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December 18, 2019

Judge Barbara Canales
Nueces County Courthouse
901 Leopard Street
Corpus Christi, TX 78401

VIA EMAIL:
Barbara.Canales@nuecesco.com

Re: Engagement Letter

Dear Judge Canales:

Thank you for the opportunity to assist you and Nueces County with development of the Nueces County Airport (the “Airport”).

The Airport can be a great asset and economic development engine for Nueces County. While the Airport is currently small and underutilized, it is well situated to serve Nueces County’s commercial and industrial growth. The Airport already has land for growth and is not encroached upon by residential or other development. It’s existing facilities, while small, are in good condition, including the existing runway and the beautiful new terminal and aircraft parking ramp. The Airport also has three good instrument approaches, including two precision approaches, which permit aircraft to land and depart even if cloud ceiling and visibility are low. Based on our discussions, I believe our firm is ideally suited to assist the County, working in conjunction with your staff and management consultant, in at least the following four areas of emphasis:

1. **Strategic Planning.** We can assist the County in developing a long-term vision for the airport, which will then serve as the objective for airport operations and improvements. This long-term vision should be incorporated in all communications concerning the airport, including media and social media, public meetings and forum discussions which touch on the airport, any communications with stakeholders, etc.
2. **Infrastructure Planning and Improvements.** The Airport has a waiting list for hangars, yet hangar rental rates are artificially low. We believe the County should make construction of additional hangars an immediate priority, but should simultaneously

review hangar rental rates and process. At this stage of development, hangar rental rates should be attractively priced in comparison with other area airports (taking into account the current state of infrastructure), but should not be so low that the County is effectively subsidizing Airport tenants. The process of renting hangars, and/or renting land on which to build hangars should be similar to the hangar rental and land management processes employed by other publicly-owned airports in the region.

Another top priority should be completion of the new fuel farm, which will provide jet fuel availability at the Airport. While the new fuel farm is in progress with TxDOT, it is my understanding that the current plan calls for completion of the new fuel farm in 12 months. We want to explore options to accelerate completion of this project. As demand increases, having full-service aviation gasoline and jet fuel will be necessary to attract business aviation traffic.

In order to attract based and transient business jet traffic, the Airport needs a 5,000-6,000 foot runway. The Airport also needs improved taxiways, including a parallel taxiway for any runways. A direct entry road for the Airport is also crucial for future development. As we have discussed, the FAA's Airport Improvement Program ("AIP"), funds such airport infrastructure improvements throughout the United States, using funds collected from aviation fuel purchases. In Texas, AIP funds are administered by TxDOT. Working with your staff and management consultant, we can assist the County in its dialogue with TxDOT and the FAA to secure optimal and expeditious funding of such infrastructure improvements.

3. **Advocacy.** Our firm has a long and well-established track record of advocating on behalf of airports and aviation stakeholders in both traditional and nontraditional forums and audiences. Working with your staff and management consultant, we can assist the County in developing, implementing and administering an advocacy and communications strategy. We envision that such a strategy would focus on promoting the Airport as a gateway to Corpus Christi, Nueces County and South Texas within the business aviation community generally, promoting the Airport as an attractive alternative to existing business aviation users in Nueces County, and promoting aviation as an attractive and useful resource to members of the business community in Nueces County who do not already have a business aviation presence.
4. **Public/Private Development Partners.** Private development partners could help the County accelerate and guide the development of the Airport. Such development partners could include a fixed base operator (or "FBO"), hangar developers, aviation

businesses seeking to expand or relocate, businesses with aviation operations or even manufacturing businesses requiring an on-airport location. Our firm has 20 years of experience working with and representing a wide range of business aviation participants. We can assist the County in identifying good prospective development partners, promoting the Airport to such businesses and negotiating the terms of those development partnerships.

Development partners are not necessarily limited to private enterprise. As you noted when we last met in July, the Navy's needs and resources are changing, as encroachment limits the utility of existing naval aviation facilities. Working with the Navy and Coast Guard to insure that future Airport infrastructure is compatible with anticipated military training, as well as emergency management needs, would be wise and prudent.

Additionally, there is an acute worldwide shortage of professional pilots and aviation mechanics. While Del Mar college already offers aviation maintenance training programs at Corpus International, it would be interesting to explore the college's plans for future aviation programs, and whether it envisions adding a professional flight training program to its offerings. Even if Del Mar is satisfied with its existing facilities and programs at Corpus International, aviation education will be a growing need at both the high school and college level, so exploring possible incorporation of aviation education facilities in infrastructure development plans with other institutions and school districts could benefit both the Airport and Nueces County at large.

Our firm generally considers an hourly billing arrangement, where we are only billing clients for the actual time spent working on their behalf, as the most fair and efficient fee structure. Our current standard billing rate is \$435/hour for shareholders and \$295/hour for associates. We bill by the tenth of the hour, for time spent on a client's behalf, plus actual expenses incurred. We invoice monthly, via email.

Because we are sensitive to budgetary constraints, we are willing to discount our fees during the first six months of our work for Nueces County to \$295/hour for shareholders, \$150/hour for associates and for attorney travel time, and we will not charge for use of personal aircraft for travel. Additionally, we agree that our fees (exclusive of expenses) for the first six months of our engagement will not exceed \$60,000.00, unless you specifically request that we exceed that limit.

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Please let me know if you have any questions about our proposal or if you require a formal engagement agreement. Otherwise please confirm that these terms are satisfactory at your convenience.

Sincerely,

COATS & EVANS, P.C.

/s/ ***Drew Coats***

Drew Coats

AGREED TO ON BEHALF OF NUECES COUNTY, TEXAS:

Judge Barbara Canales