

March 24, 2021

WHEREAS, the City intends to pursue claims for monetary damages, declaratory relief, and other legal remedies (“Damages”) against Netflix, Inc., Hulu LLC, Disney DTC LLC, and other video service providers (“VSPs”) as determined for non-payment of franchise fees as required in the Texas Video Service Providers Act, Texas Utilities Code Sec. 66 (the “Litigation”); and

WHEREAS, the City’s desired outcome in the Litigation is to recover from the VSPs Damages owed to the City for failure to pay franchise fees and obtain an order requiring the VSPs to pay the franchise fees going forward, in addition to other relief allowed under the law; and

WHEREAS, the VSPs deliver video programming to their customers via broadband internet through wireline facilities located at least partially in the public right of way; and

WHEREAS, the VSPs do not pay franchise fees to the City as required in section 66.005 of the Texas Utilities Code; and

WHEREAS, the City has a substantial need of the legal services of counsel to represent it in the Litigation; and

WHEREAS, the City requires legal counsel that specialize in complex litigation and are highly knowledgeable and experienced in the legal issues surrounding the non-payment of franchise fees by the VSPs; and

WHEREAS, the City now desires to enter into a contingent fee contract (“Contract”) for legal services with McKool Smith, P.C., Ashcroft Sutton Reyes LLC, and Korein Tillery LLC (the “Firms”) to represent the City in the Litigation; and

WHEREAS, Subchapter C of Chapter 2254 of the Texas Government Code (“Chapter 2254”) requires that a political subdivision of the State of Texas, including the City, may enter into a contingent fee contract for legal services only after: (i) the governing body of the political subdivision has provided written notice to the public stating certain provisions enumerated within Chapter 2254; (ii) the governing body of the political subdivision approved such contract in an open meeting called, in part, for the purposes of considering such contract; and (iii) the governing body of the political subdivision stated in writing certain findings made by the governing body upon the approval of such contract; and

WHEREAS, before the contingent fee contract for legal services is effective and enforceable, the City must receive approval of the Contract by the Office of the Attorney General of Texas; and

WHEREAS, the City has caused notice of this resolution, this meeting, and certain provisions enumerated within Chapter 2254 to be provided to the public in accordance with the Texas Open Meetings Act and Chapter 2254; and

March 24, 2021

WHEREAS, the meeting at which this resolution is being considered is an open meeting called, in part, for the purpose of considering: (i) the City's need for legal counsel to represent it in the Litigation; (ii) terms of the Contract; (iii) the competence, qualifications, and experience of the Firms; and (iv) the reasons that the Contract is in the best interest of the City and complies with Chapter 2254; and

WHEREAS, City Council previously approved Resolution No. 21-0238 on February 24, 2021, but the written public notice provided under Chapter 2254 inadvertently omitted a required exhibit; and

WHEREAS, the City has caused an amended written public notice containing the required exhibit to be provided to the public in accordance with Chapter 2254 and the Texas Open Meetings Act; and

WHEREAS, the City Council hereby finds and determines that the adoption of this resolution is in the best interests of the residents of the City.

Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

SECTION 2. That the City Council hereby finds that: (i) there is a substantial need for the legal services to be provided in the Litigation; (ii) the legal services to be provided in the Litigation cannot adequately be performed by the attorneys and supporting personnel currently employed by the City; (iii) the legal services to be provided in the Litigation cannot reasonably be obtained from attorneys in private practice under a contract providing only for the payment of hourly fees, without regard to the outcome of the matter, because of the nature of the Litigation and without imposing an unnecessary cost and burden on the City's finances; and (iv) the relationship between the City or the City Council and the Firms is not improper and would not appear improper to a reasonable person.

SECTION 3. That based on the findings by the City Council described above, the City Council hereby reauthorizes the City Manager to execute a legal services contract with McKool Smith, P.C., Ashcroft Sutton Reyes LLC, and Korein Tillery LLC, approved as to form by the City Attorney, effective only upon approval by the Office of the Attorney General of Texas.

March 24, 2021

SECTION 4. That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551 as amended, Texas Government Code.

SECTION 5. That the Chief Financial Officer is hereby authorized to receive and deposit all revenues received from the Litigation into the General Fund, Fund 0001, Department BMS, Unit 1246, Revenue Code 8226.

SECTION 6. That the City will pay the Firms a contingency fee and expenses in accordance with the rates in Attachment A to this resolution and contingent upon the recovery, if any, by the City in the Litigation. That the Chief Financial Officer is hereby authorized to disburse any fees and expenses owed to the Firms from the General Fund, Fund 0001, Department BMS, Unit 1991, Object 3099 (subject to appropriations).

SECTION 7. That this contract is designated as Contract No. ATT-2021-00015802.

SECTION 8. That Resolution No. 21-0238 is cumulative with this resolution and this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.