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February 21, 2005

Mr. John Myers
Augenblick, Palaich and Associates
700 Broadway, Suite 804
Denver, CO 80203

Re: Update of Original A&M Cost Study

Dear John:

This is intended to serve as a letter agreement between AUGENBLICK, PALAICH AND ASSOCIATES, INC., (hereinafter called "APA,") and SCHOOLS FOR FAIR FUNDING, INC., (hereinafter called "SFFF,") concerning an update (hereinafter called the "Updated Study") of material contained in the May 2002, Augenblick & Myers, Inc. study *Calculation of the Cost of a Suitable Education in Kansas in 2000-2001 using Two Different Analytic Approaches*, (hereinafter referred to as "Original A&M Cost Study.")

APA agrees:

1. To update the current adequacy figures contained in the Original A&M Cost Study. This assumes that Kansas' "suitable education" standard is acceptable and that the current benefit rate used to calculate employee costs is still valid. This method relies on using an adjustment for cost of living changes such as the CPI and has the benefit of being able to update the figures to the 2003-04 or more recent year, if possible.
2. To prepare a written report of findings and recommendations of the Updated Study which shall include:
 - a. A summary of the findings contained in the Original A&M Cost Study, (like the Executive Summary found at ES-1 through ES-5. It shall be acceptable to use this Executive Summary or parts thereof);

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- b. APA current findings on updated numbers, including:
 - i. foundation level (base cost) for 2003-04;
 - ii. if possible, projected foundation level (base cost) that would be appropriate to Kansas FY 2005-06 beginning July 1, 2005; and
 - iii. such other numbers and updates as APA deems appropriate.
 - c. A summary of what this Updated Study does NOT include, i.e. Costs of additional educational funding needed to meet the additional educational mandates of the federal NCLB.
3. To conduct the Updated Study in accordance with Paragraph 1 of the APA proposal dated January 31, 2005, a copy of which is attached hereto and incorporated herein.
 4. To complete and deliver the Updated Study to SFFF no later than March 15, 2005, by email to John Robb at johnrobb@robblaw.com, with written copy to follow by mail.
 5. To make John Myers available at mutually agreeable times for possible presentations in Kansas concerning the Original A&M Cost the Updated Study, for additional charges to be agreed in writing by the parties.

SFFF agrees to:

1. To pay APA the sum of \$7000.00 upon completion and delivery of the Updated Study upon receipt of APA invoice.
2. To provide such information as is available to SFFF to aid APA in the performance of this agreement.
3. To pay APA such additional charges as the parties may agree in writing for John Myers to make presentations in Kansas concerning the Original A&M Cost Study and the Updated Study.

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If you have questions please let me know. If this accurately represents our agreement, please sign and fax a copy of this letter to me at your earliest convenience. Electronic signatures, fax signatures or reproductions shall be effective on this agreement.

Schools For Fair Funding, Inc.

by JOHN S. ROBB
John S. Robb, General Counsel

Agreed.

Augenblick, Palaich and Associates, Inc.

by [Signature]

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