



February 13, 2026

Mayor Watson, Austin City Council Members & City Manager Broadnax,

On behalf of Rally Austin, please accept the attached 2025 Annual Report. This report documents outcomes delivered in support of the City of Austin's housing, economic development and cultural arts priorities and provides an updated, data-informed assessment of the actions required for Rally to continue working on complex real estate development, public-private partnerships, and community investment to achieve affordability with accountability and efficiency. The 2025 Annual Report demonstrates meaningful delivery and growing capacity. However, for Rally to maximize the City's investments and provide innovative financial solutions, conversations about future direction are needed.

Demonstrated Delivery and Readiness to Scale

Since the City of Austin created this independent entity, Rally has grown from a startup organization into a high-performing delivery partner with proven results. Early work focused on building the basic infrastructure, including governance, staffing, financial systems, and the ability to manage complex projects. Key indicators of this growth and readiness include:

- **Built infrastructure:** created high-quality active board and committee structure, hired executive leadership, established the real estate team, administrative and financial backbone needed to deliver complex work.
- **Portfolio Growth:** an estimated \$162M portfolio includes E. 11th Street development (selected development team and executed Exclusive Negotiating Agreement) and eight Cultural Trust investments (with 20-year and 40-year agreements that require ongoing management)
- **Cultural Trust results:** allocated \$18M across eight Cultural Trust projects, supporting 67,070 square feet of affordable creative and cultural space.
- **Strengthened revenue and leveraged capacity:** generated \$1.4M through investments and fundraising in 2025.
- **Built regional credibility and a larger pipeline:** secured the first regional partnership with Austin ISD and introduced a \$259M bond proposal framework for a 2026 City election.

Financial Reality and the Need for Action

The 2025 Annual Report's 5-year forecast demonstrates the need for subsidies to achieve long-term affordability. Rally leverages the City's operating support with private philanthropy. Note that program restricted funding cannot cover the full cost of running a public development agency that is expected to deliver affordability via complex real estate work. Rally respectfully requests ongoing operational funding to help achieve affordability in our projects.

In fiscal year 2025, Rally engaged PFM to review Rally's structure, revenue streams, bond issuing capacity and help define a realistic path to sustainability. PFM's work reinforces a key point that is central to this year's forecast assessment: restricted program funding alone will not make Rally self-sustaining. Rally must

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also have revenue-producing work and assets that fit Rally's purpose as a public development agency and financing partner.

PFM's analysis makes the direction clear:

- **Rally was formed to manage a diverse portfolio** of properties and districts so it could become less reliant on City appropriations, but that asset-based model hasn't yet occurred.
- **For Rally to issue bond financing or partner in large-scale development, it must have stable revenue streams and assets.** PFM notes that issuing bonds on Rally's own credit requires the ability to pledge collateral in the form of real estate assets and pledged revenue, often tied to rents, user fees, or other reliable income.
- **To become financially viable, Rally must increase revenue-producing activities,** and this will take time even with a broader portfolio.
- **Peer organizations almost always have an ongoing financial relationship** with their cities through asset transfers or revenue streams, and most manage land or facilities on the city's behalf.
- **PFM's implementation plan starts with assets.** It calls for the City to convey or lease an initial set of properties so Rally can begin generating management fees, leasing revenue, and development fees, and then build toward larger project financing capacity over time.

If the City wants Rally to operate as a development and financing partner that uses its legal powers, speed, and market tools to negotiate for economic impact and community benefits, then Rally must have a path to larger-scale development projects and revenue-generating assets. Otherwise, Rally remains dependent on annual appropriations and restricted funds that cannot support the full level of delivery expected by the community, our board and the City.

Required Direction and Next Steps

Over the past year, Rally has worked closely with the City's executive leadership to align Rally's role with the City's renewed strategies for economic development and culture. This work was strengthened by the organizational review and implementation planning completed with PFM, which was commissioned to assess Rally's revenue path, bond capacity, and the steps required for a sustainable public development agency.

This partnership produced an 18-month strategic roadmap that charts a path to a self-sustaining Rally Austin and a more impactful resource to the City at a time when Austin must lean more on economic development to generate revenues and reduce long-term budget pressure. These priorities are the result of that strategic collaboration and represent the practical steps needed to move from planning to execution:

- **Execute the updated Interlocal Agreement and maintain baseline operating and Cultural Trust capacity.** The roadmap calls for predictable funding so Rally can scale and deliver.
- **Approve and transfer the Historic Preservation Acquisition Funds with continued annual allocations.** This step is central to shifting from restricted program funding to an asset-based model.



- **Partner to identify two City-owned sites with predevelopment funding.** This is a core implementation step, because Rally cannot scale without a pipeline of assets suitable for development and management.
- **Evaluate Rally's \$259M bond proposal and five-year investment strategy for the 2026 ballot.** This is the framework for moving from individual projects to a repeatable investment strategy that can scale outcomes, reduce the City's long-term exposure, and generate a projected \$1.2-\$1.7B economic impact.

Advancing Austin's Economic Future Together

Rally was created to be a market-facing public development agency that can move faster than traditional processes, leverage resources, and deliver measurable outcomes. Over the past five years, Rally has built the foundation and proven it can deliver through complex and high-risk work. With timely direction and access to assets and capital, Rally can now scale into a catalytic resource that supports the City's renewed economic development and cultural strategies while helping create new revenue opportunities and reduce long-term fiscal strain.

The actions identified in the 2025 Annual Report outline the next steps to move from alignment to execution, allowing Rally to deploy assets, capital, and staff capacity in a coordinated way that reduces delays, limits City exposure, and accelerates community benefits and economic outcomes. On behalf of Rally Austin, we look forward to our upcoming discussions about our continued work together over the next year and beyond.

Sincerely,

Theresa Alvarez
Rally Austin CEO & President



Annual Impact Report

February 2026



"Be Well" by Rex Hamilton

MISSION

Facilitating equitable development for economic growth while preserving Austin's unique culture.

VISION

A culturally resilient and economically integrated Austin where diverse communities thrive without risk of displacement.



Driving progress across three critical areas of development in Central Texas:



Arts, Music, & Culture



Complete Communities



Catalytic Development



OUR BOARD

Local Leaders.

Regional Reach.

Proven Partnerships.

Rally Austin's Board brings together expertise from across public, private, and nonprofit sectors. These leaders represent the nominating bodies and asset holders who requested Rally's creation.





Rally Board Leadership

FY2026 Executive Committee

COMMITTEES ADVANCING OUR WORK:

Rally's board operates through specialized committees that ensure accountability, financial oversight, and strategic alignment:

- Finance Committee
- Governance Committee
- Real Estate Committee
- Strategic Planning Committee
- Cultural Trust Advisory Committee
- Heritage Preservation Advisory Committee



THERESA ALVAREZ
Ex-officio Board Member



EMMETT BELIVEAU
Board Chair
C3 Presents



BRADFORD PATTERSON
Board Vice Chair
Real Estate Committee
Texas Historical Commission



AARON DELAO
Board Secretary
United Way of Austin



JEREMY MARTIN
Board Treasurer
Greater Austin Chamber of Commerce



GENESIS GAVINO
Executive Committee Member
City of Austin



Our Team

Expertise that delivers results.

Expertise in Real Estate, Finance,
Community Development, and
Public/Private Partnership



THERESA ALVAREZ
President & CEO
Ex-Officio Board
Member



DAVID COLLIGAN
Chief Operations
Officer



LEX MILLER
Director of Real Estate



MITCHELL O'BOYLE
Accountant &
Finance Manager



JORDAN T. MCBRIDE
Senior Manager,
Capital Projects



MEGHAN WELLS
City of Austin
Liaison



NASHEL KAPETA
Real Estate Intern,
Huston Tillotson University



ORGANIZATIONAL OUTCOMES

Key Achievements in 2025





→ **2025 Key Achievements**
Building capacity to deliver at scale

Five milestones that position Rally for greater impact:

- 1** **Developed organizational sustainability strategy** with PFM financial advisors
- 2** **\$2.45M invested** in two Austin Cultural Trust projects
- 3** **\$1.47M generated** through investments and fundraising
- 4** **First regional partnership** secured with Austin ISD
- 5** **\$259M bond proposal** introduced for 2026 City of Austin election



Rally Austin Milestones

From community concept to proven community impact.



2014

2020

2021

2022

2023

2024

2025

Research:

- Council explores economic development models

Launch:

- Austin Economic Development Corporation established

Infrastructure:

- Interlocal agreement for initial projects
- Board created, CEO and Staff search begin

First Investments:

- Strategic Plan: Board Structure and Mission
- \$2.4M for creative space projects on City-owned property

Portfolio Grows:

- Recognized as 501c3 Non-Profit Organization
- \$4.5M announced for Austin Playhouse
- \$1.6M Funding for The Hole in the Wall

Rebrand + Scale:

- AEDC rebrands as Rally Austin
- Developer recommendation approved for Blocks 16 & 18
- \$2.5M for Museum of Human Achievement
- 30% increase approved in Interlocal Agreement

Ready for Impact:

- Strategic Direction for Organizational Sustainability
- \$2.45M for two projects of the Austin Cultural Trust
- Introduced \$259M Proposal for 2026 Bond
- Council Approved Term Sheet for Updated Interlocal Agreement
- Support of Debt Issuance

Arts, Music, & Culture

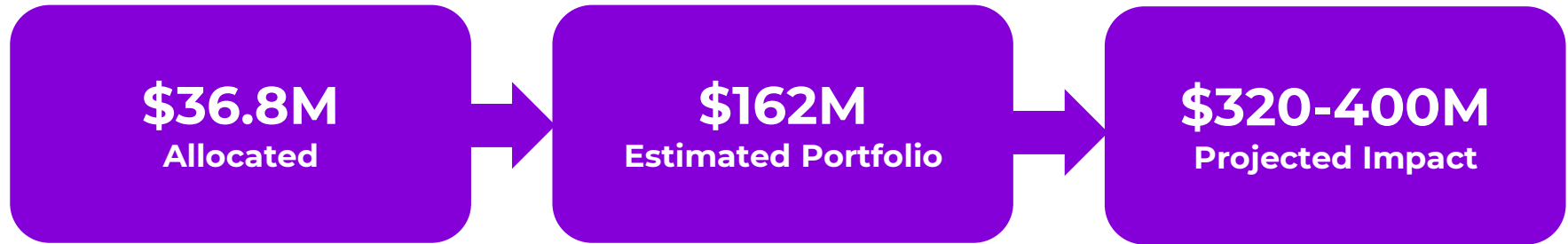
Financial Achievements

Complete Communities

Organizational Achievements

Active Community Investments

Real **projects**. Real **impact**. Real **accountability**.



Community-Focused Real Estate:

- Creative deal and lease structures
- Ongoing assessment and support
- Clear purchasing criteria
- Collaborative process

Projects Provide 293,000sf Affordable space:

- 180,000 SF Affordable housing
- 86,000 SF Cultural spaces
- 14,000 SF Commercial spaces
- 13,000 SF Outdoor and shared spaces

Community benefits:

- Job creation and tax revenues
- Property value increases
- Tourism and cultural preservation
- Soul and vitality

OUR RALLY FOR

Complete Communities

Rally supports **complete, thriving neighborhoods** through investments in development that deliver a mix of real estate needs and community benefits.

Rally supports complete communities through:

- Community-centered process
- Cultural and historical preservation
- Equitable development in underserved areas





COMPLETE COMMUNITIES

Blocks 16 & 18

TURNING A 50-YEAR VISION INTO REALITY

How Rally Delivers:

- Convenes strategic partners, centers community voices
- Executed Exclusive Negotiation Agreement (ENA) between Urban Renewal Board & PHC Development team
- Leverages public funding with \$150K philanthropic funding
- Credit Enhancement to leverage financial investment

Our Community Receives:

- Projected Value: \$128M
- Estimated Impact: \$256–320M
- 300K sq ft affordable, creative, housing, and business space



Manuel Escobar
Urban Renewal Board

"This is not a typical real estate development project; it is a restoration of cultural and economic heritage on East 11th Street. Rally Austin has earned community trust and delivered results by investing thousands of hours, leveraging more than \$150,000 in grant funding, and providing the sustained leadership needed to move this project forward."



COMPLETE COMMUNITIES

AISD Delco & Burger Centers

Community Visioning & Needs Assessment

How Rally Delivers:

- Site assessments: land use, zoning, market analysis
- Community engagement and stakeholder input
- Development scenarios with financial modeling

Our Community Receives:

- 99 acres positioned for possible development
- Pathways to AISD financial sustainability
- Planning shaped by neighborhood, student, and staff voices



OUR RALLY FOR

Arts, Music, & Culture

Rally secures **affordable space for Austin's creative community** through investments to preserve music venues, theaters, artist studios, and cultural institutions that define Austin's identity.

Rally works to:

- Acquire at-risk venues and provide funding
- Secure affordable leases and creative spaces
- **\$18.84M allocated to eight projects valued at \$39.3M, sustaining 67,070 sf of affordable creative and cultural space, with an estimated impact of \$78M to \$98M**





ARTS, MUSIC, & CULTURE

Cultural Investments

PRESERVING AUSTIN'S CREATIVE IDENTITY

How Rally Delivers:

- Investments guided by Cultural Trust Advisory Board
- Legal structures and financing programs
- Technical and operational support

Our Community Receives:

- 116 artists/bands monthly; 2,500+ performances per year
- 152 jobs and 15+ educational workshops per month
- Investment in venues through 20- to 40-year real estate agreements



Will Bridges

Co-Owner of Antone's

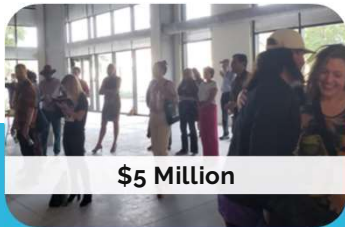
"Rally Austin's investment of Cultural Trust funding fast-tracked our Museum of the Blues project—a total game changer that created an entirely new revenue stream and unlocked the full potential of our building. We're now a significantly more capable and competitive live music venue, booking music and events with confidence."



AUSTIN'S CULTURAL TRUST

Through the Austin Cultural Trust, Rally has:

- Allocated **\$18.84M** to eight projects valued at **\$39.3M**
- Sustaining **67,070 sf** of affordable creative and cultural space
- Produced an estimated impact of **\$78M–\$98M**.



\$5 Million

Permitting & Development Center



\$400,000

Millennium Youth Entertainment Complex



\$4.5 Million

Austin Playhouse



\$2.5 Million

Museum of Human Achievement



\$1.6 Million

Hole in the Wall



\$2.2 Million

Empire



\$250,000

Kenny Dorham's Backyard



\$1.3 Million

Antone's Nightclub

OUR RALLY FOR

Catalytic Development

Rally connects **public, private, and community** partners to deliver the region's most ambitious, transformative projects.

Rally is positioned to:

- Provide early, objective evaluation
- Align development tools and financing programs for community benefit
- Maintain continuity through political or market changes
- Deliver trust and transparency for stakeholders across public & private sectors





FINANCIAL OUTLOOK AND UNMET NEEDS

Five Year Forecast



5 Year Forecast

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Reliance on City Funds	97%	85%	88%	90%	92%	59%	18%	36%
Income								
Billable Expense Income		127,810	81,814	6,632,082	4,985,737	1,403,130	12,000	
Cultural Trust Earned Income		679,354	2,527,336	1,039,906	5,406,115	201,500	92,000	225,016
Cultural Trust Management	250,000	250,000	250,000	250,000				
COA Op Funding	3,137,028	2,592,625	2,527,760	2,500,000	2,000,000			
Individuals Corporate or Foundation	57,000	121,500	82,650	100,000	100,000	100,000	150,000	150,000
Real Estate Transactions		80,000		270,000	110,000	630,000	150,000	60,000
Total Income	\$3,444,028	\$3,851,289	\$5,469,559	\$10,791,988	\$12,601,852	\$2,334,630	\$404,000	\$435,016
Total Expenses	\$1,493,520	\$2,361,521	\$1,857,886	5,712,559	\$7,264,001	\$2,059,386	\$1,949,886	\$2,082,902
Net Operating Income	\$1,950,508	\$1,489,768	\$3,611,673	\$5,079,429	\$5,337,850	\$275,244	(\$1,545,886)	(\$1,647,886)
Other Income								
Interest Income	14,428	458,083	627,159	789,382	853,115	367,057	181,772	184,749
Total Other Income	\$14,428	\$458,083	\$627,159	\$789,382	\$853,115	\$367,057	\$181,772	\$184,749
Net Other Income	\$14,428	\$458,083	\$627,159	\$789,382	\$853,115	\$367,057	\$181,772	\$184,749
Net Income	\$1,964,936	\$1,947,851	\$4,238,832	\$5,868,811	\$6,190,966	\$642,301	(\$1,364,114)	(\$1,463,137)
Capital Spend Plan			\$2,200,000	\$3,965,682	\$4,985,737	\$1,403,130	\$12,000	\$0
Net After Capital Spend Plan			\$2,038,832	\$1,903,129	\$1,205,229	(\$760,829)	(\$1,376,114)	(\$1,463,137)

- Assumes a static funding environment, with no renewal no renewal of Austin Cultural Trust funds beyond FY26 and no renewal of City operational funding beyond FY27 (City FY26 Budget).
- Revenue estimates for Government Contracts and Cultural Trust Management are directly carried over from historical averages without adjustments for inflation or future escalations.
- Real Estate Transactions are projected as negative adjustments in later years to reflect anticipated reduction in active projects after the completion of Block 16 and 18.
- Expense forecasts are formula-driven, assuming historical expense ratios and no additional cost-saving measures or growth initiatives.
- Interest income and other revenue streams are extrapolated conservatively, with minimal changes based on static base rates.



→ 5 Year Financial Assessment

- **To become more self-sustaining, Rally needs both ongoing operating support and assets that generate revenue**, such as properties that can produce rent, fees, or long-term value
- **Rally Austin still depends heavily on City funding**, with about 88% of its FY25 budget coming from the City.
- **If City operating funding ends after FY27**, Rally cannot remain financially stable, and reserves would decline quickly, reaching an unsustainable position by FY30–FY31.
- **Program-restricted funds alone are not enough to run the organization**; even if program-restricted funds are transferred, they do not cover core operating costs or near-term cash needs.
- **Keeping operating funding at \$2.0M per year provides stability but does not solve long-term dependence**, as Rally would still rely on the City for most of its budget.



Action Items Toward Sustainability

**Growing Rally's Capacity for
Community Impact**

- 1** **Reinstate new Interlocal Agreement** and maintain annual funding: \$2M Operations + \$2.5M Cultural Trust.
- 2** **Approve Agreement and transfer** of Historic Preservation Acquisition funds with annual allocations.
- 3** **Convey two City-owned sites** with pre-development funding and consider inclusion for the 2026 Bond.
- 4** **Consider Rally leadership** for "The Stitch" District with development of former APD HQ and adjacent sites.
- 5** **Prioritize Rally's \$259 bond proposal** and Five-year investment strategy to generate \$1.2- \$1.7B economic impact.



→ **THINK BIG**
and Collaborate
with Us

HELP US BRING CONCEPTS TO THE
BOARD FOR A CATALYTIC PROJECT

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