RESOLUTION AUTHORIZING ADOPTION OF AN INTEREST AND SINKING FUND TAX RATE IN EXCESS OF THE MINIMUM RATE REQUIRED TO SERVICE DISTRICT DEBT PURSUANT TO TEXAS TAX CODE § 26.05(a-1)

STATE OF TEXAS §
COUNTY OF PARKER, PALO PINTO §

WHEREAS, the Board of Trustees (the "Board") of the Millsap Independent School District (the "District") is authorized to levy ad valorem taxes for the payment of principal of and interest on the District's bonded indebtedness and other obligations payable from the District's Interest and Sinking Fund ("I&S Fund");

WHEREAS, Senate Bill 1453, enacted by the 89th Texas Legislature and codified in relevant part at Texas Tax Code §26.05(a-1) and Texas Education Code §44.004(c)(5)(A)(ii)(b), establishes that the District's minimum debt service tax rate is the rate necessary to provide the minimum dollar amount required to service the District's debt obligations;

WHEREAS, Texas Tax Code §26.05(a-1) authorizes the governing body of a taxing unit to approve an I&S tax rate in excess of the minimum debt service tax rate if approved by at least sixty percent (60%) of the governing body's members and if the motion approving such rate states:

1. the minimum debt service tax rate;
2. the proposed debt service tax rate;
3. the difference between the rates; and
4. the purpose for which the excess revenue will be used;

WHEREAS, the District's designated officer or employee has calculated the District's minimum debt service tax rate for tax year 2026 to be $0.1238 per $100 valuation;

WHEREAS, the Board has determined that it is in the best interest of the District and its taxpayers to adopt an I&S tax rate of $0.3146 per $100 valuation, which exceeds the minimum debt service tax rate by $0.1908 per $100 valuation;

WHEREAS, the Board finds that the excess revenue generated by the proposed higher I&S tax rate will be used solely for lawful debt service purposes, including but not limited to:

- early defeasance or retirement of outstanding bonded indebtedness;
- establishment or maintenance of prudent debt service reserves;
- reduction of future interest costs to District taxpayers;
- mitigation of future tax rate volatility;
- payment of scheduled or anticipated debt obligations; and/or
- other lawful debt service expenditures authorized under Texas law;

WHEREAS, the Board further finds that adoption of the proposed higher I&S tax rate serves a valid public purpose and promotes the long-term fiscal stability of the District;

WHEREAS, the Board finds that maintaining additional capacity within the District's I&S Fund is prudent in light of potential fluctuations in taxable values, delinquency rates, state funding formulas, interest rate markets, and future debt service obligations;

WHEREAS, the Board finds that the proposed rate will assist the District in preserving or improving bond ratings, reducing future borrowing costs, and enhancing the District's long-term financial position;

WHEREAS, the Board finds that the proposed rate is reasonably necessary to provide flexibility for future debt management strategies, including defeasance, refinancing opportunities, and stabilization of future debt service tax rates;

WHEREAS, the Board finds that adoption of the proposed rate is in the best interests of the District and its taxpayers and constitutes a reasonable exercise of the Board's statutory authority and fiduciary responsibilities;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE MILLSAP INDEPENDENT SCHOOL DISTRICT THAT:

SECTION 1.

The recitals contained in the preamble of this Resolution are found to be true and correct and are incorporated herein for all purposes.

SECTION 2.

Pursuant to Texas Tax Code § 26.05(a-1), the Board hereby approves a proposed debt service tax rate of $0.3146 per $100 valuation.

The Board finds and states that:

- the District's minimum debt service tax rate determined under Texas Education Code § 44.004(c)(5)(A)(ii)(b) is $0.1238 per $100 valuation;
- the proposed debt service tax rate is $0.3146 per $100 valuation;
- the difference between the rates is $0.1908 per $100 valuation; and
- the excess revenue generated from the proposed rate will be used for the following lawful debt service purposes: early defeasance or retirement of outstanding bonded indebtedness; establishment or maintenance of prudent debt service reserves; mitigation of future tax rate volatility.

SECTION 3.

The Board hereby authorizes and directs the Superintendent, Chief Financial Officer, tax assessor-collector, and all other appropriate District officials and employees to take all actions necessary or advisable to implement this Resolution and to comply with all applicable requirements of the Texas Tax Code, Texas Education Code, Comptroller forms and guidance, and any other applicable law.

SECTION 4.

The following motion was presented to the Board of Trustees for consideration:

"I move that the Board of Trustees approve an interest and sinking fund tax rate of $0.3146 per $100 valuation for tax year. **The Board finds that the District's minimum debt service tax rate is $0.1238** per $100 valuation, that the proposed rate exceeds the minimum debt service tax rate by $0.1908 per $100 valuation, and that the additional revenue generated by the proposed rate will be used for lawful debt service purposes, including: early defeasance or retirement of outstanding bonded indebtedness; establishment or maintenance of prudent debt service reserves; mitigation of future tax rate volatility."

The Board further finds that the foregoing motion complies with the requirements of Texas Tax Code § 26.05(a-1).

SECTION 5.

The Board hereby finds that this Resolution was approved by at least sixty percent (60%) of the members of the Board of Trustees as required by Texas Tax Code § 26.05(a-1).

SECTION 6.

This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED this _____ day of ______________**, 2026**.

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Beth Adkins
President, Board of Trustees

ATTEST:

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Heather Hester
Secretary, Board of Trustees