

PORT ARTHUR INDEPENDENT SCHOOL DISTRICT

NOTICE OF INTENT TO CONSIDER APPROVAL OF A CONTINGENT FEE CONTRACT FOR LEGAL SERVICES

This notice is provided by the Port Arthur Independent School District (the "District") pursuant to Tex. Gov't Code § 2254.1036 and Tex. Gov't Code § 551.041, before or at the time notice is posted for the meeting identified below, in connection with the Board of Trustees' consideration of a proposed contingent fee contract for legal services (the "Contract") between the District and Malley Law Firm, PLLC, together with The Carrier Law Group as associated co-counsel (collectively, "Attorneys").

The Board of Trustees will consider approval of the Contract in an open meeting called for that purpose, as required by Tex. Gov't Code § 2254.1036(a)(2), to be held on September 24, 2026, at 5:30pm, at the Administration Board Room, 4801 9th Avenue, Port Arthur, Texas 77642. This notice addresses each of the matters required by Tex. Gov't Code § 2254.1036(a)(1)(A)–(F).

A. Reasons for Pursuing the Matter and Desired Outcome

§ 2254.1036(a)(1)(A).

On March 23, 2026, an explosion occurred at the Valero Port Arthur Refinery. The District sustained losses, including property and consequential losses, as a result of that explosion. The District is pursuing claims against Valero and any third-party contractors ultimately identified as responsible, for the purpose of recovering the full amount of the District's losses. The desired outcome is a recovery, by settlement, arbitration, or judgment, sufficient to make the District whole for its losses, without imposing the cost or risk of pursuing that recovery on the District's taxpayers.

B. Competence, Qualifications, and Experience of Selected Counsel

§ 2254.1036(a)(1)(B); see § 2254.1032. Anthony Malley III, lead counsel for Malley Law Firm, PLLC, is board certified in Personal Injury Trial Law by the Texas Board of Legal Specialization and in Civil Trial Law by the National Board of Trial Advocacy, and is a member of the American Board of Trial Advocates. He has served as first chair, and most often sole chair, trial counsel in state and federal courts across Texas, representing both plaintiffs and defendants at trial and in arbitration. His experience includes managing a mass tort docket of more than 4,062 asbestos claimants across 19 counties, with more than 325 individual trial settings, supervising contract attorneys, an associate, and support staff; handling numerous claims for individuals against the petrochemical and refining industry, including benzene exposure claims; and handling premises claims of every type arising at plants, refineries, and pipeline rights-of-way, representing both plaintiffs and defendants. Since 2023, Malley Law Firm has represented clients in claims against Valero and other refineries and petrochemical plants in the Port Arthur area. Malley Law Firm also has substantial property damage and subrogation recovery experience, including prior representation of the Port of Port Arthur in

the recovery of property damage claims and many years representing the Texas Windstorm Insurance Association (TWIA) in subrogation recovery actions. This experience, including the demonstrated ability to finance and manage large-scale, expert-intensive litigation such as the asbestos mass tort docket described above, reflects the financial strength and trial-tested capability necessary to advance the substantial expert and litigation costs this matter is expected to require without financial strain on the District. Malley Law Firm also has a longstanding, collegial working relationship with The Carrier Law Group, the District's outside counsel, which supports coordinated and efficient joint representation of the District in this matter. Based on this demonstrated competence, qualifications, trial experience, and financial capacity, the District has determined that Malley Law Firm and The Carrier Law Group are well qualified to represent the District in this matter, consistent with § 2254.1032(b)(1).

C. Nature and Beginning of the Relationship with Selected Counsel

§ 2254.1036(a)(1)(C). Malley Law Firm has not previously represented the District. The District does not maintain in-house legal staff. Counsel for the District, The Carrier Law Group, which serves as the District's outside counsel, began vetting attorneys and law firms qualified to handle a claim of this scope in late April 2026, and selected Malley Law Firm to serve as co-counsel with The Carrier Law Group based on Malley Law Firm's demonstrated qualifications and experience described in Section B above and its established working relationship with The Carrier Law Group. The relationship between Malley Law Firm and the District began at that time and has continued since.

D. Legal Services Cannot Be Adequately Performed In-House

§ 2254.1036(a)(1)(D). The District's in-house and general counsel resources are structured to handle the District's routine legal needs, including student, employment, contract, and governance matters, and do not include attorneys with the specific experience, staffing depth, or resources necessary to investigate and prosecute complex litigation of this scale against a sophisticated industrial defendant and its contractors, including the retention and coordination of process-safety, metallurgical, causation, and damages experts. The District's attorneys and supporting personnel cannot adequately perform these legal services without substantially expanding the District's legal staff and expert resources, which is not a practical or cost-effective alternative to retaining outside counsel with this specific experience. Pursuing this matter with in-house or hourly-fee counsel would also require the District to front an estimated \$25,000 to \$100,000 in litigation expenses, including expert witness, investigation, and related costs, over the several years this matter is expected to take, funds the District would have to commit from its own budget with no assurance of recovery.

E. Legal Services Cannot Be Reasonably Obtained Under an Hourly-Fee-Only Contract

§ 2254.1036(a)(1)(E). This matter is expected to require several years to resolve and substantial expenditures for expert witnesses, investigation, and other litigation expenses, with no guarantee of any recovery. The District does not have funds appropriated or reasonably available to pay hourly fees for outside counsel of this nature over the anticipated

duration of this matter, nor would committing significant, certain District funds to hourly fees for a matter with an uncertain outcome be a prudent use of public and taxpayer resources. A contract providing for the payment of hourly fees without contingency is therefore not a reasonable alternative for obtaining these legal services.

F. Contingent Fee Contract Is in the Best Interest of District Residents

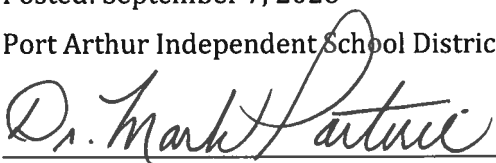
§ 2254.1036(a)(1)(F). Under a contingent fee arrangement, Attorneys, not the District or its taxpayers, bear the financial risk of pursuing this matter, including advancing litigation expenses and expert costs, with no fee or expense reimbursement owed if no recovery is obtained. This structure allows the District to pursue full recovery for its losses arising from the March 23, 2026 explosion without diverting current operating or education funds to litigation costs, and without exposing District residents to the risk of paying substantial hourly fees for a matter that ultimately yields no recovery. For these reasons, the District has determined that entering into a contingent fee contract for these legal services, subject to the limitations required by Tex. Gov't Code Chapter 2254, Subchapter C, is in the best interest of the residents of the District.

Approval Process

Following consideration of the matters above, the Board of Trustees will vote whether to approve the Contract in the open meeting identified above. If approved, the Contract will be submitted to the Office of the Attorney General of Texas for review and approval under Tex. Gov't Code § 2254.1038, and will not be effective or enforceable unless and until that approval is obtained. The approved Contract, together with this notice, constitutes public information under Tex. Gov't Code Chapter 552, as provided in § 2254.1037.

Posted: September 7, 2026

Port Arthur Independent School District

A handwritten signature in dark ink, reading "Dr. Mark L. Porterie", is written over a horizontal line.

Dr. Mark L. Porterie, Superintendent of Schools