



STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
STATE CAPITOL  
NASHVILLE, TENNESSEE 37243-0285

DAVE GOETZ  
COMMISSIONER

March 12, 2008

David Nickel  
President, ERP Solutions  
Maximus  
3130 Kilgore Road, Ste. 400  
Rancho Cordova, CA 95670  
Via Email

Dear David:

Thank you for taking the time yesterday to meet to discuss the problems we are having with Maximus' performance in meeting the requirements contracted for the Edison Project. I appreciate your perspective on the project, but have to say, upon reflection, I was not satisfied with your response.

Overall, I was hoping you and Rock Hoedebecke would walk into the meeting with some solutions or at least ideas in hand. Instead I seemed to hear two things: it is not our fault, and we need to stay as close as possible to what may be an unrealistic and risky schedule for implementation of HR and Financials.

I am not trying to dissect the past and discern blame here. But just as we discussed in the meeting, there needs to be a renewal of a 'we're in this together' attitude on everyone's part. I promised in the meeting, and will fulfill that promise, to do all in my power to stop any scope creep and to keep the staffing intact. That is not an admission, and this is not an accusation: I also believe that Maximus has had significant staff and expertise issues in the time and labor area that led to a less than adequate understanding of the complexities of Tennessee's time and labor rules and a failure to provide staff adequate to the tasks.

As I said in the meeting, financial circumstances are dramatically different now, and this project was more than adequately funded at the outset. What I expect is Maximus to fulfill its contractual obligations for the sums currently appropriated in a way that does not put the State of Tennessee at risk. I will have to be convinced that any schedule that we adopt going forward does not make that risk untenable.

In an effort to help this project succeed, I am expanding the role of Salvaggio Teal and Associates to do several things: first, they will be taking more of the duties of the traditional Independent Validation and Verification contractor, not remarkably different than what they have been doing but with more focus on project completion. STA will be identifying expert staff that they believe need to be brought in. They will also be reporting more frequently to me and Mike Morrow on the project's progress.

I remain interested in hearing what other ideas you and Rock may have to positively move this project to completion. I frankly need to see a higher energy level and sense of commitment from you and your staff on a daily basis. If you would like to discuss this further, please give me a call or set an appointment through Pat Pentecost in my office.

Thank you again for yesterday's meeting, and I look forward to your renewed efforts to bring the Edison project to a successful launch.

Sincerely,

A handwritten signature in cursive script, appearing to read "M. D. Goetz, Jr.", written in black ink.

M. D. Goetz, Jr.  
Commissioner