



Town Hall Meetings for Our School Bond Election

Thursday, April 4 and again on Wednesday, May 1

Both of the events will be at the Secondary School Cafeteria from 6:30 - 8:00 PM

Q & A Forum with Board Members & Administration About the Debt Restructure

Purpose and Explanation

We are excited to announce that the Tioga ISD Board of Trustees will be hosting Town Hall Meetings this spring. These meetings will provide a platform for the community to share their thoughts and concerns about the upcoming School Bond Election. We invite parents, staff and community members to participate. This is an excellent opportunity to learn about the \$26,305,000 bond election which provides funds only for refinancing debt and does not provide funds for any construction/renovation of facilities. The election would result in a 14 cent I&S tax rate increase (per \$100 valuation) and allows the District to legally move the high school debt from the M&O budget to the I&S budget.

THE BONDS ARE BEING VOTED FOR THE PURPOSE OF USING THE PROCEEDS OF THE BONDS TO RETIRE/EXTINGUISH BONDS ISSUED BY THE TIOGA ISD PUBLIC FACILITY CORPORATION, which were originally used to construct Tioga High School. The Bonds will be issued in multiple sales over a period of time based on several variables. First, each bond sale must comply with the "Fifty Cent Test" limitation established by Texas law. The Fifty Cent Test requires school districts to demonstrate to the Texas Attorney General, at the time of every bond sale, that it has the prospective ability to pay its maximum annual debt service on a proposed issue of bonds and all previously-issued bonds, from an interest and sinking fund (I&S) tax at a rate of \$0.50, before bonds may be issued. Second, the District anticipates the first sale of the bonds to occur in the summer of 2024 to provide near-term savings and relief on the District's operations budget (which is the payment source for the Tioga ISD Public Facility Corporation Bonds). As is the case with all Texas school districts, future bond sales are dependent on valuation growth in the District and bond market interest rates – each of these variables dictates the amount of each future bond sale that may be had while complying with the Fifty Cent Test. ***There will be NO Tax Increase for seniors with an Over-65 homestead exemption.***

Critical to this election is an understanding of the District's maintenance and operations tax rate (M&O) and interest and sinking tax rate (I&S). The M&O tax rate revenue is what makes up the District's general operating budget which covers daily operations including salaries, utilities, routine maintenance and instructional programs and supplies. Revenue from the I&S rate is used to repay bonds approved by voters for school facilities, or in our case, refinancing the high school debt. I&S tax revenue cannot be used for general operational purposes. Because the high school was originally financed using a rare, but legal, type of bond structure that is secured by the M&O rate, the revenue needed to repay that debt is diverted away from instructional programs and supplies, salaries and utility costs. The only means to transfer the repayment obligation from M&O to I&S is through voter approval.

The ballot language is a bit confusing but has been pre-cleared with the Office of the Texas Attorney General. A "FOR" vote is a vote to allow the District to issue bonds secured by the I&S tax rate to refinance the high school debt that is currently secured by the M&O tax rate. An "AGAINST" vote does not allow the district to issue any bonds.