



# Grand Haven Area Public Schools

## Draft Board Finance & Operations Committee Minutes March 4, 2025 - 4:30 p.m.

Attendees: Nichol Stack, Marc Eickholt, Seth Holt, Kristin Perkowski, Michael MacDonald, Sara VanderZee

Absent: none

Additional guests: none

Audience: Jason Reinecke, Mary Jane Evink, Nate Hunt, and approximately 60 audience members

**Public Comment:** 11 people spoke during public comment expressing concern with the proposal to transition Mary A. White Elementary to an early learning center. Additional data supporting the proposal was requested.

**Boosters - Informational:** Per Policy 9211, the Board must be updated annually of all organizations and boosters, and all required information has been received from those groups.

**Financial Update - Budget Forecast & Analysis:** Annual budget timeline with K-12 schools in Michigan was reviewed showing the district's budget must be completed and adopted in June, often prior to the state's budget being finalized.

Financial challenges include a 15.3% enrollment decline, or over 1,000 students, since 2014 which is projected to continue with lower birth rates, housing prices and alternative education options; 2025/26 budget forecast shows a deficit of \$5.5M for the general fund, growing to a \$6.99M deficit the following year; and districtwide building utilization would decrease to 66.5% by 2029 whereas the state recommends 85%. In the state school aid fund, roughly \$30.3M that's impacting our district has been diverted from that fund to postsecondary education since 2015. The Governor's proposed budget for next school year shows a loss in revenue for GHAPS. Cost containment strategies include building consolidation, staffing reductions through attrition and restructuring, outsourcing select services, renegotiating vendor contracts, and adjusting benefits. Deficit spending without intervention leads to the state intervening. GHAPS has a board policy 6220 of maintaining a minimum 7% general fund balance, which would not be met with next year's projected deficit.

Analysis of the proposed Mary A. White transition showed an annual estimated savings of \$1.15M after the first year. The average size of county elementary buildings is 400 students. GHAPS has numerous elementary buildings below 270, creating an inefficiency in the district leading to extra staff. Around 70% of students attending Mary A. White do not live in the area of the school.

Superintendent Perkowski summarized problems to solve based on community meetings and feedback including fiscal responsibility, a need for high quality preschool and 0-5 programming, more affordable

housing, student mental health and behaviors, expensive GHAPS building repairs, and equitable access for students to attend a nearby school. She reported on opportunities that are being explored surrounding programming for children ages 0-3. The Outdoor Discovery Center (ODC) recently approached GHAPS about expanding our partnership. ODC is offering to provide around \$2M from funds they were awarded to address the needs of childcare ages 0-5 in Ottawa County. These funds would make nature based improvements at Mary A. White while GHAPS continues to own and operate the site. The strategic plan working group is looking at data and will discuss what programs or changes they would like to see for GHAPS while the superintendent will continue offering community engagement opportunities to guide us on what the community envisions for the district. A strategic plan is scheduled to be brought to the full board in June. She has attended various meetings with Housing Next, Grand Haven Community Foundation, the city and YMCA to look at creative solutions to the housing challenge.

**Board President Update: Nichol**

- President Stack is doing her due diligence connecting with people in the community including the mayor, past board presidents, and she will be speaking with union leadership tomorrow.
- Board members were reminded to connect with their mentees to make sure they have their questions answered.

**Superintendent update: Kristin**

- Soup with the Superintendent, a community engagement opportunity, begins tomorrow and will continue into April.
- Kindergarten Roundup is this evening.

The meeting was adjourned at 5:58 pm



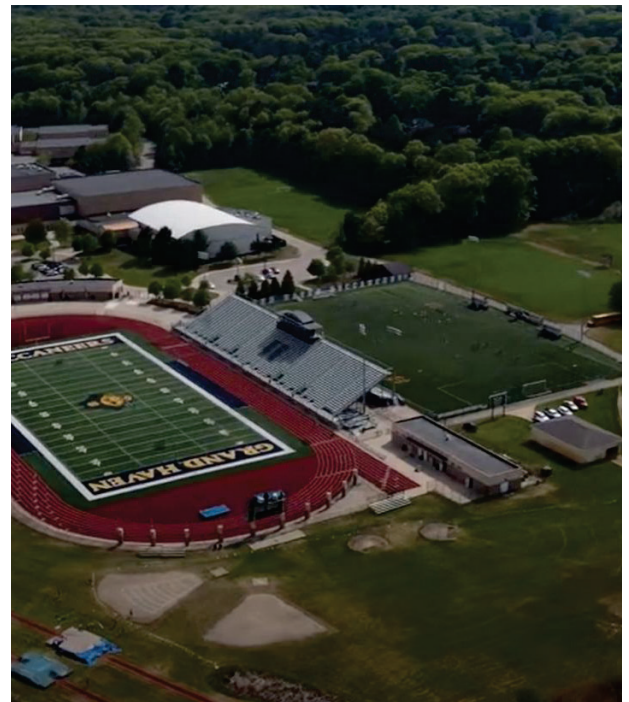
# District Financial Update

*Finance & Operations Committee March 2025*

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## Agenda

- Introduction
- Enrollment
- 2025-26 Budget Forecast
- Cost Containment & Analysis



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# Introduction



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## Budget Timeline

- December-January: Enrollment projections completed
  - **General education only** due to difficult nature of projecting Special Education and Alternative Education students (kept same as prior year)
- January: State Consensus Revenue Estimating Conference (CREC)
- February: Governor's proposal released
- March: District budget forecast #1 completed
- March-May: House & Senate budget proposals released
  - District budget forecast #2 completed
- May: State Consensus Revenue Estimating Conference (CREC)
- June: Budget hearing and adoption of District proposed budget
- July-August: State budget finalized



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## Summary

- Financial Challenges
  - 15.3% enrollment decline since 2014 (projected to continue)
  - \$5.5M deficit for FY 2025-26, growing to \$6.99M next year
  - District-wide building utilization decreasing to 66.58% by 2029
  - \$30.3M in School Aid Fund diverted since 2015
- Potential Cost Containment Strategies:
  - Building consolidation
  - Staffing reductions through attrition and restructuring
  - Outsourcing select services to reduce costs
  - Renegotiating vendor contracts and benefits



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## Enrollment



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## Historical Enrollment

- In 2014-15, GHAPS had 6,266 students total
- In 2024-25, GHAPS has 5,224 students total ([State Aid](#))
  - This is a drop of 1,042 students
- Influencers
  - Declining birth rates
  - Housing prices
  - Increase competition from alternative education options



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## Projected General Education Enrollment

- Projected enrollment based on Stanfred's numbers shows a continued decline
- Fall 2025: 4,702
- Fall 2029: 4,321
- By Fall 2029, anticipated district-wide building utilization will be approximately 66%



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# 2025-26 General Fund Budget Forecast



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## Budget Forecast

- Revenue Assumptions:**

- \$392 increase in foundation allowance: +\$2 million
- Enrollment decline: -\$798k
- Local millages increases: +\$229k
- Retirement revenue offset decrease: -\$2.5 million
- One-time grant decrease: -\$700k

- Expenditure Assumptions:**

- Wage increase: +\$2 million
- Retirement cost increase: +\$619k
- Health insurance increase: +\$630k

| Revenues                    | Actual<br>2022-23   | Actual<br>2023-24   | Amend<br>2024-25    | Projected<br>2025-26 | Projected<br>2026-27 |
|-----------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
|                             | \$88,240,755        | \$90,915,071        | \$87,822,700        | \$87,122,700         | \$86,176,840         |
| Enrollment Change           | -                   | -                   | -                   | (798,617)            | (1,172,176)          |
| State Aid per Pupil         | -                   | -                   | -                   | 2,048,031            | 1,306,143            |
| Enhancement Millage         | -                   | -                   | -                   | 41,000               | 42,000               |
| Act 18                      | -                   | -                   | -                   | 188,000              | 192,000              |
| Categorical Funding         | -                   | -                   | -                   | 93,726               | -                    |
| Other Increases/(decreases) | -                   | -                   | -                   | (2,518,000)          | -                    |
| <b>Projected Revenues</b>   | <b>\$88,240,755</b> | <b>\$90,915,071</b> | <b>\$87,822,700</b> | <b>\$86,176,840</b>  | <b>\$86,544,807</b>  |

| Expenditures                  | Actual<br>2022-23    | Actual<br>2023-24    | Amend<br>2024-25     | Projected<br>2025-26 | Projected<br>2026-27 |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                               | \$ 88,265,389        | \$ 90,919,632        | \$ 88,429,400        | \$ 88,429,400        | \$ 91,750,961        |
| Wages                         | \$ -                 | \$ -                 | \$ -                 | \$ 2,071,557         | \$ 962,123           |
| Retirement                    | \$ -                 | \$ -                 | \$ -                 | \$ 619,603           | \$ 287,771           |
| Health Insurance              | \$ -                 | \$ -                 | \$ -                 | \$ 630,401           | \$ 542,541           |
| <b>Projected Expenditures</b> | <b>\$ 88,265,389</b> | <b>\$ 90,919,632</b> | <b>\$ 88,429,400</b> | <b>\$ 91,750,961</b> | <b>\$ 93,543,396</b> |



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## Governor's Proposal

- Projected deficit of \$5.5M in FY 2025-26
- Expected to grow to \$6.99M by FY 2026-27
- Projected fund balance deficit of -\$2.28M by FY 2026-27
  - Deficit spending leading to a negative fund balance is prohibited without State intervention
- Declining enrollment and Governor's proposal driving shortfall
- Key concern: School Aid Fund diversion to postsecondary education

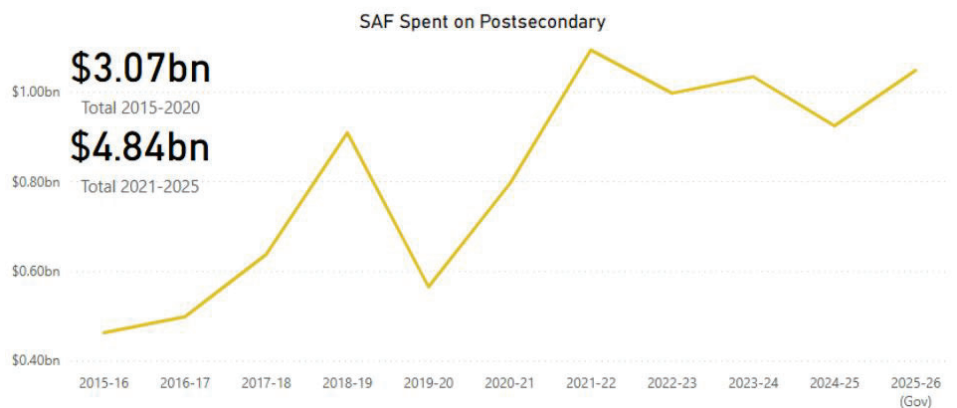


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## Impact of School Aid Fund Diversions on Districts

- Funding historically covered by State's General Fund
- Diversions force K-12 districts to absorb shortfalls



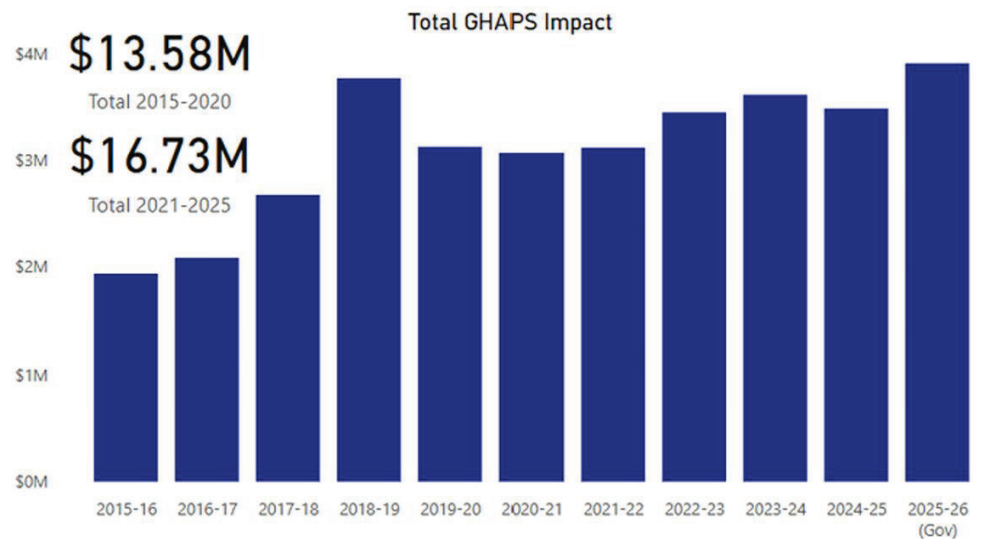
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# Impact of School Aid Fund Diversions on GHAPS

- GHAPS has lost \$30.3M since 2015 due to SAF diversions to postsecondary education



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## Cost Containment Strategies



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# Cost Containment Strategies

Currently, 90% of the district's budget is allocated to personnel costs, including wages and benefits. While GHAPS has managed cost reductions through attrition, this approach alone is no longer sufficient due to continued enrollment declines and the financial burden of maintaining multiple buildings.

- **Potential Cost Reduction Areas:**
  - Outsource select services
  - Building consolidation
  - Reduce benefit-eligible positions
  - Renegotiate vendor contracts
  - Adjust benefit structures
  - Strategic staffing reductions
- **Approach:**
  - Diversified strategy to minimize disruption
  - Balance immediate savings with long-term sustainability



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## Mary A. White Analysis

- Estimated annual net savings: \$1,137,750
- Primary savings: \$1.2M from staffing reductions
- **Additional costs:**
  - ECC transportation: \$37,800
  - Student rerouting: \$9,450
  - One-time licensing fees: \$5,000
  - Removal of current play structures: \$10,000
  - Infrastructure & code
- **No additional costs for:**
  - Special education transportation (any costs are covered through **state & local** special education funding)
  - New sitework/playground structures
- Working on licensing with the State
- Consistent savings of **\$1.2M annually**
- Total added costs decrease to \$47,250 annually after year 1

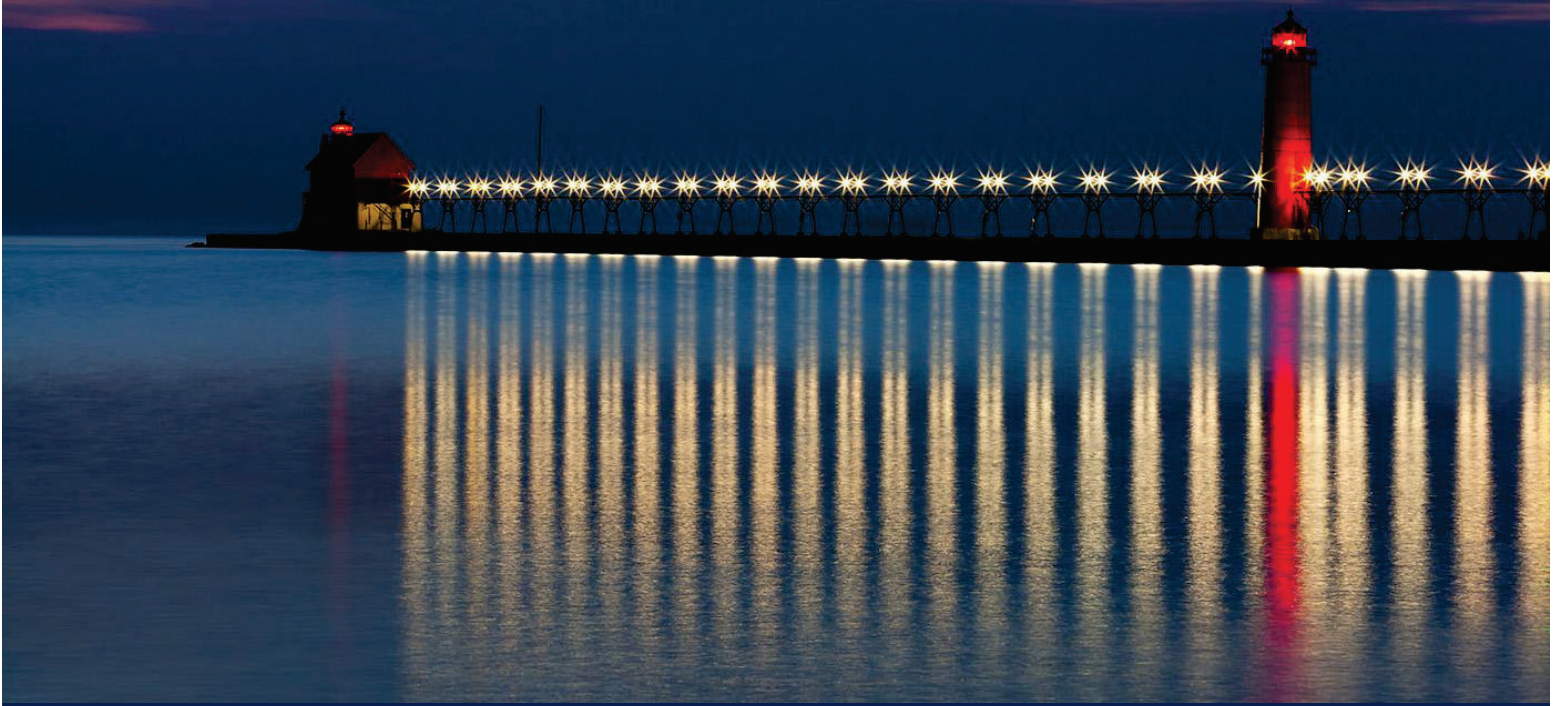
|                      | Year 1              | Year 2              | Year 3              | Year 4              | Year 5              |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Savings</b>       |                     |                     |                     |                     |                     |
| Staffing reduction   | 1,200,000           | 1,200,000           | 1,200,000           | 1,200,000           | 1,200,000           |
| <b>Total Savings</b> | <b>\$ 1,200,000</b> | <b>\$ 1,200,000</b> | <b>\$ 1,200,000</b> | <b>\$ 1,200,000</b> | <b>\$ 1,200,000</b> |

|                             | Year 1           | Year 2           | Year 3           | Year 4           | Year 5           |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Added Costs</b>          |                  |                  |                  |                  |                  |
| ECC Staffing                | -                | -                | -                | -                | -                |
| ECC Transportation          | 37,800           | 37,800           | 37,800           | 37,800           | 37,800           |
| River Haven to Peach & Rob. | 9,450            | 9,450            | 9,450            | 9,450            | 9,450            |
| One-Time Licensing          | 5,000            | -                | -                | -                | -                |
| Sitework/Playground         | 10,000           | No Cost          | No Cost          | No Cost          | No Cost          |
| Infrastructure              | TBD              | No Cost          | No Cost          | No Cost          | No Cost          |
| <b>Total Added Costs</b>    | <b>\$ 62,250</b> | <b>\$ 47,250</b> | <b>\$ 47,250</b> | <b>\$ 47,250</b> | <b>\$ 47,250</b> |



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Questions?

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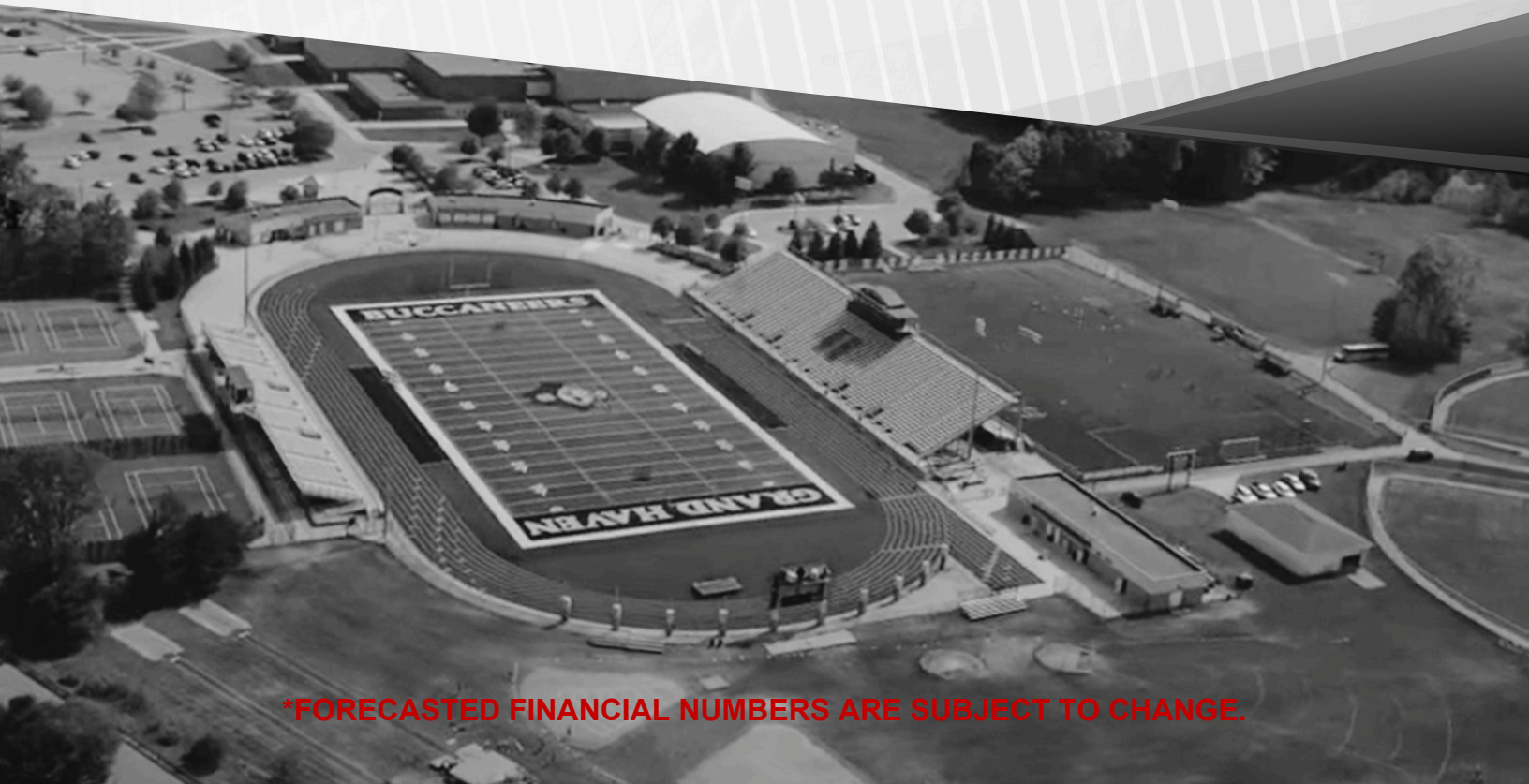
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A photograph of a red lighthouse and a long bridge with many lights, set against a twilight sky.

# DISTRICT FINANCIAL UPDATE

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March 2025



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## Executive Summary

Grand Haven Area Public Schools (GHAPS) is facing significant financial challenges driven by declining enrollment, rising costs, and reductions in state funding. Over the past decade, enrollment has dropped by 15.3%, from 6,266 students in 2014-15 to 5,308 in 2023-24, with projections showing further declines to 4,321 general education students by 2029. *(we do not project special ed as there are numerous variables we cannot predict)*. As student enrollment declines, so does per-pupil funding, creating a structural deficit that requires immediate attention. Additionally, building utilization is expected to decline from 72.45% in 2025 to 66.58% in 2029, highlighting inefficiencies in facility use that must be addressed to control costs.

The FY 2025-26 budget projects a \$5.5 million deficit, growing to \$6.99 million in FY 2026-27, which would push the district into a negative fund balance of -\$2.28 million. Compounding this issue is the continued diversion of School Aid Fund (SAF) dollars to postsecondary education, a policy shift that has redirected \$30.3 million away from GHAPS since 2015. These funding reallocations have left local districts with fewer resources to support staff, maintain programs, and manage operational costs. Statewide, SAF spending on postsecondary education has increased from \$3.07 billion (2015-2020) to \$4.84 billion (2021-2025), further reducing K-12 funding availability.

To address this growing financial crisis, GHAPS has identified various ways that costs can be contained. Below are potential strategies that the district **could implement**:

- Building consolidation to right-size sections in response to declining enrollment.
- Staffing reductions through attrition, restructuring, and potential layoffs.
- Outsourcing select services to reduce costs
- Renegotiating vendor contracts for banking, insurance, supplies, and services.
- Reducing benefit costs

A key initiative under this strategy is the consolidation of Mary A. White Elementary, which is projected to **save \$1.14 million** annually, primarily through \$1.2 million in staffing reductions. While this move requires minor transportation adjustments (\$37,800 for ECC, \$9,450 for rerouting students, and \$15,000 on licensing & play structure removal), the district will incur no additional costs for special education transportation, new sitework, or new playground modifications.

While continued advocacy for protecting K-12 funding is essential, GHAPS must also make internal operational adjustments to ensure long-term fiscal stability. The following report provides a detailed analysis of the district's budget outlook, financial challenges, potential cost containment measures, and the impact of state-level funding decisions on GHAPS operations.

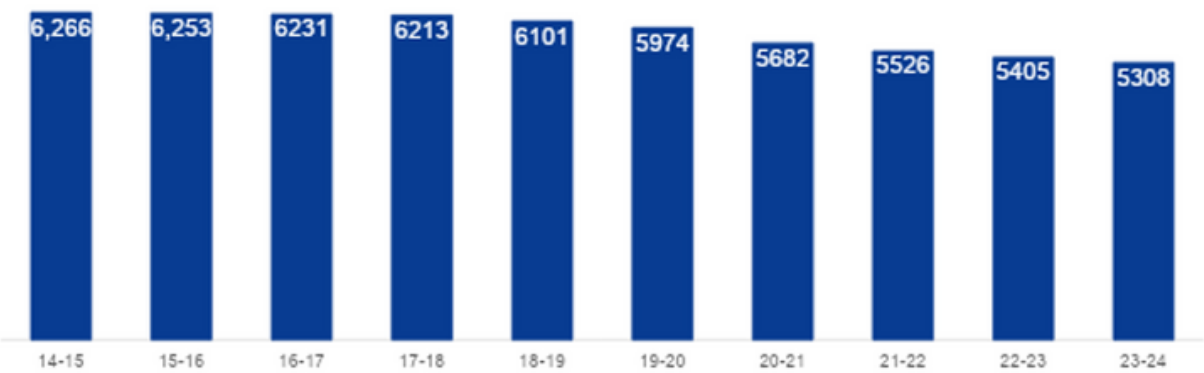
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## Enrollment Analysis

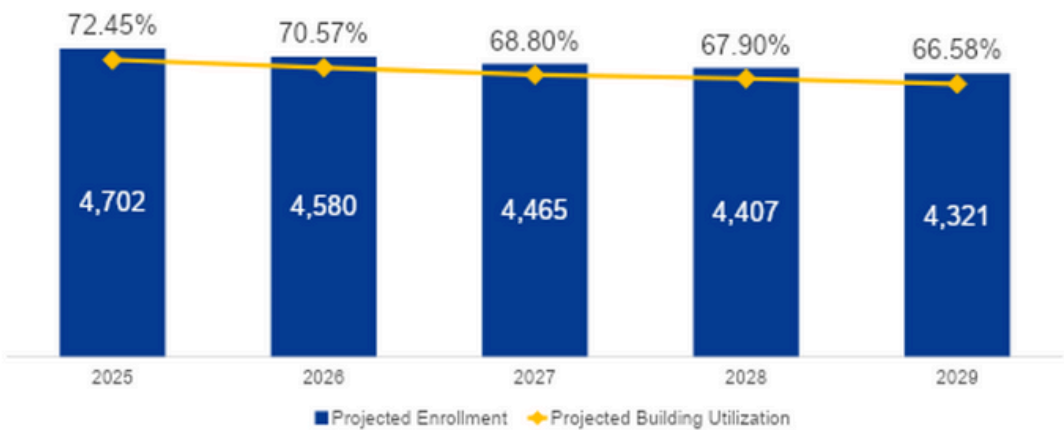
Over the past decade, we have experienced a significant and continuous enrollment decline, dropping from 6,266 students in 2014-15 to 5,308 students in 2023-24. This represents a loss of 958 students (15.3%) over nine years, reflecting broader demographic shifts, declining birth rates, housing prices and increased competition from alternative education options. The most pronounced declines occurred after 2019-20, coinciding with external disruptions and changes in student retention patterns. As enrollment continues to shrink, the district's revenue base has been directly impacted, necessitating cost containment strategies.

General education enrollment projections indicate that GHAPS will continue to face steady declines, with student numbers expected to drop from 4,702 in 2025 to 4,321 by 2029. This downward trend will further reduce state funding and exacerbate financial pressures. At the same time, building utilization rates will decline from 72.45% in 2025 to just 66.58% in 2029, underscoring the growing inefficiency in facility usage.

## Historical Enrollment



## Projected General Education Enrollment



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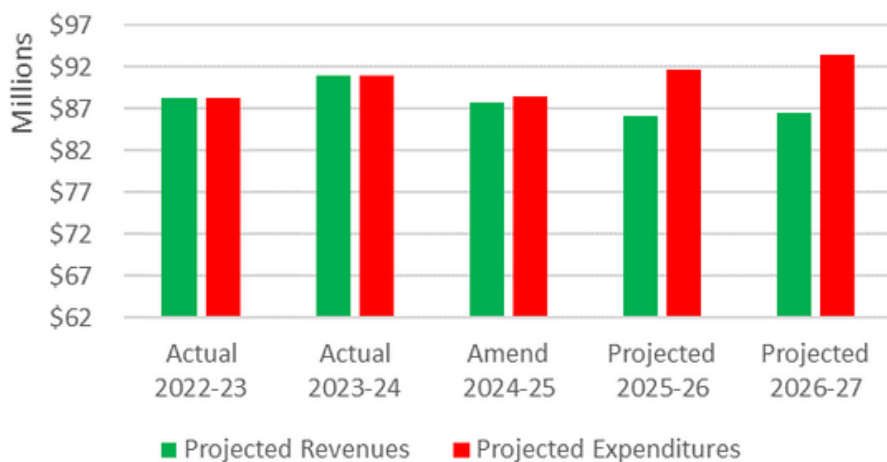
## Budget Forecast

We face a **projected deficit of \$5.5 million** in FY 2025-26 due to declining enrollment and the Governor's Proposal. Despite efforts to stabilize costs through natural attrition, expenditures continue to outpace revenues, with a projected deficit of \$6.99 million by FY 2026-27 and a fund balance deficit of -\$2.28 million. To address this, GHAPS must consider staff reductions, school consolidations, and operational efficiencies to restore financial stability.

FY 2025-26

**\$5.5M**

Deficit



A major concern of the Governor's proposal is the continued diversion of School Aid Fund dollars to higher education, reducing available resources for K-12 schools. While we manage budget shortfalls, state leaders shift funding to universities and community colleges, worsening financial strain on local districts. These reallocations limit GHAPS's ability to retain staff, maintain programs, and support students, forcing difficult budget decisions.

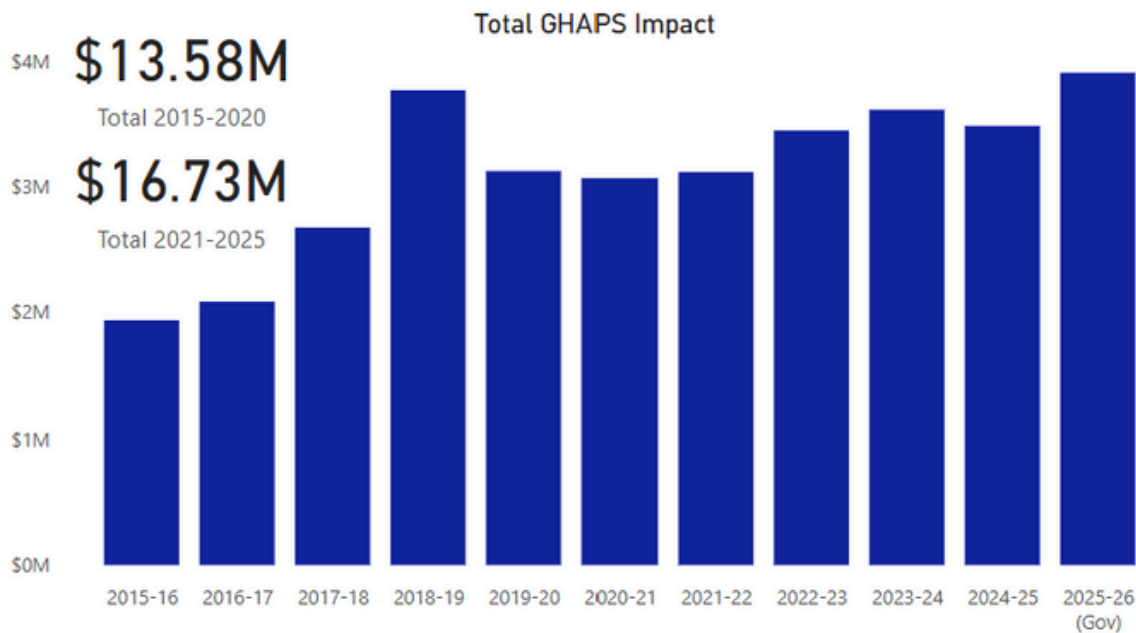
| Revenues                    | Actual 2022-23      | Actual 2023-24      | Amend 2024-25       | Projected 2025-26   | Projected 2026-27   |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                             | \$88,240,755        | \$90,915,071        | \$87,822,700        | \$87,122,700        | \$86,176,840        |
| Enrollment Change           | -                   | -                   | -                   | (798,617)           | (1,172,176)         |
| State Aid per Pupil         | -                   | -                   | -                   | 2,048,031           | 1,306,143           |
| Enhancement Millage         | -                   | -                   | -                   | 41,000              | 42,000              |
| Act 18                      | -                   | -                   | -                   | 188,000             | 192,000             |
| Categorical Funding         | -                   | -                   | -                   | 93,726              | -                   |
| Other Increases/(decreases) | -                   | -                   | -                   | (2,518,000)         | -                   |
| <b>Projected Revenues</b>   | <b>\$88,240,755</b> | <b>\$90,915,071</b> | <b>\$87,822,700</b> | <b>\$86,176,840</b> | <b>\$86,544,807</b> |

| Expenditures                  | Actual 2022-23       | Actual 2023-24       | Amend 2024-25        | Projected 2025-26    | Projected 2026-27    |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                               | \$ 88,265,389        | \$ 90,919,632        | \$ 88,429,400        | \$ 88,429,400        | \$ 91,750,961        |
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| Retirement                    | \$ -                 | \$ -                 | \$ -                 | \$ 619,603           | \$ 287,771           |
| Health Insurance              | \$ -                 | \$ -                 | \$ -                 | \$ 630,401           | \$ 542,541           |
| <b>Projected Expenditures</b> | <b>\$ 88,265,389</b> | <b>\$ 90,919,632</b> | <b>\$ 88,429,400</b> | <b>\$ 91,750,961</b> | <b>\$ 93,543,396</b> |

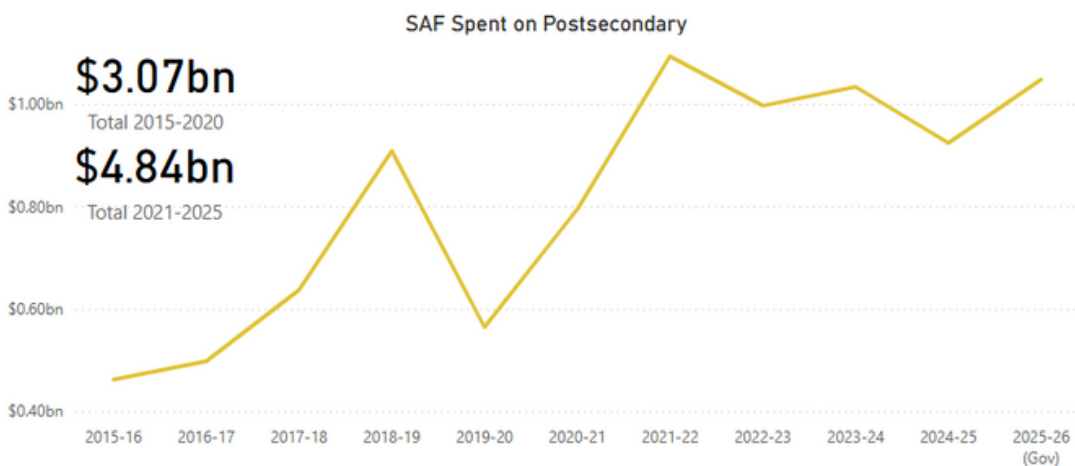
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# Impact of School Aid Fund (SAF) Diversions on Districts

The continued diversion of School Aid Fund (SAF) dollars to postsecondary education has had a significant financial impact on Grand Haven Area Public Schools (GHAPS). Since 2015, GHAPS has experienced a cumulative funding impact of \$30.3 million, with \$16.73 million occurring between 2021 and 2025 alone.



Statewide, SAF spending on postsecondary education has surged, growing from \$3.07 billion (2015-2020) to \$4.84 billion (2021-2025). This funding was historically covered by the State’s General Fund, but the ongoing reallocation of SAF dollars has placed greater financial strain on K-12 districts like GHAPS. As a result, public schools are left to absorb funding shortfalls, while colleges and universities benefit from revenue that was originally intended for K-12 education.



GHAPS and other districts must continue to advocate for the protection of SAF dollars, ensuring that funding for Michigan’s public schools is restored to its intended purpose—supporting K-12 education, not subsidizing higher education institutions.

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## Cost Containment Strategies

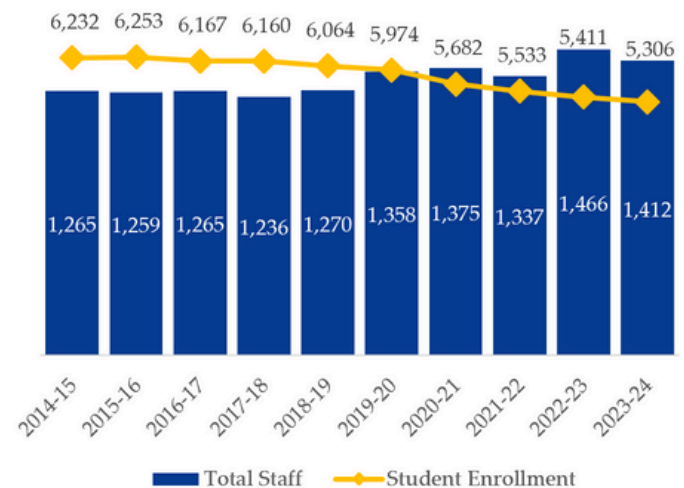
Currently, 90% of the district's budget is allocated to personnel costs, including wages and benefits. While GHAPS has managed cost reductions through attrition, this approach alone is no longer sufficient due to continued enrollment declines and the financial burden of maintaining multiple buildings. The district also faces unavoidable expenses related to aging facilities, maintenance, and providing staff with necessary resources. Given these challenges, administration has identified several cost containment strategies to address the structural budget deficit.

The **potential areas of focus for cost reductions** could include:

- **Outsourcing select services to third-party providers** to reduce added costs.
- **Reducing the number of employees receiving benefits** by limiting hours where possible.
- **Building consolidation**, which would reduce the number of classroom sections needed and, in turn, lower staffing requirements.
- **Renegotiating vendor contracts** for banking, liability insurance, supplies, and services.
- **Adjusting benefit structures**, including potential health insurance plan modifications to control long-term liabilities.
- **Staffing reductions** through attrition, layoffs, or restructuring where necessary.

A combination of these strategies will be required to close the budget gap while minimizing disruptions to students and staff. While a full reduction in staff could achieve a necessary cost decrease to balance the budget, this would still require ongoing annual adjustments as enrollment declines. Alternatively, renegotiating benefit plans could yield long-term savings without immediate personnel cuts.

Student Enrollment v. Total Staff



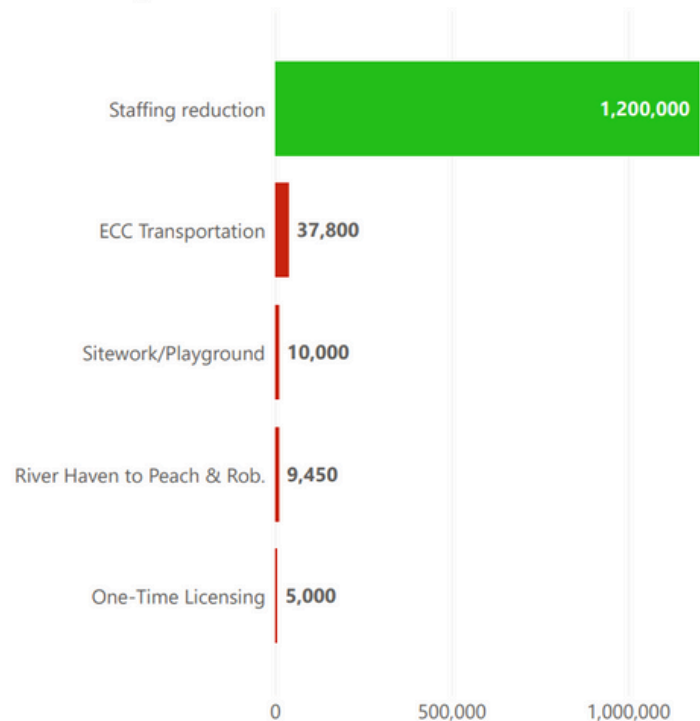
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## Analysis Summary

The financial analysis for the Mary A. White consolidation provides an estimated **annual net savings of \$1,137,750**. The primary cost reduction comes from staffing reductions totaling \$1.2 million, reflecting efficiencies gained by consolidating sections.

Additional cost factors include transportation adjustments, with an added cost of **\$37,800** for Early Childhood Center (ECC) transportation and **\$9,450** for re-routing students from River Haven to Peach Plains and Robinson. Licensing fees are estimated at **\$5,000** and the removal of old play structures is **\$10,000**. We are currently working through code implications and will update as we know more. However, key expenses such as special ed transportation, and new sitework/playground modifications will **not** incur additional costs to the district, minimizing financial barriers to implementation.

Year 1 Savings & Costs



## Estimated Savings & Added Costs

|                      | Year 1              | Year 2              | Year 3              | Year 4              | Year 5              |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Savings</b>       |                     |                     |                     |                     |                     |
| Staffing reduction   | 1,200,000           | 1,200,000           | 1,200,000           | 1,200,000           | 1,200,000           |
| <b>Total Savings</b> | <b>\$ 1,200,000</b> | <b>\$ 1,200,000</b> | <b>\$ 1,200,000</b> | <b>\$ 1,200,000</b> | <b>\$ 1,200,000</b> |

|                             | Year 1           | Year 2           | Year 3           | Year 4           | Year 5           |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Added Costs</b>          |                  |                  |                  |                  |                  |
| ECC Staffing                | -                | -                | -                | -                | -                |
| ECC Transportation          | 37,800           | 37,800           | 37,800           | 37,800           | 37,800           |
| River Haven to Peach & Rob. | 9,450            | 9,450            | 9,450            | 9,450            | 9,450            |
| One-Time Licensing          | 5,000            | -                | -                | -                | -                |
| Sitework/Playground         | 10,000           | No Cost          | No Cost          | No Cost          | No Cost          |
| Infrastructure              | TBD              | No Cost          | No Cost          | No Cost          | No Cost          |
| <b>Total Added Costs</b>    | <b>\$ 62,250</b> | <b>\$ 47,250</b> | <b>\$ 47,250</b> | <b>\$ 47,250</b> | <b>\$ 47,250</b> |

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