



Purchase of District Administration Center Questions and Answers

Q. What is a capital reserve fund?

A. In May 2009, the residents of Southampton established a capital reserve fund via a public referendum for the purposes of creating a new district office and bus garage. It is similar to a savings account designed to pay for repairs/updates to a home. However, each time the district wishes to spend money from the fund it needs voter approval. By law, these funds can only be expended from the capital reserve fund for the purposes listed when the fund was created, which was for a new district office and bus garage. There will be no tax impact if approved, as the money already exists within the district's reserve accounts.

Q. What exactly are community residents being asked to vote on?

A. On May 17, the proposition before the voters is to approve the spending of \$4.9 million from the reserve fund to purchase 300-310 Hampton Road.

Q. Has the district used money from the fund previously?

A. Yes, the district used funds from the capital reserve

to make updates to the district's bus garage at its current location.

Q. How much money is remaining in the capital reserve fund? How much will it cost to purchase 300-310 Hampton Road property?

A. At this time there is approximately \$9 million in the reserve fund. The purchase price for 300-310 Hampton Road is \$4.9 million.

Q. Why doesn't the district continue to rent its current space?

A. For the 2023, the annual rental fee of \$243,863 the district currently pays is included in the annual budget. By removing the rental fee, the district will be able to preserve and enhance student programming, including the expansion of vocational opportunities.

Q. Why doesn't the district use the funds in the capital reserve to build a new centralized office space?

A. Simply put, time and money. With construction prices increasing, it would not be financially prudent for the district to build a new space. Additionally, from the time of voter approval to a space ready to be occupied is a minimum of three years.

Q. If approved, what happens next?

A. If approved, the district would reconvene the district office committee to investigate options to best utilize the new space.

Q. What happens if the community does not approve the use of the funds?

A. If the community does not approve the use of the funds, the district will not be able to purchase 300-310 Hampton Road and move the district offices. The funds, which are dedicated for a new district office and bus garage, will remain in the reserve.

Q. Can the funds be used to lower taxes?

A. No, the funds in this reserve cannot be used for anything other than what the community originally approved – a new district office and bus garage.

Q. What happens to the remaining unexpended Capital Reserve funds after the property is purchased and renovated? What are the options available to the Board and/or the district?

A. If there is an unexpended balance remaining in the capital reserve after the property is purchased and renovated, the Board may appropriate all or any part of such remaining balance to another capital reserve fund without referendum.

Voting: On May 17, Southampton voters will be asked to authorize the use of up to \$4.9 million from the "Southampton Property Acquisition and Facility Construction Capital Reserve Fund." Voting will occur in the Southampton Intermediate School Music Room, 70 Leland Lane, from 10 a.m. to 9 p.m.

The referendum will appear on the budget ballot as Proposition 3. If approved by voters, there will be no increase in taxes.