



City of Austin

Recommendation for Action

File #: 26-1861, **Agenda Item #:** 16.

5/21/2026

Posting Language

Approve an ordinance authorizing the issuance and sale of one or more series of City of Austin, Texas, Special Tax Revenue Bonds, Series 2026 (Convention Center Project), in a par amount not to exceed \$1,350,000,000 to fund the Convention Center expansion project, in accordance with the parameters set out in the ordinance; authorizing related documents; approving the payment of costs of issuance; and rescinding Ordinance No. 20251023-009. Funding: Fiscal Year 2025-2026 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the Operating Budget of the Convention Center Hotel Occupancy Tax Revenue Bond Redemption Fund.

Lead Department

Austin Financial Services

Fiscal Note

Fiscal Year 2025-2026 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the Fiscal Year 2025-2026 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:

The Convention Center is critical to Austin's tourism, hospitality, culture, and small business economy. It brings hundreds of thousands of visitors to Austin for conventions, festivals, and live events. A Convention Center expansion has been studied and contemplated for nearly a decade, beginning in 2015 with the release of the Convention Center Master Plan. The City and community spent years in thoughtful deliberation, evaluating the project through numerous studies, a Council-appointed task force charged with evaluating an expansion, and an updated Master Plan with accompanying economic impact report, culminating in the City Council approving an increase to the City's Hotel Occupancy Tax ("HOT") rate in support of an expansion in 2019. An expanded Austin Convention Center will significantly increase the rentable square footage of the facility, growing from 365,000 square feet to 620,000 square feet of rentable space. With expanded capacity, Austin can meet current and future event demand, increase visitor spending, and grow local tax revenue. The \$1.6 billion project will be funded with cash on hand, convention center revenues, and debt, which debt will be repaid by HOT revenues and state incremental tax revenues from the Project Finance Zone ("PFZ") established by the City in 2024.

Bond Financing Plan. This bond financing for the Austin Convention Center represents the full amount of bond financing ("Expansion Bonds") that is expected to be issued to fund the Convention Center expansion project. The Convention Center currently expects to use the 2026 bond proceeds and available cash for a planned completion and re-opening in spring 2029.

The ordinance authorizes the issuance of the Expansion Bonds in one or more series with a combined maximum principal amount of \$1,350,000,000. The not to exceed principal amount of \$1.35 billion reflects a construction fund deposit of \$1.25 billion - representing the amount of debt financing to be used towards the

\$1.6 billion expansion project budget - with the remainder of bond funds to be used to fund required debt service reserve fund deposits, if needed, and cost of issuance. The City’s delegated pricing officer, as defined below, will determine the principal amount of and security and lien level for each series of bonds to be issued. It is currently contemplated that the Expansion bonds will include (1) approximately \$1.0 billion of Senior Lien Special Tax Revenue Bonds (Convention Center Project), Series 2026A, and (2) approximately \$350 million of Junior Lien Special Tax Revenue Bonds (Convention Center Project), Series 2026B. The bonds being issued for the Convention Center expansion project will be secured by a pledge of gross revenues to include: (1) the 4.5% HOT, the (2) the 2% Texas Tax Code Chapter 351 (“Ch. 351”) HOT approved by City Council in 2019, and (3) State PFZ increment revenues. Each series of Expansion Bonds will also be secured by a debt service reserve fund, satisfied with cash or a surety policy, to be maintained in an amount generally equal to one year of future annual debt service. Under State law, the bondholders do not have a right to seek payment from property taxes, nor other City revenues, the Expansion Bonds are only secured by and payable from the pledged HOT and State PFZ increment revenues.

The use of a senior and a junior lien structure maximizes financing flexibility and credit ratings. The senior lien special tax bonds will require a higher debt service coverage ratio of at least 1.50x and carry higher credit ratings in comparison to the junior lien special tax bond ordinance, whereas the junior lien bonds will have less restrictive coverage requirements when issuing additional bonds relative to the senior lien. Both senior lien and junior lien may be secured by the 4.5% HOT, the 2% Ch. 351 HOT and the State PFZ increment revenues.

Separately, there will be a concurrent issuance of Prior Venue Lien Revenue Refunding Bonds, Series 2026, that must be issued prior to or concurrently with the Expansion Bonds in order to be able to pledge the 4.5% HOT to the Expansion Bonds. The refunding bonds are a separate but related item to the Expansion Bonds and will only be secured by 2% Venue HOT. The 2% Venue HOT will not be pledged to the Expansion Bonds and will cease to be collected upon final maturity or early payoff of Prior Venue Lien Revenue Refunding Bonds. A summary of the pledge of revenues is below.

Convention Center Bonds - Proposed Pledged Revenue and Lien Summary

	Pledged Revenue Before Venue Refunding	Pledged Revenue After Venue Refunding	Bond Series	Purpose
Prior Venue Lien Revenue Bonds	2% Venue HOT 4.5% HOT	2% Venue HOT	Prior Venue Lien Revenue Refunding Bonds, Series 2026	Refund 2008 and 2012 Venue Bonds
Convention Center Project Expansion Bonds	N/A	2% Ch. 351 HOT 4.5% HOT PFZ Revenues	Special Tax Revenue Bonds, Series 2026 (Convention Center Project)	Fund Convention Center Expansion Project

In order 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.

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.