



City of Austin

Recommendation for Action

File #: 26-1527, **Agenda Item #:** 7.

5/7/2026

Posting Language

Approve a resolution authorizing the defeasance of certain outstanding 2025 General Obligation Public Improvement and Refunding Bonds, including authorizing the execution of an escrow agreement and related documents. Funding: This item has no fiscal impact. Funding for the defeasance will be an upfront payment from a private developer partner as part of public-private partnership redevelopment project.

Lead Department

Austin Financial Services

Fiscal Note

This item has no fiscal impact. Funding for the defeasance will be an upfront payment from a private developer partner as part of public-private partnership redevelopment project.

For More Information:

Belinda Weaver, Treasurer, 512-974-7885.

Additional Backup Information:

A defeasance is a method of using available cash to pay off outstanding debt. The cash is placed in an escrow account with an escrow agent making principal and interest payments on the required payment date for the bonds being defeased, either to maturity or a to redemption date prior to maturity. Once the escrow is funded, the debt obligations payable from the escrow are no longer secured by or payable from the taxes or revenues initially pledged to their payment and the debt is considered to be legally retired.

The proposed action seeks authorization to defease and retire up to \$5,000,000 in principal (along with associated interest) of the City's outstanding 2025 General Obligation Public Improvement and Refunding Bonds. The defeasance will allow the City to remove the debt from its books and is legally necessary due to a change of use and conveyance of a property originally purchased with General Obligation bonds. The property conveyance will support income-restricted affordable housing, with 15,000 square feet of community-serving retail and minimum of one foot above the design flood elevation the expansion of dedicated parkland.

The source of funds for the defeasance is an upfront payment to the City from a private development partner provided at conveyance as part of a public-private partnership to redevelop the 19 acres of City-owned land.

For this defeasance transaction, PFM Financial Advisors LLC will serve as municipal advisor, McCall, Parkhurst & Horton L.L.P will serve as bond counsel, and Robert Thomas CPA, LLC will serve as verification agent.