This is a memo explains the financial analysis of the proposed Cedar Center Redevelopment Project. Cedar Center and the five South Euclid Streets behind it are a part of the Cleveland Heights-University Heights School District. Steve Strnisha is the financial consultant to the Coral Company, the developer of the Cedar Center Project. Jeff Rink is the City's consultant from Key Banc Capital Markets.

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To: Scott Gainer – CFO/Treasurer
Cleveland Heights - University Heights School District

David Seed - Brindza McIntyre & Seed LLP

From: Steve Strnisha - Strnisha Development Advisors

Jeff Rink - KeyBanc Capital Markets Inc.

Re: UPDATED - Analysis of Revenues to the Cleveland Heights – University Heights School District under the terms of the TIF Agreement proposed for the redevelopment of Cedar Center North

Date: November 19, 2008

Attached to this narrative, please find a schedule projecting the resulting revenue position of the Cleveland Heights – University Heights School District (the "District") under the proposed terms of the Tax Increment Financing ("TIF") Agreement proposed for the redevelopment of Cedar Center North (the "Development").

The first three columns present the projected new value associated with the new development (assuming 3% growth every three years), along with the most recent value for the current site broken down by both land and building (no growth is assumed given that the value of the current center has actually been in decline over the last several revaluations).

The next column identifies the resulting current building value decrease to the District based on the terms for the Tax Increment Financing Agreement proposed by the City of South Euclid. As we have discussed, please also note that the buildings are currently slated for demolition, suggesting that valuation of the site would most likely be reduced to the current land value even if the Development were not to proceed.

Columns 5-11 project new revenues/cost savings associated with the Development. Column 6 contains a projection of new property tax revenues resulting from the increased valuation of the new Development as new millage may be approved by District voters (over the past thirty years, District voters have enacted new levies approximately every three years equal to slightly less than 8 mills). This analysis uses new millage of 7.96 mills every three years, 100% of the 30-year historical average.

Per the proposed TIF Agreement, the second source of new revenue is drawn from 25% of projected income tax resulting from the Development, both during construction and upon completion. Income tax estimates for the construction period are based on 50% of the hard construction costs consisting of wages. The estimate upon completion is based on 2 employees per 1,000 square feet of rentable square feet (based on national benchmarks), yielding 195 full-time equivalent employees. Further, based on Bureau of Labor Statistic information, the average annual wage is anticipated to be at $24,000 in 2011, increasing by 2% annually thereafter.

Column 10 projects an additional source of revenue and is based upon the projection that the two largest adjacent commercial properties will experience added valuation growth as a result of the Development. The assumption is that this enhanced value will equal 0.5% every three years (i.e. the triennial revaluation for commercial properties) and is applied only to new levies because of the provisions of H.B. 920.

The final additional source of revenue is actually detailed in column 11 as an annual cost savings for the District. As we have discussed, the Development will include a public space component that will be utilized by the District for various meetings/training sessions throughout the year. In doing so, the District will realize an annual savings to its operating budget and the analysis uses a figure of $50,000 (we certainly recognize that you can best determine the exact annual savings per the District's historical spending on this type of item and we would defer to you on an appropriate final number for this column).

The result of this analysis is summarized in the final three columns (12-14) as the net increase/decrease is totaled in the last column. As you will note, the schedule utilizes a present value analysis (at 5%), which suggests that, under the above described assumptions, the District would realize over $3MM (over $10MM in actual dollars) in additional net revenue over the thirty-year term of the proposed TIF as a result of the Development. In summary, there is a net decrease projected starting the first year of operation that declines over the first six years eventually turning to a net increase that starts at approximately $58,000 in the seventh year growing to over $900,000 by the final year.

Of course, please feel free to contact either one of us should you have any questions or need additional information. Thank you for your consideration.

cc: Mayor Georgine Welo, City of South Euclid
Michael Lograsso, City of South Euclid
Peter Rubin, The Coral Company
Alexis Boothe, The Coral Company
Virginia Benjamin, Calfee, Halter & Griswold