NORTH RIDGEVILLE MUNICIPAL COUNCIL
MINUTES OF
SPECIAL MEETING JULY 17, 2007

CALL TO ORDER: 7:00 P.M.

President Ronald Arndt: The Chair calls to order tonight, the Special meeting conducted between North Ridgeville City Schools and the North Ridgeville Municipal Council dated July 17, 2007.

ROLL CALL:

Present were Council Members Nancy Buescher, Dennis Boose, Richard Jaenke, Bob Olesen, Bernadine Butkowski, Gayle Manning and President Ronald Arndt.
Also, present were Mayor David Gillock, Safety-Service Director Denny Johnson, Auditor Chris Costin and Clerk of Council Charles Norris.
Absent was Law Director Andrew Crites and Engineer Larry Griffith

Council President Arndt: Before we turn the meeting over to Mrs. Sycz, on behalf of our Council, we certainly want to acknowledge and recognize our outgoing Superintendent, Mr. Bowersox and acknowledge him for the great contributions he has made to our community over the years. So, if everyone would take a moment and give him a hand. It also goes without saying, we need to introduce our new Superintendent, Mr. Michael Tefs and we welcome him to our community, wishing him the greatest degree of success and hopefully, as he has already described, he's been pretty energized by the synergy that he sees between not only the School Board and the school system, but our City government and City Council. So, Mr. Tefs, we welcome you. Seeing that the City Council is here at the request of our School Board and our school system, it is now my job to turn over the control of the meeting to Mrs. Sycz, who will then direct the rest of the meeting.

School Board President Sycz: Thank you, Dr. Arndt, I appreciate it. I'd like to reconvene the School Board Meeting, which went into recess after our regular meeting and I'd like to now, reconvene that meeting into our joint meeting and move right into additional business. I'd like to turn this part of the program over to Mr. Bowersox.

Superintendent Bowersox: Thank you, Mrs. Sycz. I would like to take this opportunity to thank the members of North Ridgeville City Council and the City Administration for being here this evening, as we share our plans for the ten-year facilities project. I personally would like to thank Mayor Gillock for his assistance in facilitating this meeting.

I would like to start by giving each of you some background information that has occurred thus far. The planning and preparation for this project began in 2003 with the initial inquiry to purchasing the property on the west side of Wilcox and the High School. It was also the beginning of several steps necessary to begin the formal planning process. Enrollment studies were conducted in 2003 and in 2005. Each study used local data for housing, housing starts, birth rates, enrollment history and other trends. That information was used to generate several different enrollment methodologies for median and (inaudible) predictions. The same process in the 2003 study was replicated in 2005 to update figures due to increased growth. More recently, the Ohio Schools Facility Commission is in the process of completing an updated enrollment projection for 2007 up through calendar year 2017. Also, the Ohio Schools Facility Commission did an assessment of all of our facilities in 2004. They are continuing to replicate again, that assessment this summer and we are waiting the final results of the 2007 assessment at this time. According to OSFC, school building renovations should not cost more than two thirds the cost of replacing a building. Using the 2004 assessment, five of our seven buildings do not meet the two thirds rule for renovation versus replacement. They are Field Sweet, Lear North, Liberty, Wilcox and the Middle School. Thirdly, the Education Center, this building and North Ridgeville High School meet that two thirds rule. We know that growth in the City has produced 2,000 new homes in the last five years and we expect about 4,000 new homes in the next ten years. That led the Board of Education to arrive at two goals that were needed for our facilities. Not only do we need to replace existing facilities based on the OSFC assessment, but we also need additional classrooms to house our growth in enrollment.

The Board of Education then, set upon developing a ten-year facilities plan. Ten years was used because that was the length of our enrollment projections. We looked around the City to where the growth was occurring. We know currently, that there are 21 different housing developments in this City. We began flipping coins and throwing darts at a board trying to decide where to place a new building. Every time, we thought we had a location, there would be another housing development stirring up some place. So, after a lot of due consideration and planning, we began to take a look at a Central Campus location. That began the journey that we are on today in trying to determine how we can best build new facilities at a central location in the City that not only utilizing existing property, but is geographically central to the City.

We had to break the construction into two phases. That is necessary because of the debt limitations of the School District. The first phase will require about 54,250,000 dollars in funding. That will equate to 4.99 mills and will cost about 150 dollars per 100,000 dollars in property value. Here is an aerial view of the property that I described on Bainbridge Road. For those of you that may be familiar can see the High School and Wilcox and right along the bottom line is Bainbridge. There is a little piece of Center Ridge Road on the top left corner and along the east side of the property is Pitts Boulevard. For over 50 years, this property has been home to Wilcox and the High School and it has been owned by the Board of Education. In March of 2006 the Board purchased over 38 acres of land that is located to the west of Wilcox and the High School. The acquisition of this property allowed us to move forward with preliminary plans for future schools to be built on that site as a central campus location. You will notice, however, there is still a piece of property in the middle there that was missing. That missing piece of the puzzle was added in April of 2006 when the Board of Education purchased an additional 8.4 acres of property from the Calvary Ridge Church of Nazarene. You can see that highlighted in green and in fact the church is located right here across from Tim's Grill on Center

Ridge Road. Not only was that missing piece added, but we were able to add a clean access through that property to Center Ridge Road. This addition gives the District the needed land space and additional access to redesign the entire site into a central campus location. Part of the cost for acquiring the property was helped by the sale of District property that was no longer needed. That property, which amounted to about 20 acres was located between Boulder and Creek Side and was sold last year in 2006.

Our architectural firm Burgess and Niple began producing some renderings of what essential campus might look like last summer. Using enrollment projections for the next ten years, renderings were designed for three 700 student elementary buildings, one 1,100 student middle school and a high school for 1,700 students. They also included new facilities for transportation and maintenance, a performing arts center and a 7,500 seat stadium complex for a complete school facility. These renderings are by no means the final plans but merely an idea of what a central campus would look like. Some of you have probably seen these numerous times, but I beg your indulgence for just a moment for those that may have not.

If you recall the aerial map that I showed earlier, here are some of those renderings superimposed on that area. In rendering one, you will see that there are three elementary single story buildings in the foreground, with provisions for a new high school, provisions for taking the existing building of the high school and renovating it for a middle school. You will also notice, the new transportation and maintenance facility. You will also see here, the addition of the performing arts center that is highlighted, new ball fields that will be constructed along with an access road that comes out to Center Ridge and new traffic designs coming off of Bainbridge.

The second rendering is set up a little differently. Again, the same thing, the elementary buildings are here. These are now foot printed with two stories instead of one. This shows a new middle school that has been added onto the existing highschool and additional classrooms onto the high school. We added different configurations for parking and traffic to help accommodate the road and the number of students in cars that will be coming each day. You will also see the transportation and maintenance facilities being included there.

The third rendering was completely different and consisted of a very large single elementary building for all of the K through five students, a new high school and a renovated high school for the middle school, a separate performing arts center and a separate location for the transportation and maintenance facility, as well as, athletic fields throughout the area and playgrounds that you see here that will be used at different times during the day.

Another rendering was put together to show that a stadium would fit in here and as you see, it is very similar to the first rendering with the three separate elementary schools, high school and middle school put together.

We began moving forward and sharing that with the community last fall and after we had some input from the community of what they would like, we moved forward in January 2007 by officially selecting our architect, Burgess and Niple to begin doing some pre bond activities for the design of that central campus facility. In March of 2007, we began with the selection and chose A.G. Edwards as our Bond Representative. In April of 2007, we selected a construction manager, that being Regency Construction and then in June of 2007, we began working with the Ohio Schools Facilities Commission to apply for an expedited local partnership program. I am sure that many of you are aware of the Ohio School Facility's work throughout the State of Ohio, where millions of dollars in new schools have been built throughout the State. North Ridgeville is considered to be a wealthy School District, so we are way down the line in the 465 range and that would be a number of years perhaps until we will be eligible for any funding. However, by applying for the expedited partnership program, it enables us now, to get credit for future funding of the buildings that are built now. The only assurance that we have to provide is that it is met and built according to the OSFC standards. You'll hear more about that later this evening.

The construction for phase one was based on the needs across the board for K through 12. As you know, new classrooms are needed in all of our grades K through 12 as we continue to grow. Field Sweet Elementary and the Middle School are some of the oldest facilities in the District and parts of which, are over 80 years old. If you want to see some scary places, I'll be happy to take you on a tour in some of those basements there. Not only are they old, but they are also very expensive to repair and to maintain. High schools, by nature, are some of the most expensive buildings to construct. A new high school would cost about the same as combining a middle school, an elementary school and additional classrooms for the high school. Giving that need, it was decided to move forward with a new middle school and a new elementary, with additions onto the high school so that we could meet the needs of all grades K through 12. Phase one, as we have it today, will involve one elementary building, single story floor. It will be built to replace Wilcox School, which you see right here and once this building has been constructed and occupied, Wilcox will be scheduled for demolition. It was set to be housing grades four and five. As you know, we have been working very hard to cluster our grades. We have done that in all of our grades, with the exception of two through five. Certainly, the instructional advantages of having everyone under one roof, speaks for itself. We would also be looking at constructing a middle school, which will be a two-story building, which you see, right here. There are some hallways that are shown in there that will possibly allow students to connect between the high school and the middle school. Along with that, there will be some new classroom additions at the high school. This current high school was built in 1993 and you will see some new classrooms that will be added on there to help relieve some of the crowding that we've experienced there. Our goal, with the passage of the bond issue in November, would be the ground breaking to occur in Spring of 2008 and given two warm weather seasons for construction, we would be able to hopefully begin occupation of those new classrooms and buildings in the Fall of 2009.

Phase two will be constructed in another five to six years depending on the growth in the community. You'll hear more about some of the financial considerations on how and why a little bit later in this presentation, but I'd like to run you through the parts right now of phase two. The first would be two additional single floor elementary buildings. You'll see them as kind of a sand color right here. The rust-colored ones are the phase one buildings. You'll also notice that there is a new stadium that is included and the performing arts center that is there and also additional renovations of classrooms in all of the high school to bring it up to date. New transportation and maintenance facilities have been combined here in one structure. We hope to have that underway for the replacement of the bond issue in 2012 or 2013. Using design components as research from our current high school, we have asked Burgess and Niples to make some tentative designs for our buildings. This is what a two-story middle school might look like using the similar windows, roofs and window openings from the current high school and here is another angle with the stadium included in the background. Here to tell us more about that design process from the firm of Burgess and Niple is Bruce Whitehead.

Bruce Whitehead: Good Evening, I am Bruce Whitehead, the Director of Architecture for Burgess and Niple in northeast Ohio and it is a great honor and pleasure for us to be here. We are excited about being selected for this project. We have been working with the District for a number of years. With me tonight is Dave Kalina, one of the principal owners of the company and Dave Meeson who will be the lead designer of the project. (inaudible)

Burgess and Niple is a very well established firm and has been around since 1912. We do a lot of kinds of design work, but our real passion and emphasis in this practice is in education. We have worked with over 90 school districts in Ohio. We have worked for a number of universities and joint vocational districts and our interests extend well beyond the design of the buildings into the way they are used in the built environment can contribute to the educational experience. Our staff members routinely make presentations at national conferences and are very active in the development of new ideas and various designs as it applies to education. As I looked over the records while getting ready for this evening, I realized that since 1997, we've added 25 projects here in North Ridgeville so, I think the Board had some idea of what they were going to get when they selected us. (Inaudible) I'd like to introduce, David Meeson, who will lead in the design efforts and can walk you through the process.

David Meeson: Thank you, It is nice to be here with you this evening. As Larry indicated, we were brought on board to look at this master plan for the site of a Central campus. Our goal at that time was to look at this as far as feasibility with the potential growth. As he had shown you, we had come up with three potentially developed courses. It is very possible and very feasible to do. Of course, presenting the concepts on these types of drawings will probably present more questions than answers. This is kind of a work in progress, but we are here tonight to present to you where we are at, at this point in time. Of these questions, we kind of broke them down into four categories, IE; building plans, facilities drawings which depict different shapes and colors. People then ask what do those shapes represent? (inaudible). The secondary item is the architectural character. When you develop a site like this, you have to review what the buildings will look like. There is an issue with the time schedule such as the phasing where if the schools are in operation and all. (inaudible) The last question probably everyone has is the how much will all this cost. (Inaudible) Larry commented on working with the Ohio School Facilities. In working with the State, you would then participate in the funding of this. We do have rules and regulations that are set up by the OSFC. I brought along their manual which describes the design criteria. There is a lot of important information here that does have to be followed. It is important to start out in the beginning of this project with this information because then you are going in the right path and will have all this documented then, with the State. What this manual allows us to do is begin the plan process of designing the buildings. From the information that we would get out of the manual we can develop the graphics with what we call bubble graphics. We take all the spaces that are slighted for a building that would give us the square footage sizes and quantities to develop each of the graphic programs. I'm not going to go through each of those phases. However, this one grouping is the academic classrooms, this represents 28 classrooms for the elementary school,700 students. There will be plain classrooms. The other boxes represent teachers work rooms, storage areas, restrooms. The OSFC details this quite extensively and all spaces are accounted for. The other box deals with the Administration and office spaces, the media center, the gymnasium, a cafeteria, kitchen; all of that is cataloged here in this graphic. What we do with this now, is we take these pieces and parts and begin to assemble a building plan. I'm just going to build this here for you to show you the basic concept. Let's start with the gymnasium and cafeteria combination, kind of in the center of the school. I'll bring in a block of space for office and administrative area, a block for the media center, kitchen and mechanical space for the entire building, specialty classes such as art and music classrooms, and these other blocks will represent the twenty-eight classrooms divided off into two wings. (Inaudible) We will have the front door and the back door, which accesses the ball fields and service entries. So this does represent the building and what we have to do now is stake it out and show it all out on a site plan. What you see now in red is the total block that represents this elementary building for 700 students and the plans end up being just under 81,000 square feet.

We did the same process for the middle school, however, in order to hold 1,100 students, the spaces needed to be a little bit larger so, I put a gymnasium with a larger space cafeteria, kitchen and all larger spaces would accommodate that involving office, library, media center and here with some of the specialty classrooms, art and music, manning life skills as well as technology classrooms with that combination, and here, this lays out the classroom space, tying in the corridor, front door, back door, service access with also the possibility of tying the middle school into the high school. When the performing arts center is established, a possible access will be added both from the middle school and high school, tying both of those schools to the performing arts center. That represented not all the classroom space for 1,100 students, but we would end up with about 42 classrooms. So, on the second floor level we would provide the balance of those classrooms and here is where we show those. This shows how the second floor will be located on top of the first floor. This represents an 1,100 student middle school. A two-story building with approximately 156,000 square feet.

For the high school, here we held onto the existing high school building to build a portion off the right and a media center. Here again, we will be looking at lab space with four labs here and six classrooms with corridors and access over to the high school. Access will be tied across to the middle school (inaudible) This ends up being roughly 15,000 square feet. The square footage relates directly to the cost of the facilities. (inaudible) As Larry indicated, this is the overall master plan and phase two aspect of this (inaudible). Each will have their own drive and parking, shared common playground space (inaudible). The middle school will be located just west of the high school and the addition onto the high school. These three elements are the parts of this plan that OSFC does participate in. There is a very definite distinction by OSFC as to what they will participate in as far as funding. The school and the academic side they participate in, but it would be limited. Of course the site plan does not include what the master plan wants to include in these other areas. The performing arts building should be planned into this and should be accommodating for all. Transportation area bussing compound will also be included in this. (inaudible) As far as the drives, we still plan the main entrance to the complex to be off of Bainbridge. We have the west drive and east drive for the middle school and elementary school with both drives going back to the high school. Also, the great advantage here is that with the drive coming off of Center Ridge, it will take some of the burden of traffic off of Pitts.

We talked about the building character, we like to be sympathetic to existing buildings within the area. This is the older portion of the high school and unfortunately, it isn't the strongest as far as architectural character, however, there are vertical windows that we could pick up on this brick. There are some features still that we would certainly want to incorporate and make it a part of this campus. We don't want to exclude the overall main character. However, I indicated we really feel that the library and media center has some definition of character that we would like to see carried throughout the campus. You can see from this curve, it has very nice attractive lines and horizontal moldings to it along with the canopy in front with tinted glass and horizontal window systems. This gives you an idea of the architectural designs and character to draw into the new complex. The schools that we had looked at using here is Whitley Elementary School (inaudible) to include an entrance canopy and vertical windows. You can see the color pallette to this as well and even the vertical windows on the high school, we can do something similar to that. We also have the classroom wings on the right and left to just kind of break up the length to that. We are showing (inaudible) changing the brick color, corridor and provide natural lighting into the corridor space. (inaudible) that is the elementary school. You can see that the middle school picks up these very same elements with being a two-story of course, which will be back further on the site and will compliment the elementary school. We have developed the elevations. We have all these graphics up here if you would like to come up after the presentation and we will answer any questions you might have. The other thing that was done in developing these plans by computers, we developed a (inaudible) which takes these images and made an animated video of this and we're just going to run through this. Just looking at the overall site, we'll begin to move up in order to see some of the forms of these buildings. The elementary school is on the east side with another elementary school on the west side. At a normal standing elevation coming down the drive, you're looking at the entrance to the elementary school and continues on down. We took the liberty to come up with a performing arts center, which is very conceptual. It looks onto the middle and then looking at the main entrance with classrooms to the right and then another classroom to the left. We're moving back around toward the stadium, which gives us a little glimpse of the stadium. This is exciting to us and I hope it is exciting to all of you.

This is a great start, but unfortunately, as grandiose as this all is, it does come with a price tag. When we were first looking at the numbers, it was determined to do all of this, this whole phase two would be well over a 100,000,000 dollars. That is just a little bit too much to bit off at one time so, as Larry indicated, a lot of thought went into determining what phase would be split apart, prioritizing the needs of the District, obviously and so it has come down to the flip of the coin as to what starts first. It has come down to one elementary school, single-story, the middle school with 1,100 students, two-story building, and the addition to the high school in adding these class rooms. Of course our development of this (inaudible) in extending the drive out through Center Ridge. This is the plan right now. I invite John Sanner to come up now. He is the construction manager of the project from Regency Construction.

John Sanner: It's graphics like that, that make us ask the question on why does it take so long to build a building. Obviously, it looks like it is almost ready. One of the things I like to do since I am the newest member of your building team. I am not new to Burgess and Niple though. As I was reminiscing last night that Dave Kalina and I have known each other for about twenty-five years. It's hard to say that if you have been in the business for over forty years and look back and say, wow, it's been a long time. Let me give a little overview, again, I am John Sanner, I am the principle managing partners of Regency Construction and I will be the principle in charge of all of our efforts as the projects move forward. One of the things is that we're headquartered in Lakewood and over the past ten years, we have completed about 1.5 billion dollars worth of school work throughout the State of Ohio, both as Ohio Student Facilities Commission Projects as well as non commissioned projects. Some of the projects, we are currently working on, if any of you have driven through Lakewood, we were starting phase two of their 170 million dollar program. Fairview Park, we are wrapping up a new major elementary school to replace the old Gilles Sweets school and doing renovations at the high school, about 20,000,000 dollars there. We are completing a few projects over in Shaker Heights. Olmsted Falls just recently passed their bond issue, so we will be building a new intermediate school for Olmsted Falls after a number of years in planning. One of our jewels actually took six years to pass, but with perseverance they did and Elyria will now be getting their brand new high school as a result of efforts of the community there and last but certainly not least, over the past ten years, some 35 other school districts throughout the State of Ohio. Hopefully, you can appreciate the fact that we have come with a little bit of experience. Most of my thinking was out of here, so I know the area very well. Most of my message is going to be talking about what a tremendous impact a project of this nature will have on the community as a whole. My second slide talks a little bit about what does a construction manager do. I like to relate this to some of where the architect takes a good portion of the time designing all of the buildings. We are working with them throughout the design phase providing the District and yourself with the cost of the project, how long it will be taking. We will also be looking at the design to make sure that it is in compliance with the Ohio School Facilities Manual. Now, why is that important? There is going to come a time when the District will be given credits for all of the elements that go into the project. We don't know exactly what the credit might be today, but it could be in the millions of dollars. One of the things that we want to make sure happens is that as the design is moving forward, we are insuring the School District captures every credit for every dollar that they can. That is one of the roles and responsibilities that we have. One of the other things that we do is set the time line. Like Larry said, we would like to start breaking ground next year after a successful bond issue. That takes an awful lot of planning to be put in place. One of the other things we do, as we move into the construction phase (inaudible) they have spent probably 70 percent of their effort putting their drawings together. We probably spend 25 to 30 percent of our effort supporting their efforts. We kick in, we move to the site and we take care and custody of the site. What does that mean? Other than the fact that we want to build quality buildings, we have two major emphases. One is the care and custody of the site so that the students, faculty and community members that visit the project are safe. The areas that we will be working on will be housed and corded off in an area that is fenced off, so that there is limited access to anybody and workers. The other thing we do is make sure that we look over the quality of the buildings today. The Ohio School Facilities Commission is putting in place about three million dollars a month for school projects. Right now, the State of Ohio has allocated approximately four billion dollars of additional monies to be put into school projects over the next three years. That is not money that was planned, that is where construction needs to be completed within the next three years, four billion dollars, so within that time line or when North Ridgeville might get their State money, might be a lot sooner than we think.

Also, one of the things that Regency prides themselves in and we get awarded through the State for is involving the students in this program. We have programs where for elementary students on up, you'll see that they will be involved in this program. We have what is called a junior core team. What makes up the core that builds this project are the architects, construction manager, central office, school board and the community. We select students from all grade levels to participate as the shadowiest throughout the entire project, so that they also could at some time become a construction worker or an architect, so we try to involve the school kids at every level.

One of the things that we do and I think we do very well is give you a projection of what this program is going to cost. One of the things us managers do when putting together a design is not only do you have to, before thinking as to what that design is, to look into the future, but we also have to project what it is going to cost to build it and maintain it a year to a year and a half away. If you take a look at the individual components of the top of that pie chart, the overall program is 54,250,000 dollars. That is the number that I see when I go to bed at night. Breaking that up is that the new 700 student elementary school is going to cost a little excess of 17,000,000 dollars, coupled with the 1,100 student middle school at 33,000,000 dollars, teamed up with a 15,000 square foot expansion of the high school at 3.2 million dollars and that access road that goes off of Center Ridge of a little over 726,000 dollars. If you add that all up, that doesn't add up to 54,250,000 dollars because we need to get paid, the architect needs to get paid, furniture needs to be purchased in the building. So there are some things that are called soft costs.

One of the things of why I think that this is good for the community as a whole, is that there is a tremendous economic impact to this community with the program of this magnitude. For example, the University of Cincinnati recently completed a study that says, if you have a major construction program in your City, take the value of that construction program and multiply it by two or three times the amount of money you turn for the community. It's called the evolution of money. You say, how does that occur? Well, if I have a construction person that lives and works in the City and they also need to buy furniture, they walk into the furniture store and spend money. Generally, they are spending more money than they earn. So, what happens is that you are trying to have the money continue to grow. So, we can see that this project has two major impacts from the community standpoint. That 54,000,000 dollars is going to generate into 19 to 20 million dollars worth of labor. What does that translate into? That translates into over 400,000 man hours of labor that will be put in place. I know a number of folks here with trades that live here that may possibly be working on these projects. What does that translate into? That anyone time at the peak of this construction, we are going to have nearly 230 workers, working on this campus building. In addition to the construction, there is the material that will go into the building to the tune of somewhere in between 25 to 26 million dollars worth of materials that will be incorporated into that, that will go into the building. One of the things that I think is interesting about construction workers is that we like to eat. Those 400,000 man hours of labor is going to generate in upwards of 50,000 lunches for every student in our community. Now, not everyone brings lunch to work. One of the school districts that we worked with opened up their concession stand and fed the construction workers to the point that they were able to buy band uniforms and weight room equipment. One of the things about construction workers is that they buy gas, they buy liquids, they buy food and they spend money in the community where they are working. The other thing that we find is the tax revenue for North Ridgeville. It will be tremendous based on all the workers alone. Another thing is the purchase of all the consumables for all the transportation and the materials bought in the City, you can understand why the money starts to expand. One of the things that charts throughout the room here is the fact that there is an awful lot of residual benefits through this program. Being of great pride in what we do, we can't wait to start taking the models that they design and give you a full scale model.

Mr. Larry Bowersox: Thanks John, I'd like to call upon Alan Bocco from AG Edwards. AG Edwards is our bond representative and he has some numbers to share with us to tell us how this is all going to work.

Alan Bocco: Good Evening. It is also a real privilege for me to be here and be part of this project. My name is Alan Bocco and I am from AG Edwards and Sons. AG Edwards is part of the most active underwriters of bonds for school facilities in the United States. In the last three years we bonded five billion dollars worth of projects for primary and secondary education. In Ohio, we work with over 110 school districts in 40 different counties including four here in Lorain County and about 19 to 20 in Cuyahoga County.

I was going to talk a little bit about funding strategy. First let me talk about what I do, very briefly. Really, there are two primary roles that I am going to serve. One is and I've been working with the District over a number of months in developing the finance planning and looking at other alternatives. Then secondly, is ultimately when the bond issue is passed, we are the firm that actually sells the bond issues to the investing public.

Jumping right in, we've established funding needs and funding challenges. Pretty straight forward, you have heard these already. That is in talking about this project and its cost to be in excess of 100,000,000 dollars. We are going to see matching funds from the State of Ohio and we have estimated that to be over 22 to 24 percent. It will be based on eligible cost and not everything is eligible for state funding and we look at actual percentages to be determined down the road when we receive the state funding. projecting we're going to get that in five to seven years. As John mentioned or not, it is most likely to be sooner. I think, as you have heard about the state tobacco bond issue, this is really, really accelerating the amount of schools that the State of Ohio is going to be able to provide funding for. I think last I read there were up over 305 districts already that have been permitted for funding. They're asking the local school districts to start getting their local shares in line. The plan as we have also heard, calls for funding of phase one as early as 2008. That is our challenge and funding for phase two with the matching state funds as soon as they're available.

We have three primary objectives. The first primary objective is that municipal funds are needed in early 2008 so that we can begin construction in the spring time. The second objective is really key and that is limit the cost to the taxpayer from the total ten-year facilities plan that was less than five mills per year or about 150 to 152 dollars per 100,000 dollars of market value. This is really the driving component of this plan and this is what is driving the phases. It's been the goal of the district authority to say that we want to limit the cost to the taxpayers, something that would need to be affordable and that is this five-mill figure. From this, the plan in terms of phases was formed. One other consideration was to spread the cost of the plan over the useful life of the new facilities, which under State Law is over twenty-eight years. What state law allows you to do is to stretch this out over a period of about twenty-eight years; something like your home mortgage and we fully intend to take advantage of that. So, we result in the phase one bond issue. In order to keep the cost under five mills, we need to limit the amount of capital we raised initially, requiring a couple of phases. Timing, if we are going to have money in place by early 2008, we need to go before the voters in 2007 so we are projecting to go forward to the November 2007 ballot. Using the District's assessed valuation test that has been given to us and these resolutions have already been passed by the board in terms of resolution of proceeding and have gone to the County Auditor. The County Auditor has said to us, with the interest rate assumption and your valuation of a twenty-eight year issue, the most that you can get from 4.99 mills is 54,250,000 dollars and that is where that number came from and that became the goal of phase one; that goal being to keep phase one less than the 54,250,000 dollars.

Once phase one has been accomplished, the key to phase two is the future tax based growth and I think that Mr. Bowersox referred to this, in that the essential philosophy here is that as the District's tax base grows in the next five plus years or so, the millage, which is basically the tax rate on the 4.99 mills per taxpayer necessary to pay off this phase one bond, is going to decrease. As more people move into the District, there are more people to share the burden. So as additional folks move in, new houses, new evaluation; the tax rate for everyone else is going to go down. Likewise, as the value of your house goes up over time, we need to generate the same dollars so the tax rate will go down. To understand that concept is really important. So, assuming that the conservative estimate of future tax base growth, we looked at what the historic growth has been for the District and conservatively, we will project it as the tax base grows; the millage necessary to pay off those phase one bonds is going to decrease from 4.99 mills in 2008 and we would most likely levy that 4.99 mills from 2008 to around 2012 and in 2013, because of the projected assessed valuation growth, we would estimate that the millage required then would drop down to about 2.7 mills in 2013.

This leads us to the phase two bond issue. With this future growth in the tax and the drop in the tax rate, the District could ask its voters in 2012 to allow the District to continue to levy the 4.99 mills as a replacement levy. It doesn't work exactly like the word replacement levy and that is the last time I'll ever use the word replacement. Technically, how it is done is that they will replace the tax rate issue on the ballot in 2012. How much can we generate with this millage that has gone up? It depends. It depends on the future and we really won't know that until we hear because it depends on how much the tax base grows in five years and it depends on what you're going to need to improve and what the estimated useful life of the improvements are. We can assume it is going to be something similar to what we're dealing with now and we'll have a pretty good idea of what we could do in phase two. So, that is assumed for twenty-eight years. It also assumes what the interest rates are going to be at in five years. As an example and this is our projection, assuming a twenty-eight year issue and this is in the year 2012, assuming a twenty- eight year issue with a five percent interest rate and a future assessed valuation of the Districts growth from around 655,000,000 dollars to 811,000,000 dollars in 2012; if that is the case, we would be able to look at a 2.1 mill, no new tax issue on the ballot and it would be able to raise 28,000,000 dollars. After approval of the phase two bonds, the combined levy of phase one and phase two then, wouldn't exceed 4.99 mill that was originally authorized by the voters in 2007. Again, once the District voters approve the phase two bond issue, we would then become eligible for funding from the State matching funds. Just to dwell on this for a minute, in 2012 and 2013 it is expected that this mill is going to drop at 2.7 mills. It will go to the voters in 2012 and ask them to essentially allow us to increase the millage from 2.7 mills back up to 4.99 mills, such as the tax rate would remain the same.

This is a graph of what we would expect as you see the millage. The millage being levied through 2012 would be the 4.99 mills. Because of growth and assessed valuation, we would expect the millage required to service that phase one all the way down to 2.73 mills. We will go to the voters again and ask them if they would allow us to put that millage back up to the 4.99 mills and just continue the rate. This will take us all the way back to our original plan that we want to fund this project at over 100,000,000 dollars with our State matching funds and never exceed five mills to the tax payer, which is roughly 150 dollars per year per 100,000 dollars.

This is a graph of interest rates; tax exempt municipal interest rates, which goes all the way back to 1980. Real simple points to be made here. This is a really, really good time to be funding long term facilities. Right now, the interest rate we assumed with the ballot issue was 4.75 percent interest, which is a little bit conservative going to the market right now. Right now, the market has dropped 4.6 percent. The red charge, is you see the yellow line, everything you see below the yellow line is where rates have been better than they are now and in fact, yes, we have been gearing up since about March. So, we were actually about a half percent better than rates are right now. We are not going to be sending the rate on these bonds until probably about January, February. Rates have remained relatively steady. This is a good example of why this is a good time to do this. Interest rates right now are at four and three quarters percent. If we can get this issue passed now, this 54,000,000 dollars, as opposed to interest rates being at five and three quarters, because at five and three quarters, you are adding over 11,000,000 dollars in additional interest. That is 25 percent more in interest. The difference in just one half percent is over five million dollars over the life of these bonds. So, I would never suggest to someone to just go borrow because the rates are good, but the opportunity to fund these facilities at rates that are this low, is a good opportunity.

Very quickly, the schedule of tasks are again, November 6 is the ballot issue. There will be 54.25 million dollars on the ballot for a twenty-eight year period, which will fund phase one. If the issue were approved, sometime in November or probably in December, the bond will be certified by the County Board of Elections. Once that takes place, the District will be able to issue some debt, typically, some short term debt in December for all immediate certification of contracts. Sometime in the first quarter of 2008, the bonds will actually be sold. It is our intention to make the District's bond available to all investors. I think that it really brings out the community and it's a good opportunity to really get involved in the project financially and bonds will be available in denominations of 5,000 as long as the interest rates continue to be this low. In January of 2008, the levy would begin and that is the 4.99 mills to support the bond issue will take affect. Those are my comments and I can take questions. Otherwise, I will turn it over to Mr. Bowersox.

Superintendent Larry Bowersox: Thanks Al. We have a cordless microphone I think by Mr. Boose there. If anyone on Council that has a question that you would like to ask any one of our panel of experts, we would welcome that at this time.

Council Member Olesen: Yes, my question as we look at the planning for parking with the big football complex there, how much have you allowed for parking spaces and is there enough room?
Superintendent Larry Bowersox: We have plans for 7,500 seats at the stadium complex and I believe Dave could tell us the number of parking spaces as I don't remember the number of spaces off the top of my head. I know that it is considerably more than what we currently have at our middle school facility where our stadium is located now. Dave did you want to take a stab at that? 850 spaces? Thanks. Dennis?

Council Member Boose: Great presentation by the way. A lot of information and I appreciate the experts being here and so, thank you. One question. Once this project is completed, how is the School District going to plan to fund the increase cost associated with things such as additional teachers, additional staff, classroom materials, things like that? One of the questions that has been asked of me from the public is, once we build it, they will come but, will there be anything

there for them to come to?
Superintendent Larry Bowersox: I will tell you that, that is a difficult one. The District has gone eleven years right now without new operating money approved by the voters and that will be very difficult for the District to move forward because as we build additional classrooms and as we build additional facilities then obviously, operating costs and staffing costs will be associated with that. So, at some point, in the near future, we are going to have to look at what we can do to either increase revenue or increase cost. Obviously, it would be to our advantage to increase a little bit of revenue to help offset those kinds of costs in order to maintain and staff these facilities. Any other questions? I know that all of our presenters will be here afterwards and they invite Council and members of our audience to come forward and we welcome you to ask any questions you have and certainly take a look at all the displays we have around the room. This is a great opportunity for us as a School District to begin our kick off of essentially the bond campaign for fall of 2007.

As we take a look at that time line, we have heard some dates all over tonight and to reiterate some of those. This is our first opportunity for the public to begin to present all of our facilities plans and we certainly appreciate the opportunity to share that with City Council. Your support and your endorsement will go a long way in helping us deliver this information to the community. We will have an extensive display of some of the information that you see here on our webpage but also at the Corn Festival. That will be a great opportunity for people to come by our bus booth to take a look at that information along with some handouts as well as, we will be going out on the road to all of our open houses, throughout the District in the fall of 2007. There will also be available, some community forms for community input in September and October as we begin this. It is important to note that we have made a lot of progress in our design. There is still some work involved as we continue to work with our construction manager and architect design team to begin to formulate the specific floor plans and all of the things that would go into being part of the designs of those buildings. That will occur throughout the fall and into the winter months and certainly invite all of you, both from the audience as well as Council to become involved in this project. We believe that not only would it be a good thing for the School District, but it would be a great opportunity for our community as Dennis said, you build it and they will come. We know that has happened with other school districts and other communities around us. We work hard to be our best that we can be with academic programs and we need to do the best that we can to provide the best for our students in terms of our facilities. With that in mind, this concludes our presentation and we'll turn things back over to our President of the Board of Education and President of Council for each of those respective bodies to take the necessary action to close their meetings. Thank you all very much for your time and attention this evening.

School Board President Sycz: Before either party adjourns, I would just like to say that on behalf of the Board of Education, that we truly appreciate your input and your thoughts in this project and for your support, especially, when it comes time to get this issue on the ballot and passed for the kids in this school District. We thank you much for giving us the opportunity to meet together and join in forces to present this bond issue. Now, I'd like to turn it over to Dr. Arndt so that he may adjourn his meeting.

President Arndt: Thank you, the School Board still has a meeting to contend with and so in just a moment we'll adjourn ours, but I can certainly speak on behalf of Council and the Administration that it is really a wonderful opportunity for our City government to participate in a process like this and hopefully our community has the opportunity to discover that there is a real synergy between both areas of our government and as such, I think you can look forward to a continued cooperation on the part of City Council and we are very grateful that the School Administration and our School Board has invited us to be part of the process. So, having said that, the Chair will entertain a motion for Council to adjourn.

ADJOURN:

moved by Butkowski to adjourn
President Arndt: Meeting adjourned at 8:12 P.M..

Meeting adjourned at P.M.

MOTION Boose 2ND Jaenke DATE September 4, 2007

YES 5 NO 0 ABSTAIN 0

PRESIDENT OF COUNCIL DR. RONALD F. ARNDT

CLERK OF COUNCIL CHARLES A. NORRIS