

**CITY OF SAN ANTONIO
OFFICE OF THE CITY MANAGER**

TO: Mayor and City Council

FROM: Erik Walsh, City Manager 

COPY: Executive Leadership Team; Troy Elliott, Chief Financial Officer, Shanon Miller, Chief Downtown Officer

SUBJECT: Recent Media on the Proposed Sports and Entertainment District

DATE: August 14, 2026

I am providing this memorandum to offer information and clarification regarding several statements and reports that have recently circulated in the media concerning certain aspects of the Sports and Entertainment District (the "District"). My intent is to address misinformation where it exists and provide relevant information and context that may not have been fully reflected in recent media reports.

Specifically, this memorandum addresses the proposed NBA Arena funding, Convention Center Hotel, the Landbridge, Alamodome improvements, and the restoration of the John Wood Courthouse. As with any major project as complex and multifaceted as the Sports and Entertainment District, the initial plan is preliminary and has been, and will continue to be, subject to further evaluation, refinement, and potential modification as feasibility is assessed and additional information becomes available. City Staff is scheduled to provide City Council with a comprehensive update on the District and associated feasibility reports in October.

Arena Funding

On August 21, 2025, City Council authorized the City Manager to complete negotiations and execute a nonbinding term sheet with the San Antonio Spurs for a new downtown arena. I executed that agreement last fall.

The term sheet outlines the following proposed funding structure:

- The Spurs would contribute at least \$500 million and cover all arena cost overruns.
- Bexar County would contribute up to \$311 million from the venue tax approved by County voters on Nov. 4, 2025.
- The City would contribute the lesser of \$489 million or 38% of the arena's cost by issuing revenue bonds.

The City's issuance of \$489 million in Revenue Bonds in support of the arena would be repaid from four sources:

- Arena lease payments from the Spurs, beginning at \$4 million annually and increasing 2% each year.
- Property-tax revenue generated within the Hemisfair TIRZ, primarily from \$1.4 billion in new mixed-use development guaranteed by the Spurs and private developers.
- Ground-lease payments from private development on City-owned property.

- State hotel-related tax revenue generated within the Project Finance Zone.

The City's arena contribution would not be funded with proceeds from a general-obligation bond election, existing General Fund revenue or residential property taxes. Its repayment sources would be generated by the Spurs, private developers, and visitors.

In addition to the Spurs arena contribution, they have committed to:

- Produce \$1.4 billion in new taxable development over approximately 12 years.
- Provide \$30 million for the City's acquisition of the former federal property on Cesar Chavez Boulevard.
- Provide \$75 million for community benefits, to be allocated through a process established by City Council.
- Enter into a 30-year non-relocation agreement.

Convention Center Hotel

It is important to clarify that the proposed Convention Center Hotel was not assumed or relied upon as a source of revenue in the financial projections supporting the City's existing or projected debt obligations for the Sports and Entertainment District. In keeping with a conservative approach to financial projections and modeling, the proposed Convention Center Hotel was not included in the financial plan or financial modeling used to project Hotel Occupancy Tax (HOT) or Project Finance Zone (PFZ) revenues supporting the City's \$489 million in revenue bonds issued for construction of the proposed NBA Arena, nor was it included in the debt modeling supporting the Convention Center expansion.

The assumptions used to project future HOT and PFZ revenues were limited to hotels currently in operation and hotels that were known to be in the construction pipeline at the time the projections were developed. Accordingly, the proposed Convention Center Hotel was not included to support the revenue assumptions underlying the City's existing debt obligations or financial projections for funding of projects with the District.

Landbridge

An early vision of the Sports and Entertainment District included a land bridge concept spanning I-37 between the Alamodome and a potential new arena. Construction of a land bridge or any similar solution to reconnect across I-37 has been known to be dependent on the outcome of current community planning and the availability of future funding.

In 2024, the City was awarded a federal planning grant under the US Department of Transportation Reconnecting Communities program, which enabled us to contract with AECOM Technical Services. The grant is being used to study improved connections between Downtown and the Eastside, which may range from crosswalks, sidewalks, and bicycle infrastructure to a pedestrian bridge or other similar concept.

The Reconnecting Communities project kicked off in March and will conclude in December 2026. It includes extensive public input through both community and technical advisory groups and multiple rounds of community meetings. The plans and preliminary designs developed through this grant may be used by the City to pursue federal construction funding and other potential funding sources in the future. Nothing has changed on this project.

Alamodome Improvements

The Alamodome is more than 30 years old and remains the only event venue in San Antonio capable of accommodating certain large-scale events and concerts. As we have previously shared, proposed improvements to the Alamodome are anticipated to occur in phases because a complete transformation of the facility has been preliminarily estimated to cost more than \$1 billion, making a full renovation impractical in the near term.

Phase 1 is intended to focus on more immediate operational and facility improvements over approximately the next ten years in order to maintain the Alamodome's competitiveness and ability to attract and retain events.

Phase 2 would contemplate a more comprehensive renovation of the Alamodome intended to position the facility to secure major event rotations and pursue additional large-scale events. Based on current planning assumptions, Phase 2 would not begin until approximately ten years from now, subject to the availability of funding and further feasibility analysis.

Potential funding sources under consideration include HOT revenues, PFZ revenues, and potential private-sector participation. In terms of this project, nothing has changed.

John Wood Courthouse Restoration

The restoration and adaptive reuse of the John Wood Courthouse remains in the planning stages, with the concept involving conversion of the historic courthouse into an approximately 5,000-seat event venue.

As we have previously shared, the timing and ultimate scope of the project remain under evaluation and are largely contingent upon the availability of funding, as well as further feasibility, design, and operational analysis. Potential funding sources being considered include private equity, naming rights, public-private partnerships, and HOT revenues. In terms of this project, nothing has changed.

Next Steps

The Sports and Entertainment District represents an evolving strategy involving multiple projects, funding sources, and implementation timelines. We look forward to the upcoming scheduled City Council briefings on the following dates:

- 10/1/26: Briefing on the District Cost & Revenue Study, the Accessibility & Mobility Study, Downtown Infrastructure Update and an update on the Dashboard Implementation.
- 10/7/26: City Council Discussion of Council Priorities before the commencement of negotiations with the San Antonio Spurs
- 10/28/26: Sports & Entertainment District Update on the Finance Plan, Downtown infrastructure, Feasibility Report on the Expansion of the Convention Center, and the Feasibility Report on Alamodome Improvements.

Staff believes these presentations will provide an opportunity to further clarify the current status, financial assumptions, funding considerations, and anticipated timelines associated with each component of the District. If you have any questions, please let me know.