

**CITY OF PAYNE SPRINGS, TEXAS  
OFFICIAL PUBLIC INFORMATION NOTICE  
Issued by the Payne Springs City Council**

**Bond Election – May 2, 2026**

This notice is provided to inform residents about the bond election ordered by the Payne Springs City Council regarding the refinancing of existing street improvement debt.

In 2022, the City of Payne Springs issued **Tax Notes in the amount of \$2,300,000** to fund **completed street repairs and improvements** within the city. These notes were issued as **short-term financing** and include **balloon payments due in 2028 and 2029**.

**At the time the Tax Notes were issued the State Law and Attorney General allowed short term notes to be refinanced into long term debt.** The City of Payne Springs was going to pursue that option Pryor to the balloon payment due date.

Since the City issued the Tax Notes, the **Texas Attorney General reinterpreted the statute governing municipal refinancing**, requiring Payne Springs to obtain **voter approval before refinancing Tax Notes into long-term debt**.

On **February 5, 2026**, the **Payne Springs City Council** approved a resolution calling for a **Bond Election on May 2, 2026**, in the amount of the remaining debt. The purpose of this election is to allow Payne Springs to refinance the existing Tax Notes.

If approved by voters, the remaining balance (approximately **\$1,900,000**) would be refinanced into **General Obligation Refunding Bonds** with **level annual payments and no balloon payments**, with an estimated payoff year of **2038**.

The proposed bonds would **refinance existing debt previously issued for completed street improvements and would not authorize new projects or increase the total amount of debt owed by the City**.

**The purpose of refinancing is to spread repayment of the remaining debt over time to avoid the large temporary tax increases that would otherwise be required to pay the balloon payments in 2028 and 2029.**

The City's current property tax rate of **\$0.29** is expected to be sufficient to operate the City and pay the debt service on the proposed refunding bonds.

If the election is not approved, the City will be required under the terms of the existing Tax Notes to increase property taxes in or

der to pay the balloon payments due in **2028 and 2029**. Estimated tax rates necessary to cover those payments are approximately:

- **2028:** \$0.6793
- **2029:** \$0.7235

Ballot language required by the State of Texas may appear as a proposition authorizing refinancing of the Tax Notes; however, the election concerns the **refinancing of existing debt for previously completed street improvements**.

**The Ballot Language will read:**

**CITY OF PAYNE SPRINGS, TEXAS-PROPOSITION A**

THIS IS A TAX INCREASE

The issuance of \$1,900,000 general obligation bonds for the purposes Of refunding all or a portion of the principal, interest, and redemption Premium if the city to wit: "City of Payne Springs, Texas Tax Note, Series 2022", dated November 1, 2022, and the imposition of taxes sufficient to Pay the principal of and interest on the bonds.

[ ] For            [ ] Against

The **Payne Springs City Council** will hold public meetings to answer questions regarding the proposed election. At the Payne Springs Fire Department.

Thursday April 2, 2026 @ 7pm

Thursday April 16, 2026 @ 7pm

Saturday April 25, 2026 @ 10 am

For additional information, please contact **Payne Springs City Hall 903-451-9229**.

This document is provided for informational purposes by the City of Payne Springs in connection with the bond election ordered by the Payne Springs City Council. It is intended to explain the purpose of the election and the existing debit being considered for refinancing.