

**Austin Convention Center Department  
Responses to Visitor Impact Task Force Questions  
February 15, 2017**

- For the proposed convention center expansion financial projection, what excess or padding was factored into the budgetary outlay?

For bond capacity planning purposes, the analysis has embedded a 10% revenue margin for the cashflow-based financial forecast. The operating coverage ratio of 1.1x is not a specific requirement from a bond covenant standpoint, but is used at this point in the process as one attribute/constraint to provide a reasonable cushion against unforeseen revenue declines or increases in expenditures. This constraint, combined with a conservative revenue growth rate during the initial 5-year forecast period (FY 2017-2021) and long-term “no-growth” revenue forecast thereafter, provides for conservative estimates for bond capacity determination, as is appropriate and expected when volatile revenue streams, such as Hotel Occupancy Tax, are the funding source for debt repayment.

- How does this compare to the amount padded for the 1998 expansion?

There is nothing in the 1999 bond documents that speaks to an operating coverage requirement, and such a requirement is not driven by a bond ordinance. A similar operating revenue margin could have been utilized during the project/financing planning process, but any information regarding the details of the planning leading up to the 1999 bond issuance is no longer available.