



STEELE & FREEMAN, INC.

CONSTRUCTION MANAGERS • GENERAL CONTRACTORS

April 3, 2007

Mr. Mark Canterbury, AIA
Keller Independent School District
350 Keller Parkway
Keller, Texas 76248

Re: Final Credit on Four (4) Recent Projects

Dear Mark:

Please allow this letter to serve as a brief explanation of the savings returned to Keller ISD upon completion of the four recent projects with our firm.

As you know, a complete accounting of all changes from the original budget is included with each application for payment. These applications provide a very detailed accounting of every expense, change in the scope of work and variance from the original project budget. However, the majority of savings returned to the District is explained below:

Middle School No. 5 (Total Savings of \$271,466.27)

Savings of \$90,461.62 was returned from the original Betterment Allowance account of \$100,000.00. The majority of funds expended from the Betterment Allowance included improvements to the security and technology systems.

The District was also credited \$39,242.00 for deleting the requirement to run the sanitary sewer under Keller-Hicks. This work is to be completed with the road construction at a later date.

The pier unit price adjustments for variances from the bid documents to actual subsurface conditions resulted in a credit to the district of \$28,893.55.

Over \$150,000 was generated from savings in buyout on negotiations with subcontractors and suppliers on the Owner's behalf after establishment of the GMP. These savings combined with savings generated during construction for expending fewer funds than budgeted for many items offset all of the overruns that we experienced on some budget line items resulting in the balance of savings credited back to the district.

Intermediate School No.5 (Total Savings of \$485,187.59)

Savings of \$129,163.56 was returned from the original Betterment Allowance account of \$100,000.00. The additional savings resulted favorable allowance expenditures which more than offset any betterment expenses.

The District was also credited \$39,242.00 for deleting the requirement to run the sanitary sewer under Keller-Hicks. This work is to be completed with the road construction at a later date.

The pier unit price adjustments for variances from the bid documents to actual subsurface conditions resulted in a credit to the district of \$49,349.37.

Over \$135,000.00 was generated from savings in buyout on negotiations with subcontractors and suppliers on the Owner's behalf after establishment of the GMP. These savings combined with savings generated during construction for expending fewer funds than budgeted for many items more than offset any overruns that we experienced on some budget line items resulting in the balance of savings credited back to the district.

Elementary School No. 17 (Total Savings of \$109,557.23)

Over \$68,000.00 was generated from savings in buyout on negotiations with subcontractors and suppliers on the Owner's behalf after establishment of the GMP. These savings combined with savings generated during construction for expending fewer funds than budgeted for many items more than offset any overruns that we experienced on some budget line items resulting in the savings credited back to the district.

Elementary School No. 18 (Total Savings of \$145,373.10)

Over \$69,000.00 was generated from savings in buyout on negotiations with subcontractors and suppliers on the Owner's behalf after establishment of the GMP. These savings combined with savings generated during construction for expending fewer funds than budgeted for many items more than offset any overruns that we experienced on some budget line items resulting in the savings credited back to the district.

We celebrate the fact that once again our partnership has resulted in successful projects being completed on time and "under" budget under very difficult constraints.

I hope this brief description gives some insight into the savings credited back to the District. I would much rather be explaining why a project is under budget as opposed to explaining why a project is over budget. Please let me know if you have any questions or concerns.

Sincerely,



Michael D. Freeman
President