

Memorandum

To: Mayor Ruben Gomez and the City Council, City of Hearne

From: DENTON NAVARRO ROCHA BERNAL HYDE & ZECH, PC

Issued by: George Hyde, Managing Partner, Austin

Date: December 28, 2016

Re: Letter of Resignation and Withdrawal

Mayor/City Council,

When our office agreed to accept the unanimous appointment of the City Council to serve as City Attorney and agreed to represent the City and its officials in the Stem litigation, we recognized the strong diversity in opinions held by the various councilmembers and offered to provide our now almost 27 years of experience as a Firm to assist the City and its officials with competent, creative, timely, valuable and effective legal services. We did so with the intent to provide legal direction to facilitate compromise and help the Council set aside their individual differences and personal agendas in order to act in the best interest of the community. We have been effective in doing just that across this great State; however, our efforts in this troubled and controversial community have not been successful.

We have not been effective in reducing the combative, unprofessional and inconsistent treatment of city issues; have not reduced the personal attacks made during council meetings; and have not been able to facilitate compromise by providing the City Council with the rule of law, which in fact, is often disputed or ignored. Considering the fact that the City Council in many instances are unable to even garner a majority vote to approve the minutes of a prior meeting, it does not appear that continuing our attempts to provide legal support and direction will be effective to tip the routine stalemate votes that prevent progress and take the city nowhere.

Continuing to serve under such conditions is incompatible with our Firm's mission to help aid a municipality in effective governance and administration of services to the public. Such partisanship and behavior materially interferes with our ability to provide effective legal representation to the City, as directed by its City Charter.

Therefore, with great regret, and on behalf of the Firm, this memorandum is presented as our immediate resignation as both special counsel in the Stem litigation pending approval of the Court,

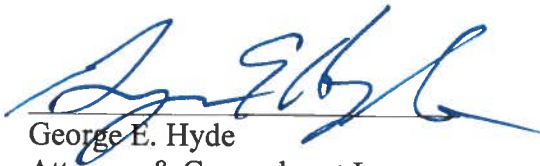
and as City Attorney for the City of Hearne. We will submit our final invoices in January for all work completed as of the date of this memo, and respectfully request prompt payment.

In the event the City Council would like to discuss our assistance in the interim while new counsel is retained, please contact me. If in the future, when this or a new City Council can find a means to come together to act in the best interest of the community and serve the citizens' needs, we will be happy to consider re-engaging our services to support its efforts to serve the community.

Attached is a confidential summary of the status of ongoing legal projects. Electronic files for the referenced legal projects shall be provided to City Administration no later than January 15, 2016. The Stem matter will be turned over to the attorney of your choice, upon the Court approving our withdrawal.

If you have any questions regarding this matter, please call my office to arrange a conference call.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. Hyde", written over a horizontal line.

George E. Hyde
Attorney & Counselor at Law
Managing Partner - Austin
Denton Navarro Rocha Bernal Hyde & Zech, P.C.

CC: John Naron, City Manager
Hazel Embra, Municipal Court Judge w/o attachment

Memorandum
PRIVILEGED & CONFIDENTIAL
ATTORNEY/CLIENT WORK PRODUCT
NOT A PUBLIC RECORD

To: Mayor Ruben Gomez and the City Council, City of Hearne

From: DENTON NAVARRO ROCHA BERNAL HYDE & ZECH, PC

Issued by: George Hyde, Partner

Date: December 28, 2016

Re: Confidential Summary of Ongoing Legal Projects

Eezinet water tower lease agreement

City Council last determined to allow Eezinet representatives having the authority to bind the company to appear in front of the City Council with regard to negotiation of a water tower lease. They have been invited to the January 17, 2017 City Council meeting. They have not confirmed attendance. (They had been scheduled for the 2nd meeting in December which was cancelled due to the holiday.)

Bethany-Hearne CNN facilities transfer

Mr. Naron has been provided with our Firm's work to date. We are awaiting direction from Mr. Naron.

Forensic Audit/Investigation

Mr. Martin of Sage Investigations is in the final stages of preparing his report and can work with any future attorney in making his final recommendations to City Council under his contract.

Grant for airport –RAMP

Requisite actions have been taken by City Council for signature of Attorney.

TPIAs

There are several TPIA requests pending at the Office of the Attorney General which will be redirected to City Secretary Pecina for further action.

Petition for recall election

Legal opinion drafted as to legal actions to be taken and by whom and distributed individually to City Council members.

Recommended Ordinance will be distributed for City Council meeting and includes utilizing services of Robertson County for conduct of election.

Water line easements – Humble/Hearne

In process, awaiting direction from Mr. Naron.

All general files will be turned over per withdrawal letter.

Prosecution and recusals

Judge and Prosecutor named for replacement in Jackson case, where Judge and Prosecutor recused themselves. Municipal Court Clerk Mendoza has contact information for named replacements.

New Attorney should be hired for all other Prosecution.

Municipal Court files will be turned over to Municipal Court.

Stem vs. City of Hearne

Currently abated until ruling on similar case at TX Supreme Court. Court will need to approve withdrawal by Firm as Attorneys and City Council will need to engage another attorney.