

**TEXAS REAL ESTATE COUNSELORS, INC.**

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February 22, 1999

Mr. Ron Olderog, MAI, Real Estate Officer  
The City of Austin,  
Real Estate Services Division  
P.O. Box 1088  
Austin, Texas

RE: Assignment Number: 24-002.18/24.1 File Number: 2830.18/24  
Project Name: Spicewood Springs Road Widening  
Owners: Joseph Binford and Richard Haberman

*Appraisal & Compensation Estimate for future Right-of-Way Taking (Parcels 18 and 24) of the Vacant land parcel on Spicewood Springs Road between 900 and 2,400 feet south of the roadway's intersection with Loop 360 also known as the Haberman Tract", a 24.5833 acre (gross area) Whole Property site, with a proposed Right-of-Way Taking of 14,005 Sq. Ft. or 0.3215 acres in two parcels, and a Remainder of 24.2618 acres, all within the City of Austin, Travis County, Texas 78759.*

Dear Mr. Olderog,

In accordance with your request, we have inspected and appraised the following property locally known as: a tract of vacant land on *Spicewood Springs Road between 900 and 2,400 feet south of the roadway's intersection with Loop 360 also known as the Haberman Tract, in the City of Austin, Travis County, Texas 78759.* Additionally, we have completed the market research and analysis to furnish you with an opinion of value and compensation estimate for future Right of Way Taking of a 0.3215 acre or 14,005 Sq. Ft. Taking out of Parcels 18 and 24.

The "Whole Property" Legal Description is; "24.5833 acres of land more or less out of the James M. Mitchell Survey No. 17, Abstract No. 521, in the City of Austin, Travis County, Texas, also being that certain tract conveyed from Floyd C. Cantwell and wife, Helen Cantwell and Frank Boutwright to Joseph Binford and Richard Haberman, Trustees, as recorded in Volume 3795, Page 2171 of the Deed Records of Travis County, Texas." ...

The "Taking Property" is comprised of the following two parcels that front the existing R.O.W. line:  
(i) Parcel 18 being 4,883 square feet total [or 0.1121 acres] of land more or less out of the James M. Mitchell Survey No. 17, Abstract No. 521, in the City of Austin, Travis County, Texas". and  
(ii) Parcel 24 being 9,122 square feet total [or 0.2094 acres] of land more or less out of the James M. Mitchell Survey No. 17, Abstract No. 521, in the City of Austin, Travis County, Texas".

And, ...the "Remainder Property" Legal Description is; "24.2618 acres of land more or less out of the James M. Mitchell Survey No. 17, Abstract No. 521, in the City of Austin, Travis County, Texas".

A more detailed *metes & bounds description of the proposed two Right-of-Way Takings portion*, is referenced in Exhibit "A" in the Exhibits that preface the main body of this report.

The Purpose of our inspection and appraisal was to estimate the current "Market Value" of the "Fee Simple Interest" of (i) the Whole Property in "As Is Condition", (ii) the Taking Property as a Prorata Contributory Portion of the Whole Property, and (iii) the Remainder Property's perspective value post ROW taking and ROW improvements; as captioned above in order to estimate the Total Compensation regarding the Taking and any potential damages or enhancements to the Remainder Property. It is our understanding the Function of this *Self-Contained Report of a Complete Appraisal & Compensation Estimate* will be to facilitate the future Right-of-Way Taking process for the pending partial taking condemnation procedure in order to accomplish the widening of the Spicewood Springs Road Project artery right-of-way and its upgraded improvements. And, "Market Value" is as defined in the body of the attached report (re: City of Austin versus Cannizzo, et al, 267 S.W. 2d. 808, 815 [1954]).

Counselors - Appraisers

The Effective Date of this *Self-Contained Report of a Complete Appraisal & Compensation Estimate* analysis is February 22, 1999. The Inspection Date and Preparation Date is February 22, 1999.

It should be noted that these Appraisers were not provided with any current survey of the Whole or Remainder Property or any Environmental Site Assessment study on which to rely, while all of the above noted available documents are exhibited and referenced in the Addenda of this report.

After a thorough analysis of the subject property surrounding environment and best available market data, assuming the above criteria, it is our opinion that the current "Total Compensation Estimate" [regarding the taking and any potential damages or enhancements to the remainder property] of the *Fee Simple Interest* in the subject property in its present physical "As Is Condition" discounted for (i) the necessary re-zoning costs to attain the necessary Zoning Districts to allow Limited office and multi-family mixed uses on this tract and (ii) Re-subdivision Platting to attain Legal Lot status and Site Plan - PRA-Special Permit approval to entitle the maximum allowable buildings area and/ or units which is the highest & best use of the Whole Property before the Taking, is as follows:

The subject WHOLE PROPERTY, surrounding environment and best available market data, it is our opinion that the current "Market Value" of the "*Fee-Simple Interest*" in the subject property in "As Is - Physical Condition" (subject to the assumptions noted herein) as of February 22, 1999, is:

**NINE HUNDRED - SIXTY THOUSAND DOLLARS**  
**\$ 960,000**

The subject PART TAKEN PROPERTY - As a Prorata Portion of the Whole Property, based upon the best available development potential information from the Land Planner and market data, supports our opinion that the current "Market Value" of the "*Fee-Simple Interest*" in the subject Part Taken property in "As Is" Physical & Legal Status Condition" as of February 22, 1999, is:

**THIRTY-ONE THOUSAND, FOUR HUNDRED FIFTY DOLLARS**  
**\$31,450**

The subject REMAINDER PROPERTY - Immediately After the Taking, based upon the best available development potential information from the Land Planner and market data, supports our opinion that the current "Market Value" of the "*Fee-Simple Interest*" in the subject property in "As Is" Physical & Legal Status Condition" as of February 22, 1999, is:

**EIGHT HUNDRED - NINETY-SIX THOUSAND, THREE HUNDRED DOLLARS**  
**\$896,300**

**CONTROLLING VENUE - Net Damages - Judicial Exception Instructions of Cost to Cure Damages**  
**Method of Estimation: \$63,700**

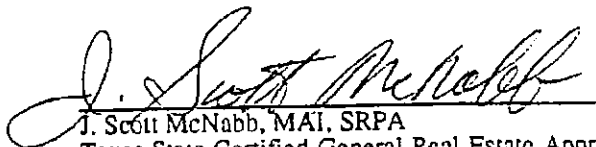
**TOTAL COMPENSATION (Real Property Only):**

Part Taken	\$31,450
Net Damages to Remainder - After Taking via Judicial Exception Method - Cost to Cure	<u>+63,700</u>
<i>Total Compensation</i>	<u><i>\$95,150</i></u>


The subject property surrounding environment and best available market data, assuming the herein referenced criteria, it is our opinion that the current "Total Compensation Estimate" [regarding The Taking and any potential Damages or enhancements to the Remainder Property] of the *Fee Simple Interest* in the subject property in its present physical condition, as of February 22, 1999, is:

**NINETY FIVE THOUSAND, ONE HUNDRED FIFTY DOLLARS**  
**\$ 95,150**

For further information concerning the supporting data or rationale of our conclusions, your attention is directed to the following narrative report.



J. Scott McNabb, MAI, SRPA  
Texas State Certified General Real Estate Appraiser  
Certificate No. TX-1323918-G



DeWayne G. Garner, SRPA, SRA  
Texas State Certified General Real Estate Appraiser  
Certificate No. TX-1321327-G

EXHIBIT III  
SITE PLAN - WHOLE PROPERTY - POTENTIAL DEVELOPMENT

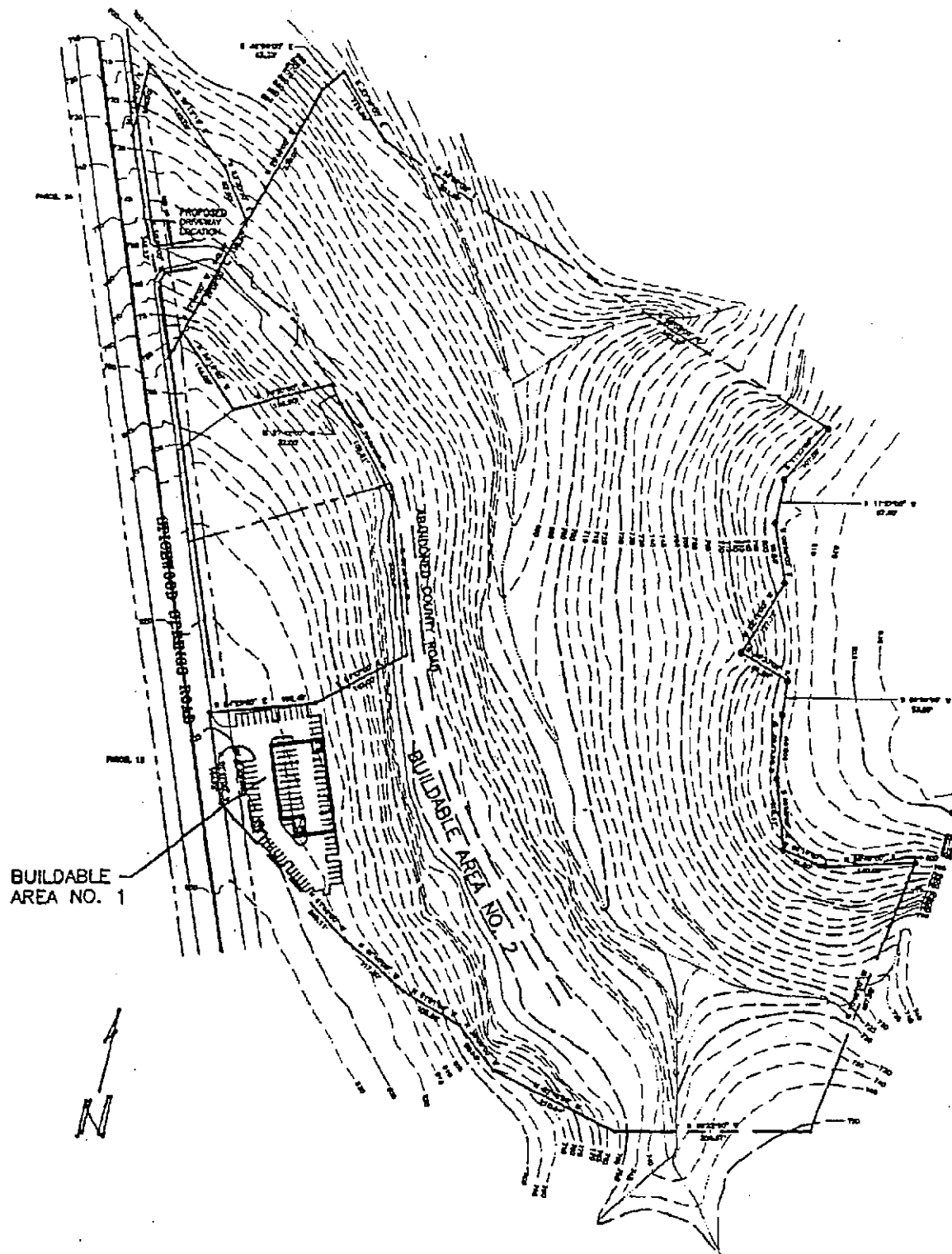
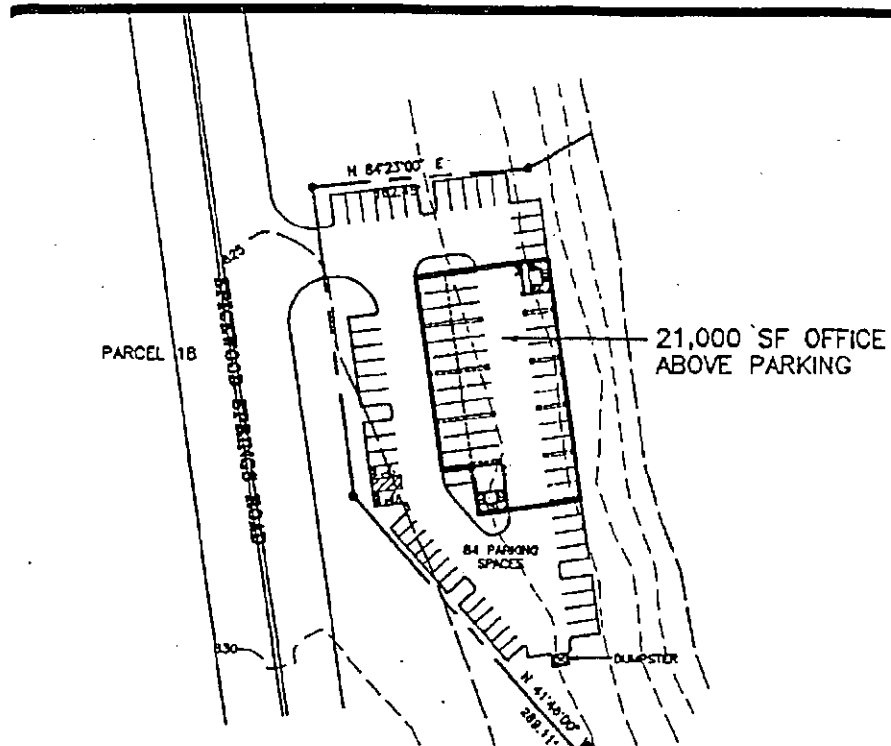
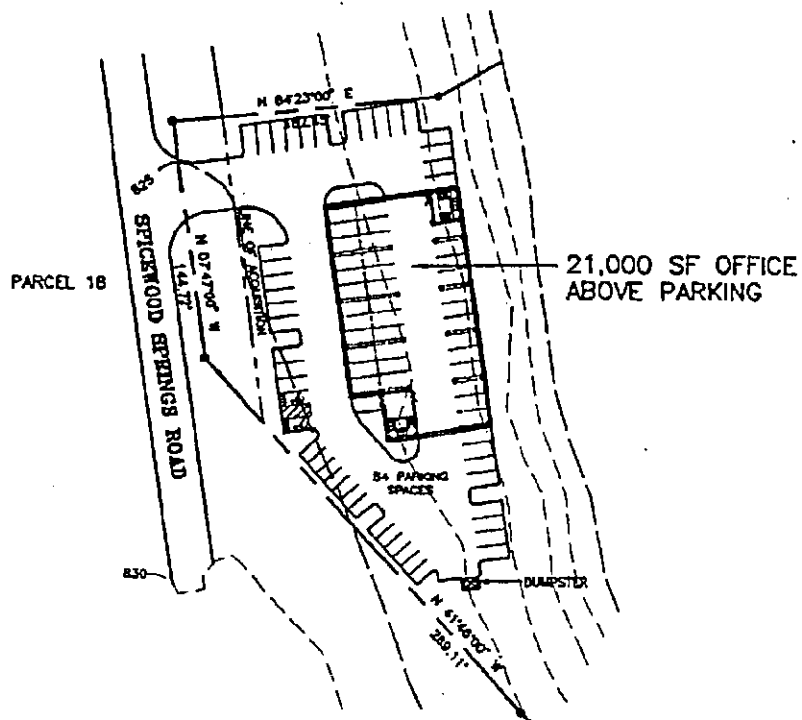


EXHIBIT III - continued  
SITE PLAN - WHOLE PROPERTY - POTENTIAL DEVELOPMENT



DETAIL PLAN FOR REMAINDER  
BUILDABLE AREA NO. 1  
1"=50'



DETAIL PLAN FOR WHOLE  
BUILDABLE AREA NO. 1  
1"=50'

- 8) The Appraisers have no responsibility, financially, legally or otherwise, regarding the consequences that might arise due to the need or the lack of the need of flood hazard insurance. The Appraisers have relied upon published Flood Insurance Administration (FIA) maps; however, these may not always be perfectly accurate. If the client or any interested party is in need of such flood insurance, an agent for Federal Flood Insurance Program should be consulted.
- 9) The client is requested to report any errors or discrepancies to the Appraisers within thirty (30) days of the receipt of this report. Furthermore, the reader is hereby notified that any copies of this report not signed by the Appraisers in blue ink may be an unauthorized copy.

THIS REPORT HAS BEEN MADE ALSO IN CONSIDERATION OF THE FOLLOWING SPECIFIC LIMITING CONDITIONS:

- 1) This appraisal report specifically assumes the property to be aggressively marketed and/ or leased and prudently managed in order to achieve the value estimated herein. This includes signage, distribution of marketing information to active brokers, leasing agents, and target market users in the market areas, etc. If this is not accomplished by the owner/lender and/or management/leasing firms, value fluctuating may indeed occur. *Furthermore, the Appraisers assume no responsibility of future value fluctuations created by any reason..*

The value of the subject property's *Fee Simple Interest* in its present physical "As Is Condition" is predicated upon and is discounted for (i) the necessary costs of Re-subdivision Platting to attain Legal Lot status and Site Development - Site Plan Permit approval to "entitle the maximum allowable building area" which is the highest & best use of the Whole Property before the Taking. This is considered a reasonable expectancy considering the degree of neighborhood offices that exist within the surrounding immediate area of the subject property location. The value is reported in the "As-Is" Condition status and recognizes the short-coming items noted above that are requisite of any proposed development on the subject "un-entitled" tract (Reference - Land Valuation Analysis Section).

- 2) Pursuant to the scope of this appraisal assignment, the client requested that Market Valuation of the Fee Simple Interest be considered in "As Is - Undeveloped Vacant Land" Condition. Currently, the demand is good for the neighborhood office and multi-family apartment properties throughout the Austin MSA in general and in the Northwest Austin area in particular. However, sometime in the future, this may change as market conditions change from time to time in the real estate cycles. This has been experienced and observed in the past in the Central Texas area during the past 10-year cycle. *Furthermore, market conditions are dynamic and subject to change in either direction.* The local, regional and national economic trends and interest rate fluctuations have a significant impact on these dynamics. These estimates are predicated upon current market conditions and numerous comparable improved sales in this area that occurred in the last few years.
- 3) The Appraisers relied upon the professional inspections and reports prepared by the following firms or individuals: (1) the Analysis Conclusions Letter originally dated April 6, 1998 and updated (Feb. 1999) from Wm. T. Carson - Land Planner of Carson Planners regarding the Whole Property, Taking and the Remainder After the Acquisition for Spicewood Springs Road Improvements, Parcel Nos. 18 & 24 - Haberman Tract and the site dimension plat and hypothetical development site plan dated May 12, 1998 prepared by Carson Planners; and (2) the Commitment for Title Insurance effective dated September 30, 1997 issued by Texas Professional Title Inc., underwritten by Lawyers Title Insurance Corporation, reference Commitment No. C 143047\*1 and Commitment for Title Insurance effective dated October 2, 1997 also by Texas Professional Title, Inc., underwritten by Lawyers Title Insurance Corporation, reference Commitment No. C 143046\*1. It should be noted that these Appraisers were not provided with any current survey of the Whole or Remainder Property or any Environmental Site Assessment study on which to rely; while, all of the above noted available documents are exhibited and referenced in the Addenda of this report.

The subject property is an unimproved vacant tract, but according to Wm. T. Carson - Land Planner (who was engaged by the City of Austin, the Client herein) hypothetically the Whole Property and the Remainder Property - After the Taking can each equally support a mixed-use complex including a 21,000 SF-GBA two-story neighborhood style office building and associated site improvements and approximately a 50 unit multi-family apartment complex and associated site improvements. The Appraisers relied upon this qualified Land Planner's conclusions regarding the feasible use of the Whole Property, Taking Property and Remainder Property - After the Taking given the known constraints of each situation. If the Land Planner's conclusion changes, then so too would the Value Estimate by these Appraisers, who reserve the right to amend this Appraisal if this situation were to arise.

Furthermore the subject is located in "Zone X - Areas determined to be outside the 500-year floodplain" designated by the Federal Emergency Management Agency, Flood Hazard Boundary Map No. 48453C-0195 E dated June 16, 1993,



**Spicewood Springs Road  
Property and Building Size Comparison**

Address	Acres	Building S/F	Building %
4800	5.190	35,000	15.48%
4801	0.836	8,424	23.13%
4807 -1	1.699	20,853	28.17%
4807 -2	2.240	27,493	28.18%
4807 -3	1.370	16,858	28.25%
4807 -4	1.370	16,858	28.25%
<b>Stillhouse</b>	<b>6.679</b>	<b>82,062</b>	<b>28.20%</b>
4810	1.860	8,710	10.75%
4813	0.464	2,439	12.07%
4815	0.605	2,784	10.56%
4817	0.563	3,031	12.36%
4819	0.579	3,083	12.22%
4821	0.552	2,426	10.09%
4823	0.532	2,362	10.19%
4825	0.510	2,439	10.98%
4827	0.661	2,346	8.15%
<b>Residential</b>	<b>4.466</b>	<b>20,910</b>	<b>10.75%</b>
4833	0.588	13,584	53.03%
4900	1.931	9,736	11.57%
4901	0.415	5,184	28.68%
<b>4920</b>	<b>4.283</b>	<b>18,500</b>	<b>9.92%</b>
4926	1.895	13,200	15.99%
<b>Total</b>	<b>28.144</b>	<b>215,310</b>	<b>17.56%</b>