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August 11, 2026

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED, AND VIA ELECTRONIC
MAIL**

City of Hawk Cove
c/o Rhonda McKeenan, City Administrator
1585 Maria Street
Hawk Cove, Texas 75474
P.O. Box 1600, Quinlan, Texas 75474
hawkcovepolice@hotmail.com

RE: Demand for Payment and Notice of Material Breach of Contract
Contractor / Claimant: James Mullis
Agreements: City of Hawk Cove Wastewater Operator Agreement and Public
Works Director Agreement
Termination Letter dated June 29, 2026

Dear Ms. McKeenan and Members of the Hawk Cove City Council:

This firm represents James Mullis in connection with the City of Hawk Cove's termination of his contracts and the substantial sums the City now owes him. This letter constitutes a formal demand for payment and written notice that the City is in material breach of its written agreements with Mr. Mullis. Please direct all further communications regarding this matter to the undersigned counsel and not to Mr. Mullis directly.

I. The Agreements

Mr. Mullis served the City of Hawk Cove under two written agreements. The first is the City's Wastewater Operator Agreement, memorialized in the Agreement for City Wastewater Plant Operator dated May 25, 2023, under which Mr. Mullis was engaged through the year 2033, subject to automatic renewal for an additional six-year term. That agreement was approved by the unanimous vote of all five members of the Hawk Cove City Council and was executed by the City through Mayor Darren Evans and Mayor Pro-Tem Tiffany Taylor. The second is the City's Public Works Director Agreement, under which Mr. Mullis served as the City's Public Works Director. At all times Mr. Mullis faithfully performed his duties under both agreements.

II. The Real Reason for the Termination

The City did not terminate Mr. Mullis for any legitimate operational reason. The City terminated Mr. Mullis because he refused to break the law.

At the relevant time, the City of Hawk Cove had outstanding violations with the Texas Commission on Environmental Quality (TCEQ). City Administrator and Police Chief Rhonda McKeehan was pursuing loan funding from the United States Department of Agriculture (USDA), but the City could not qualify for that funding while its TCEQ violations remained on record. Ms. McKeehan therefore directed and pressured Mr. Mullis, in his capacity as the City's licensed wastewater operator, to falsify TCEQ documents and reports in order to conceal the City's violations and obtain the USDA funding.

Mr. Mullis refused. Falsifying TCEQ documents would have required him to commit one or more criminal offenses, including tampering with a governmental record under Section 37.10 of the Texas Penal Code, and would have exposed him and the City to further liability in connection with the federal USDA loan process. Shortly after Mr. Mullis refused Ms. McKeehan's demand, the City terminated both of his contracts by the Notice of Termination of Employment dated June 29, 2026, signed by Ms. McKeehan and made effective immediately.

III. The City Is in Material Breach and Owes Payment Under Section 13.10

The City's June 29, 2026, termination was an Involuntary Termination as defined by the Wastewater Operator Agreement. Section 13.10 of that agreement is controlling and provides:

If City terminates Contractor by Involuntary Termination before the expiration of this Agreement and any extensions hereunder, City agrees to pay Contractor a lump sum cash payment equal to the amount which would have been due and payable had the Agreement, and any extensions, not been terminated, such amount to be paid by the City to Contractor within thirty (30) calendar days of the effective date of the termination.

Under Section 13.10, the City was obligated to pay Mr. Mullis a lump sum equal to everything that would have been due and payable over the remaining term of the agreement, and to do so within thirty (30) calendar days of June 29, 2026, that is, on or before July 29, 2026. The City has paid nothing. The City is therefore in breach of Section 13.10, and the same lump-sum obligation applies to the Public Works Director Agreement.

The City's breaches are compounded by its disregard of its own contractual procedures. Section 1.1 of the Wastewater Operator Agreement requires that any action relating to Mr. Mullis's position be taken only by the unanimous vote of all five members of the City Council sitting in Regular or Special Session. The June 29, 2026, termination was issued unilaterally by the City Administrator, with no such Council vote. At least three city council members have signed a letter stating that there was no vote and they were not consulted. In addition, Sections 13.7 through 13.9

required the City, before any Involuntary Termination, to provide Mr. Mullis advance written notice by certified mail of any Executive Session at which termination would be considered, to include certified copies of all supporting materials, to hold that Executive Session not less than ten (10) calendar days after his receipt of notice, and to afford Mr. Mullis the right to appear with counsel and be fully heard. None of that occurred. Regardless of these procedural violations, the payment obligation under Section 13.10 applies in full.

IV. Wrongful Termination in Violation of Sabine Pilot

Independent of the contract claims, the City's termination of Mr. Mullis is actionable as a wrongful discharge under *Sabine Pilot Service, Inc. v. Hauck*, 687 S.W.2d 733 (Tex. 1985). Texas law recognizes a cause of action where an employee is discharged for the sole reason that the employee refused to perform an illegal act that carries criminal penalties. That is precisely what happened here. The sole reason for Mr. Mullis's termination was his refusal to falsify TCEQ documents, an act that would have constituted tampering with a governmental record and related offenses. Mr. Mullis reserves and intends to pursue this claim, together with all damages available under it, including back pay, future lost earnings, and other compensatory and, where warranted, exemplary damages.

V. Amounts Owed

The City presently owes Mr. Mullis the following amounts:

Description	Amount
Public Works Director Agreement (remaining contract balance)	\$287,248.34
Wastewater Operator Agreement (remaining contract balance)	\$182,288.30
Additional breach-of-contract damages and attorney's fees	\$35,000.00
TOTAL AMOUNT DEMANDED	\$514,536.64

These amounts are exclusive of prejudgment and postjudgment interest and of the additional attorney's fees and costs that will continue to accrue. Mr. Mullis is entitled to recover his reasonable attorney's fees on his breach-of-contract claims under Section 38.001 of the Texas Civil Practice and Remedies Code.

VI. Governmental Immunity Is Waived

To the extent the City contends that governmental immunity bars recovery, it does not. The Legislature has waived immunity from suit for the breach of a written contract for goods or services

entered into by a local governmental entity. See Tex. Loc. Gov't Code § 271.152. Mr. Mullis's written agreements to provide wastewater operator and public works services fall squarely within that waiver.

VII. Demand

Demand is hereby made that the City of Hawk Cove pay Mr. Mullis the total sum of **\$514,536.64** within thirty (30) days of the date of this letter, that is, on or before September 10, 2026. If the City fails to make full payment by that date, Mr. Mullis is prepared to file suit against the City, and against responsible officials in their individual capacities to the extent permitted by law, seeking the full amount demanded above, together with all additional damages, exemplary damages where available, prejudgment and postjudgment interest, attorney's fees, and costs of court, and asserting all available claims, including breach of contract and wrongful discharge under *Sabine Pilot*.

VIII. Notice to Preserve Evidence

The City and its officials, employees, and agents are hereby placed on notice of their obligation to preserve all documents and electronically stored information relevant to this matter, and to suspend any routine or automatic deletion of such materials. This obligation includes, without limitation: all TCEQ records, reports, correspondence, and communications concerning the City's violations and compliance status; all documents and communications relating to the City's USDA loan or funding applications; all communications to or from Rhonda Mckeehan concerning Mr. Mullis, the TCEQ matters, or the USDA funding, including communications from the hawkcovepolice@hotmail.com account and any personal accounts or devices used for City business; all text messages; all personnel and evaluation files relating to Mr. Mullis; and all records of any Regular Session, Special Session, or Executive Session concerning Mr. Mullis or his termination. Failure to preserve this evidence may result in sanctions for spoliation.

IX. Conclusion

Mr. Mullis would prefer to resolve this matter without litigation, and this firm is authorized to discuss a reasonable resolution. Absent full payment or a good-faith response by the deadline stated above, however, we will proceed accordingly and without further notice. Nothing in this letter is intended, and nothing should be construed, as a waiver of any of Mr. Mullis's rights, claims, or remedies, all of which are expressly reserved.

Respectfully,



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COUNSEL FOR JAMES MULLIS

cc: Mayor Darren Evans and the Hawk Cove City Council

Mr. James Mullis