

CONTRACT FOR THE COLLECTION OF DELINQUENT PROPERTY TAXES AND OTHER CHARGES

STATE OF TEXAS

COUNTY OF WEBB

This contract hereinafter called "the Contract" is made and entered into by and between the **City of Laredo** acting herein by and through its City Manager, hereinafter called "City", and **Flores, Flores, & Canales, PLLC**, 5517 McPherson Rd, Suite 15, Laredo, Webb County, Texas, hereinafter called "Attorney."

I.

The City agrees that Attorney shall act as the attorneys responsible for collecting all delinquent property taxes, penalties, interest, and costs owing the City. The legal services to be performed by the Attorney shall include all legal actions, including appeals, necessary to collect delinquent ad valorem taxes, including writ of possession, and to advise City on ad valorem tax matters.

Attorney shall act in accordance with, and otherwise adhere to, generally accepted standards applicable to delinquent ad valorem tax collection and comply with all applicable state, federal, and local laws, ordinances, rules and regulations relating to the services and other obligations to be performed hereunder.

II.

Current year taxes that become delinquent within the period of this Contract shall become subject to the terms of this contract on the first day of July of the year in which the same shall become delinquent, unless otherwise subject to suit because of prior year taxes due on current year accounts which shall become subject to this contract on the first day of February in which the current year taxes shall become delinquent.

Current personal property accounts are to be pursued in accordance with the Texas Tax Code, Section 33. 21 Sub Chapter B, et seq. On current year personal property accounts with balances in excess of \$500, where a prior year delinquency exists, Attorney shall obtain and may execute a tax warrant on or after February 1st of the year in which same shall become delinquent. On personal property current tax year accounts with balances in excess of \$500, where no prior year delinquency exists, Attorney shall obtain and may execute a tax warrant on or after April 1st of the year in which same shall become delinquent. Tax Assessor-Collector may authorize Attorney to obtain and execute tax warrants on current year personal property accounts with no prior year delinquency between February 1 and April 1 of each year upon the written recommendation of Attorney.

III.

City shall furnish delinquent tax information to Attorney on all property within its taxing jurisdiction. To the extent that such information is available to City, City will furnish the necessary data and information as per the Webb County Appraisal District Records as to the account number, name, identity, and location of the necessary parties, and legal description of the property to be sold. To the extent such information is unavailable to City; attorney shall obtain such information at no expense to City.

Attorney shall maintain an on-line system where both City and Attorney can view all assessments, payments, outstanding balance, and law suit status on each taxpayer or customer account.

IV.

Attorney shall file suit on, and reduce to judgment and sell any property located within the City against which a tax lien would prevail, when requested by the City or which owe \$500 or more in delinquent taxes. In determining whether to file suit, "taxpayer" shall include the aggregate of each taxpayer's account, added together to include one amount due.

Attorney shall sue for recovery of all court costs as provided for in Section 33.48 of the Texas Property Tax Code. Attorney agrees to intervene on behalf of City in all suits for taxes hereafter filed by any taxing unit on property located within the City's corporate limits.

Attorney shall submit a report to the City noting all lawsuits filed by their office, upon filing of same. This report should include account number, account name, cause number, date notice mailed, notice of non delivery, and payment agreement status, if applicable. Report will also identify and list lawsuits filed by other taxing entities where the City intervened in the suit.

V.

Attorney shall submit monthly progress reports to the City as well as other progress reports as may be requested by the Tax Collector. Such monthly reports shall be due no later than the 20th day of each month and shall include number of lawsuits filed by activity (taxes, Hotel Motel, Paving Assessments, etc.), interventions, judgments, dismissals for payment, paid judgments, number of collection letters mailed, amounts collected by activity, and status of properties posted for foreclosure (by attorney & where available other law offices).

In addition, attorney will submit an annual status report noting all accounts as of June 1st of each year. This report will itemize each account, sorted in descending order by amount due, and show total payments received for the year, and status of each account; such as, cause number, status of suit, under payment arrangement, over 65, homestead, bankruptcy, deferral, etc.

VI.

Address changes or corrections on delinquent accounts subject to this contract, including

those which were returned as undeliverable, shall be documented by Attorney and shall be submitted to the Webb County Appraisal District and City at the end of each month.

Attorney shall report to the Tax Assessor-Collector and Webb County Appraisal District any errors, double assessments or other discrepancies discovered.

VII.

Attorney agrees to publish on or about November 1st of each year a list of all accounts with delinquent tax balances of more than \$1,000, not including bankruptcy accounts or taxpayer homestead accounts who are over 65 or disabled.

VIII.

Attorney shall be responsible for performing all of the procedural steps during the course of foreclosing a tax lien on delinquent property or entering into contract for payment of delinquent taxes pursuant to the Property Tax Code. Therefore, Attorney shall be responsible for the following work, including but not limited to:

- (a) Research title
- (b) File suit
- (c) Issue citations
- (d) Publish citations
- (e) Make personal inspection of the property
- (f) Verify age of homestead owners if over sixty-five
- (g) Investigate addresses of absentee owners
- (h) Litigate cases in court
- (i) Obtain judgment
- (j) Prepare order of sale
- (k) File notice of sale and other legally required notifications
- (l) Prepare sheriff's deed
- (m) Prepare redemption deed
- (n) Document delinquent taxpayer's ability to pay
- (o) Prepare collection agreement contracts between the City and taxpayers and recommend same to City Tax Assessor-Collector.
- (p) Monitor payments on accounts under contract and take necessary action in the event of default.
- (q) Writ of possession
- (r) Maintain subsidiary ledgers for each account showing all fees assessed and payments received by Attorney, whether sent to City or kept by Attorney in payment of allowed fees.
- (s) Pursue all tax accounts in bankruptcy proceedings.
- (t) Assume all pending litigation involving delinquent tax suits, upon the City's request.
- (u) Serve all tax warrants and report to City Tax Assessor-Collector results of service or if warrant was unable to be served and for what reason.

IX.

Attorney shall advise the City Manager, City Council, and the Tax Assessor- Collector on all matters, within the course and scope of this Contract, involving property tax, new legislation, or any other related matters.

X.

Attorney shall, prior to instituting suit, mail a 30-day written notice to each taxpayer or customer (except personal property accounts which will be 15 day) stating their intent, consequences, and estimated amount of litigation costs that may be incurred if suit is filed. These notices will be in English and Spanish and shall include essential data such as property legal description, amount owed, tax year, property tax number, and name of owner.

XI.

No fee will be paid to Attorney on Agricultural Rollback taxes collected for prior years unless said taxes are delinquent as defined by the Property Tax Code.

XII.

All delinquent tax collection expenses will be paid or borne by Attorney, including but not limited to:

- (a) Stationary
- (b) Legal blanks or forms
- (c) Related computer services
- (d) Postage and envelopes
- (e) Clerical labor
- (f) Office rent, utilities, furniture, etc.
- (g) Tax notices and reminders
- (h) Abstractor's fees
- (i) Title search
- (j) Publication costs relating to lawsuit citations
- (k) Cost of on-line system for Attorney to access City records and City to access Attorney's records.

If abstractor or title search fees are recovered from the taxpayers, as provided by law, Attorney shall be entitled to reasonable and customary costs of fees for those items. This fee, and any other fee assessed to the taxpayer, shall be customary to the industry and not exceed the amount charged by other taxing units in the area.

XIII.

All payments by taxpayers or other customers of the City whether before, during or after litigation, and whether including penalties, interest, and attorneys' fees shall be paid to the City of

Laredo and shall be revenue of the City of Laredo, except for abstractor fees, title research fees and court costs obtained after litigation has been instituted. Payments received by Attorney shall be proportionally applied based on percent of total outstanding balance due City and Attorney; with the exception of court cost which need to be paid first. City agrees to do same to the extent that Attorney provides City with the information necessary to do so. Attorney shall deliver all payments to the City on a daily basis.

XIV.

For the first delinquent collection year (July-June) of this contract, Attorney shall collect a minimum of fifty percent of the July 1 Delinquent Roll. Each subsequent delinquent collection year (July-June), attorney shall increase this collection rate by no less than 1%. (For example, if the previous year delinquent collection rate was 50.08%, then the minimum for the next delinquent collection year will be 50.58%.) The Attorney will meet monthly with the Tax Assessor-Collector to review pending cases and review the collection efforts to ensure collections are on track to meet these minimums.

XV.

In addition to collecting the City's delinquent taxes, Attorney shall, at the City's written request, collect, notice and file suit to recover amounts due to the City by delinquent customers according to city records of forced lot cleaning, demolition and paving liens, delinquent hotel-motel occupancy tax, water/sewer assessment liens, and delinquent hazardous material spill charges, at no additional cost to City. Provided that if attorney fees and costs are authorized by the court or state law and collected from said delinquent payers, Attorney will be entitled to same. Subject to same notice requirements identified in Section X.

XVI.

Attorney shall reimburse the City the cost of postage and supplies (paper/forms, envelopes, ink toners) for mailing the February Delinquency notices and notice required by Sections 33.11 and 33.07 of the Property Tax Code. In addition, Attorney shall mail four (4) inclusive mailings to all delinquent accounts each year, in addition to all other necessary mailings. Inclusive mailings are to be sent in April, July, September and November.

XVII.

Attorney shall, at Attorney's expense, provide for City Tax Department employees with two (2) seminars or training classes per year conducted by a person certified by the State Board of Tax Professional Examiners designed to assist the employees of the tax office in obtaining their board certification, complying with continuing education units required by the Texas Department of Licensing and Regulation or improving their knowledge of the state property tax system. Unless otherwise requested by the City, one seminar will be scheduled in April and the other in November, subject to the availability of a qualified instructor and/or conference.

XVIII.

Attorney shall prepare a policy manual to be used in the collection of property taxes. This manual shall include detailed procedures, notice requirements, payment arrangement guidelines, fee schedules and sample forms to be used. This manual, and any changes thereof, must be reviewed and approved by Tax Assessor-Collector.

XIX.

Attorney will be subject to unannounced audits by the City's Tax Department or Internal Audit Division.

XX.

Attorney shall obtain and maintain in effect during the terms of this contract insurance coverage as set out below, and shall furnish appropriate certificates of insurance, in duplicate form, prior to the effective date of this contract. All liability policies shall be issued by a company authorized to do business in Texas. The firm shall maintain the following insurance coverage in the following amounts:

1. Commercial General Liability insurance at minimum combined single limits of \$500,000 per-occurrence and \$1,000,000 general aggregate for bodily injury and property damage, which coverage shall include products/completed operations (\$1,000,000 products/completed operations aggregate). Coverage must be written on an occurrence form. Contractual Liability must be maintained covering the Contractors obligations contained in the contract.
2. Workers Compensation insurance at statutory limits, including Employers Liability coverage a minimum limits of \$500,000 each-occurrence each accident/\$500,000 by disease each-occurrence/\$500,000 by disease aggregate.
3. Commercial Automobile Liability insurance at minimum combined single limits of \$1,000,000 per-occurrence for bodily injury and property damage, including owned, non-owned, and hired car coverage.
4. Errors & Omissions coverage may not be required for all services. If the City of Laredo deems such coverage necessary, the following conditions will apply:
 - a. Professional Liability with minimum limits of \$1,000,000 or higher, depending on the type, size, and scope of services.
 - b. This coverage must be maintained for at least two (2) years after the project is completed. If coverage is written on a claims-made basis, a policy retroactive date equivalent to the inception date of the contract (or earlier) must be maintained during the full term the contract.

The required limits may be satisfied by any combination of primary, excess, or umbrella liability insurances, provided the primary policy complies with the above requirements and the excess umbrella is following-form. The Contractor may maintain reasonable and customary

deductibles, subject to approval by the City of Laredo.

Any Subcontractor(s) hired by the Contractor shall maintain insurance coverage equal to that required of the Contractor. It is the responsibility of the Contractor to assure compliance with this provision. The City of Laredo accepts no responsibility arising from the conduct, or lack of conduct, of the Subcontractor.

A Comprehensive General Liability insurance form may be used in lieu of a Commercial General Liability insurance form. In this event, coverage must be written on an occurrence basis, at limits of \$1,000,000 each-occurrence, combined single limit, and coverage must include a broad form Comprehensive General Liability Endorsement, products/completed operations, XCU hazards, and contractual liability.

With reference to the foregoing insurance requirement, Contractor shall specifically endorse applicable insurance policies as follows:

1. The City of Laredo shall be named as an additional insured with respect to General Liability and Automobile Liability.
2. All liability policies shall contain no cross-liability exclusions or insured versus insured restrictions.
3. A waiver of subrogation in favor of the City of Laredo shall be contained in the Workers Compensation, and all liability policies.
4. All insurance policies shall be endorsed to require the insurer to immediately notify the City of Laredo of any material change in the insurance coverage.
5. All insurance policies shall be endorsed to the effect that the City of Laredo will receive at least sixty- (60) days' notice prior to cancellation or non-renewal of the insurance.
6. All insurance policies, which name the City of Laredo as an additional insured, must be endorsed to read as primary coverage regardless of the application of other insurance.

XXI.

Attorney shall maintain an office, equipment, and staff which adequately meets the needs of this contract; as well as, the work plan outlined in the Attorney's Response to the Request for Qualifications.

XXII.

City shall pay Attorney as compensation for the services to be provided as specified herein according to Texas State Property Tax Code, Sections 33.11 and 33.07, fifteen percent (15%) of all delinquent taxes, penalties and interest collected on accounts turned over to Attorney for collection pursuant to the Contract, and actually received by the City, provided that the amount of Attorney's fees payable to Attorney under this Contract shall not exceed the amount actually

received by the City as collection costs from delinquent taxpayers pursuant to Sections 33.11 and 33.07 of the Texas Property Tax Code, or received by law pursuant to the institution of legal action for the collection of delinquent taxes. In this regard, the City agrees to mail out the required Sections 33.11 and 33.07 notices and Attorney will pay cost pursuant to Section XVI of this contract.

Provided that the Attorney meets the following collection rates for any given delinquent collection year (July-June), then for the subsequent Tax Year attorney shall be entitled the following compensation rate *(of all delinquent taxes, penalties and interest collected on accounts turned over to Attorney for collection pursuant to the Contract, and actually received by the City, provided that the amount of Attorney's fees payable to Attorney under this Contract shall not exceed the amount actually received by the City as collection costs from delinquent taxpayers pursuant to Sections 33.11 and 33.07 of the Texas Property Tax Code, or received by law pursuant to the institution of legal action for the collection of delinquent taxes.):*

Collection Rate for any given delinquent collection year (July-June)	Compensation Rate for the subsequent Tax Year
Less than 65%	15%
65% or more but less than 70%	16%
70% or more but less than 80%	17%
80% or more	18%

For example, if the attorney obtains a 70% collection rate on delinquent collection year July 1, 2012-June 30, 2013, the attorney's increased compensation, and corresponding collection penalty, shall be attached to Tax Year 2013 which would be billed October 2013. Collection penalties for prior tax years will not be affected.

XXIII.

This Contract is for a term of three (3) years, beginning October 1, 2021 and ending September 30, 2024, with a two (2) year option to extend commencing on the first day after the expiration date of the previous term. The City will exercise the option to extend, if at all, by giving Attorney written notice of such exercise not less than six (6) months prior to the expiration of current term. Upon the exercise of the option to extend, the term of this Contract shall be extended through the expiration date of the renewal term on the same terms and conditions as contained herein, except that there shall be no option to extend the term of this Contract beyond the second renewal term. Provided however that upon termination of contract (by term or otherwise) Attorney shall have an additional six (6) months to reduce to judgment and collect on all suits filed prior to the end of the contract term or termination date, and Attorney shall be compensated in accordance with Section XXII during this six-month period. At the end of the six-month period, contract and all collections will cease. The Attorney shall retain no interest, neither equitable nor legal, neither contingent nor fixed, in any tax cases belonging to the City of Laredo whether reduced to judgment or otherwise, that are subject to this contract. It is further understood that upon the end of the six (6) month period all collection activities by attorney shall stop and all case files (including without limit; any and all documents, contact information, court cost and abstract fee balances, excel spreadsheet providing status of all active cases, etc.) remaining in the possession of the attorney shall be surrendered to the City or the City's agent, as designated thereby.

City may terminate this Contract if there is a material breach of the underlying contract. City will provide Attorney written notice of such breach. Notice shall specifically state the facts that constitute the underlying material breach.

If at any time during the term of this Contract the City determines that Attorney's performance is unsatisfactory, the City shall notify the Attorney in writing of the City's determination. The notice from the City shall specify the particular deficiencies that the City has observed in the Attorney's performance. Attorney shall have thirty (30) days from the date of the notice to explain or rectify the cause outlined by the City in said notice. Cause and sufficiency shall be determined exclusively by the City. In the event that Attorney's Contract is terminated, Attorney shall be entitled to receive and retain all compensation earned and due up to the date of said termination.

XXIV.

This Contract is for professional services of Attorney and cannot be assigned in any manner. Attorney shall not subcontract any segment of the work to be accomplished under this Contract to any corporation, professional group or individual except such work as does not involve professional judgment or required legal training.

XXV.

The terms of this Contract shall be read separately, and the invalidity of any individual provision of this Contract shall not affect the validity of the remainder of this Contract.

XXVI.

It is understood and agreed that the relationship of the Attorney to the City is that of an independent contractor. Under no circumstances shall either party be deemed an employee of the other, nor shall either party act as an agent of the other party.

XXVII.

Attorney shall indemnify, defend and hold the City, its agents, officers, or employees harmless from and against any and all claims, demands, liability, loss, cost, damage or expenses of any nature whatsoever including all costs and attorney's fees made against the City, its agents, officers or employees on account of any willfully tortuous or negligent acts or omissions of Attorney or its agents, servants, employees, contractors or subcontractors in exercise of the rights granted to Attorney by this contract.

XXVIII.

Any notices which are required hereunder, or which either City or Attorney may desire to serve upon the other shall be in writing and shall be deemed served when deposited in the United States Mail, postage prepaid, return-receipt requested, addressed as follows:

Attorney: Flores, Flores, & Canales, PLLC
A Professional Limited Liability Company
5517 McPherson Rd., Suite 14
Laredo, Texas 78041

City: City of Laredo
A Municipal Corporation
c/o Robert A. Eads, City Manager
P. O. Box 579
Laredo, Texas 78042-0579

cc: City of Laredo City Attorney
1110 Houston Street
Laredo, Texas 78040

cc: Dora A. Maldonado, Tax Assessor-Collector
P.O. Box 6548
Laredo, Texas 78042-6548


XXIX.

This contract is executed on behalf of City by the City Manager who has been authorized to do so by motion heretofore passed by the City Council on the 19th day of April, 2021.

SIGNED in duplicate originals on this the 6th day of September, 2021.

City of Laredo

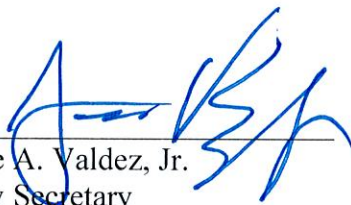
Flores, Flores, & Canales, PLLC


By: 
Robert A. Eads
City Manager

By: 
Christina Flores
Attorney at Law

ATTESTED:

APPROVED AS TO FORM:


Jose A. Valdez, Jr.
City Secretary


~~Alyssa J. Castillon~~ Valeria E. Reyes
~~Interim City Attorney~~ ver
Assistant

