Wilhelm, Gayle

From: James R. Carpenter [jim@carpenteraustin.com] Sent:

Friday, April 30, 2010 10:43 PM To:

Wilhelm, Gayle; Dildy, Lee; McDonald, Ronnie Subject:

FW: Central Texas Airport - 381 Agreement - Bastrop County Attachments:

CTA Transmittal Ltr.PDF; CTA Chapter 381 Eco Dev Agmt.pdf; Redline.pdf

Importance: High

CONFIDENTIAL NEGOTIATIONS COMMUNICATION

Judge McDonald and Commissioner Dildy;

I am sorry that I failed to forward this to each of you on Wednesday afternoon when our attorneys copied me on this transmission to Tom Pollan. I am sure you will be receiving, or hopefully you already have received these documents from Tom. In an effort to expedite the approval of this agreement, I wanted to be sure you were aware of its delivery.

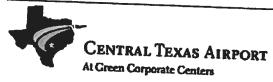
Several months ago, I understood that we were apart on the 381 Agreement based upon 3-4 non-negotiable issues that the County felt were essential to the protections of the County residents and taxpayers. What we received from Tom Pollan was nine non-negotiable issues and by this last concession we believe that we have conceded to all of these items and that there are no remaining issues. As such I asked Jerry Kyle to incorporate each of the agreed points back into a revised final agreement format and provide a red-lined version so that these changes can be easily verified.

As you know, our original funding investors provided us with a deadline of December 31st, 2009 for completing an acceptable 381 Agreement in accordance with the financial and operating business model established by our team of aviation, financial and legal advisors. In January, we had to secure new funding partners in order to proceed with CTA in Bastrop County. We established an additional three months, until March 31, 2010, to accomplish completion of the agreement. Based on the legal teams' assessment of the status of the agreement at the end of March, we obtained a 30-day extension that expires today. That deadline was not an arbitrary date but rather driven by the excessive cost factors that have been incurred from unexpected and unbudgeted delays.

The other factor in the timeline relates to the status of discussions with businesses that CTA is recruiting. We are at the top of the list for one of the major employment prospects that we confidentially disclosed previously. This 381 Agreement represents a critical demonstration to businesses, of both a cooperative partnership with Bastrop County, and that a funding model is in place that allows CTA to be competitive in business recruitment. We plan to construct buildings and other necessary infrastructure that would be needed by selected employers as part of the master-airport improvements, the same as the runway, taxiways, fuel facilities, FBO and the like. With the 381 revenues we hope to demonstrate the ability to subsidize the total cost for new construction in an aviation world that typically utilizes old infrastructure and buildings at very low cost. To effectively utilize this model we need more tax revenues than we can forecast from the 381 which is the reason that we would like to explore the ability to add a municipal utility district to help with some of the cost, replacement and operations of the master-project infrastructure.

We had our 20-members of the design/build, planning, engineering, construction, aviation operations team and our funding partner in our offices yesterday for a project decision point meeting. Geoff Connor provided a written report for this meeting based upon his assessment of the potential for CTA achieving approval of an acceptable agreement. A decision was withheld, pending a report from our legal and financial team and myself about whether we have in fact settled the outstanding issues as a result of conceding to all of the County's nine non-negotiable demands. I am available all weekend and at any time on my mobile at 940-9159. I would appreciate hearing from you at your convenience.

Jim Carpenter **Managing Partner**



925-8 S. Capital of Texas Hwy, Suite 115 Austin, TX 78746 Office: 512.306.9993 Cell: 512.940.9159

Fax: 512.306.9494

www.centraltxairport.com

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From: Kyle, Jerry [mailto:JerryKyle@andrewskurth.com]

Sent: Wednesday, April 28, 2010 1:50 PM

To: Tom Pollan

Cc: James R. Carpenter; walter@carpenteraustin.com; Garry@spubfin.com; Patrick W. Lindner Subject: Central Texas Airport

Importance: High

Tom, in response to your letter dated April 26, 2010, relating to the referenced Agreement and our prior correspondence relating to certain non-negotiable terms, the Company accepts the remaining terms, as outlined

Based on our prior correspondence, a revised version of the Agreement incorporating the County's nonnegotiable terms and reflecting the terms outlined in our prior correspondence is attached hereto, together with a marked version of the Agreement highlighting changes against the draft Agreement dated February 17, 2010.

As noted in our letter dated April 13, 2010, the Company intends to request the County's consent to the inclusion of the Property in a special utility district by separate instrument.

We look forward to final approval of the Agreement at the County's earliest convenience.

Please call me if you have any questions, comments or concerns. Thanks.

Jerry V. Kyle, Jr. Partner

Andrews Kurth LLP

111 Congress Avenue, Suite 1700 Austin, Texas 78701 512.320.9271 Phone 512.542.5211 Fax 512.560.2998 Cell 512.320.9257 Assistant Phone - Yolanda Roberts jerrykyle@andrewskurth.com

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