



## **STERLING LAW FIRM**

400 High Street, Ste A  
Burlington City, New Jersey 08016  
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May 25, 2011

Leslie London, Esq.  
McManimon & Scotland  
1037 Raymond Blvd., Suite 400  
Newark, NJ 07102

**Re: Eric Watson**  
**Your client: P.M.U.A.**

Dear Ms. London:

I have carefully discussed the matter with my client in light of the PMUA Board's position as relayed by you regarding Mr. Watson's constructive termination from the PMUA.

It is Mr. Watson's belief that he is still entitled to the benefit of the bargain based upon the employment contract that he signed. This was due to the manner in which the Board phased out his position, and then advertised for a replacement.

It is my understanding that at the press conference the words were used that the PMUA is going in a different direction and so did not need the services of Mr. Watson; therefore he and Mr. Ervin were being phased out.

Accordingly this is Mr. Watson's position.

1. He will not agree to binding arbitration.
2. Mr. Watson requires the full value of his contract paid over the next three years if the Board needs that time. If that is not agreeable then the only compromise is that the PMUA Board would provide \$200,000 towards Mr. Watson's package and then arbitrate or mediate to determine who prevails under the contract for the remainder.
3. In addition he would immediately require the total owed for unpaid vacation and sick time which based upon his understanding is 33 days for unpaid vacation pay as of 6/30/2011 for a total of **\$19,624.00** and for his unpaid or unused allotted sick time of 75.5 days for a total of **\$44,897.00**. Therefore the total due and owing immediately is **\$64,521.00**

4. Payment of his attorneys fees for the arbitration or mediation.

5. If that is not acceptable then he would require that the Board reinstate him to his full position, with a press conference showing their full support of Mr. Watson, a five year contract with the terms regarding constructive discharge included and a six percent increase as agreed.

Again Mr. Watson is being more than reasonable as it was never his intent to burden the P.M.U.A.; however, he does believe that contractually he is entitled to the full benefits agreed to in the Agreement. It is appalling that the Board is taking such a harsh position considering the length of service and the contribution to the development of the PMUA made by Mr. Watson.

If you have any further questions or concerns, please do not hesitate to contact our office.

Very truly yours,  
STERLING LAW FIRM  
/s/ Yvette Sterling

By: Yvette C. Sterling, Esq.  
YCS/ycs

Cc: Eric Watson



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January 19, 2012

Leslie London, Esq.  
McManimon & Scotland  
1037 Raymond Blvd., Suite 400  
Newark, NJ 07102

**Re: My Client: Eric Watson and David Ervin**  
**Your client: P.M.U.A.**

Dear Ms. London:

As we have reached a settlement and all parties have accepted the monetary award as it relates to their individual claims, I am writing this letter to move the process forward and stem the outflow of costs in this matter.

It is my understanding, based upon our conversation yesterday, that the PMUA has the funds available to cover the costs of the funding of the settlement amount for the first year. It is also my understanding that moving funds for an emergency is nothing new to the PMUA. Also, other municipal authorities have located funds to cover emergencies. In actuality, the PMUA has previously transferred funds from other areas of the budget or from borrowing from the reserves. Therefore, it is quite surprising that when you and I discuss this funding of Messrs Ervin and Watson's settlement, which was substantially less than they could have been awarded and the payment is extended over four years, it seems as if there are very few if any options open to the PMUA. Also, the discourse seems to be centered on proving that no precedent has been set regarding payment outside of the budget.

This approach is especially troubling for several reasons. However two are more poignant, namely, this matter was in litigation, it was also pursuant to a contract, which involved at the very minimum, payment for severance pay. This being the case this payment would and should have been funded yearly. Second, two parties are former executives of the company and know how it has always operated as it relates to this



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May 25, 2011

Leslie London, Esq.  
McManimon & Scotland  
1037 Raymond Blvd., Suite 400  
Newark, NJ 07102

**Re: David Ervin**  
**Your client: P.M.U.A.**

Dear Ms. London:

I have carefully discussed the matter with my client in light of the PMUA Board's position as relayed by you regarding Mr. Ervin's constructive termination from the PMUA.

It is Mr. Ervin's belief that he is still entitled to the benefit of the bargain based upon the employment contract that he signed. This was due to the manner in which the Board phased out his position, and then advertised for a replacement.

It is my understanding that at the press conference the words were used that the PMUA is going in a different direction and so did not need the services of Mr. Ervin; therefore he and Mr. Watson were being phased out.

Accordingly this is Mr. Ervin's position.

1. He will not agree to binding arbitration.
2. Mr. Ervin requires the full value of his contract paid over the next three years if the Board needs that time. If that is not agreeable then the only compromise is that the PMUA Board would provide \$175,000.00 towards Mr. Ervin's package and then arbitrate or mediate to determine who prevails under the contract for the remainder.
3. In addition he would immediately require the total owed for unpaid vacation and sick time which based upon his understanding is 28 days for unpaid vacation pay as of 6/30/2011 for a total of **\$14,434.00** and unpaid or unused allotted sick time pay is for 94 days for a total of **\$46,787.00**. The total owed and due is **\$61,221.011**

4. Payment of his attorneys fees for the arbitration and or mediation.

5. If that is not acceptable then he would require that the Board reinstate him to his full position, with a press conference showing their full support of Mr. Ervin, a four year contract with the terms regarding constructive discharge included and a six percent increase as agreed.

Again Mr. Ervin is being more than reasonable as it was never his intent to burden the P.M.U.A.; however, he does believe that contractually he is entitled to the full benefits agreed to in the Agreement. It is appalling that the Board is taking such a harsh position considering the length of service and the contribution to the development of the PMUA made by Mr. Ervin.

If you have any further questions or concerns, please do not hesitate to contact our office.

Very truly yours,  
STERLING LAW FIRM

/S/ Yvette Sterling  
By: Yvette C. Sterling, Esq.  
YCS/ycs

Cc: David Ervin



matter. Accordingly, it would seem that getting this resolved so all parties can, move on with their lives would be the best for the PMUA and the residents of Plainfield and delaying it unnecessarily would be counterintuitive to accomplishing those goals. .

The only issue left to resolve this matter based on our conversation is locating options for funding the first installment for the first year settlement and which one will be used, as the subsequent years will be built into the budget and so, covered. Therefore, identifying the source as quickly as possible would be in the best interest of all.

Accordingly, your assistance in expediting this process and ensuring that this creates no lengthy prolonged, expensive discourse and no more undue hardship for the PMUA and my clients would be appreciated and would benefit all concerned. Towards that end, could you please identify for me at your earliest the many options available to the P.M.U.A? As you have been the counsel for so many years I am sure you have some understanding of the processes and the sources that can be tapped.

Also, I have an email from you in late September 2011, whereby the PMUA was willing to fund Ms. Joseph's services if Messrs Watson and Ervin would withdraw their claim for attorneys' fees. My settlement demand gave both attorneys and arbitrator fees, so a choice could be made by the PMUA. I again would raise it for the Board to consider and to make a determination to cover Ms. Joseph's fees if they are not willing, as you had suggested, to cover mine.

If you have any questions or suggestions, kindly reach out to me.

Very truly yours,  
STERLING LAW FIRM  
/s/

By: Yvette C. Sterling, Esq.  
YCS/ycs

Cc: Mr. Watson  
Mr. Ervin



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November 30 2011

Leslie London, Esq.  
McManimon & Scotland  
1037 Raymond Blvd., Suite 400  
Newark, NJ 07102

**Re: My Clients: Eric Watson and David Ervin  
Your client: P.M.U.A.?**

### **FOR SETTLEMENT PURPOSES ONLY**

Dear Ms. London:

Please be advised that Messrs. Watson and Ervin have requested that I provide you this offer to settle their dispute with the P.M.U.A.

While the entire Contract is before the Arbitrator, the provisions dealing with severance, clause 3.2, payment of full salary and benefits, clause 3.3 and attorneys' fees and costs, clauses 4.1 and 4.2, are the clauses with monetary value and therefore the subject of Arbitrator review.

I am sure you would agree that based upon your rationale for arbitrating, which was to spare the P.M.U.A. the anticipated fall out from the Governor and the citizens of Plainfield, due to the costs of amount contracted, it would seem disingenuous to continue to incur additional expenses when the parties can settle the matter resulting in substantial savings to the P.M.U.A..

It is Messrs. Watson's and Ervin's' desire to accept the decision of the Board of Commissioners and move on with their lives. They hope to have an amiable, mutually, respectful and beneficial relationship with the P.M.U.A. This organization is dear to both their hearts as it was established and developed through their years of service through the P.M.U.A.



As you are aware Messrs. Watson and Ervin faced serious political pressures over the last two years which caused the P.M.U.A. added unnecessary pressure. Obviously all parties benefited from the agreement to transition from the Authority and pursuant to the terms of their contract, have alleviated much of this tension.

Continuing to litigate this matter will cost the P.M.U.A., Messrs. Watson and Ervin thousands more dollars. You must I am sure agree that this is a complete, unwise, waste of resources when the matter can be compromised, if the parties can and desire to conciliate their positions on terms that are mutually beneficial. With that in mind the following are Messrs. Watson's and Ervin's demand in the spirit of compromise:

**Mr. Watson has asked me to convey that he will accept \$475,000.00 paid out over two or three years to end his contractual dispute with the PMUA.**

**Mr. Ervin will accept \$ \$300,000.00 paid out over two or three years.**

This is a substantial departure from the amount that could be paid out based upon the Employment Agreement between the parties. Using the payout figures prepared by the financial team at the P.M.U.A., which is attached as Claimants' Exhibit 42, \$655,699 would have been the payout amount if Mr. Watson was phased out June 30, 2011. As it was understood and agreed between the commissioners that both he and Mr. Ervin would have been phased out over a period to December 31, 2011 at their full salary, then Mr. Watson would have been entitled to receive another \$77,000.00. In addition Exhibit 42, did not include Mr. Watson's other two years of severance pay contemplated by the contract, which would be an additional \$26,000.00 (Approx.) Accordingly, Mr. Watson would have been entitled to at least \$758,699.00. As you had paid a deposit on the amount owed to him of \$151,000.00, the balance owed could be \$607,699. Accordingly, he is leaving more than \$130,000.00 on the table.

Mr. Ervin would have been entitled to \$379,265.00 plus an additional \$62,000.00 for the balance of 2011 and an additional \$11, 000.00 (Approx) in severance for the term of his contract. Accordingly, he would be entitled to \$451,000.00 if you subtract the \$124,000.00 already paid; Mr. Ervin is owed \$327,765.00. Accordingly, he is leaving approximately \$27,765.00 on the table.

As you can deduce, both Mr. Watson and Mr. Ervin are leaving substantial amount of funds on the table, and in the P.M.U.A. coffers. While there is no guarantee of the outcome of any litigation, the P.M.U.A. is still exposed.

Further, both Mr. Watson and Mr. Ervin request that their separation date be changed to December 31, 2011. They also request that the settlement payout be written in tax favorable terms and are both willing to outlay any additional charges that the P.M.U.A. may incur to fulfill the obligation imposed based upon this clause.





In addition they are requesting the cost of the litigation including the arbitrator's and attorneys' fees to date.

Their portion of the arbitration fees paid to date is \$15,500  
The attorney fees to date are: \$80,200.00

I request that you present this to the Board immediately for their consideration. If you have any questions or suggestions, kindly reach out to me.

Very truly yours,  
STERLING LAW FIRM  
/s/Yvette Sterling

By: Yvette C. Sterling, Esq.  
YCS/yys

Cc: Ms. Bridget Rivers  
Mr. William Reid  
Mr. Eric Watson  
Mr. David Ervin



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June 6, 2011

Leslie London, Esq.  
McManimon & Scotland  
1037 Raymond Blvd., Suite 400  
Newark, NJ 07102

**Re: David Ervin**  
**Your client: P.M.U.A.**

Dear Ms. London:

I have had a chance to discuss your last offer with Mr. Ervin and in principal he has agreed to the following.

1. \$124,000.00 non-recourse payment will be paid out immediately with the understanding that Mr. Ervin's last date of in house employment is June 30, 2011.
2. The balance of \$255265.00 being demanded pursuant to the contract will be arbitrated before a mutually acceptable arbitrator. The arbitrator will be one versed in employment, contract law. The arbitration will take place within three months of June 30, 2011.
3. The arbitration will be non-binding, however if appealed and if the appealing party does not prevail then that party will bear the costs.
4. Mr. Ervin will be kept on the payroll until all his actual mutually acceptable vacation and sick days currently owed to him are expended. Once all payments for his unused sick and vacation days are used, then he will cease being an employee of the PMUA. However his cobra benefits will kick in. The PMUA agree that it will have no objection to setting aside a percentage of the



funds being paid out to fund and create a Health Benefit Trust for the benefit of Mr. Ervin.

5. The issues before the arbitration will include the payment of attorneys' fees for the arbitration.

6. The parties will explore the most beneficial method of paying out the funds to Mr. Ervin with the goal of maximizing the tax benefits to Mr. Ervin, including payments being made over duration of time as non-employee compensation.

7. An agreement memorializing these terms will be prepared by no later than June 20, 2011

If you have any further questions or concerns, please do not hesitate to contact our office.

Very truly yours,  
STERLING LAW FIRM  
/s/ Yvette Sterling

By: Yvette C. Sterling, Esq.  
YCS/ycs

Cc: David Ervin



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June 3, 2011

Leslie London, Esq.  
McManimon & Scotland  
1037 Raymond Blvd., Suite 400  
Newark, NJ 07102

**Re: Eric Watson**  
**Your client: P.M.U.A.**

Dear Ms. London:

I have had a chance to discuss your last offer with Mr. Watson and in principal he has agreed to the following.

1. \$151,000.00 non-recourse payment will be paid out immediately with the understanding that Mr. Watson's last date of in house employment is June 30, 2011.
2. The balance of \$503,698.00 being demanded pursuant to the contract will be arbitrated before a mutually acceptable arbitrator. The arbitrator will be one versed in employment, contract law. The arbitration will take place within three months of June 30, 2011.
3. The arbitration will be non-binding, however if appealed and if the appealing party does not prevail then that party will bear the costs.
4. Mr. Watson will be kept on the payroll until all his actual mutually acceptable vacation and sick days currently owed to him are expended. Once all payments for his unused sick and vacation days are used, then he will cease being an employee of the PMUA. However, his cobra benefits will kick in. The PMUA agree that it will have no objection to setting aside a percentage of the



funds being paid out to fund and create a Health Benefit Trust for the benefit of Mr. Watson.

5. The issues before the arbitration will include the payment of attorneys' fees for the arbitration.

6. The parties will explore the most beneficial method of paying out the funds to Mr. Watson with the goal of maximizing the tax benefits to Mr. Watson, including payments being made over duration of 3-5 years as non-employee compensation.

7. An agreement memorializing these terms will be prepared by no later than June 20, 2011

If you have any further questions or concerns, please do not hesitate to contact our office.

Very truly yours,  
STERLING LAW FIRM  
/s/ Yvette Sterling

By: Yvette C. Sterling, Esq.  
YCS/ycs

Cc: Eric Watson

June 6, 2011

Leslie London, Esq.  
McManimon & Scotland  
1037 Raymond Blvd., Suite 400  
Newark, NJ 07102

**Re: David Ervin**  
**Your client: P.M.U.A.**

Dear Ms. London:

I have had a chance to discuss your last offer with Mr. Ervin and in principal he has agreed to the following.

1. \$124,000.00 non-recourse payment will be paid out immediately with the understanding that Mr. Ervin's last date of in house employment is June 30, 2011.



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5. The issues before the arbitration will include the payment of attorneys' fees for the arbitration.

6. The parties will explore the most beneficial method of paying out the funds to Mr. Ervin with the goal of maximizing the tax benefits to Mr. Ervin, including payments being made over duration of time as non-employee compensation.

7. An agreement memorializing these terms will be prepared by no later than June 20, 2011

If you have any further questions or concerns, please do not hesitate to contact our office.

Very truly yours,  
STERLING LAW FIRM  
/s/ Yvette Sterling

By: Yvette C. Sterling, Esq.  
YCS/ycs

Cc: David Ervin