



Office of the Attorney General
State of Texas

February 7, 1995

DAN MORALES
ATTORNEY GENERAL

To All Bond Counsel:

Re: Approval of School District Bonds

As you know, after reviewing the opinion of the Texas Supreme Court in the case of *Edgewood Independent School District, et al. v. Meno, et al.*, this office suspended approval of school district unlimited tax bonds, including refunding bonds, pending a resolution of questions raised by the opinion. There is language in the opinion which would indicate that the exceptions provided in sections 20.09(c) and (d), Tex. Educ. Code Ann. (to the cap of a \$1.50 total tax rate set out in section 20.09(a)) are not available without the holding of the election referenced in section 20.09(a).

The Attorney General is requesting the Court to clarify the problematic language in its opinion, and bond counsel will be informed if the Court responds in a manner that will enable this office to resume the approval of bonds. We understand that several law firms engaged in the practice of public finance law are also planning, as *amici curiae*, to petition the Court to revise its opinion. The Office of Attorney General, including the Public Finance Division, is not involved in this endeavor by these firms, and does not necessarily agree with all of the specific requests and legal arguments which will apparently be made by those firms.

Contractual obligations can, in certain circumstances, still be approved. If a district proposing to issue contractual obligations can show it is able to pay the obligations with a total tax levy in the district of \$1.50 or less, including all outstanding debt, then the obligations can be approved, assuming all of the other usual requirements are met. Additionally, bonds may be approved for those few districts which have voted their taxes under section 2784g, Tex. Rev. Civ. Stat. Ann. and which have never issued unlimited tax bonds.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jim Thomassen".

Jim Thomassen
Assistant Attorney General
Chief, Public Finance Division

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