

Tuesday, March 10, 2026

Thank you for attending tonight's meeting.

In 2022, the City issued short-term Tax Notes to pay for street repairs that have already been completed. Those notes include large balloon payments due in 2028 and 2029. The City originally planned to refinance that debt into long-term payments before those balloon payments became due.

A recent interpretation of Texas law now requires voter approval before Payne Springs can refinance this type of debt. Because of that change, the Payne Springs City Council called a bond election for May 2, 2026.

The purpose of the election is to allow Payne Springs to refinance the remaining balance of the existing debt into stable annual payments and avoid the large tax increases that would otherwise be required to pay the balloon payments.

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CITY OF PAYNE SPRINGS, TEXAS

TOWN HALL INFORMATION HANDOUT

Bond Election – May 2, 2026

Issued by the Payne Springs City Council

Why is there a bond election?

In 2022, the City issued \$2,300,000 in Tax Notes to pay for completed street repairs and improvements. These notes were issued as short-term financing and include balloon payments due in 2028 and 2029.

At the time the notes were issued, the tax increase required to repay the debt did not require voter approval. The City intended to refinance the notes into long-term payments before the balloon payments became due.

A recent interpretation of Texas law by the Attorney General now requires voter approval before Payne Springs can refinance this type of debt.

Because of that change, the Payne Springs City Council called a Bond Election for May 2, 2026.

What would the election allow?

If approved by voters, Payne Springs would refinance the remaining balance (about \$1.9 million) into General Obligation Refunding Bonds with level annual payments and no balloon payments, with an estimated payoff around 2038.

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

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Why refinance?

Refinancing allows Payne Springs to spread repayment of the remaining debt over time rather than paying two very large balloon payments.

Tax Impact Comparison

If voters APPROVE refinancing

- Debt is refinanced into stable annual payments
- No balloon payments in 2028 and 2029
- The current tax rate of about \$0.29 is expected to remain sufficient

If voters DO NOT approve refinancing

- Payne Springs must pay large balloon payments in 2028 and 2029
- Property taxes would need to increase significantly to make those payments

Estimated tax rates required under the current Tax Notes:

- 2028: \$0.6793
 - 2029: \$0.7235
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Important clarification

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The proposed bonds do not create new debt. They refinance existing debt already issued for completed street improvements.

Election Date

May 2, 2026

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

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City of Payne Springs – Bond Election Information

(May 2, 2026)

In 2022 the City issued short-term Tax Notes to pay for completed street repairs. Those notes include

large balloon payments due in 2028 and 2029. The election allows the Payne Springs to refinance the remaining balance so payments can be spread over time.

Example Comparison – \$200,000 Home (for illustration only)

REFINANCE – STEADY PAYMENTS NO REFINANCE – BALLOON PAYMENTS

Example Home Value: \$200,000 Example Home Value: \$200,000

Estimated City Tax Rate: \$0.29 2028 Rate: \$0.6793

Estimated Annual City Tax: ≈ \$580 2028 Estimated Tax: ≈ \$1,358

Payments remain stable each year 2029 Rate: \$0.7235

2029 Estimated Tax: ≈ \$1,447

This example uses a \$200,000 home for illustration only. Actual property taxes vary depending on the value determined by the appraisal district. The election does not create new debt; it determines whether the existing debt is repaid through stable payments or through two large balloon payments in 2028 and 2029.

Official information provided by The City of Payne Springs regarding the May 2, 2026 bond election