



LAW OFFICES OF JC BROWN PC
ATTORNEYS AT LAW

September 1, 2009

Mr. James Carpenter
% Carpenter & Associates, Inc.
925 South Capital of Texas Hwy. Suite B-115
Austin, TX 78746

Re: Ownership Interest Offering; Colorado Riverland Ranch Holdings, LP.

Dear Mr. Carpenter:

I provide this letter to you at the specific direction of the City Council of the City of Bastrop ("City"), Texas.

It has come to the City's attention that you have published and provided, with the objective of enticing investors to participate in the Central Texas Airport Project [a/k/a/ the Colorado Riverland Airport Project] ("Airport Project"), false and misleading information regarding the City's evaluation and/or position on the proposed Airport Project.

Specifically, in the 'Ownership Interest Offering' document, dated February 6, 2009, Section II, entitled "Business Proposal" (copy of pertinent portion attached), you knowingly make the following false and misleading statements:

". . . Since that time, the general partner has **received the approval of the City of Bastrop** and Bastrop County **for the creation of** development reimbursement **municipal utility districts and property tax revenue sharing agreements. The City of Bastrop intends to provide height hazard zoning restrictions to ensure the protection of the airspace. . . ."**

[Emphasis added]

As you are fully aware, the City has **never** provided approvals, consents or agreements related to the creation or expansion of any special districts and/or 'tax revenue sharing' arrangements, either, to you as the purported 'general partner', or to any other person or entity involved in the Airport Project. In fact, to date, the City has **specifically declined** to provide you with approvals, consents or agreements for the proposed Airport Project. Thus, the statements quoted

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above, as they relate to the City of Bastrop, are blatantly false and misleading, and are irrefutably known by you to be so.

This letter is provided to you as formal notification that you must immediately cease and desist making and disseminating false statements about the City's plans, actions or intentions. As they relate to the Airport or any other project. Further, the City hereby formally demands that you *immediately* notify any entities, organizations, and/or persons to whom you provided this intentionally false and misleading information, specifically clarifying to them that the statements in the 'Ownership Interest Offering', pertaining to the participation of the City, are false and incorrect in all regards.

If the City learns from any source that these corrections have not been made, or that you continue to disseminate false and misleading information concerning the City of Bastrop, the City will pursue all avenues of recourse against you, Carpenter & Associates, Inc. and/or any other person or organization involved in the dissemination of this false and misleading information, to the fullest extent permitted at law, including, but not limited to requesting the Attorney General's intervention and investigation of these fraudulent investment offering documents.

Regards,



Jo Christy Brown, City Attorney

cc: Judge Ronnie McDonald
804 Pecan Street
Bastrop, Texas 78602

Commissioner Lee Dildy
804 Pecan Street
Bastrop, Texas 78602

icc: Mayor Terry Orr and City Council Members (via email)
Michael H. Talbot, City Manager (via email)