

**South Texas College**  
**Board of Trustees**  
**Finance, Audit, and Human Resources Special Committee**  
**Ann Richards Administration Building Board Room**  
**Pecan Campus, McAllen, Texas**  
**Tuesday, March 31, 2020 @ 4:30 p.m.**

**Agenda**

“At anytime during the course of this meeting, the Board of Trustees may retire to Executive Session under Texas Government Code 551.071(2) to confer with its legal counsel on any subject matter on this agenda in which the duty of the attorney to the Board of Trustees under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code. Further, at anytime during the course of this meeting, the Board of Trustees may retire to Executive Session to deliberate on any subject slated for discussion at this meeting, as may be permitted under one or more of the exceptions to the Open Meetings Act set forth in Title 5, Subtitle A, Chapter 551, Subchapter D of the Texas Government Code.”

- I. Presentation and Interview of Firms for Delinquent Tax Collection Services for Hidalgo County and Starr County ..... 1-7
  
- II. Review and Recommend Action on Firm for Delinquent Tax Collection Services for Hidalgo County and Starr County ..... 8-12

**Presentation and Interview of Firms for Delinquent Tax Collection Services for Hidalgo County and Starr County**

At the March 10, 2020 Finance, Audit, and Human Resources Committee meeting, the Committee requested to interview the firms that submitted proposals for Delinquent Tax Collection Services and for them to provide a 15-minute presentation followed by questions from the Board members.

All Board members were invited to the special Committee meeting, so all members would have the opportunity to participate in the presentations and interviews with both firms.

The Presentation and Interview Schedule, the Summary of Proposals, the Staff Evaluation, and the Proposal Criteria follow in the packet for your review and information.

# Delinquent Tax Collection Services Presentation and Interview Schedule

Board Room, Administration Building March 31, 2020	
4:30 p.m. to 5:30 p.m.	Review of Requested Delinquent Tax Collection Services and the Interview Process with the Committee
4:30 p.m. to 4:45 p.m.	<b>Linebarger Goggan Blair &amp; Sampson LLP</b> Presentation and Interview
4:45 p.m. to 5:00 p.m.	Question and Answer Session
5:00 p.m. to 5:15 p.m.	<b>Perdue Brandon Fielder Collins &amp; Mott, LLP</b> Presentation and Interview
5:15 p.m. to 5:30 p.m.	Question and Answer Session

\* Scheduled Delinquent Tax Attorney Firms in alphabetical order.

**SOUTH TEXAS COLLEGE  
DELINQUENT TAX COLLECTION SERVICES  
PROJECT NO. 19-20-1043**

<b>VENDOR</b>	Linebarger Goggan Blair & Sampson, LLP.	Perdue Brandon Fielder Collins & Mott, LLP.
<b>ADDRESS</b>	1512 S Lone Star Way	2805 Fountain Plaza Blvd Ste B
<b>CITY/STATE/ZIP</b>	Edinburg, TX 78539	Edinburg, TX 78539
<b>PHONE</b>	956-383-4500	956-631-4026
<b>FAX</b>	956-383-7820	956-289-1023
<b>CONTACT</b>	Lucy G. Canales	Hiram Gutierrez
<b>1. Years In Business</b>	44 years; Established: 1976	50 years; Established: 1970
<b>2. Type of Operation</b>	Limited Liability Partnership	Limited Liability Partnership
<b>3. Staff</b>	<p>Listed the following as those who would comprise the project team:</p> <ul style="list-style-type: none"> <li>8 Attorneys (5 local; 3 out of the area)</li> <li>1 Operations Manager</li> <li>1 Auditor/Litigation/Bankruptcy Coordinator</li> <li>1 Local Network Administrator</li> <li>1 Tax Warrant Manager</li> <li>24 Area managers (Senior, Area, and Assistant)</li> <li>1 Post Judgment Manager</li> <li>1 Tax Sale Manager</li> <li>1 Tax Resale Manager</li> <li>1 Data Specialist</li> <li>2 District Court Manager</li> <li>2 Document Production</li> <li>2 Payment Clerk</li> <li>1 Courier</li> <li>3 Client Services Managers</li> <li>1 Assistant Office Manager</li> <li>1 Purchasing Manager</li> <li>1 Administrative Secretary</li> <li>1 Receptionist</li> <li>1 File Clerk</li> </ul> <p>Number of full-time attorneys employed: 130 Number of full-time employees excluding attorneys: 1,848</p>	<p>Listed the following as those who would comprise the project team:</p> <ul style="list-style-type: none"> <li>6 Attorneys (2 local; 4 out of the area)</li> <li>1 Chief Financial Officer</li> <li>1 Office Manager, Client Service</li> <li>1 Suit Prep Supervisor</li> <li>1 Call Center Supervisor</li> <li>1 Director of Computer and Information Services</li> <li>1 Director of Communications, Tax Sale Web Content</li> <li>Legal Support Staff</li> <li>IT Staff</li> <li>Data Transfers &amp; Reconciling</li> <li>Mailing and Invoicing</li> <li>Call Center/Skip Tracing</li> </ul> <p>Number of full-time attorneys employed: 53 Number of full-time employees excluding attorneys: 372</p>
<b>4. Key Team Members</b>	<p>Listed the following as key team members:</p> <ul style="list-style-type: none"> <li>Lucy G. Canales, Capital Partner and Management Committee Member</li> <li>Michael G. Cano, Partner</li> <li>Kelly Rivera Salazar, Partner</li> <li>Jaime "Jimmy" Eduardo Gonzalez, Attorney</li> <li>John David Franz, Local Counsel</li> <li>Diane W. Sanders, Partner (out of area)</li> <li>Anthony W. Nims, Capital Partner (out of area)</li> <li>Lori Gruver, Capital Partner and Chief Compliance Officer (out of area)</li> <li>Tito Salinas, Director of Operations</li> <li>Martha Lopez, Auditor/Bankruptcy Manager</li> <li>Gonzalo Villagomez, Local Network Administrator</li> <li>Elvira Hernandez, Assistant Office Manager</li> <li>Anissa L. de la Garza, Data Specialist</li> </ul>	<p>Listed the following as key team members:</p> <ul style="list-style-type: none"> <li>Hiram Gutierrez, Partner, Project Manager</li> <li>Thelma Banduch, Partner, Contract Oversight</li> <li>John Banks, Partner, Bankruptcy and Complex Litigation</li> <li>Michael J. Darlow, Partner, Perdue Brandon Executive Committee Chairperson</li> <li>Carl Sandin, Partner, Complex Title and Research</li> <li>Donald Roseman, Partner, Administration</li> <li>Mark Common, Chief Financial Officer</li> <li>Marisa Cortez, Edinburg Office Manager, Client Services</li> <li>Rachel Salinas, Suit Prep Supervisor</li> <li>Veronica Mendoza, Call Center Supervisor</li> <li>Mitch Shadix, Director of Computer and Information Services</li> <li>Amanda Ritchey, Director of Communications, Tax Sale Web Content</li> </ul>
<b>5. Contracts with Taxing Jurisdictions in Texas</b>	Indicated that they represent over 1,772 delinquent tax clients, including 451 school districts in Texas.	Indicated that they represent over 1,606 delinquent tax clients, including 346 school districts in Texas.

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<b>VENDOR</b>	Linebarger Goggan Blair & Sampson, LLP.	Perdue Brandon Fielder Collins & Mott, LLP.
<b>6. Tax Collection Efforts</b>	Listed the delinquent taxes rate collected after adjustments (Base, P & I) and litigation rate collected on a the last 3-year average for the following clients: Del Mar College: 50.8% and 21.4% El Paso Community College: 27.6% and 194.5% Pharr-San Juan-Alamo ISD- Hidalgo County: 45.2% and 0.4%	Listed the delinquent taxes rate collected after adjustments (Base, P & I) and litigation rate collected on a the last 3-year average for the following clients: Alvin ISD: 73.8% and 68.1% Ford Bend ISD: 61.0% and 33.4% Garland ISD: 49.4% and 28.1%
<b>7. Reports</b>	Indicated they can provide the following reports: -Annual performance report -Annual report summarizing and documenting the July turnover and mailing -Periodic report detailing tax sale collection activities and results -Bankruptcy activity reports -Special reports upon request -Quarterly and yearly reports -Work with STC to design any other reports deemed necessary (Title Repot and Legislative Report)	Indicated they can provide the following reports: -Litigation Reports -Bankruptcy Reports/Pending Bankruptcy Report -Collection Report (Monthly/Annual) -Client Analysis/Inventory Report -Property Analysis Report -Top Account Reports -Bad Address Report -Installment Agreement Report (Default) -Descending and Alpha Order Tax Rolls -Progress Reports -Customizable Client Reports
<b>8. References</b>	El Paso Community College Dr. William Serrata President Contract Period: 1986 - Present	La Joya ISD Dr. Gisela Saenz Superintendent of Schools Contract Period: 2017 - Present
	Del Mar College Kevin Kieschnick Nueces County Tax Assessor-Collector Contract Period: 1985 - Present	Weslaco ISD Dr. Priscilla Canales Superintendent of Schools Contract Period: 2015 - Present
	Mission ISD Ms. Rumalda Ruiz Asst Superintendent for Finance (956) 323-5515 Contract Started: 2009 - Present	City of Weslaco David Suarez Mayor Contract Period: 2015 - Present
<b>9. Bilingual Collection Services</b>	Provide bilingual collection notices and have bilingual customer services personnel. Edinburg office has 50 staff who can assist Spanish-speaking citizens. Toll free number is (800) 414-3961	Employs a diverse group of collection professionals, including qualified multilingual staff members. Many of our staff speak Spanish and are available to assist taxpayers. Also utilize a language line that provided translation services in virtually any language.  Toll free number is (877) 631-4026
<b>10. Fees</b>	15% of the total tax, penalty, and interest collected by firm. The fee includes all mailings, title and address research, publication costs associated with our collection program and comprehensive delinquent tax litigation.  It also includes unlimited legal advice in response to telephone or letter inquiries, attendance at official meetings, and appearances at other, non-litigation functions where our presence is requested or required.  Provide comprehensive delinquent tax bankruptcy litigation services are included.	Proposed fee for delinquent tax attorney services is 13.5%.  Page 29 - These mailings are at no cost to STC Page 61 and 70 - Provides representation in all tax collection lawsuits at no additional cost to STC. Rather, we only are paid if we collect our fee through the bankruptcy court. Page 32 - When suit is filed, all title research charges are collected from the delinquent taxpayer as authorized by law.
<b>11. Tax Suit Procedures</b>	Provided detailed tax suit procedures described in writing and summarized in a flowchart.	Provided detailed tax suit procedures described in writing and summarized in a flowchart.

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<b>VENDOR</b>	Linebarger Goggan Blair & Sampson, LLP.	Perdue Brandon Fielder Collins & Mott, LLP.
<b>12. Tax Collection Procedures</b>	<p>Provided detailed tax collection procedures, which include the following:</p> <ul style="list-style-type: none"> <li>- Send a tax collection letter to every eligible account.</li> <li>- Follow with second letter 60 days later if no payment is made.</li> <li>- Real property lawsuits are often filed simultaneously with the second mailing to ensure that the collection process maintains credibility.</li> <li>- Meet with taxpayers - All Edinburg office personnel are available to meet with taxpayers in person and to respond to all phone inquiries and letters from taxpayers.</li> <li>- Use of several national electronic database programs to increase the likelihood of finding delinquent taxpayers that move frequently.</li> </ul>	<p>Provided detailed tax collection procedures, which included the following:</p> <ul style="list-style-type: none"> <li>- Send a professional, polite letter reminding the property owner of the delinquency and giving the owner the opportunity to contact us.</li> <li>-Meet with taxpayers - attorneys and assigned staff can schedule meetings to meet with taxpayers. Employ a diverse group of collection professionals, including qualified multilingual staff members to provide taxpayers with information needed to determine course of action based on their individual situation.</li> <li>-Use of several national electronic database programs to find the current address of the owners and after correcting the their records, they forward changes and resource information to the tax office and to the appraisal district.</li> </ul>
<b>TOTAL EVALUATION POINTS</b>	91.32	93.82
<b>RANKING</b>	2	1

**SOUTH TEXAS COLLEGE  
DELINQUENT TAX COLLECTION SERVICES  
PROJECT NO. 19-20-1043  
EVALUATION SUMMARY**

<b>VENDOR</b>		Linebarger Goggan Blair & Sampson, LLP.		Perdue Brandon Fielder Collins & Mott, LLP.	
<b>STREET</b>		1512 S Lone Star Way		2805 Fountain Plaza Blvd Ste B	
<b>CITY/STATE/ZIP</b>		Edinburg, TX 78539		Edinburg, TX 78539	
<b>PHONE</b>		956-383-4500		956-631-4026	
<b>FAX</b>		956-383-7820		956-289-1023	
<b>CONTACT</b>		Lucy G. Canales		Hiram Gutierrez	
1	The purchase price. (up to 35 points)	31.5	31.5	35	35
		31.5		35	
		31.5		35	
2	The reputation of the vendor and the vendor's goods and/or services. (up to 18 points)	17	17.33	16	16.66
		17		17	
		18		17	
3	The quality of the vendor's goods and/or services. (up to 18 points)	14	15.66	18	17
		17		16	
		16		17	
4	The extent to which the goods and/or services meet the District's needs. (up to 15 points)	13.5	13.83	12.5	13.16
		14		14	
		14		13	
5	The vendor's past relationship with the College. (up to 3 points)	3	3	2	2
		3		2	
		3		2	
6	The impact on the ability of the College to comply with laws and rules relating to Historically Underutilized Businesses. (up to 1 point)	0	0	0	0
		0		0	
		0		0	
7	The total long-term cost to the College to acquire the vendor's goods or services. (up to 5 points)	5	5	5	5
		5		5	
		5		5	
8	The experience of the firm in the area of tax collection. (up to 5 points)	5	5	5	5
		5		5	
		5		5	
<b>TOTAL EVALUATION POINTS</b>		91.32		93.82	
<b>RANKING</b>		2		1	

\*See Proposal Criteria for further explanation of each criteria.

**SOUTH TEXAS COLLEGE  
PROPOSAL CRITERIA - SERVICE ONLY**

		Service Only		
		Points	Score Key	
<b>1</b>	<b>Criterion 1: The purchase price</b> a. The low bidder gets the maximum points b. Divide the lowest proposal by each of the other proposal(s)	35		
<b>2</b>	<b>Criterion 2: The reputation of the vendor and of the vendor's goods or services</b> a. Number of Years in Business b. References (similar projects) c. Services/Installation d. Professional Licenses/Certifications	18	15-18 10-14 5-9 0-4	Excellent Acceptable Marginal Poor/No Response
<b>3</b>	<b>Criterion 3: The quality of the vendor's goods or service</b> a. Warranty b. Service Support/Response Time c. Goods/Product (manufacturer life) d. Product Performance	18	15-18 10-14 5-9 0-4	Excellent Acceptable Marginal Poor/No Response
<b>4</b>	<b>Criterion 4: The extent to which the goods or services meet the district's needs</b> a. Time Frame to complete the project b. Delivery Time Frame of product(s) c. Number of staff d. Meet or exceed the specifications	15	12-15 7-11 3-6 0-2	Excellent Acceptable Marginal Poor/No Response
<b>5</b>	<b>Criterion 5: The vendor's past relationship with the district</b> a. Quality of Past Performances with STC  ****New Vendors will receive two points	3	3 2 1 0	Excellent Acceptable/New Vendor Marginal Poor/No Response
<b>6</b>	<b>Criterion 6: The impact on the ability of the district to comply with laws and rules relating to Historically Underutilized Businesses</b> a. Provided the Certification	1	1 0	Yes No
<b>7</b>	<b>Criterion 7: The total long-term cost to the district to acquire the vendor's goods or services; and</b> a. Annual Escalation Increase	5	5 3-4 1-2 0	Excellent Acceptable Marginal Poor/No Response
<b>8</b>	<b>Criterion 8: Any other relevant factor specifically listed in the request for bids or proposals, e.g.:</b> a. The experience of the firm in the area of property tax collection.	5	5 3-4 1-2 0	Excellent Acceptable Marginal Poor/No Response
<b>Total Points</b>		<b>100</b>		

**Definitions of evaluation terms:**

- Excellent** - respondent provided information which fully addressed or exceeded the requirements  
**Acceptable** - respondent provided information which addressed most but not all of the requirements  
**Marginal** - respondent provided minimal information on requirements  
**Poor/No response** - respondent provided inadequate responses to requirements or did not respond



**Review and Recommend Action on Firm for Delinquent Tax Collection Services for Hidalgo County and Starr County**

Approval of action as necessary to award a contract for delinquent tax collection services for Hidalgo and Starr Counties for the period of May 1, 2020 through April 30, 2021, with two (2) one-year renewal options, and at a fee based on the amount of delinquent tax, penalty, and interest collected will be requested at the March 31, 2020 Board meeting

Purpose – The delinquent tax collection services contract with Linebarger Goggan Blair & Sampson, LLP expires on April 30, 2020. Approval to contract with a firm for delinquent tax collection services is needed in order to provide collection services for delinquent property taxes that are owed to the College.

Justification - Property Tax Code Section 6.30 (c) states that the governing body of a taxing unit may contract with any competent attorney to represent the unit to enforce the collection of delinquent taxes. The attorney's compensation is set in the contract, but the total amount of compensation provided may not exceed 20 percent of the amount of delinquent tax, penalty, and interest collected. The Board of Trustees previously approved a 15 percent penalty fee.

Background - The contract for delinquent tax collection services was awarded to Linebarger Goggan Blair & Sampson, LLP at the January 31, 2017 Board meeting for the period ending April 30, 2018 with two (2) one-year renewal options. At the January 30, 2018 meeting, the Board approved the first of the two (2) one-year renewal options for the period beginning May 1, 2018 through April 30, 2019. The last of the two (2) one-year renewal options for the period of May 1, 2019 through April 30, 2020 was reviewed and approved by the Board at the January 29, 2019 meeting.

A request for proposals for delinquent tax collection services was advertised February 3, 2020 and February 10, 2020, and two (2) requests for proposals were emailed to delinquent tax collection firms.

On February 21, 2020, the College received responses from Linebarger Goggan Blair & Sampson, LLP and Perdue Brandon Fielder Collins & Mott, LLP.

On March 10, 2020, the Finance, Audit, and Human Resources Committee invited both firms to present to a Finance, Audit, and Human Resources Special Committee meeting on Tuesday, March 31, 2020, and to respond to questions from the trustees.

Legal counsel has advised the College must consider the staff evaluation, presentations by the firms, and responses to questions by both firms while selecting a firm for the contract award.

Funding Source – Delinquent tax collection services fee for Hidalgo County is paid to the delinquent tax attorney from the delinquent tax collections, which include the delinquent tax fee collected from the taxpayers, and Starr County deducts the fee from the delinquent total tax collections submitted to the College.

Enclosed Documents – A summary of Public Notice Requirements follows in the packet for the Committee's information and review.

It is requested that the Finance, Audit, and Human Resources Special Committee take action as necessary to recommend Board approval to award a contract for delinquent tax collection services for Hidalgo and Starr Counties as presented.

Date: 3/25/20

Re: STC Delinquent Tax Counsel

From: Chuy Ramirez

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This summary is suggested as supplementary to any notice (including posted bulletin notice and internet-notice) which the College has previously issued in order to comply with the public notice requirements of HB 2826 and Section 2254.101, Government Code, as amended (the “Act”). Previously posted bulletin notice and written materials providing some Notice required under HB 2826 and Section 2254.101 have been attached to agendas of College meetings. Thus, the following material, satisfies the remainder of the public notice requirement. This public notice may be placed directly under the College trustee’s meeting Agenda Item: “Engagement of Bond Counsel” and/or may be attached to the agenda and/or the District’s notice in its webpage, prior to the next board meeting. Such procedures will satisfy the requirement that “Public Notice” be issued under the Act.

**The Public Notice Requirements Under HB 2826 are the following:**

This public notice is issued as required by Government Code Section 2254.10, et. Seq., as amended by provisions of HB 2826 (the “Act”). Such notice is required on or before the time of giving written notice of the meeting at which a contingency fee contract for legal services is to be approved.

The College seeks to engage the services of delinquent tax counsel, which may be a contingency fee agreement, with fees determined as provided under the Act. In that regard, the College needs to engage the services of delinquent tax counsel who has demonstrated competence, qualifications and experience in the requested services. The College has included in its Request for Proposals for Delinquent Tax Counsel which have been fully disclosed to the public prior to the trustee’s meeting (and thus satisfied) the matters required to be disclosed under sections (A) through (C) below. Further notice is provided in sections (D) through (F) below:

- (A) the services sought by the College;
- (B) the competence, qualifications and experience demonstrated by the law firm which would be selected as counsel;
- (C) the terms of the engagement agreement, which included counsel's obligations, fees and the right of the College to terminate or continue the agreement beyond the initial term and the relationship between the parties;

The following notices are provided:

- (D) the legal services sought by the College cannot be adequately performed by the College's general counsel, other counsel regularly engaged by the College and the supporting personnel of the College. The tax collection services require competences, experience and legal knowledge which are not normally had by general counsel and the College's supporting personnel. Specifically, the College's Request for Qualifications sets out these competences, experience and legal knowledge essential to the delinquent tax collection services which the College seeks. Further, the specialized legal services required by the fee agreement require a high cost of implementing the appropriate infrastructure and technology and employing sufficient in-house attorneys and staff with the level of experience and competence necessary to perform the myriad of services.
- (E) for the same reasons described in (D) above, a contingent fee contract for legal services is in the best interest of the residents of the College. In HB 2826, the Texas Legislature expressly recognizes that delinquent tax collection services are unique and particularly limited given the financial stability and technological resources and competences, experience and legal knowledge that are required to be had in order for legal counsel to perform its services in an efficient manner. The areas of legal practice which delinquent counsel typically is required to engage in in order to perform its services include: Texas constitutional, statutory and common law as it relates to legal titles, probate, encumbrances mortgages, foreclosures; collection procedures; interest and usury; federal tax law and bankruptcy law;

(F) the engagement of delinquent tax collection counsel on a contingency fee basis is in the best interest of the College and of its residents on the basis of the following: (1) the College has the benefit of receiving and relying on the legal advice of a qualified and experienced legal counsel; (2) the College avoids having to pay significant amounts of money as fees for a multiplicity of legal services and reimburseable costs and expenses; (3) a contingency fee allows the College to pay for legal fees as they are earned by legal counsel rather than to rely on its Maintenance and Operations Fund. Further, Texas Tax Code Sections 6.30, 33.07, 33.08, 33.11, and 33.48 specifically provide for an additional penalty imposed on delinquent taxes to compensate collection attorneys