

1/28/2019

Mr Schmitt

I have a few corrections that need to be addressed regarding the cover letter that was attached to the documents provided to you by the FCFC.

Statement **number 5**, the employee who was hired by the FCFC was Dean Hamilton for \$26,000, not Dean Hall.

However, it is my understanding that Dean Hall has worked for Southern Water for nearly 10 plus years including the last four 4 years as superintendent. My original statement that Dean knows all about the \$100 K lease payment, is true. We know that as an employee of SW, he may not have never been physically present during any of the conversations or board meetings. He also as an employee never participated in any of the negotiations or approval processes regarding the \$100 K annual lease payment. – But as the superintendent he knows that Southern Water had previously agreed to pay the Fiscal Court the \$100 K annual lease payment.

Statement **number 8**, as Southern took on more debt. This statement may have been out of place in the first cover letter regarding the time line that was presented. But having numerous conversations with Doc Marshall, the former Judge and Hubert Halbert the former superintendent, who stated the water district wasn't structured in a way to come up with the large payments. To my recollection, it's seems like our county attorney and maybe one of the magistrates suggested that SW should start a separate bank account and contribute monthly payments of \$8,000, \$9,000 or \$10,000 in this account that would go towards their obligation of \$100 K annual lease payment.

I'm just about positive that SW did create a separate account, because when the next interest payment came due for the bond, the water district presented the court with a \$50,000 payment after the FCFC voted to pay the bond payment.

Then when the next payment was due, for some reason or other, the court was notified that SW just couldn't afford the lease payment. And from that point forward both previous Judge Executives (Doc Marshall and Ben Hale) advised the FCFC that Southern was struggling and that they just couldn't financially live up the \$100 K annual lease obligation.

And that's what caused all the friction between the FCFC and Southern water. The water district continually refusing to address or live up to their obligations of the \$100 K lease payment and would purchase new equipment and new trucks. All the while the FCFC was using older equipment and driving older trucks, while having to vote to pay for the bond payment, which was issued for the sole purpose of benefiting SW.

Statement **number 13**, Everyone agreed. After my conversation today (1/28/19) with Dean Hall, I think Dean and I uncovered the misunderstanding. Even though Southern Water's board, (which included the future superintendent Hubert Halbert) voted and agreed to make the \$100 K annual lease payment to the FCFC and Bob Myers the superintendent and manager of (Veolia) who also agreed and reconfirmed that the water board agreed to make the \$100 K annual lease payment to the FCFC.

For some reason or other, no one at SW, (Bob Myers, Hubert Halbert, any other board member nor Dean Hall) has ever formally submitted anything in writing to the PSC to get their approval. Which in my opinion, the sole responsibility falls back to the administrators and board members of the water district not the Fiscal Court.

Sincerely

