

Contract for Collection Services

This Contract is made between Linebarger Goggan Blair & Sampson, LLP (hereinafter referred to as the “Firm”) and City of League City, Texas (hereinafter referred to as the “Client”).

Article 1 – Nature of Relationship

1.01 The parties hereto acknowledge that this Contract creates an attorney-client relationship.

1.02 The Client hereby employs the Firm to provide the services hereinafter described for compensation hereinafter provided.

1.03 This Contract is entered into pursuant to and as authorized by Texas law, including Texas Tax Code §6.30 and Subsection (a) of Art.103.0031, Texas Code of Criminal Procedure.

Article 2 – Scope of Services

2.01 *Delinquent Property Tax Collections* - The Firm shall take reasonable and necessary actions to enforce collection of delinquent property taxes that are owed to the Client and that are subject to this Contract, as hereinafter provided and allowed by law.

2.02 The Client may from time-to-time specify, in writing, additional actions to be taken by the Firm in connection with the collection of taxes that are owed to the Client. Client further constitutes and appoints the Firm as Client's attorneys to sign all legal instruments, pleadings, drafts, authorizations and papers as shall be reasonably necessary to prosecute the Client's claim for taxes.

2.03 Taxes owed to the Client shall become subject to this Contract upon the following dates, whichever occurs first:

- (a) On February 1 of the year in which the taxes become delinquent if a previously filed tax suit is then pending against the property subject to the tax and attorney's fees are recovered and paid pursuant to a delinquent tax suit;
- (b) On the date any lawsuit is filed by the Firm with respect to the recovery of the tax or estimated tax along with attorney's fees awarded and paid pursuant to a lawsuit, in accordance with the Texas Property Tax Code;
- (c) On the date of filing by the Firm of any application for tax warrant where recovery of the tax or estimated tax is sought;
- (d) On the date of filing any claim in bankruptcy where recovery of the tax is sought;
or

(e) On July 1 of the year in which the taxes become delinquent.

2.04 *Delinquent Municipal Court Fees and Fines* - The Firm shall take reasonable and necessary actions to enforce the collection of delinquent municipal court fees and fines. Fees and fines that are subject to this Contract are those that are more than sixty (60) days past due as of the effective date hereof and those that become more than sixty (60) days past due during the term hereof. As used in this section, “more than 60 days past due” has that meaning assigned by Subsection (f) of Art. 103.0031, Texas Code of Criminal Procedure [as amended by Senate Bill 782, 78th Legislature (2003), effective June 18, 2003]. The meaning assigned to the phrase “more than 60 days past due” shall, for the term and purposes of this Contract, survive any future amendments to, or repeal of, Article 103.0031, Texas Code of Criminal Procedure, or any parts thereof.

2.05 The Client may from time-to-time specify in writing additional actions that should be taken by the Firm in connection with the collection of the receivables that are subject to this Contract. Client further constitutes and appoints the Firm as Client’s attorneys to sign all legal instruments, pleadings, drafts, authorizations and papers as shall be reasonably necessary to pursue collection of the Client’s claims as authorized by this Contract.

2.06 Such legal services shall include but not be limited to recommendations and legal advice to Client to take legal enforcement action; representing Client in any dispute or legal challenge over authority to collect such receivables; defending Client in litigation or challenges of its collection authority; and representing Client in collection interests in bankruptcy matters as determined by Firm and Client. For the purposes of this Contract, the term ‘representing Client in bankruptcy matters’ shall be defined as filing claims and prosecuting such claims in proceedings in United States Bankruptcy Courts on behalf of Client for delinquent taxes, special assessment liens, utility liens and unpaid utility receivables for which Client has received a bankruptcy notice. Such bankruptcy notices received by Client shall be promptly forwarded to Firm to enable Firm to assert and prosecute any such bankruptcy claim. The bankruptcy services as described will be provided to Client by the Firm at no cost to Client.

2.07 The Client agrees to provide to the Firm data regarding any receivables that are subject to this Contract. The data shall be provided by electronic medium in a file format specified by the Firm and agreeable to the Client. The Client and the Firm may from time-to-time agree in writing to modify this format. The Client shall provide the data to the Firm not less frequently than monthly for delinquent fees and fines.

2.08 The Firm, in all communications seeking the fee and fine receivables subject to the Contract, shall direct all payments for fees and fines directly to the Client at an address designated by the Client. If any receivables are paid to the Firm, said payments shall be turned over to the Client within thirty (30) days of their receipt by the Firm.

Article 3 - Compensation

3.01 *Delinquent Tax Collections* - Client agrees to pay the Firm, as compensation for the delinquent tax collection services, a Rate equal to twenty (20%) percent of the amount of all delinquent taxes, penalty and interest, subject to the terms of this contract as set forth in Paragraph 2.03 above, collected and paid to the collector of taxes during the term of this Contract, as and when collected. If during any term of this Contract the Firm enters into a contract for delinquent tax collection services with: (1) any municipality with a population of at least 5,000 according to the latest United State Census Bureau estimate, that is located in the counties of Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller; or (2) any of those listed counties; at a rate less than the Rate, then the Rate shall be automatically adjusted to match that lower rate effective the date of said contract.

3.02 *Delinquent Fees and Fines* - The Client agrees to pay the Firm thirty (30%) percent of the total amount of all the fines and fees [exclusive of any collection fee assessed by the Client pursuant to Subsection (b) of Article 103.0031, Texas Code of Criminal Procedure] subject to the terms of this Contract as set forth in Section 2.04 above that are collected by the Client during the term of this Contract.

3.03 The Client, through its Interlocal Contract with Galveston County for tax collection services, shall pay the Firm compensation owed for tax collection services by the twentieth (20th) day of each month, all compensation earned by the Firm for the previous month as provided in this Article 3. All compensation above provided for shall become the property of the Firm at the time payment of the taxes, penalty and interest is made to the collector.

3.04 The Client shall pay the Firm by the twentieth day of each month all compensation earned by the Firm for delinquent fees and fines collections and special assessment liens for the previous month as provided in this Article 3. The Client shall provide an accounting showing all collections for the previous month with the remittance. All compensation shall become the property of the Firm at the time payment of the receivable is made to the Client.

Article 4 - Retention of Files and Intellectual Property Rights

4.01 The Firm recognizes and acknowledges that all items contained in the Firm's litigation files related to the Firm's representation of the Client are the property of the Client. The Firm agrees to retain and safeguard such files on behalf of the Client, provided that, the Client agrees that such files may, from time to time, be disposed pursuant to the File Retention Policy attached hereto as Schedule 'A' File Retention. The Firm shall be responsible for delivering to the Client all such files in the Firm's possession within ninety (90) days of the termination or expiration of this Contract.

4.02 The Client recognizes and acknowledges that the Firm owns all right, title and interest in certain proprietary software that the Firm may utilize in conjunction with performing the services provided in this Contract. The Client agrees and hereby grants to the Firm the right to use and incorporate any information provided by the Client ("Client Information") to

update the databases in this proprietary software, and, notwithstanding that Client Information has been or shall be used to update the databases in this proprietary software, further stipulates and agrees that the Client shall have no rights or ownership whatsoever in and to the software or the data contained therein, except that the Client shall be entitled to obtain a copy of such data that directly relates to the Client's accounts at any time.

4.03 The Firm agrees that it will not share or disclose any specific confidential Client Information with any other company, individual, organization or agency, without the prior written consent of the Client, except as may be required by law or where such information is otherwise publicly available. It is agreed that the Firm shall have the right to use Client Information for internal analysis, purposes of improving the proprietary software and database, and to generate aggregate data and statistics that may inherently contain Client Information. These aggregate statistics are owned solely by the Firm and will generally be used internally, but may be shared with the Firm's affiliates, partners or other third parties for purposes of improving the Firm's software and services.

Article 5 - Costs

5.01 The Firm and Client recognize that certain costs, *e.g.*, publication costs and title research fees, *etc.*, will be incurred in the process of providing the services contemplated in this Contract. The Firm will either: (i) advance such costs on behalf of the Client, or (ii) arrange with the vendor or agency providing the service that the costs of services will not be paid unless and until such costs are recovered from the delinquent taxpayer. All such costs incurred will be wholly advanced by Firm and Firm will seek reimbursement of such advanced costs through legal remedies allowed by law. The Client shall have no liability for any such advanced cost.

5.02 The Client acknowledges that the Firm may provide services, such as title research, with its own employees or with other entities or individuals who may be affiliated with the Firm, but the Firm agrees that any charges for such services will be reasonable and consistent with what the same services would cost if obtained from a third party. The Client shall have no liability for these charges.

Article 6 - Term and Termination

6.01 The effective date of this Contract is October 1, 2020. The Initial Term of this Contract shall expire on September 30, 2025, (the "Expiration Date") unless extended as hereinafter provided.

6.02 Unless prior to thirty (30) days before the Expiration Date of the Initial Term of this contract, the Client or the Firm notifies the other in writing that it does not wish to continue this Contract beyond its Initial Term, this Contract shall be automatically extended for an additional ninety (90) day period without the necessity of any further action by either party. Unless prior to thirty (30) days before the expiration of the additional ninety (90) day renewal period, the Client or the Firm notifies the other in writing that it does not wish to continue this Contract beyond its ninety (90) day renewal term, this Contract shall renew automatically for

additional ninety (90) day renewal periods in the same manner at the end of each ninety (90)day successive renewal period, without the necessity of any further action by either party.

6.03 If at any time during the initial term of this Contract or any extension hereof, the Client determines that the Firm's performance under this Contract is unsatisfactory, the Client may notify the Firm in writing of the Client's determination. The notice from the Client shall specify the particular deficiencies that the Client has observed in the Firm's performance. The Firm shall have sixty (60) days from the date of the notice to cure any such deficiencies. If at the conclusion of that sixty (60) day remedial period, the Client remains unsatisfied with the Firm's performance, the Client may terminate this Contract effective upon the expiration of ten (10) days following the date of written notice to the Firm of such termination ("Termination Date").

Notwithstanding the foregoing, Client may terminate this Contract for convenience effective upon the expiration of thirty (30) days after written notice of such termination.

6.04 Whether this Contract expires or is terminated, the Firm shall be entitled to continue to prosecute any tax suits, applications for tax warrants or bankruptcy claims pending on the Termination Date or Expiration Date (the "Pending Matters") for an additional six (6) months following termination or expiration. The Client agrees that the Firm shall be compensated as provided by Article 3 for any base tax, penalties and interest collected in the Pending Matters during the six (6) month period.

6.05 The Client agrees that the Firm shall be reimbursed for any costs advanced and shall be paid for any services performed pursuant to Article 5 when such costs are recovered by the Firm on behalf of the Client, regardless of the date recovered. It is expressly agreed that neither the expiration nor the termination of this Contract constitutes a waiver by the Firm of its entitlement to be reimbursed for such costs and to be paid for such services. It is further expressly agreed that the expiration of any six (6) month period under Section 6.04 does not constitute any such waiver by the Firm.

Article 7 – Miscellaneous

7.01 *Assignment and Subcontracting.* This Contract is not assignable, provided however, the Firm may from time-to-time obtain co-counsel or subcontract some of the services provided for herein to other law firms or entities. In such cases, the Firm will retain supervisory control and responsibility for any services provided by such co-counsel or subcontractors and shall be responsible to pay any compensation due to any such co-counsel or subcontractor.

7.02 *Mediation and Venue.* Any controversy between the parties to this Contract involving the construction or application of any of the terms, covenants, or conditions of this Contract shall, on the written request of one party served on the other, be submitted to mediation. In the event mediation is unsuccessful, the parties are free to pursue their right in a court of competent jurisdiction. Any legal proceedings relative to this Contract or the obligations thereunder shall be in Galveston County, Texas.

7.03 *Integration.* This Contract contains the entire Contract between the parties hereto and supersedes all previous oral or written Contracts. This Contract may only be modified in a written amendment, executed by both parties.

7.04 *Representation of Other Taxing Entities.* The Client acknowledges and consents to the representation by the Firm of other taxing entities that may be owed taxes or other claims and be secured by the same property as the Client's claim.

7.05 *Compliance with Texas Government Code §2270.022.* In compliance with Texas Government Code §2270.002, the Firm verifies that it does not boycott Israel and will not boycott Israel during the term of this contract.

IN CONSIDERATION OF THE TERMS AND COMPENSATION HEREIN STATED, the Firm hereby accepts said employment and undertakes the performance of this Contract as above written. This Contract is executed on behalf of the Firm and of the Client by the duly authorized persons whose signatures appear below.

CITY OF LEAGUE CITY

LINEBARGER GOGGAN BLAIR
& SAMPSON, LLP

BY: _____
John Baumgartner, ICMA-CM, P.E.
City Manager

BY: _____
Partner

Date: _____

Date: _____

ATTEST:

Diana Stapp
City Secretary

APPROVED AS TO FORM:

Nghiem V. Doan
City Attorney

SCHEDULE 'A' – FILE RETENTION

DELINQUENT TAX SUIT FILES

- (a) Cases in which non-suits are taken, dismissals are granted, or judgments are vacated, may be destroyed upon the expiration of five (5) years following the date of non-suit or dismissal or one (1) year after a judgment is taken on the same property in a subsequent suit, whichever first occurs.
- (b) Cases in which judgments are taken, followed by satisfaction of the judgment by any means other than foreclosure sale, may be destroyed upon the expiration of five (5) years following satisfaction of the judgment.
- (c) Cases in which real property judgments are taken or real property seizures conducted under tax warrant, followed by tax sale, are destroyed upon the expiration of twenty-five (25) years following the date of original tax sale.
- (d) Cases in which judgments are taken for personal property taxes, followed by abstract of judgment, are destroyed upon the expiration of twenty (20) years following the filing of the abstract or one (1) year following satisfaction of the judgment, whichever first occurs.

PERSONAL PROPERTY TAX WARRANT FILES

- (a) Cases in which non-suits are taken, dismissals are granted, or dissolution of warrant occurs prior to a seizure of any property are destroyed upon the expiration of one (1) year following the date of non-suit, dismissal, dissolution.
- (b) Cases in which seizures under a warrant occurs, regardless of whether actual sale of property occurs, are destroyed upon the expiration of four (4) years following the date of seizure.

BANKRUPTCY FILES

- (a) Cases that have been dismissed are destroyed upon the expiration of one (1) year following the date of dismissal.
- (b) “No Asset Chapter 7” cases in which a discharge has been granted to the debtor are destroyed upon the expiration of one (1) year following the date of discharge or final payment, whichever occurs earlier.
- (c) “Chapter 13” cases in which a discharge has been granted to the debtor are destroyed upon the expiration of one (1) year following the date of discharge.
- (d) “Chapter 7 Asset” cases are destroyed upon the expiration of one (1) year following the filing of the Trustee’s Final Report.
- (e) “Chapter 11” cases in which there is a Confirmed Plan are destroyed upon the expiration of eight (8) years following the date of Confirmation, unless the plan has not been completed. In the event payment under the plan is not complete following eight (8) years, then the file shall be destroyed upon the expiration of one (1) year following receipt of the final payment under the plan.