estimated two years of ABUs shall remain before an election will be held
- Total dollar amount of bond election propositions
  - Shall not exceed City's estimated ability to issue within a normal six-year period

Credit Rating Considerations

Austin

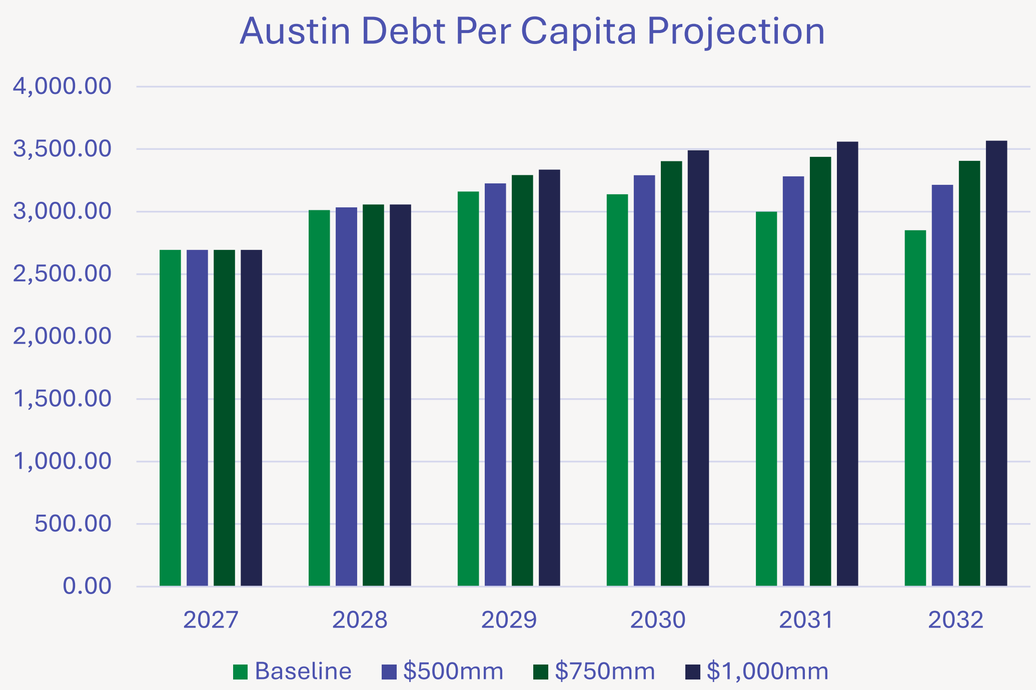
Current GO Credit Ratings	
S&P	AAA
Fitch	AAA
Moody's	Aa1

S&P Scores (Peak ≈2030/31)	Debt per Capita	Annual Liabilities as % of Revenue
Current	$2,234 (3)	25.9% (5)
No Bond Election	$3,139 (4)	28.1% (5)
$500M	$3,292 (4)	28.9% (5)
$750M	$3,437 (4)	29.4% (5)
$1B	$3,559 (5)	29.9% (5)

S&P Metrics Guide	Assessment Scores					
	1	2	3	4	5	6
Annual Liabilities as % of Revenues	<8	8 – 14	14 – 20	20 – 25	25 – 30	>30
Net direct debt per capita	<500	500 – 1,500	1,500 – 2,500	2,500 – 3,500	3,500 – 4,500	>4,500
Net pension liabilities per capita	<500	500 – 1,500	1,500 – 2,500	2,500 – 3,500	3,500 – 4,500	>4,500

Debt per Capita Comparison to Texas Cities

City	Debt Per Capita (Current)
Austin	$2,234
Arlington	$1,657
Corpus Christi	$1,815
Dallas	$2,110
Fort Worth	$1,109
Houston	$1,608
San Antonio	$1,827



Final Considerations

- Affordability - Typical Taxpayer Impact
  - Every $100M of additional debt increase the annual tax bill by $14.34
  - Debt service portion of the tax bill will increase from $450/year to $615/year by FY2030 with no additional bond election ($165 increase)
- Competitiveness among other large Texas cities
- Ability/capacity to deliver projects in a timely manner
- Recommendation/Options
  - 2026 - $750M maximum
  - Option to delay until 2028 or later to allow for continued progress on existing bond programs, improved financial debt metrics, and potentially increased bonding capacity
  - Combination of a smaller program in 2026 and larger program later

Questions