

STRONGSVILLE BOARD OF EDUCATION MEETING
MAY 3, 2018
REGULAR MEETING – WORK SESSION

The Regular Meeting of the Strongsville Board of Education Work Session and any other items germane to the Board of Education was called to order at 7:00 p.m. on Thursday, May 3, 2018, at the **Administration Building, Meeting Room, 18199 Cook Avenue, Strongsville, Ohio**, by President, Carl W. Naso.

All members of the Board and media were notified of this meeting in compliance with Section 121.22 O.R.C., effective November 28, 1975.

The following Board Members answered Roll Call: Colonel Evans, Mr. Grozan, Mrs. Ludwig, Mr. Micko, and Mr. Naso.

Others present were: Mr. Cameron Ryba, Superintendent; Mr. George Anagnostou, Treasurer; Ms. Jenni Pelko, Assistant Superintendent; and Mr. Stephen Breckner, Business Manager.

This meeting was videotaped and is part of the official minutes.

PLEDGE OF ALLEGIANCE

DISTRICT GOALS

The Board has three stated goals; Student Achievement and Growth, Financial Prudence, and Community Engagement. This evening, evidence of the District's financial prudence along with the challenges we face will be reviewed with the presentation of the May Five-Year Forecast. In reference to Community Engagement, last week, the Board and City Council met in a Special Board of Education/City Council Joint Meeting to make sure the City and School Board/Administration are aligned on many issues.

PUBLIC COMMENT

No public comment.

TREASURER'S REPORT

A. DISCUSSION ITEM

1. Review May, 2018 Five-Year Forecast

The Treasurer reviews the Five-Year Forecast twice a year; first in October and then in May. The forecast must be submitted to the Ohio Department of Education by the end of those two months. In October, the forecast is tied to the annual budget, whereas; in May it projects how the fiscal year will end and is used to prepare for the next fiscal year.

Mr. Anagnostou reviewed the Major Assumptions, General Fund Revenues, General Fund Expenditures, and the Five-Year Forecast Summary which included examples of the District's financial prudence throughout the years.

Mr. Anagnostou explained deficit spending. As the District's revenues decline beginning next year, FY19, and the expenditures increase, the expenditures will exceed the revenue by \$8.1 million. The trend will continue whereas the District will be dipping into the cash balance and will continue deficit spending. The projected deficit in 2022 is -\$8.8 million. If the District was still receiving the same level of funding and TPP wasn't being eliminated, the District would remain positive throughout this Five-Year Forecast.

TREASURER'S REPORT (continued)

A. DISCUSSION ITEM (continued)

1. Review May, 2018 Five-Year Forecast (continued)

Mr. Anagnostou reviewed Action Steps and Evaluation Criteria and Revenue Generating Ideas which includes possibly a new operating levy. The last new operating levy (continuing) passed in November, 2007 which generates \$9.2 million and in August 2002 a renewal levy passed which generates \$7.9 million. Mr. Anagnostou shared a list of efficiency measures the District has implemented since 2007. Mr. Anagnostou shared the election calendar and next steps to be taken should a new levy be considered.

Discussion was had and in turn each Board Member shared their thoughts. A recommendation will be brought to the Board at the May 17, 2018 meeting.

(Exhibit A)

SUPERINTENDENT'S REPORT

A. BUSINESS SERVICES

***1. Treasurer's Bond (001-General Fund)**

Resolution 18-05-01

Be it resolved upon the recommendation of the Superintendent that the Operations Manager be authorized to renew the Ohio School Boards Association Public Official Bond Program for George K. Anagnostou, Treasurer. Bonded amount is \$100,000.00 for the period of August 1, 2018 through July 31, 2021. Funding to be from the General Fund.

2. Chapman Elementary School HVAC Project (004-Construction Fund)

18-05-02 Moved by Mr. Grozan that the Board of Education accepts the proposal from Gardiner for the Chapman Elementary School HVAC project, at a cost of \$433,750.00. Funding to be from the Construction Fund, seconded by Col. Evans and approved on a roll call vote as follows:

Mr. Grozan, yes; Col. Evans, yes; Mr. Micko, yes;
Mrs. Ludwig, yes; Mr. Naso, yes.
Motion carried 5-0

(Exhibit B)

Chapman is being altered from an all-electric building to natural gas. The gas company will be running a gas line from Drake Road to the school building at no cost to the District. Currently, utility costs for Chapman run approximately \$70,000 higher than the other elementary buildings. By switching to gas, the District should see a 25% reduction in utility costs in year one. When the project is completed, every room in the building will have the ability to self-regulate the room temperature within a scope of degrees. These are stand alone, self-contained, gas powered units and controls which can be removed and used either in new buildings or retrofitted to older buildings should the need arise.

With the savings realized from Mr. Breckner's diligence with this project, the District has funding left from the bond funds to repave all the elementary schools, install the HVAC at Chapman, secure vestibules around the District, and possibly a few other projects.

SUPERINTENDENT'S REPORT (continued)

A. CURRICULUM

- *1. Service Agreement – PSI Affiliates, Inc./PSI Associates, Inc. (572-Title I Fund, Pass Through Portion)

Resolution 18-05-03

Be it resolved upon the recommendation of the Superintendent that the Board of Education enters into an agreement with PSI Affiliates, Inc./PSI Associates, Inc. in the amount of \$1,232.00 for one Part-Time Title I Instructor to service a pupil attending Academy of St. Adalbert under Title I Federal Funding administered to approved non-public schools by local districts.

(Exhibit C)

CONSENT CALENDAR

18-05-04 Moved by Col. Evans to approve the Consent Calendar, seconded by Mrs. Ludwig and approved on a roll call vote as follows:

Col. Evans, yes; Mrs. Ludwig, yes; Mr. Micko, yes;
Mr. Grozan, yes; Mr. Naso, yes.
Motion carried 5-0

BOARD OF EDUCATION / OTHER

Please support the Veterans. The Poppy Sale has begun with all the proceeds going to help Veterans in need.

Strongsville has excellent educators and administrators. May 8th is National Teachers' Day. Please remember to thank a teacher!

The Cuyahoga County Summer Reading Program is open for registration at the public library. The theme is "Reading Rocks".

Tomorrow is the Art Show at the High School from 6:30 to 8:30 p.m.

The Jockeys and Julips event takes place this Saturday.

Thank you to the City Council and Mayor Perciak for joining Strongsville City Schools in a joint meeting on April 30th. Much was accomplished.

Election Day is Tuesday. All Strongsville City School buildings will be open. A police officer will be present at each building as voting takes place.

EXECUTIVE SESSION

18-05-05 Moved by Mr. Grozan to enter into Executive Session to consider employment of a public employee or official and to confer with an attorney for the Board of Education concerning disputes involving the Board that are subject to pending or imminent court action, seconded by Col. Evans and approved on a roll call vote as follows:

Mr. Grozan, yes; Col. Evans, yes; Mr. Micko, yes;
Mrs. Ludwig, yes; Mr. Naso, yes.
Motion carried 5-0

Entered into Executive Session at 7:55 p.m.

Resumed public session at 9:10 p.m.

ADJOURNMENT

18-05-06 Moved by Col. Evans to adjourn the Strongsville Board of Education Regular Session, seconded by Mr. Grozan and approved on a roll call vote as follows:

Col. Evans, yes; Mr. Grozan, yes; Mr. Micko, yes;
Mrs. Ludwig, yes; Mr. Naso, yes.
Motion carried 5-0

Meeting adjourned at 9:11 p.m.

Carl W. Naso, President

George K. Anagnostou, Treasurer

Strongsville City Schools Schedule Of Revenue, Expenditures and Changes In Fund Balances Actual and Forecasted Operating Fund								
	ACTUAL			FORECASTED				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Revenue:								
1.010 - General Property Tax (Real Estate)	44,969,504	47,132,420	47,922,670	49,022,848	43,707,805	47,067,024	47,027,389	46,973,028
1.020 - Public Utility Personal Property	2,487,339	2,629,579	2,728,201	2,950,406	3,011,848	3,026,833	3,026,833	3,026,833
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-In-Aid	9,932,508	11,052,774	11,899,808	11,052,437	9,795,141	9,339,562	9,337,193	8,905,909
1.040 - Restricted Grants-In-Aid	69,999	60,887	73,299	72,312	71,460	70,862	70,334	70,042
1.045 - Restricted Federal Grants-In-Aid - SFSP	-	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	9,766,953	8,305,124	6,913,489	6,086,417	6,152,193	6,176,473	6,176,473	6,185,927
1.060 - All Other Operating Revenues	4,318,754	3,604,535	3,831,739	4,936,680	3,832,899	3,732,899	3,632,899	3,632,899
1.070 - Total Revenue	71,545,057	72,785,319	73,369,206	74,121,100	66,571,347	69,413,653	69,271,121	68,794,639
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	47,582	-	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-	-	-
2.060 - All Other Financing Sources	258,418	97,239	55,492	237,786	22,000	22,000	22,000	22,000
2.070 - Total Other Financing Sources	306,000	97,239	55,492	237,786	22,000	22,000	22,000	22,000
2.080 - Total Revenues and Other Financing Sources	71,851,057	72,882,558	73,424,698	74,358,886	66,593,347	69,435,653	69,293,121	68,816,639
Expenditures:								
3.010 - Personnel Services	39,530,009	38,962,973	39,382,911	40,156,144	42,440,518	43,356,848	44,123,574	44,855,344
3.020 - Employees' Retirement/Insurance Benefits	16,707,172	16,229,383	15,857,051	16,181,064	17,537,293	18,400,808	19,309,581	20,252,088
3.030 - Purchased Services	6,174,920	6,562,467	6,735,972	7,989,854	8,427,015	8,514,920	8,605,685	8,700,363
3.040 - Supplies and Materials	2,026,609	1,716,053	1,869,948	2,256,395	2,323,723	2,323,723	2,323,723	2,323,723
3.050 - Capital Outlay	339,568	413,174	863,734	1,154,114	1,162,090	1,162,090	1,162,090	1,162,090
3.060 - Intergovernmental	-	-	-	-	-	-	-	-
Debt Service:								
4.010 - Principal-All Years	356,284	374,604	343,554	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	557,221	296,492	309,017	327,143	340,897
4.030 - Principal - State Loans	-	-	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	196,754	180,209	163,273	143,244	121,568	107,329	92,040	76,161
4.300 - Other Objects	1,066,411	1,316,532	1,187,026	1,316,684	1,365,506	1,376,736	1,386,773	1,402,186
4.500 - Total Expenditures	66,397,727	65,755,395	66,403,469	69,754,720	73,674,205	75,551,471	77,330,609	79,112,852
Other Financing Uses								
5.010 - Operating Transfers-Out	313,617	1,117,624	1,159,500	1,176,255	1,031,147	939,434	938,697	937,934
5.020 - Advances-Out	-	-	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	313,617	1,117,624	1,159,500	1,176,255	1,031,147	939,434	938,697	937,934
5.050 - Total Expenditures and Other Financing Uses	66,711,344	66,873,019	67,562,969	70,930,975	74,705,352	76,490,905	78,269,306	80,050,786
Excess of Rev & Other Financing Uses Over (Under)								
6.010 - Expenditures and Other Financing Uses	5,139,713	6,009,539	5,861,729	3,427,911	(8,112,005)	(7,055,252)	(8,976,185)	(11,234,147)
Cash Balance July 1 - Excluding Proposed Renewal/								
7.010 - Replacement and New Levies	7,217,478	12,357,191	18,366,730	24,228,459	27,656,370	19,544,365	12,489,113	3,512,927
7.020 - Cash Balance June 30	12,357,191	18,366,730	24,228,459	27,656,370	19,544,365	12,489,113	3,512,927	(7,721,220)
8.010 - Estimated Encumbrances June 30	1,092,092	988,614	1,187,263	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Reservations of Fund Balance:								
9.010 - Textbooks and Instructional Materials	-	-	-	-	-	-	-	-
9.020 - Capital Improvements	-	-	-	-	-	-	-	-
9.030 - Budget Reserve	-	-	-	-	-	-	-	-
9.040 - DPIA	-	-	-	-	-	-	-	-
9.050 - Debt Service	-	-	-	-	-	-	-	-
9.060 - Property Tax Advances	-	-	-	-	-	-	-	-
9.070 - Bus Purchases	-	-	-	-	-	-	-	-
9.080 - Subtotal	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
10.010 - of Appropriations	11,265,099	17,378,116	23,041,196	26,556,370	18,444,365	11,389,113	2,412,927	(8,821,220)
Rev from Replacement/Renewal Levies								
11.010 - Income Tax - Renewal	-	-	-	-	-	-	-	-
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	-	-	-	-
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
12.010 - of Contracts, Salary and Other Obligations	11,265,099	17,378,116	23,041,196	26,556,370	18,444,365	11,389,113	2,412,927	(8,821,220)
Revenue from New Levies								
13.010 - Income Tax - New	-	-	-	-	-	-	-	-
13.020 - Property Tax - New	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
14.010 - Revenue from Future State Advancements	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	11,265,099	17,378,116	23,041,196	26,556,370	18,444,365	11,389,113	2,412,927	(8,821,220)
ADM Forecasts								
20.010 - Kindergarten	-	-	-	288	290	283	292	293
20.015 - Grades 1-12	-	-	-	5,081	4,979	4,911	4,844	4,809

STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES



FIVE YEAR FINANCIAL FORECAST

AND

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS

MAY 2018 UPDATE

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

NOTE 1 NATURE AND PURPOSE OF PRESENTATION

This financial projection presents, in accordance with mandates of Ohio Law, the expected revenues, expenditures, and fund balance of the General Fund of the Strongsville City School District (the "District") for each of the fiscal years ending June 30, 2018 through June 30, 2022, with historical data presented for the fiscal years ended June 30, 2015, 2016, and 2017.

This forecast includes the impact on the State bi-annual budget for that was approved for fiscal years 2018 and 2019.

The assumptions disclosed herein are those that the District believes are significant to the projection. However, because circumstances and conditions assumed in projections frequently do not occur as expected, and are based on information existing at the time projections are prepared, there will usually be differences between projected and actual results.

A Basis of Accounting

This financial projection has been prepared on the cash receipts and disbursements basis, which is the required basis of accounting used for budgetary purposes. Under this system, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred. Under Ohio Law, the District is also required to encumber legally binding expenditure commitments and to make appropriations for the expenditure and commitment of funds.

B Fund Accounting

The District maintains its accounts in accordance with the principals of "fund accounting". Fund accounting is used by governmental entities, such as school districts, to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions and activities. The transactions of each fund are reflected in a self-balancing group of accounts, which presents an accounting entity that stands separate from the activities reported in other funds.

The forecast includes revenue and expenditure estimates for the general operating fund of the District (Fund 001).

NOTE 2 REVENUE ASSUMPTIONS

The District's primary sources of revenue are from the levying of property taxes on real property located within the District boundaries and the State of Ohio through the State Foundation program. The following provides information with respect to the revenue categories.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

A PROPERTY TAXES
LINE 1.010, 1.020 AND 1.050

Property taxes, which are levied and assessed on a calendar year basis, include amounts levied against all real and public utility property in the school district.

The real property tax base is the taxable (assessed) value of land and buildings. The taxable value is 35% of true (market) value. Under state law, real property is reappraised every six years and property values are updated in the third year following each sexennial reappraisal.

In 1976, the Ohio General Assembly passed HB 920. This law provides real property owners tax credits equal to any increase caused by an increase in value of all real property as a result of reappraisal. This does not apply to inside non-voted millage. In effect, HB 920 removes inflationary revenue growth from the applicable real property by requiring an adjustment to the voted millage rate, thereby resulting in a lower effective millage rate.

HB 66 made provision to replace revenue lost due to the phase out of the Tangible Personal Property Tax. In FY 15, the District received \$3.6 million in Tangible Personal Property Tax hold harmless. In the most recent bi-annual budget, the Tangible Personal Property Tax will be phased out by \$1.4 million in FY 16, and additional phase out of \$1.4 million in FY 17 for a combine loss through FY 17 of \$2.8 million. In FY 18 the remaining \$800k will be phased out for a total reduction of funding of \$3.6 million each year in the years FY 18-20. The District will be held harmless for the FY 16 \$1.4 million reduction through a supplement through the State Foundation. During FY 17, the District was held harmless for \$2.2 million of the \$2.8 million reduction through a supplement through the State Foundation. The net FY 17 reduction in Tangible Personal Property tax is \$600k, while the remaining \$3.0 million will be completely reduce in FY 18-22.

Property taxes are levied and collected based on a January-December calendar collection year. Within the calendar collection year, there are two collection period, 1st half which is settled by March and the 2nd half which is settled by September. Since the school district is on July-June fiscal year, which overlaps two collection calendar years, the overlap can cause the District tax revenue to fluctuate from year to year.

STRONGSVILLE CITY SCHOOL DISTRICT **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

The forecast assumes the collection rate and collection split will be as follows per property classification:

Residential Collection Rate	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18 Forecast	FY 18 Actual	FY 19 Forecast	FY 20 Forecast	FY 21 Forecast	FY 22 Forecast
2nd Half CY Collection %	97.28%	98.27%	97.65%	98.18%	98.36%	98.01%	98.01%	98.00%	98.00%	98.00%	98.00%
1st Half CY Collection %	98.27%	97.65%	98.18%	98.36%	98.01%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%
Residential Collection Split	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18 Forecast	FY 18 Actual	FY 19 Forecast	FY 20 Forecast	FY 21 Forecast	FY 22 Forecast
2nd Half CY Collection %	45.77%	47.33%	47.32%	47.12%	47.31%	46.96%	46.96%	44.06%	47.20%	47.20%	47.20%
1st Half CY Collection %	52.67%	52.68%	52.88%	52.69%	53.04%	52.80%	55.94%	52.80%	52.80%	52.80%	52.80%
Total Fiscal Year	98.44%	100.01%	100.20%	99.81%	100.35%	99.76%	102.90%	96.86%	100.00%	100.00%	100.00%
Commercial Collection Rate	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18 Forecast	FY 18 Actual	FY 19 Forecast	FY 20 Forecast	FY 21 Forecast	FY 22 Forecast
2nd Half CY Collection %	94.63%	92.97%	95.09%	89.38%	97.34%	93.44%	93.44%	89.07%	93.40%	93.40%	93.40%
1st Half CY Collection %	92.97%	95.09%	89.38%	97.34%	93.44%	93.40%	89.07%	93.40%	93.40%	93.40%	93.40%
Commercial Collection Split	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18 Forecast	FY 18 Actual	FY 19 Forecast	FY 20 Forecast	FY 21 Forecast	FY 22 Forecast
2nd Half CY Collection %	52.23%	51.94%	46.54%	51.19%	46.84%	43.97%	43.97%	41.70%	45.41%	45.41%	45.41%
1st Half CY Collection %	48.06%	53.46%	48.81%	53.16%	56.03%	52.70%	58.30%	54.59%	54.59%	54.59%	54.59%
Total Fiscal Year	100.29%	105.40%	95.35%	104.35%	102.87%	96.67%	102.27%	96.29%	100.00%	100.00%	100.00%

As indicated on the graph, the current collection rate:

- For residential property has remained level at 98%.
- For commercial property has fluctuated year over year. Most recent, from calendar year 2017 to calendar year 2018, the collection rate has dropped from 93.44% to 89.07%.

Property taxes are currently estimated by the Cuyahoga County Auditor's Office based on an overall current collection rate of 97.02%. A 1% change in collection rate represents \$575k.

As indicated on the graph, the current collection split:

- Residential property has been consistent year over year for a total fiscal year collection of about 100%. For fiscal year 2018, the District experienced an influx of collections, primarily due to residents paying their tax bill 100% during the first half collection period due to the recent change in federal tax laws. For fiscal year 2018, the District received 102.90% of residential tax collections and in FY 19 is predicting a decrease to 96.86%. For fiscal years 2020-2022, the split should normalized back to 100%.
- Commercial property has fluctuated year over year. For fiscal years 2017 and 2018, the District's commercial property tax collections average 102%. For fiscal year 2019, the forecast is predicting a collection amount to be 96.29%. For fiscal years 2020-2022, the forecast is assuming the split to be 100%.

For fiscal year 2019, the forecast assumes a one-time property tax refund that will reduce tax revenues by \$2 million due to a tax exemption determination by the Ohio Department of Taxation. The District is in current talks with the organization to minimize the impact of the refund.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

The property Tax Allocation includes the following components: Property Tax Rollbacks and the tangible personal property tax hold harmless funds from the State of Ohio.

The Ohio Revised Code and Ohio Administrative Code mandate Cuyahoga County to conduct a re-appraisal every six years, an update every three years and annual valuation of improvements based upon building permits received from each city annually. The last re-appraisal was in 2012 and the triennial update was completed in 2015. All property values were updated for the 2018 collection year, which resulted in a 2.03% increase in values. The forecast assumes a property valuation of \$1.48 billion in 2019 – 2022.

State law grants tax relief to property owners (property tax rollbacks) in the form of a 10% reduction in real property tax bills. In addition, a 2.5% rollback is granted for owner occupied homesteads (total of 12.5%). The State reimburses school districts for the loss of real property taxes as a result of the rollback provision.

The prior budget bill (HB 119) included a significant property tax reduction for senior citizens. This Homestead Exemption will allow senior citizen homeowners and permanently/totally disabled homeowners, regardless of income, to withhold \$25,000 of market value of their owner occupied home from property taxes.

In November 2016 residents renewed a 5 year 6 mill levy with collection beginning January 2018. The forecast assumes the levy will expire tax year December 31, 2021. Collections will continue through December 31, 2022.

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
General Property Tax (Real Estate)	\$ 51,973,254	\$ 46,719,653	\$ 50,093,857	\$ 50,054,222	\$ 49,999,861
Property Tax Allocation:					
Property Tax Rollbacks	6,086,417	6,152,193	6,176,473	6,176,473	6,185,927
Tangible Personal Property	-	-	-	-	-
Total Tax Allocation	6,086,417	6,152,193	6,176,473	6,176,473	6,185,927
Total Tax Related Revenue	\$ 58,059,671	\$ 52,871,846	\$ 56,270,330	\$ 56,230,695	\$ 56,185,788

**B UNRESTRICTED/RESTRICTED STATE GRANTS-IN AID
LINE 1.035, 1.040**

This component of the financial forecast includes the State Foundation Program.

HB 59 has replaced the prior funding formulas, the bridge formula and the Ohio Evidence Based Funding Model. Under the current version of HB 59, calculations include funding for both the District and Charter School students. HB 59 mandates that all school districts pay tuition for all students who reside in the District and attend a charter school. The District's charter school tuition payment is reflected in line 3.030 (Purchased Services) of the forecast.

In the spring of 2015, the State of Ohio approved their 2016-2017 biennial budget which became law on July 1, 2015. Under the new biennial budget, the State reimbursement for Tangible Personal Property Tax (TPP) which is included in the property tax allocations will be phased out beginning in fiscal year 2017. The District will experience a decrease in TPP funding of \$548,025 in fiscal year 2017, and a decrease of \$3,111,418 in fiscal year 2018 and beyond, for a total annual loss of TPP funding in the amount \$3,659,443.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

In the spring of 2017, the State of Ohio approved their 2018-2019 biennial budget which became law on July 1, 2017. Under the new biennial budget, the State elimination of TPP reimbursement was upheld, although a strong push was made through advocacy. Included in the biennial budget that impacted the District was the phase out of the "guarantee" within the State Foundation Funding Formula. District's can be on the funding formula in three different scenarios:

- **Formula district** - a district would receive the amount generated by the formula
- **Capped district** - amount generated by the formula, less a certain percentage of growth from the previous year.
- **Guarantee district** - amount generated by the formula, plus an amount to at least receive the same level of funding from the previous biennial budget.

Strongsville is a guarantee district. The approved budget the will reduce the guarantee amount based on ADM decline between school years 2014 through 2016. The guarantee percentage would drop (on a sliding scale) by 1% for each percent above 5% of enrollment, but the guarantee would be no less than 95% than the 2017 amount. Strongsville's ADM declined between 2014-2016 is 6.2%, meaning the guarantee amount will be reduced by 1.2%. The financial impact of this phase out to the District is \$112,411. Due to the unknown predictability of future state budgets, the forecast assumes a 5% reduction in the guarantee amount for fiscal years FY 2020 and FY 2021 compared to FY 2019, and another 5% reduction in the grantee amount for FY 2022 compared to FY 2021.

During FY 16, the District was held harmless for the \$1.4 million tangible personal property tax phase out which will be a supplement through the State Foundation Program.

During FY 17, the District was held harmless for the \$2.2 million tangible personal property tax phase out which will be a supplement through the State Foundation Program. 80% of this amount was paid during FY 17 and the remaining 20% will be paid during FY 18.

During FY 18, through Senate Bill 8, the District was held harmless for \$767,479 million tangible personal property tax which will be a supplement through the State Foundation Program.

The following are the estimated unrestricted/restricted state grants-in aid assumed in this five year forecast.

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Unrestricted State Funding	9,556,213	\$9,534,349	\$9,082,441	\$9,082,969	\$8,653,380
Casino Receipts	277,950	260,792	257,121	254,224	252,529
TPP Supplement	1,218,274	-	-	-	-
Restricted State Funding	72,312	71,460	70,583	69,954	69,597
Total State Foundation	\$11,124,749	\$9,866,601	\$9,410,145	\$9,407,147	\$8,975,506

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

C ALL OTHER REVENUE
Line 1.060

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Payments in Lieu of Taxes (PILOT) and Tax Increment Financing Payments (TIF)	\$2,736,464	\$2,100,000	\$2,100,000	\$2,100,000	\$2,100,000
Tuition - Prek, Full Day Kindergarten, Summer School	401,407	400,000	400,000	400,000	400,000
Tuition - Court Placed	503,489	310,000	310,000	310,000	310,000
Dues and Fees	320,761	320,000	320,000	320,000	320,000
Catastrophic Aid	150,000	150,000	150,000	150,000	150,000
Interest Income	376,231	250,000	150,000	50,000	50,000
All Other	448,328	302,899	302,899	302,899	302,899
Total Other Revenue	\$4,936,680	\$3,832,899	\$3,732,899	\$3,632,899	\$3,632,899

- Payment in Lieu of Taxes (PILOT) and Tax Increment Financing Payments (TIF) is the largest source of other revenue. During FY 18, the amount received will see a increase due to a settlement agreement.
- Tuition is collected for the Preschool program, Full Day Kindergarten, and Summer School.
- Tuition is collected from other districts for students that are placed in the District by the court system in foster homes with Strongsville residents. During FY 18, the district will experience an increase due to a delay in the FY 17 payment which was received in FY 18.
- Dues and Fees are collected for pay to participate and other fees.
- Catastrophic Aid is a supplemental payment to districts for special education students. This reimbursement is available to the financially responsible district for any child whose educational and related expenses exceed certain limits.

NOTE 3 EXPENDITURE ASSUMPTIONS

A PERSONAL SERVICES – SALARIES AND WAGES
LINE 3.010

The District reached a three year agreement with the SEA union effective August 1, 2016 through July 31, 2019. The District reached a three year agreement with the OAPSE union effective July 1, 2014 through June 30, 2017. The District is currently in negotiations with OAPSE as the previous agreement has expired.

Staffing assumptions (General Fund):

FY 18 – 663
FY 19 – 672
FY 20 – 672
FY 21 – 672
FY 22 – 672

Since 2009, there are 199 less positions compared to FY 2018, a 22% decline which is keeping pace with declining enrollment

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

FY 16 – 24 positions
FY 17 – 18 positions

The forecast assumes the stated reduction of position along with any step and column increases.

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Personal Services					
Salaries and Wages	\$40,156,144	\$42,440,518	\$43,356,848	\$44,123,574	\$44,855,344

B FRINGE BENEFITS
Line 3.020

This component of the financial forecast includes the following items:

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Employee Insurance Benefits	\$9,012,954	\$9,807,710	\$10,515,560	\$11,293,592	\$12,111,705
Medicare	562,538	617,979	631,303	642,453	653,096
Worker's Compensation	308,828	448,009	453,639	458,189	462,452
State Teacher/ State Employees Retirement Benefits	6,285,702	6,623,595	6,760,306	6,875,347	6,984,835
Other Benefits	11,042	40,000	40,000	40,000	40,000
	<u>\$16,181,064</u>	<u>\$17,537,293</u>	<u>\$18,400,808</u>	<u>\$19,309,581</u>	<u>\$20,252,088</u>

- (1) Health care costs are based on estimated staffing levels. Health care rates increased by 5% in FY 17, and FY 18 saw a 0% increase. For FY 19-22, health care rates are projected to increase 7% each year. Health care rates are based on projections provided by the DS Benefits Group.

During FY 14, the District switched to a fully insured health care plan. Since the switch, the District has saved \$4.6 million through fiscal year 2016 by being on a self-funded plan compared to a fully insured plan.

- (2) The projection assumes the State's mandated retirement contribution rate of 14% will not change during the forecast period.
- (3) See staffing levels under personnel services.
- (4) Increase to Workers Compensation is due to the mandated change in payment program to have claims paid in the year they are incurred and an increase to the premium percentage.
- (5) Medicare costs are projected to remain consistent over the forecast period.
- (6) Other Benefits are projected to remain consistent over the forecast period.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

C PURCHASED SERVICES
Line 3.030

This component of the financial forecast includes the following items:

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Charter School Tuition	\$906,894	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000
College Credit Plus	319,298	385,439	385,439	385,439	385,439
Out of District Tuition	1,779,237	1,982,712	1,982,712	1,982,712	1,982,712
Utilities	1,504,584	1,564,767	1,627,358	1,692,452	1,760,150
Other Purchased Services	3,479,841	3,444,097	3,469,411	3,495,082	3,522,062
	<u>\$7,989,854</u>	<u>\$8,427,015</u>	<u>\$8,514,920</u>	<u>\$8,605,685</u>	<u>\$8,700,363</u>

- (1) Under HB 59, charter school students are counted (for State Foundation Funding Calculations) in the District of residence. Strongsville City School District charter school tuition payment is reflected in line 3.030 (purchased services) of the forecast.
- (2) Out of District Tuition costs are based on budgeted projections. The District is projecting a 25% increase in the number of students taking college credit classes from FY 18 to FY 19. FY 18 payments are based by the following semesters: Spring 2017, Summer, 2017, and Fall 2017. FY 19 payments are based on the following semesters, Spring 2018, Summer 2018, and Fall 2018.
- (3) Utility costs are based on current payments and historical increases. The district is projecting an annual increase of 4%.
- (4) Other purchased service accounts include allocations for contract student transportation, maintenance, telephone services, postage, printing, school bus lease payments, outside legal fees, and other related items.

D SUPPLIES, MATERIALS AND TEXTBOOKS
LINE 3.040

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Supplies and Textbooks	\$2,256,395	\$2,323,723	\$2,323,723	\$2,323,723	\$2,323,723

Supply and Textbook allocations are projected consistent with current budget estimates. The textbook and instructional supplies and materials budget is \$1.1 million. The remaining budget is made of transportation fuel, bus parts, and custodial supplies.

E CAPITAL OUTLAY
LINE 3.050

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Capital Outlay	\$1,154,114	\$1,162,090	\$1,162,090	\$1,162,090	\$1,162,090

For FY18-22, the District increased the technology capital equipment budget by \$500,000 annually for Chromebooks for the implementation of the 1:1 device to student ratio.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

**F DEBT SERVICE
LINE 4.010 THROUGH LINE 4.060**

This component of the financial forecast includes the following items:

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
School Improvements & Bus Acquisitions, Series 2005	\$78,375	\$76,975	\$75,575	\$79,075	\$77,475
Energy Conservation Bonds, Series 2006	280,551	-	-	-	-
HB 264 Energy Conservation Bonds, Series 2008	341,540	341,085	340,773	340,108	339,583
Total Debt Service	<u>\$700,466</u>	<u>\$418,060</u>	<u>\$416,348</u>	<u>\$419,183</u>	<u>\$417,058</u>

The forecast includes only those outstanding debt issuances that are funded by the General Fund. Therefore, District general obligations that are paid by the District's Debt Service Fund, which are funded by a separate dedicated property tax, are excluded from this forecast. A brief description of the debt issuances related specifically to the General Fund is as follows:

1. School Improvements & Bus Acquisitions, Series 2005

In August 2005, The Board of Education adopted two resolutions authorizing the issuance of two series of bonds in the respective amounts of \$1,260,000 for the renovation of the Strongsville Early Learning Preschool and \$415,000 for the acquisition of school buses. The final amount for the Strongsville Early Learning Center is on December 1, 2035. The final payment for the acquisition of buses was December 1, 2015.

2. Energy Conservation Bonds, Series 2006

In April 2006, The Board of Education adopted a resolution authorizing the issuance and sale of bonds, in the aggregate principal amount of \$895,000, for the purpose of paying costs of installations, modifications and remodeling of school buildings to conserve energy. The District made an early defeasance payment on January 30, 2018, to pay this debt off entirely.

3. Energy Conservation Bonds (House Bill 264)

In June 2008, The Board of Education adopted a resolution authorizing the issuance and sale of bonds, in the aggregate principal amount of \$3,645,000 for the purpose of paying costs of installations, modifications and remodeling of school buildings to conserve energy.

**G OTHER OBJECTS
LINE 4.300**

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Other Miscellaneous Expenditures	\$1,316,684	\$1,365,506	\$1,376,736	\$1,386,773	\$1,402,186

The main component of this category is County Auditor and Treasurer fee's for the collection of tax receipts. Other components include bank charges, insurance, judgments, and other miscellaneous expenses.

**H TRANSFERS AND ADVANCES IN AND OUT
LINES 2.040, 2.050, 5.010, AND 5.020**

Transfers are need to cover deficits in the following funds:

006 Food Service Fund in the amount of \$153,420 annually.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

035 Termination Benefits, to cover employee severance payments in the amount of \$964,000 for FY 18. Beginning in FY 18 this number will begin to decrease as policy changes have been made to the District early retirement incentives.

004 Excellence in Athletics Campaign – As part of the Excellence in Athletics Campaign, Southwest Hospital has agreed to reduce the athletic trainer fee's for the next 10 years and the difference be applied to the Excellence in Athletics Campaign. Beginning in FY 17, the amounts are \$24,500, FY 18 \$23,835, FY 19 \$23,147, FY 20 \$22,434, FY 21 \$21,697, and FY 22 \$20,934 The District will also be transferring \$35,000 annually from the General Fund to the Excellence in Athletics funds which is the result of annual savings from maintenance of a natural grass field to help offset replacement turf in the future.

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Transfers and Advances	\$1,176,255	\$1,031,147	\$939,434	\$938,697	\$937,934

**I ENCUMBRANCES
LINE 8.010**

The District uses the encumbrance method as part of formal budgetary and management control. Under this method, purchase orders, contracts, and other commitments for expenditure of funds are recorded to reserve that portion of the applicable appropriation for future payment. Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of year-end. The estimated encumbrances in FY18-22 are \$1,100,000.

**J PROPERTY TAX – RENEWAL OR REPLACEMENT
LINE 11.020**

The District does have one operating renewal levy within the School District's levies issued. The renewal levy is a 5 year 6.0 mill levy that is currently set to expire at the end of tax year 2017. The Board of Education authorized the School District to place the renewal levy on the November 8, 2016 ballot for renewal considerations, which is the earliest time the School District can be on the ballot. The renewal passed by 61.3% of the votes for the renewal levy. Collections of the renewal levy will expire at the end of tax year 2022.

At this time, reporting in line 11.020 is not applicable since the levy will not expire until FY 2023.

GARDINER

31200 Bainbridge Road

Solon OH 44139

p (440) 248-3400

f (440) 349-6980

www.whgardiner.com

PROPOSAL

Strongsville Chapman Elementary – HVAC System Replacement

STRONGSVILLE CITY SCHOOLS

18199 COOK ROAD

STRONGSVILLE, OH 44136

ATTN: MR. STEPHEN BRECKNER

NATIONAL IPA CPN QUOTE #R150505-OH-17538

GPS QUOTE #60-5134



DELIVERY TERMS: FOB Factory, Freight Allowed

TERMS OF PAYMENT: 1.5% 10 Day Net 30

Thursday, April 12, 2018



Strongsville Chapman Elementary – HVAC System Replacement

As you requested, based on the preliminary options we provided to have Gardiner develop a proposal with final costs to furnish engineering, supervision, labor and material to install a new HVAC and building automation system for the school.

You selected Option 2 which was to replace the existing HVAC system with packaged gas/electric HVAC units to serve the classrooms and multipurpose with Fan powered variable air volume (FPVAV) boxes with electric heat to be installed for each classroom. Due to limited ceiling heights and service clearances, variable air volume (VAV) boxes with electric heat will be installed in lieu of the FPVAV boxes.

The following is outline of the scope for the project.

Installation Services:

- 1) Evacuate the refrigerant from the two existing condensing units and line sets, remove condensing units from roof and dispose off-site.
- 2) Existing Air handler will be abandoned in place.
- 3) Remove all existing terminal electric reheat boxes and dispose off-site
- 4) Rig, assembly and installation of (2) two new packaged VAV DX gas heating-electric cooling rooftop HVAC units with modulating gas heat to be set on full roof curbs and flashed on existing roof. Each unit will have a duct mounted smoke detectors with local test stations.
- 5) Install ductwork from new rooftops and connect to the existing main distribution duct work located in the East and West hallways.
- 6) The new HVAC unit installation will require removal of existing lay-in ceiling along with a drywall ceiling located above the lay-in ceiling. An allowance of \$3500 is included for ceiling restoration.
- 7) The new HVAC unit installation will require additional structural reinforcement of the bar joists supporting the units. An allowance of \$5000 is included for ceiling restoration.
- 8) Extend new ductwork up to the through the existing mechanical room and connect to new variable air volume with electric heat (VAV) boxes to serve the Multi-purpose room.
- 9) Install new variable air volume (VAV) box with electric heat for each classroom utilizing the existing ductwork where applicable and adding new ductwork as required.
- 10) Extend electrical power from existing electrical service to serve the new rooftop HVAC units and VAV boxes. All wiring is to be installed in accordance with State and Local codes.
- 11) Coordinate with Columbia gas for the installation of a new gas service and 2# compensating meter to be located along the west wall of the building. Extend a gas line from a new 2# gas meter to be located outside of classroom #111 up along wall and run across roof to connect to new HVAC units with regulator, gas valve, unions and dirt legs at units.
- 12) Provide a complete automation interface from the existing control system to connect to the two (2) new HVAC units, (34) VAV boxes and up to five (5) exhaust fans.

GARDINER

- 13) Work to include a Niagara JACE controller and all necessary labor and material to install a communication network between the new control components, One (1) Workstation and Graphics and eight hours (8) training.
- 14) Factory Start-up, check and adjust unit for proper operation.
- 15) Provide a five year compressor and one year labor warranty for equipment
- 16) 1st thru 5th year parts and labor warranty whole unit. One year warranty for material and workmanship

Price complete as noted: \$ 433,750.00

We can offer the following deducts for the consideration if the school would want to self-perform these components of the project to reduce cost.

Corridor ceiling removal and restoration -	\$ 3500.00
Removal and reinstallation of classroom ceilings -	\$ 4500.00
Mechanical/ Electric /Structural engineering plans for permit-	\$ 8900.00

Automation system Installation Services:

The following automation add is being is provided for your consideration. The Installation of occupancy and Co2 sensors to reduce conditioning the spaces during unoccupied periods and reduce primary air when the spaces are unoccupied would provide significant energy savings.

Installation Services:

Provide and install thirty four (34) space sensors for the new VAV boxes being installed along with all necessary programming to provide Occupancy control and Co2 control for the primary air to each VAV box in additional to the temperature control.

Price complete as noted: \$ 12,850.00

Notes:

- All labor proposed shall be performed during normal working hours (M-F; 07:00-16:00).
- This price includes provisions for safety under standard industry & Gardiner safety guidelines. Any special additional safety training, equipment, or processes required by your organization could affect the project scope and/or hours and may result in a price adjustment. If you have any specific safety practices or requirements, please alert your sales representative immediately so we ensure that our proposal fully meets your requirements

Excluded from the Scopes

GARDINER

- 1) Repairs to existing system if required will be performed on a "Time and Material" basis.
- 2) Hazardous Material Identification, abatement and/or removal is excluded from this scope of work.
- 3) No provision for temporary heating or cooling during unit installation.
- 4) No connection to fire alarm system if required

Best regards,

Jerry Hixon

Cc: D. Herbst
J. Covert

GARDINER

**GARDINER PERFORMANCE SOLUTIONS STANDARD CONTRACT
TERMS & CONDITIONS**

ACCEPTANCE

If your order is an acceptance of a written proposal, on a form provided by Gardiner Service Company LLC dba GARDINER ("GSC"), without the addition of any other terms and conditions of sale or any other modification, this document shall be treated solely as an acknowledgment of such order, subject to credit approval. If your order is not such an acceptance, then this document is GSC's offer, subject to credit approval, to provide the goods and/or work solely in accordance with the following terms and conditions of sale. Customer's acceptance of goods and/or work by GSC on this order will in any event constitute an acceptance by Customer of these terms and conditions. This proposal shall remain valid for a period of 30 days from the date of proposal.

PAYMENT TERMS

Customer shall pay GSC's Invoices within net thirty (30) days of invoice date. GSC will invoice Customer for all equipment or material furnished, whether delivered to the installation site or to an off-site storage facility and for all work performed on-site or off-site on a monthly basis. All amounts outstanding 10 days beyond the due date are subject to a service charge not to exceed 1.5% of the principal amount due or the maximum allowable legal interest rate, retroactive to the due date. Customer shall pay all costs (including attorneys' fees) incurred by GSC in attempting to collect amounts due.

ASBESTOS & HAZARDOUS MATERIALS

GSC's work and other services in connection with this Agreement expressly excludes any identification, abatement, cleanup, control, disposal, removal or other work connected with asbestos, polychlorinated biphenyl ("PCB"), or other hazardous materials (hereinafter, collectively, "Hazardous Materials").

INDEMNIFICATION

GSC and Customer shall mutually, in proportion to their respective degree of fault, indemnify, defend and hold each other harmless from any and all claims, actions, costs, expenses, damages and liabilities, including reasonable attorneys' fees, resulting from death or bodily injury or damage to real or tangible personal property, to the extent caused by the negligence or misconduct of the indemnifying party, and for its respective employees or agents. With respect to any claims based on facts or conditions that occurred prior to expiration or termination of this agreement, the duty to indemnify will continue in full force and effect notwithstanding expiration or early termination.

NO-HIRE; NO-SOLICITATION

Customer hereby covenants and agrees that, without the prior written consent of the Company, he/it will not, directly or indirectly (including, without limitation, through any affiliate or related party), (for a period of two (2) years after the date hereof solicit the employment of, offer employment to or hire, any employee of the Company, or any individual whose employment with the Company ended less than one hundred eighty (180) days prior to such solicitation or offer. Customer acknowledges that in the event of a violation of the covenants contained in this Section, the Company's damages will be difficult to ascertain and the Company's remedies at law will be inadequate. Accordingly, the Customer agrees that, in addition to such remedies as the Company may have at law, the Company shall be entitled to specific performance of such covenants and to an injunction to prevent any continuing violation thereof.

WARRANTY

GSC guarantees service work and all materials of GSC's manufacture against defects in workmanship for 365 days from date of completion of work and will repair or replace such products or components as GSC finds defective. This warranty does not include cost of handling, shipping or transportation involved in supplying replacements for defective components. This warranty does not include the replacement of refrigerant lost from the system. On

machinery and materials furnished by GSC, but manufactured by others, the only warranty provided is that of the manufacturer. THE WARRANTY AND LIABILITY SET FORTH IN THE PRECEDING PARAGRAPH ARE IN LIEU OF ALL OTHER WARRANTIES AND LIABILITIES, WHETHER IN CONTRACT OR IN NEGLIGENCE, EXPRESS OR IMPLIED, IN LAW OR IN FACT, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE OR FITNESS FOR A PARTICULAR PURPOSE.

LIMITATION OF LIABILITY

All claims, causes of action or legal proceedings against GSC arising from GSC performance under this contract must be commenced by Customer within the express warranty period specified above. Failure to commence any such claim, cause of action or legal proceeding within such period shall constitute a voluntary and knowing waiver thereof of Customer. IN NO EVENT SHALL GSC'S LIABILITY FOR DIRECT OR COMPENSATORY DAMAGES EXCEED THE PAYMENTS RECEIVED BY GSC FROM CUSTOMER UNDER THIS CONTRACT, NOR SHALL GSC BE LIABLE FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES. THESE LIMITATIONS ON DAMAGES SHALL APPLY UNDER ALL THEORIES OF LIABILITY OR CAUSES OF ACTION, INCLUDING BUT NOT LIMITED TO, CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY, OR ANY OTHER LEGAL THEORY. GSC DISCLAIMS ANY LIABILITY FOR DAMAGES OR ANY KIND ARISING FROM MOLD, FUNGUS, BACTERIA, MICROBIAL GROWTH, OR ANY OTHER CONTAMINATES.

DISPUTES & CHOICE OF LAWS

This contract shall be deemed to have been entered into and shall be governed by the laws of the State of Ohio. All claims, disputes, and controversies arising out of or relating to this contract, shall be submitted to mediation, pursuant to the Commercial Dispute Resolution Procedures ("CDRP") of the American Arbitration Association. The mediation shall take place in Cleveland, Ohio within thirty (30) days of the date the dispute arises. If mediation is unsuccessful, the dispute shall proceed to binding arbitration, pursuant to the CDRP, in Cleveland, Ohio, no later than sixty (60) days after the mediation is concluded. Any judgement upon the arbitration award may be confirmed in any court having jurisdiction thereof. The parties agree that any party to the arbitration shall be entitled to discovery from the other party as provided by the Ohio Rules of Civil Procedure. All discovery shall be completed within (4) months from the date the Demand for Arbitration is filed with the American Arbitration Association. Unless otherwise agreed, the arbitration shall be completed no later than six (6) months after the arbitration commenced.

ENTIRE AGREEMENT

These terms and conditions, and the terms and conditions on the reverse side hereof, constitute the entire agreement between GSC and Customer. If there is a conflict with any other terms and conditions, these terms and conditions, together with those on the reverse side hereof, shall control. No course of dealing or performance, or prior, concurrent or subsequent understanding, agreements or representations become part of this contract unless expressly agreed to in writing by an authorized representative of GSC.

CONTRACT AMOUNT: \$ 433,750

Deducts:

\$3500-Corridor ceiling removal & restore _____
\$4500-remove & reinstall classroom ceiling _____
\$8900-Mechanical/electrical/engineering plans for permits _____
ADD \$12,850 -Automation system installation services _____

ASSIGNMENT

Neither GSC nor Customer may assign, transfer, or convey this Agreement, or any part hereof, or its right, title or interest herein, without the written consent of the other party.


CUSTOMER SIGNATURE OF ACCEPTANCE

DATE

GSC REPRESENTATIVE

DATE

PAGE 5 OF 4

FACTORY AUTHORIZED REPRESENTATIVE OF 



SERVICE AGREEMENT
By and Between
STRONGSVILLE CITY SCHOOLS and PSI AFFILIATES, INC./PSI ASSOCIATES, INC.

THIS AGREEMENT for services is entered into this 19th day of April, 2018 by and between the Strongsville City Schools, hereinafter referred to as "Client", and PSI Affiliates, Inc./PSI Associates, Inc., hereinafter collectively referred to as "PSI," to perform services as specified to schools in the Strongsville City Schools specifically named in Attachment A to this Agreement and thereby becoming a part of this Agreement pursuant to relevant sections of the Ohio Revised Code. Additional Attachments to this Agreement may be included herein and, if included, will become part of this Agreement.

I. Services

PSI agrees to provide the following Services, ("Services") in accordance with requirements of Client in such numbers and subject to such rules and regulations of the specific school of the client ("The School") as are applicable to the satisfactory performance of this Agreement to the benefit of The School for the stated school years, or part thereof.

- | | |
|---|--|
| <input type="checkbox"/> Registered Nurse Services | <input type="checkbox"/> Foreign Language Teacher Services |
| <input type="checkbox"/> Licensed Practical Nurse Services | <input type="checkbox"/> TESOL Teacher Services |
| <input type="checkbox"/> School Health Assistant | <input type="checkbox"/> School Psychology/ Psychology Services |
| <input type="checkbox"/> Clerk | <input type="checkbox"/> Counselor Services |
| <input type="checkbox"/> Speech/Language Pathologist Services | <input type="checkbox"/> Special Education/Coordinator/Compliance Services |
| <input type="checkbox"/> Intervention Specialist Services | <input type="checkbox"/> OT/PT |
| <input type="checkbox"/> Gifted/Talented Teacher Services | <input type="checkbox"/> Educational Aide |
| <input checked="" type="checkbox"/> Remedial/Title 1 Teacher Services | |

A description of Services to be performed by PSI to Client is attached hereto as Attachment B. The parties agree that Services may vary depending upon the Client and the Client's needs and priorities. Client and PSI agree that the parties will regularly communicate with each other to determine Services to be provided pursuant to this Agreement. Client agrees to inform PSI on a timely basis if Services performed are deemed not be satisfactory by Client and/or if Services so provided by PSI need to be revised. PSI will provide to Client a cost and service proposal for any revisions to Services requested by Client and any additional Services needed by Client that are not currently provided or contracted for as set forth in this Agreement.

II. Initial Term. In accordance with this contract, PSI will provide Services to Client for a one (1) year term starting in the 2017-2018 school year, continuing through the conclusion of the 2017-2018 school year.

III. Compensation:

In consideration of the Services and/or provisions as set forth and as incorporated into this Agreement, Client shall cause to be paid to PSI no more than the following Yearly Fees, except as may be provided for pursuant to the terms of this Agreement. The schedule of all fees are specifically described in Attachment A which has been incorporated herein. Any additional fees as provided for in this Agreement will be assessed for additional Services or changes for Services as set forth in this Agreement.

YEAR ONE \$1,232.00

IV. Payments for Services Rendered. Client hereby agrees to pay to PSI within thirty (30) days of receipt of PSI's monthly invoices the specified value of actual Services rendered in the monthly billing cycle, with the total payment not to exceed the amount contracted for herein, except as agreed upon by Client and PSI to pursuant to the terms of this Agreement.

V. Changes and Additional Services. PSI shall provide the Additional Services and Additional Optional Services as noted in the Exhibits attached hereto and at the rates noted therein upon written request signed by Client. Client also agrees to pay PSI, in addition to the above-stipulated charges, the hourly rates indicated in Attachment A, for those additional and supplemental Services requested by Client and provided by PSI. Also, any changes to the Agreement that are required or requested by Client to PSI, shall be provided in writing and include the stipulated charges and/or hourly rates. Any Additional Services, Additional Optional Services and changes shall be included in

the appropriate monthly invoice and subject to payment as set forth above.

VI. Reporting. PSI agrees to provide Client with reports and/or documentation as needed and determined by Client to be necessary to complete local, state, and/or federal reports.

VII. Compliance with Law. PSI further agrees to employ personnel to service designated schools under the terms of this Agreement and agrees to fully abide by all Federal and State laws applicable to employment and/or assignment of such personnel including taking any appropriate action to insure that personnel so employed by PSI fully comply with the provisions of the Affordable Health Care Act. Non-licensed personnel will be appropriately supervised. Only persons with satisfactory criminal background checks will be employed. PSI further abides by all federal and state laws pertaining to employment obligations such as participation in Worker's Compensation, Unemployment Insurance and other appropriate entitlements.

VIII. Coverage Schedule. PSI shall establish a schedule satisfactory to Client setting forth, among other things, the dates, times and locations that personnel will be assigned to perform the Services. PSI shall provide to Client, upon request, a copy of the schedule and any updates to the schedule, and PSI shall make such changes to the schedule as reasonably requested by Client.

IX. Dismissal of Employees. PSI shall dismiss from performing Services to Client any person employed by PSI who Client reasonably determines to be incompetent, guilty of misconduct, dangerous to the safety of the students of Client, or detrimental to the operations of Client. Client shall provide written notice to PSI of all facts and issues pertaining to said request for dismissals and shall cooperate fully with PSI in regard to any investigation relating to said dismissal request.

X. Office Space and Supplies. Client shall provide suitable, appropriate office space that is quiet and private for use of the PSI staff assigned to the school/s. This also includes storage space for supplies and equipment. Client will also provide appropriate supplies and equipment that are customary and standard for the Services provided, where so agreed. Examples of these include, but are not limited to: office supplies and equipment, medical supplies and equipment (if health services are provided), and required testing materials for use by PSI and to enable PSI to provide the Services that they are contracted to perform. Client will be billed for all supplies and equipment, purchased at Client request, to include but not be limited to test equipment, protocols, health supplies, clinic equipment, etc. The testing protocols will be billed as replenishing is needed. Client agrees to provide adequate security at the school office site and to include any personnel provided by PSI to Client through this Agreement in any security training that personnel of Client are required to take.

XI. Student Records. All student records shall be the sole and exclusive property of Client, subject to any access and copying rights as permitted by law. PSI will have reasonable access to such documents, forms, records and other materials and information as permitted by law and as necessary to perform the Services and for other lawful purposes. Client will retain all records and other materials for the time periods required by applicable law and generally accepted practices. Client and PSI shall at all times comply with all applicable laws, rules and regulations relating to the confidentiality of medical records and other information.

XII. Cooperation. In the event that either party becomes aware of any alleged incident which may include injury resulting from the care or treatment of any person pursuant to this Agreement, each party has a duty to give the other party written notice of the incident in a timely manner of the known circumstances surrounding the incident including the name, school, and circumstances of the alleged incident and the contact information of any available witnesses. Each party further agrees to fully cooperate with the other party in regard to any investigations and follow through in regard to said incident.

XIII. Agreement not to Hire. Client hereby agrees that Client shall not, during the term of this Agreement and for a period of twenty-four (24) months following the termination or expiration of this Agreement, employ, solicit, or make an offer of employment or enter into any employment agreement with any person who has been a PSI employee who at any time during the term of this Agreement provided, supervised, directed or was involved in any manner in the provision of Services under this Agreement. Client further agrees not to hire any PSI employee nor any contractors, or subcontractors providing Services under this Agreement, without the express written permission of the President of PSI. This provision shall apply to any employee, independent contractor, any independent contractor or employee who is involved with an agency providing Services under this Agreement or is a related entity or is involved in any type of agreement to provide Services to the Client as an employee or subcontractor of PSI.

XIV. Insurance. Client shall keep Client's buildings, including the Premises and all property contained therein, insured against loss or damage from fire, explosion, similar casualties, or other cause including personal injury normally covered in standard broad form property insurance policies. Provider will maintain adequate security for damages within the self insured retention selected as determined by a reputable actuary.

XV. Termination. PSI shall have the right at its own discretion, to terminate this Agreement in the event that Client fails to make any payment when due under this Agreement and said payment remains unpaid for a period of five (5) days after written notice to Client from PSI. Furthermore, PSI shall have the right to terminate this Agreement in the event Client is determined by PSI to have engaged in any illegal, unethical or unprofessional behavior or actions that PSI deems to be detrimental to its continued performance of Services under this Agreement. PSI also reserves the right to terminate this Agreement in the event that Client materially breaches the terms of this Agreement and said breach is not cured within thirty (30) days of notice from PSI. Furthermore, PSI reserves the right to terminate this Agreement in the event of any filings pertaining to the insolvency of Client including bankruptcy, receivership, or State take-over.

XV(a). In the event that Client seeks to terminate this Agreement based upon an allegation of material breach of this Agreement by PSI, Client shall be obligated to do the following:

1. Client shall provide written notice to PSI specifically setting forth the facts and reasons utilized by Client to claim a material breach by PSI.
2. PSI shall have thirty (30) days after receipt of notice from Client to work with Client to improve the situation to a reasonably satisfactory level that addresses the areas of concern set forth in the written notice provided by Client to PSI.
3. If PSI cannot improve the matters cited in the written notice to a reasonably satisfactory level as agreed upon by the parties within said thirty (30) day period, Client shall have the right to terminate the contract.

XVI. Confidentiality. By virtue of this Agreement, Client shall have access to information that is Confidential and Proprietary to PSI, including (without limitation) business and financial records, billing information, contracts, vendor/supplier information, customer lists and demographic information, policies, and procedures. Confidential, Proprietary Information includes manuals, and strategic planning information which may be in various forms and media, and which may be or may come into existence at any time this Agreement is in effect. Such Confidential, Proprietary Information belongs solely to PSI and Client shall have no ownership in, or control over it. Client shall maintain the confidentiality of all Confidential and Proprietary Information, and shall not disclose it to third parties unless required to do so by law. Nor shall Client use any Confidential and Proprietary Information for its own benefit to the competitive detriment or embarrassment of PSI. This requirement is perpetual and survives the termination of this Agreement.

XVII. Notice. Any notice or communication required or permitted to be given hereunder shall be in writing and served personally, delivered by courier or sent by United States certified mail, postage prepaid with return receipt requested, addressed to PSI as follows:

To Client: PSI
 Colleen Lorber,
 Executive Director, Client Services
 2112 Case Parkway South #10
 Twinsburg, Ohio 44087-0468

XVIII. Assignment. The Agreement may not be assigned by either party without the written consent of the other.

XIX. Waiver. A waiver of any failure to perform under the Agreement shall neither be construed as nor constitute a waiver of any subsequent failure.

XX. Severability. If any term or provision of the Agreement or the application thereof to any person or circumstance shall, to any extent or for any reason be invalid or unenforceable, the remainder of the Agreement and the application of such term or provision to any person or circumstance other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each remaining term and provision of the Agreement shall be valid and enforceable to the fullest extent permitted by law.

XXI. Amendments to Agreement. All provisions of the Agreement shall remain in effect throughout the term thereof unless the parties agree, in a written document signed by both parties, to amend, add or delete any provision.

XXII. Findings for Recovery. PSI warrants and represents that it is not subject to a finding for recovery under Ohio Revised Code Section 9.24, or that Provider has taken the appropriate remedial steps required under Ohio Revised Code Section 9.24, or otherwise qualifies under Ohio Revised Code Section 9.24.

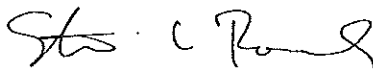
XXIII. Captions. Headings and titles of Articles, paragraphs and other subparts of this Agreement are for convenience of reference only and shall not be considered in interpreting the text of this Agreement. Modifications or amendments to this Agreement must be in writing and executed by duly authorized representatives of each party.

XXIV. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart.

XXV. Entire Agreement. This Agreement and its attachments and other documents specifically incorporated by reference herein contains the entire understanding and agreement of the parties concerning the matters contained herein, and supersedes and replaces any prior or contemporaneous oral or written contracts or communications concerning the matters contained herein.

XXVI. Purchase Order. Receipt of Purchase Order from Client constitutes agreement with the terms and conditions of this Agreement, herein.

XXVII. Governing Law. This Agreement will be interpreted, construed, and governed according to the laws of the State of Ohio.



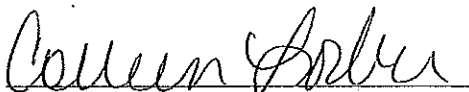
Strongsville City Schools Designee

PSI Designee

Steven L. Rosenberg, President

Print Name and Title

Print Name and Title



Witness

Witness

4-19-18

Date

Date

ATTACHMENT A

The schools and services to be served by PSI for the 2017-2018 school year are listed below. Any errors, additions, or deletions should be noted either on the purchase order submitted or through an explanatory letter.

<u>School</u>	<u>Position</u>	<u>Hours</u> <u>per Wk</u>	<u>Days</u> <u>per Wk</u>	<u>Wks</u> <u>per Yr</u>	<u>Total</u> <u>Hours</u>	<u>Total</u> <u>Days</u>	<u>Annual</u> <u>Cost</u>
Academy of St. Adalbert	Title 1 Teacher				28		\$1,232.00

Total \$1,232.00

Additional Services to be billed at hourly charge, approved by a District or School Designee.

PSI Associates, Inc./PSI Affiliates, Inc.
ATTACHMENT B
EDUCATIONAL SPECIALIST RESPONSIBILITIES

The goal of PSI's Educational Services Program is to provide educational instruction via direct services to school-age children. Specific duties may vary depending upon the building to which PSI staff is assigned. Among the responsibilities of an educational specialist are the following:

1. Establish a productive, educational connection with our students and a professional relationship with school officials. Establish and maintain a professional relationship with students' parents/guardians.
2. Identify individual goals and objectives for each student served. Develop lessons plans that relate to the student's goals/objectives and curriculum; are appropriate for the student's age, grade level, and ability; and are of a motivating, innovative nature.
3. Collaborate and consult with teachers, principal and other staff members regarding appropriate educational practices to enhance achievement and promote healthy adjustment.
4. Implement Individualized Education Programs (IEP), Individualized Services Plan (ISP) and or Intervention Programs for students where applicable.
5. Provide administrators, teachers and parents with periodic progress reports for students served. This may be in the form of a verbal and/or written communication.
6. Complete and return by the due date all forms/paperwork required by PSI.