



Debt Management Plan

FY 2026 Proposed Budget

City Council Budget Work Session

Finance Department

Presented by Troy Elliott,

Chief Financial Officer

August 27, 2025



Types of Debt Issued

General Obligation Bonds

- Backed by Property Taxes
- Voter Approved

Certificates of Obligation

- Backed by Property Taxes
- Not Voter Approved
- 45 Day Notice

Tax Notes

- Backed by Property Taxes
- Not Voter Approved
- Short Maturity

Revenue Bonds

- Backed by Specific Revenue
- Not Voter Approved

Bond Rating Scale

	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High Grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-

Current City Bond Ratings

	Moody's	S&P	Fitch
Ad Valorem - Property Tax Debt	Aaa	AAA	AA+
PFC Lease Revenue Bonds – Convention Center Expansion	Aa2	AA+	AA
Airport - General Airport Revenue Bonds	A1	A	A+
Airport - Passenger Facility Charge Revenue Bonds	A2	A-	A
Airport – Customer Facility Charge Revenue Bonds	A3	BBB+	BBB+
Stormwater Revenue Bonds	Aa2	AA+	AA+
Contract Revenue Bonds – Starbright (Toyota)	Aa1	AA+	AA
MFC Lease Revenue Bonds – City Tower	Aa1	AA+	AA

Current Outstanding Debt – September 2025

	Outstanding Principal [\$ In Millions]	Effective Interest Rate	Average Life (Years)
G.O./C.O./Tax Notes ^{1, 2, 3}	\$2,588.7	2.79%	6.72
PFC Lease Revenue Bonds – Convention Center Expansion	537.0	3.73%	11.54
Airport – General Airport Revenue Bonds	105.9	3.33%	7.7
Airport – Passenger Facility Charge Revenue Bonds	68.1	2.31%	5.5
Airport – Customer Facility Charge Revenue Bonds	113.5	5.81%	12.4
Stormwater Revenue Bonds	24.5	3.34%	2.2
Contract Revenue Bonds – Starbright (Toyota)	10.9	4.53%	4.7
Municipal Facilities Corporation (MFC)			
MFC Contract Revenue Notes - Brooks	3.9	2.39%	5.2
MFC Fixed Rate Revenue Bonds – City Tower	58.4	2.46%	14.5
MFC Variable Rate Taxable Revenue Bonds – City Tower	29.4	4.72%	24.5
MFC Edwards Aquifer Contract Revenue Notes	30.0	3.95%	2.0

Total **\$3,570.3**

¹ Includes private placement debt

² Includes self-supporting debt in the amount of \$213.9 Million

³ Excludes Interim Financing for the Airport issued as Tax Notes in the amount of \$469.6 Million

Airport Revenue Bonds

OUTSTANDING DEBT

**\$287.5
Million***

General Airport Revenue Bonds
\$105.9 Million

Passenger Facility Charge
Revenue Bonds
\$68.1 Million

Customer Facility Charge
Revenue Bonds
\$113.5 Million

CAPITAL IMPROVEMENT PLAN

FY 2026 – FY 2031	Amount [\$ In Millions]
Terminal Development Project	\$1,538.0
Airfield Safety Enhancements	100.8
Other Capital Projects	504.1
Total	\$2,142.9 **

**To be issued over multiple years with the first issuance of Airport Revenue Bonds anticipated to be issued in FY 2026 in the amount of approximately \$1 Billion

* Outstanding debt of \$287.5 Million excludes Interim Financing for the Airport issued as Tax Notes in the amount of \$469.6 Million of which a debt service payment of \$269.6 Million is due on February 1, 2026

Stormwater Revenue Bonds – Outstanding Debt

**\$24.5
Million**

Effective Interest Rate: 3.34%
Average Life: 2.2 years

Stormwater Revenue Bonds
backed by Stormwater Revenue

Bonds mature in FY 2030

Currently callable

Bond Ratings: “Aa2” Moody’s / “AA+” S&P / “AA+” Fitch

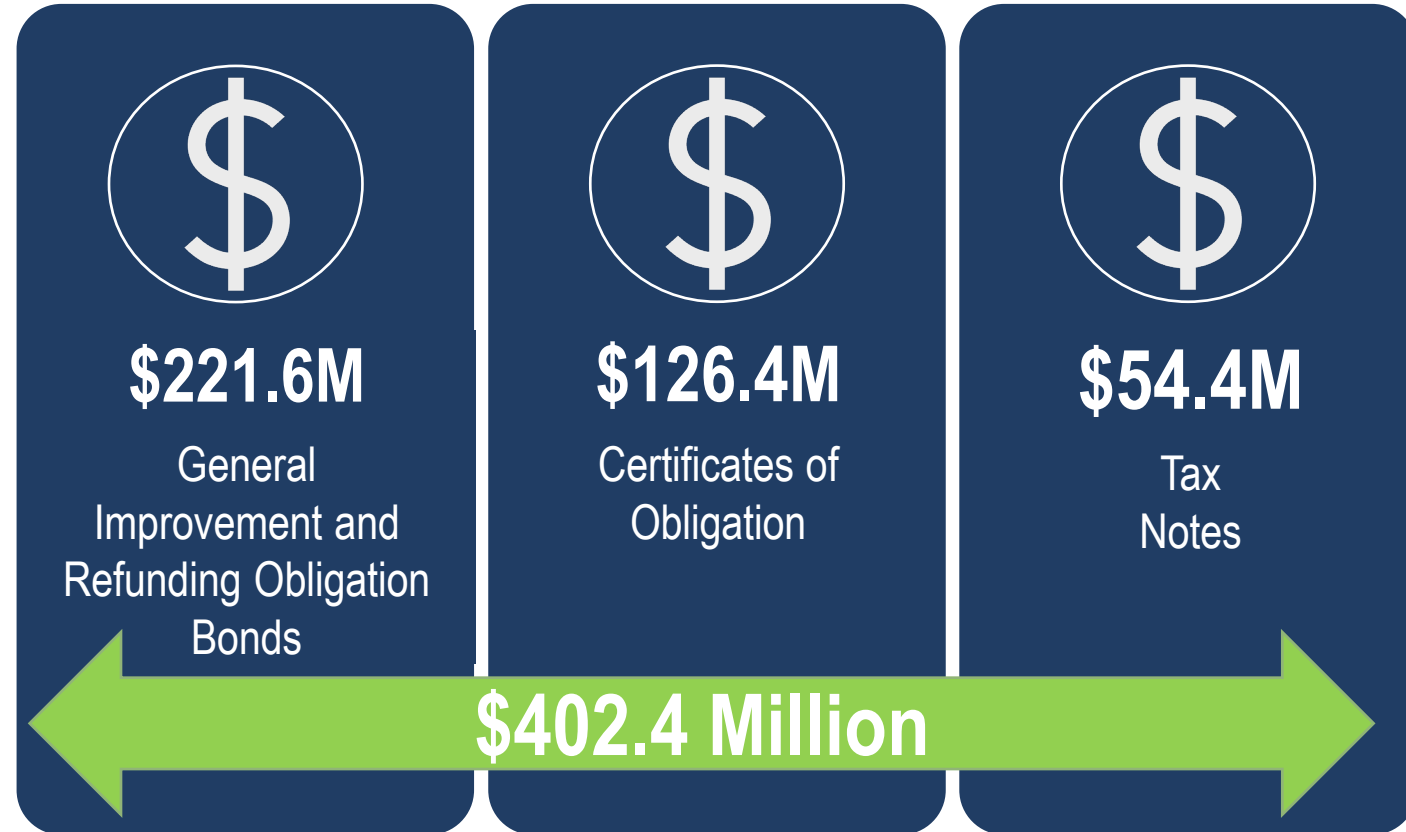
Results of Bond Pricing – August 13-14, 2025

Successful transaction in a competitive market due to City's favorable ratings and name recognition in the market

- Over \$1.1 Billion in orders generated submitted by 41 institutional investors including 11 new investors
- Refunding Bonds of \$81 Million generated \$3.3 Million in total savings and \$3.0 Million in present value savings from previously issued general obligation debt of the City

Overall Interest Rate: 3.93%

Bond Ratings: "Aaa" Moody's / "AAA" S&P / "AA+" Fitch



City Council authorized these issuances on August 7, 2025

Ad Valorem Property Tax – Outstanding Debt

\$2.6*
Billion

Effective Interest Rate: 2.79%
Average Life: 6.72 years

General Obligation Bonds
\$1,696.5 Million

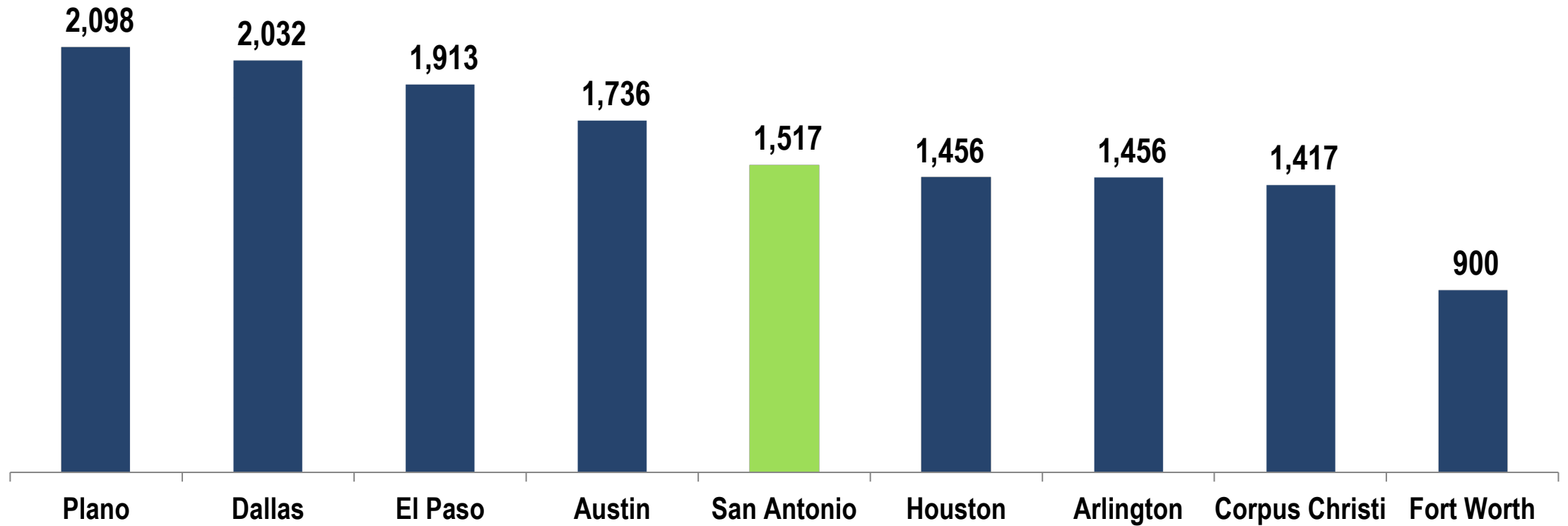
Certificates of Obligation
\$800.4 Million

Tax Notes
\$91.9 Million*

Bond Ratings: “Aaa” Moody’s / “AAA” S&P / “AA+” Fitch

* Excludes Interim Financing for the Airport issued as Tax Notes in the amount of \$469.6 Million

Ad Valorem Debt Per Capita in Texas



FY 2026 Proposed Property Tax Rate



M&O Tax Rate	\$0.33009
Debt Service Tax Rate	<u>\$0.21150</u>
Total Tax Rate	\$0.54159

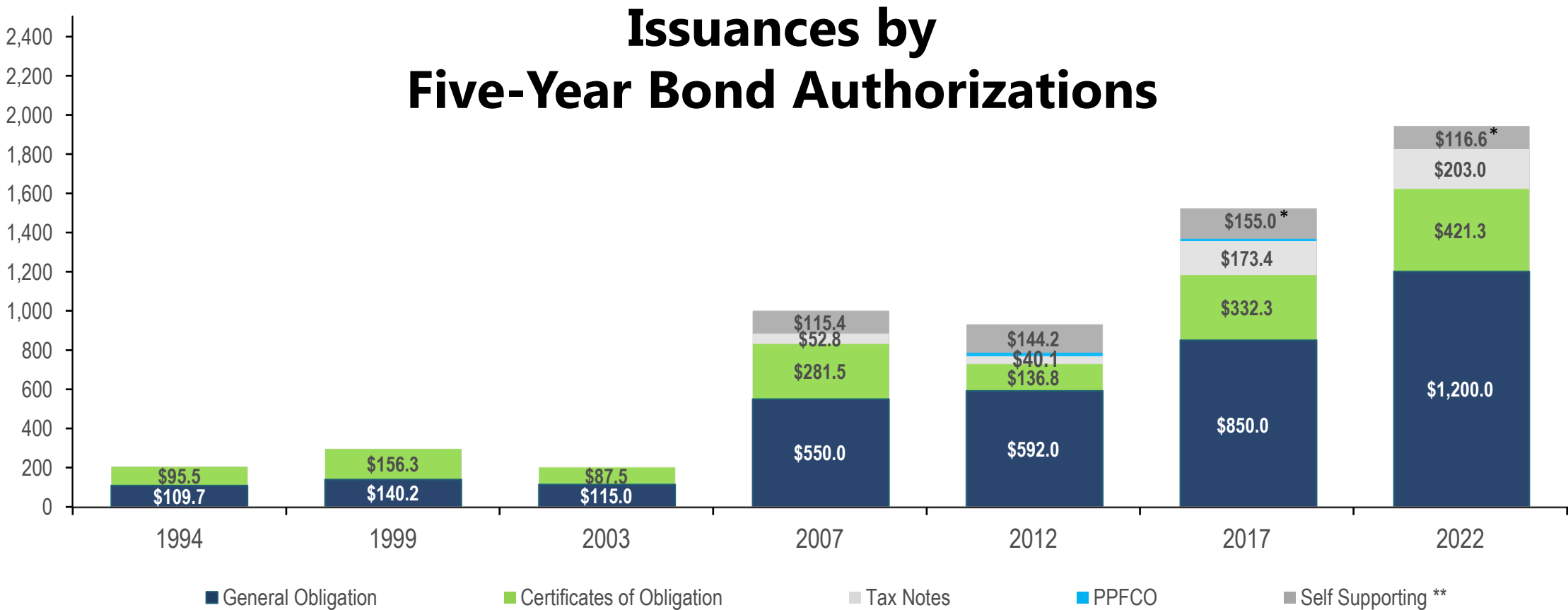
Ad Valorem - Debt Management Plan

Fundamental Components

- Short Average Life
- Moderately conservative projections
- Maintenance of debt service reserve
- Assumes no change in Debt Service Tax Rate
- Capacity analyses
- Sensitivity analyses

Debt Management Plan

Ad Valorem Actual and Projected Issuances – Summer 2025 Plan



* Amount excludes Interim Financing for the Airport

**Self Supporting debt paid from non-property tax revenues

Debt Management

Key Policy Discussion Items

- Frequency of Bond Programs
- Debt Service Tax Rate
- Timing of Next Bond Election
- Stormwater Revenue Bond to fund drainage improvements

Ad Valorem Bond Election Timeline

Bond Election General Timeline

2 Months	Project Development
1 Month	City Council Work Sessions
2 Months	Community Input
3 Months Prior to Election	City Council approves projects and Calls Election



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