



# NUECES COUNTY HOSPITAL DISTRICT

## Administrative Offices

555 N. Carancahua Street, Suite 950  
Corpus Christi, Texas 78401-0835

Phone: (361) 808-3300  
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### **BOARD OF MANAGERS ORDER**

**DECEMBER 17, 2019**

#### **AUTHORIZING LITIGATION AND SPECIAL COUNSEL AGREEMENT WITH PHIPPS DEACON PURNELL PLLC. (COUNSEL FOR NUECES COUNTY HOSPITAL DISTRICT PROPERTY TAX LITIGATION)**

**WHEREAS**, the Nueces County Hospital District ("Hospital District" or "District") is a body politic and corporate and a political subdivision of the State of Texas, established and created pursuant to the Texas Constitution, Article IX, Section 4 and the Texas Health and Safety Code (the "Health Code"), Chapter 281, and operated in accordance with the Health Code and other applicable laws of the State of Texas, including the Texas Local Government Code (the "Local Government Code"), Chapter 116;

**WHEREAS**, the Hospital District's Board of Managers ("Board") have been duly appointed pursuant to Health Code, § 281.021(a); and pursuant to the collective authorities of Health Code, § 281.047 and § 281.048, the Board is the District's governing body and the Board has, and at the time of adoption of this Order had, full power and authority to manage, control, administer, and to adopt rules governing operation of the District;

**WHEREAS**, there is a substantial need for the legal services;

**WHEREAS**, the legal services cannot be adequately performed by the attorneys and supporting personnel of Nueces County Hospital District or by the attorneys and supporting personnel of another public agency; and

**WHEREAS**, the legal services cannot reasonably be obtained by attorneys in private practice under a contract providing only for the payment of hourly fees, without regard to the outcome of the matter, because of the nature of the matter for which the services will be obtained and because Nueces County Hospital District does not have appropriated funds available to pay the estimated amounts required under a contract providing only for the payment of hourly fees.

**NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF MANAGERS:**

1. An exemption from competitive bidding and proposal procedures in accordance with Texas Local Government Code Section 272.024(a)(4).
2. The selection of Special Counsel and the terms and conditions of the employment of such counsel.
3. Authorizing the County Attorney and Special Counsel to file such claims and litigation as the County Attorney deems necessary against Valero for pending and subsequent property tax litigation related to tax years 2018, 2019, and 2020.
4. The Hospital District's Administrator designee is authorized to execute on behalf of Nueces County Hospital District an agreement with Special Counsel containing terms and provisions substantially similar to those contained in the attached agreement.
5. All fees to be paid to Special Counsel are contingent upon the recovery of attorney's fees and damages as provided for in the Agreement and no money shall be due or paid from the General Fund or any special fund under this Agreement.
6. All Nueces County Hospital District officials and employees are authorized to do any and all things necessary or convenient to accomplish the purposes of this order.

# # #

DULY ADOPTED BY VOTE OF THE BOARD OF MANAGERS OF NUECES COUNTY HOSPITAL DISTRICT ON THE 17<sup>th</sup> DAY OF DECEMBER, 2019.

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John B. Martinez  
Chairman

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Sylvia Tryon Oliver  
Vice Chairman

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Belinda Flores  
Member

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Vishnu V. Reddy, M.D.  
Member

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Pamela L. Brower  
Member

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Daniel W. Dain  
Member

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John E. Valls  
Member

THE STATE OF TEXAS                                 §  
COUNTY OF NUECES                                 §  
NUECES COUNTY HOSPITAL DISTRICT             §

1. The members of the Board of Managers (the "Board") of the Nueces County Hospital District (the "Hospital District") have been duly appointed pursuant to Texas Health and Safety Code (the "Health Code"), §281.021.

3. On the **17<sup>th</sup> day of December, 2019** the Board convened in a regular meeting at the Hospital District's regular meeting place (the "Meeting"), the duly constituted members and officers of the Board being as follows:

and all of said persons were present, except the following absentees:

4. Among other business considered at the Meeting, the attached order entitled:

is a true copy of an order introduced and submitted to the Board for consideration toward passage and adoption (the "Order"). After presentation and discussion, it was then duly moved and seconded that the Order be passed and adopted. The motion to pass and adopt the Order prevailed and carried by the following viva voce vote:

all as shown in the official Minutes of the Board for the Meeting.

5. The attached Order is a true and correct copy of the original on file in the official records of the Hospital District; the duly qualified and acting members of the Board on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Order would be considered; and the Meeting and deliberation of the aforesaid public business, was open to the public and written notice of said meeting, including the subject of the Order, was posted and given in advance thereof in compliance with the provisions of Chapter 551, Texas Government Code, as amended.

6. I am the Secretary of the Board having been duly appointed pursuant to Health Code, §281.023(b).

7. The foregoing Order is in full force and effect; that the same has not been rescinded, nor has it been amended or modified in any way.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of the Hospital District on this the **17<sup>th</sup> day of December, 2019.**

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Jonny F. Hipp  
Secretary, Board of Managers  
Nueces County Hospital District

{HOSPITAL DISTRICT SEAL}



# PHIPPS DEACON PURNELL PLLC

October 17, 2019

Ronnie Canales  
Chief Appraiser  
Nueces County Appraisal District  
201 North Chaparral Street  
Corpus Christi, Texas 78401

Dear Ronnie:

We are looking forward to working with you and your team to ensure fairness in the property valuation system in Nueces County. We are breaking new ground, and excited to get to work.

Please find enclosed a signed legal services agreement. It will require approval by the Nueces Appraisal District Board of Directors, Nueces County Commissioners Court, Corpus Christi City Council, Del Mar College Board of Regents, and Corpus Christi Independent School District Board of Trustees, and the Texas Attorney General. This is the beginning of a long journey against formidable opposition. It is not a challenge we take lightly.

Our firm motto is that "artists lead and hacks ask for a show of hands." We have represented thousands of clients in 36 states and two foreign countries in complex economic damages cases. But every case comes down to three values: character, integrity, and honesty. Together we will do the right thing for Nueces County property taxpayers.

Sincerely,

Martin J. Phipps  
Managing Partner

CC: Tom C. Wheat, General Counsel

**PROFESSIONAL SERVICES AGREEMENT**  
**(Contingent Fee Counsel for Nueces County Property Tax Litigation)**

The Parties to this Agreement ("Agreement") are Nueces County Appraisal District, Corpus Christi ISD, City of Corpus Christi, County of Nueces, Del Mar College, and Nueces County Hospital District ("CLIENTS") and PHIPPS DEACON PURNELL PLLC ("COUNSEL").

In consideration of the following mutual promises, the Parties agree as follows:

**A. Purpose of Representation**

1.01 CLIENTS, individually and collectively, have found a substantial need to employ COUNSEL to assist CLIENTS in the prosecution of property tax litigation against Valero Refining – Texas, L.P. and any and all other similar situated commercial property located within the County, including all their corporate affiliates, parents, and subsidiaries (referred to as "Valero") related to tax years 2018, 2019, and 2020 (referred as "Representation"). This Agreement expressly encompasses the prosecution of all pending and subsequent property tax litigation between CLIENTS and Valero related to tax years 2018, 2019, and 2020 including, without limitation, all claims of CLIENTS related to the value or appraised value of Valero property in Nueces County, all claims of CLIENTS related to the property tax liability of Valero in regards to Valero property situated in Nueces County, and all other property tax claims of CLIENTS against Valero.

1.02 CLIENTS retain and employ COUNSEL. CLIENTS, individually and collectively, find that there is a substantial need for the legal services which are the subject of this Agreement, that the legal services cannot be adequately performed by the attorneys and supporting personnel of CLIENTS, and that the legal services cannot reasonably be obtained from attorneys in private practice under a contract providing only for payment of hourly fees, without regard to the outcome of the matter, because of the nature of the matter for which the services will be obtained or because CLIENTS, individually and collectively, do not have funds to pay the estimated amounts required under a contract providing only for the payment of hourly fees. The estimated amount at issue in the litigation exceeds \$100,000.00.

1.03 CLIENTS hereby authorize and direct COUNSEL, to handle the Representation and to take all actions necessary to prosecute and assist in the prosecution of the ongoing case or any new or additional case(s) on behalf of CLIENTS against Valero. In the Representation, COUNSEL may seek necessary and appropriate injunctive relief, damages, civil penalties, costs and attorney's fees, and such other pecuniary recovery as may be provided for by the laws of the State of Texas and/or any relevant local, state and/or federal statutory and/or common law. COUNSEL shall furnish the services for the Representation. COUNSEL agrees to perform necessary legal work with reference to the Representation.

1.04 Each CLIENT named in this Agreement represents that it is authorized to enter into this Agreement in accordance with applicable law, including that it has satisfied all requirements of Tex. Govt. Code §§ 2254.1032 and 2254.1036 prior to executing this Agreement.



1.05 CLIENTS, individually and collectively, have determined that this Agreement is for *professional services*, requiring work that is predominantly mental or intellectual, rather than physical or manual, requiring special knowledge or attainment and a high order of learning, skill, and academic intelligence and the services of COUNSEL are being retained pursuant to all applicable law.

1.06 COUNSEL represents CLIENTS and COUNSEL's attorney-client relationship does not include any other persons or entities. If any potential conflict arises with respect to the Representation, COUNSEL will make full disclosure of the possible effects of such Representation on the professional judgment of each individual associated with COUNSEL working on the Representation. Such disclosure shall be made to each CLIENT by giving written notice sent in accordance with Section 5.05 of this Agreement.

1.07 It is understood and agreed that COUNSEL's engagement is limited to the Representation. COUNSEL's acceptance of this Agreement does not imply any undertaking to provide legal services other than those set forth in this Agreement.

1.08 It is expressly understood that COUNSEL has no authority to settle or otherwise compromise the position of CLIENTS or any of CLIENTS' officers. CLIENTS retain all authority to settle any case or cases which are the subject of the Representation.

1.09 Any expressions on COUNSEL's part concerning the outcome of the Representation, or any other legal matters, are based on COUNSEL's professional judgment and are not guarantees. Such expressions, even when described as opinions, are necessarily limited by COUNSEL's knowledge of the facts and are based on COUNSEL's views of the state of the law at the time they are expressed. COUNSEL has made no promises or guarantees to CLIENTS about the outcome of the Representation, and nothing in these terms of engagement shall be construed as such a promise or guarantee.

#### **B. Compensation and Other Matters**

2.01 For and in consideration of the services performed under this Agreement, CLIENTS agree to pay COUNSEL a contingent fee in the amount set forth herein.

2.02 The amount of the contingent fee will not exceed the lesser of the stated percentage of the amount recovered (as set forth in Section 2.03) or the amount computed under Tex. Govt. Code. 2254.106(a), (b), and (c) (as set forth in Section 2.04). The contingent fee shall be computed in accordance with Tex. Govt. Code 2254.106(g) for each individual recovery that exceeds \$100,000.

2.03 **The Method by Which the Contingent Fee is Computed as a Percentage of the Amount Recovered.** The amount of the contingent fee shall be an amount equal to thirty-five percent (35%) of the gross amount recovered above the 2017 values for the properties in question, whether by judgment, settlement, or otherwise. Any contingency fee due hereunder is to be computed by multiplying CLIENTS' gross recovery by thirty-five (35%). This is the method by which the contingent fee is computed as a percentage of the amount recovered.



**2.04 The Method by Which the Contingent Fee is Computed Under Tex. Govt. Code 2254.106 (a), (b) and (c).** A "Base Fee" shall be calculated as follows: For each attorney, law clerk, or paralegal who is a contracting attorney or a partner, shareholder, or employee of a contracting attorney or law firm, multiply the number of hours the attorney, law clerk, or paralegal works in providing legal or support services under the contract times the reasonable hourly rate for the work performed by that attorney, law clerk, or paralegal. Add the resulting amounts to obtain the Base Fee. The computation of the Base Fee may not include hours or costs attributable to work performed by a person who is not a contracting attorney or a partner, shareholder, or employee of a contracting attorney or law firm.

The reasonable hourly rate for work performed by an attorney, law clerk, or paralegal who will perform legal or support services under this Agreement based on the reasonable and customary rate in the relevant locality for the type of work performed and on the relevant experience, demonstrated ability, and standard hourly billing rate, if any, of the person performing the work shall be:

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|--|---------|
| a. MARTIN J. PHIPPS, BARRY DEAN, SIMON PURNELL,<br>T.J. MAYES, JASON MILNE | \$1,000 |
| b. MEAGAN TALAFUSE, VANESSA CANTU,<br>GABE ORTIZ, CHASE HARDY              | \$750   |
| c. Other attorneys employed by COUNSEL:                                    |         |
| (1) Attorneys with 15+ years of litigation experience                      | \$900   |
| (2) Attorneys with 10 to 15 years of litigation experience                 | \$600   |
| (3) Attorneys with 5 to 10 years of litigation experience                  | \$450   |
| (4) Attorneys with 1 to 5 years of litigation experience                   | \$350   |
| d. Law clerks employed by COUNSEL  | \$150   |
| e. Paralegals employed by COUNSEL  | \$200   |

The contingent fee is then computed by multiplying the "Base Fee" by a multiplier. Based on the expected difficulties in performing the contract, the amount of expenses expected to be risked by the contractor, the potential risk of no recovery, and any expected long delay in recovery, CLIENTS and Counsel agree that a reasonable multiplier for Representation under this Agreement is four.

This is the method by which the contingent fee is computed under Tex. Govt. Code 2254.106 (a), (b), and (c).

2.05 There shall be no difference in the method by which the contingent fee is computed if the matter is settled, tried, or tried and appealed.

2.06 Litigation and other expenses including attorney's fees of opposing counsel, if unsuccessful, related to the Representation will be paid solely by COUNSEL as part of the contingent fee and will not be reimbursed by CLIENTS. CLIENTS will not be responsible to COUNSEL for the reimbursement of litigation and other expenses related to the Representation under any circumstances.

2.07 Any subcontracted legal or support services performed by a person who is not a contracting attorney, or a partner, shareholder, or employee of a contracting attorney or law firm is an expense subject to reimbursement only in accordance with Subchapter C, Chapter 2254 of the Texas Government Code. However, as indicated in Section 2.06, CLIENTS are not responsible for the reimbursement of litigation and other expenses under this Agreement.

2.08 The amount of the contingent fee and reimbursement of expenses under this Agreement will be paid and limited in accordance with Subchapter C, Chapter 2254 of the Texas Government Code. As indicated in Section 2.06, litigation and other expenses related to the Representation will be paid solely by COUNSEL and will not be reimbursed by CLIENTS.

2.09 In addition to the above, the payment of fees and expenses, as set forth herein, are subject to limitations established by TEX. GOV'T CODE § 2254.108.

### **C. Time and Expense Records**

3.01 In accordance with Tex. Govt. Code. 2254.104(a), COUNSEL shall keep current and complete written time and expense records that describe in detail the time and money spent each day in performing the contract. In accordance with Tex. Govt. Code. 2254.104(b), COUNSEL shall permit the governing body or governing officer of each CLIENT, the attorney general, and the state auditor or the CLIENT'S auditor, as applicable, each to inspect or obtain copies of the time and expense records at any time on request. In accordance with Tex. Govt. Code 2254.104(c), on conclusion of the matter for which legal services were obtained, COUNSEL shall provide each CLIENT with a complete written statement that describes the outcome of the matter, states the amount of any recovery, shows COUNSEL's computation of the amount of the contingent fee and contains the final complete time and expense records by Tex. Govt. Code. 2254.104(a).

### **D. Joint Representation**

4.01 COUNSEL has advised CLIENTS that COUNSEL may represent other clients ("Other Clients") with claims similar to those of CLIENTS. Further, COUNSEL has advised CLIENTS that there are important potential advantages and disadvantages to participating in joint representation in which COUNSEL represent multiple clients pursuing similar claims. CLIENTS consent to COUNSEL's joint representation of CLIENTS and such Other Clients.



### **E. Other Provisions**

5.01 The term of this Agreement begins on the upon the date it is executed by the parties and continues until the Representation is concluded.

5.02 In accordance with Tex. Govt. Code. 2254.1038, this Agreement shall be of no force and effect until reviewed and approved by the Attorney General of the State of Texas.

5.03 To enable COUNSEL to provide effective representation, CLIENTS agree to do the following: (1) disclose to COUNSEL, fully and accurately and on a timely basis, all facts and documents within each CLIENT's knowledge that are or might be material or that COUNSEL may request, (2) keep COUNSEL apprised on a timely basis of all developments relating to the Representation that are or might be material, (3) attend meetings, conferences, and other proceedings when it is reasonable to do so, and (4) otherwise cooperate fully with COUNSEL. Finally, if CLIENTS have any concern or problem with COUNSEL, their attorneys or employees at any time, CLIENTS agree to immediately notify COUNSEL's lead attorney, Martin J. Phipps, about any concerns or problems and not wait until a later time.

5.04 None of the Parties shall assign, in whole or in part, any duty or obligation of performance under this Agreement without the express written permission of the other party, unless otherwise authorized in this Agreement.

5.05 Any notice required or permitted to be given to COUNSEL hereunder may be given by hand delivery, facsimile, email, or certified United States Mail, postage prepaid, return receipt requested, addressed to:

Martin J. Phipps  
PHIPPS DEACON PURNELL pllc  
the PHIPPS  
102 9th Street  
San Antonio, Texas 78215  
Fax: (210) 340-9799  
Email: [mhipps@phippsdeaconpurnell.com](mailto:mhipps@phippsdeaconpurnell.com)

Any notice required or permitted to be given to Nueces County Appraisal District hereunder may be given by hand delivery, facsimile, email, or certified United States Mail, postage prepaid, return receipt requested, addressed to:

Ramiro "Ronnie" Canales  
Chief Appraiser  
Nueces County Appraisal District  
201 N. Chaparral, Ste. 206  
Corpus Christi, Texas 78401  
Ph: (361)881-9978  
Email: [rcanales@nuecescad.net](mailto:rcanales@nuecescad.net)

Tom C. Wheat  
General Counsel  
Nueces County Appraisal District  
101 N. Shoreline Blvd, Suite 201  
Corpus Christi, Texas 78401  
Ph: (361) 861-1103  
Email: [twheat@wheatlaw.com](mailto:twheat@wheatlaw.com)

Any notice required or permitted to be given to **Corpus Christi ISD** hereunder may be given by hand delivery, facsimile, email, or certified United States Mail, postage prepaid, return receipt requested, addressed to:

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Any notice required or permitted to be given to **City of Corpus Christi** hereunder may be given by hand delivery, facsimile, email, or certified United States Mail, postage prepaid, return receipt requested, addressed to:

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Any notice required or permitted to be given to **County of Nueces** hereunder may be given by hand delivery, facsimile, email, or certified United States Mail, postage prepaid, return receipt requested, addressed to:

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Any notice required or permitted to be given to **Del Mar College** hereunder may be given by hand delivery, facsimile, email, or certified United States Mail, postage prepaid, return receipt requested, addressed to:

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Any notice required or permitted to be given to **Nueces County Hospital District** hereunder may be given by hand delivery, facsimile, email, or certified United States Mail, postage prepaid, return receipt requested, addressed to:

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Such notices shall be considered given and complete upon successful transmission or upon deposit in the United States Mail.

5.06 COUNSEL affirmatively consents to the disclosure of its email addresses that are provided to CLIENTS. This consent is intended to comply with the requirements of the Texas Public Information Act. TEX GOV'T CODE ANN. §552.137, *et seq.*, as amended, and shall survive termination of this Agreement. This consent shall apply to email addresses provided by COUNSEL and agents acting on COUNSEL's behalf and shall apply to any email address provided in any form for any reason whether related to this Agreement or otherwise.

5.07 This Agreement is public information under Chapter 552 of the Texas Govt. Code and may not be withheld from a requestor under Section 552.103 or any other exception from required disclosure.

5.07 At the conclusion of the Representation, COUNSEL will return to CLIENTS any documents that COUNSEL is specifically requested to return. As to any documents so returned, COUNSEL may elect to keep a copy of the documents in COUNSEL's stored files. CLIENTS own all final work product generated from the Representation.

5.08 This Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting same.

5.09 This Agreement shall be governed and interpreted under Texas substantive law and exclusive venue and jurisdiction of any lawsuit or claim arising out of or relating to this Agreement shall lie only in Nueces, Texas.

5.10 COUNSEL hereby verifies that it does not boycott Israel and will not boycott Israel during the term of this Agreement.

5.11 Each waiver in this Agreement is subject to the overriding and governing rule that it will be effective only if and to the extent that (1) it is not prohibited by applicable law and (2) applicable law neither provides for having bargained for and obtained it.

5.12 The parties may by mutual agreement amend or supplement this Agreement at any time and from time to time; provided that they must do so in writing, and such writing must be signed by CLIENTS and COUNSEL.

5.13 If any provision of this Agreement is held in whole or in part to be unenforceable, void, or voidable for any reason, then such provision will be modified to reflect the parties' intention and to make the provision enforceable. In the event that one or more provisions of this Agreement is held unenforceable, all remaining provisions of this Agreement that have not been determined by a court as being unenforceable, void, or voidable, shall remain in full force and effect.



Effective October \_\_\_\_\_, 2019.

**Nueces County Appraisal District**

By: \_\_\_\_\_ Date \_\_\_\_\_  
Ramiro "Ronnie" Canales  
Nueces County Chief Appraiser  
201 N. Chaparral Street, Suite 206  
Corpus Christi, Texas 78401  
(361) 881-9978  
Email: rcanales@nuecescad.net

By: \_\_\_\_\_ Date \_\_\_\_\_  
Tom C. Wheat  
General Counsel  
101 N. Shoreline Blvd, Suite 201  
Corpus Christi, Texas 78401  
(361) 861-1103  
Email: twheat@wheatlaw.com

**Corpus Christi ISD**

By: \_\_\_\_\_ Date \_\_\_\_\_

**County of Nueces**

By: \_\_\_\_\_ Date \_\_\_\_\_  
Barbara Canales  
Nueces County Judge

By: \_\_\_\_\_ Date \_\_\_\_\_  
Laura Garza Jimenez  
Nueces County Attorney

By: \_\_\_\_\_ Date \_\_\_\_\_  
Kevin Kieschnick  
Nueces County Assessor/Tax Collector


**Del Mar College**

By: \_\_\_\_\_ Date \_\_\_\_\_

**Nueces County Hospital District**

By: \_\_\_\_\_ Date \_\_\_\_\_

**PHIPPS DEACON PURNELL pllc**

By:  \_\_\_\_\_

Martin J. Phipps, Managing Member/Owner

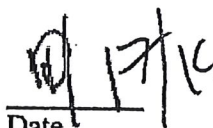
PHIPPS DEACON PURNELL pllc

102 9<sup>th</sup> Street

San Antonio, Texas 78215

(210) 340-9877

mhipps@phippsdeaconpurnell.com

  
Date \_\_\_\_\_

**APPROVED BY THE ATTORNEY GENERAL OF THE STATE OF TEXAS:**

\_\_\_\_\_  
Attorney General or His Designee Date \_\_\_\_\_