

January 19, 2016

Pflugerville Crossing, LP
Attn: Scott Mann, Managing Director
5271 Memorial Drive, 2nd Floor
Houston TX 77007

CMRRR:
VIA EMAIL:

RE: Chapter 380 Agreement – Notice of Termination

Scott:

Thank you for your letter of January 5, 2016. In response, we have considered your interpretation of the agreement and find it inconsistent with the written terms of the agreement. While there are numerous examples from the contract demonstrating and supporting the cancelation of the contract, I will share just a few:

- 1) Your January 5, 2016 letter admits Pflugerville Crossing had an obligation to "...enter into a construction contract..." within six (6) months after the execution of the agreement. Pflugerville Crossing did not meet this obligation. It was notified and provided an opportunity to cure the act of default and failed to timely cure the default. The city did not ratify the agreement after the act of default within the period to cure and you did not request it to do so.
- 2) Pflugerville Crossing was to develop the infrastructure portion of the development in substantial accordance with the project schedule. (See Whereas P. 3 & Section 4) The project schedule was to be approved by the city. The initial approved construction schedule (as reflected in your January 5, 2016 letter) anticipated a construction commencement date within six (6) months of the effective date of the contract and a completion date of three (3) years later, subject to force majeure. Pflugerville Crossing did not meet this obligation. It was notified and provided an opportunity to cure the act of default and failed to timely cure the default. The city did not ratify the agreement after the act of default within the period to cure and you did not request it to do so.
- 3) Pflugerville Crossing agreed to pay a one-time payment in the amount of \$200,000 as administrative expenses prior to construction. Applying the agreed to project schedule setting the date construction was to commence set the date of this obligation. Therefore, this payment was not made within the agreed schedule. Pflugerville Crossing was provided notice of an act of default and an opportunity to cure the act of default. It failed to timely cure the default. The city did not ratify the agreement after the act of default within the period to cure and you did not request it to do so.

This project is cancelled. If you would like to discuss a new project that may be more achievable, we can arrange a meeting. Otherwise, please refer all other communication regarding this matter to the City Attorney's Office. c/o Mr. George E. Hyde, City Attorney, Denton, Navarro, Rocha, Bernal, Hyde & Zech, P.C., 2500 W. William Cannon Drive, Suite 609, Austin, Texas 78745.

Sincerely,



Brandon Wade
City Manager

Copy to: Gray Reed & McGraw, P.C., 1300 Post Oak Blvd., Suite 2000, Houston, TX 77056