

To: Andrea Needles
Senior Campaign Finance Analyst
Reports Analysis Division

In response to your November 16, 2007 letter, please consider the following.

You note that our report covering the six months ended June 30, 2007 discloses limited payments for administrative expenses.

A total of \$2,203.50 was reflected on this report . This amount represents charges for time incurred by staff of the law firm who are charged with administering the PAC. The individual hourly rate charged by the law firm for each staff person is

designed to cover all overhead that the law firm incurs in connection with the labor. Items such as salaries, benefits, rent, utilities, and office supplies & services are factored into the rate.

Note also the law firm charges the PAC separately (not as in in-kind contribution) for services provided in connection with complying with the FEC filings. Up through June 30, 2007, the cost of those services totaled \$822. The PAC was subsequently billed by the law firm and paid this amount in July 2007.

To clarify, administrative expenses of the PAC are initially borne by Nixon Peabody LLP personnel. The law firm tracks time spent by internal personnel and bills for that time (with a billing rate designed to cover salary, benefits and overhead as noted above) two separate ways. For administrative tasks associated with running the PAC (management of solicitations, check depositing, writing checks, management of the bank account & reporting), the value is tallied and reported as an in-kind contribution of legal and accounting fees. If the value of this work exceeds \$5,000 in any one year (not expected), the excess will be billed. For the work done for purposes of complying with FEC regulations (preparation and review of FEC filings), the law firm bills the PAC on a timeline that coincides with its filing schedule.

I trust this information is a satisfactory response to your letter. Be sure to let me know if you need more information.
