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Date: 5/27/2008 10:19:22 AM

Subject:

Dear Board members:

Jim Burch informed us that the Department of Justice is not likely to approve his proposal to move NMVTIS data storage to the agency as planned. DOJ has several concerns with the proposal, including cost.

We are therefore moving forward with the Board's original mandate - to update our estimate of the cost of migrating NMVTIS to a more efficient platform and the annual savings that will result. We hope to have that estimate in a few weeks.

This development removes about \$1 million in potential cost savings, which complicates our effort to develop a balanced budget going forward. While we develop a 2009 - 2011 budget proposal that does not rely on DOJ assistance in this area, we also will explore with the agency the possibility that DOJ could cover a portion of our investment costs to update the platform and/or part or all of our maintenance costs once we have migrated to a lower-cost platform.

Best regards,

Neil

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