

For the POA

The purpose of this flyer is simply to explain the **bond election the City of Payne Springs will hold on May 2, 2026**, and what it means for residents.

Back in **2022**, the city issued about **\$2.3 million in short-term tax notes** to pay for **street repairs that have already been completed**. Those repairs are finished, and the city still has about **\$1.9 million of that debt remaining**.

The issue we face is **how that remaining debt gets paid back**.

The original loan includes **large balloon payments due in 2028 and 2029**. A balloon payment means a very large payment comes due all at once instead of being spread out over time.

The city's original plan was to **refinance that remaining debt into smaller payments over a longer period**, which is how cities typically handle infrastructure financing.

However, a newer interpretation of **Texas law now requires voter approval before this type of refinancing can occur**, which is why the city had to call this bond election.

So the vote in May is **not about building new streets** and it **does not add new project debt**. The streets were already repaired in 2022.

The vote simply determines **how the existing debt will be repaid**.

If voters approve the measure, the remaining debt would be **refinanced into stable annual payments**, with an estimated payoff around **2038**.

If the measure does not pass, the city must keep the **current loan structure**, which includes the **large balloon payments in 2028 and 2029**.

The charts on the flyer show how those balloon payments could temporarily affect the tax rate during those years.

You may also notice that the ballot will say **"THIS IS A TAX INCREASE."**

Texas law requires that language on bond ballots whenever **property taxes could be used to repay bonds**, even if the tax rate does not actually increase.

Again, the purpose of this handout is simply to help residents **understand the situation before voting**.

If you have questions, I'm happy to try to answer them, and the city can also provide additional information at public meetings.

Thank you for your time.

# Town Hall Explanation Speech

Good evening everyone, and thank you for taking a few minutes to talk about the letter you received in the mail or the handout presented tonight

I want to start with the **most important point**, because this is where a lot of confusion usually comes from.

**This election is not about building new streets.**

The street work was already completed in **2022**.

At that time, the City of Payne Springs issued about **\$2.3 million in short-term tax notes** to pay for those repairs. Today, about **\$1.9 million of that debt is still outstanding**.

So the question in this election is **not whether to build something new**.

The question is simply **how the remaining debt gets paid back**.

The loan the city used in 2022 includes what are called **balloon payments**. That means instead of equal payments every year, the loan requires **very large payments in 2028 and 2029**.

The city's original plan was to **refinance that debt into smaller payments spread out over time**, which is a common way cities manage infrastructure debt.

However, there has been a **new interpretation of Texas law** that requires **voter approval before this type of refinancing can occur**.

Because of that legal requirement, the city had to call a **bond election on May 2, 2026**.

So voters are really deciding between **two ways of paying the same debt**.

If the proposition passes, the remaining debt could be **refinanced into stable yearly payments**, with an estimated payoff around **2038**.

If the proposition does not pass, the city must keep the **existing loan structure**, which means the **large balloon payments would still come due in 2028 and 2029**.

The chart on the handout simply shows how those balloon payments could temporarily affect the tax rate during those years.

Another thing people often ask about is the ballot wording.

You will see the phrase **"THIS IS A TAX INCREASE."**

That statement is **required by Texas law** on any bond ballot where property taxes may be used to repay bonds — even in situations where the tax rate does not actually increase.

So that wording is a **state requirement**, not a statement about what will necessarily happen.

Again, the purpose of this information sheet is simply to help residents **understand the issue before voting**.

The streets were repaired in 2022.

The remaining debt is about **\$1.9 million**.

And the election determines **how that existing debt will be paid over time**.

Everyone should review the information, ask questions, and make the decision they believe is best when they vote on **May 2nd**.

Thank you.