

## QUESTIONS AND ANSWERS

8/14/17

1. **Question: When will the deal close or when will you take delivery of buses?**

*Answer: The deal may not close until February 2018, but we hope to order the buses in October 2017.*

2. **Question: Since this is a “qualified tax-exempt obligation” that it is a general obligation, full faith and credit of the school district, but the notice does not state that. Please clarify.**

*Answer: The Board does not have the statutory power to issue full faith and credit obligations (general obligations). Under Alabama law, the Board’s indebtedness will either be a 10-year lease obligation (with the lease payments being made out of any lawfully available funds) or an obligation in the form of a special school tax warrant payable solely out of one of the several special revenue sources available to the Board (in this instance, most likely, the 3.5 mill district tax which produced approximately \$17,250,000, in the fiscal year September 30, 2016).*

3. **Question: Will the MCPSS issue less than or more than 10MM in total obligations the the calendar year of 2017? This would include the buses.**

*Answer: The MCPSS will issue less than 10MM in total obligations in the calendar year of 2017; this would include the buses*

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4. **Question: Is there any other debt outstanding (excluding the anticipated loan/lease) that will be paid from fleet renewal proceeds? If so, what is the annual debt service?**

*Answer: Yes, \$1,721,736.14*

5. **Question: Are appropriations from the 2017-2018 fleet renewal program restricted for payment of the debt anticipated under the current Bus Financing RFP?**

*Answer: Yes, it is restricted to purchase/debt service of new buses.*

6. **Question: Can fleet renewal program appropriations be used as security/collateral on the anticipated debt under the current RFP? Answer:**  
*Alabama law does not authorize boards to pledge fleet renewal program funds as security for leases or debts related to buses. The Board expects, and is willing, to pledge the proceeds of its 3.5 mill district ad valorem tax as security for the payment of the principal of and interest on indebtedness issued to finance the acquisition of the buses.*

7. **Question: How often does the MCPSS purchases buses under the fleet renewal program?**

*Answer: Our last three purchases were in 2012, 2014 and 2015.*

*See second page*

8. **Question: If MCPSS does not purchase buses next year, will allocation of future funds be based on remaining buses that are less than 10 years old (based a predetermined amortization schedule)?**

*Answer: Funding is based on the number of buses operating that are less than 10 years old.*

END