

COATS | ROSE

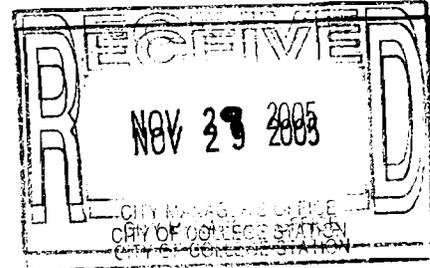
DEBRA M. LEVY

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November 23, 2005

VIA FIRST CLASS MAIL

Ms. Kim Foutz
Director of Economic Development
City of College Station
College Station, Texas 77840



Re: Engagement Letter and Scope of Representation

Dear Kim:

This letter confirms that Coats, Rose, Yale, Ryman & Lee, P.C. ("Coats|Rose" or the "Firm") will represent the City of College Station (the "Client") to acquire a tract of unimproved real property located in the City of College Station, in the negotiation and execution of a Memorandum of Understanding between the Client and a developer/partner for the construction of a conference center, hotel, parking garage and retail facility ("Improvements"); and the negotiation of all related documents to the development, ownership and operation of the Improvements.

Terms of Engagement

This letter sets out the terms of our engagement. Certain defined terms are included in the body of this letter, and additional terms are contained in the attached document, entitled Engagement Letter - Exhibit "A." The execution and return of the enclosed copy of this letter constitutes an unqualified agreement to all the terms set forth in this letter and in the attached Engagement Letter - Exhibit "A."

Coats | Rose's engagement is limited to representing the client in the Matter. Coats | Rose is not general counsel; not responsible for any general business issues; bankruptcy issues; tax issues; or any issues relating to any matter not specifically described in the Matter.

Our Legal Fees and Costs

COATS | ROSE | YALE | RYMAN | LEE

A Professional Corporation

3 East Greenway Plaza, Suite 2000 Houston, Texas 77046-0307

Phone: 713-651-0111 Fax: 713-651-0220

Web: www.coatsrose.com

From time-to-time, we may furnish estimates of legal fees and other charges that we anticipate will be incurred in connection with a matter. Such estimates are by their nature inexact because of the potential for unforeseeable circumstances; and therefore, our actual fees and other charges may vary from such estimates. You are requested to review carefully each Coats | Rose invoice you receive and call me if you have any questions about the bill or the progress of the work.

It is expressly understood that payment of the Firm's fees and costs is in no way contingent on the ultimate outcome of any matter. All fees and costs associated with any matter will be paid by the Client within thirty (30) days of invoice, including without limitation: copy costs; messenger fees; long distance telephone charges; all travel expenses, including air, hotel, meals and ground transportation; court reporter's charges; Westlaw or other outside computerized research; filing fees; records services charges; and any other costs necessary to resolve or complete any matter. The Client is responsible for direct payment to any outside vendor immediately upon receipt of the bill.

Our hourly billing rates for attorneys and paralegals are based upon years of experience and expertise. These rates may change every year. It is anticipated that the following individuals may work on this matter:

Debra M. Levy	\$240 per hour
Thomas R. Barber	\$240 per hour
Natalie L. Burgan - Paralegal	\$100 per hour

Notwithstanding the foregoing, the Client's obligation is to pay for such services and reimbursable expenses, and the Firm shall not be required to provide services in excess of, Eighty Thousand and No/100 Dollars (\$80,000.00).

Conflicts of Interest

Before accepting the engagement, we have undertaken reasonable and customary efforts to determine whether there are any potential conflicts of interest that would bar the Firm from representing the Client. Based on the information available to us, we are not aware of any potential disqualification. If you are aware, or become aware, of any conflicts of interest, please let us know in writing immediately.

Conclusion

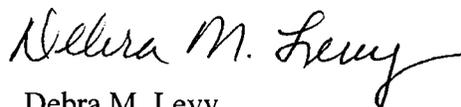
This letter and the attached Engagement letter - Exhibit "A" constitute the entire terms of the engagement. These written terms of engagement are not subject to any oral agreements or understandings, and they can be modified only by written agreement signed both by Coats | Rose and the Client. Unless expressly stated in these terms of engagement, no obligation or undertaking shall be implied on the part of either Coats | Rose or the Client.

Please carefully review this letter and the attached Engagement Letter - Exhibit "A." If there are any questions about these terms of engagement, or if these terms are inaccurate in any

way, please let me know immediately. If both documents are acceptable, please sign and return the enclosed copy of this letter.

Any disputes with respect to Coats | Rose's handling of the Matter will be resolved through **BINDING ARBITRATION**, which is described more fully in Exhibit "A."

Sincerely,



Debra M. Levy

City of College Station, Texas
agrees to and accepts this Letter and the attached Engagement Letter - Exhibit "A":

By: _____

Name: _____

Title: _____

Date: _____, 2005

Engagement Letter - Exhibit A

This is a supplement to our engagement letter. The purpose of this document is to set out additional terms of our agreement to provide the representation described in our engagement letter (the "Representation") concerning the matter referenced in the engagement letter (the "Matter"). Because these additional terms of engagement are a part of our agreement to provide legal services to "Our Client," you should review them carefully and should promptly communicate to us any questions concerning this document. We suggest that "Our Client" retain this statement of additional terms along with the engagement letter and any related documents.

The Scope of the Representation

As lawyers, we undertake to provide representation and advice on the legal matters for which we are engaged. If there are any questions about the scope of the Representation, please raise those questions promptly, so that we may resolve them at the outset.

Any expressions on our part concerning the outcome of the Representation, or any other matters, are based on our professional judgment and are not guarantees. Such expressions, even when described as opinions, are necessarily limited by our knowledge of the facts and are based on our views of the state of the law at the time they are expressed. Coats Rose has made no guarantees or promises to Our Client about the outcome of the Representation or the Matter, and nothing in the terms of engagement shall be construed as a guarantee or promise.

Upon accepting this engagement on Our Client's behalf, Coats Rose agrees to do the following: (1) provide legal counsel in accordance with these terms of engagement and the related engagement letter, and in reliance upon information and guidance provided by Our Client; and (2) keep Our Client reasonably informed about the status and progress of the Representation.

To enable us to provide effective representation, Our Client agrees to do the following: (1) disclose to us, fully and accurately and on a timely basis, all facts and documents that are or might be related to the Representation or that we may request, (2) keep us apprised on a timely basis of all developments relating to the Representation that are or might be important, (3) attend meetings, conferences, and other proceedings when it is reasonable to do so, and (4) otherwise fully cooperate with us.

Coats, Rose does not represent itself as experts or advisors in the area of taxation. If our client has tax questions, Coats, Rose advises Our Client to consult with an accountant or tax expert.

Who Will Provide the Legal Services

Coats, Rose, Yale, Ryman & Lee, P.C. will represent Our Client in the Matter. Although our firm will be providing legal services, each client of the firm customarily has a relationship principally with one attorney, or perhaps a few attorneys. At the same time, however, the work required in the Representation, or parts of it, may be performed by other firm personnel, including lawyers and legal assistants.

Our Relationships With Others

Our law firm represents many companies and individuals. In some instances, the applicable rules of professional conduct may limit our ability to represent clients with conflicting or potentially conflicting interests. Those rules of conduct often allow us to exercise our independent judgment in determining whether our relationship with one client prevents us from representing another. In other situations, we may be permitted to represent a client only if the other client consents to that representation.

Records Retention

Our law firm has a records retention policy that allows us to destroy files within a reasonable time after the Representation has been concluded. Generally, we destroy files four years after representation on a matter has ceased or the file has been sent to our closed files. A copy of our records retention policy is attached.

Termination

At any time, Our Client may, with or without cause, terminate the Representation by notifying us of Our Client's intention to do so. Any such termination of services will not affect the obligation to pay legal services rendered and expenses incurred before termination, as well as additional services and charges incurred in connection with an orderly transition of the Matter.

There are several types of conduct or circumstances that could result in our withdrawing from representing a client, including, for example, the following: non-payment of fees or costs; misrepresentation or failure to disclose important information; fraudulent or criminal conduct; action contrary to our advice; failure to develop a workable relationship with Our Client; and conflict of interest with another client.

A failure by Our Client to meet any obligations under these terms of engagement shall entitle Coats Rose to terminate the Representation. In that event, Our Client will take all steps necessary to release Coats Rose of any further obligations in the Representation or the Matter, including without limitation the execution of any documents necessary to effectuate our withdrawal from the Representation or the Matter. The right of Coats Rose to withdraw in such circumstances is in addition to any rights created by law, statute or recognized by the governing rules of professional conduct.

Billing Arrangements and Terms of Payment

Our engagement letter specifically explains our fees for services in the Matter. We will bill on a regular basis, normally each month, for both fees and expenses, and it is agreed that Our Client will make full payment within 30 days of receiving our statement. It is further agreed that any delinquent account must be promptly paid, and if the delinquency continues, we may withdraw from the Representation and pursue collection of our account.

Typically, our invoices will include amounts, not only for legal services rendered, but also for other expenses and services. Examples include charges for photocopying, long-distance telephone calls, travel and conference expenses, messenger deliveries, computerized research, and facsimile and other electronic transmissions, expert witness fees; all travel expenses, including air, hotel, meals and ground transportation; court reporter's charges; Westlaw or other outside computerized research; filing fees; records service charges; and any other costs needed to carry out the Representation. In addition, we reserve the right to send to Our Client for direct payment any invoices delivered to us by others, including experts and any vendors relating to the Representation.

Attorney Complaint Information

The State Bar of Texas investigates and prosecutes complaints of professional misconduct against attorneys licensed in Texas. A brochure entitled Attorney Complaint Information is available at our office and is likewise available upon request. A client that has any questions about State Bar 's disciplinary process should call the Office of the General Counsel of the State Bar of Texas at 1-877-953-5535 toll free.

COATS, ROSE, YALE, RYMAN & LEE, P.C.
RECORDS RETENTION POLICY

LEGAL FILES

It is the policy of the Firm to retain records in storage relating to representation of a client in a matter for a period not to exceed four (4) years following the end of the representation. At any time after the file is closed, the client may request the closed file be transferred to the client. The file may contain original documents which will be destroyed with the file. Clients who wish files to be retained will be charged the storage expense.

At the end of every year, the attorneys will be given a list of those files which have been closed for a period in excess of four (4) years. In the event the files listed for destruction need to be retained for a period longer than four (4) years, the attorney in charge of the file is to notify the Records Retention Committee that the file should be retained and the reasons the file should be retained. In such event, the file will be retained for another four (4) years at the client's expense.

NOTIFICATION TO CLIENTS OF RECORDS RETENTION POLICY

Upon assumption of the representation of a client in a matter and upon the conclusion of the representation, efforts should be made to inform the client of this Records Retention Policy.

In the event no notification is received from the client that the client wants the file within thirty (30) days of the mailing of notice to the client of the Firm's record retention policy, the file will be destroyed in accordance with this policy.

ADMINISTRATIVE FILES

It is the policy of the Firm to destroy administrative non-financial records after a period of two (2) years. It is the policy of the Firm to retain administrative financial records, including records relating to client billings and to bank and trust accounts, for a period not to exceed seven (7) years at which time they will be destroyed.

PERSONAL FILES

It is the policy of the Firm not to store non-client files. At the end of every year any attorney or employee having personal files in Firm storage will be given a list of those files. Within thirty (30) days of receipt of the list, the attorney or employee shall notify the Records Retention Committee whether the files are to be returned, otherwise they will be destroyed.