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To: "Tom Pollan" <tpollan@bickerstaff.com>
CC: "James R. Carpenter" <jim@carpenteraustin.com>, <Garry@spubfin.com>, "Pa...
Date: 3/29/2010 2:48 PM
Subject: Central Texas Airport
Attachments: Letter re CTA.PDF

Tom, thank you for your March 23 letter outlining certain key points that Bastrop County has determined must be considered non-negotiable for purposes of the proposed Chapter 381 Economic Development Agreement between the County and Central Texas Airport LLC.

As summarized in the attached response to your letter, we accept and agree to the terms outlined in your letter, subject only to clarification of two of the nine items you identified.

We look forward to proceeding to completion of the Agreement.

Please call me if you have any questions. Thanks.

Jerry V. Kyle, Jr.
Partner

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March 29, 2010

VIA E-MAIL

Mr. Thomas M. Pollan
Bickerstaff Heath Delgado Acosta LLP
3711 South MoPac Expressway
Building One, Suite 300
Austin, Texas 78746

Re: Chapter 381 Economic Development Agreement between Bastrop County, Texas
and Central Texas Airport, LLC (the "Agreement")

Dear Tom:

Thank you for your letter dated March 23, 2010 (the "Letter") setting forth certain terms contained in the referenced Agreement that the County deems non-negotiable.

We agree with and accept the County's response, as outlined in the Letter. However, we would like to clarify the following points:

1. The Company agrees that any modification of the territory included within the "Property," as described in Exhibit A to the Agreement, will be effected only upon receipt of the County's consent.
2. The Company agrees that mandamus will not be expressly identified as a remedy under the Agreement.
3. The Company agrees that subsections (a), (b) and (c) of Section 8 of the December 7, 2010 version of the Agreement will remain in the Agreement.
4. The Company agrees that, generally, the restrictive covenants relating to the use of the Property (described in Sections 1(b) and 9(d) of the Agreement) will not terminate after termination of the Agreement. However, for the reasons outlined in the next paragraph, upon a termination of the Agreement that results from the County's failure to appropriate moneys to pay amounts owed under the Agreement, the Company believes that such restrictive covenants should be removed.

The Company will incur substantial costs and invest a significant amount of capital in the development of the Property as the Central Texas Airport. Such

development will be in accordance with restrictive covenants crafted in accordance with Sections 1(b) and 9(d) to protect the County's interests. However, in the event that the County fails to fulfill its obligation to appropriate moneys to pay amounts owed under the Agreement, the Company should be permitted to maximize the value of its investment in the Property in a manner that will minimize the losses expected to result from termination of the Agreement due to non-appropriation by the County. Accordingly, the Company's agreement to restrict the use of the Property in perpetuity through the imposition of restrictive covenants that will run with the land should be excused in the event that the County fails to perform its obligation to pay amounts owed under the Agreement. The Company believes that preserving its right to maximize the value of the Property through the release of any restrictive covenants respects the County's legal limitations (relating to the nature of the County's obligations under the Agreement) in a manner that protects and advances the parties intention to induce the Company to develop the Property for the mutual benefit of the parties to the Agreement.

5. The Company understands the County's concern, and the Company agrees that the County cannot be obligated to adopt zoning regulations at the Company's request.

In lieu of the changes requested in the Company's February 17, 2010 version of the Agreement, the Company requests that (i) its liability for costs described by Section 9(f) be limited to costs incurred at the Company's request or in furtherance of measures requested by the Company and (ii) the County be required to provide advance notice of any action that might give rise to a pecuniary obligation of the Company under Section 9(f). Any failure of the County to provide such notices would only result in a grace period before the Company's payment is due. (e.g., such grace period would extend the time for payment by a period of time equal to the period required for any advance notice.)

6. The Company agrees to retain the indemnification provisions in Section 14.

The Company requests that those provisions expressly acknowledge and affirm that the County enjoys governmental immunity.

7. The Company agrees that any assignment shall be subject to the County's consent.

8. The Company agrees that the County cannot waive governmental immunity from suit. The Agreement will expressly so provide.

9. The Company agrees to withdraw the proposed addition to Section 16(o) relating Force Majeur.

We look forward to proceeding to final negotiation of the terms of the Agreement, followed by approval and execution at the County's earliest convenience.

Mr. Thomas M. Pollan

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March 29, 2010

Please call me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to be "JK", written in a cursive style.

Jerry V. Kyle, Jr.

cc: James R. Carpenter, Central Texas Airport LLC
Garry Kimball, Specialized Public Finance
Patrick Lindner, Davidson & Troilo