

MASTER PLAN IDEA C

All costs below include construction costs, construction contingency, non-construction costs and escalation

- **SEGMENT 1**

High School - \$76,950,557

Roxboro MS - \$23,999,665

Monticello MS - \$22,864,995

Wiley MS - \$19,640,638

Swing Space - \$15,107,098

Segment 1 Total Costs:

\$158,562,953

- **SEGMENT 2**

Boulevard ES - \$16,224,641

Oxford ES - \$10,220,492

Canterbury ES - \$11,035,212

Roxboro ES - \$9,238,197

District Network Operating
Center - \$1,000,000

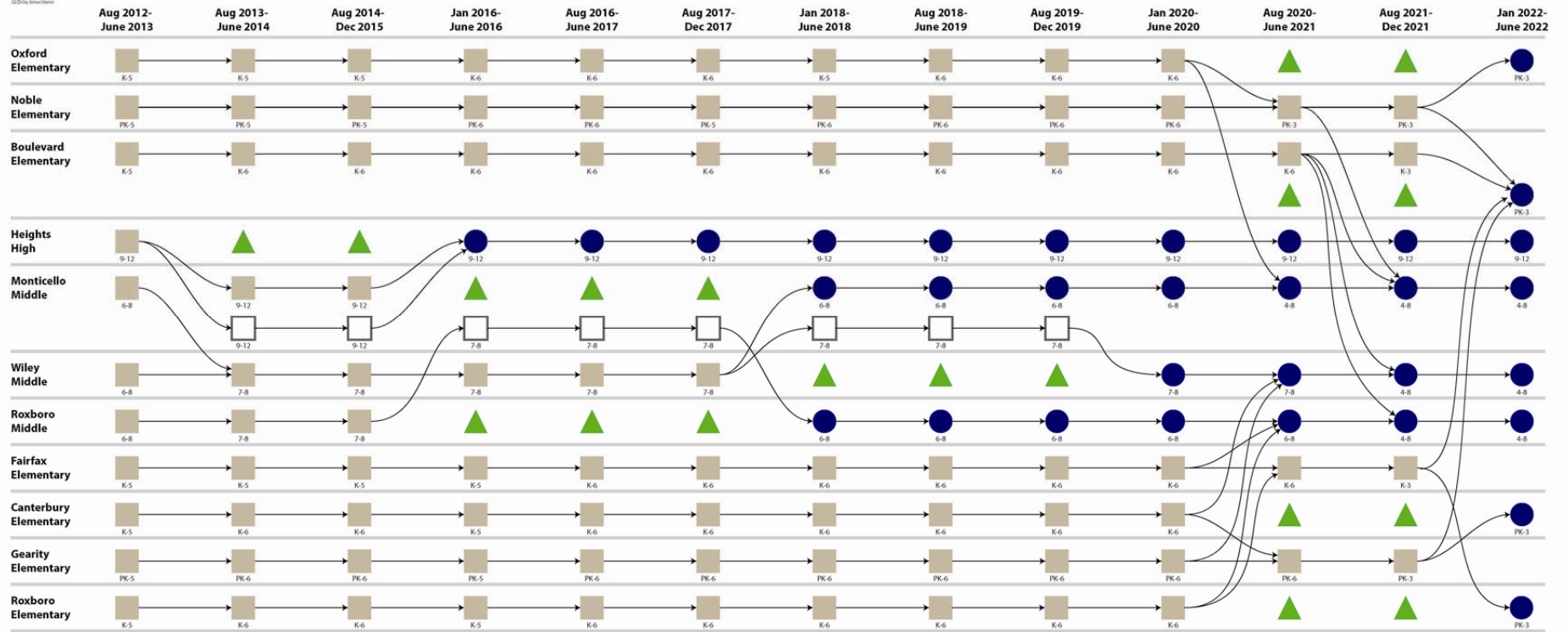
Segment 2 Total Costs:

\$47,718,543

TOTAL PROJECT COSTS - \$206,281,496



CH-UH Facilities Student Movement Plan

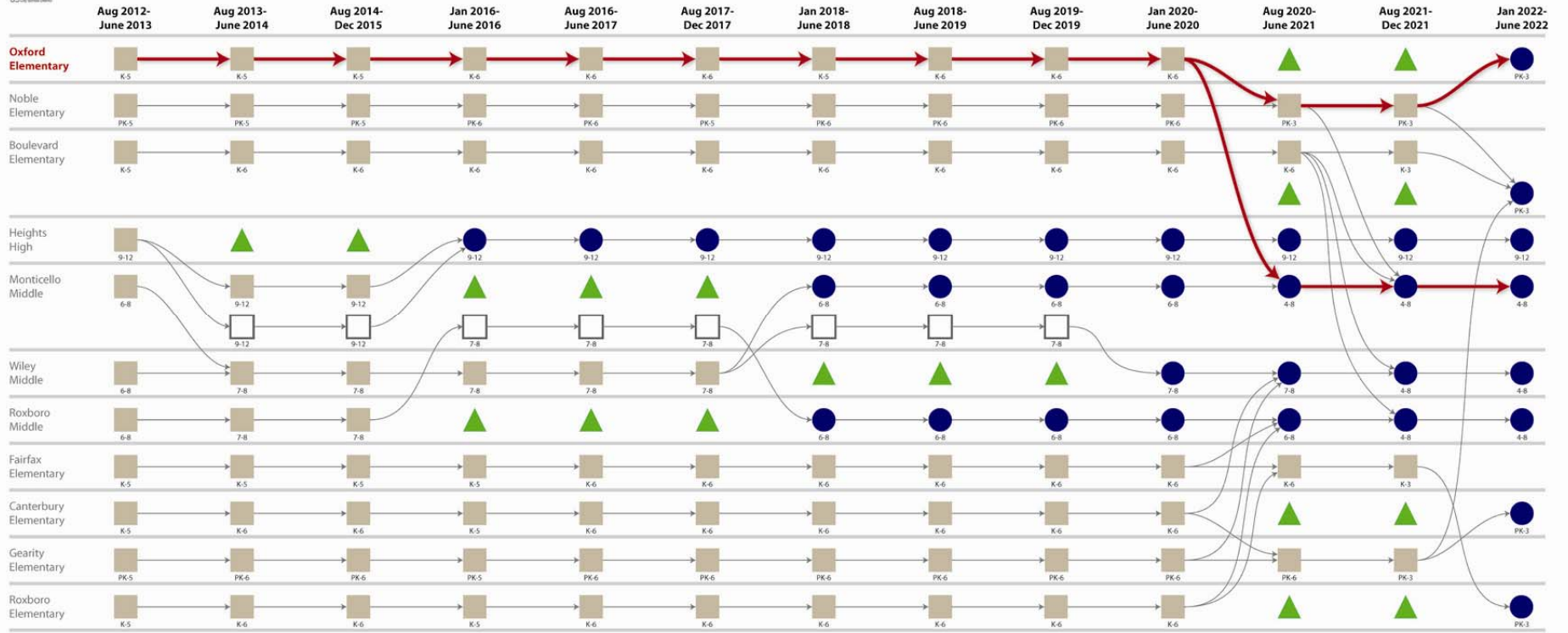


Note: Calendar years are projections based upon the anticipated passage of some type of ballot initiative in November 2012





CH-UH Facilities Student Movement Plan - Oxford Elementary

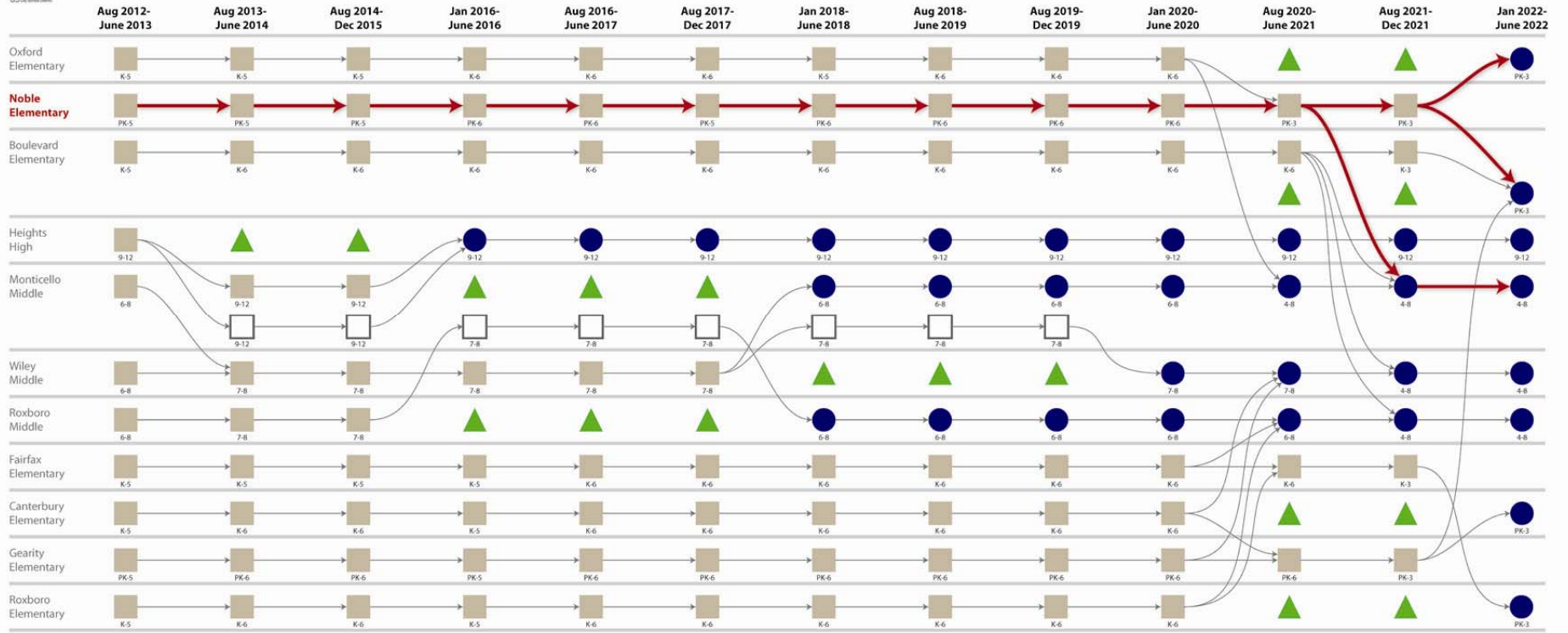


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CH-UH Facilities Student Movement Plan - Noble Elementary

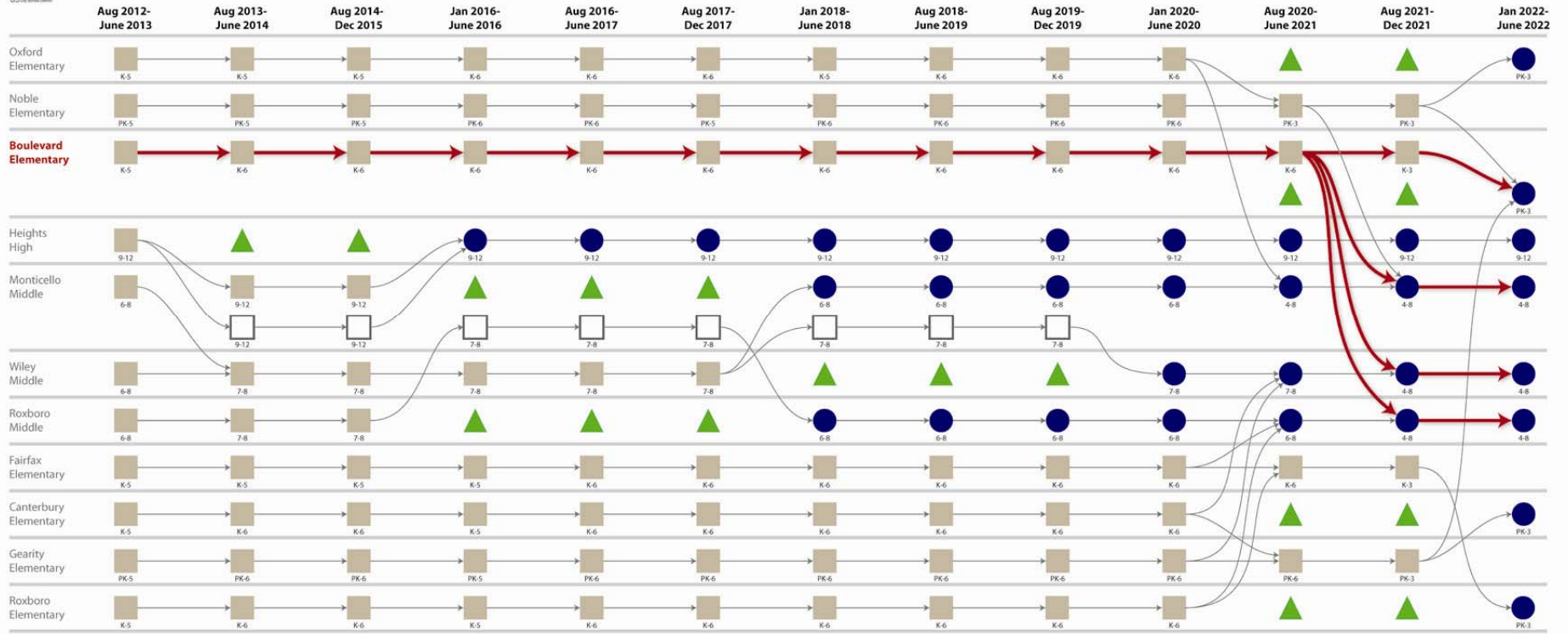


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CH-UH Facilities Student Movement Plan - Boulevard Elementary

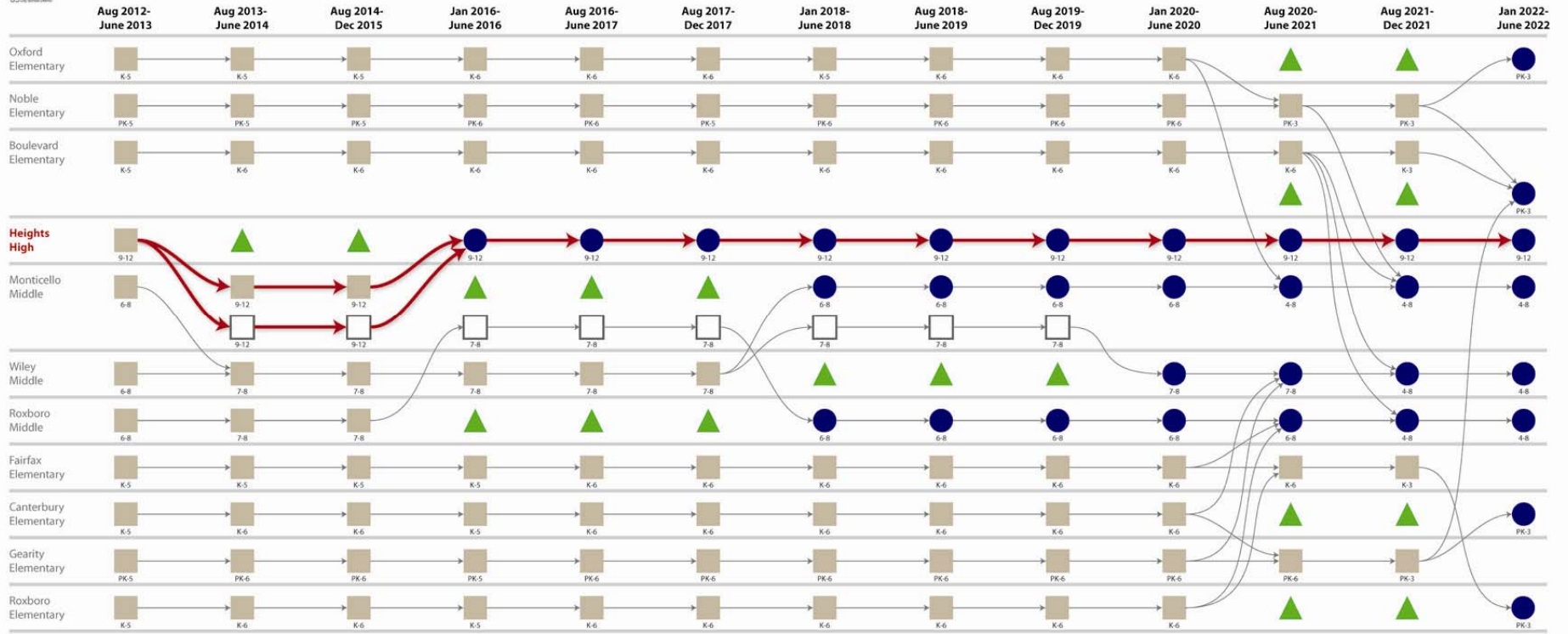


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CH-UH Facilities Student Movement Plan - Heights High

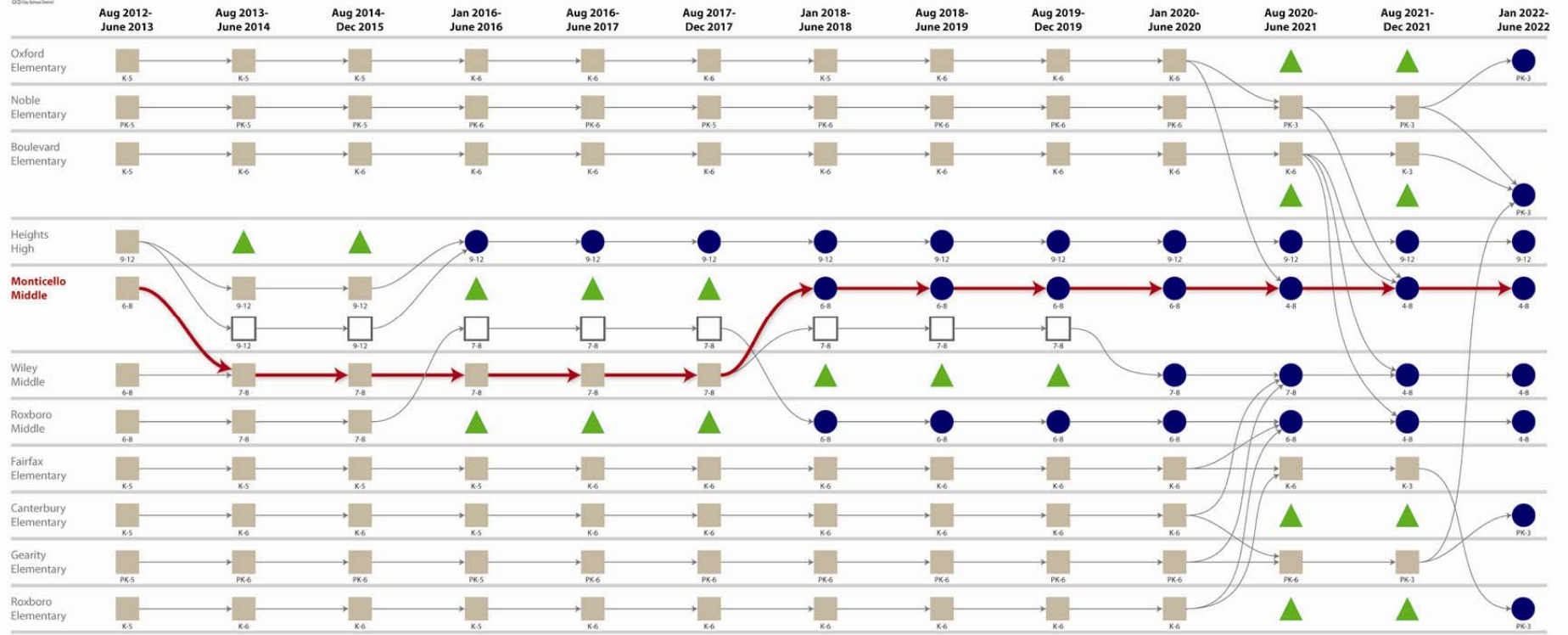


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CH-UH Facilities Student Movement Plan - Monticello Middle

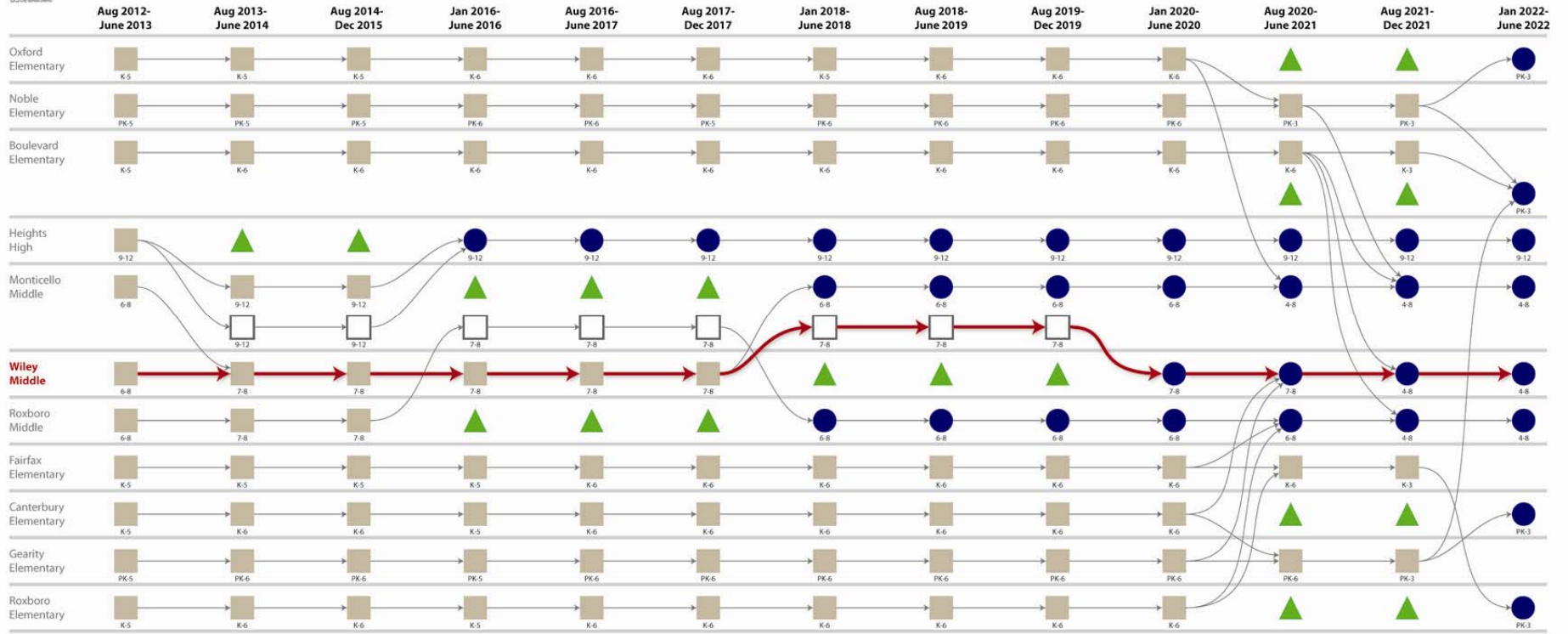


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CH-UH Facilities Student Movement Plan - Wiley Middle

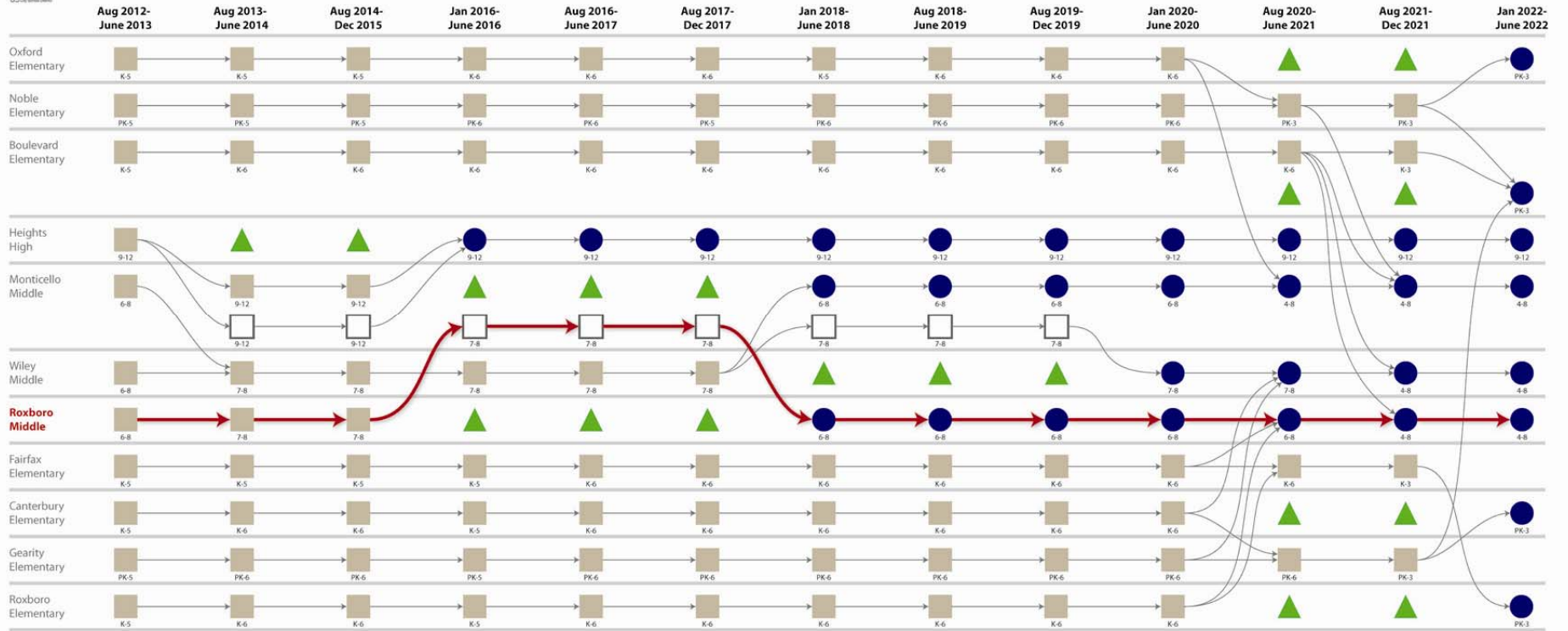


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CH-UH Facilities Student Movement Plan - Roxboro Middle

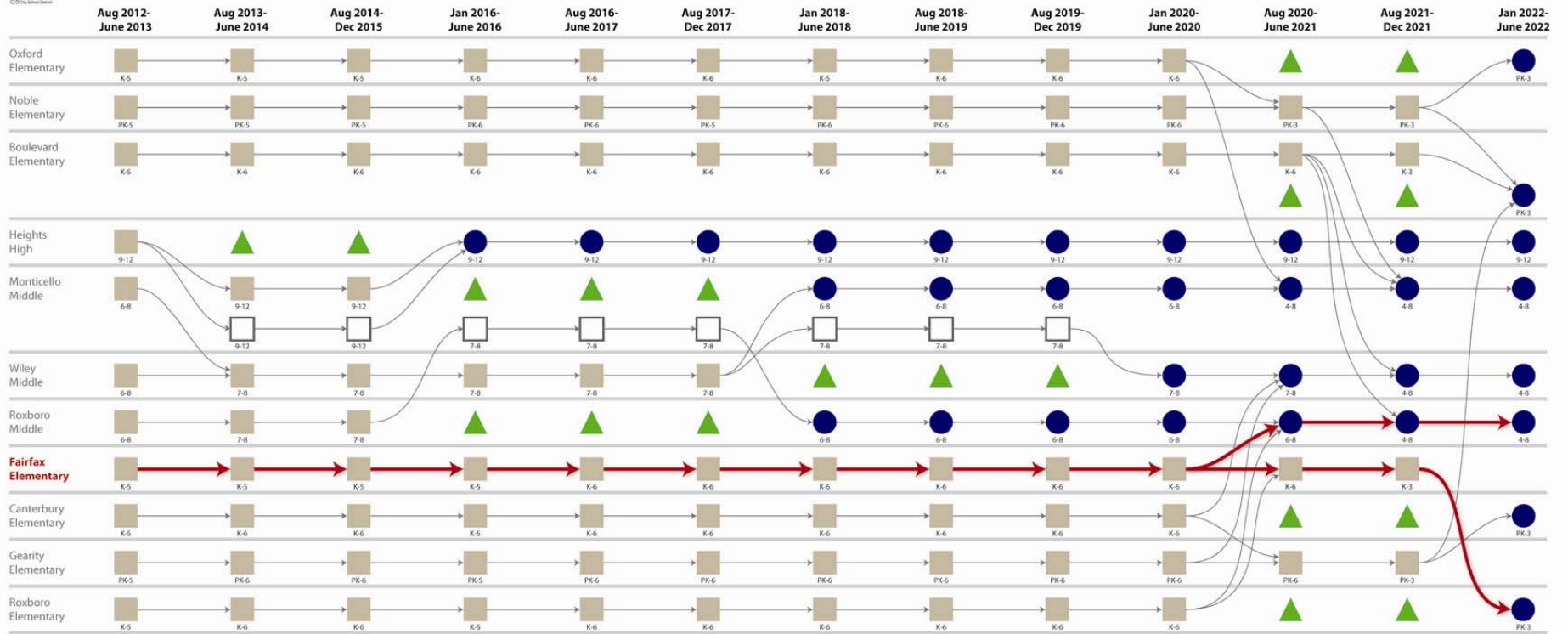


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CH-UH Facilities Student Movement Plan - Fairfax Elementary

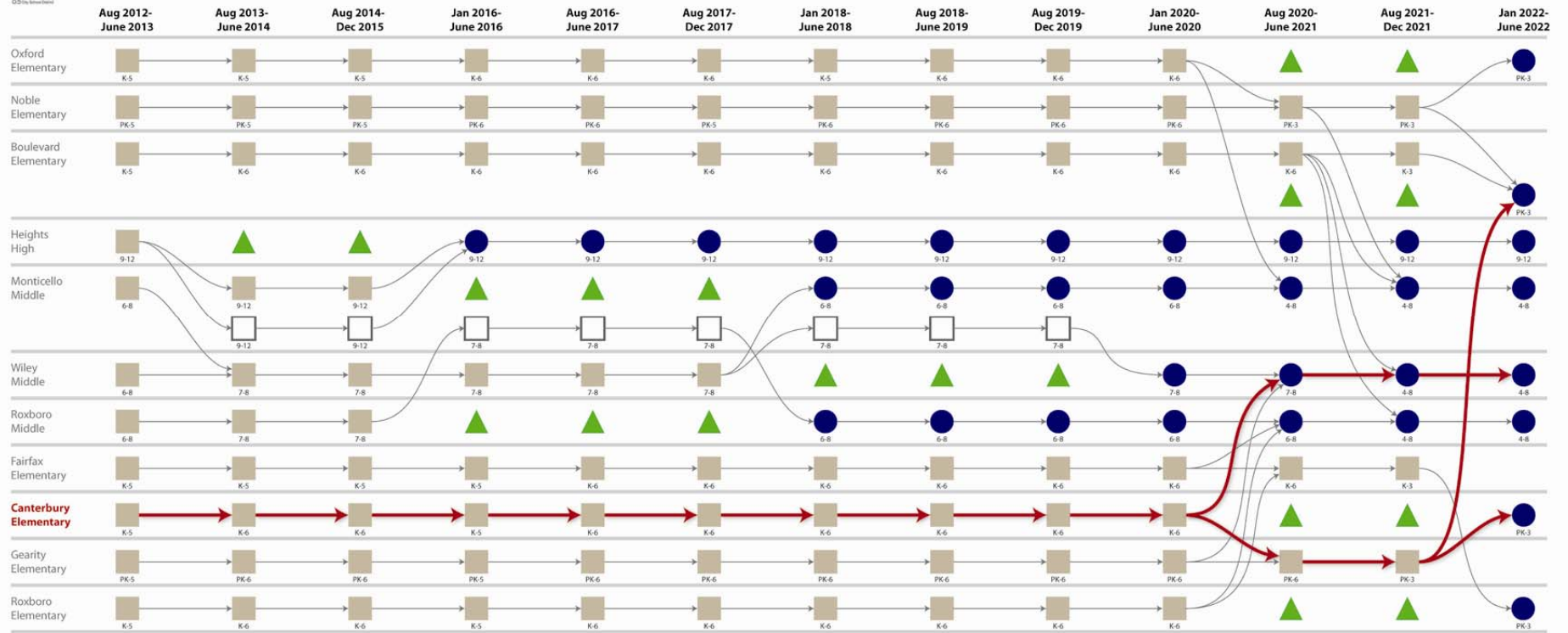


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CH-UH Facilities Student Movement Plan - Canterbury Elementary

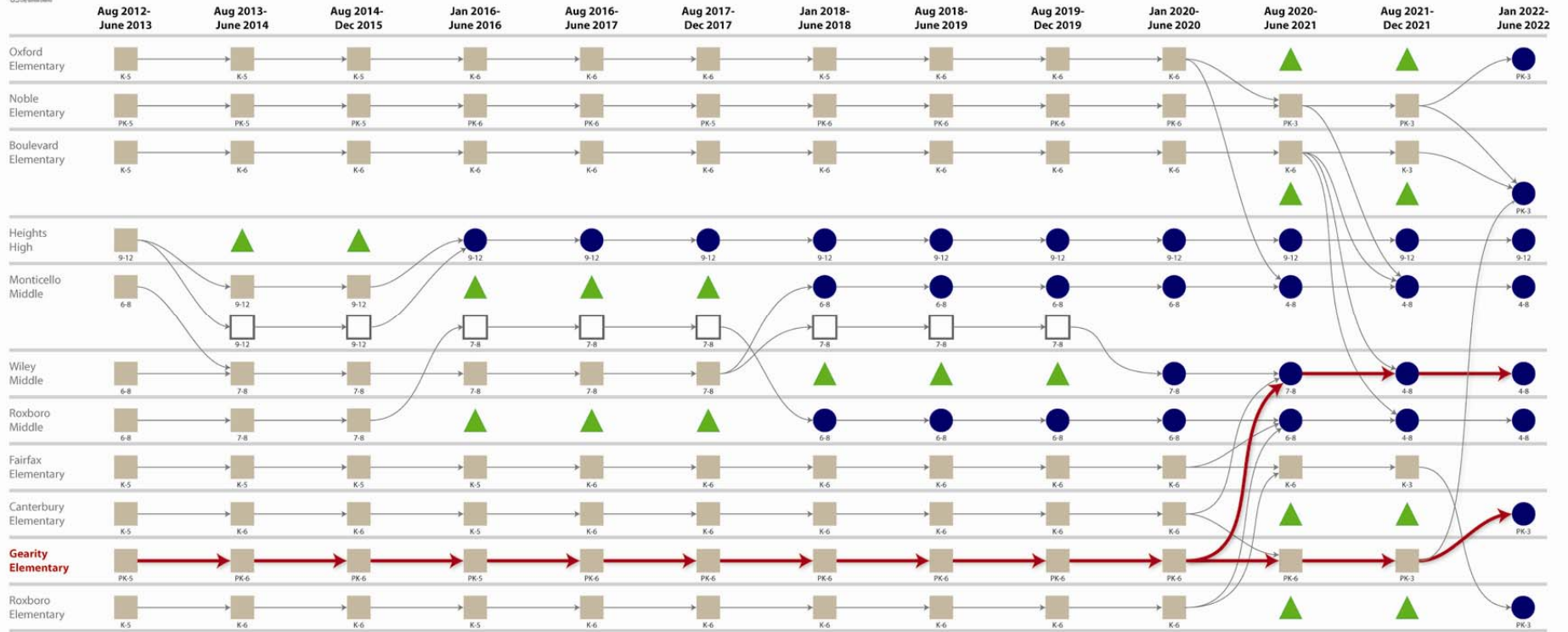


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CH-UH Facilities Student Movement Plan - Gearity Elementary

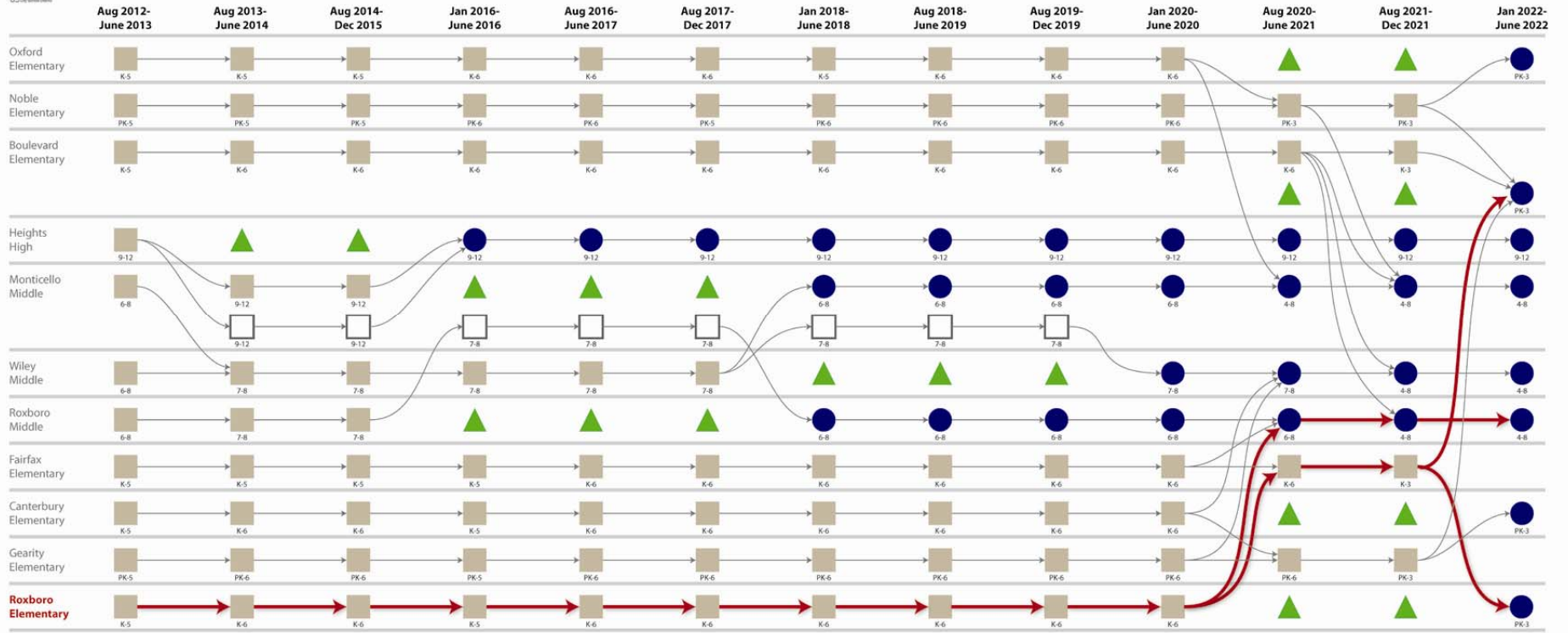


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CH-UH Facilities Student Movement Plan - Roxboro Elementary



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Cleveland Heights-University Heights City School District

Capital Financing Alternatives

Proposed Plan of Finance – Segment 1

Voted Bond Issue on the November 2012 ballot

- **\$158 million, 38 year (pending recalculation of weighted average useful life), estimated millage of 6.5 mills for the purpose of renovating the High School and three Middle Schools. (Note: for each year the “WAUL” of the financed improvements is reduced, the estimated millage goes up by about .1 mills. So, for a 37 year issue, the estimated millage would be 6.6 mills.)**

Expected Plan of Bond Issuance

- **\$90 million of Voted General Obligation Bonds in the 1st quarter of 2013 for the renovation of the High School. Construction estimated to be completed end of calendar year 2015.**
- **\$45 million of Voted G.O. Bonds in Spring 2016 for the renovation of two Middle Schools. Construction estimated to be completed end of calendar year 2017.**
- **\$23 million of Voted G.O. Bonds in Spring 2017 for the renovation of the third Middle School. Construction estimated to be completed end of calendar year 2019.**

Cleveland Heights-University Heights City School District

Capital Financing Alternatives

Proposed Plan of Finance – Segment 1

Expected Levy Phase-In

- Estimated Millage levied for 2013 = 4.4 mills (68% of Est. Ballot Millage)
- Estimated Millage levied for 2014 = 4.4 mills (68% of Est. Ballot Millage)
- Estimated Millage levied for 2015 = 4.4 mills (68% of Est. Ballot Millage)
- Estimated Millage levied for 2016 = 5.9 mills (90% of Est. Ballot Millage)
- Estimated Millage levied for 2017 = 6.5 mills (100% of Est. Ballot Millage)

Estimated millage conservatively assumes interest rate ½% higher than the ballot millage in 2013 and 1% higher than the ballot millage in 2016.

Cleveland Heights-University Heights City School District

Capital Financing Alternatives

Plan of Finance Benefits-Segment 1

- 1. By coming to ballot with a \$158 million voted bond levy in 2012, the District is taking advantage of its current ability to be designated as a Special Needs District. Due to recent tax base reductions, a delay in approval of the District's Voted Bond request beyond 2013 would likely limit the District to about \$90 million of voted debt. This would force the District to issue more costly, alternative forms of debt, or postpone significant portions of the building program.**

- 2. Voted bonds, especially in today's interest rate environment, are the lowest annual cost financing option to raise capital for the District for several reasons:**
 - Based on preliminary project cost breakdowns, the maximum term for voted bonds is 35 to 38 years (vs. a maximum 30 year term for other financing options), which spreads the cost over the full useful life of the new facilities.**
 - Because of the strong security of a voted general obligation bond issue, the interest rates for voted bonds are lower than for any other financing option.**
 - Tax-exempt interest rates are currently at all time lows.**

Cleveland Heights-University Heights City School District

Capital Financing Alternatives

Plan of Finance Benefits – Segment 1

- 1. The maximum term of voted bonds is 35 to 38 years (vs. a maximum term of 30 years for other financing options), which spreads the cost over the full useful life of the new facilities.**
 - *The ballot millage requirement for a \$158 million, 30 year issue would be approximately 7.5 mills.*
- 2. Because of the strong security of a voted general obligation bond issue, the interest rates are lower than any other financing option.**
 - *A voted G.O. issue carries interest rates approximately ½% lower than alternative forms of borrowing, such as Certificates of Participation. This equates to a difference of over \$22 million in interest over the 38 year life of the issue.*
- 3. Tax-exempt interest rates are currently at all time lows.**
 - *The difference of 1% in interest rate on \$158 million over 38 years is over \$45 million.*

Cleveland Heights-University Heights City School District

Capital Financing Alternatives

Potential Plan of Finance – Segment 2

It is anticipated that at some point in the future the District will be eligible to receive funding from the Ohio Schools Facilities Commission. At that time, it is projected that Certificates of Participation would be issued against the District's existing Permanent Improvement levy. The combination of these two funding sources would be used to completely renovate the District's primary school buildings.

Ohio Construction Reform

History



- Prior to 2011 All Public Construction Projects were **Design-Bid-Build** (Except Home Rule Municipalities)
- **During the Design Phase** Public Owners relied on cost estimates from those who did not build the project.
- **Bidding was Multi Prime** the public owner held separate contracts for each trade and any contractor could bid on the project without pre-qualification.
- **During Construction** the public owner was responsible for the schedule and coordinating the work.
- **Result** were public projects that were over budget, low quality and behind schedule.

Ohio Construction Reform History



- **Ohio was only one of four states** in the nation that used this method of delivery. A Bi-Partisan effort was started in 2007 to reform Public Construction to lower the risks of costs, quality and schedule for public owners.
- **In 2011** the Ohio State Legislature passed and the Governor signed Ohio Construction Reform allowing public owners the option of contracting using the proven industry project delivery models of Construction Manager at Risk or Design Builder at Risk who will **Guarantee** the Costs prior to Bidding.

Ohio Construction Reform

Design Cost Control



- The construction manager at risk (CM) or design builder at risk (DB) is chosen at the start of the project to do **multiple cost estimates** at each phase of design, **Programming, Schematic Design and Design Development**.
- **If the cost estimate is over the budget** the CM or DB working with the architect is contractually obligated to come up with solutions to get the project back on budget.
- The CM or DB is to present to the Public Owner at the end of each design phase a **project in budget** and the Public owner through **resolution** will approve going onto the next design phase.

Ohio Construction Reform

Guaranteed Maximum Price



- At approximately 75% Construction Drawings a **Guaranteed Maximum Price (GMP)** is provided to the Public Owner by the CM or DB. Upon approval by resolution the GMP becomes the **contractual obligation** of the CM or DB for the construction cost of the project.
- Once the GMP is approved the CM or DB will bid the project in multiple trade packages to a minimum of **three prequalified bidders**. Any overall **bid savings is returned to the owner** any bid overage is the responsibility of the CM or DB

Ohio Construction Reform

Construction Cost Control



- The **CM or DB** holds all the trade contracts providing the public owner a single source responsible for coordinating all contractors and their subs.
- The CM or DB takes on the **risk** for the performance of all contractors.
- The CM or DB is contractually responsible for the **schedule** avoiding costly delays.