Questions District Administration and the Board have received regarding tax implications of using the capital reserve money:

*Will there be an increase in my taxes by authorizing the use of the capital reserve funds?*

The money that is being requested to be used is currently available in the capital reserve fund and will not increase your current taxes.

*What if any non-direct tax consequences will there be if the capital reserve balance is used for this project?*

Whether we use some or all of the capital reserve balance, this will impact money we have on hand for future projects. Depending on needed funds and the remaining balance in the capital reserve, some projects may need to be funded through the operational budget. Anything funded through the operational budget would be part of your tax bill that year.

Whatever we spend from the capital reserve will be 42% reimbursable from the State. If we spend the full ~$1.3M we will receive $546K back from the State. This money will also be available for future capital needs.

*What are some of the other capital needs that may need to be addressed over the next five years?*

The current building condition survey includes items such as upgrades to some elevators, replacement of windows and paving. Many of these items are still in good useful condition and would not be addressed until we felt that they were beyond their useful life. Much of what is identified would be typically done over a ten-year period. These items will need to be funded in the future by either the operations budget or through the capital reserve as we replenish the funds.

*What if an emergency repair is needed?*

Most items that would require emergency repair would be covered by existing warranties or insurance and so they would not need to be funded by the capital reserve fund. Items such as pipe bursts or storm damage would fall under our insurance policy. With the completion of our current infrastructure projects, all the roofs will be new and under warranty for the next 20 years. As well, the new boiler system being installed at the Farragut complex under this bond will be under warranty for 20 years. Also, as part of this bond both schools are having additional repointing done and will be watertight for the foreseeable future. All other repairs would be considered smaller scale and could be addressed under the buildings and grounds yearly budget.