DELINQUENT AD VALOREM TAX & COURT FINES & FEES PERFORMANCE REPORT

Prepared for:
CITY OF DALLAS

Linebarger Goggan Blair & Sampson, LLP
ATTORNEYS AT LAW

www.publicans.com

2323 Bryan Street, Suite 1600
Dallas, Texas 75201
(214) 880-0089
(800) 441-0960

NOVEMBER 2008
November 20, 2008

Honorable Mayor Tom Leppert and Members of the City Council
Mary K. Suhm, City Manager
City of Dallas, City Hall
1500 Marilla Street
Dallas, Texas 75201

Re: Performance Report: Delinquent Ad Valorem Tax (including Land Bank Program) and Court Fines & Fees Collection Programs

Dear Mayor Leppert, Members of the City Council, and Ms. Suhm:

On behalf of Linebarger Goggan Blair & Sampson, LLP (LGB&S) it is our pleasure to present this performance report regarding the following areas in which we represent the City of Dallas (City) and collect your delinquent receivables:

- Delinquent ad valorem taxes, and
- Court & Detention Services fines & fees.

LGB&S has a 32-year track record of providing superior collection representation for its clients, and is now the largest law firm in the country providing such representation. LGB&S has combined the disciplines of law, accounting, and technology to form a collection program that has achieved unprecedented results for our governmental clients. LGB&S currently represents more than 1,900 local, state, and federal governmental entities in the collection of delinquent receivables.

It has been our privilege to represent the City of Dallas in the collection of its delinquent ad valorem property taxes since 1983 and Dallas County since 1984. We have successfully collected over $321 million in delinquent taxes for the City. Together, we have reached many milestones. Between 1991-2001, the City of Dallas utilized proprietary billing and accounting software developed by LGB&S for the City’s current tax collection operation. LGB&S and the City of Dallas received the U.S. Conference of Mayors’ Award for Excellence in 2001 for our delinquent tax collection program. Also, in 2001, the City of Dallas transferred its tax collection operations to Dallas County. Dallas County’s contract for delinquent collections with LGB&S includes representation of the City and Dallas Independent School District. Dallas County also uses the LGB&S billing software in order to collect taxes on behalf of over 60 taxing entities within the County.
In 2004, the City of Dallas entered into an Interlocal Agreement with Dallas County to acquire Land Bank properties through tax foreclosure for affordable housing. LGB&S was instrumental in developing this agreement. The agreement has been extended several times and is effective through September 30, 2009. Our litigation program is essentially a pro bono effort, since all properties are expected to be struck off to the City’s Land Bank, and the recovery of attorney fees is not anticipated.

We also have represented the City of Dallas Court and Detention Services since April 2002 and have collected over $47 million in court fines and fees since that time. This summer we successfully completed the first year of our second 5-year contract with the City, exceeding the Minimum Annual Guarantee (MAG) that we offered the City by over $500,000.

LGB&S has been a part of the Dallas community for the past 25 years. We maintain an office in downtown Dallas and employ 113 professional staff, including 13 attorneys. The twenty-five year partnership that has developed between the City and our law firm has resulted in truly exceptional collection programs. We look forward to continuing to serve you, and to assisting the City in providing the highest possible level of service to our Dallas citizens.

We look forward to discussing this report with you and to answering any questions you may have concerning our collection efforts.

Sincerely,

DeMetris A. Sampson  
Managing Partner

Nancy R. Primeaux  
Regional Manager

cc: Dave Cook, Chief Financial Officer, City of Dallas  
    Tom Perkins, City Attorney, City of Dallas  
    Gloria López Carter, Director, Court & Detention Services
# TABLE OF CONTENTS

FIRM BACKGROUND ................................................................. 1

LGB&S MILESTONES & PARTNERSHIP WITH THE CITY OF DALLAS .......... 2

DELINQUENT AD VALOREM TAX COLLECTION CONTRACT ................. 3
Proven Performance and Collection Experience ................................ 3
Delinquent Tax Collection Program Highlights ................................. 3
New Early Personal Property Collection Program & Results .................. 5
Tax Roll Analysis........................................................................... 6
Delinquent Tax Turnover – As of July 1, 2008 ................................ 6
Analysis of Tax Roll – As of November 2008 .................................... 6
Breakdown of Delinquent Tax Roll – As of November 2008 ................. 7
Real Estate Only Analysis – As of November 2008 ............................. 7
City of Dallas Land Bank Demonstration & Affordable Housing Initiative 8
Land Bank Demonstration Program Highlights .................................. 9
Top 100 Targeted Community Prosecutor Properties ........................ 10
Selected Economic Development Success Stories .............................. 11
Benefits of Consolidated Delinquent Tax Collections ......................... 12

COURT & DETENTION SERVICES FINES & FEES COLLECTION CONTRACT 13
Court & Detention Services Fines & Fees Program Highlights ............. 14
Collection Process  ........................................................................ 16
Special Collection Efforts .............................................................. 17
Operation: Pay or Stay .................................................................. 17
Warrant Round-up Program ......................................................... 18
Client Training Seminars .............................................................. 18

COMPENSATION .................................................................... 19
Delinquent Tax Collections ............................................................ 19
Court Fines & Fees Collections ..................................................... 19

LGB&S LOCAL PRESENCE ......................................................... 19
Management Team ....................................................................... 19
Resources Committed to the City of Dallas ...................................... 21
Dallas Tax Team .......................................................................... 21
Fines & Fees Team ....................................................................... 23

INFORMATION TECHNOLOGY AND SUPPORT .......................... 23
Current Tax Collection Software and Support .................................. 23
Delinquent Tax Collection Technology ......................................... 24
Court Fines & Fees Collection Technology .................................... 24
On-Line Access & Reporting ......................................................... 24

COMMITMENT TO EEO & M/WBE PARTICIPATION ....................... 25
Equal Employment Opportunities .................................................. 25
M/WBE Participation .................................................................... 26

LGB&S SERVES OUR COMMUNITY .......................................... 26

RECENT RECOGNITION ................................................................. 27

EXHIBIT I - THE DALLAS MORNING NEWS ARTICLE – “URBAN LAND BANK: PUTTING HUMPTY DUMPTY TOGETHER AGAIN”

EXHIBIT II - KEY ATTORNEY & MANAGEMENT TEAM RESUMES
With more than 1,900 local, state, and federal clients, Linebarger Goggan Blair & Sampson, LLP (LGB&S) is the national leader in collection services for governmental entities. We maintain 31 offices throughout Texas and 16 offices in 14 other states throughout the country.

LGB&S currently employs almost 1,600 employees that include 121 partners and attorneys, our Information Technology Group (over 120 personnel), and our national call centers (over 370 professional collection staff).

Each year LGB&S collects almost $1 billion in delinquent government receivables for its clients. The law firm's highly trained attorneys and professional collectors currently manage more than $10 billion in delinquent federal, state, and local government receivables, collecting in all 50 states and U.S. territories and possessions.

LGB&S collects delinquent property taxes for over 500 cities (including the City of Dallas), 482 school districts (including the Dallas ISD), and 115 counties in Texas (including Dallas, Harris, Bexar, Tarrant, El Paso, Nueces, Ellis, Kaufman and Rockwall counties). We represent governments of all sizes and our performance has resulted in significant increases in collections for our clients who have chosen to privatize collection functions with LGB&S. We represent 9 out of the 10 largest taxing entities in Texas; the sole exception, Travis County, has not privatized their delinquent tax collection program.

Our law firm collects delinquent court fines and fees for 101 Texas clients, representing over 250 Texas courts, and many more nationwide. We currently collect court fees and fines for municipal courts of all sizes (including Dallas, Houston, and numerous suburban cities in North Texas). We also collect court fines and fees for the largest counties in Texas (including Dallas, Harris, Bexar, Tarrant, and Travis counties).

LGB&S has been part of the Dallas community for the past 25 years. Since 1983, LGB&S has maintained an office in downtown Dallas in Unvision Center. Our office employs 113 professional staff, including 13 attorneys. We also maintain an office across the street from the Dallas County Tax Office at 501 Elm where our 15 person ACT team is responsible for the tax accounting and billing software utilized by Dallas County.
In addition to our delinquent property tax and court fines and fees collection activities, LGB&S has performed a variety of key and integral roles with the City of Dallas since we were hired. Over the past 25 years, LGB&S has partnered with the City of Dallas to provide a comprehensive set of services. Some of these milestones include:

- Developing and creating the first consolidated delinquent tax statement in the City’s history (1983);
- Targeting lots requested by local affordable housing groups through the City’s Housing and Tax and Revenue Departments (1991 – 1997);
- Providing LGB&S’ proprietary billing and accounting software for the City’s current tax collections (1991 – 2001);
- Providing legal expertise, formulating and negotiating the Interlocal Agreement between the City of Dallas, Dallas County and Dallas Independent School District allowing the purchase of tax foreclosed properties between entities for public use, avoiding the necessity for eminent domain (1996);
- Providing software for the City’s land-based receivables (1997);
- Creating an internal “Unit” to support code enforcement and affordable housing initiatives by the City’s Housing Department and 16 non-profit organizations (1997 – 2004);
- Assisting in the passage and implementation of House Bill 110, which established new rules enabling the City to more easily obtain ownership of tax foreclosed properties (1997);
- Assisting in the conversion and consolidation of the City’s Tax and Revenue Department into Dallas County (2001);
- Winning, with the City, the U.S. Conference of Mayors’ Award for Excellence in Public/Private Partnership (2001);
- Spearheading passage of legislation authorizing the 30% add-on fee on delinquent court fines and fees to pay for delinquent collection efforts (2003);
- Spearheading passage of key legislation allowing early turnover of personal property tax (2005); and
- Developing, in partnership with the City of Dallas, The Real Estate Council and Dallas County, a Land Bank Demonstration Program (2004 – 2008).

This report highlights the activities and results of our delinquent tax and court fines and fees collection efforts. As part of our delinquent tax collection efforts, we are including descriptions of our programs for the Land Bank Demonstration Program and the 100 Targeted Community Prosecutor Properties.
PROVEN PERFORMANCE & COLLECTION EXPERIENCE

In the more than twenty-five years since LGB&S began our collection efforts on your behalf, the City of Dallas has recognized a total of $321,847,615 in delinquent tax, penalties, interest and attorneys fees. Our proven track record in sustaining the highest level of delinquent tax collections has been demonstrated in both good economic times and bad.

A seven-year Delinquent Tax Collection History, since the City transferred its collections to Dallas County, is shown below. Our efforts have resulted in total delinquent tax collections of $21,606,442 during the most recent complete collection cycle (July 2007 – June 2008). During the most recent three months (July 2008 – September 2008), we have already collected $6,773,941 for the City.

Linebarger Goggan Blair & Sampson, LLP
Delinquent Tax Collection History
for the
City of Dallas

DELINQUENT TAX COLLECTION PROGRAM HIGHLIGHTS

Our collection program is a multi-faceted one, which includes all available avenues of collections including mailings, collection calls, litigation, site visits/seizures, foreclosure, sheriff sales and bankruptcy. We take pride in the personal attention that we devote in our collection efforts. The City of Dallas can be assured that our law firm has and will always treat your taxpayers with the highest level of courtesy and respect, while at the same time providing highly effective collection services.

We have included Program Highlights, as shown on the following page, that summarize our collections results and activities for the past 25 years since July 1983.
Delinquent Tax Collection Program Highlights
July 1983 - October 2008

Total Collections: $321,847,615
Includes base tax, penalty, interest, and attorneys fees collections.

- **Most Recent Complete Collection Cycle:**
  July 2007 - June 2008 $21,606,442
- **3 Month Update:**
  July 2008 - September 2008 $6,773,941

  Every account is reviewed by LGB&S and placed in the collection program.
  Every eligible account is targeted for mailings, phone collections, seizures, site visits and/or litigation.

Mailing/Collection Activity:

- Demand Mailings since July 1983 (July 2007 - June 2008)
  133 mailings consisting of over 2.8 million letters
- Telephone Collection Calls
  9 mailings including 94,171 letters for $67,193,264
- BPP Site Visits Conducted since 1999 (July 2007 - June 2008)
  Over 45,000 calls annually
- BPP Seizures/Bank Warrants since Jan 2007
  11,743 site visits targeting $46.6 million
  2,441 personal visits to businesses
  163 conducted collecting $1,232,750

Litigation Activity:

- Lawsuits Filed since July 1983
  Projected lawsuits to be filed for calendar year 2008 for City
  46,199 lawsuits filed for $154 million
  1,500 lawsuits
- Lawsuits Filed for Land Bank (See Land Bank Demonstration Program Highlights)
  884 lawsuits filed
- Lawsuits Disposed (July 2007 - June 2008)
  Over 90% of all lawsuits filed since 1983 have been disposed
  838 lawsuits disposed for $9,344,811
- Tax Sales Conducted since 1991 (July 2007 - June 2008)
  6,258 properties in City of Dallas
  383 properties for $14,167,997 (all jurisdictions)

Bankruptcy Activity:

- Bankruptcy Pending
  1,662 accounts for $7.0 million
- Bankruptcy Proof of Claims filed (July 2007 - June 2008)
  2,412 Proof of Claims
NEW EARLY PERSONAL PROPERTY COLLECTION PROGRAM & RESULTS

This new collection program was developed because the Texas Property Tax Code was amended in 2005 to allow taxing entities to turn over business personal property to clients on April 1st, instead of July 1st. LGB&S was instrumental in bringing about this legislative change. In 2005, the Dallas City Council took action to approve the early turnover of delinquent personal property accounts to LGB&S.

This new provision allowed LGB&S to establish an Early Personal Property Collection Program and aggressively pursue these highly mobile personal property accounts beginning April 1st, three months earlier than the traditional date of July 1st. In April 2008, our office received the most recent (2007) tax year personal property “turnover” for the third year.

The following two charts illustrate the dramatic success of our Early Personal Property Collection Program over the past three years. Experience has proven that moving quickly and personalized taxpayer contact are the keys to collecting personal property accounts, which are inherently more difficult to collect than real estate taxes due to their mobile and perishable nature. Businesses close their doors daily without paying their taxes. This collection program has resulted in the City recognizing both more personal property revenue than in prior years, as well as more timely collection results.

The chart on the left, entitled City of Dallas 3-Month Results, illustrates the effectiveness of our new Early Personal Property Collection Program. By enacting this new provision, LGB&S has been able to collect approximately one-third (ranging between 31% - 38%) of all current year delinquent personal property taxes in this early three-month period. LGB&S collected 37%, or $1,477,403, of the outstanding current year personal property delinquency this past April – June 2008.

The chart on the right, entitled Delinquent Personal Property Taxes Turned Over to LGB&S on July 1st, depicts the dramatic decline in personal property tax turnover that the City has transferred to LGB&S on the traditional July 1st date. Over the past four years, the turnover has decreased by 47%, or $2.2 million, since 2005, the year prior to enacting 33.11. By initiating our collection efforts three months earlier, less delinquency is due to the City than in previous years and personal property taxes are being collected more quickly than before, as shown in both charts.

LGB&S conducted mailings to these personal property accounts in April and June 2008. In April, we mailed 7,870 letters totaling $4,229,525 (base tax, penalties, interest and attorneys fees) due for all delinquent years to the City of Dallas. In June, a second demand mailing was conducted, which included 4,665 letters totaling $2,238,825 due for all years to the City. As we absorb the impact of our mailings, we target accounts for collection calls, site visits and possible litigation or seizure efforts.
TAX ROLL ANALYSIS

DELINQUENT TAX TURNOVER – AS OF JULY 1, 2008

On July 1, 2008, the City of Dallas turned over 40,068 property accounts delinquent for tax year 2007 for a total of $16,665,085 in base tax. This $16,665,085 is the “current year delinquency” due to the City. The 2008 delinquent tax roll turnover is $861,369 more than the amount we received in July 2007 and represents an increase of 5.45% of the current year delinquent tax amount to be collected. As of July 2008, the City’s total delinquent tax roll included 73,795 accounts totaling $50.6 million (base tax).

ANALYSIS OF TAX ROLL – AS OF NOVEMBER 2008

As of November 2008, the total outstanding base tax receivable for all delinquent years (2007 and prior) has already been reduced from the July 1st amount of $50.6 million to $43,898,121. This reduced delinquent tax roll is comprised of real property, personal property, and mobile homes (as shown in the pie chart to the right). Real Property, which is the most collectible, comprises the majority (60%) of the entire delinquent tax roll. This remaining property mix is favorable for the City. Business personal property (BPP) comprises 39%, while mobile homes make up 1% of the City’s delinquent tax roll.

LGB&S continually analyzes and stratifies delinquent accounts in order to “work smart” and customize our workplan to your needs. We prioritize high dollar collections; however, we also know which accounts require research, special handling or are uncollectible. The City of Dallas’ delinquent tax roll stratified (as of November 2008) by Account Status is shown below.

Status of Accounts

Total Base Tax (2007 & Prior Years) Due as of November 2008: $43,898,121
* All clean accounts are subject to mailings, phone collections, seizures, site visits and/or litigation.
BREAKDOWN OF DELINQUENT TAX ROLL – AS OF NOVEMBER 2008

We analyze the City of Dallas’ delinquent tax roll on a regular basis in order to customize our collection program to maximize collections on your behalf. Delinquent tax collection performance is impacted by both the economy and the make up (age, property type, and size) of the delinquent tax roll to be collected.

As of November 2008, **67,120** accounts, owing **$88,375,887** in base tax, penalty, interest and attorneys fees ($43,898,121 in base tax) remain on the total delinquent tax roll. The tax roll analysis shown below profiles the size of the remaining delinquent accounts, which helps us “work smart” and determine the appropriate collection strategy. As shown, **28,254**, or **42%** of the accounts owe less than **$200**, for a total of **$1.7 million** (representing **2%** of the total). In turn, **17,793 accounts owe in excess of $1,000**, for a total of **$76.2 million** (representing **86%** of the total amount of delinquency).

<table>
<thead>
<tr>
<th>Dollar Amount</th>
<th>Number of Accounts</th>
<th>Base Tax + P&amp;I</th>
<th>% of Number of Accounts</th>
<th>% of Base Tax + P&amp;I Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-200</td>
<td>28,254</td>
<td>$1,784,117</td>
<td>42%</td>
<td>2%</td>
</tr>
<tr>
<td>$200-1,000</td>
<td>21,073</td>
<td>$10,326,950</td>
<td>31%</td>
<td>12%</td>
</tr>
<tr>
<td>$1,000-ABOVE</td>
<td>17,793</td>
<td>$76,264,820</td>
<td>27%</td>
<td>86%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>67,120</td>
<td>$88,375,887</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

REAL ESTATE ONLY ANALYSIS – AS OF NOVEMBER 2008

We have further analyzed the Collectability Status of Real Property Accounts. As shown below, as of November 2008, there were **29,922** remaining real estate accounts, of which **10,448 accounts** (representing **61%** of the total real property delinquency) are already in litigation, bankruptcy or being pursued in some other collection status. Further, of the remaining **19,474 clean accounts**, **13,877 accounts** (23% of the total dollars due) owe less than **$1,000**, while **5,597 accounts owe 77%** of the total dollars due to the City. We pursue accounts in all categories so as not to telegraph a pattern to delinquent taxpayers. However, we give priority to the accounts that comprise **77%** of the dollars due to the City.

<table>
<thead>
<tr>
<th>Status of Real Property Accounts</th>
<th>Number of Accounts</th>
<th>Base Tax + P&amp;I</th>
<th>% of Base Tax + P&amp;I Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean</td>
<td>19,474</td>
<td>$20,043,409</td>
<td>39%</td>
</tr>
<tr>
<td>Already in Litigation / Bankruptcy / Collection Status</td>
<td>10,448</td>
<td>$31,358,353</td>
<td>61%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>29,922</td>
<td>$51,401,762</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Size of Accounts</th>
<th>Number of Accounts</th>
<th>Base Tax + P&amp;I</th>
<th>Avg Size of Accts (Base + P&amp;I)</th>
<th>% of Base Tax + P&amp;I</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-199</td>
<td>5,682</td>
<td>$325,396</td>
<td>$57</td>
<td>2%</td>
</tr>
<tr>
<td>$200-499</td>
<td>4,115</td>
<td>$1,381,935</td>
<td>$336</td>
<td>7%</td>
</tr>
<tr>
<td>$500-1,000</td>
<td>4,080</td>
<td>$2,945,188</td>
<td>$722</td>
<td>14%</td>
</tr>
<tr>
<td>Sub-total ($0 to $1,000)</td>
<td>13,877</td>
<td>$4,652,519</td>
<td>$335</td>
<td>23%</td>
</tr>
<tr>
<td>Greater than $1,000</td>
<td>5,597</td>
<td>$15,390,890</td>
<td>$2,750</td>
<td>77%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>19,474</td>
<td>$20,043,409</td>
<td>$1,029</td>
<td>100%</td>
</tr>
</tbody>
</table>
LGB&S strongly supports the City of Dallas’ Land Bank Demonstration Program and its affordable housing initiatives. In 1997, LGB&S assisted the City and State Representative Helen Giddings in the passage of HB 110, establishing new rules which allowed cities to more easily obtain tax foreclosed properties. Between 1997 and June 2004, LGB&S established and operated a “Unit” to accept and litigate accounts referred from the City and non-profit housing organizations for Affordable Housing & Code Enforcement initiatives. During this period, the law firm litigated over 2,100 lawsuits at the City’s request, aimed at enhancing the City’s affordable housing and code enforcement efforts, and posted 805 properties for Sheriff’s sale.

In July 2004, the City created a Land Bank Demonstration Program with the goal of acquiring properties for its affordable housing efforts. LGB&S agreed to pursue delinquent properties pursuant to a June 2004 Interlocal Agreement, between the City of Dallas and Dallas County, for the City’s Land Bank initiative. The agreement runs through September 30, 2009.

This Land Bank is the latest effort by the City of Dallas to provide affordable housing to its citizens utilizing tax foreclosed properties. Under the Interlocal Agreement, the City of Dallas pays court costs and other related fees for properties litigated in the Tax Court. The Land Bank program allows abandoned properties to be foreclosed upon and sold to the City’s Land Bank after certain criteria are met. To date, LGB&S has filed 884 lawsuits on behalf of the City’s Land Bank and requested 479 Orders of Sale. Once a property is posted for sale, the City is responsible for conducting a private sale to acquire these properties into its inventory.

Our program is essentially a *pro bono* effort, since all properties are expected to be struck off to the City’s Land Bank, and the recovery of attorneys fees is not anticipated. In a delinquent tax lawsuit, abstractors, process servers, court personnel, Sheriff’s office personnel, law firm, etc. are paid if, and only if, the taxes and court costs are paid. By definition, these targeted Land Bank properties typically have low tax amounts, low values, high lien amounts and would be struck-off resulting in non-payment of costs and fees. LGB&S has budgeted $1 million annually for this program, which includes a dedicated attorney and litigation support staff of 8 legal assistants and researchers, plus bankruptcy representation, information technology support and resources, as well as related overhead.

The Dallas office of LGB&S was the first in the state to initiate proceedings under the new Land Bank statutory provisions. *The Dallas Morning News* featured the Urban Land Bank Program in its July 2007 article entitled: “Urban Land Bank: Putting Humpty Dumpty Together Again” stating the program was “a model for other Texas cities.” The article is included as Exhibit 1 to this report. The Texas Legislature has subsequently expanded the statutory authority to other cities.

In October 2008, The Real Estate Council (TREC) announced its 2008 Unsung Heroes Award winners. Each year, TREC awards one of its members with the President’s Award, which this year was bestowed upon DeMetris Sampson and Linebarger Goggan Blair & Sampson. With assistance from Robert Jemerson, the firm’s Land Bank attorney, Ms. Sampson was recognized for providing $3 million in *pro bono* services to the City of Dallas Urban Land Bank. TREC Foundation vice chairman Bill Kramer of Republic Title, a Land Bank project pioneer, credits Ms. Sampson and her firm for the exceptional...
work they do: “DeMetris is an important part of the unique team that The Real Estate Council has assembled for the Urban Land Bank. When DeMetris and her team are done with their part, the title companies feel absolutely comfortable assuring these titles. Her willingness to make this large contribution in a superb way has assured the success of the Land Bank.”

**LAND BANK DEMONSTRATION PROGRAM HIGHLIGHTS**

The chart shown below highlights the activities and results of the City’s Land Bank initiatives through November 17, 2008:

<table>
<thead>
<tr>
<th>CITY GOAL</th>
<th>Year 1 FY 03-04</th>
<th>Year 2 FY 04-05</th>
<th>Year 3 FY 05-06</th>
<th>Year 4 FY 06-07</th>
<th>Year 5 FY 07-08</th>
<th>Year 6 FY 08-09</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Properties Recited in Interlocal Agreement</td>
<td>106</td>
<td>375</td>
<td>625*</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>2,006</td>
</tr>
<tr>
<td>DLB’s Goal for Property Acquisition</td>
<td>85</td>
<td>300</td>
<td>575</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>1,860</td>
</tr>
</tbody>
</table>

**ACTIVITY**

- Properties Abstracted by Title Company, Approved by City Attorney & Turned over to LGB&S: 102, 337, 117, 271, 83, 55, 965
- Lawsuits Filed (LGB&S): 95, 329, 114, 260, 62, 24, 884
- Judgments Granted (LGB&S): 89, 279, 85, 164, 5, 1, 623
- Orders of Sale Requested (LGB&S): 84, 234, 68, 91, 1, 1, 479

**ACQUISITION**

- Properties Known to LGB&S to be in City Inventory from Private Sale Conducted by City of Dallas: 68, 108, 9, 1, 0, 0, 186

*Later reduced by agreement to 300 due to the City/Title Company capacity*

LGB&S’ commitment to the City’s Land Bank Program can be measured by our high percentages of success in litigating and foreclosing on properties identified by the City and targeted for this “fast-track program” to support affordable housing initiatives.

Of the total 965 properties referred since 2004, the following has occurred:

- Accounts removed from inventory due to payment or recalled by City Attorney as non-compliant with statute: 51, 6%
- Lawsuit filed by LGB&S: 884, 92%
- Account being abstracted / Researched for lawsuit filing: 22, 2%
- TOTAL: 965, 100%

With respect to the 884 lawsuits that have been filed by LGB&S, our litigation and foreclosure results to date include:

- Judgment Granted (LGB&S): 623, 71%
- Orders of Sale Requested (LGB&S): 479, 54%
TOP 100 TARGETED COMMUNITY PROSECUTOR PROPERTIES

In April 2006, the City of Dallas convened a Tax Collection Review Committee comprised of representatives from the City’s Finance, Efficiency Team, Property Management, Public Works, Code Enforcement, Housing, IT, and the City Attorney’s Office, as well as the Dallas County Tax Assessor-Collector, the Honorable David Childs, the Dallas County Tax Office and LGB&S, to review ways to enhance collections and restore neglected properties to a productive revenue generating status.

On August 18, 2006, the City Manager delivered the Committee Report to the City Council that included the recommendation to “establish a team with representatives from Code Compliance, Housing, and the City Attorney’s Office to create and maintain a list of the Top 100 properties deemed to be problem sites requiring immediate legal action.” (This recommendation was previously offered as an option by LGB&S in 2004).

On October 29, 2007, the City designated these properties. Their statuses are set forth below:

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>CODE 100 PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Properties Submitted by City 10/29/07</td>
<td>100</td>
</tr>
<tr>
<td>Abstract Completed</td>
<td>97</td>
</tr>
<tr>
<td>Lawsuit Filed</td>
<td>94</td>
</tr>
<tr>
<td>Paid/Exempt</td>
<td>25</td>
</tr>
<tr>
<td>Judgment</td>
<td>14</td>
</tr>
<tr>
<td>Ready to Post for Sale</td>
<td>7</td>
</tr>
<tr>
<td>Sold to 3rd Parties or Struck Off</td>
<td>4</td>
</tr>
</tbody>
</table>

* Some Properties fall into multiple categories
SELECTED ECONOMIC DEVELOPMENT SUCCESS STORIES

LGB&S strives not only to maximize the City’s delinquent tax revenue, but also to assist the City by using the tax system to acquire properties for certain public and private purposes identified by the City. Listed below are ten selected economic development success stories that are noteworthy and demonstrate how LGB&S has partnered with the City to meet its goals.

- **Interlocal Agreement between City of Dallas, Dallas Independent School District and Dallas County** — In 1996, the City, County and Dallas ISD entered into an interlocal agreement which allows them to identify tax foreclosed and struck off properties that are of interest (for public use), and purchase those properties. LGB&S participated in the negotiations, drafting and passage of the agreement. This procedure allows the entities to obtain ownership from the other taxing entities, in lieu of eminent domain proceedings. Transactions are now routine between the entities using this agreement.

- **Land Acquisition for UNT Law School project - Hamsher International** — owner of the Dallas Grand Hotel, filed bankruptcy in 2004. The bankruptcy was precipitated by the scheduled tax foreclosure, and was filed with the intent to use certain provisions of the bankruptcy code to reduce the tax debt. The City expressed interest in acquiring the parking garage, and according to the City Manager’s office, the property would be used in some manner in connection with the new UNT Law School. LGB&S worked closely with City staff to assure that their wishes were conveyed to the bankruptcy court. In lieu of money, the City received the property in satisfaction of its claim of $1,159,925 for hotel occupancy taxes, water liens and ad valorem tax liens rather than having to go through the time and expense of obtaining it through an eminent domain proceeding. LGB&S received no fees on this acquisition.

- **Ten Hills (Twelve Hills)** — LGB&S undertook foreclosure proceedings on several large tracts of property with the knowledge and cooperation of City staff and the City Council representatives. These properties were struck off and held several years by the City. Ultimately, the Dallas Independent School District purchased a large portion of the property for a school. A developer purchased the remaining properties for high-end condominiums.

- **Larry Johnson Recreation Center** — The Parks Department of the City of Dallas identified property which it desired to use for a recreation center. LGB&S foreclosed on the property, and it was struck off to the City of Dallas. Subsequently, the property was dedicated, after a donation from NBA great Larry Johnson, as the Larry Johnson Recreation Center.

- **West Cliff Mall** — This large shopping mall in southwest Oak Cliff was the subject of lawsuits for delinquent taxes. Its owner filed several bankruptcies to avoid payment of the taxes, and the property continued in a state of disrepair. LGB&S ultimately instituted an involuntary bankruptcy against the owner, and the property was obtained through the bankruptcy by another owner who subsequently redeveloped the entire property, gutting the mall. It is now a functioning strip shopping center.

- **South Fair Development — Eban Village** — As early as 1991, through its work with the City of Dallas Tax and Revenue and Housing Departments, LGB&S targeted dozens of lots at the request of South Fair Community Development Corporation, some of which became the basis for the Eban Village housing community located in South Dallas.

- **Pioneer Partners Joint Venture** — This action involved a 16-acre tract of land in southeast Oak Cliff (3353 Spanish Fort Avenue). It was foreclosed and struck off to the City and is now multifamily housing.

- **Cadillac Heights** — LGB&S was asked by the City’s Property Management Department to foreclose on selected lots in the Cadillac Heights area. The City staff expressed an interest in locating city facilities in the area, and creating opportunities in the area for property acquisition.

- **Trinity River Project** — A number of properties that were struck off are being intentionally left “open” for the Trinity River Project.

- **W. B. Sewell (714 W. Davis)** — LGB&S undertook foreclosure proceedings on six lots on the corner of Davis and Vernon in the Bishop Arts District. These lots totaling 69,722 square feet were sued for over $442,000 in delinquent taxes and $198,000 in liens. Upon posting the property for Sheriff’s Sale, the City of Dallas notified LGB&S that it was considering using the property for a multi-generational recreation center, and the firm pulled the property from sale. For the next year, LGB&S worked with the City and the owner to give the owner an opportunity to participate in a State of Texas voluntary environmental clean up plan. The owner obtained financing and paid the taxes and liens. The property will be used for retail and housing redevelopment.
BENEFITS OF CONSOLIDATED DELINQUENT TAX COLLECTIONS

The City of Dallas has contracted with Dallas County to provide tax collection services since 2001. LGB&S has represented the City of Dallas and the Dallas ISD since 1983, and Dallas County since 1984. We also collect delinquent taxes for 61 cities, school districts and miscellaneous taxing entities that have contracted with Dallas County to provide tax collection services, as shown below:

<table>
<thead>
<tr>
<th>Dallas County</th>
<th>Town of Sunnyvale</th>
<th>High Hawk PID (Grand Prairie)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dallas Co Comm Coll</td>
<td>City of Wilmer</td>
<td>Lake Parks PID (Grand Prairie)</td>
</tr>
<tr>
<td>Dallas Co Hospital District</td>
<td>Cedar Hill ISD</td>
<td>Lancaster Mills PID (Lancaster)</td>
</tr>
<tr>
<td>Dallas Co School Equal Dist</td>
<td>Coppell ISD</td>
<td>Mills Branch PID (Lancaster)</td>
</tr>
<tr>
<td>Town of Addison</td>
<td>Dallas ISD</td>
<td>Monterey Park PID (Grand Prairie)</td>
</tr>
<tr>
<td>City of Balch Springs</td>
<td>DeSoto ISD</td>
<td>Oak Hollow PID (Grand Prairie)</td>
</tr>
<tr>
<td>City of Carrollton</td>
<td>Duncanville ISD</td>
<td>Parkview PID (Grand Prairie)</td>
</tr>
<tr>
<td>City of Cockrell Hill</td>
<td>Grand Prairie ISD</td>
<td>Peninsula PID (Grand Prairie)</td>
</tr>
<tr>
<td>City of Coppell</td>
<td>Irving ISD</td>
<td>Prestonwood Prem PID (Dallas)</td>
</tr>
<tr>
<td>City of Dallas</td>
<td>Lancaster ISD</td>
<td>Prestonwood Std PID (Dallas)</td>
</tr>
<tr>
<td>City of DeSoto</td>
<td>Sunnyvale ISD</td>
<td>Rolling Meadows PID (Lancaster)</td>
</tr>
<tr>
<td>City of Duncanville</td>
<td>Brookfield PID (Grand Prairie)</td>
<td>Silverado Springs PID (Grand Prairie)</td>
</tr>
<tr>
<td>City of Glenn Heights</td>
<td>Candlemeadow PID (DeSoto)</td>
<td>Southside Prem PID (Dallas)</td>
</tr>
<tr>
<td>City of Grand Prairie</td>
<td>Country Club PID (Grand Prairie)</td>
<td>Southside Std PID (Dallas)</td>
</tr>
<tr>
<td>City of Hutchins</td>
<td>Deep Ellum Std PID (Dallas)</td>
<td>Southwest Village PID (Grand Prairie)</td>
</tr>
<tr>
<td>City of Lancaster</td>
<td>Downtown Prem PID (Dallas)</td>
<td>Uptown Prem PID (Dallas)</td>
</tr>
<tr>
<td>City of Richardson</td>
<td>Downtown Std PID (Dallas)</td>
<td>Uptown Std PID (Dallas)</td>
</tr>
<tr>
<td>City of Rowlett</td>
<td>Fairway Bend PID (Grand Prairie)</td>
<td>Vickery Meadow Prem PID (Dallas)</td>
</tr>
<tr>
<td>City of Sachse</td>
<td>Forum Estates PID (Grand Prairie)</td>
<td>Vickery Meadow Std PID (Dallas)</td>
</tr>
<tr>
<td>City of Seagoville</td>
<td>Glendover Estates PID (Lancaster)</td>
<td>Wallingford Village PID (Grand Prairie)</td>
</tr>
</tbody>
</table>

Consolidated delinquent tax collections is good business for the City of Dallas, Dallas ISD, Dallas County, and the taxpayers. Because LGB&S offers a completely unified delinquent tax collection program that coordinates lawsuits, research, bankruptcy representation, foreclosures, seizures, mailings and collection calls, we are uniquely positioned to provide all our clients a streamlined delinquent tax collection process that is more efficient and effective, as well as more convenient and less confusing for your taxpayers.
After soliciting competitive bids in both 2002 and again in 2007, the City of Dallas selected LGB&S to collect delinquent court fines and fees for the Department of Court and Detention Services (CDS). Since April 2002, LGB&S has collected $47,124,982 in total gross delinquent fines and fees for the City. In our initial 5-year contract we collected $33,067,878 in total gross delinquent fines and fees.

The City initiated its second 5-year contract with our law firm in August 2007. During the first 15 months of our second contract, LGB&S has collected $14,057,104 in total gross delinquent fines and fees. The new contract includes a $7,309,978 Minimum Annual Guarantee (MAG) for the first year. The MAG amount is a sub-set of the Total Gross Collections and includes only the Fines & Fees amount (not State Court Costs or Collection Agency fees). During our first year (August 2007 – July 2008), LGB&S collected $7,889,974 and exceeded the MAG by $579,996.

We have included Program Highlights, as shown on the following page, that summarize our collection results and activities since 2002.
COURT & DETENTION SERVICES – FINES & FEES PROGRAM HIGHLIGHTS
April 2002 – October 2008

TOTAL GROSS COLLECTIONS

$47,124,982

- 1ST 5-YEAR CONTRACT (APRIL 2002 – JULY 2007) $33,067,878
- 2ND CONTRACT TO DATE (15 MONTHS: AUGUST 2007 - OCTOBER 2008) $14,057,104

  - MAG amount is a sub-set of the Total Gross Collections and includes only the Fines & Fees amount
  (not State Court Costs or Collection Agency fees).
  - 1ST Year MAG Offer $7,309,978
  - 1ST Year MAG Collections $7,889,974
  - LGB&S Exceeds MAG by $579,996

COLLECTION EFFORTS

DEMAND MAILING ACTIVITY:

<table>
<thead>
<tr>
<th>Demand Mailings</th>
<th>First Contract</th>
<th>Second Contract (to date)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Mailings</td>
<td>397</td>
<td>166</td>
</tr>
<tr>
<td>Number of Letters</td>
<td>2,723,719</td>
<td>1,226,275</td>
</tr>
</tbody>
</table>

TELEPHONE ACTIVITY:

<table>
<thead>
<tr>
<th>Telephone Calls</th>
<th>First Contract</th>
<th>Second Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incoming Calls</td>
<td>140,032</td>
<td>49,826</td>
</tr>
<tr>
<td>Outgoing Calls</td>
<td>2,597,621</td>
<td>1,287,963</td>
</tr>
<tr>
<td>Total Calls</td>
<td>2,737,653</td>
<td>1,337,789</td>
</tr>
</tbody>
</table>

SKIP-TRACING / LOCATOR ACTIVITIES:

<table>
<thead>
<tr>
<th>As of November 2008</th>
<th># of Accts</th>
<th>% of Total Accts</th>
<th>$ Amount Due</th>
<th>% of Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Return/Bad Address</td>
<td>603,238</td>
<td>51%</td>
<td>$222,413,390</td>
<td>50%</td>
</tr>
<tr>
<td>Invalid Phone Number</td>
<td>1,001,443</td>
<td>85%</td>
<td>$376,317,154</td>
<td>85%</td>
</tr>
</tbody>
</table>

Mailing Highlights:
- Collection letters mailed in English & Spanish
- Multiple citations mailed to single defendant
- Series of progressively stronger demand letters
- Monthly targeted “sweep” letters by offense type
- Special Initiatives (Operation: Pay or Stay, Warrant Round-up, etc.)

Telephone Highlights:
- Call Center Response Unit
  - 72 professional collectors
  - Bilingual assistance
  - Operates 65 hours/week, Mon – Sat
- Auto-dialer utilized to enhance productivity of collectors
- “Sound Bite Phone Blaster” makes computer generated collection calls

- 1,056,587 addresses updated (oftentimes resulting in multiple updates per defendant)
- 743,808 accounts have been returned undeliverable by the Post Office and researched to locate defendants
- All placements sent to National Change of Address database and various skip-tracing vendors to identify current address and telephone information
ANALYSIS OF OUTSTANDING DELINQUENT CITATIONS

BY TYPE OF OFFENSE:

<table>
<thead>
<tr>
<th>Type of Offense</th>
<th># of Accts</th>
<th>% of Accts</th>
<th>$ Assigned</th>
<th>% of Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traffic</td>
<td>766,138</td>
<td>65%</td>
<td>$273,375,055</td>
<td>62%</td>
</tr>
<tr>
<td>Code</td>
<td>78,630</td>
<td>7%</td>
<td>$27,918,588</td>
<td>6%</td>
</tr>
<tr>
<td>Quality of Life* (Prostitute, Drug, Theft, Homeless, Assault)</td>
<td>237,352</td>
<td>20%</td>
<td>$111,293,153</td>
<td>25%</td>
</tr>
<tr>
<td>FTA (Failure to Appear)</td>
<td>97,912</td>
<td>8%</td>
<td>$28,115,052</td>
<td>7%</td>
</tr>
<tr>
<td>Totals</td>
<td>1,180,032</td>
<td>100%</td>
<td>$440,701,848</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Majority of Quality of Life cases do not pay, are uncollectable and are generally disposed of through non-cash means (all time served, community service credit, etc.).

BY STATUS (TRAFFIC):

Traffic Portfolio Analysis by Dollars Owed & Number of Outstanding Citations

Collectable / Remaining
$120,677,696 - 44%
327,753 - 43%

Dispute/Refuse
$6,809,480 - 2%
19,222 - 3%

Attorney Representation
$8,446,226 - 3%
25,880 - 3%

Promise to Pay
$4,243,339 - 2%
11,652 - 2%

Incarcerated
$3,024,756 - 1%
8,488 - 1%

Invalid Address and/or Phone Number
$130,173,558 - 48%
373,173 - 49%

BY OFFENSE YEAR:
(TOTAL PORTFOLIO)

<table>
<thead>
<tr>
<th>Year</th>
<th># of Accounts</th>
<th>% of Accounts</th>
<th>$ Amount Due</th>
<th>% of $ Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>135,988</td>
<td>12%</td>
<td>$56,035,065</td>
<td>13%</td>
</tr>
<tr>
<td>2007</td>
<td>216,769</td>
<td>18%</td>
<td>$89,085,187</td>
<td>20%</td>
</tr>
<tr>
<td>2006</td>
<td>264,063</td>
<td>22%</td>
<td>$105,721,634</td>
<td>24%</td>
</tr>
<tr>
<td>2005</td>
<td>175,799</td>
<td>15%</td>
<td>$65,557,391</td>
<td>15%</td>
</tr>
<tr>
<td>2004</td>
<td>119,633</td>
<td>10%</td>
<td>$45,596,692</td>
<td>10%</td>
</tr>
<tr>
<td>2003</td>
<td>105,131</td>
<td>9%</td>
<td>$36,344,163</td>
<td>8%</td>
</tr>
<tr>
<td>2002 &amp; Prior</td>
<td>162,649</td>
<td>14%</td>
<td>$41,959,416</td>
<td>10%</td>
</tr>
<tr>
<td>Totals</td>
<td>1,180,032</td>
<td>100%</td>
<td>$440,701,848</td>
<td>100%</td>
</tr>
</tbody>
</table>
COLLECTION PROCESS

Our collection process starts with the transfer and initial placement of delinquent accounts from the Court to our law firm. Once the data has been transferred and confirmed as accurate, we implement a two-phased approach: skip tracing and defendant contact processing. Within each of these phases, distinct events must occur in order to make our collection process comprehensive and effective. Our primary goal is direct contact with the defendant. LGB&S mails a series of progressively stronger worded letters (in both English and Spanish) to defendants with outstanding citations. LGB&S attempts to contact the defendant at least 8 times in a 180-day period through a rotating telephone and letter cycle.

Defendants with multiple offenses receive a consolidated demand letter from LGB&S listing the citations and indicating the total amount due to the City. LGB&S conducts monthly “sweep” letters by offense type in addition to our special initiative mailings (Operation: Pay or Stay and Warrant Round-up mailings).

Our 72-person Call Center operates 65 hours per week, and is staffed with over 50 bilingual collectors. We routinely utilize national skip-tracing sources to identify correct mailing addresses and valid phone numbers. LGB&S employs auto-dialer systems to enhance the number of defendants we contact.

We have included below a general flowchart of our collection process.
SPECIAL COLLECTION EFFORTS

**Operation: Pay or Stay**

This past June, in an effort to increase the City’s enforcement and collection efforts of outstanding traffic tickets, the City of Dallas Court and Detention Services, City Marshal’s Office, and LGB&S launched “Operation: Pay or Stay”. This aggressive and highly successful compliance campaign was designed to make the public aware of the City’s intentions of stepping-up its enforcement efforts.

To garner public attention, LGB&S spearheaded a media outreach campaign that included radio, billboards, DART bus ads, flyers posted in public facilities, web content, and public service announcements in both English and Spanish. LGB&S mailed over 193,000 letters to defendants as part of this program. The Operation: Pay or Stay campaign banners (in English and Spanish) are shown below:

![Banner](image)

LGB&S assigned three full-time employees to make outbound phone calls from the City Marshal’s Office. The names of individuals who indicated that they would not comply unless they were arrested were turned over to the City Marshal to be included in Warrant Round-Up efforts. This multi-pronged campaign was a testimony to the successful partnership between our firm and the City. Together, we developed and executed the following activities:

1. **Campaign Design**
   - Council Alert
   - Posting Warrant List on City website
   - Press Release

2. **Media Blitz (English and Spanish)**
   - Radio Ads
   - Billboards
   - DART bus ads
   - Flyers posted in public facilities
   - Public Service Announcements

3. **Mailing / Notification**
   - Notices mailed to 193,665 defendants

4. **Collection Activities**
   - LGB&S provided collectors to work out of City Marshal’s
Office to make outbound calls and identify potential defendants for Warrant Round-Up.
- City Marshal’s Office researched cases to ensure active warrants were issued
- LGB&S dedicated a toll-free number to this campaign which was staffed by our Call Center representatives

5. Warrant Round-Up
- Marshal’s Office conducted on-going round-up efforts in June and July 2008.
- LGB&S funded overtime hours dedicated to the warrant round-up efforts

LGB&S made this successful campaign possible by expending over $250,000 to fund the media outreach blitz, a targeted mailing to 193,665 defendants with a follow-up phone campaign, and overtime for the Marshall’s Office. Court and Detention Services Director, Gloria López Carter, recently showcased Operation: Pay or Stay to the Regional Court Administrators Association.

WARRANT ROUND-UP PROGRAM

LGB&S actively supports and encourages the efforts of the City of Dallas and our Texas clients that participate in the state-wide Warrant Round-Ups. LGB&S conducts special mailings to alert defendants of the warrant round-up.

Our Call Center representatives are trained to support Warrant Round-Up Programs by making outbound calls and fielding in-bound inquiries. Those defendants that “refuse to pay” are identified and lists are regularly provided to the City Marshal for follow-up.

CLIENT TRAINING SEMINARS

LGB&S has participated in two separate full-day training sessions with the City’s Court & Detention Services administration. Our LGB&S team was asked to present collection and customer service training for the entire Court staff. Our lively training sessions entitled: “The 3 C’s: Customer Service + Collections = City of Dallas CDS”, emphasized “getting the money” and “turning clerks into collectors.”
COMPENSATION

DELINQUENT TAX COLLECTIONS

Our fees are not paid by the City of Dallas but by the delinquent taxpayers (as allowed by law). LGB&S provides our comprehensive delinquent tax collection services for a fee in the amount of twenty percent (20%) of the total tax, penalty, and interest collected by the law firm for all 2001 and subsequent years, and 15% for tax years 2000 and prior. Our fees are contingency based which means LGB&S is not compensated until and unless the City is paid. LGB&S bears all costs of operations, with the exception of those costs related to publishing citations and notices of sale, which are to be paid by the taxing units as set out in the Texas Property Tax Code.

COURT FINES AND FEES COLLECTIONS

LGB&S is pleased to have spearheaded the legislative effort to enact the very State law being utilized by the City of Dallas that authorizes the 30 percent add-on fee to pay for delinquent collection efforts (i.e., Texas Code of Criminal Procedure, Article 103.0031). During the 2001 and 2003 legislative sessions, working in partnership with Dallas County, LGB&S’ local and statewide teams formulated, drafted, and worked for this seminal piece of legislation. Then in April 2004, at the urging of LGB&S, the City of Dallas successfully authorized this add-on fee through City Council resolution. Since its adoption by the City of Dallas, this provision has been invaluable in defraying the costs of collection, thereby allowing the City of Dallas to retain more of the revenue collected on its behalf.

LGB&S provides the City a court fines and fees collection program at no charge to the City of Dallas. Our commission rate for cases issued June 18, 2003 and later is the state-allowed 30 percent (30%) add-on. For cases collected prior to June 18, 2003, our commission rate is zero.

LGB&S LOCAL PRESENCE

MANAGEMENT TEAM (SEE EXHIBIT II FOR RESUMES)

DeMetris Sampson is the Managing Partner of the Dallas Office and a member of the law firm’s Management Committee. Ms. Sampson is responsible for general oversight of the Dallas office and formulates and implements policy regarding legal (tax and litigation), fines and fees, legislative, client and equal opportunity matters. Ms. Sampson is Chair of the firm’s Legislative Committee, and former chairperson of the firm’s Management Committee. She is active in a variety of business, legal, community, civic and political endeavors. She is a 21-year veteran of the law firm.

Nancy Primeaux serves as the law firm’s Regional Manager and has overseen the operations of LGB&S in North Texas since 1986. She manages the staff of collectors, researchers, and
litigation professionals that has earned an award-winning reputation for their collection services to our clients. She is responsible for work plan development, client relations and reporting. Prior to joining LGB&S, Ms. Primeaux served as the Tax Assessor-Collector for the City of Dallas and Dallas ISD and the City of Dallas Director of Court & Detention Services.

Bridget Moreno, Partner, serves as the Administrative Attorney over the Litigation Division in the Dallas Office. Ms. Moreno joined the firm in 2004. She is a former Felony Dallas County prosecutor who served in the child abuse and family violence divisions. In 2001, she served as a commissioner for the City of Dallas Redistricting Commission on behalf of Council District 1. In 2005, she served as an advisory member of the Bachman Lake Land Use Study on behalf of Council District 6.

Sheila Fuqua Carter, Partner, serves as the Administrative Attorney for the Post Judgment Unit of our litigation practice in the Dallas Office. Ms. Carter joined our law firm in 2000. Ms. Carter has more than 15 years experience in delinquent tax collections and is active in legal and tax industry associations.

Robert L. Jemerson, Jr. is the Land Bank Attorney for the Dallas Office and the Project Manager for our Land Bank & Affordable Housing Initiative. Mr. Jemerson is responsible for the day-to-day activities of the Land Bank Department and coordination with the City of Dallas. He oversees an 8-person litigation and research team that supports the Land Bank program. His legal experience includes appellate, taxation, and litigation.

Edward Lopez, Jr., Partner, has had lead litigation and appellate responsibilities for key cases involving the City of Dallas from the trial court through the Supreme Court of Texas over the past 14 years. Many of the cases he has handled have established a number of legal principles benefiting the City of Dallas in the collection of delinquent property taxes. Prior to joining our law firm in April 1994, Mr. Lopez was in private practice in the Dallas area. A frequent lecturer in ad valorem tax matters, Mr. Lopez serves on the firm’s Legal Standards Committee.

Elizabeth "Beth" Weller, Bankruptcy Partner, has been responsible for our Metroplex Bankruptcy Unit since joining LGB&S in 1993. Ms. Weller has 15 years experience in delinquent tax collections and 20 years in bankruptcy. She has handled key bankruptcy cases including Hamsher International/Grand Hotel and the West Cliff Mall properties for the City of Dallas. She frequently speaks at national bankruptcy conferences as well as numerous ad valorem tax seminars in Texas. Ms. Weller testified before Congress and was instrumental in drafting and promoting legislative bankruptcy reform enacted in 2005 that protected local governments’ interest in bankruptcy matters.

Peggy McCormick, Operations Manager, is responsible for the oversight of our workplan and collection activities, including day-to-day mailings and client reporting. Her duties include the preparation of clients’ tax roll analyses and performance data. Ms. McCormick has more than 26 years of tax collection experience and joined the firm in 1993.
Sophronia Johnson is the Court Fines & Fees Manager for the Dallas Office. She provides daily oversight, project management and coordination of collection activities between the City’s Court and Detention Services and LGB&S. Ms. Johnson has more than 30 years of management experience, including 15 years in Texas local government. She oversees our 3 local fines and fees collectors and support staff, and serves as the direct contact to the 72-person Call Center staff.

Tracy Pounders, Partner, is an attorney in the litigation division of the Dallas office. He assists in the law firm's City of Dallas Court & Detention Services fines and fees collections program. Prior to joining LGB&S in 2002, he served 14 years as an Assistant City Attorney for the City of Dallas.

The Dallas office is staffed by 13 attorneys and 100 collectors, researchers, litigation and bankruptcy paralegals, and support personnel. Our Department Managers responsible for program oversight include Gary Coleman, Collections Manager; Gloria Holmes, Litigation Manager; Traynard Jackson, Post Judgment Manager; and Karen George, Bankruptcy Manager.

RESOURCES COMMITTED TO THE CITY OF DALLAS

DALLAS TAX TEAM

LGB&S' Collection/Research Department employs a twenty-one person team of professional collectors and researchers that make personal contact with delinquent taxpayers to collect delinquent taxes. Our Dallas office maintains a toll-free telephone number, (800) 441-0960, in order that property owners may contact us at no expense. We employ twenty bilingual individuals who are available to assist Spanish-speaking taxpayers. All of our mailings are supplemented by telephone calls to delinquent taxpayers in order to encourage prompt payment or resolution of their delinquent accounts. Our staff is trained to handle difficult taxpayers in a professional manner that will generally result in positive collections for our clients.

Each year our collectors handle more than 45,000 telephone calls. With our sophisticated communications technology, we are now conducting automated dialer campaigns that attempt to place telephone calls to 5,000 delinquent taxpayers in one day. Our collectors are connected and speak to every taxpayer that affirmatively answers the telephone and responds to our call.

Our collection program is supported by a four-person unit of litigation collectors dedicated to making outgoing demand calls to property owners and lienholders after a lawsuit has been filed. These litigation collectors locate and contact taxpayers that have been sued to expedite resolving the lawsuit over the phone by securing payment, rather than more slowly through the court system.

As part of our collection program, we have established our “lienholder quick abstract” collection initiative prior to filing lawsuits. Utilizing the resources available, including the Internet,
LGB&S collectors conduct “quick abstracts” which identify probable lienholders to real property. By contacting them directly, and prior to a lawsuit being filed, we are oftentimes able to collect the account in full, or place the account in a payment arrangement, without having to resort to the filing of a lawsuit. The program has proven successful, resulting in the City receiving its money more quickly and therefore necessitating fewer lawsuits. Hundreds of accounts have been targeted for these efforts.

Our Litigation Department is comprised of six attorneys, one contract attorney, and twenty-eight legal assistants who are responsible for preparing and disposing of all tax litigation handled by our Dallas office. Partner Bridget Moreno serves as the Administrative Attorney over all litigation.

Our law firm has filed over 46,000 lawsuits on behalf of the City and expedites the processing of the tax suits by preparing the court jackets for the District Court and electronically updating the Court’s filing system. We pursue litigation as a last result.

LGB&S also collects the City’s Land-Based Receivables (LBR) accounts, which also have taxes due as part of our delinquent tax collection contract with the City. We conduct special mailings to collect the outstanding liens and amend LBR liens into our delinquent tax lawsuits when taxes are due. Land-based liens or miscellaneous code violation liens include weed, paving, demolition, secured closures and home loans. As of November 2008, approximately 84% of all City LBR liens are attached to accounts that also owe delinquent taxes, and almost 40% of all tax lawsuits we file include LBR liens.

Partner Sheila Carter, oversees our Post Judgment Unit of two attorneys and nine legal assistants who review all judgments and coordinate all properties set for Sheriff’s Sale and foreclosure. This department works closely with the City’s Property Management Division to review all properties prior to foreclosure for potential use or resale by the City.

Our Bankruptcy Department, headed by partner Beth Weller, is staffed by four attorneys and fifteen legal assistants. Our bankruptcy team provides complete legal services and representation to our clients in all bankruptcy courts within the United States. This group processes all proofs of claim, prepares and files all necessary documents, and represents clients at creditor meetings and/or in bankruptcy court.

One of our most successful collection initiatives is our Business Personal Property Site Visit Program. Businesses often move or relocate without the property taxes being paid, and our team of field collectors spends countless
hours contacting and calling taxpayers to work out details for the successful payment of their tax obligations. Our law firm’s intensive “collections blitz” includes personal site visits to over 11,000 Dallas businesses. As soon as the delinquent tax roll is turned over to our law firm in April, we begin targeting, placing personal telephone calls, and performing site visits to determine the company’s assets, ability and/or willingness to pay, and posting notices of our “Intent to Seize”.

Our Seizure and Writ team has conducted hundreds of bank warrants and tax seizures that have resulted in either the immediate payment of taxes or the seizure of a business’ personal property assets that are later sold to satisfy the debt. This highly effective collection tool is often used in conjunction with media to publicize the message that our clients and our law firm are serious about collecting taxes.

FINES & FEES TEAM

Managing Partner, DeMetris Sampson, oversees and manages LGB&S’ Court & Detention Services Contract. Nancy Primeaux, Regional Manager, who is a former City of Dallas Municipal Court Director, assists in the oversight of this contract. Project Manager, Sophronia Johnson, is responsible for the day-to-day contract activities, coordinates with the Court and Detention Services staff, and oversees three collection and support personnel. Partner, Tracy Founders, a former Assistant City Attorney for the City of Dallas, also provides legal support for this contract.

Richard Pachecano, Director of Fines and Fees, directs the law firm’s fines and fees operations and works with clients on system and data-related issues. Patrick Hafey manages the Production and Business Analysis Group, which is responsible for ensuring the quality of data transfers and for developing internal and external reports.

The firm’s San Antonio Call Center provides the telephone collection operations and the skip-tracing services for the Court’s collection program, with the 72-staff collection team managed by John Wilson, Director of Operations. Over 50 of our collectors are bilingual; 52 speak Spanish, 2 German, 1 French, and 1 Vietnamese. Backup support is available from our various regional call centers, if needed.

INFORMATION TECHNOLOGY & SUPPORT

CURRENT TAX COLLECTION SOFTWARE & SUPPORT

LGB&S has provided tax collection software to the Dallas County Tax Office since 1990. LGB&S developed the tax accounting and billing system utilized by Dallas County that allowed for consolidated tax collection services, initially through our subsidiary corporation, United Governmental Services of America, Inc. (UGSA), and more recently through our commercial software division (UGSA’s upgraded incarnation), Appraisal & Collections Technologies
LGB&S has provided the County with on-going programming and technical assistance to support our software for the past eighteen years.

In 2001, LGB&S assisted Dallas County with its successful conversion and consolidation of the tax collection operation for the City of Dallas and Dallas ISD, which also utilized our UGSA tax collection software. We have also assisted in the tax conversion of numerous other suburban cities and school districts into Dallas County.

In 2005, Dallas County expressed a desire to migrate all computer applications off its “legacy” mainframe computer. Our technology team has worked closely with County Tax, IT, and Auditor’s staff to develop an upgraded tax collection system, Dallas ACT. *Effective July 2008, this multi-jurisdictional collection system was installed and is “live” at the Dallas County Tax Office.*

**LGB&S’ ACT development and technology team** that supports Dallas County has grown to **15 programmers, application testers, and technicians**. At this time, due to the large increase in our staff, we maintain an ACT office across the street from the Tax Office at 501 Elm.

**DELINQUENT TAX COLLECTION TECHNOLOGY**

For almost thirty years, LGB&S has pioneered the use of technology to reshape the delinquent tax collection industry. LGB&S has **invested more than $25 million** to develop the very latest data processing and communications technology available. LGB&S was one of the first delinquent tax collection law firms to recognize and design processes that allowed us to utilize state-of-the-art technology to collect delinquent taxes, perform research and file lawsuits, while at the same time support our clients’ operations. Our technology center is housed in San Antonio, where the majority of our development and processing takes place. This group, headed by Rick Haass, consists of **120 information technology specialists that support our statewide network of offices**.

Rick Haass appeared on the cover of the July 2008 edition of *Collection Advisor* as an industry expert profiled in the article entitled: “Government Collections Expanding Like Wildfire.” This article featured our law firm and our leading edge approach to technology as a collections tool for governments.

**COURT FINES & FEES COLLECTION TECHNOLOGY**

LGB&S’ fines and fees collection program is managed using the *Columbia Ultimate Business Systems, Inc. (CUBS) software*, which our programming staff has adapted and customized for specialized law firm applications. We have developed easy-to-use custom features that are stable, effective, and do not interfere with basic CUBS program code. This system combines the best of a traditional collections software platform with state-of-the-art enhancements that allow LGB&S to meet our clients’ growing and specific needs for sophisticated software applications.

**ON-LINE ACCESS AND REPORTING**

Our Dallas office is on-line with the *Dallas County Tax Office, the Dallas County District Clerk’s Office*, and various bankruptcy courts throughout the nation. We are the only law firm in Dallas County with direct, read-only access to the District Clerk’s case tracking system. More
than 100 users each day access the County’s system and Court records in order to run tax statements, quote tax amounts due and court costs. We consider ourselves an extension of both the Tax Office and clerk’s staffs, and handle hundreds of calls each day that otherwise would be directed to the County. All new lawsuits are loaded via FTP onto the Tax Office and District Clerk records, while all Bankruptcy Proof of Claims are filed electronically at the Court. LGB&S is the only delinquent tax law firm in Dallas County utilizing these filing processes.

LGB&S has developed a computerized lawsuit case tracking (Litool) and document production system (Textool) and a bankruptcy tracking system (Banktool) that enable our attorneys and staff to monitor and dispose of litigation and bankruptcy cases quickly and effectively.

In our contracts to collect both delinquent property taxes and court fines and fees, we emphasize not only working hard, but working smart. We use our technology to analyze the tax and court fines and fees portfolios, develop customized work plans, and identify areas where we can maximize our revenue collections. We regularly utilize research and skip-tracing tools on the internet to quickly and accurately locate lien-holders, property owners, and court defendants. Our law firm regularly produces the following products for the City:

- Regular Mailings
- Special Mailings
- Court Lockbox Reports
- Court Collection Reports
- Specialized Listings
- Tax Roll Analysis
- Court Portfolio Analysis
- Court Invoice
- Lawsuits
- Litigation Reports
- Warrant Round-Up Lists

**COMMITMENT TO EEO & M/WBE PARTICIPATION**

**EQUAL EMPLOYMENT OPPORTUNITIES**

LGB&S believes it is important that our organization be as diversified as the governments that we represent. We are committed to providing ownership and career opportunities for minorities and women at all levels and capacities within our law firm. Our Dallas office staff is 78% female and 74% ethnic minority, and the attorney and management team is 62% female and 46% ethnic minority.
LGB&S has been recognized by Texas Lawyer as “the star” among the top 25 law firms in Texas for creating opportunities for minorities and women. In addition to providing career opportunities through permanent employment, we have also provided a Law Clerkship Program in North Texas each summer since 1987.

M/WBE PARTICIPATION

Our law firm is equally committed to supporting Minority and Women Business Enterprises (M/WBE). We strive to be part of the communities we represent and make every effort to identify and utilize local minority and women-owned businesses whenever possible.

Each year our law firm spends millions of dollars with minority and women employees, vendors, suppliers and contractors in the delivery of our collection services -- a total of over $7 million in 2007. One African-American sub-contractor, West & Associates, L.L.P., has provided legal support to LGB&S since 1989. Texas Judgment Recovery Company, Inc., a Hispanic owned company, has provided civil process service for over 16 years. TIN Star Litigation Support & Title, a Hispanic female owned company, provides title work.

All collection letters sent on behalf of City of Dallas’ Court & Detention Services are produced and mailed by a local African-American vendor, Castle Mailing Center. Other expenditures for such services as printing, office supplies, computer equipment, furniture, catering, and maintenance agreements feature the use of M/WBE vendors.

LGB&S SERVES OUR COMMUNITY

LGB&S has a long history of good community citizenship. We believe that to represent our clients effectively, we must be involved in the communities in which our partners and employees reside. LGB&S has supported:

- Greater Dallas Chamber of Commerce, Dallas Black Chamber of Commerce, Greater Dallas Hispanic Chamber of Commerce, and Greater Dallas Asian American Chamber of Commerce
- Dallas ISD Education Foundation and various Dallas County school district education foundations
- North Texas Food Bank
- Dallas Bar Foundation
- Friends of Fair Park
- UNT Dallas
- North Texas Rescue Relief Fund (Hurricane Katrina)
- Dallas Black Dance Theatre
- Latino Cultural Center
- YMCA
- Dallas Public Library / Tulisoma Book Fair
- Welcome House, Inc.
- Various City Outreach Programs
- Support of Vocational Education Programs (LGB&S hires students each year as part of our support for this program)
- Speaking at area school Career Days
- Community Police Funds
- Volunteer Fire Departments
- Santa Cop Programs
- School Honor Societies
- Numerous other local charitable and community programs

**RECENT RECOGNITION**

LGB&S has received numerous awards and national recognition for its collection programs throughout the country. In October 2007, the U.S. Conference of Mayors announced a new business alliance with the law firm of Linebarger Goggan Blair & Sampson, LLP. The USCM President, Mayor Douglas Palmer stated that “any business that earns three public-private partnership awards with USCM has to be doing something right. And as mayors, we owe it to the vast majority of Americans who pay their taxes and fees on time, and as required by law, to make sure that everyone who can do so is paying their fair share.”

LGB&S is proud of this alliance with the U.S. Conference of Mayors and the fact that our LGB&S Dallas office, along with the City of Dallas, was LGB&S’ first winner of the U.S. Conference of Mayors’ 2001 Award for Excellence in Public/Private Partnerships for its tax collection program. Since 1983, LGB&S has collected over $942.6 million in delinquent tax revenue for the City of Dallas and Dallas Independent School District.

Our LGB&S Chicago office, in partnership with the City of Chicago, was the recipient of the U.S. Conference of Mayors’ 2004 Award for Outstanding Achievement in Partnership for collecting over $24 million in delinquent parking and miscellaneous receivables in less than two years. This past year, the honor was bestowed upon our firm for the third time, along with the City of Houston, by winning the U.S. Conference of Mayors' 2007 Award for Outstanding Achievement in Partnership to re-develop blighted and abandoned properties in inner-city neighborhoods.
<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exhibit I</td>
<td><em>The Dallas Morning News</em> Article – “Urban Land Bank: Putting Humpty Dumpty Together Again”</td>
</tr>
<tr>
<td>Exhibit II</td>
<td>Key Attorney &amp; Management Team Resumes</td>
</tr>
</tbody>
</table>
Urban Land Bank — putting Humpty Dumpty together again

On one of the toughest streets in Dallas, not far from where the first Calatrava Bridge will cross the Trinity River, a single mother recently burst into tears as she signed the papers to buy a new home.

It was one of the first homes constructed in a new program by the city of Dallas to rebuild inner-city neighborhoods, one at a time.

Called the Urban Land Bank, the program creates an asset and lives that can be bought on the neighborhood block and a bond on the community’s future. The land bank program helps stabilize neighborhoods, said Norman Henry, president of the Builders of Hope Community Development Corp., a nonprofit that has sold more than 50 homes in Dallas.

Norman Henry, president of the Builders of Hope Community Development Corp., was common-sense when he bought a home in the neighborhood of the first home.

The Urban Land Bank, which is a cooperative model for other Texas cities, is a way to keep the city of Dallas and the city of Dallas of Hope’s bond is a model for other cities.

The Land Bank program is called a "triumphous vehicle for us." It is making a dent in the affordable housing needs of the city.

JERRY MILLER

But in these vacant lots, some see green.

"We want to do more than just build a home," Mr. Henry says.

The nonprofit builder, which works to build homes in West Dallas, has neighbors to help with the renovation. They include a financing, staff and more, to help bring homes back to life.

"We are not just changing communities," he says.

"We are changing lives," he says. Habitat has built more than 500 homes in Dallas, adding about $5 million to the tax rolls.

The organization is working on a 15-year plan to build homes in the nonprofit’s budget, which is focused on affordable housing.

"The Land Bank program has been a triumphous vehicle for us. It is making a dent in the affordable housing needs of the city," he says.

The nonprofit builder, which works to build homes in West Dallas, has neighbors to help with the renovation. They include a financing, staff and more, to help bring homes back to life.

"We are not just changing communities," he says.

"We are changing lives," he says. Habitat has built more than 500 homes in Dallas, adding about $5 million to the tax rolls.

The organization is working on a 15-year plan to build homes in the nonprofit’s budget, which is focused on affordable housing.
DeMetris Sampson, Managing Partner of our Dallas Office and Member of the Firm’s Management Committee, was admitted to the Texas Bar in 1980 after receiving her Bachelor of Business Administration (1977) from the University of Texas at Austin and her Juris Doctorate (1980) from the University of Texas School of Law. She also received her Masters of Laws (Taxation) from Southern Methodist University School of Law in 1986. A member of the firm since 1987, she oversees governmental receivables collections, including general ad valorem tax litigation, fines and fees collections, and community and governmental relations in the greater Dallas area. Ms. Sampson is the former chairperson of the firm’s Management Committee, serves as chairperson of the firm’s legislative committee, and oversees other firm marketing and operational projects as needed.

Ms. Sampson’s experience includes serving as an Assistant City Attorney for the City of San Antonio, serving as Chief Counsel to the Texas House of Representatives Judicial Affairs Committee, serving as an Assistant District Attorney in Dallas County, and being engaged in the private practice of law. She is admitted to practice before all courts of the State of Texas, the U. S. Fifth Circuit Court of Appeals, the U. S. District Court, Northern District, and the U. S. Tax Court. Her professional involvement has included active participation in the Dallas Bar Association, Dallas Bar Foundation Fellow, Texas Bar Foundation Fellow, Inn of Court, the Past-President of the J. L. Turner Legal Association, and the Dallas Association of Black Women Attorneys. In 2007, Ms. Sampson was inducted into honorary membership in the Order of the Coif by the University of Texas School of Law.

Ms. Sampson’s community involvement is extensive. She serves on the board of the Greater Dallas Chamber of Commerce, and is a member and prior officer of the Dallas Assembly and the Dallas Summit. She is a co-chair of the University of North Texas Law School Founders Board. She served as Co-Chair of the Mayor’s Census 2000 Complete Count Committee for the City of Dallas, on the City of Dallas Domestic Violence Task Force, on the City’s Charter Review Commission, and as Chair of the City’s Task Force on Liquor Related Businesses Near Schools. She has also served on the Dallas Area Rapid Transit Board and on the East Texas State University Board of Regents (now Texas A & M Commerce). Ms. Sampson co-chaired both the Dallas Independent School District (2002) $1.37 billion dollar bond campaign and the City of Dallas (2003) $555 million bond campaign.

Ms. Sampson has received numerous awards and recognitions for her community service. She received the 2008 President’s Award from The Real Estate Council for the firm’s contributions to the City of Dallas Land Bank. She has been recognized by the University of Texas as an Outstanding Young Texas Ex and as the 2008 Outstanding Dallas Texas Ex. Her awards also include the Martin Luther King, Jr. Justice Award from the five area bar associations, the Maura Award from the Dallas Women’s Center, the President’s Award from the Dallas Urban League, and the Congressional Black Caucus Unsung Heroes Award. She has been named one of Women’s Enterprise Magazine’s Women of Excellence and recognized by Eclipse Magazine as a DFW Legal Legend.

Nancy R. Primeaux, North Texas Regional Manager, holds a B.A. in Plan II (a liberal arts honors program) and an M.S.S.W. in Planning and Policy Development from the University of Texas at Austin. She has extensive experience in public administration, having served as the Tax Assessor-Collector for the City of Dallas and the Dallas Independent School District. She also has experience as the Director of the Municipal Court System for the City of Dallas and as the Grants and Contract Manager for Dallas County.
Ms. Primeaux joined our law firm in 1986 and manages our law firm’s collection operations in the North Texas region. In addition to contract and program oversight, she is responsible for client relations and reporting. She coauthored and taught our law firm’s course “The Texas Property Tax System.” Ms. Primeaux has served as a member of our law firm’s Practice Support Group, Human Resources and our Information Technology Committee. She currently is a member of our Finance and Budget Committee, Marketing and Client Relations Committee.

Frequently, Ms. Primeaux lectures at tax conferences, seminars, and our firm’s annual meeting on collection techniques, privatization of government services, legislative and other tax related topics. Ms. Primeaux has been named to the Outstanding Women of Texas and is a member of the Texas Association of Assessing Officers (TAAO), Texas Association of School Assessors (TSAA), and Texas Municipal League (TML). She has 27 years of experience in the collection of ad valorem taxes.

Bridget Moreno, Partner, graduated from Texas Tech University, cum laude with a Bachelor of Arts degree in Political Science. Ms. Moreno received her Doctorate of Jurisprudence from Texas Tech University School of Law in 1999. While at Texas Tech she studied abroad at the University of Guanajuato, Mexico Summer Law Institute. Ms. Moreno is a former Felony Dallas County prosecutor who served in the child abuse and family violence divisions. In 2001, she served as a commissioner for the City of Dallas Redistricting Commission on behalf of Council District 1. In 2005, she served as an advisory member of the Bachman Lake Land Use Study on behalf of Council District 6. She is a member of the Dallas Bar Association, the Greater Dallas Hispanic Chamber of Commerce and the National Association of Latino Elected and Appointed Officials. Ms. Moreno joined the firm in 2004. She currently serves as the Administrative Attorney over the litigation division in Dallas. In addition, Ms. Moreno has spoken and written in the areas of tax litigation and litigation management as various venues on behalf of the firm and business symposiums. In 2005, Ms. Moreno was named a Texas Monthly “Texas Rising Star.”

Sheila Fuqua Carter, Partner, graduated from Wilkes University, and received her Masters Degree from Columbia University Teachers College (NY). Ms. Carter was admitted to the bar in 1994, after receiving her J.D. from Southern Methodist University School of Law. She joined LGB&S in 2000. Her responsibilities including serving as the Administrative Attorney for the Post-Judgment area of our litigation practice in Dallas. Ms. Carter is a member of the State Bar of Texas, the Dallas Bar Association, the National Bar Association, and the J. L. Turner Legal Association. A Past President of the Collin County Chapter TAAO, Ms. Carter is Vice-Chair of the African American Lawyers Committee, and a member of the State Bar College of the State Bar of Texas. She volunteers her time providing career and education counseling to abused and battered women in her community. Ms. Carter is a former teacher and has more than 15 years experience in delinquent tax collections.

Robert L. Jemerson, Jr., Land Bank Attorney and Manager, was admitted to the Bar in 2003 after receiving his B.S. in Biology, with a minor concentration in Environmental Science from Virginia Union University. He received his J.D. from Texas Wesleyan School of Law. Mr. Jemerson served as a law clerk for the Law Office of David Kemp, and joined LGB&S in 2003. He is an active member of the J. L. Turner Legal Association, Dallas Bar Association, and the Texas State Bar Association. Mr. Jemerson’s legal experience includes litigation, appellate, and taxation. Mr. Jemerson currently focuses on ad valorem tax collection, and is responsible for the firm’s Land Bank Demonstration Program.

Edward Lopez, Jr., Partner, was admitted to the Bar in 1990 after earning his B.B.A. in Finance from Southwest Texas State University and his J.D. from Southern Methodist University School of Law. Mr. Lopez is licensed to practice in all state courts and the federal courts for the
Northern, Eastern and Southern Districts of Texas. He is also licensed to appear before the Fifth Circuit of Appeals. He is on the planning committee for Texas A&M Real Estate Professionals and is a frequent lecturer, speaking before the State Bar of Texas Ad Valorem Committee, Society of Texas A&M Real Estate, Texas Municipal League (TML), Texas Association of Assessing Officers (TAAO) and Texas Civic Center Association. Mr. Lopez is currently the chair person for Government Relations with TAAO. Previously, he has served in various capacities including review boards and planning councils for various cities and school boards. Prior to joining our law firm in April 1994, Mr. Lopez was in private practice in the Dallas area.

Over the past 14 years, Mr. Lopez has had lead appellate and litigation responsibilities for key cases from the trial court through the Supreme Court of Texas. The cases he has handled have established a number of legal principles benefiting the City of Dallas in the collection of delinquent property taxes. The following cases are also routinely cited by attorneys and courts for other legal principles as well:

- **County of Dallas et al v. Roman Catholic Diocese of Dallas**, 41 S.W.3d 739 (Tex. App.—Dallas 2001, no writ);
- **Estate of Elkins v. County of Dallas et al**, 146 S.W.3d 826 (Tex. App.—Dallas 2004, no pet.);
- **Dan’s Big And Tall Shop v. County of Dallas et al** (160 S.W.3d 307 (Tex. App.—Dallas 2005, pet. denied);
- **Paula Williams v. County of Dallas et al v.**, 194 S.W. 3d 29 (Tex. App.—Dallas 2006, pet. denied); and

**Elizabeth "Beth" Weller, Partner and Bankruptcy Attorney**, was admitted to the Bar in Maryland in 1989 after receiving her J.D. from Wake Forest University School of Law in Winston-Salem, North Carolina. She received her B.S. in Business Administration from the University of North Carolina at Chapel Hill, where she was a National Merit Scholar. She is a member of the State Bar of Texas and the Dallas Bar Association, for which she has chaired the Legal Line Committee. In addition to Maryland, she is admitted to practice in the State of North Carolina, the United States District Court for the Middle District of North Carolina, the United States District Courts for the Northern, Southern and Eastern Districts of Texas, the Western District of Tennessee and the 4th and 3rd U.S. Circuit Courts of Appeal. Ms. Weller has 15 years experience in delinquent tax collections and 20 years in bankruptcy. She frequently speaks at bankruptcy conferences presented by the States Association of Bankruptcy Attorneys and the National Association of Attorney Generals, as well as numerous ad valorem tax seminars in Texas. She was formerly on the Board of Directors of the States Association of Bankruptcy Attorneys.

Prior to joining our law firm, Ms. Weller served as a Law Clerk to Judge Steven A. Felsenthal, United States Bankruptcy Court-Northern District of Texas, Law Clerk for Judge Blackwell Shelley, United States Bankruptcy Court-Eastern District of Virginia, and as a Staff Attorney for the 4th Circuit U.S. Court of Appeals. Ms. Weller joined the firm in 1993 and is responsible for our Metroplex Bankruptcy Unit. Ms. Weller testified before Congress and was instrumental in
drafting and promoting legislative bankruptcy reform enacted in 2005 that protected local
governments’ interest in bankruptcy matters.

Peggy McCormick, Operations Manager of our Dallas Office, holds a B.B.A. degree from the
University of North Texas and has 26 years experience in the collection of ad valorem taxes. Ms.
McCormick has served as the City of Grand Prairie Tax Collection Manager, the Collections
Supervisor for the Parker County Central Appraisal District and the Tax Assessor-Collector of
Haltom City. She retains her certification as a Certified Tax Administrator (CTA).

Ms. McCormick joined our law firm in 1993 and is currently responsible for the oversight of the
tax collection operations of the Dallas office. This includes the analysis and reporting of tax roll
and performance data, the upkeep of all data files and supervision of internal processes. She is a
member and Past President of both the North Central Chapter and Northwest Chapter of TAAO.

Sophronia Johnson, Project Manager, has more than 30 years of management experience,
including 15 years in Texas local government. She has held management positions with Arthur
Andersen, City of Grand Prairie - as Revenue Manager, Interim Finance and Court Services
Directors, AT&T and Southwestern Bell Corporations. Ms. Johnson holds a B.A. in accounting
from Bishop College. Ms. Johnson joined LGB&S in March 2002 to oversee our North Texas
area court clients. Since joining our law firm, she has directed successful implementations
including those of Dallas and Tarrant Counties and the City of Dallas.

Tracy Pounders, Partner, is a 1986 graduate of Southern Methodist University Law School. He
worked two years in the taxation division of the Dallas office of Arthur Andersen & Co. before
being hired as an Assistant City Attorney for the City of Dallas in 1988. Mr. Pounders joined
LGB&S in August 2002, practicing in the law firm’s litigation section. Mr. Pounders interacts
with defendants who have received collection letters and calls, and provides attorney resolution to
issues raised by defendants in municipal courts collections. He is also the attorney for the law
firm’s Collin County clients.

Mr. Pounders has extensive experience in municipal law, regularly speaking to professional
groups on various public law topics, and is a course instructor for the TAAO/TAAD Public Law
CPE course. Additionally, he is a former Associate Municipal Judge for the cities of Cedar Hill
and Grand Prairie, and a former Administrative Law Judge for the North Central Texas Regional
Certification Agency. Mr. Pounders is currently serving as Vice Chairman of the Dallas County
Trail and Parks Board, Bishop’s appointee to the Canterbury House/St. Alban’s Collegiate Chapel
Board (SMU), and is active in several other chambers of commerce and community organizations.

Gary Coleman, Collections Manager, holds a Bachelors in Business Administration in Finance
from the University of Texas at Arlington. Mr. Coleman coordinates the daily activities of the
Collections Department, planning “collections campaigns”, and managing the workload and
responses from taxpayers. Prior to joining our firm, Mr. Coleman was a Vice-President with
NationsBank. He has 19 years of collection experience and has been with LGB&S since 1995.
Mr. Coleman is a member of the North Texas and Collin County chapters of TAAO.

Gloria Holmes, Litigation Manager, has been with the firm for over 25 years and manages the
operations of the litigation department, directing the daily activities of the paralegal and support
staff. Ms. Holmes holds a B.A. degree in political science with an emphasis in pre-law studies
from East Texas State University and an Associate of Arts Degree in Paralegal Studies from El
Centro College. Ms. Holmes has over 25 years experience in delinquent tax collections.
Traynard Jackson, Post Judgment Manager, holds a B.S. in Accounting from the University of North Texas. He also has earned his Paralegal Certificate, with a specialization in real estate law, from University of Texas at Arlington. Mr. Jackson joined LGB&S in 2008 and manages the operations of the Post Judgment department that is responsible for the tax foreclosure program and coordination with the Dallas County Sheriff's Department. Mr. Jackson has 15 years foreclosure experience and was previously employed by American Home Mortgage.

Karen George, Bankruptcy Manager holds a B.S. degree in criminal justice from the University of North Texas and has a certification in paralegal studies. Ms. George manages the operations of the bankruptcy department, directing the daily activities of the paralegals and support staff, coordinating with clients and attending bankruptcy court hearings. Ms. George has 13 years legal experience, with 11 years experience in bankruptcy. She joined our firm in 2000.

Richard H. Pachecano, CISA, Director of Fines and Fees, received a B.B.A. in Accounting and Business Data Systems from the University of Texas at San Antonio in 1985 and has been a Certified Information Systems Auditor since 2000. He joined LGB&S in 1985 and directs the activities of the law firm’s fines and fees operations. Mr. Pachecano works with our clients concerning data transfers and on computer-related issues. Mr. Pachecano also oversees the Dallas ACT team that is responsible for the tax billing and accounting software used by Dallas County. He previously served as Deputy Director of Information Systems for Bexar County and as Applications Manager responsible for the County's Financial, Tax Collections, and Automobile Registration Systems. He is a member of the Texas Association of Assessing Officers and the Information Systems Audit and Control Association.

Patrick Hafey, Production Manager, has 19 years of experience in management and business analysis for established and start-up companies in a variety of industries, including medical, financial, energy, distribution, technology, hospitality and gaming. Mr. Hafey earned his Bachelor of Business Administration in Finance at Texas A&M University College Station, graduating Summa Cum Laude, and earned his Master of Business Administration, concentrating in information management, at The University of Texas at Austin. Mr. Hafey joined LGB&S in 2004 to provide business analysis for Court Fees and Fines client implementations. He currently manages the law firm's Production and Business Analysis groups, which are responsible for ensuring client data quality and for developing external and internal reports.

John M. Wilson, San Antonio Call Center Director of Operations, joined LGB&S in November 2003. He graduated from Southern Methodist University in 1976 with a B.S. in Business Administration. He has been in the collection industry for over 33 years. Mr. Wilson started as a collector with Capital Credit Corporation handling private label receivables. He was promoted through the ranks to Branch Manager and National Training Director. He joined THE Finance Company and Consco/GreenTree Finance, as the Regional and Collection Manager, overseeing call center operations for auto and mobile home loans. He developed considerable medical receivable experience while working at Creditors Mercantile and Consolidated Accounts Management, holding positions of Audit Specialist, Regional Manager, and ultimately Chief Operating Officer.
DELFINGENT AD VALOREM TAX AND COURT FINES & FEES PERFORMANCE REPORT
Prepared for:
CITY OF DALLAS

Presented by:

DEMETRIS SAMPSON
MANAGING PARTNER

NANCY PRIMEAUX
REGIONAL MANAGER

November 24, 2008
OUR MISSION

What you hired us to do –

MAXIMIZE YOUR REVENUE

• The Tools/Resources/Policies & Laws we have to collect your revenue

• How we tackle it
ORDER OF PRESENTATION

• Firm Background

• Delinquent Property Tax Overview
• Discussion: Challenges & Solutions

• Court Fines & Fees Overview
• Discussion: Challenges & Solutions
1,900 Clients in 15 States

- **Texas Delinquent Tax Clients**
  - 500 Cities (Dallas, Houston, Fort Worth, San Antonio)
  - 482 School Districts (Dallas ISD, Houston ISD, San Antonio ISD)
  - 115 Counties (Dallas, Harris, Tarrant, Bexar)

- **Court Fines & Fees Clients**
  - 101 Texas Clients / 250 Courts
    (City of Dallas, Dallas County JP Courts)
• 1,600 Employees Firm Wide
  – 121 Partners/Attorneys
  – 120 Information Technology Group
  – 372 Call Center Collectors

• 31 Offices in Texas
  • 2 in Dallas:
    • Delinquent Tax Office – Univision Center
      – 113 employees
    • ACT Office – 501 Elm
      – 15 programmers
RECENT RECOGNITION

3-Time Winner
U.S. Conference of Mayors’ Award for Excellence in Public/Private Partnership

★ 2001 – City of Dallas
★ 2004 – City of Chicago
★ 2007 – City of Houston
LGB&S’ # 1 JOB

SHOW ME THE MONEY!

THE CITY RELIES ON LGB&S TO PROVIDE REVENUE FOR VITAL CITY SERVICES
LGB&S TOTAL COLLECTIONS (Since 1983)
$321.8 Million

Linebarger Goggan Blair & Sampson, LLP
Delinquent Tax Collection History
for the
City of Dallas

Millions

7/01-6/02 $15,137,192
7/02-6/03 $18,721,338
7/03-6/04 $20,409,939
7/04-6/05 $19,804,950
7/05-6/06 $21,841,396
7/06-6/07 $20,678,621
7/07-6/08 $21,606,442
7/08-9/08 $6,773,941*
LGB&S DELINQUENT TAX COLLECTION PROGRAM

COST-FREE TO CITY

LGB&S attorneys fees paid by delinquent taxpayers:

- 20% - 2001 & after
- 15% - 2000 & prior
Delinquent Tax Collection Program Highlights
July 1983 - October 2008

Total Collections: $321,847,615
Includes base tax, penalty, interest, and attorneys fees collections.

- Most Recent Complete Collection Cycle:
  July 2007 - June 2008 $21,606,442

- 3 Month Update:
  July 2008 - September 2008 $6,773,941

Every account is reviewed by LGB&S and placed in the collection program. Every eligible account is targeted for mailings, phone collections, seizures, site visits and/or litigation.

Mailing/Collection Activity:
- Demand Mailings since July 1983 133 mailings consisting of over 2.8 million letters
  (July 2007 - June 2008) 9 mailings including 94,171 letters for $67,193,264
- Telephone Collection Calls Over 45,000 calls annually
- BPP Site Visits Conducted since 1999 11,743 site visits targeting $46.6 million
  (July 2007 - June 2008) 2,441 personal visits to businesses
- BPP Seizures/Bank Warrants since Jan 2007 163 conducted collecting $1,232,750

Litigation Activity:
- Lawsuits Filed since July 1983 46,199 lawsuits filed for $154 million
  Projected lawsuits to be filed for calendar year 2008 for City 1,500 lawsuits
- Lawsuits Filed for Land Bank 884 lawsuits filed
- Lawsuits Disposed Over 90% of all lawsuits filed since 1983 have been disposed
  (July 2007 - June 2008) 838 lawsuits disposed for $9,344,811
- Tax Sales Conducted since 1991 6,258 properties in City of Dallas
  (July 2007 - June 2008) 383 properties for $14,167,997 (all jurisdictions)

Bankruptcy Activity:
- Bankruptcy Pending 1,662 accounts for $7.0 million
- Bankruptcy Proof of Claims filed (July 2007 - June 2008) 2,412 Proof of Claims
Delinquent Tax Collection Program Highlights
July 1983 - October 2008

Total Collections: $321,847,615
Includes base tax, penalty, interest, and attorneys fees collections.

- Most Recent Complete Collection Cycle:
  July 2007 - June 2008 $21,606,442

- 3 Month Update:
  July 2008 - September 2008 $6,773,941

Every account is reviewed by LGB&S and placed in the collection program. Every eligible account is targeted for mailings, phone collections, seizures, site visits and/or litigation.

Mailing/Collection Activity:
- Demand Mailings since July 1983: 133 mailings consisting of over 2.8 million letters
  (July 2007 - June 2008) 9 mailings including 94,171 letters for $67,193,264
- Telephone Collection Calls: Over 45,000 calls annually
- BPP Site Visits Conducted since 1999:
  (July 2007 - June 2008) 11,743 site visits targeting $46.6 million
  2,441 personal visits to businesses
- BPP Seizures/Bank Warrants since Jan 2007: 163 conducted collecting $1,232,750

Litigation Activity:
- Lawsuits Filed since July 1983: 46,199 lawsuits filed for $154 million
  Projected lawsuits to be filed for calendar year 2008 for City 1,500 lawsuits
- Lawsuits Filed for Land Bank: 884 lawsuits filed
- Lawsuits Disposed:
  (July 2007 - June 2008) Over 90% of all lawsuits filed since 1983 have been disposed
  838 lawsuits disposed for $9,344,811
- Tax Sales Conducted since 1991:
  (July 2007 - June 2008) 6,258 properties in City of Dallas
  383 properties for $14,167,997 (all jurisdictions)

Bankruptcy Activity:
- Bankruptcy Pending: 1,662 accounts for $7.0 million
- Bankruptcy Proof of Claims filed (July 2007 - June 2008): 2,412 Proof of Claims
NEW EARLY PERSONAL PROPERTY COLLECTION PROGRAM

City of Dallas
3-Month Results of Early Personal Property Efforts

Three Month Collection Rate (April - June)
Year 1: 38%
Year 2: 31%
Year 3: 37%

City of Dallas
Delinquent Personal Property Taxes Turned Over to LGB&S on July 1st

EPP Turnover has decreased by $2,224,450 or 47% since 2005

Early Personal Property turnover includes Base Tax due as of July 1st.
TAX SEIZURE VIDEO
# Delinquent Tax Collection Program Highlights
## July 1983 - October 2008

**Total Collections:** $321,847,615
Includes base tax, penalty, interest, and attorneys fees collections.

- **Most Recent Complete Collection Cycle:**
  - July 2007 - June 2008  
  - $21,606,442

- **3 Month Update:**
  - July 2008 - September 2008  
  - $6,773,941

Every account is reviewed by LGB&S and placed in the collection program. Every eligible account is targeted for mailings, phone collections, seizures, site visits and/or litigation.

## Mailing/Collection Activity:
- Demand Mailings since July 1983: 133 mailings consisting of over 2.8 million letters (July 2007 - June 2008)
- Telephone Collection Calls: Over 45,000 calls annually
- BPP Site Visits Conducted since 1999: 11,743 site visits targeting $46.6 million (July 2007 - June 2008)
- BPP Seizures/Bank Warrants since Jan 2007: 163 conducted collecting $1,232,750

## Litigation Activity:
- Lawsuits Filed since July 1983: 46,199 lawsuits filed for $154 million
- Projected lawsuits to be filed for calendar year 2008 for City: 1,500 lawsuits
- Lawsuits Filed for Land Bank: 884 lawsuits filed
- Lawsuits Disposed: Over 90% of all lawsuits filed since 1983 have been disposed (July 2007 - June 2008)
- 838 lawsuits disposed for $9,344,811
- Tax Sales Conducted since 1991: 6,258 properties in City of Dallas (July 2007 - June 2008)
- 383 properties for $14,167,997 (all jurisdictions)

## Bankruptcy Activity:
- Bankruptcy Pending: 1,662 accounts for $7.0 million
- Bankruptcy Proof of Claims filed (July 2007 - June 2008): 2,412 Proof of Claims
LITIGATION: FACTORS TO CONSIDER

• Court Costs & Fees help fund the tax litigation system
  – Non-Tax Cases: Court Costs & Fees paid up-front
  – Tax Cases: Immunity from up-front payment of court costs

• Law allows tax cases to be filed without up-front/out-of-pocket court costs by City
  – Court costs only paid if and when money collected
    (court costs & fees consist of process service fees, title abstracts, ad litems, etc.)
    • Exceptions:
      – City pays publication costs by law
      – City pays Land Bank court costs by agreement
  – Court Costs are recouped only when defendant pays taxes and court costs, or when property is sold and money is actually collected
  – Court costs are not paid when property is struck-off unless money is collected at a resale

• Amount of Taxes Due does not determine Amount of Court Costs (i.e., the court costs are generally the same for the $200,000 case & the $200 case)

• Constraints: Some participants in the litigation process have Capacity and/or Funding Constraints and are outside of the City’s control
  – Tax Office
  – Title Abstracts
  – Court Staff/Clerks
  – Court Availability
  – Constable/Process Servers
    - Ad Litems
    - Sheriff’s Department
    - Property Management (City)
    - Dallas County Public Works
    - Law Firm
SO MUCH MORE...
## LAND BANK DEMONSTRATION PROGRAM

<table>
<thead>
<tr>
<th>CITY GOAL</th>
<th>Year 1 FY 03-04</th>
<th>Year 2 FY 04-05</th>
<th>Year 3 FY 05-06</th>
<th>Year 4 FY 06-07</th>
<th>Year 5 FY 07-08</th>
<th>Year 6 FY 08-09</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Properties Recited in Interlocal Agreement</td>
<td>106</td>
<td>375</td>
<td>625*</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>2,006</td>
</tr>
<tr>
<td>DLB’s Goal for Property Acquisition</td>
<td>85</td>
<td>300</td>
<td>575</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>1,860</td>
</tr>
</tbody>
</table>

### ACTIVITY

<table>
<thead>
<tr>
<th>Activity</th>
<th>Year 1 FY 03-04</th>
<th>Year 2 FY 04-05</th>
<th>Year 3 FY 05-06</th>
<th>Year 4 FY 06-07</th>
<th>Year 5 FY 07-08</th>
<th>Year 6 FY 08-09</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properties Abstracted by Title Company, Approved by City Attorney &amp; Turned over to LGB&amp;S</td>
<td>102</td>
<td>337</td>
<td>117</td>
<td>271</td>
<td>83</td>
<td>55</td>
<td>965</td>
</tr>
<tr>
<td>Lawsuits Filed (LGB&amp;S)</td>
<td>95</td>
<td>329</td>
<td>114</td>
<td>260</td>
<td>62</td>
<td>24</td>
<td>884</td>
</tr>
<tr>
<td>Judgments Granted (LGB&amp;S)</td>
<td>89</td>
<td>279</td>
<td>85</td>
<td>164</td>
<td>5</td>
<td>1</td>
<td>623</td>
</tr>
<tr>
<td>Orders of Sale Requested (LGB&amp;S)</td>
<td>84</td>
<td>234</td>
<td>68</td>
<td>91</td>
<td>1</td>
<td>1</td>
<td>479</td>
</tr>
</tbody>
</table>

### ACQUISITION

<table>
<thead>
<tr>
<th>Property Known to LGB&amp;S to be in City Inventory from Private Sale Conducted by City of Dallas</th>
<th>Year 1 FY 03-04</th>
<th>Year 2 FY 04-05</th>
<th>Year 3 FY 05-06</th>
<th>Year 4 FY 06-07</th>
<th>Year 5 FY 07-08</th>
<th>Year 6 FY 08-09</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>68</td>
<td>108</td>
<td>9</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>186</td>
<td></td>
</tr>
</tbody>
</table>
DeMetris Sampson is managing partner of the Dallas Office of Linebarger Goggin Blair & Sampson, LLP, where she has practiced since 1987. Ms. Sampson has a broad history of community and civic engagement in Dallas, and The Real Estate Council is just one of many fortunate beneficiaries of her time and talent. With invaluable assistance from Robert Hemerson, an associate attorney in her office, Sampson’s law firm is providing $3M in pro bono services to the City of Dallas Urban Land Bank, a program that acquires delinquent, foreclosed affordable single-family housing for violation of deed restrictions. Tree Foundation chairman and Trademark Underwriter Bill Kramer of Republic Title—a Land Bank project pioneer—credits Ms. Sampson and her firm for the exceptional work they do: “DeMetris is an important part of the unique team that The Real Estate Council has assembled for the Urban Land Bank. When DeMetris and her team complete their services, the title companies feel absolutely comfortable assuming these titles. Her willingness to make this large contribution in a superbly harmonious way has assured the success of the Land Bank.”
## TOP 100 TARGETED COMMUNITY PROSECUTOR PROPERTIES

### ACTIVITY REPORT

**November 1, 2007 – October 31, 2008**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Code 100 Properties*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Properties Submitted by City 10/29/07</td>
<td>100</td>
</tr>
<tr>
<td>Abstract Completed</td>
<td>97</td>
</tr>
<tr>
<td>Lawsuit Filed</td>
<td>94</td>
</tr>
<tr>
<td>Paid/Exempt</td>
<td>25</td>
</tr>
<tr>
<td><strong>Judgment</strong></td>
<td><strong>14</strong></td>
</tr>
<tr>
<td>Ready to Post for Sale</td>
<td>7</td>
</tr>
<tr>
<td>Sold to 3rd Parties or Struck Off</td>
<td>4</td>
</tr>
</tbody>
</table>

*Some Properties fall into multiple categories*
• Interlocal Agreement between City of Dallas, Dallas ISD & Dallas County
• Land Acquisition for UNT Law School – Hamsher International
• Ten Hills (Twelve Hills)
• Larry Johnson Recreation Center
• West Cliff Mall
• South Fair Development – Eban Village
• Pioneer Partners Joint Venture
• Cadillac Heights
• Trinity River Project
• W. B. Sewell (714 West Davis)
CHANGES:
LGB&S ENHANCES COLLECTION PROCESS & HELPS CITY WITH OTHER GOALS

• 1983 First City consolidated delinquent tax statement
• 1991-2001 Billing and accounting software for current tax collections
• 1996 Interlocal Agreement for tax foreclosed properties
• 1997 Software for land-based receivables
• 2001 HB 110 enabling City to obtain tax foreclosed properties
• 2001 City Tax conversion and consolidation into Dallas County
• 2005 Legislation allowing early personal property tax turnover
• 2004-2008 Land Bank Demonstration Program
A CLOSER LOOK …

SLICING THE MONEY PIE
**TAX ROLL ANALYSIS**

**Tax Roll Analysis by Property Type**  
*As of November 2008*

- **Real Property**  
  $26,352,956 (Base Tax)  
  (29,922 Accounts)  
  60%

- **Mobile Homes**  
  $498,278 (Base Tax)  
  (4,383 Accounts)  
  1%

- **Business Personal Property**  
  $17,046,887 (Base Tax)  
  (32,815 Accounts)  
  8%

---

**Status of Accounts**

- **Lawsuit**  
  $9,706,351  
  (4,979 Accounts)  
  22%

- **Landbank Targeted Properties**  
  $509,016  
  (783 Accounts)  
  11%

- **Bankruptcy**  
  $3,502,587  
  (1,662 Accounts)  
  8%

- **Uncollectible per Legal Determination**  
  $8,359,816  
  (14,984 Accounts)  
  19%

- **Payment Arrangement/Temp. Hold**  
  $1,449,560  
  (1,839 Accounts)  
  3%

- **Bad Address**  
  $3,378,180  
  (9,146 Accounts)  
  8%

- **Over 65/Exempt/Disabled**  
  $5,893,701  
  (4,367 Accounts)  
  14%

- **Clean Accounts * (2006 & Prior Year Tax Amount)**  
  $4,813,571  
  (2,709 Accounts)  
  12%

- **Clean Accounts * (2007 Tax Amount)**  
  $5,289,242  
  (15,341 Accounts)  
  11%

- **Other/Less than $15**  
  $996,097  
  (11,310 Accounts)  
  2%

- **Uncollectible per Legal Determination**  
  $4,813,571  
  (2,709 Accounts)  
  14%

---

*All clean accounts are subject to mailings, phone collections, seizures, site visits and/or litigation.*

**Total Base Tax (2007 & Prior Years) Due as of November 2008:**  
$43,898,121

---

* *26*
### $ BREAKDOWN OF TOTAL DELINQUENT TAX ROLL (All Property Types)

**As of November 2008**

<table>
<thead>
<tr>
<th>Dollar Amount</th>
<th>Number of Accounts</th>
<th>Base Tax + P&amp;I</th>
<th>% of Number of Accounts</th>
<th>% of Base Tax + P&amp;I Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-200</td>
<td>28,254</td>
<td>$1,784,117</td>
<td>42%</td>
<td>2%</td>
</tr>
<tr>
<td>$200-1,000</td>
<td>21,073</td>
<td>$10,326,950</td>
<td>31%</td>
<td>12%</td>
</tr>
<tr>
<td>$1,000-ABOVE</td>
<td>17,793</td>
<td>$76,264,820</td>
<td>27%</td>
<td>86%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>67,120</strong></td>
<td><strong>$88,375,887</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

### COLLECTABILITY STATUS OF REAL PROPERTY ACCOUNTS

**As of November 2008**

<table>
<thead>
<tr>
<th>Status of Real Property Accounts</th>
<th>Number of Accounts</th>
<th>Base Tax + P&amp;I</th>
<th>% of Base Tax + P&amp;I Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean</td>
<td>19,474</td>
<td>$20,043,409</td>
<td>39%</td>
</tr>
<tr>
<td>Already in Litigation / Bankruptcy / Collection Status</td>
<td>10,448</td>
<td>$31,358,353</td>
<td>61%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>29,922</strong></td>
<td><strong>$51,401,762</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

### ANALYSIS OF CLEAN REAL PROPERTY ACCOUNTS

**As of November 2008**

<table>
<thead>
<tr>
<th>Size of Accounts</th>
<th>Number of Accounts</th>
<th>Base Tax + P&amp;I</th>
<th>Avg Size of Accts (Base + P&amp;I)</th>
<th>% of Base Tax + P&amp;I</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-199</td>
<td>5,682</td>
<td>$325,396</td>
<td>$ 57</td>
<td>2%</td>
</tr>
<tr>
<td>$200-499</td>
<td>4,115</td>
<td>$1,381,935</td>
<td>$ 336</td>
<td>7%</td>
</tr>
<tr>
<td>$500-1,000</td>
<td>4,080</td>
<td>$2,945,188</td>
<td>$ 722</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Sub-total ($0 to $1,000)</strong></td>
<td><strong>13,877</strong></td>
<td><strong>$4,652,519</strong></td>
<td><strong>$335</strong></td>
<td><strong>23%</strong></td>
</tr>
<tr>
<td><strong>Greater than $1,000</strong></td>
<td><strong>5,597</strong></td>
<td><strong>$15,390,890</strong></td>
<td><strong>$ 2,750</strong></td>
<td><strong>77%</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>19,474</strong></td>
<td><strong>$20,043,409</strong></td>
<td><strong>$ 1,029</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
**DISCUSSION: CHALLENGES & SOLUTIONS**
**Delinquent Property Tax**

- **CHALLENGE - Inflated Tax Roll Receivable**

- **SOLUTION - Tax Roll Clean-up**
  - Cancel Accounts as Mandated by Law
    - $2.7 Million 6% of Delinquent Tax Roll
  - Create Dead Roll for Uncollectable Accounts
    - $5.6 Million 13% of Delinquent Tax Roll
  - **TOTAL:**
    - $8.3 Million 19% of Delinquent Tax Roll
DISCUSSION: CHALLENGES & SOLUTIONS
Delinquent Property Tax

• CHALLENGE – Distressed Properties
  – Abandoned - Low Property Value
  – Owners Unknown & Unlocatable - Lien Laden
  – Low Amount of Taxes Due - Unlikely-to-Sell
  – Multiple Tax Years Due - Non-Revenue Producing

• CHALLENGE - Increased Costs for Increased Capacity:
  If you Increase Capacity, you also Increase Costs to Pay for Litigation System Participants (Most Participants are outside of City’s control)
  – Tax Office - Ad Litems
  – Title Abstracts - Sheriff’s Department
  – Court Staff/Clerks - Property Management (City)
  – Court Availability - Dallas County Public Works
  – Constables/Process Servers - Law Firm
  – Out-of-Pocket Miscellaneous Expenses (Evidence & Publication Fees)

• SOLUTIONS – ?
  – City Purchases Property Out-Right
  – Take Property by Suit
  – Take Property by Seizure
  – Allow Voluntary Transfer of Property under Property Tax Code

Downside to Solutions: COST
COURT FINES & FEES OVERVIEW
THE PRIMARY CHALLENGES

• INCREASE ENFORCEMENT

• INCREASE CONSEQUENCES

• CHANGE PUBLIC PERCEPTION & INCREASE AWARENESS
COLLECTION TIMELINE & PROCESS

• Turnover to LGB&S:
  No sooner than 60 Days after Citation Goes Delinquent (after due date or expiration of due process deadline)

• Defendant Information Impacts Collections (Quality & completeness matter)

• Collection Activities
  – Mailings
  – Telephone Contact
  – Skip-Tracing
COURT & DETENTION SERVICES – FINES & FEES
PROGRAM HIGHLIGHTS
April 2002 – October 2008

TOTAL GROSS COLLECTIONS $47,124,982
➢ 1st 5-YEAR CONTRACT (APRIL 2002 – JULY 2007) $33,067,878
➢ 2nd CONTRACT TO DATE (15 MONTHS: AUGUST 2007 - OCTOBER 2008) $14,057,104

MINIMUM ANNUAL GUARANTEE (MAG) RESULTS (12 MONTHS: AUG 2007 – JULY 2008):
MAG amount is a subset of the Total Gross Collections and includes only the Fines & Fees amount
(not State Court Costs or Collection Agency fees).
➢ 1st YEAR MAG OFFER $7,309,978
➢ 1st YEAR MAG COLLECTIONS $7,889,974
LGB&S Exceeds MAG by $579,996

COLLECTION EFFORTS
DEMAND MAILING ACTIVITY:

<table>
<thead>
<tr>
<th>Demand Mailings</th>
<th>First Contract</th>
<th>Second Contract (to date)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Mailings</td>
<td>397</td>
<td>166</td>
</tr>
<tr>
<td>Number of Letters</td>
<td>2,723,719</td>
<td>1,226,272</td>
</tr>
</tbody>
</table>

TELEPHONE ACTIVITY:

<table>
<thead>
<tr>
<th>Telephone Calls</th>
<th>First Contract</th>
<th>Second Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incoming Calls</td>
<td>140,032</td>
<td>49,626</td>
</tr>
<tr>
<td>Outgoing Calls</td>
<td>2,597,621</td>
<td>1,287,963</td>
</tr>
<tr>
<td>Total Calls</td>
<td>2,737,653</td>
<td>1,337,789</td>
</tr>
</tbody>
</table>

SKIP-TRACING / LOCATOR ACTIVITIES:

<table>
<thead>
<tr>
<th>As of November 2008</th>
<th># of Accts</th>
<th>% of Total Accts</th>
<th>$ Amount Due</th>
<th>% of Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Return/Bad Address</td>
<td>603,238</td>
<td>51%</td>
<td>$222,413,390</td>
<td>50%</td>
</tr>
<tr>
<td>Invalid Phone Number</td>
<td>1,001,443</td>
<td>85%</td>
<td>$376,317,154</td>
<td>85%</td>
</tr>
</tbody>
</table>

➢ 1,056,587 addresses updated (frequently resulting in multiple updates per defendant)
➢ 743,808 accounts have been returned undeliverable by the U.S. Postal Service and researched to locate defendants
➢ All placements sent to National Change of Address database and various skip-tracing vendors to identify current address and telephone information
ANALYSIS OF OUTSTANDING DELINQUENT CITATIONS

BY TYPE OF OFFENSE:

<table>
<thead>
<tr>
<th>Type of Offense</th>
<th># of Accts</th>
<th>% of Accts</th>
<th>$ Amount Assigned</th>
<th>% of $ Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traffic</td>
<td>766,138</td>
<td>65%</td>
<td>$273,375,055</td>
<td>62%</td>
</tr>
<tr>
<td>Code</td>
<td>78,630</td>
<td>7%</td>
<td>$27,918,688</td>
<td>6%</td>
</tr>
<tr>
<td>Quality of Life* (Prostitute, Drug, Theft, Homeless, Assault)</td>
<td>237,352</td>
<td>20%</td>
<td>$111,293,153</td>
<td>25%</td>
</tr>
<tr>
<td>FTA (Failure to Appear)</td>
<td>97,912</td>
<td>8%</td>
<td>$28,115,052</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>1,180,032</strong></td>
<td><strong>100%</strong></td>
<td><strong>$440,701,848</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

* Majority of Quality of Life cases do not pay, are unlocatable, and are generally disposed of through non-cash means (jail time served, community service credit, etc.)

BY STATUS (TRAFFIC):

Traffic Portfolio Analysis
by Dollars Owed & Number of Outstanding Citations

Total Traffic Portfolio
Total Due as of November 2008: **$273,375,055**
Total Number of Citations: **766,138**

BY OFFENSE YEAR:
(TOTAL PORTFOLIO)

<table>
<thead>
<tr>
<th>Year</th>
<th># of Accounts</th>
<th>% of Accounts</th>
<th>$ Amount Due</th>
<th>% of $ Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>135,988</td>
<td>12%</td>
<td>$56,035,065</td>
<td>13%</td>
</tr>
<tr>
<td>2007</td>
<td>216,769</td>
<td>18%</td>
<td>$89,085,187</td>
<td>20%</td>
</tr>
<tr>
<td>2006</td>
<td>204,003</td>
<td>22%</td>
<td>$105,721,934</td>
<td>24%</td>
</tr>
<tr>
<td>2005</td>
<td>175,799</td>
<td>15%</td>
<td>$65,955,391</td>
<td>15%</td>
</tr>
<tr>
<td>2004</td>
<td>119,633</td>
<td>10%</td>
<td>$45,568,692</td>
<td>10%</td>
</tr>
<tr>
<td>2003</td>
<td>105,131</td>
<td>9%</td>
<td>$36,344,163</td>
<td>8%</td>
</tr>
<tr>
<td>2002 &amp; Prior</td>
<td>162,649</td>
<td>14%</td>
<td>$41,569,416</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>1,180,032</strong></td>
<td><strong>100%</strong></td>
<td><strong>$440,701,848</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
# Analysis of Outstanding Delinquent Citations

## By Offense Year:
(Total Portfolio)

<table>
<thead>
<tr>
<th>Year</th>
<th># of Accounts</th>
<th>% of Accounts</th>
<th>$ Amount Due</th>
<th>% of $ Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>135,088</td>
<td>12%</td>
<td>$56,035,065</td>
<td>13%</td>
</tr>
<tr>
<td>2007</td>
<td>216,769</td>
<td>18%</td>
<td>$89,085,187</td>
<td>20%</td>
</tr>
<tr>
<td>2006</td>
<td>264,003</td>
<td>22%</td>
<td>$105,721,934</td>
<td>24%</td>
</tr>
<tr>
<td>2005</td>
<td>175,790</td>
<td>15%</td>
<td>$65,967,391</td>
<td>15%</td>
</tr>
<tr>
<td>2004</td>
<td>119,633</td>
<td>10%</td>
<td>$45,598,692</td>
<td>10%</td>
</tr>
<tr>
<td>2003</td>
<td>105,131</td>
<td>9%</td>
<td>$36,344,163</td>
<td>8%</td>
</tr>
<tr>
<td>2002 &amp; Prior</td>
<td>162,849</td>
<td>14%</td>
<td>$41,959,416</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>1,180,032</strong></td>
<td><strong>100%</strong></td>
<td><strong>$440,701,848</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

## By Multiple Offenders (Defendants with at Least):

<table>
<thead>
<tr>
<th>Number of Citations</th>
<th>Number of Defendants</th>
<th>Total # of Citations</th>
<th>Total Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 – 24</td>
<td>4,579</td>
<td>60,426</td>
<td>$23,443,262</td>
</tr>
<tr>
<td>25 – 49</td>
<td>263</td>
<td>8,385</td>
<td>$3,380,015</td>
</tr>
<tr>
<td>50 – 99</td>
<td>42</td>
<td>2,862</td>
<td>$1,156,675</td>
</tr>
<tr>
<td>100 – 399</td>
<td>13</td>
<td>1,716</td>
<td>$660,226</td>
</tr>
<tr>
<td>400+</td>
<td>1</td>
<td>403</td>
<td>$142,809</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>4,898</strong></td>
<td><strong>73,794</strong></td>
<td><strong>$26,786,017</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Citations</th>
<th>Number of Defendants</th>
<th>Total # of Citations</th>
<th>Total Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 – 99</td>
<td>291</td>
<td>19,886</td>
<td>$7,506,390</td>
</tr>
<tr>
<td>100 – 199</td>
<td>81</td>
<td>10,504</td>
<td>$3,973,450</td>
</tr>
<tr>
<td>200 – 499</td>
<td>14</td>
<td>4,108</td>
<td>$1,463,599</td>
</tr>
<tr>
<td>500+</td>
<td>4</td>
<td>2,396</td>
<td>$876,804</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>390</strong></td>
<td><strong>36,894</strong></td>
<td><strong>$13,820,243</strong></td>
</tr>
</tbody>
</table>
On behalf of Texas Clients, LGB&S spearheads 30% add-on legislation for Court Fines & Fees

LGB&S briefs City Council & recommends adoption of 30% add-on

30% add-on becomes effective for City of Dallas (Contract becomes cost-free for citations written on or after June 18, 2003)

Inception of 2nd Contract - Entire Collection Program Becomes Cost-Free

Operation: Pay or Stay
OPERATION: PAY OR STAY

- Warrant List posted on City website

- Media Blitz
  - Radio Ads
  - Billboards
  - DART Bus Ads
  - Flyers posted in public facilities
  - Public service announcements

- Warrant Notices mailed to 193,665 defendants

- Warrant Round-up Efforts – City Marshal’s Office
  - LGB&S Collectors hired to work out of Marshal’s Office

- LGB&S funds media campaign & overtime for Marshal’s Office – $250,000
OPERATION: PAY OR STAY VIDEO
LGB&S
COURT FINES & FEES
COLLECTION PROGRAM

COST-FREE TO CITY

LGB&S collection fees paid by delinquent defendants:
- 30% - Cases June 18, 2003 & after
- 0% - Prior
• **CHALLENGE** – Need for Effective Enforcement & Consequences

• **SOLUTIONS** -  
  – Increase Ongoing Enforcement Tools  
    • Issue Warrants  
    • Increase Warrant Sweeps  
    • Facilitate Immediate Payment before a Judge or in the field  
    • Jail  
  – Reduce issuance of Failures to Appear (FTA) & put in place Enforcement Tools with Consequences for Multiple-Citation offenders  
    • Transport to Jail rather than issue a Failure to Appear (FTA)  
    • Work with TXDOT to deny vehicle registration  
    • Impound vehicles  
  – Reduce Citations Issued to Repeat Offenders by Implementing & Participating to the fullest in All Programs that Restrict Licenses & Usage of Vehicles  
  – Increase Public Awareness of Consequences

• **CHALLENGE** – Top 3 Offenses are No Driver’s License, No Vehicle Registration & No Insurance  
  – Practice is repetitious issuance of citations instead of consequences

• **SOLUTION** - Enforcement
DISCUSSION: CHALLENGES & SOLUTIONS
Court Fines & Fees

• CHALLENGE – Inflated Court Receivable
• SOLUTIONS –
  – Develop Purge Policy based on Age, Type of Offense (i.e., quality of life), & Lack of Complaint
  – Review Policy on Issuance of Citations for certain Quality of Life Offenses with little hope of payment or enforcement (Remember 403 citations to homeless defendant?)

• CHALLENGE – Remove Obstacles to Collections
• SOLUTIONS –
  – Implement Installment Payment Arrangements by LGB&S
  – Implement Credit Card Payments over the phone by LGB&S

• CHALLENGE – Change Public Perception & Increase Public Awareness
• SOLUTIONS –
  – City Establish “Get-Tough” Policies with Consequences
  – Ongoing Media Campaign to “Get the Word Out”
LGB&S Remains Committed to Our 25-Year Successful Partnership with the City of Dallas

Developing Innovative Programs that Maximize Your Revenue