

MANDATED COST CLAIMING SERVICES

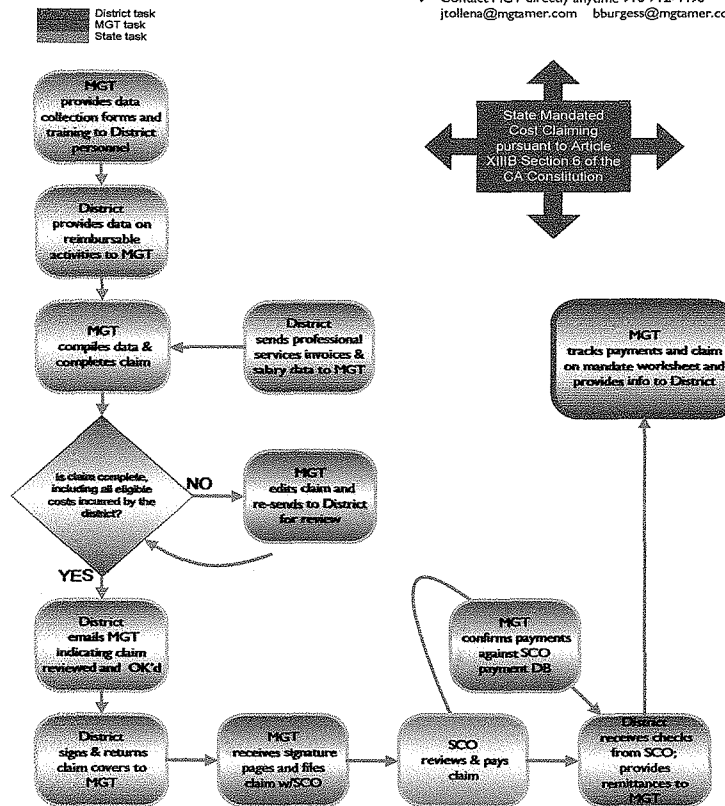
Mt. Diablo Unified School District (MDUSD) is seeking a firm to provide Mandated Cost Claiming Services and MGT would like to propose the following services, which we are certain will meet and exceed all of the District's needs and expectations.

MDUSD wishes to file state mandate reimbursement claims with the California State Controller's Office (SCO). In the past, the District has used a consultant to assist them in filing mandate reimbursement claims. Currently, the district would like to partner with a consulting firm that specializes in state mandate reimbursement claims to do the following:

- ❖ Identify all possible mandate claiming opportunities.
- ❖ Prepare and file all eligible annual FY 2008-09 mandate claims with the SCO.
- ❖ Prepare and file all eligible first time or new mandate claims that have claiming instructions issued during the 2009-10 fiscal year.
- ❖ Assist the district with payment tracking.
- ❖ Assist the district with knowledge transfer and training related to the mandate process.

State of California
Mandate Reimbursement
Claiming Flowchart

- Key Deadlines, Tasks & Contacts**
- ❖ Intro meeting July/Aug 2009
 - ❖ District office meeting July/Aug 2009
 - ❖ Data & source documentation to MGT by Sept 2009
 - ❖ Claim to District for review in early December
 - ❖ Signed claim to SCO in mid-January
 - ❖ Contact MGT directly anytime 916-712-4490
- jtollena@mgtamer.com bburgess@mgtamer.com



WORK PLAN AND CALENDAR OF TASKS

There are several steps that go into the mandate work plan for a school district or county office of education. However, MGT has identified the following activities as the most important landmark events that must occur for the district to have a successful mandated cost claiming engagement:

- ❖ Quick and painless contract negotiations and approval.
- ❖ Initial kick-off training with all applicable district staff.
- ❖ Additional district meetings as needed.
- ❖ Identification of department fiscal and program contacts within the district.

ANNUAL CLAIMS: DUE TO THE STATE BY FEBRUARY 15, 2010

- ❖ Establish a schedule and approach to complete all annual claims due to the state by February 15, 2010. This includes interviews with all applicable district office and site personnel.
- ❖ Facilitate department staff, describing how the District complies with the specific mandated programs and assist the District to determine eligible costs based on the following criteria:
 - The test claim's Statement of Decision.
 - The California Commission on State Mandates approved Parameters and Guidelines.
 - The SCO's claiming instructions.
 - Comparing how other districts around the state are complying with and interpreting the mandate.
- ❖ Perform a quality assurance review of the District's mandate reimbursement claims.
- ❖ Discuss any potential or necessary changes with the appropriate district staff members.
- ❖ File the signed claims with the SCO prior to the deadline, or prepare electronic claims and facilitate their approval prior to the SCO deadline.

LATE CLAIMS: DUE TO THE STATE BY FEBRUARY 15, 2010

- ❖ Establish schedule, and approach needed to complete all late claims due to the state by February 15, 2010. This includes interviews with all applicable district office and site personnel.
- ❖ Facilitate department staff, describing how the District complies with the specific mandated programs and assist the District to determine eligible costs based on the following criteria:
 - The test claim's Statement of Decision.
 - The California Commission on State Mandates approved Parameters and Guidelines.
 - The SCO's claiming instructions.
 - Comparing how other districts around the state are complying with and interpreting the mandate.

- ❖ Perform a quality assurance review of the MDUSD's mandate reimbursement claims.
- ❖ Discuss any potential or necessary changes with the appropriate District staff members.
- ❖ File the signed claims with the SCO prior to the deadline, or prepare electronic claims and facilitate their approval prior to the SCO deadline.

NEW CLAIMS: FY 2009-2010

- ❖ Identify new claims that are expected to become mandated programs during FY 2009-2010. As part of this step, MGT will provide early claim summaries and data collection forms to provide a head start on documentation strategies.
- ❖ Work with the District, as new claiming instructions are issued by the SCO, to establish schedules and approaches needed to complete all new or first-time claims due during the FY 2009-2010.
- ❖ Facilitate department staff, describing how the District complies with the specific mandated programs, and assist the District to determine eligible costs based on the following criteria:
 - The test claim's Statement of Decision.
 - The California Commission on State Mandates approved Parameters and Guidelines.
 - The SCO's claiming instructions.
 - Compare how other districts around the state are complying with and interpreting the mandate.
- ❖ Perform a quality assurance review of the District's mandate reimbursement claims.
- ❖ Discuss any potential or necessary changes with the appropriate District staff members.
- ❖ File the signed claims with the SCO prior to the deadline, or prepare electronic claims and facilitate their approval prior to the SCO deadline.

PROJECT COORDINATION

MGT views the state mandate reimbursement process as a partnership between the District and our firm. We understand and recognize the District's preference to have maximum understanding, with minimal effort in this process in order to conserve internal resources. We will always approach the District's mandated cost engagement from that perspective. We will keep the District apprised of everything we do, while we continue to manage all aspects of project. We will consistently:

- ❖ Provide the District with a list of all eligible claims, as well as claim summary sheets and data collection forms. All of these concise summaries and forms are available in a variety of electronic formats (Microsoft Word, Excel, and Adobe PDF) to make use and disbursement of claiming information as easy as possible.
- ❖ Work in concert with the District to facilitate its overall claiming process. Once again, minimal time requirements will be placed on the District in this process.
- ❖ Ensure that all eligible claims are filed on time, and provide the District with written documentation explaining why the District will not file certain claims upon request, if applicable.

DATA COLLECTION

Data collection activities related to this engagement include: direct cost program data, as well as supporting documentation.

Program Data Collection

- ❖ Conduct individual meetings with departments and sites as necessary to discuss all reimbursable mandated activities. Develop a schedule and plan for mining the necessary data to ensure claims are completed well before the claiming deadlines. Time studies and other tracking mechanisms will be instituted when needed to ensure each claim stands up to the SCO's requirements.

Supporting Documentation Collection

- ❖ MGT will work with the District to determine the documentation that must be submitted to the state as attachments to the claims, and which documentation should be maintained in the District's files in case of an SCO inquiry or field audit.

ORIENTATION AND TRAINING FOR DISTRICT STAFF

At MGT, we believe there is no cookie cutter approach to successful orientation and training. Some of the District's personnel are undoubtedly savvy and experienced with mandate claiming, while others are likely to be new to the process. MGT will tailor its level of training to meet the needs of the District. As we have previously stated, early communication is the most important aspect of this component. We will consistently:

- ❖ Provide electronic notification on upcoming mandate claims as soon as the Parameters and Guidelines for these programs are approved. This will be done primarily via e-mail, and will provide key department personnel the most complete view of upcoming mandated programs.
- ❖ Provide on-site training for both district office and site staff. It is important that all parts of the District understand the state's requirements and any specific issues related to the particular mandate from a programmatic and fiscal standpoint. In addition, we will provide a history and overview of the mandate reimbursement program to any staff that are new to the process.
- ❖ Assist the District to establish relevant, defensible source documentation standards for each claim within each of the District's departments and sites. Our goal for each of the District's claims is to ensure that documentation exists to establish that the mandate was performed and personnel costs are adequately documented.
- ❖ Provide perspectives related to how other school districts are interpreting and claiming each mandate ensuring nothing is missed. Provide guidance on the current acceptable range of costs being claimed by similar districts hence keeping the District aware of any foreseeable exposures existing at the claiming stage.

CLAIM PREPARATION

Once data has been received from the District, MGT will prepare all eligible claims on behalf of the District using required SCO claim forms.

Direct Costs

Coordinate the District's Mandate Reimbursement claims. Simply gathering data for mandates that span different departments is not enough. The data must be cross-referenced and analyzed to ensure that each department is capturing cost data for each activity, and are not misclassifying certain activities, a very common occurrence.

Filing Procedures

MGT will provide the District with a clear, understandable process for receiving the completed claims and obtaining the necessary signatures. There will be no points of confusion as to where the completed claims should be mailed, or who is responsible for making sure the claims are received and filed with the SCO on time.

Easy Electronic Filing

If the District would prefer, MGT can submit hard copies of all claims to the SCO. However, the SCO has implemented a new electronic claiming process known as Local Government Electronic Claiming (LGeC). MGT is the first consulting firm to fully embrace this process. We believe it will allow for a greater level of collaboration between the District, the SCO and MGT. What exactly is LGeC? Well, according to the SCO: "LGeC, in simple terms, is a web application that will enable claimants and consultants to file mandated cost claims using one of two methods:

- ❖ Online entry utilizing a series of Web Screens
- ❖ Utilizing a Web Service by Uploading an XML file

Using LGeC, MGT is able to create and edit the District's mandate claims on-line. Once the claims have been entered into LGeC, with just a few clicks of a mouse, the District can view, approve, submit and print PDF versions of their claims, all using the web. The District will then receive an email confirming the date and time the claims were received by the SCO. This will allow all involved parties to easily share claims prior to claim submission. We believe sharing documents results in many positive benefits. The mandate claims submitted through LGeC can be printed and saved using Adobe PDF which then can be stored electronically with both the consultant and the District. This process saves paper, which is environmentally friendly, and also makes sharing claims with our clients effortless.

OUR UNDERSTANDING OF MANDATED COST CLAIMING NEEDS

The claiming process is obviously the key aspect of this engagement. However, the ongoing support services that MGT offers are important complimentary services to continuously upgrade the District's knowledge base, relations, and communications with the State.

Liaison Assistance

MGT will provide liaison assistance with the SCO at the desk review level. The SCO may call requesting additional information, or duplicate documentation that may have gotten lost in their offices. We will field these calls and fulfill all appropriate requests without the District's staff involvement unless absolutely necessary.

Audit Assistance and Protection

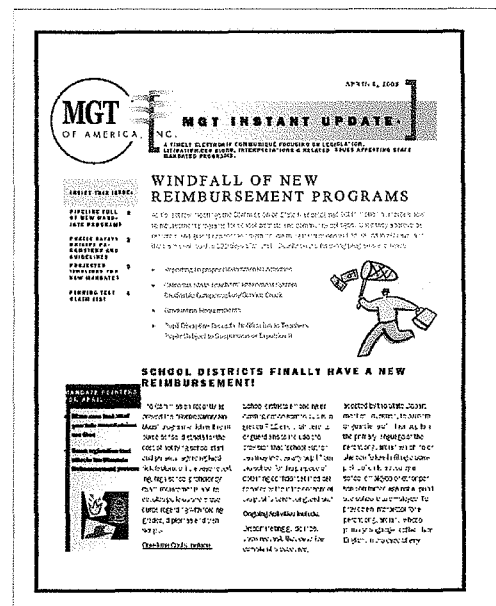
Nobody wants to see the SCO auditing their claims, but higher levels of scrutiny are a fact of life. Our team has extensive experience preparing school districts and local agencies for SCO field audits and assisting in their representation beyond the exit conference. In the past, our consultants have assisted dozens of California school districts, cities and counties in filing audit responses when agreement with the SCO audit findings is not resolved. MGT will offer assistance and response on any current or future field audits that may occur from claims filed in the past.

Remittance Tracking

MGT will assist the District with all aspects of remittance tracking throughout the entire fiscal year. We will consistently provide copies of all claims receipts, declarations, and summary claiming reports. MGT typically purchases an electronic "payment run" from the SCO to facilitate payment tracking. MGT will prepare a customized electronic report for the District indicating payments made by the SCO. Our competitors will respond to your requests to track payments, but at MGT we take a proactive approach and supply your agency with better information, before you have to ask for it.

Status Updates

- ❖ The State Mandate process is constantly changing and evolving. MGT will provide targeted, relevant communication on statewide issues, interpretations, and actions at the state capitol relating to the mandated cost process throughout the fiscal year via **MGT Instant Updates**®, a series of e-mail communiqués designed to keep our clients up to date with the latest mandate legislation, California Commission on State Mandates decisions, and state agency interpretations. MGT will sift through all of the pertinent activity to provide the District with the most relevant information throughout the year, saving the District time and resources.



- ❖ Upon request, MGT will prepare an annual **Mandate Report**® for the District. This full-color summary claiming report breaks down the annual and first-time claiming cycles into graphic images. In past reports, we have displayed the following comparisons: dollars claimed per department, total claims per department, and dollars claimed for the current fiscal year compared to the past year. If there are some additional ways that the District would like to see their claim information depicted, we will certainly provide those in the report as well. At this stage, we also discuss which claims were not prepared and filed by the District and why. The **MGT Mandate Report**® is unlike any run-of-the-mill management report. Claims are discussed in detail, and MGT will make recommendations related to process efficiency, enhancements in documentation for the future, and any other germane information to constantly improve the District's mandate claiming process.

PROJECT CALENDAR AND TIME LINE FOR THE ANNUAL CLAIMING PROCESS

AUGUST	SEPTEMBER/ OCTOBER	NOVEMBER/ DECEMBER	JANUARY	FEBRUARY
MGT Train district office and site staff	Data collection and follow up on eligible activity with MGT	All mandate specific claim data to MGT	MGT distribute claims for review	Claims to District for review, approval and signature, via hard copy or LGeC.
	Collect remainder (if any) of expenditures, logs, salaries, attorney bills, etc.	MGT Claim Preparation Compile data, format claims if needed, and follow up with departments as needed	Edits and changes due to MGT	Signed claims returned to MGT (if needed due to LGeC)
			MGT complete edits and changes	Claims to the SCO (unless submitted electronically through LGeC)

To ensure that the project progresses smoothly, it is imperative that the proposed project time line is agreed to by all parties. At the inception of the project, we will meet with the District to discuss the time line and adjust as needed. Based on our experience with hundreds of school districts, cities and counties, as long as the previous year's costs are known, there is no reason not to start the training, coordinating, and interviewing stages of the project. As such, the starting date is at the District's discretion, however we would suggest starting as soon as possible and no later than mid-August.

Within three weeks of project initiation, MGT will assist the District with data gathering. Assuming MGT can obtain the District's data by the end of November, we will have draft copies prepared by the time we meet with the District in December. This proactive step will allow the District and MGT to challenge the claims, investigate any ambiguities in personnel classifications or salary line items or amounts claimed, and give the District an early insight at these documents.

We believe this front-loaded schedule will afford the District time to complete its mandated cost claims, as well as time for MGT to adequately review the claims prior to submission to the state. MGT will do everything possible to ensure there is no last minute crunch or signing-day scrambles.

FIRM HISTORY

MGT provides highly specialized school district, city and county mandated cost accounting services. It has been said that a consultant's stock in trade is their experience and their advice. Our firm's average level of experience is over 11 years in the schools and local government mandate consulting area. Our clients have always benefited from our counsel and advice in the state mandated cost-claiming field.

It is part of our firm's philosophy that a structure, which emphasizes teamwork and cooperation, will always yield a better outcome for our clients. This structure and approach also ensures that our clients will always have more than one consultant involved with their project, including at least one senior consulting professional involved with every facet of the engagement.

We are proud of our California heritage and consulting roots. Our four original consultants started their consulting careers with David M. Griffith and Associates (DMG) during the mid-1980s and early 1990s. That association formed our professional belief system and approach. Our core values focus around client service, providing excellent technical consulting services, and developing successful long-term relationships with our clients and within our own firm.

In the area of mandated cost consulting, our firm has over 120 years of combined experience in this consulting area. Since 1985, our consultants have worked with over 100 school districts, 250 cities, all 58 counties, and over 100 special districts in California.

Our office locations are listed below:

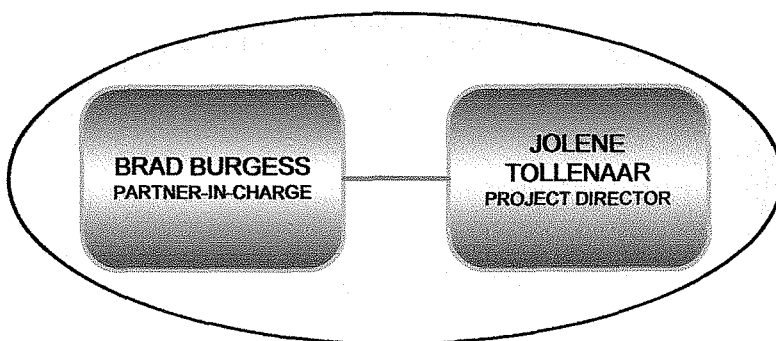
<p>Sacramento Office: 455 Capitol Mall Suite 600 Sacramento, California 95814</p>	<p>Brad Burgess, Partner 916 545-2646 bburgess@mgtamer.com</p>
<p>Colorado Office: 8200 South Quebec Suite A3 #184 Centennial, Colorado 80112</p>	<p>Eric Parish, Partner 877-275-7764 eparish@mgtamer.com</p>
<p>Florida Office: 2123 Centre Point Boulevard Tallahassee, Florida 32308</p>	<p>Fred Seamon, Senior Partner Regional Director 850-386-3191 fseamon@mgtamer.com</p>
<p>Texas Office: 502 East 11th Street, Suite 300 Austin, Texas 78701</p>	<p>Alan Pollock, Senior Partner Regional Director 512-476-4697 apollock@mgtamer.com</p>
<p>Washington Office: 711 Capitol Way, Suite 608 Olympia, Washington 98501</p>	<p>Dodds Cromwell, Senior Partner 360-866-7303 dcromwel@mgtamer.com</p>

ORGANIZATIONAL STRUCTURE

MGT was organized and incorporated in 1974 under the laws of the state of Florida. Currently our organization includes over 150 professional staff. We are structured as a regular corporation (type C), yet function as a partnership. Partners are designated as Senior Partner, Partner, or Principal.

MGT takes great pride in providing a project team with an established track record in conducting state mandated cost-claiming services. Our proposed organizational structure consists of the following positions:

- ❖ **Brad Burgess, Partner-in-Charge**—Assumes overall responsibility for ensuring the quality delivery of the work product.
- ❖ **Jolene Tollenaar, Project Director**—Serves as the on-site manager of the project team, and is the primary contact



IDENTIFICATION & INTERPRETATION OF LAWS THAT IMPACT MANDATE CLAIMS

VALUE ADDED ADVANTAGES OF LEGISLATIVE AND MANDATE LEGAL UPDATES

As mentioned above MGT developed an ingenious way to disseminate state mandate information called **MGT Instant Updates**. This proprietary series of e-mail keeps our clients up to date with the latest mandate legislation, California Commission on State Mandates decisions, and school district and state agency interpretations. These **MGT Instant Updates** are the best, most concise e-newsletters devoted exclusively to the state mandated cost reimbursement field in the state. Brad Burgess, the MGT Partner-in-Charge, and our experienced mandate staff have produced these reviews for California for most of the past decade. These legal and legislative updates are produced for MGT clients; however, they are also requested by California Society of Municipal Finance Officers, various law enforcement agencies, and other statewide groups interested in mandate legislation and legal issues.

Because the mandate reimbursement process is changing constantly, MGT has numerous senior-level mandate consultants that live within minutes of the state capitol in Sacramento. Commission meetings, budget hearings, legislative sessions, and test claim prehearings will be attended by staff assigned to the District's project. MGT will not send a note taker to these meetings—**your consultant will be there**. Your MGT consultant will communicate the results of those meetings and hearings immediately to the District — not weeks later in an after-the-fact quarterly update. We are continuously researching the budget, bill, and law changes which could potentially impact the Districts mandated programs and revenues.

MGT is confident that the professional commitment of resources and variety of mandate reimbursement services offered are unmatched. MGT believes the best approach for the District includes the following:

- ❖ Unlimited on-site meetings with district and site staff.
- ❖ Unlimited assistance with claim preparation.
- ❖ Unlimited amended claim assistance, or new claims filing.
- ❖ Unlimited audit support for claims prepared by MGT.

MGT's proposed work plan is based on our understanding of the services needed to provide a full compliment of mandate reimbursement services. We welcome the opportunity to discuss the changes in this plan in order to best meet the District's needs.

ADDITIONAL SERVICES

MGT is a diversified management and research consulting firm with a wide portfolio of school district, community college, state and local government services. These services include, but are not limited to:

- ❖ Notification to Teachers: Pupils Subject to Suspension or Expulsion
- ❖ Performance Measurement and Management
- ❖ Program Assessments
- ❖ Prop 39 School Bond Audits
- ❖ Assistance with Grant Writing and Grant Evaluation
- ❖ Strategic Planning
- ❖ Underperforming Schools Audits
- ❖ Program Evaluation
- ❖ PK-12 Charter School Audits
- ❖ Facilities Master Planning
- ❖ Special Education Program Reviews

PROPOSED COST

The District may request a one, two or three-year contract. MGT will complete all aspects of this proposal related to the annual claims that are due on February 15, 2010, 2011 and 2012; and all aspects of this proposal related to all new, or first-time claims for which claiming instructions are issued during the next three fiscal years for a fixed fee of Twenty Four Thousand, Five Hundred dollars, or if a deferred fee arrangement is preferred for Twenty Seven Thousand dollars each year for each of the next three fiscal years.

	<i>FY 2009-10</i>	<i>FY 2010-11</i>	<i>FY 2011-12</i>
Fixed Fee	\$24,500	\$24,500	\$24,500
or			
Deferred Fee	\$27,000	\$27,000	\$27,000

The prices quoted for services are all inclusive. There are no caps on number of claims, audit support, or site meetings/visits—our level of customer service to you is unlimited. MGT will not bill you for travel expenses, additional time for on-site meetings, or extra claims.

Deferred Payment Schedule

If the District would prefer to compensate MGT on a deferred basis, our firm is pleased to offer that payment arrangement to the Mt. Diablo Unified School District for the services described in this proposal.

The payment schedule is straightforward. When the State pays the District for claims covered by the scope of services in this proposal, MGT will invoice for the full-deferred fee amount. Once again, our firm is flexible and open to alternatives suggested by the District.

For the deferred payment option it is understood by both parties that this compensation is deferred until either the District receives payment from the State for the mandated cost claims filed by MGT, or alternatively, if the District makes an arrangement with the State for another benefit in lieu of actual payments for claims filed under this agreement the deferred compensation on this schedule would be due to MGT at the time the District receives the alternative compensation/benefit.

CONTRACT PROCESS & RENEWAL PERIODS

MGT truly wants Mt. Diablo Unified School District's continued business and strives to make the contracting or purchasing process as simple as humanly possible. The terms of this agreement may be renewed for two additional fiscal years, exclusively at your District's option. This scope of services is written for the District's 2009-2010 fiscal year. The additional term of services would be from July 1, 2010 to June 30th, 2011 as well as July 1, 2011 to June 30th, 2012. Pricing would remain the same as quoted in the proposal or agreement. The additional fiscal years are 2010-2011 and 2011-2012 during the renewal periods.