

October 6, 2006

David Kalisz  
3 S and D Interests  
1904 Freight Street  
Laredo, Texas 78041

Re: Site Investigation Summary  
Northeast Corner of US183 and Loyola Lane  
Austin, Travis County, Texas

Dear Mr. Kalisz:

The following letter is a brief summary of the results of our due diligence site investigation for the above referenced property. We have researched City of Austin files, met with TXDOT representatives, and used our extensive experience in the Austin area in order to provide the following summary of our findings.

## ZONING

- The site currently has four zoning districts as shown in the included Zoning Exhibit:
  - Community Commercial (GR) – Shopping centers and commercial sites which serve the community
  - Limited Office (LO) – Office which serve community needs such as professional and semi-professional offices
  - Family Residence (SF-3) – Single family dwellings, including duplexes
  - Multi-Family Residence (MF-2) – Duplex, town homes, and apartments
- Compatibility standards are triggered by adjacent sites with a zoning district or use of single family (SF-5) or more restrictive located within 540-feet of the property. These standards govern setbacks of proposed developments from adjacent property lines, building heights, lighting restrictions, noise levels, and screening of equipment. According to the City of Austin Zoning Maps, there is a development zoned SF-2 adjacent to the eastern boundary of the site and a development zoned SF-3 north of the property, therefore compatibility standards will be required for the first 540-feet from those property lines for any proposed development not zoned single family.
- In order to change the zoning districts, an application must be filed with the City of Austin. Once submitted, there is a 28-day initial review period. After all comments have been addressed, which is typically a 3 to 5-month process, the zoning case will be heard before the Environmental Review Board. Following approval from the Environmental Review Board, the case must be heard in front of the Zoning and Platting Commission and ultimately approved by the City Council.

- The maximum impervious cover allowed under each respective zoning district and watershed classification is as follows:
  - GR: 90%
  - LO: 70%
  - SF-3: 45%
  - MF-4: 70%
  - Suburban Watershed (Walnut Creek): 65%

Based on the existing zoning districts, the maximum impervious cover will be 65% for GR, LO, and MF-4, while the SF-3 district will remain 45%. If the property is rezoned, the maximum allowable impervious cover will not be able to exceed 65%, due to the watershed regulations, which will be the limiting number.

## UTILITIES

- Water service will be provided by the Austin Water Utility. There is an existing 8-inch waterline in Millrace Drive east of the site, a 12-inch line in Purple Sage Drive north of the site, and a 6-inch stub out at the property line located in Coolbrook Drive. Additionally, a 12-inch line is proposed to be constructed in Loyola Lane. These water lines should provide adequate fire flow and domestic capacity for a high-density development. However if this assumption proves to be false, there is a dead-end 12" waterline both north and south of the site in US183 which could be connected together and tapped for service. A Service Extension Request (S.E.R.) will be required in order to tap any of these waterlines with the exception of the proposed line in Loyola Lane.
- Wastewater service will also be provided by Austin Water Utility. There is a 10-inch gravity line located at the intersection of Millrace Drive and Loyola Lane which could be utilized through a Service Extension Request. Further calculations will be required to determine if that line has capacity based on the proposed development's use and density.
- Electric service will be provided by Austin Energy in accordance with their line extension policy. Adequate capacity is available.
- Natural gas service will be provided by Texas Gas Services in accordance with their service extension policy. Adequate capacity is available.

## DRAINAGE

- There are two existing on-site drainage basins which will effect development of the site. The eastern basin, which is bordered to the east by Millrace Drive and to the west by the creek, is approximately 49.2-acres. The western basin, which is bordered to the west by US183 and to the east by the creek, is approximately 53.19-acres. Both basins are bordered to the north by Purple Sage Drive and to the south by Loyola Lane.
- In addition to the two on-site basins, approximately 200-acres of property to the north of the site convey their stormwater runoff through the subject property by way of the creek

and an unknown level of flow is conveyed eastward from the TXDOT right-of-way through the site and into the creek. A drainage easement was granted to TXDOT as Document No. 2004232359, recorded in the Official Public Records of Travis County, Texas.

- Due to upstream drainage conditions, this site has both a Critical Water Quality Zone (CWQZ) and a Water Quality Transition Zone (WQTZ) paralleling the tributary of Walnut Creek. The CWQZ is a 50-foot setback from the creek centerline, and the WQTZ is a 100-foot setback from the CWQZ. No development is permitted within the CWQZ, while 30% impervious cover is allowed in the WQTZ, exclusive of any 100-year floodplain encroachments.
- There is a FEMA 100-year floodplain on the site, which can be seen in the included exhibit. Prior to development of the property, a drainage easement will need to be granted to encompass the limits of the 100-year floodplain. Certain development characteristics, such as the construction of walls or filling the site will allow the limits of the floodplain to be reduced. Under this scenario, a FEMA Conditional Letter of Map Revision (CLOMR) will need to be filed and approved prior to receiving a development permit. Once the improvements are constructed, a Letter of Map Revision (LOMR) will be issued which will verify that the floodplain limits have been reduced. This process adds approximately 4-months to the development timeline but allows the developer to increase the developable site area.

## ACCESS

- Access from US183 will be as dictated in the Right-of-Way dedication deed, recorded as Document No. 2004232132 in the Official Public Records of Travis County, Texas. Legally, this deed restricts access for the middle portion of the site adjacent to US183 due to the presence of the entrance and exit ramps coming off of the main highway lanes.
- We were able to meet with the driveway permit coordinator for TXDOT, Mr. Gary Morris, regarding potential access to this site. Mr. Morris indicated that he would be hesitant to allow a driveway from US183 between Loyola Lane and a point approximately 2,000-feet north due to the height of the proposed retaining wall and the entrance/exit ramps coming off of the main highway lanes. Mr. Morris also suggested that the driveway application be filed at least 6-months prior to site plan submittal because of the unique nature of the driveway and the amount of engineering that will be required.
- Access to the site is available from Loyola Lane, at a minimum of approximately 250-feet east of its intersection with US183, based on its classification as a residential collector roadway. Due to a proposed median in Loyola Lane, this would be limited access because a driveway in this location would only be available to westbound traffic. Full access would be available approximately 350-feet east of US183. If desired, secondary access is also available from Coolbrook Drive, although access should be limited as it is a residential street.
- If a full access driveway is desired off of Loyola Lane, a left turn lane must be constructed in the median. A Traffic Impact Analysis will be required to determine if a stop light would be required for left-turning vehicles, though it should not be anticipated.

The left turn lane off of Loyola Lane would be reviewed and approved by the City of Austin, exclusive of TXDOT.

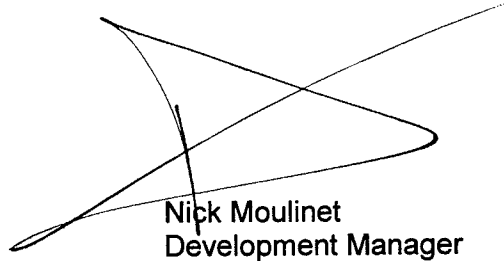
- The Average Daily Traffic (ADT) for this section of Loyola Lane was approximately 13,000 trips per day in June of 2005. For this section of US183 (both directions), the ADT was 50,000 trips per day in 2004.

The items discussed above are a summary of the facts that we feel would affect the design and development of the property. Should you have any questions, comments, or require further assistance with this project, please don't hesitate to contact our office.

Sincerely,

A handwritten signature in black ink, appearing to read 'WRS' followed by a stylized flourish.

Will Schnier, E.I.T.

A handwritten signature in black ink, appearing to read 'Nick Moulinet' with a large, sweeping flourish.

Nick Moulinet  
Development Manager