

June 20, 2007

Dr. Rocky Kirk, Superintendent
Lake Travis Independent School District
3322 Ranch Road 620 South
Austin, Texas 78734

Dear Dr. Kirk:

Thank you for engaging us to represent the Lake Travis Independent School District ("District" or "Client") in connection with various legal matters which you may refer to us from time to time. We appreciate the confidence you have shown in Bracewell & Giuliani LLP ("B&G") and look forward to this opportunity to represent you.

It is our practice to confirm the terms and conditions of our engagements, and that is the purpose of this letter and the accompanying Terms of Engagement. If you have any questions about this letter, or Terms of Engagement, or any aspect of the engagement or representation, please contact me as soon as possible.

Scope of Engagement

As counsel for the District, we will provide legal services as requested by the District. Members of our firm will work on assignments provided to us by you or other members of your staff. Our ultimate responsibility is, of course, to the District. While I will be your primary contact, other members of our firm may perform work for you when specialized needs arise. It is our practice to assign specific tasks among lawyers, legal assistants, law clerks, and documents clerks in such a way as to produce quality work at a reasonable price to you.

Fees

Our fees will be billed on an hourly basis. You will be billed monthly. The District will pay our fees and any incidental charges within thirty (30) days of billing from funds authorized and budgeted for this purpose.

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Conflicts

It is B&G's practice to comply with the professional standards and ethics requirements in the jurisdictions in which we perform legal services or manage the account. Based on the information that you have provided, it does not appear that this engagement is materially adverse to any substantially related matter that B&G is handling for other clients of the firm. It is important that you know, however, that B&G may represent other clients within the same industry and may have matters that may be adverse to your interests in unrelated matters.

Arbitration

Any controversy, dispute or claim, including any dispute as to B&G's fees for legal services, arising out of or relating to the engagement provided herein, or future engagement of B&G shall be resolved by arbitration conducted in accordance with the International Institute for Conflict Prevention and Resolution Rules for Non-Administered Arbitration which may be found at <http://www.cpradr.org/pdfs/arb-rules2005.pdf>. The parties agree to waive their right to trial by jury, and the procedural rights related thereto, and they will bear their own costs and attorneys fees. The ruling of the arbitrators shall be binding and conclusive upon all parties to this and subsequent engagements.

The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16, and shall occur in Houston, Harris County, Texas. Judgment on the award may be entered in any United States District Court or state court having jurisdiction in Houston, Harris County, Texas. All matters relating to such arbitration and the results thereof shall be confidential and the parties shall take all actions permitted to insure that judgments rendered with respect to arbitration awards shall be sealed. Texas law shall govern the substantive issues relating to the engagement.

Consultation with Independent Counsel

Under the terms of this Engagement Letter and the attached Terms of Engagement, Client has specific obligations to B&G (for example, the obligation to provide complete and accurate information to the firm). Moreover, there are limits to the rights that Client might otherwise have (for example, the agreement to resolve any dispute with B&G by arbitration rather than by jury trial). If you wish to obtain independent advice concerning these or any other provisions of this Engagement Letter or Terms of Engagement, we encourage you to contact counsel of your choice.

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Please call me if you wish to discuss any aspect of this engagement. If this letter and the Terms of Engagement accurately reflect our agreement, please sign the enclosed copy of this letter and return it to me.

Thank you again for the opportunity to represent Lake Travis Independent School District in this matter.

Very truly yours,

Bracewell & Giuliani LLP



By: David Thompson

Attachments

AGREED AND ACCEPTED:

Lake Travis Independent School District

By: _____
Title: _____
Date: _____

BRACEWELL & GIULIANI LLP

TERMS OF ENGAGEMENT

Introduction

These are the Terms of Engagement adopted by Bracewell & Giuliani LLP ("B&G") and referred to in our Engagement Letter as the basis for our representation. Because they are an integral part of our agreement to provide representation, we ask that you review this document carefully and retain it for your files. If you have any questions after reading it, please promptly inform your principal contact at the firm.

Client of the Firm

Since B&G has been engaged to represent the client only, the engagement does not include the client's affiliated or related entities, or their respective individual partners or employees.

For example, for corporations and partnerships, unless otherwise specifically stated in the Engagement Letter, our representation does not include any parents, subsidiaries, employees, officers, directors, shareholders, or partners of the corporation or partnership, or commonly owned corporations or partnerships. Similarly, for trade associations, our representation does not include members of the trade association; and for individuals, our representation does not include employers, partners, spouses, siblings, or other family members. In the event we are asked to undertake representation of any other entity in connection with this engagement, we will do so only by agreement defined in the Engagement Letter.

The Scope of the Representation

B&G undertakes to provide representation and advice on the matters for which we are engaged, and it is important that we both have a clear understanding of the services that B&G has agreed to provide. In the Engagement Letter, B&G specifies the matter in which we will provide representation and the scope of the services we will provide. If there are any questions about the engagement, including the scope of the representation, and related services being performed, please address those questions promptly with your principal contact at the firm.

As you may be aware, the Treasury Department has issued new Regulations, commonly referred to as Circular 230, that dictate how attorneys must communicate with their clients whenever they render "written advice" on tax issues. The new regulations are very broad and will frequently restrict ordinary communications between attorney and client. We can avoid the costly and time-consuming process of preparing a formal opinion to comply with Circular 230 by including a legend on written advice similar to the following: **"As required by United States Treasury Regulations, you should be aware that this communication is not intended or written by the sender to be used, and it cannot be used, by any recipient for the purpose of avoiding penalties that may be imposed on the recipient under United States federal tax laws."** Unless we agree in advance to the contrary, written advice that we prepare for you will contain this legend.

Our Relationship With Others

B&G represents many businesses and individuals. In some instances, the applicable rules of professional responsibility may limit our ability to represent clients with conflicting or potentially conflicting interests. Those rules of professional responsibility 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 clients consent to that representation.

If a conflicts issue unrelated to the engagement develops between you and another client, we will follow the applicable rules of professional responsibility to determine whether we may represent either you or the other client in the unrelated controversy. In making this determination, we will consider your agreement to the Conflicts of Interest provisions in these Terms of Engagement.

In addition to our representation of other companies and individuals, we also regularly represent lawyers and law firms. As a result, opposing counsel in the matter may be a lawyer or law firm that we may represent now or in the future. Likewise, opposing counsel in the matter may represent our firm now or in the future. Further, we have professional and personal relationships with many other attorneys, often because of our participation in bar associations and other professional organizations. We believe that these relationships with other attorneys do not adversely affect our ability to represent any client. Your acceptance of our Engagement Letter means you consent to any such relationships between our firm and other lawyers or law firms, even counsel representing a party adverse to you in this engagement.

Conflicts of Interest

Conflict of interest is a concern for lawyers and their clients. We attempt to identify actual and potential conflicts at the outset of any engagement, and may request that you sign a conflict waiver before we accept an engagement. Occasionally, other clients or prospective clients may ask us to seek a conflict waiver from you so that we can accept an engagement on their behalf. Please do not take such a request to indicate that we will represent you less zealously; we make such requests because we take our professional responsibilities to all clients and prospective clients very seriously.

Unfortunately, conflicts sometimes arise or become apparent after work begins on an engagement. When that happens, we will do our best to address and resolve the situation in the manner that best serves the interests of all of our affected clients.

Because B&G is a large firm, we may be asked to represent someone whose interests may be adverse to yours. B&G accepts this engagement on the understanding that our representation of you will not preclude us from accepting another engagement from an existing or a new client, provided (1) that such engagement is not substantially related to the subject matter of services we provide to you, and (2) that in accepting such other engagement we would not impair the confidentiality of proprietary, sensitive or otherwise confidential information you have provided to us.

Rules concerning conflicts of interest vary with the jurisdiction. In order to avoid any uncertainty, our policy is that the Texas Disciplinary Rules of Professional Conduct will be

applicable to the representation. Unless the Engagement Letter stipulates that some other rules of professional responsibility will govern our attorney-client relationship, your acceptance of our Engagement Letter means you agree with that policy.

Staffing The Project

In most cases, one attorney will be your primary contact. In order to provide you with the expertise of our firm, and to provide services on a cost effective basis, that attorney will delegate parts of your work to other lawyers, legal assistants and other professionals.

Fees, Billing Arrangements and Terms of Payment

B&G issues invoices on a regular basis, normally each month, for fees and other charges. Invoices are due on presentment and are considered past due 30 days after receipt. It is important to review invoices that are presented each month and to bring any concerns regarding the invoice, services or staffing to the attention of your primary contact at the firm within 30 days of receipt of an invoice.

Fees for professional services and reimbursable expenses are not contingent on the outcome of the project.

Clients frequently ask us to estimate the fees and other charges they are likely to incur in connection with a particular matter. Any estimate is based on professional judgment and facts and circumstances that appear at the time. As such, any estimate is subject to the understanding that, unless we agree otherwise in writing, it does not represent a maximum, minimum, or fixed-fee quotation. The ultimate cost frequently is more or less than the amount estimated.

As an adjunct to providing services, we may incur and pay a variety of charges on your behalf or charge for certain ancillary support services. Whenever we incur such charges on your behalf or charge for such ancillary support services, we will bill them to you as part of your monthly invoice. Examples include charges for photocopying, postage, long-distance telephone calls, travel and conference expenses, delivery charges, computerized research, and facsimile and other electronic transmissions. Outside expenses generally will be billed at cost, while some in-house expenses (e.g., copying, telecopying, computer services and in-house research) will include a reasonable allocation of overhead. In appropriate cases, reimbursable expenses will also include overtime charges for dedicated services for secretaries and other staff.

It may be necessary for us to retain third parties, such as consultants, experts and investigators, in order to represent you adequately. In that event, you will be responsible for the payment of the invoices of those third parties. Although we may advance third-party disbursements in reasonable amounts, we will ask you to pay larger third-party invoices (usually those over \$500) directly to the third party providing the services. Because we often have ongoing professional relationships with the persons who render such services, we also ask that you pay such bills promptly and send us notice of your payment.

At times, and for a limited time, we may retain copies of documents generated or received by us in the course of your representation. Should you request documents from us at the conclusion of our representation (other than your original documents), to the extent that such documents may

be available, you agree to compensate the firm for reproduction charges and professional fees required to retrieve, review and duplicate the files.

Should your account become delinquent and satisfactory payment terms are not arranged, we may take steps, as permitted under the rules regulating our profession, to withdraw from the representation, cease representation or terminate the engagement.

If the representation will require a concentrated period of activity, such as a trial, arbitration, or hearing, we reserve the right to require the payment of all amounts owed and the prepayment of the estimated fees and expenses to be incurred in completing the trial, arbitration, or hearing, as well as arbitration fees likely to be assessed. If you fail to timely pay the estimated fees and expenses, we will have the right to cease performing further work and the right to withdraw from the representation, subject to any applicable rules of court or other applicable tribunal.

Although an insurer's payment of defense costs may be applied to billings of the firm, the payment obligation remains with you. Failure of any insurer to pay all or part of the billings for this Project does not relieve you from the obligation to pay billings in full and in a timely manner.

From time to time, we assist clients in pursuing third parties for recovery of attorneys' fees and other charges resulting from our services. These situations include payments under contracts, statutes or insurance policies. However, it remains your obligation to pay all amounts due to us within 30 days of the date of our statement.

Taxes

B&G anticipates that it will perform all, or substantially all, of its professional services for this engagement in the United States. B&G will bill the client from, and B&G will receive all payments in, the United States. Accordingly, neither B&G nor the client anticipates the assessment of taxes outside the United States on the payments to B&G required under the Engagement Letter.

The client, however, agrees that all payments under the Engagement Letter shall be payable to B&G in U.S. Dollars, free and clear of any and all present and future taxes, levies, imposts, duties, deductions, withholdings, fees, liabilities and similar charges (the "Taxes"). If any Taxes are required to be withheld or deducted from any amount payable under the Engagement Letter, then the amount payable under the Engagement Letter shall be increased to the amount which, after deduction from such increased amount of all Taxes required to be withheld or deducted therefrom, will yield to B&G the amounts stated to be payable to B&G under the Engagement Letter. In the event that the client is required to withhold or deduct Taxes from any payment under the Engagement Letter, the client shall promptly pay such Taxes and shall furnish B&G with appropriate tax receipts issued by tax authorities showing payment of such Taxes by the client.

Your Cooperation

To enable us to provide effective representation, you agree to: (1) disclose to us, fully and accurately and on a timely basis, all facts and documents that are or might be material 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 material; (3) attend meetings, conferences, and other proceedings when it is reasonable to do so; and, (4) cooperate fully with us in all matters relating to the engagement.

Insurance Coverage

We will only represent you, and not your insurer, in this matter.

Unless we specifically agree to do so, we will not evaluate any aspect of insurance coverage, advise you with respect to such coverage, or become involved in any policy or coverage dispute. From time to time, we represent insurance companies, and our ability to assist you with such insurance issues may be limited by our need to comply with the rules governing conflicts of interest. However, if your matter involves coverage questions, we ask that you let us know in advance so that we do not inadvertently transmit information to your insurer that might somehow affect coverage.

Termination

Because B&G has been engaged to provide services in connection with the representation specifically defined in our Engagement Letter, the attorney-client relationship terminates upon our completion of our services related to the representation. After completion of the representation, however, changes may occur in the applicable laws or regulations that could affect your future rights and liabilities in regard to the matter. B&G has no continuing obligation to give advice with respect to any future legal developments that may relate to the project.

You may terminate the engagement at any time, with or without cause, by notifying us in writing. The firm also can terminate the engagement before the completion of its representation of you in the specified matter if (a) the continued representation would result in a violation of the applicable rules of professional conduct; (b) the termination can be accomplished without material adverse effect on your interests; (c) the firm has a fundamental disagreement with the objective in this engagement; (d) you substantially fail to discharge an obligation regarding this engagement, including the payment of fees and expenses and the duty of cooperation as provided in the Terms of Engagement; or (e) other good cause for termination exist. In the event that the firm intends to terminate the engagement, the firm will give reasonable notice and allow you access to your files relating to this engagement.

The termination of our services will not affect your responsibility for payment of legal services rendered and other charges incurred before termination and in connection with an orderly transition of the project.

Confidentiality and Document Retention

At the close of any matter, we may return relevant documents to Client, send remaining pertinent parts of our files to a private storage facility for a limited time or destroy certain documents. The attorney closing the file will determine, at his or her discretion, which portion should be returned to Client, which portion should be sent to private storage (and for how long) and which portions are to be destroyed.

You agree that we will own and retain our own files pertaining to the engagement and that you will not have the right or ability to require us to deliver such files (or copies thereof) to you, including, for example, firm administrative records, time and expense reports, personnel and staffing materials, credit and accounting records, electronic mail correspondence (other than such correspondence which was sent to you by a member of our firm) and internal lawyer's work product, such as drafts, notes, internal memoranda and legal and factual research, including investigative reports prepared by or for the internal use of lawyers. Further, at the discretion of the responsible partner for the project in question, we may destroy any such documentation which is the property of the firm or any documentation which such partner determines to be duplicative or unnecessary, and in all cases without having to obtain your consent.

Under provisions of the Internal Revenue Code and Treasury Regulations, a law firm is subject to disclosure and list maintenance requirements if the firm receives a certain minimum fee for providing legal services and with respect to specific types of transactions. Pursuant to those requirements, the firm must file a disclosure form with the IRS and maintain a file with respect to any such transaction that identifies, among other items, the name and taxpayer identification number of each participant in the transaction, a summary of the transaction, a description of the tax aspects of the transaction and a copy of any tax opinion rendered with respect to the transaction. The firm must provide the file to the IRS within 20 days of its request.

In the event that our work for you is subject to the list maintenance requirements, we would be required to make the disclosures in a form filed with the IRS and to maintain a file as described above and provide the file to the IRS upon its request. **Accordingly, you hereby consent to our making such disclosures, maintaining such file, providing it to the IRS, and in all other ways complying with the disclosure and list maintenance requirements without obtaining further permission from you. You further agree that you hereby waive any attorney-client or other privilege or right to confidentiality of information with respect to the information that we determine in our sole discretion must be provided to the IRS pursuant to these requirements. This waiver will be effective at the time the above information is provided to the IRS.** Time devoted to complying with the list maintenance requirements will be billed in accordance with our customary rates.

Disclaimer

We cannot guarantee the outcome of any matter. Any expression of our professional judgment regarding your matter or the potential outcome is, of course, limited by our knowledge of the facts and based on the law at the time of expression. It is also subject to any unknown or uncertain factors or conditions beyond our control.

Either at the commencement or during the course of the representation, we may express opinions or beliefs about the matter or various courses of action and the results that might be anticipated. Any expressions on our part concerning the outcome of the representation, or any other legal matters, are based on our professional judgment and are not guarantees.

By signing the Engagement Letter or otherwise indicating your acceptance of the Engagement Letter, you acknowledge that B&G has made no promises or guarantees to you about the

outcome of the representation, and nothing in these Terms of Engagement shall be construed as such a promise or guarantee.

Our Professional Responsibility

The code of professional responsibility lists several types of conduct or circumstances that require or allow us to withdraw from representing a client. These include, for example, misrepresentation or failure to disclose material facts, action contrary to our advice, conflict of interest with another client and nonpayment of fees or charges. B&G tries to identify in advance and discuss with our clients any situation that may lead to our withdrawal. If withdrawal ever becomes necessary, B&G gives our client written notice as soon as practicable.

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 all of our offices and is likewise available upon request. A client that has any questions about the State Bar's disciplinary process should call the Office of the General Counsel of the State Bar of Texas at 1-800-932-1900 (toll free).

Modification of Our Agreement

The Terms of Engagement reflect our agreement on the terms of all engagements, and are not subject to any oral agreements, modifications, or understandings. Any change in these Terms of Engagement must be made in writing signed by both B&G and Client.

In Conclusion

We look forward to a long and mutually satisfying relationship with you. Again, if at any time you have a question or concern, please feel free to bring it to the attention of your principal contact at our firm.