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THOMAS A. FARR
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December 31, 2009

Mr. Ron Margiotta
Wake County Board of Education
3600 Wake Forest Road
Raleigh, NC 27609

Re: Proposed Terms of Engagement as Interim Special Legal Counsel

Dear Mr. Margiotta:

Thank you for your inquiry regarding the ability of our firm to serve as Interim Special Legal Counsel to the Wake County Board of Education. We would be honored to represent the interests of the Board in this capacity under the terms outlined below.

It is our policy to send each new client an engagement letter so that you are aware of the firm's billing practices. For more information about our firm, you may want to visit our website at www.ogletreedeakins.com. In addition, feel free to call me directly at any time.

Our billing practices are explained below:

- Our billing cycle runs from the first to the last day of each month. All fees and expenses on any matter for you will be summarized on a monthly bill that will be mailed to you as soon as possible after the first of each month. Our bills are due upon receipt.
- Our current fee schedule ranges from \$230.00 to \$375.00 an hour, depending on the attorney assigned to the matter. Based upon our negotiations and at your request, our firm has agreed to perform work for the Wake County Board of Education at a rate of \$250.00 per hour for all shareholders. This rate reflects a discount of thirty percent of my standard rate for private companies and a substantial reduction of the rate charged by other shareholders in our Raleigh office. Based upon our negotiations, associate time will be billed at not more than \$230.00 per hour for associates with five or more years' experience and \$200.00 per hour for associates with less than five years' experience.

We understand that we have been engaged to perform a comprehensive review regarding legal services received by the Board. Based upon our review, we will offer recommendations regarding

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potential options for providing more efficient and higher quality legal services in the future. We also understand that you have requested recommendations that may become apparent to us during the course of the review regarding other possible measures to provide a more efficient and cost effective system. At the present, we have agreed, at your request, to cap total fees on this project not to exceed \$50,000.00, absent further approval by the Board.

We also understand that we have been engaged to be available to provide legal advice or legal representation on other matters that may be requested by you, as Chairman of the Board. Consistent with the Board's past practices, there will be no cap on fees for any other assignments without further action by the Board.

Like other businesses, our firm is affected by rising costs for employee salaries and benefits as well as the cost of outside professional services and products necessary to enable us to provide the most comprehensive legal representation possible for our clients. However, as part of an ongoing commitment to our clients, we strive to keep costs as low as possible without sacrificing quality.

- Our bills typically show our professional fees calculated by applying a billing rate to hours or fractions of an hour. In most instances, the hourly figures shown on our bills reflect the actual time devoted to a client matter within the limits of our record keeping capabilities, overlooking minor interruptions in otherwise continuous periods of effort.
- All work done for the Board will be billed in tenth-of-an-hour increments. This method of billing results in cost savings, because the actual time devoted to your matter can be accurately captured.
- Where pertinent to any matter for which we are representing the Board, the Board will be charged for travel expenses, court costs, court reporter fees, the cost of expert witnesses, etc. Our standard charges also include computerized research, postage, express mail services, long-distance and cellular telephone expenses, and in-house and outside copying services. We will advance most of these charges and bill them monthly.

If you have any specific billing requirements, please forward the necessary information to our centralized billing department in Columbia, South Carolina, to the attention of Account Services Department (864) 271-1300:

Account Services Department
Ogletree, Deakins, Nash,
Smoak & Stewart, P.C.
P. O. Box 89
Columbia, SC 29202

It is the firm's policy to retain client matter files for a period of ten years from the date the file is closed. The Board has the option of requesting the file at any time within this ten-year period. The Board will be notified by letter prior to the end of the file-retention period and given a final