

City of Payne Springs – Street Repair Debt Refinancing Information

Bond Election Date: May 2, 2026

Background

In 2022 the City of Payne Springs issued approximately \$2.3 million in short-term Tax Notes to pay for street repairs that have already been completed. These notes include large balloon payments scheduled for 2028 and 2029. About \$1.9 million of the original amount remains outstanding.

Why an Election Is Required

A new interpretation of Texas law requires voter approval before certain municipal debt can be refinanced into bonds supported by property taxes. Because of this requirement, the City Council called a bond election for May 2, 2026.

What Proposition A Would Do

- Refinance approximately \$1.9 million of remaining 2022 street repair debt
- Replace balloon payments with level annual payments
- Estimated payoff year around 2038
- No new projects or additional construction included

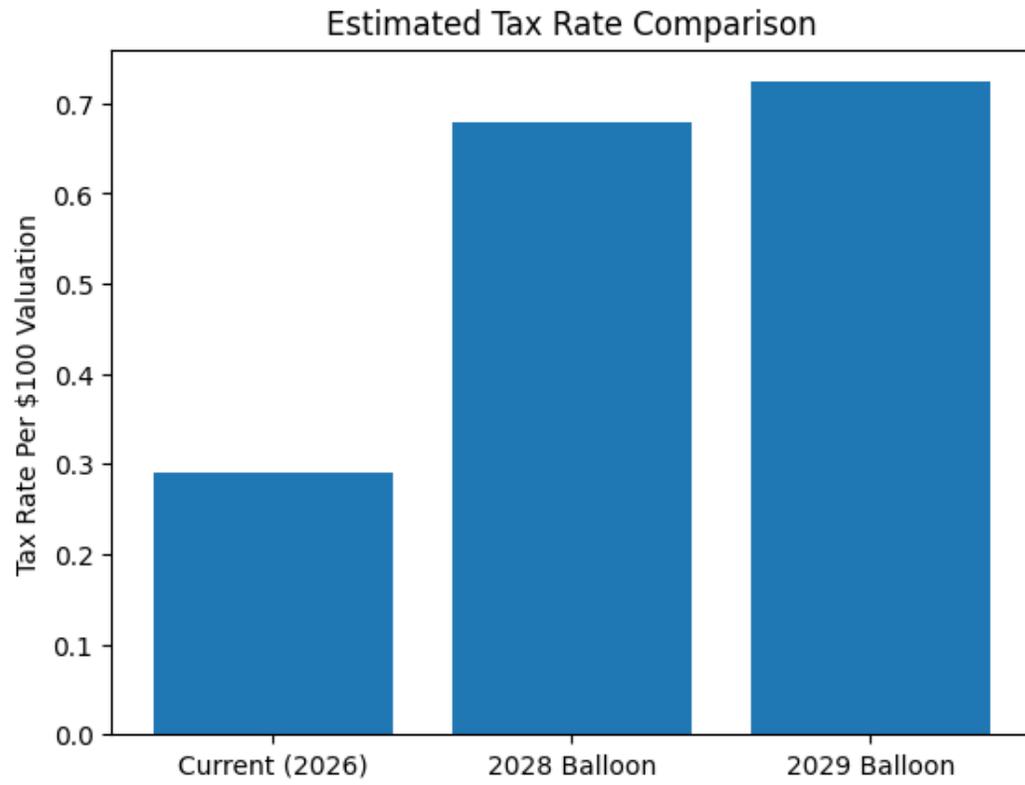
If Proposition A Passes

- Balloon payments would be eliminated
- Debt would be repaid through stable annual payments
- City projections indicate the current tax rate of about \$0.29 may be sufficient

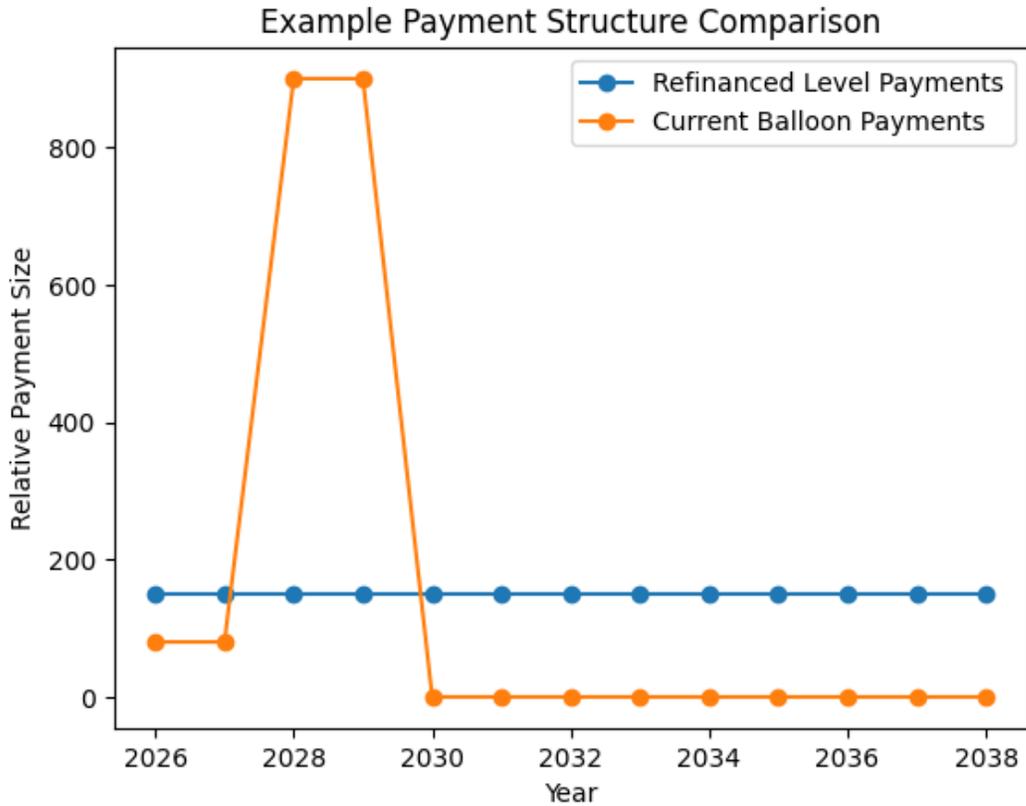
If Proposition A Does Not Pass

- Existing loan structure remains unchanged
- Large balloon payments occur in 2028 and 2029
- Temporary property tax rate increases may be required to cover those payments

Estimated Tax Rate Comparison



Illustrative Payment Structure Comparison



Ballot Language Notice

Texas law requires bond election ballots to include the phrase “THIS IS A TAX INCREASE” whenever property taxes may be used to repay bonds, even if the tax rate ultimately does not increase.

Important Notes

- Street repairs referenced in this election were completed in 2022.
- Proposition A does not authorize new street projects.
- The election determines how existing debt is repaid.