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March 23, 2010

Mr. Patrick Lindner
Davidson & Troilo
7550 West IH-10, Suite 800
San Antonio, Texas 78229-5815

Re: Chapter 381 Economic Development Agreement, Bastrop County, Texas
and Central Texas Airport, LLC

Dear Patrick:

We have visited with representatives of Bastrop County to discuss the proposed revisions to the 381 Agreement that Jim Carpenter asked you to send to me. The County remains interested in negotiating and considering a 381 Agreement for this project. However, some of the proposed changes are not acceptable to the County as they adversely impact the County's governmental powers. To the extent your client wishes to proceed, I have attached a list of certain nonnegotiable items which are referenced to provisions in your revised agreement. If your client is agreeable to taking these items off the table, the County is agreeable to further negotiations regarding the economic issues in the agreement.

Please understand that the County has not consented to the other provisions in the agreement, but it is willing to discuss them with you and your client, so long as they do not involve the "nonnegotiable" items. Please let me know if your client wishes to pursue this matter further without changes to the "nonnegotiable" items.

Very truly yours,



Thomas M. Pollan

Enclosure

**Chapter 381 Economic Development Agreement
Bastrop County, Texas and Central Texas Airport, LLC**

County Non-negotiable Terms

The County's latest draft is dated 12/7/09, and the Company's is dated 2/17/10. The section references below are to the Company's draft unless otherwise indicated.

1. Section 1(bb). "Property" (Section 1(aa) in the County's draft)

The Company's draft adds language to this subsection to provide that the territory included within the "Property" can be non-adjacent and can be modified by Company by adding or removing territory. The County does not agree with the Company's draft. The territory included within the "Property" shall not be modified without the County's consent.

2. Section 7(d). Program Grant Funds Subject to Future Appropriations

The Company's revisions to the County's draft should be deleted and this subsection should provide in accordance with the County's draft that the County shall not be liable to the Company for payments or expenditures unless and until appropriation of such funds by the County. The County cannot agree that the Company will have a right to request and obtain a writ of mandamus.

3. Section 8. Suspension of Payments

Reinsert subsections (a), (b) and (c) that were deleted by the Company in the latest draft. These subsections establish as acts of default that automatically cease future County payments under the Agreement: (a) The appointment of a receiver of Company, or of all or any substantial part of its property, and the failure of such receiver to be discharged within sixty (60) days thereafter; (b) The adjudication of Company as bankrupt; and (c) The filing by Company of a petition or an answer seeking bankruptcy, receivership, reorganization, or admitting the material allegations of a petition filed against it in any bankruptcy or reorganization proceeding. The County cannot agree with the Company's deletion of subsections (a), (b) and (c).

4. Section 9(d). Airport, Design, Construction and Operation Covenants and Agreements

Delete the following language added by the Company that limits the duration of the airport restrictive covenant: "provided this agreement or a subsequent agreement remains in effect." The County cannot agree to any provision that would limit or terminate the airport restrictive covenant.

5. Section 9(f). Airport Zoning Studies

The County cannot agree to adopt airport zoning regulations at the Company's request. While the County has the authority and discretion, under the proper circumstances, to adopt airport zoning regulations, it cannot obligate itself to exercise its police powers to adopt such regulations merely at the Company's request.

6. Section 14. Other Development Related Entities ("Indemnification" in the County's draft)

The Company's draft deletes in its entirety Section 14 from the County's draft relating to indemnification of the County by the Company. The County cannot agree to delete the indemnification provisions.

The Company's draft included new a Section 14 that provides for: (a) notice of default to, and cure and assumption by, "Interested Parties," (b) County consent to inclusion of the Property within an unspecified district or districts created to finance the Airport Improvements, and (c) County agreement that the County and City of Bastrop interlocal agreement relating to subdivision plats will remain in effect throughout the term of this Agreement. The County cannot agree to any of these provisions, although the County agrees that it will comply with the provisions of Texas Local Government Code Chapter 245.

7. Section 16(f). Assignment

The Company's draft added language that allows assignment to merged, affiliated or subsidiary entities and lenders. The County cannot agree to the added provisions. Any assignment of the Agreement must be subject to the County's prior written consent.

8. Section 16(m). Governmental Immunity from Suit

The County's draft provides that it does not waive its governmental immunity from suit. The Company's draft provides that the County waives such immunity. The County cannot agree to a waiver of such immunity.

9. Section 16(o). Force Majeure

The Company's draft adds language to provide that inability to make a payment shall not constitute Force Majeure and Force Majeure will not excuse the obligation to make a payment. The County cannot agree with the added provisions.