

To the Board of Directors, Yamhill-Carlton School District:

I apologize for my absence from the Board meeting this evening. I am on a critical business trip out of state associated with my employment and am thus unable to be in attendance.

As the Chairman of the Citizens Oversight Committee, I felt it important that the Board understand my position personally on the construction projects as well as what I believe are the concerns of the COC about the present status of the projects overall. For many months I have been conveying to the Board in my monthly reports the serious issues with the overall financial position of the projects. We formally asked the Board to consider and provide any additional resources that could be made available to the projects - and the Board has responded with the proposed sale of the school district property. Whereas we can appreciate that this is in process, it is not a done deal yet until you have the proceeds in hand. We are aware that the Board opened a line of credit, but as the months have gone by it appears that the ever escalating costs have devoured the additional resources that could come from the sale of the land. I asked the question in December of our Project Manager that if the land sale occurred would we be able to complete the projects as they existed at that time. The answer was yes. In the January meeting of the COC, we were once again presented with reductions in scope in order to get the project on budget again. It seems that the status of the projects and the available funding had again taken a turn for the worse as they had in the previous months. It seems that month after month we continue to cut scope, and look for reductions. In the meantime, getting good reliable financial information about the project has been nearly impossible to obtain.

With the addition to the COC of Keri Maynard, the financial picture has come in to much better view and it is not good. It has confirmed what we knew all along. Consistent with my reports, the financial position of the overall projects is bad - we are seriously underfunded for the proposed scope of the projects. You can look at the reasons as they are very clearly stated in the reports that Keri has constructed. When GMP 8 was presented to you over a week ago, I reported to you that neither myself nor the COC had seen this GMP. I had to lean over to Mike Marino and ask him if I could have a copy of it and was shocked to see that it was for \$1.3 million. I knew at the time that we didn't have that kind of money available to the project, even if we had the cash proceeds from the sale of the land in hand now - which we don't. I felt it important for the Board to know that the COC had not seen nor reviewed GMP 8, and reported it to you at that time.

The facts as they presently exist are as follows:

- 1)- The cost of the projects continues to be substantially above the available revenue resources that we have, even including the sale of the land assuming that it happens.
- 2)- It seems that every step of the way the financial position becomes worse and worse, not better.
- 3)- Our "partners" in the project seem unable to understand that we need to have projects and scope that fit within our available resources.

4)- The COC has asked and pleaded with the contractor and project manager to give us recommendations that will get the projects within the available resources instead of "kicking the can down the road".

5)- With the initial attempted bypass of the COC with GMP 8, the COC is now trying to understand what factors are at work outside of the stream of the review and inclusion of the COC in the process.

6)- The COC has taken a unanimous position in recommending against proceeding with GMP 8. It is from a position of being fiscally responsible that this recommendation is being made. They no longer want to kick the can down the road. Further, there is substantial concern that additional badly needed maintenance projects will be cut from the scope of the projects.

In conclusion, there is no one who would like to see the new gym completed more than I would. I've coached basketball in this community for over three decades and I see the facilities that other districts have. Our facilities are inadequate and we seriously need a new gym - not just for basketball but for all athletics, physical education programs, other events, and the emergency shelter that was promised to the community. It is extremely disappointing that we are in the position that we are current in. The facts are that we don't have the money to complete the gym, and mortgaging the district financial assets to do this is risky and counts on relatively uncertain events taking place in order to fund the interim steps that will still not result in a fully completed facility. I appreciate the efforts of many including Tim Pfeiffer, Richard Bernstein, the FFA Alumni Association, and others who have stepped forward to contribute to major aspects of the project so that the Ag building and other items can be completed outside the scope of the Bond projects. We need to continue the steps needed to solve the problems we're faced with. Moving forward with GMP 8 at this time will not, I believe, do that.

Thank you,
Murray Paolo, Chair
Construction Oversight Committee