

**Public Notice:**

NOTICE PURSUANT TO GOVERNMENT CODE SEC. 2254.1036

WHEREAS, the City of Penitas “City”, will consider entering into a contingent fee contract with the law firm of Perdue, Brandon, Fielder, Collins & Mott, L.L.P. (“Firm”) and hereby posts this notice pursuant to Sec. 2254.1036 of the Government Code.

WHEREAS, this notice shall be posted before or at the time of giving the written notice required by Government Code Sec. 551.041 for a meeting described by Sec. 2254.1036(a)(2) of the Government Code and shall announce the following:

A. The City pursuing a contract with the Firm for the collection of delinquent ad valorem taxes owed to the City and through this contract the City seeks to increase recovery of its delinquent debts in as expeditious a manner as possible. GOVT. CODE § 2254.1036(a)(1)(A).

B. The City believes the Firm has the competency, qualifications, and experience necessary to fulfill this contract. GOVT. CODE § 2254.1036(a)(1)(B). The Firm has collected delinquent government receivables for more than 50 years, including the collection of delinquent ad valorem taxes. The Firm currently has 15 primary offices and multiple satellite offices nationwide. It employs more than 400 individuals, including over 60 attorneys. It uses a multi-office, fully integrated team approach allowing the City access to all its offices and resources. Its collection team consists of long-term Firm employees, including attorneys, call center associates, paralegals, law clerks, legal secretaries, collection support personnel and information technology experts. The Firm utilizes proprietary collection software that can be tailored to meet any special need the City may have. This proprietary software also automates many aspects of the collection process, such as: account/debtor research, mailings and phone calls, return mail and address updates, payment notification and processing and workflow.

C. The nature of any relationship between the City and the Firm is as follows. GOVT. CODE § 2254.1036(a)(1)(C).

The Firm has represented the City since 2016 in the collection of delinquent taxes.

D. The City is unable to collect its delinquent ad valorem taxes. GOVT. CODE § 2254.1036(a)(1)(D). The City currently does not have adequate support staff, computer software/programming, or experience to internally conduct these collection services and acquiring these will result in substantial expense to the City.

E. These collection services cannot be provided for an hourly fee. GOVT. CODE § 2254.1036(a)(1)(E). The Tax Code allows the assessment of a percentage-based fee to recover the costs of collecting delinquent ad valorem taxes. This percentage-based fee is assessed only against the debtor and not the City or taxpayers of the City. The collection of delinquent ad valorem taxes is a high-volume practice, requiring a significant amount of research, mailing, and handling of outbound/inbound calls. An hourly fee for such work will likely exceed amount of delinquent ad valorem taxes due. Moreover, the City will bear the cost of these hourly fees and not the debtor,

because the Tax Code does not expressly authorize the City to pay for collection services based on an hourly fee.

F. The City believes this contingent fee contract is in its best interest. GOVT. CODE § 2254.1036(a)(1)(F). Under the contingent fee contract, the Firm will be paid the amount of the percentage-based collection fee, regardless the number of hours the Firm spends researching, contacting and mailing to collect the delinquent debt. Additionally, the percentage-based collection penalty is a pass-through expense to the debtor and not an expense to the City or taxpayers in the City.