

April 20, 2007

VIA ELECTRONIC MAIL

Dr. Kathleen M. Hayes
South Carolina Department of Social Services
Post Office Box 1520
Columbia, South Carolina 29202-1520

Re: Nexsen Pruet Fee Increase

Dear Dr. Hayes:

I am writing to provide you a written summary of the request for fee increase Nexsen Pruet has discussed with DSS, the Judicial Department, the Office of the Governor, and the Budget and Control Board since November of last year. Nexsen Pruet represents the above government agencies as well as the County Clerk's Court in the procurement and litigation relating to the Child Support Enforcement/Family Court Case Management System. This contract is one of the larger state contracts, very complicated, and involves litigation with tight timeframes and complex legal and technical issues. As a result, the Board hired Nexsen Pruet to represent the using governmental agencies initially in litigation with Unisys, then litigation with the United States, then a procurement of a replacement system, and all related contract litigation, which, to this point, has included three different cases in the administrative arena. Since shortly after the representation began in 1997, Nexsen Pruet received what, at that time, was the Insurance Reserve Fund's "complex case" rates. All attorneys were billed at \$150.00 per hour and all non-attorneys at \$75.00 per hour.

In the past nine and a half years Nexsen Pruet never received a rate increase. To give you a comparison, my standard rate is \$315.00 per hour. For procurement litigation, because of the short timeframes and the fact that it normally forces my team to put off or exclude other client work, we normally charge a premium. My rate for that work is \$330.00 per hour. The paralegal who primarily works on the CFS files, VickiLynn Mitchell, has a standard rate of \$135.00 per hour and a procurement issues rate of \$145.00 per hour.

Dr. Kathleen M. Hayes
April 20, 2007
Page 2

Towards the end of last year, Nexsen Pruet became aware that the Board and the Attorney General's Office had approved some higher rates for certain complex cases. Nexsen Pruet initially proposed increasing its rates to \$195.00 per hour for attorneys and \$95.00 per hour for non-attorneys. Upon discussion with the project Executive Committee, Nexsen Pruet agreed that it would be willing to seek only the same rate that is currently the highest rate being paid to any other Board-approved attorneys. We understand that that rate is \$185.00 per hour for partners, \$150.00 for associates, and \$90.00 per hour for non-attorneys.

The proposed rates represent the lowest rates Nexsen Pruet charges any of its current clients for litigation or procurement matters in any of its offices throughout North and South Carolina. The state would continue to have the most advantageous rate Nexsen Pruet charges to anyone. With the increase for partners from \$150.00 to \$185.00, the rate would at least come a little bit closer to the market rate. Similarly, increasing non-lawyers from \$75.00 to \$90.00 would be helpful. The only two non-lawyers who work regularly on this case are VickiLynn Mitchell, a senior paralegal, and Eddie Benton, our in-house certified public accountant. Another paralegal, Jon Hollingsworth, works on these files as needed.

We understand that two-thirds of the fees and expenses incurred in this representation are paid by the federal government with matching funds. We hope that DSS will be able to budget for and allow this increase of \$35.00 per hour for partners, remain the same for senior associates at \$150.00 per hour, and increase \$15.00 per hour for non-lawyer timekeepers. As you know from our last meeting, the other members of the Executive Committee support this increase.

Thank you for your consideration in this matter.

With best regards, I am

Very truly yours,

A handwritten signature in black ink, appearing to read "Marcus A. Manos". The signature is fluid and cursive, with a large, stylized "M" at the beginning.

Marcus A. Manos
MAM/saw