

The Texas Conservative Alliance

Restoring Individual Freedom and Liberties to the Citizenry of Texas

Road Map to Defeat Bond Programs

I. **Identify Current Debt Obligations of District(s)**

- a. It is imperative for taxpayers to know and understand any outstanding debt obligation(s) the district has **BEFORE** a bond program is considered or passed.
- b. Many time districts just pile on additional debt that has been carried over year after year and has not been eliminated. This is true picture of the districts ability to manage taxpayer dollars.
- c. Many districts in Texas have huge “off balance sheet” debt with long term lease purchase agreements for energy conservation projects that have terms from 15-20 years. These lease purchase agreements may have a value from \$1.0 mil to \$100 mil dollars in value! These lease purchase agreements are hidden from taxpayers but are real operating cost that have been deferred into the future. These are currently being challenged in court now for fraud and corruption in many districts across the state. Find out from the district(s) financial officer if the district has a contract in place and is still making debt payments to the financial institution that financed the project. This will raise some eyebrows when you ask this question.

II. **Notify the Central Appraisal District (County Tax Assessor)**

- a. Contact the tax accessor’s office and discuss the proposed bond dollar amount with them. Request a written breakdown and how the bond(s) program will impact property taxes.
- b. Find out what if any funds that are presumed to be collected by the district as a result of a Chapter 313 agreement the district may be using to leverage the bond program and pass it. Chapter 313 agreements currently allow school districts to issue huge tax exemptions for businesses. These are in the 80-85% range!

III. **Request a Breakdown of Each Item Being Proposes in the Bond(s)**

- a. This is the single most important tool taxpayers have to defeat bond programs
- b. In the state of Texas school districts have been for decades developing and passing bond programs on nothing more than a good guess.
- c. Under state law ALL expenditures over \$50,000.00 in value MUST have a minimum of three competitive bids.
- d. School districts have been engaging in unlawful tactics and teaming up with construction companies to project cost(s) based on some idea of what they believe or presume cost should be.
- e. The first step to defeating or delaying a bond program is to ask for the breakdown of cost for ***each item*** such as a new school building, a renovation to an existing building or facility, or the demolishing of an existing building or facility.

The Texas Conservative Alliance

- f. A breakdown of cost(s) for each new school building or project should look like this:
- i. **Engineering and Design**
 1. Cost for the feasibility study, master planning and etc. to develop the bond program.
 2. All cost for architectural and design
 3. All cost for the Mechanical, Electrical and Plumbing design
 - ii. **Civil and Groundwork**, including surveying and permits required to build on the property.
 - iii. **General construction** cost for the building including foundation, walls, roof, windows, doors, locks, exterior finish, steel erection, insulation and paint just to name a few.
 - iv. **Mechanical, Plumbing and Electrical** including Air Conditioning systems, control systems, plumbing pipe and fixtures, electrical systems including conduit, wire, lighting.
 - v. **Interior Finish Out** including paint, carpet, trim, furniture, fixed cabinets, lab and sports equipment.
 - vi. **Miscellaneous** including intercom systems, IT infrastructure, computers, projectors, smart screens, security systems and etc.
 - vii. **Guaranteed Pricing** all bids submitted must be locked in and guaranteed to the end of the project. Many school projects are not, and cost are escalated due to change orders and bad planning. It is the school district and board members responsibility to safeguard the value of the taxpayer's money. Due diligence and hard work are needed.

A Breakdown of each item being proposed as listed above should be accompanied by the competitive bids acquired by the district(s) to establish the true and real cost of the bond program. The cost of the total bond program must be broken down as shown above to have true transparency of the project cost. A single large number does not provide the resolution required to verify real and accurate cost. If a district cannot provide this level of transparency to the public and taxpayers, they cannot lawfully advertise and propose a bond and hold a bond election.

It is imperative that elected board members have sufficient knowledge in building construction and practices. It also imperative that board members have hands on experience with financing and project cost ranging from multi-million to over one billion dollar amounts such as many of the bond programs being advertised by districts.

IV. Identify Conflicts of Interest find out if any board member(s) have ties with any contractor bidding on the project. This includes the general contractor and any subcontractors. Any prior relationship personal or business must be disclosed to the public by law.

The Texas Conservative Alliance

- V. Has the district(s) entered into a Chapter 313 agreement regarding tax abatements for companies engaged in Solar Energy in their county?**
- a. Chapter 313 have been allowed over the past several years and are being challenged now by taxpayers. These agreements allow local school districts to issue tax exemptions to entities that build solar farms within the taxing jurisdiction of the respective school districts.
 - b. School districts make the pitch to taxpayers that large portions of the bond program and debt will be funded by tax revenue levied on the unexempted value of the solar farm being built. They use this as strong-arm tactic and to leverage their position on the bond to win over taxpayers. These tax dollars are not guaranteed by anyone! If the solar farm and project goes into default for financial reasons or is destroyed by a hailstorm or fire and the value drops, the taxpayers of the district will have to make up for the shortfall in tax revenue to repay the debt on the bond(s).
- VI. Request Copies of Board Meeting Agenda(s) and Meeting Minutes**
- a. Request minute meetings and meeting agendas to determine how much time and effort was spent by the district and board members to develop the bond program. Large bond programs take years to develop and to perform due diligence. This has been lacking in Texas schools for many years.
- VII. Identify Existing Schools, Buildings or Facilities to be Demolished**
- a. Find out if any existing buildings are being demolished or repurposed.
 - b. While older buildings may not be appealing to many, they still have value and can be renovated and updated in many cases and used for many more years to come.
 - c. Many of the older buildings are built much better than new ones.
- VIII. Bond Program Final Cost**
- a. The advertised cost of bond programs is misleading.
 - b. The true cost of the bond program is not known until the last debt payment is made on the bonds.
 - c. A breakdown and list of bond dollar amounts is crucial to know and understand the final cost of the project. With the current economic situation in the state these numbers will vary significantly.

The breakdown and list of items above appears to be overwhelming to most taxpayers. The fact of the matter this is what is needed to stop the out-of-control spending and unfair taxes being levied on taxpayers in the state of Texas. It is unfortunate to find our state and local school districts operating in the same mode as what we see at the federal level of government. If taxpayers do not rise up and take a stand the future does not look very good for many of us.

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I hope this helps. Please pass this along to anyone interested and feel free to contact me at any time.

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