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STATEMENT OF THE BOARD OF SCHOOL DIRECTORS REGARDING THE INVESTIGATION OF THE EAST PIKELAND PROPERTY PURCHASE

STATEMENT

As you all are aware, at the June 19, 2008 meeting of the Board, we voted to abandon the Kimberton Elementary School project. Since then, we have committed ourselves to examining the School District's purchase of the East Pikeland land and assured the public that we are committed to (1) recovering lost taxpayer money; (2) holding accountable those responsible for this loss; and (3) avoiding future mistakes. As the Board for this School District, we take this very seriously.

Consistent with our commitment, we have investigated and examined the circumstances surrounding the purchase of the East Pikeland land and what happened after the purchase. This investigation and examination has included thorough interviews of individuals involved in the process, and obtaining and reviewing many documents concerning the purchase. We have obtained from the School District's counsel legal advice concerning the facts uncovered by this process. We have reviewed and considered these facts and this legal advice at length, including a several-hour Executive Session devoted exclusively to these issues. Without revealing matters that must at this time remain confidential or any matters protected by the attorney-client privilege, we will address tonight (1) what the investigation discovered, and (2) what we presently are doing and will be doing in the future to recover taxpayer money, hold accountable those responsible for these losses, and avoid future mistakes.

At the outset of this statement, I should tell you that I will be reading this to you this evening because of the level of detail that I will be revealing. I ask that you be patient with me as this will be a lengthy statement.

INVESTIGATION

Before we begin to discuss the facts discovered by the investigation, some background is necessary. You may know that the District hired Dr. David Noyes as its Superintendent

in 2001. You may also know that, in 2003, Mr. Robb Frees was President of the Board. Under his presidency, and this was confirmed by Mr. Frees, the Administration performed the day-to-day tasks of the District without significant input from the Board. Some of you may remember that just before the District hired Dr. Noyes, the Board navigated through many difficulties with the high school construction and had to step in and handle tasks more typically handled by the Administration. Once Dr. Noyes arrived, the Board allowed him the authority to handle these tasks with the understanding and requirement that he would keep the Board informed at all times.

We're here obviously to discuss the acquisition of the East Pikeland land, but this background is important because, consistent with its mission and its contractual arrangement with Dr. Noyes, the Board allowed Dr. Noyes' Administration to handle the purchase with the understanding and expectation that Dr. Noyes would keep the Board fully informed on all matters concerning the transaction. As we will discuss, both Dr. Noyes and the District's former Business Manager, Michelle Diekow, were principally involved in handling the land acquisition, and neither kept the Board informed as to critical aspects of the purchase.

First, we should talk generally about Dr. Noyes.

- During the investigation that took place over the summer, our attorneys interviewed Dr. Noyes under oath at length. During this interview, he confirmed that it was his responsibility to:
 - Provide Board members with information pertinent to their roles as elected officials and to prepare and submit to the Board all matters requiring legal action;
 - To keep the Board informed concerning the operation of the School District; and
 - To maintain regular contact with Board members.
- Dr. Noyes stated that he was the exclusive contact between the Board and the Administration.

As I mentioned, Michelle Diekow was the District's Business Manager and, in that role, she reported directly to Dr. Noyes. Ms. Diekow was principally involved in handling the business aspects of the land acquisition. Dr. Noyes delegated this responsibility to her.

Other parties also involved in the land acquisition were present and former board members, legal counsel, an architectural firm, an environmental consulting firm, and appraisal firms.

Ultimately, as we will discuss, the investigation has discovered that several parties are responsible for losses suffered by the District. These parties include: Dr. Noyes and Ms. Diekow, for failing to keep the Board informed about critical aspects of the acquisition; C. Raymond Davis & Sons, Inc., for dumping on the property; Ciba, for contaminating the property; and Synergy Environmental, Inc., for deficiencies in its role as the environmental firm hired to investigate and characterize the contamination on the property.

FACTS

We need to start at the beginning so you have an understanding about how we find ourselves where we are today.

- The District learned about the opportunity to purchase the East Pikeland land in September 2003. Mr. Frees wrote a letter to the Board and to Dr. Noyes stating that he had been “in touch with the property owner in Kimberton regarding the parcel near 113. This is an approximately 18 acre parcel. With your approval, I would like to send a letter of interest to the party expressing the desire to review the property and possibly enter into negotiations.” This same day, Mr. Frees wrote a separate email directly to Dr. Noyes indicating that the individual with whom he spoke was Mark Davis from C. Raymond Davis & Sons, Inc. Keep in mind that the property was not on the market. Mr. Frees had a pre-existing business relationship with Mark Davis at this time, which was not disclosed to the other Board members. It is unclear from the investigation why this property was selected or why Mr. Frees reached out to Mark Davis.
- Less than a week later, Dr. Noyes and Mr. Frees sent a letter of interest to Mark Davis and asked him to contact either Mr. Frees or Dr. Noyes concerning the land. Approximately five weeks later, Board Meeting Minutes reflect that “Dr. Noyes reported that the District is looking at some real estate in the District. If the District is successful in its negotiations, the property may be obtained on a two-year track.” There is no reference specifically to the East Pikeland land in the Minutes but there is no evidence that any other property was under consideration at this time.
- Around this same time, Mr. Frees and Dr. Noyes met with Mark Davis, his brother, Kyle, and their father, T. Raymond Davis, to discuss the East Pikeland land. Mr.

Frees told us during the investigation that they did not discuss any particulars other than the size of the property, the willingness to sell it and other general information.

- Dr. Noyes and Mr. Frees also toured the property. Monitoring wells would have clearly been visible during this tour of the property.
- Mr. Frees recently wrote a letter in which he stated that he has known about various environmental challenges concerning the East Pikeland land from the outset of the District's consideration of it. Our investigation has confirmed, however, that he never told any Board member – present or former – about this knowledge at any committee or Board meeting.
- In late October 2003, Ms. Diekow sent a letter to Joe Puleo from the Puleo appraisal firm asking for an “opinion of value” on the land. Ms. Diekow stated that she did not want a “full appraisal of the property” and that Robb Frees would be contacting the property owner regarding the opinion of value. Dr. Noyes, Ron Miller and the Board are shown as copied on the letter, but Ms. Diekow admits that this letter was not sent to the Board.
- Several weeks later, in late November 2003, Mr. Puleo sent Ms. Diekow the opinion of value for the property, which valued the property at \$1.657 Million. Mr. Puleo also stated in his opinion that he was “shown a copy of an environmental evaluation, a Phase I and limited Phase II done by Walter B. Satterthwaite Associates, Inc. A copy of this report I have been told has been given to the School District.” Mr. Puleo does not state to whom the report was given.
- The Satterthwaite Report discussed the various environmental challenges faced by the property, including the presence of a dump, groundwater contamination, and the nearby Superfund site. Despite Mr. Puleo's review of the Satterthwaite Report, no evidence is given in the opinion of value for any discount in the purchase price of the property for the investigation and remediation of these environmental problems.
- In December 2003, Ms. Diekow gave a portion of the opinion of value to the Board. The Board then authorized Ms. Diekow to offer \$1.49 Million for the property. This offer was conveyed by letter dated January 26, 2004. No one apprised the Board of the existence or content of the Satterthwaite Report. No one told the Board of the limitations of the Opinion of Value; it is not a full blown appraisal.

- In February 2004, Ms. Diekow and Dr. Noyes met with the sellers of the property at the C. Raymond Davis facility. We believe that Ms. Diekow received a copy of the Satterthwaite Report during this meeting. This report was kept in her file until her departure from the District. Neither she nor Dr. Noyes ever shared or even discussed this report with any member of the Board.
- In late April 2004, Ms. Diekow received a counterproposal from Mr. Davis for \$1.99 Million, which she took to the Board. She obtained authorization from the Board to offer \$1.85 Million for the property, which became the agreed upon purchase price. A few days later, Ms. Diekow contacted the Stevens & Lee law firm to prepare an Agreement of Sale for purchase of the property. Neither Ms. Diekow nor Dr. Noyes discussed this with the Board.

Agreement of Sale

- The first draft of the proposed sale agreement was sent by email on May 4, 2004 from Stevens & Lee to Ms. Diekow. The email that accompanied the draft agreement highlighted key points of the agreement, including the following critical provision – this is key:

The agreement contained a 60 day investigation period for the District to investigate environmental conditions. If the District found any environmental issues that required remediation, the agreement permitted the District to make a demand upon the seller to remediate the property. If such a demand was made, the seller had the option to either remediate the property or to terminate the deal and return the deposit.

There is no evidence that this Stevens & Lee email was shared by Ms. Diekow with anyone. There is no evidence that Ms. Diekow identified this provision to Dr. Noyes or to any member of the Board.

- At the June 17, 2004, Board meeting, the Agreement of Sale was approved.

Environmental Due Diligence

- After the Agreement was approved, Synergy Environmental, Inc., entered the picture as the environmental firm to conduct a Phase I analysis of the property. Very briefly, for those who may not be familiar with this analysis, a Phase I is the initial environmental assessment of a property being sold. It is performed by an environmental professional. He or she walks the property and interviews persons

with knowledge of the current and past uses of the property. The environmental professional also reviews certain records that may reveal environmental issues, including public databases and other public records, to determine if spills are known to have occurred, or are likely to have occurred, at the property or at nearby properties. The primary goal is to determine whether contamination is likely to exist in the external environment of the property. On July 8, 2004, the Board approved a purchase order for Synergy to do the work. The cost for the work was \$2,750.00

- After being hired, Synergy wrote to Stevens & Lee identifying a link to the Kimberton Superfund site located near the property.
- Ms. Diekow then wrote to Dr. Noyes and Ron Miller: “I received a telephone call from Steve Buck [a Stevens & Lee lawyer] today indicating that Synergy Environmental, Inc., had contacted him regarding the Davis parcel. According to Steve, there is a Pennsylvania Superfund Site located within a half mile of the Davis parcel. He indicated that it was a 30-year clean up site. Synergy will have more information as they complete the Phase 1 study.” This is the first time that anyone at the District uses the phrase “Pennsylvania Superfund site.” No one on the Board is copied on this email. None of the information communicated by counsel is ever passed on to anyone on the Board. There is no record of any response to Ms. Diekow’s email having been given by Dr. Noyes.
- On August 2, 2004, Stevens & Lee speaks with Dr. Noyes. Stevens & Lee wrote to the seller of the property, stating that the School District “elects to extend the Investigation Period for an additional 60 days because the preliminary results of the environmental reports being obtained by the Purchaser suggest that further investigation into the environmental condition of the property is warranted.” Stevens & Lee copies Dr. Noyes and Ms. Diekow. There is no evidence this goes to the Board. Under the Agreement of Sale, the School District had a right to this one extension only. This extension essentially moves the closing date into November 2004.
- On August 5, 2004, Synergy (the environmental firm) sent Ms. Diekow a “memo detailing findings and recommendations as they relate to the Phase I ESA investigation of the 18.6 acre tract...” This report addressed to Ms. Diekow states that “[c]hlorinated solvents released at the Superfund site have affected local groundwater and the plume appears to extend onto the subject Site.” Also, the report states that there are at least 4 monitoring wells on the site. Synergy recommended that an EPA file review occur and that if concentrations are above

“regulatory standards, building construction should consider the potential for vapor intrusion of these compounds and be designed accordingly.” The report also states that a “municipal dump” and a “construction materials burn area” as well as “construction debris” appear in several areas. Synergy recommended, “as a prudent management practice,” that “all construction and related debris be removed from the Site by the current owner prior to acquisition of the property.” The report is all of 3 pages, and it is not provided at any Board Meeting.

- At the August 12, 2004, Building & Grounds Meeting, Dr. Noyes stated that the District will extend the investigation period sixty days (or until roughly October 15, 2004). He also stated that the District has received the Phase I report and that he and Ron Miller both have a copy. Dr. Noyes told the Building & Grounds Committee that there is a dump, the property is near a Superfund site and there are groundwater issues generally in East Pikeland. He stated that Synergy recommended a Phase II, which is correct. To be clear, a Phase II is a more in depth environmental assessment, usually including sampling of soils and/or water. The scope of the Phase II (1) is recommended by the environmental professional after he or she performs or reviews a Phase I; and (2) varies a great deal from property to property, depending on the consultant’s recommendations.

Due to the need for the Phase II study, Dr. Noyes stated that an extension on the closing date for the Agreement of Sale was necessary and he recommended the approval of the Phase II, which was ultimately approved by the Board.

- At the Board Workshop meeting on this same day (August 12, 2004), Mr. Frees briefly discusses the 60-day extension and the need for approval of the Phase II, which will cost the District \$19,425.00. Nothing is mentioned about the content of the Phase I report. Nothing is mentioned about anything else that occurred at Building & Grounds earlier that day. Mr. Frees, as the Chair of the Building & Grounds Committee, was responsible for giving a full report as to what had occurred at the meeting earlier that day.
- On August 25, 2004, Tom Gilbert, an architect retained by Dr. Noyes, sent Dr. Noyes informational forms to complete concerning the East Pikeland property. It is at this time, according to Mr. Gilbert, that Dr. Noyes hired Gilbert’s firm to prepare documents for the District’s PlanCon reimbursement for its purchase of the property. PlanCon is a critical part of the District’s purchase of land. It sets forth a procedure that the District must follow to ensure that the District obtains reimbursement from the State. To obtain PlanCon reimbursement, the District must go through the PlanCon process, which includes hiring appraisers and obtaining and evaluating appraisals for comparable lands, before closing on the

purchase. A failure to complete these steps *before closing* will result in the District losing hundreds of thousands of dollars of PlanCon reimbursement. The PlanCon process is time intensive, requires substantial work, and takes months to complete.

Here, we're now months into the process and this is the first reference to starting the PlanCon process. Dr. Noyes, during his interview, confirmed that he had delegated the PlanCon responsibility to Michelle Diekow and had expected her to handle it.

It should also be pointed out that at this time it does not appear that the Board was informed that Gilbert had been retained to do the PlanCon work.

- On September 2, 2004, Dr. Noyes wrote a memo to the Board (the only memo related to this topic that Dr. Noyes issues) in which he stated that he met with Greg Stevens who owns a 55 acre tract, who says that his property is worth \$5.5 Million and that he is willing to sell it. Noyes believed that this was too much money for this property. Ultimately, however, according to the documents, Noyes apparently agrees to a price of \$5.3 Million for the property. This Stevens' parcel is located where they are presently building Coldstream Crossing.
- On September 13, 2004, a meeting is held between Tom Gilbert and Dr. Noyes to go over PlanCon and a discussion ensues regarding the 3 properties: Davis Property, Stevens Property and Meadowbrook Golf Club. No Board member was present for this meeting. It is now approximately 1 month before the extension expires and the PlanCon process – being handled by Ms. Diekow – has yet to really get underway.
- Two days later, on September 15, 2004, Ms. Diekow wrote to Joe Puleo asking that Puleo proceed with appraisals of the Davis parcel, Meadowbrook Golf Club, and the Stevens parcel. She states: "The District is on a tight time schedule to complete this process and will need to have the appraisal completed in approximately 30 days." That would be the time by which the extension's investigation period ends. Thirty days would be a quick turn around for an appraisal by industry standards. Diekow copies only Dr. Noyes. No Board member is privy to this information.
- On September 30, 2004, 2 weeks before expiration of the investigatory period, Ms. Diekow speaks with and writes to John Davison of Croft Appraisal Services and asks for appraisals on the 3 properties. She says that the appraisals need to be done within 30 days. The letter does not copy the Board.

- On October 4, 2004, Ms. Diekow speaks with Stevens & Lee and follows up with an email stating that “it is the desire of the Phoenixville Area School District to have Stevens and Lee prepare an Agreement of Sale on the following parcel: [the Stevens parcel] and the amount of “\$5.3 Million” is to be set forth.” This appears in Noyes’s documents and Stevens & Lee’s documents, but not in Michelle Diekow’s. It is unclear what actually happens concerning the District’s consideration of this parcel.
- On October 6, 2004, Synergy (the environmental firm) writes to Stevens & Lee concerning the East Pikeland land and states “groundwater contamination from the Superfund site across the street still flows across the western portion of the site. While it does not preclude development of the Site for a school, building design and placement must consider the potential vapor intrusion. They must also utilize public water, which is available in the area.” Synergy also states that they have taken samples of buried debris but that the investigation was somewhat limited due to the presence of dense vegetation. Synergy says there is a large area of stained soil in the burn area and also that construction debris has been dumped in several areas and needs to be removed. This is important because less than one week later Steve Buck from Stevens & Lee communicates this same thing to Ms. Diekow, and none of this information is passed on to the Board.
- On October 11, 2004, Synergy sends the Phase II report marked “draft” to Ms. Diekow and to Stevens & Lee. The Phase II *describes in the first two pages* many of the issues with respect to the property. It says, among other things, “[t]he presence of chlorinated solvent in groundwater beneath the Site poses a potential threat of vapor intrusion into Site buildings, but it does not preclude development of the site.” It also states “[a]n unresolved leaking underground storage tank was identified on the adjacent Paul C. Emery Oil Company facility.” It also states that “during site reconnaissance and while performing the Phase II investigation Synergy noted construction debris both at the surface and at depth ... construction debris was also observed in test pits and soil borings located in Lot 7.” It appeared that construction debris was burned, then the unburned materials were pushed into low areas, covered with some soil and the area was reused for burning. Synergy then, for some unexplained reason, softens its recommendation as to what to do with the construction waste, stating: “Since the practice of burning and burying the construction waste continued beyond the date that SWMA [Solid Waste Management Act] was enacted (1990), Synergy believes that this situation represents an environmental compliance issue and a business environmental concern, but since there is no evidence of a release [meaning the release of a contaminant], or a material threat of a release, the situation is not a REC. [which

stands for “recognized environmental concern – essentially, this means that contamination is either present or likely present on the site]. Synergy recommends that the owner resolve this issue with the PaDEP prior to the sale of the property.”

- Stevens & Lee and Ms. Diekow spoke on the next day, October 12, 2004. Ms. Diekow then wrote to Dr. Noyes and Ron Miller with the subject heading “need to meet”. She does not recall this email or a meeting. She states, “I have several things I need to meet with you regarding including the Davis parcel. Per Steve Buck a decision needs to be made regarding the purchase of that parcel before Thursday. I received Synergy’s report.” According to Diekow’s records, she spoke with Mr. Buck on October 12, 13 and 14. According to Mr. Buck, he spoke with Diekow on October 12 and 13 (several times). Mr. Buck says that he advised her of the need to make a decision as to terminating the Agreement and getting their money back or doing something relative to the property, namely another extension. Mr. Buck says that she decided to get an extension and he was involved in obtaining the extension. None of this information was passed on to the Board.
- On October 14, 2004, Stevens & Lee emailed a new addendum for the Davis parcel extending the environmental due diligence period until November 17, 2004, and the closing until January 17, 2005. Diekow executes the addendum. This is not discussed with the Board.
- At the October 14, 2004, Board Workshop Meeting, Dr. Noyes states: “Michelle Diekow received the Phase II. He, Michelle Diekow and Ron Miller have reviewed it. They have some concerns, but they will probably recommend to the Board that the purchase go ahead.” This is reflected in the Minutes.
- On October 15, 2004, a meeting is held at the District with Tom Gilbert, Dr. Noyes, Ron Miller and Ms. Diekow. They discuss finding a buried burn pile, a 1-acre landfill, small oil spill from Emery Oil, PCBs, polluted groundwater and other concerns with the Davis Property. This same day, Ms. Diekow executes the addendum for an extension of the investigation period and closing date. No Board member attended this meeting and nothing from this meeting is passed on to the Board.
- At the regular Board Meeting scheduled for October 21, 2004, Dr. Noyes is absent because he is getting his Rookie of the Year Award for Relay for Life. Nothing is reported as to the Stevens property, the Davis property or any other aspect of this matter notwithstanding Noyes’ promise from a week earlier to report back to the Board on these items.

- On November 5, 2004, Steve Buck of Stevens & Lee talks with Dr. Noyes and Ms. Diekow concerning the Synergy Phase II report. Mr. Buck does not recall any of the specifics other than what was contained within the report. Nothing is passed on to the Board by Dr. Noyes or Ms. Diekow.
- On November 10, 2004, Tom Gilbert faxes a preliminary PlanCon document to Ms. Diekow. Again, this process is well behind schedule.
- On November 11, 2004, at a Board Workshop Meeting, Mr. Frees states that, as part of his Buildings & Grounds meeting, “we all received the 400 page report and 65 page summary” – referring to the Phase II draft report. Mr. Frees says that the report is “stimulating reading.” He says that “we will go through it in Buildings & Grounds, Finance and Real Estate and get back to you.” He says we will want to be in touch to know how to proceed with both properties. No questions are asked and nobody seems to indicate that they received a copy of the report or summary, although the tape of the meeting clearly shows that Mr. Frees is holding the summary in his hand. This information was obtained by watching the tape of the Meeting – nothing concerning East Pikeland was contained in the Minutes. It is not discussed in any later meeting.
- On November 17, 2004, yet another addendum is executed by Michelle Diekow, extending the Investigation Period to December 17, 2004 and the closing date as well. The seller executes it after the expiration of the 11/17/04 Investigation Period. This is never mentioned at the Board meeting the next day. During this timeframe, the School District gets appraisals from Croft and Puleo for the Davis and Stevens properties in connection with PlanCon. Neither appraisal provides for any recognition of the serious environmental issues nor do they evidence an awareness of the environmental investigation and report that the School District had received. Croft appraised the property at a value of approximately \$900,000 which is ½ of what PASD agreed to pay Davis for this land. Neither Ms. Diekow or Dr. Noyes informed the Board of Croft’s appraisal.
- In summary, the District obtained three extensions of the investigatory period and the closing date. The District had the right to one extension only under the Agreement of Sale. The last two extensions were obtained by Ms. Diekow and neither extension was discussed with the Board. Ms. Diekow claimed a need for the last two extensions to allow for more environmental investigation, but no environmental investigation occurred during these time periods. The only plausible reason for Ms. Diekow and Dr. Noyes’ request for an extension is that they needed to extend the closing date on the property so that they could obtain

PlanCon approval before closing. If this approval was not obtained before closing, the School District would not have received reimbursement from the State because they did not have the required PlanCon approval.

- On November 17, 2004, Steve Buck's timesheets and Michelle Diekow's phone log reflect that they spoke at least twice. Mr. Buck says he advised her about the need to make a decision about terminating the agreement due to environmental concerns or extending it. Neither Mr. Buck nor Ms. Diekow could not explain why she would possibly need more time, considering that, according to everyone, Synergy was not doing additional investigative work. Mr. Buck's advice was never communicated to the Board.
- Now everyone, please pay attention to the following because this is critical.

On November 29, 2004, Ms. Diekow again speaks with Mr. Buck. This is reflected in her calendar, Mr. Buck's time records and in an email that Diekow did not provide to us but which we obtained from Stevens & Lee and also upon retrieval of Dr. Noyes's "lost" files. This email, which was sent to Dr. Noyes and Ron Miller, states: "I spoke with Steve Buck today regarding both the Davis and Stevens parcels. Steve has indicated that the district's due diligence period on the Davis parcel expires on December 15, 2004. Prior to that date, the district needs to make a decision regarding if environmental issues are of enough concern to cause the district to terminate the agreement of sale on the parcel. Steve indicated that it might be beneficial to have a meeting with Synergy to go over their report. Please let me know if you have a desire to do this."

"Additionally, there is debris on the Davis parcel, the district needs to make a determination regarding if these items need to be removed by the Davis prior to the sale."

"Lastly, Steve inquired about the Stevens parcel. I indicated that we would be discussing at the B&G meeting on Thursday. We need to get back to Steve and let him know if the district plans to move forward with the purchase."

Ms. Diekow said during the investigation that she has no recollection of this conversation or this email. Neither this email nor the advice contained within this email were ever provided to the Board.

During the interview with our attorneys, Dr. Noyes stated under oath that the Board should have been made aware that counsel was (1) advising them of environmental issues that should cause enough concern to the School District

to terminate the agreement; (2) to sit down with Synergy; and (3) to ask the seller to remove the debris from the property prior to the sale. He also stated under oath that he believed it was an omission on his part to not have done so.

- On December 6, 2004, Tom Gilbert makes a presentation concerning PlanCon approval. He advocates purchasing the Davis property and describes it as the best from the standpoint of reimbursement. The presentation also downplays the viability of the 55 acre Stevens property. He also states that it will cost approximately \$600,000 to remove debris from the Davis property.
- On December 15, 2004, Steve Buck from Stevens & Lee called Michelle Diekow and had a conversation with her in which she stated that she had talked to Dr. Noyes and Dr. Noyes was willing to accept the environmental risk and proceed with closing on the property and that she did not want to do anything further in terms of requesting the seller (Davis) to remediate any aspect of the property and did not want to consider canceling the agreement. Diekow's records also indicate that they spoke on that date. No conversations were held with the Board concerning this.
- On December 17, 2004, the investigatory period expired and the District no longer had the ability to demand that the seller remediate the property.
- On January 18, 2005, approximately one month after the expiration of the period, Ron Miller writes to Michelle Diekow stating that he had visited the Davis property the prior week and saw a lot of construction debris. Ron Miller also called the seller (Davis) and requested that someone remove the debris. The seller refused.
- On January 19, 2005, Michelle Diekow sends Ron Miller's email to Steve Buck at Stevens & Lee and says that she will call him. Her time records indicate that she did call him and Mr. Buck recalls that they spoke at or about that time and that he told her it was too late to be making such a request because once the investigation period expired the District had no right to request Davis to do anything.
- On February 8, 2005, PlanCon approval is obtained.
- Board meeting minutes from February 10, 2005, reflect that the PlanCon approval has been obtained and that Michelle Diekow has requested a formal settlement which will occur on or about February 18, 2005. On February 18, 2005, settlement occurs. At this point, the School District owns the property.

After closing on the property in February 2005, Dr. Noyes directed the retention of a team of professionals, including an architect, engineer and construction manager to develop the property so that a school could be constructed upon it. Once the Township gave final approval in the Spring of 2008, Dr. Noyes directed that the project be put out to bid as required by law. While certain members of the Board continued to express concerns throughout this entire period, Dr. Noyes dismissed these concerns out of hand. In June of 2008, when parents came forward expressing serious concerns, which Dr. Noyes could not address, the Board voted 6 to 2 to abandon the project.

WHAT WE HAVE DONE AND WILL DO

Thank you for your patience. I'd like to move on now to what the Board is presently doing as an attempt to recover lost taxpayer money, to hold accountable those responsible, and to avoid future mistakes.

As for Dr. Noyes, the District has filed a claim against him in arbitration for the errors and omissions he committed in connection with the purchase of the property. The arbitration has recently been filed, and we will keep you updated as to its progress.

As for Ms. Diekow, she has been dismissed from her employment with the District as a result of her acts in connection with the purchase of the property and other acts. The Board is continuing to evaluate whether any additional action will be taken against Ms. Diekow.

As for C. Raymond Davis, Ciba, and Synergy, the District is attempting to reach an amicable resolution with each. If these efforts prove unsuccessful, the Board will likely authorize counsel to proceed with claims against them.

Although the investigatory phase is complete, the Board continues to evaluate all of the information discovered and, if the evidence warrants it, may assert claims against additional parties.

Furthermore, to avoid future mistakes, the Board has and will continue to ask more questions of District Administration personnel. The Board will also insist upon a greater flow of information from the Administration. What happened in connection with the East Pikeland purchase can never happen again. The Administration cannot be permitted to withhold critical information from the Board because it hinders the Board's ability to make decisions that are in the best interest of the District. We re-state our support for the great employees presently working for the District, and we are confident that in working with these employees, none of what happened in the past will be repeated.

In closing, we re-assure the public that we have at all times treated, and will continue to treat, this matter with the utmost seriousness, and we will continue to update the public as new information arises. We pledged to examine this matter and, as a Board, we are truly saddened by what we have learned.

Respectfully,

Phoenixville Area Board of School Directors