LAREDO INDEPENDENT SCHOOL DISTRICT ~ 2400 SAN BERNARDO ~ LAREDO, TX ~ (956)273-1000

# Laredo I.S.D. Board of Trustees
## Special Called Meeting
## LISD Amber Yeary Board Room, 2400 San Bernardo Ave., Laredo, TX 78040

**Monday, August 31, 2026, at 5:30 PM**

Please visit the link below to view supporting documentation for agenda items:
https://meetings.boardbook.org/Public/Organization/2520

A. Call to Order

B. Roll Call

C. Pledge of Allegiance and Song

D. Public Forum

As per Board Policy BED (Legal) and BED (Local), the following processes and procedures must be adhered to during Public Forum. Comments are limited to three (3) minutes per speaker. Non-English speakers, requiring a translator (provided by Laredo ISD), may be allotted additional time by the presiding Board Officer. The presiding Board Officer may modify or waive these time limits as appropriate. Public comment shall not be used for personal attacks by the speaker against District employees, students, or others. Speakers who engage in personal attacks or use insulting, profane, threatening, or abusive language during any Board meeting shall be ruled out of order by the presiding Board Officer and may be escorted from the Board meeting room by District peace officers or security staff. Any concerns or complaints regarding individual District employees, students, or parents must be resolved via the appropriate complaint process, as stated in Board Policy BED (Local). Pursuant to section 551.041 of the Texas Government Code, no Board Member or Administrator may respond to a member of the public unless such response is a recitation of District policy or a statement of specific factual information.

**AGENDA**

1. Discussion and possible action to rescind adoption of the 2026 Tax Rate through Board action of August 20, 2026.
**Mr. Guillermo Pro, Superintendent of Schools**

2. Discussion and possible action to approve a Proposed Interest and Sinking Rate for Debt Service that Exceeds the Minimum Amount Required.
**Mr. Guillermo Pro, Superintendent of Schools**

LAREDO INDEPENDENT SCHOOL DISTRICT

# AGENDA ITEM SUMMARY SHEET

**Regular Board Meeting, August 31, 2026**

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**Agenda Item:**

**Purpose:** Discussion and Presentation

**Resource Personnel:** Ms. Flor Ayala, CPA, Assistant Superintendent for Finance, Business Services and Accountability

**Subject:** Approval of a Proposed Interest & Sinking Rate for Debt Service that Exceeds the Minimum Amount Required

**Topic:**

**I. Recommendation:**

Staff recommends approval of the Proposed Interest & Sinking Rate for Debt Service that Exceeds the Minimum Amount Required. Senate Bill 1453 requires school districts to calculate the I&S tax rate based on the minimum amount necessary to meet debt obligations. A higher I&S rate may be adopted only with approval of at least 60% of the Board and a stated purpose for the additional revenue.

**II. Rationale:**

*This item does not represent the adoption of the district's tax rate.*

SB 1453 (2025) changes how school districts determine and adopt their Interest and Sinking (I&S) tax rate, which is the portion of the tax rate used to pay bonded debt.

SB 1453 requires supermajority board approval (60%) to increase the proposed Interest & Sinking (I&S) rate above the minimum required debt amount. Since the district is proposing an I&S rate that meets this condition, a motion will be required. At least five trustees must vote in favor of a motion to adopt an I&S rate above the minimum amount needed to service debt. Four votes would not be sufficient.

On August 20, 2026, the Board's motion did not pass, resulting in the adoption of the minimum required tax rate of $1.0706. After further consideration of the potential adverse financial impact associated with that rate, this matter is being brought forward again for the Board's consideration.

**III. Evaluation Method and Timeline:**

| Target Date | Required Statutory Action |
|---|---|
| By April 30 | Certified Estimate Issued: The Chief Appraiser provides the district with a certified estimate of taxable value. |
| By June 19 | Budget Proposal: The district staff prepares the proposed district budget based on the certified estimate. |
| Mid-to-Late June | Notice & Public Meeting: The district publishes a combined *"Notice of Public Meeting to Discuss Budget and Proposed Tax Rate"* (10 to 30 days prior to the meeting). |
| By June 30 | Budget Adoption Phase: The board holds the public meeting and must officially adopt the operational budget before the fiscal year begins on July 1. *The tax rate is not adopted yet.* |
| By July 25 | Certified Appraisal Roll Issued: The Chief Appraiser delivers the final certified appraisal roll to the district. |
| Late July – Aug 7 | Worksheet Recalculation: The district's designated officer uses the final certified roll to calculate the official NNR and VATR using the official Comptroller Worksheets. |
| August | Tax Rate Hearing & 60% Vote, Tax Rate Adoption Deadline: If final rates differ from the June projections, or if an excess I&S rate is being adopted, the board holds its specific voting session (requiring the 60% supermajority motion if I&S is above minimum). After approval by the supermajority and recalculation, the board officially adopts the final tax rate. |
| By Late August | Unlocking Extra State Funds: If the adopted rate exceeds the VATRE for purposes of accessing additional local and state funding (Tier II, "golden and copper pennies"), an election must be ordered at least 78 days before the uniform election date. |
| November | Voter-Approval Tax Rate Election (VATRE): If required, voters must approve the adopted tax rate on the uniform November election date. |

**IV. Fiscal Impact and Cost/Funding Source:**

Adopting the Interest and Sinking (I&S) tax rate at the minimum level of $0.4037 per $100 of taxable value, instead of $0.4499 per $100, would reduce local and state funding by approximately $2.2 million from the adopted budget. To meet required debt service obligations and ensure the timely payment of bond principal and interest, the District will need to utilize fund balance reserves if the lower total tax rate of $1.0706 per $100 is adopted. Consequently, a portion of the District's fund balance will be used to support debt service requirements, resulting in a larger budget deficit and reducing the reserves available to address future financial priorities and unforeseen needs.

**V. Compliance with Board Policy:** CCG (Legal)

*August 20, 2026*

## **<u>Preliminary</u> No-New-Revenue (NNR) Tax Rate, Voter-Approval Tax Rate (VATR), and Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service**

<u>Background Information</u>

The following tax rates are defined under Chapter 26 of the Property Tax Code. Statute requires that the designated officer or employee calculate both rates using forms prescribed by the Texas Comptroller.

**This year's no-new-revenue tax rate** (formerly referred to as the effective tax rate) would impose the same total taxes as last year if applied to properties taxed in both years, less improvements made to those properties. <u>It does not account for impacts in state aid or recapture that would occur if the rate was adopted.</u>

**This year's voter-approval tax rate** (formerly referred to as the rollback tax rate) is the highest tax rate the school district can set before it must hold a voter-approval tax rate election (VATRE) or exercise its authority under Sec. 26.042(e).

The Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service is defined by Texas Education Code §44.004(c)(5)(A)(ii). There is no specific worksheet or methodology prescribed by the state regarding the calculation for these rates. The rates presented here were calculated using a free Summary of Finance template maintained by MoakCasey, LLC.

**Rate to Maintain Same Level of M&O Revenue and Pay Debt Service** — The M&O component reflects the rate needed to generate the same level of per-student funding as the prior year under the Texas Education Code Chapter 48/49 equalization formulas. The I&S component reflects the minimum rate required to meet all outstanding debt service obligations for the current year.

The rates below are given per $100 of property value.

| | |
|---|---|
| **This year's no-new-revenue tax rate:** | **$1.3585/$100** |
| **This year's voter-approval tax rate (using minimum required debt service amount):** | **$1.0706/$100** |
| *For maintenance and operations (M&O):* | *$0.6669/$100* |
| *For interest and sinking (I&S):* | *$0.4037/$100* |
| **Rate to Maintain Same Level of M&O Revenue & Pay Debt Service:** | **$1.0639/$100** |
| *For maintenance and operations (M&O):* | *$0.6730/$100* |
| *For interest and sinking (I&S):* | *$0.3909/$100* |

Source: NNR and VATR calculated from the Tax Rate Worksheet pursuant to Texas Tax Code Chapter 26. Rate to Maintain calculated using MoakCasey Summary of Finance template.

Submitted by: Flor Ayala, CPA, Assistant Superintendent for Finance

**New Requirement from SB 1453 (2025)**

## Motion Language to Approve a Proposed Interest & Sinking Rate for Debt Service that Exceeds the Minimum Amount Required

Pursuant to Texas Tax Code §26.05(a-1), the Board of Trustees must first approve the proposed interest and sinking (I&S) tax rate used to pay debt service that exceeds the minimum debt service tax rate prior to adopting the tax rate. The following motion must be read aloud and must receive a 60 percent approval from the members of the board.

*I move that Laredo Independent School District approve the proposal of an interest and sinking (I&S) rate to pay debt service that exceeds the minimum debt service tax rate as defined by the Texas Tax Code and the Texas Education Code. The Board finds that the District's minimum debt service tax rate is* ***$0.3909*** *per $100 valuation, and that the proposed interest and sinking tax rate of* ***$0.44990*** *used to pay debt service exceeds the minimum debt service tax rate by* ***$0.0590*** *per $100 valuation. Additional revenue generated by the proposed rate will be used for lawful debt service purposes, including:*

*Establishment of maintenance of prudent debt service reserves*

*Reduction of future interest costs to District taxpayers*

*August 20, 2026*

## <u>Revised</u> No-New-Revenue (NNR) Tax Rate, Voter-Approval Tax Rate (VATR), and Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service

<u>Background Information</u>

The following tax rates are defined under Chapter 26 of the Property Tax Code. Statute requires that the designated officer or employee calculate both rates using forms prescribed by the Texas Comptroller.

**This year's no-new-revenue tax rate** (formerly referred to as the effective tax rate) would impose the same total taxes as last year if applied to properties taxed in both years, less improvements made to those properties. <u>It does not account for impacts in state aid or recapture that would occur if the rate was adopted.</u>

**This year's voter-approval tax rate** (formerly referred to as the rollback tax rate) is the highest tax rate the school district can set before it must hold a voter-approval tax rate election (VATRE) or exercise its authority under Sec. 26.042(e).

The Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service is defined by Texas Education Code §44.004(c)(5)(A)(ii). There is no specific worksheet or methodology prescribed by the state regarding the calculation for these rates. The rates presented here were calculated using a free Summary of Finance template maintained by MoakCasey, LLC.

**Rate to Maintain Same Level of M&O Revenue and Pay Debt Service** — The M&O component reflects the rate needed to generate the same level of per-student funding as the prior year under the Texas Education Code Chapter 48/49 equalization formulas. The I&S component reflects the minimum rate required to meet all outstanding debt service obligations for the current year.

Pursuant to Texas Tax Code §26.05(a-2), the officer or employee designated by the governing body to calculate the voter-approval tax rate of the taxing unit under this chapter has recalculated that rate to account for the new current debt rate, and that recalculated voter-approval tax rate is reported below. This will serve as the voter-approval tax rate for Laredo ISD for the 2026 tax year.

The rates below are given per $100 of property value.

| | |
|---|---|
| **This year's no-new-revenue tax rate:** | **$1.3585/$100** |
| **This year's voter-approval tax rate (using supermajority-approved debt service amount):** | **$1.1168/$100** |
| *For maintenance and operations (M&O):* | *$0.6669/$100* |
| *For interest and sinking (I&S):* | *$0.4499/$100* |
| **Rate to Maintain Same Level of M&O Revenue & Pay Debt Service:** | **$1.0639/$100** |
| *For maintenance and operations (M&O):* | *$0.6730/$100* |
| *For interest and sinking (I&S):* | *$0.3909/$100* |

Source: NNR and VATR calculated from the Tax Rate Worksheet pursuant to Texas Tax Code Chapter 26. Rate to Maintain calculated using MoakCasey Summary of Finance template.

Submitted by: Flor Ayala, CPA, Assistant Superintendent for Finance

3. Discussion and possible action to approve the 2026 Proposed Tax Rate.

**Mr. Guillermo Pro, Superintendent of Schools**

LAREDO INDEPENDENT SCHOOL DISTRICT

# AGENDA ITEM SUMMARY SHEET

**Regular Board Meeting, August 31, 2026**

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**Agenda Item:**

**Purpose:** Discussion and Presentation

**Resource Personnel:** Ms. Flor Ayala, CPA, Assistant Superintendent for Finance, Business Services and Accountability

**Subject:** Discussion and possible action to approve the 2026 Proposed Tax Rate.

**Topic:**

**I. Recommendation:**

Administration recommends approval of the 2026 tax rate of $1.1168 per $100 of taxable value, consisting of:

Maintenance and Operations (M&O): $0.6669 per $100
Interest and Sinking (I&S): $0.4499 per $100

This tax rate is necessary to support the District's adopted budget, meet debt service obligations, and maintain financial stability while maximizing available local and state funding.

**II. Rationale:**

The Board adopted a tax rate of $1.0706 per $100 of taxable value on August 20, 2026, consisting of an M&O rate of $0.6669 and an I&S rate of $0.4037. Administration evaluated the financial impact of the lower I&S rate and determined that it would reduce available local and state funding by approximately $2.2 million compared to the budget assumptions adopted by the Board.

Adopting the I&S rate at the minimum level of $0.4037 rather than $0.4499 would result in insufficient revenues to fully support projected debt service funding needs. To meet required debt service obligations and ensure the timely payment of bond principal and interest, the District will need to utilize fund balance reserves if the lower total tax rate of $1.0706 per $100 is maintained. Consequently, a portion of the District's fund balance will be used to support debt service requirements, resulting in a larger budget deficit and reducing reserves available for future financial priorities and unforeseen needs.

Approval of the recommended tax rate will provide the revenues needed to establish and maintain prudent debt service reserves, reduce future interest costs to district taxpayers, and align the tax rate with the assumptions incorporated into the District's adopted budget.

## III. Evaluation Method and Timeline:

| Target Date | Required Statutory Action |
|---|---|
| By April 30 | <u>Certified Estimate Issued:</u> The Chief Appraiser provides the district with a certified estimate of taxable value. |
| By June 19 | <u>Budget Proposal</u>: The district staff prepares the proposed district budget based on the certified estimate. |
| Mid-to-Late June | <u>Notice & Public Meeting:</u> The district publishes a combined *"Notice of Public Meeting to Discuss Budget and Proposed Tax Rate"* (10 to 30 days prior to the meeting). |
| By June 30 | <u>Budget Adoption Phase:</u> The board holds the public meeting and must officially adopt the operational budget before the fiscal year begins on July 1. *The tax rate is not adopted yet.* |
| By July 25 | <u>Certified Appraisal Roll Issued:</u> The Chief Appraiser delivers the final certified appraisal roll to the district. |
| Late July – Aug 7 | <u>Worksheet Recalculation:</u> The district's designated officer uses the final certified roll to calculate the official NNR and VATR using the official Comptroller Worksheets. |
| August | <u>Tax Rate Hearing & 60% Vote, Tax Rate Adoption Deadline:</u> If final rates differ from the June projections, or if an excess I&S rate is being adopted, the board holds its specific voting session (requiring the 60% supermajority motion if I&S is above minimum). After approval by the supermajority and recalculation, the board officially adopts the final tax rate. |
| By Late August | <u>Unlocking Extra State Funds:</u> If the adopted rate exceeds the VATRE for purposes of accessing additional local and state funding (Tier II, "golden and copper pennies"), an election must be ordered at least 78 days before the uniform election date. |
| November | <u>Voter-Approval Tax Rate Election (VATRE):</u> If required, voters must approve the adopted tax rate on the uniform November election date. |

## IV. Fiscal Impact and Cost/Funding Source:

Approval of the recommended tax rate of $1.1168 per $100 of taxable value is projected to generate approximately $2.2 million in additional local and state funding compared to the tax rate adopted on August 20, 2026. If the lower tax rate of $1.0706 per $100 of taxable value is maintained, the District will need to utilize fund balance reserves to satisfy debt service obligations, increasing reliance on available reserves and reducing funds available for future District needs.

**V. Compliance with Board Policy:** CCG (Legal)

# RESOLUTION OF THE BOARD OF TRUSTEES OF THE LAREDO INDEPENDENT SCHOOL DISTRICT

On this date, we, the Board of Trustees of the Laredo Independent School District hereby levy or set the tax rate on $100 valuation for the District for the tax year 2026 at a total tax rate of **$1.11680/$100**, to be assessed and collected by the duly specified assessor and collector as follows:

| | |
|---|---|
| **$0.66690/$100** | for the purpose of maintenance and operations, and |
| **$0.44990/$100** | for the purpose of payment of principal and interest on debts. |

Such taxes are to be assessed and collected by the tax officials designated by the District.

**THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.**

**PASSED AND ADOPTED** this ______ day of ________________, 2026 by the Board of Trustees for the Laredo Independent School District.

| Board President: | Board Secretary: |
|---|---|
| ______________________ | ______________________ |
| Signature | Signature |
| ______________________ | ______________________ |
| Printed Name / Title | Printed Name / Title |

4. Communication and Updates
**Mr. Guillermo Pro, Superintendent of Schools**

5. Adjournment
**Chairperson**

NOTICE OF VIDEO CONFERENCE CALL

Notice is hereby given that one or more board members may participate remotely in this board meeting by means of a videoconference call. The location of the meeting will be at the Amber Yeary Board Room - 2400 San Bernardo Ave., Laredo, TX 78040 where the presiding officer and a quorum of the Board will be physically present, and it is intended for the presiding officer to be present at this location during the meeting.

NOTICE OF POTENTIAL CLOSED MEETING

If during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the Board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Texas Government Code, Chapter 551, Subchapter D and E, regardless of whether the particular agenda item identifies a potential closed meeting.

DISABILITY ACCESS STATEMENT

Persons with disabilities who plan to attend this meeting and who may need auxiliary aid or services are requested to contact Erika Trevino at (956) 273-1401 at least two working days prior to the meeting so that appropriate arrangements can be made. The accessible entrance and accessible parking spaces are located at the Amber Yeary Board Room, 2400 San Bernardo Ave.