

IN TANDEM

2010 Year In Review

GRAVES DOUGHERTY
HEARON & MOODY

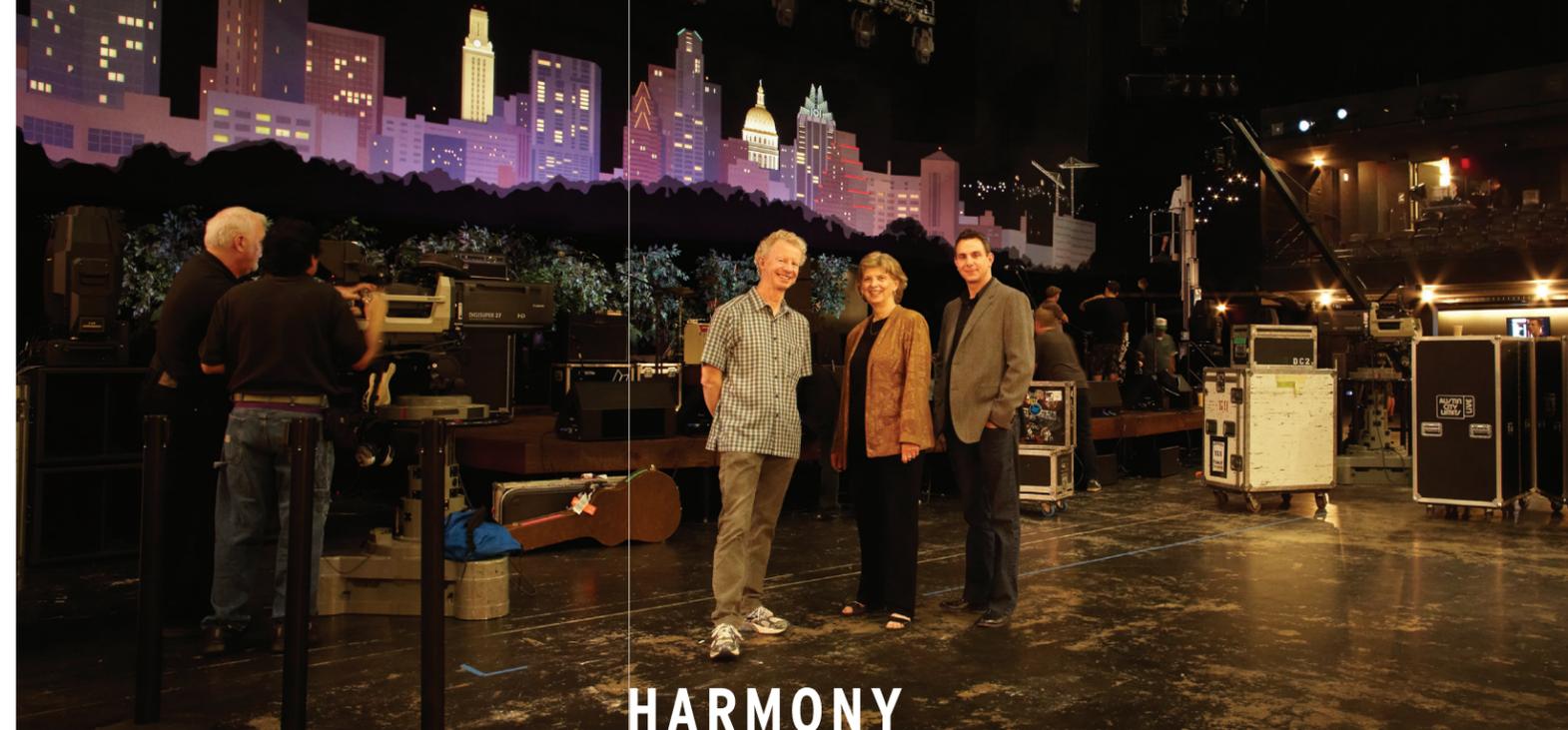
THROUGH NEARLY 65 YEARS OF SERVICE

to clients in Austin and beyond, one of the greatest points of pride for our firm has been the strong and abiding relationships we have formed with so many of our clients. Working side by side with them to help accomplish their goals gives us the highest level of satisfaction that we can hope to derive from the work we do.

We are pleased to share with you a few stories from the past year that demonstrate our commitment to working in tandem with our clients on important matters with which they have entrusted us. We are also happy to introduce attorneys whom we have had the privilege to welcome to the firm over the last year, and to report on the community organizations and activities that we have had the pleasure to support.

Thank you for the opportunity to communicate with you about the client and community relationships in which we take such pride.

— Michael Whellan, President



HARMONY

Terry Lickona and Tom Gimbel of Austin City Limits show lawyer Karen Bartoletti around the show's new home at the Moody Theater in Austin.

KLRU-TV and Graves Dougherty have enjoyed a long and harmonious history since the 1970s.

"It's been on a more formal, attorney-client basis over the last six years, but they've been great supporters of KLRU for decades," says Bill Stotesbery, CEO of KLRU.

In 2010, the firm helped shepherd Austin's public television station through important legal matters involving one of the most popular shows to ever appear on KLRU, *Austin City Limits*. (Now the longest-running television concert music program in the country, it first aired in 1976 and was awarded the National Medal of Arts in 2003.)

Under the leadership of Karen Bartoletti, a shareholder in the firm, a team of Graves Dougherty lawyers worked on negotiations related to the structure of the station's relationship with the Austin City Limits Music Festival, as well as on negotiations associated with moving the studio where the TV show is taped to the Moody Theater in Austin's popular 2ND Street District.

The work required expertise in a broad range of areas, from trademark licensing to corporate transactional structuring to real estate law.

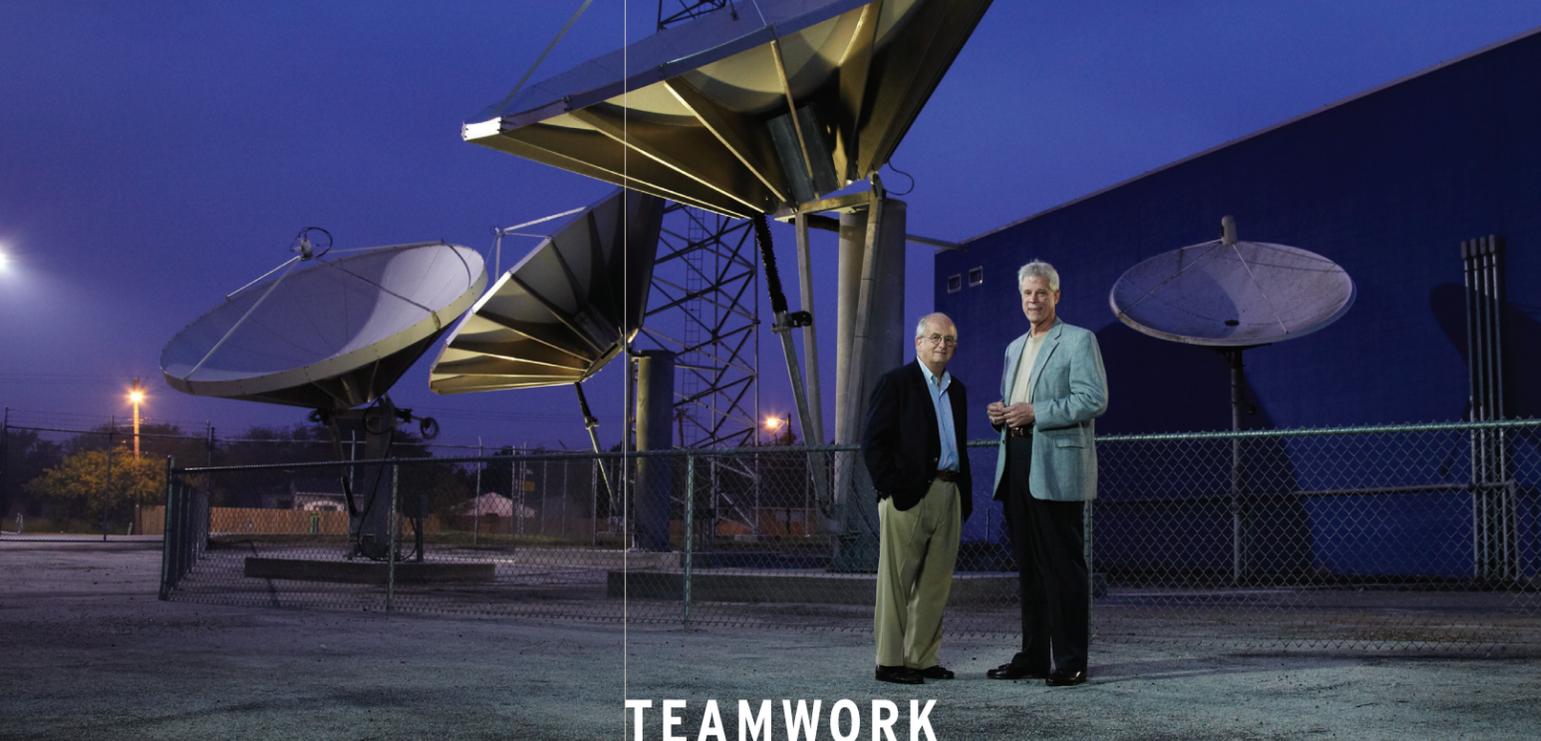
"One of the things I really like about our firm is it's big enough that we can have top-notch people in a multitude of areas, yet small enough to maintain the kind of close client relationships that we truly value," says Karen.

According to Bill, because of this level of diverse expertise, Graves Dougherty has been able to function for all practical purposes as a general counsel for KLRU.

"Karen is always our first stop to figure out the strategy for addressing any issue where legal help is required," says Bill. "We rely on her to coordinate expertise across many disciplines to provide us with exactly what we need."

"Karen is more than an attorney – she's an advisor, supporter and source of endless ideas and energy."

Bill Stotesbery,
CEO, KLRU-TV



TEAMWORK

Dean Bud Harris of Del Mar College and lawyer Bill Locke visit the broadcast facilities shared by the college and KEDT-TV on the college's campus in Corpus Christi.

When Del Mar College and KEDT-TV in Corpus Christi decided last year to team up to share broadcast facilities and resources, Dean Bud Harris knew both would benefit tremendously from the arrangement – and, even more importantly, that the entire community of Corpus Christi would, too.

“We provide the station with studio space, they provide us with access to digital equipment, and together, we can reach out to the community with joint programming in ways that neither of us could alone,” explains the dean.

But first things first: The college needed to start by creating the agreement that would govern the relationship with KEDT, the public television station that serves the Corpus Christi area.

Enter Bill Locke. A Corpus Christi native, the Graves Dougherty shareholder helped the college work through the operational and programmatic aspects of the arrangement. He also drafted the formal agreement between Del Mar and KEDT.

Bill explains that this is just the latest project with which Graves Dougherty has been able to assist the college.

“We originally teamed up several years ago with Augie Rivera, a Corpus Christi lawyer who works with the college locally, when Del Mar was carrying out a major expansion and renovation,” says Bill.

“Bill was extremely helpful with the architecture and construction contracts,” according to Augie. “The project involved a number of major contractors in the community, and at least 20 different contracts.”

He goes on to explain that the college has also worked extensively with Bill Christian, another Graves Dougherty lawyer. His expertise in open access law has made him a valuable resource when questions arise under the Texas Public Information Act and the Texas Open Meetings Act.

“By working together as a team, bringing together all of our strengths, we can do much more for Del Mar than any of us could individually – and do it much more efficiently,” concludes Augie.

“Bill has a real sense of what this project means to the organizations and people involved, and to the entire community.”

Bud Harris
Executive Dean of Intergovernmental/
Business Affairs, Del Mar College

“We feel very fortunate to enjoy a strong working relationship with Thomas that’s based on trust and mutual respect.”

Jon Gormin
Partner, Owner Resource Group

For Jon Gormin, working with an attorney is less about drawing up and signing documents and more about advising him and his firm from a business perspective. A partner at Owner Resource Group (ORG), a private equity fund based in Austin, Jon has relied on Graves Dougherty for the last several years for just that kind of approach to providing legal counsel.

“Clarke Heidrick was the first lawyer we worked with at Graves Dougherty, and he was just great at giving us sound business advice,” says Jon. “And we also have that kind of thinking from Thomas Queen.”

When ORG finds a company in which to invest, Jon and partner Lee Walker are likely to turn to their attorneys at Graves Dougherty early in the process to help determine, among other things, the most advantageous way to structure the deal.

“Some firms just want you to document it and get it done, but ORG is more interested in collaborating to accomplish their overall goals,” explains Thomas, who is in the firm’s Mergers & Acquisitions practice. “They’re a dream client – smart, sophisticated and with a clear sense of the value we can bring to their firm and the individual portfolio companies in which they invest.”



COLLABORATION

Jon Gormin of Owner Resource Group consults with lawyer Thomas Queen at Graves Dougherty's offices in Austin.

Last year, the firm worked with ORG on its acquisition of Georgia-based Global Parts Distributors and Texas-based Gila Corporation. Graves Dougherty’s work was a true team effort in both deals, involving a lead lawyer to oversee the transaction, as well as lawyers specializing in employment law, transactional tax and other areas.

“There are many issues that come up in these deals that aren’t just contractual,” says Lee. “We’ve used Graves Dougherty for their bankruptcy law expertise, knowledge of environmental law and many other things – and they have always risen to the occasion.”



In large, complex construction projects, which are characterized by myriad relationships among contractors, subcontractors, suppliers and workers, there is always some potential for dispute – as The Dennis Group learned firsthand last year.

When a dispute arose with a subcontractor on a project in central Texas, the Boston-based company – which specializes in building food-and-beverage manufacturing plants – asked a local contractor to recommend a law firm in the area.

“We couldn’t have been more pleased about choosing Graves Dougherty,” according to company president Tom Dennis. “It quickly became clear that they completely share our ethics and integrity. Their greatest concern was doing the right thing to reach an honorable conclusion to our case.”

Doug Kilday, a trial lawyer with Graves Dougherty, represented the Dennis Group in the matter. “They’re a wonderful group of people and a great company,” says Doug. “I’m glad we were able to help them navigate through this experience.”

According to Jeff Lewandowski, the project manager at The Dennis Group who was Doug’s main contact, the legal landscape was new terrain for the company – and one that required an experienced guide. Graves Dougherty came through with a responsive attorney who had an extensive background in construction law and litigation.

“I love litigation work, but I understand that clients don’t,” says Doug. “So our goal is to help the client achieve their goals, both in the sense of resolving issues that arise and doing what we can to avoid future problems.”

In keeping with that philosophy, Doug ultimately arranged a mediation that resolved the matter at hand to The Dennis Group’s satisfaction. Since that time, the company has engaged Graves Dougherty in other types of legal work such as reviewing contracts.

“As other projects come up in Texas, we will certainly be reaching out to them for advice and input,” according to Tom. “I’m glad we have this relationship.”

“Our company thrives on relationships, and I’m pleased that we’ve built such a solid relationship with Graves Dougherty.”

Tom Dennis
President, The Dennis Group

As proud as we are of the contributions we are able to make to our clients’ success, we are equally proud of what we contribute to our community. We have always supported a variety of organizations and causes, and last year was no exception.



In October, we held our eleventh annual Engaging Conversations event, which places guests around dinner tables hosted by some of the most accomplished and intriguing people in the country.

This year’s event raised \$42,500 for the Mainspring School, an early-childhood, family-centered community.

“Graves Dougherty’s counsel brought professionalism and finesse to our efforts to meet our financial goals for a new theatre.”

Elisbeth Challener
Managing Director, ZACH Theatre

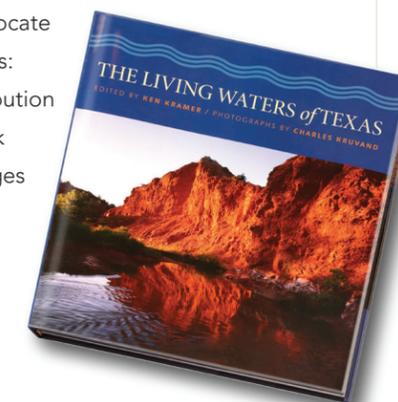
COMMUNITY

In November, the Austin City Council recognized attorney Ed McHorse and the colleagues who have worked with him on the Ending Community Homelessness Coalition (ECHO). Ed played a major role in forming ECHO and has chaired the organizations for the last two years.



Also last year, Clark Heidrick and David Spiller worked with ZACH Theatre to help establish for its new Topfer Theatre a financing structure that would satisfy the needs of a wide variety of stakeholders in the project.

Finally, attorney Ben Vaughan reinforced his reputation as an environmental and conservation advocate with “The Bays and Estuaries of Texas: An Ephemeral Treasure?”, his contribution to *The Living Waters of Texas*, a book of essays about and captivating images of Texas waterways published last year by Texas A&M University Press.



Welcome

Graves Dougherty welcomed four new attorneys to the firm last year.

Elsbeth T. Peshel joined as a Shareholder in the Corporate and Tax sections, bringing 13 years of experience in all aspects of federal income tax.

Marcy McKnight Darsey joined as an associate attorney in the Real Estate practice group after practicing real estate and corporate law with Vinson & Elkins.

Raleigh Johnston joined the Estate Planning, Tax and Probate practice group as an associate upon completing his LL.M. in Taxation at New York University.

Meg Rein joined as an associate in the Litigation section after spending two years clerking for Judge Sam Sparks in the Western District of Texas.

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