



City of Austin

Recommendation for Action

File #: 25-2071, **Agenda Item #:** 8.

10/23/2025

Posting Language

Approve an ordinance authorizing the issuance and sale of City of Austin Hotel Occupancy Tax Revenue Refunding Bonds (Separate Venue Lien) Series 2025, in a par amount not to exceed \$46,175,000 to refund Series 2008 and Series 2012 Convention Center venue bonds, in accordance with the parameters set out in the ordinance, authorizing related documents, approving the payment of costs of issuance, and providing that the issuance and sale be accomplished by October 23, 2026. Funding: The Fiscal Year 2026 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the Fiscal Year 2026 Operating Budget of the Convention Center Hotel Occupancy Tax Revenue Bond Redemption Fund.

Lead Department

Austin Financial Services

Fiscal Note

Fiscal Year 2026 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the Fiscal Year 2026 Operating Budget of the Convention Center Hotel Occupancy Tax Revenue Bond Redemption Fund.

For More Information:

Belinda Weaver, Treasurer, 512-974-7885

Additional Backup Information:

This bond refunding is related to the Convention Center Expansion Project and the separate, but concurrent, issuance of up to \$650 million of Special Tax Revenue Bonds (Convention Center Project), Series 2025 (Expansion Bonds) that will support the first phase of funding of the expansion project. The Convention Center still has previously issued bonds that remain outstanding - the Series 2008 and Series 2012 Bonds (the Prior Venue Bonds). The refunding is being executed to better delineate the pledge of Hotel Occupancy Tax (HOT) revenues that will be used to secure and repay the Expansion Bonds being issued, as well as to accelerate the payoff of Prior Venue Bonds, generating cashflow savings. Upon the issuance of the Venue Refunding Bonds, Series 2025, only the 2% Venue HOT will be legally pledged to and used to repay the Prior Venue Bonds. When the Venue Refunding Bonds are paid off, the 2% Venue HOT will no longer be collected. Under State law, the bondholders do not have a right to seek payment from property taxes.

The Prior Venue Bonds are currently secured by a combination of the 4.5% HOT and the 2% Venue HOT. Since the 4.5% HOT is not needed as security for the Prior Venue Bonds but is necessary for the repayment of Expansion Bonds, the refunding will enable the ordinances to be revised to pledge the 2% Venue HOT to just the Prior Venue Bonds and allow the City to pledge the 4.5% HOT and the 2% Ch. 351 HOT (approved by City Council in 2019) to the Expansion Bonds. A summary table is provided below.

Convention Center Bonds - Proposed Pledged Revenue and Lien Summary

	Pledged Revenue Before Refunding	Pledged Revenue After Refunding	Bond Series	Purpose
Prior Venue Revenue Bonds	2% Venue HOT 4.5% HOT	2% Venue HOT 4.5% HOT	Prior Venue Lien Revenue Refunding Bonds, Series 2025	Refund 2008 and 2012 Venue Bonds
Convention Center Project Expansion Bonds	N/A	2% Ch. 351 HOT 4.5% HOT State PFZ Revenues	Special Tax Revenue Bonds, Series 2025 (Convention Center Project)	Fund Convention Center Expansion Project

The Venue Refunding Bonds must be issued prior to or concurrently with the Expansion Bonds to be able to pledge the HOT revenues in the manner described above. The proceeds of the refunding bonds will be used to (1) refund and accelerate the payoff of the Prior Venue Bonds, generating cashflow savings, (2) pay a swap termination fee, (3) fund a letter of credit termination fee on the 2008 bonds, and (4) pay costs of issuance.

To provide the City with the flexibility to respond quickly to changing market conditions, the proposed ordinance delegates the authority to the City Manager, Chief Financial Officer, or Director of Financial Services (each a Pricing Officer) to complete the sale of the bond transaction in accordance with the parameters in the ordinance. In addition, the authority of the Pricing Officer to exercise the authority delegated by Council under the ordinance expires on October 23, 2026.

The transaction will be sold through the following underwriting team:

Senior Manager: Bank of America
 Co-Senior Manager: Mesirow
 Co-Managers: Hilltop Securities and Loop Capital

For this bond transaction, PFM Financial Advisors LLC will serve as municipal advisor, Norton Rose Fulbright US LLP will serve as bond counsel, and Orrick, Herrington & Sutcliffe LLP will serve as disclosure counsel.