

ORDINANCE NO. 2006- 8

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS, TEXAS DESIGNATING A 15 ACRE AREA WITHIN THE CITY AT THE INTERSECTION OF IH-35 SOUTH AND McCARTY LANE AS TAX INCREMENT FINANCING REINVESTMENT ZONE NO. 3 PURSUANT TO CHAPTER 311 OF THE TEXAS TAX CODE; CREATING A BOARD OF DIRECTORS FOR THE ZONE; CONTAINING FINDINGS AND INCLUDING PROCEDURAL PROVISIONS.

RECITALS:

1. WHEREAS, pursuant to Chapter 311 of the Texas Tax Code, the City may designate a contiguous geographic area within the City as a tax increment financing reinvestment zone if the area satisfies the requirements of certain sections of Chapter 311 of the Texas Tax Code; and

2. WHEREAS, John Q. Hammons, Trustee of the Revocable Trust of John Q. Hammons dated May 15, 1989, as Amended and Restated (the "Developer") and the City, owners of the 15 acres tract of property described in the attached Exhibit "A" and depicted on the map attached hereto as Exhibit "B" (the "Reinvestment Zone Area"), located at the intersection of IH-35 South and McCarty Lane in the city limits of the City, in Hays County, Texas, have agreed that the City should establish a tax increment financing reinvestment zone as a financing mechanism for costs associated with the construction, maintenance and operation of a conference center and associated facilities (the "Project") as part of a hotel and conference center development in the Reinvestment Zone Area; and

3. WHEREAS, the City has prepared a preliminary reinvestment zone financing plan, which provides that City of San Marcos ad valorem taxes are to be deposited into a tax increment fund, and that taxes of other taxing units may be utilized in the financing of certain proposed public improvements in the Reinvestment Zone Area; and

4. WHEREAS, the City provided written notice of the public hearing on the creation of the proposed reinvestment zone to the governing body of all taxing units levying taxes on property in the Reinvestment Zone Area, in compliance with the requirements of Chapter 311, Texas Tax Code; and

5. WHEREAS, the City provided published notice of the public hearing on the creation of the proposed reinvestment zone was published on February 1, 2006, in the San Marcos Daily Record, a newspaper of general circulation in the City; and

6. WHEREAS, on February 21, 2006, the City Council held a public hearing on the creation of the proposed reinvestment zone, and at the public hearing interested persons were allowed to speak for or against the creation of the proposed reinvestment zone, its boundaries, or the concept of tax increment financing; and owners of property in the Reinvestment Zone Area were given a reasonable opportunity to protest the inclusion of their property in the Reinvestment Zone Area; and

7. WHEREAS, evidence was received and presented at the public hearing in favor of the creation of the proposed reinvestment zone under the provisions of Chapter 311, Texas Tax Code; and

8. WHEREAS, no owner of real property in the Reinvestment Zone Area protested the inclusion of the owner's property in the Reinvestment Zone Area; and

9. WHEREAS, the City has provided all information, and made all presentations, given all notices and done all other things required by Chapter 311, Texas Tax Code, or other law as a condition to the creation of the proposed reinvestment zone; and

10. WHEREAS, the total appraised value of real property taxable by Hays County in the proposed reinvestment zone is approximately \$1,306,800; and

11. WHEREAS, the total appraised value of real property taxable by the San Marcos Consolidated Independent School District in the proposed reinvestment zone is \$1,306,800; and

12. WHEREAS, the total area of the real property within the Reinvestment Zone Area is approximately 15 acres, including property that is publicly owned; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN MARCOS, TEXAS:

SECTION 1. Findings. (a) The facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are adopted as part of this Ordinance for all purposes.

(b) The City Council further finds and declares that the proposed improvements in the Reinvestment Zone Area will significantly enhance the value of all the taxable real property in the Reinvestment Zone Area and will be of general benefit to the City.

(c) The City Council further finds and declares that the Reinvestment Zone Area meets the criteria and requirements of Section 311.005 of the Texas Tax Code because the Reinvestment Zone Area contains substantial areas that are predominantly open and underdeveloped, and lack public water distribution, wastewater collection and storm drainage facilities, and these conditions substantially impair and arrest the sound growth of the City.

(d) The City Council, pursuant to the requirements of Chapter 311, Texas Tax Code, further finds and declares:

- (1) That the Reinvestment Zone Area is a contiguous geographic area located wholly within the corporate limits of the City of San Marcos;
- (2) That not more than ten percent of the property in the Reinvestment Zone Area, excluding property that is publicly owned, is currently used for residential purposes;

- (3) That the total appraised value of taxable real property in the Reinvestment Zone Area does not exceed fifteen percent of the total appraised value of taxable real property in the City and in the industrial districts created by the City;
- (4) That the Reinvestment Zone Area does not contain more than fifteen percent of the total appraised value of real property taxable by Hays County or the San Marcos Consolidated Independent School District; and
- (5) That the development or redevelopment of the property in the Reinvestment Zone Area will not occur solely through private investment in the reasonably foreseeable future.

SECTION 2. Designation of the Zone. The City, acting under the provisions of Chapter 311, Texas Tax Code, designates the Reinvestment Zone Area as a tax increment reinvestment zone, and creates a tax increment reinvestment zone within and over the Reinvestment Zone Area. The reinvestment zone shall hereafter be named for identification as City of San Marcos, Texas Tax Increment Reinvestment Zone No. 3 (the "Zone"). The City Council specifically declares that the Zone is designated pursuant to Section 311.005(a)(1) and (2) of the Texas Tax Code.

SECTION 3. Board of Directors. (a) A Board of Directors is created for the Zone, which will consist of five members. Positions One through Three on the Board of Directors will be reserved for the City. Positions Four and Five will be reserved for other taxing units levying property taxes within the Zone, each of which may appoint one director if the unit has not waived its right to do so. Another taxing unit that appoints a director shall be assigned a Board position number in the order the City receives the appointment. If another taxing unit does not have in effect an agreement with the City to contribute all or a portion of the unit's tax increment from real property in the Reinvestment Zone Area to the Tax Increment Fund established in Section 6 of this Ordinance, the unit will be deemed to have waived its right to appoint a director, and the City will be entitled to appoint persons to the position, which shall be filled as provided below.

(b) The Mayor is authorized to nominate and appoint, subject to City Council approval, the directors to Positions One through Three of the Board of Directors, and any other director position for which another taxing unit waives its right of appointment.

(c) The directors appointed to odd-numbered positions shall be appointed for two year terms, beginning on the effective date of this Ordinance, while the directors appointed to even-numbered positions shall be appointed to a one year term, beginning on the effective date of this Ordinance. All subsequent appointments shall be for two-year terms. The member of the Board of Directors appointed to Position One is hereby designated to serve as the chair of the Board of Directors for a one-year term beginning on the effective date of this Ordinance. Thereafter the Mayor shall annually nominate and appoint, subject to City Council approval, a member to serve as chair for a term of one year beginning on the anniversary of the effective date of this Ordinance. The City Council authorizes the Board of Directors to elect from its members a vice-chairman and such other officers as the Board of Directors sees fit.

(d) The Board of Directors shall make recommendations to the City Council concerning the administration of the Zone. The Board of Directors shall prepare or cause to be prepared and adopt a project plan and a reinvestment zone financing plan for the Zone as described in Section 311.011, Texas Tax Code, and shall submit such plans to the City Council for its approval. The City delegates to the Board of Directors all powers necessary to prepare and implement the project plan and reinvestment zone financing plan, subject to approval by the City Council, including the power to employ any consultants or enter into any reimbursement agreements payable solely from the Tax Increment Fund established pursuant to Section 6 of this Ordinance, subject to the approval of the City Council, that may be reasonably necessary or convenient to assist the Board of Directors in the preparation of the project plan and reinvestment zone financing plan and in the issuance of tax increment obligations.

SECTION 4. Duration of the Zone. The Zone shall take effect on January 1, 2006, for the deposit of tax increments into a Tax Increment Fund established pursuant to Section 6 of this Ordinance, and termination of the operation of the Zone shall occur on December 31, 2035, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and other obligations of the Zone, and the interest thereon, have been paid in full.

SECTION 5. Tax Increment Base. The Tax Increment Base for the Zone for the City and for any other taxing unit participating in the Zone is the total appraised value of all real property taxable by the City or other taxing unit participating in the Zone and located in the Zone, determined as of January 1, 2006, the year in which the Zone was designated as a reinvestment zone (the "Tax Increment Base").

SECTION 6. Tax Increment Fund. There is hereby created and established a Tax Increment Fund for the Zone entitled "Tax Increment Reinvestment Zone No. 3 Tax Increment Fund" which may be divided into subaccounts as authorized by subsequent ordinances. All Tax Increments, as defined below, shall be deposited into the Tax Increment Fund. The Tax Increment Fund and any subaccount shall be maintained at the depository bank of the City and shall be secured in the manner prescribed by law for funds of Texas cities. The annual Tax Increment shall equal the property taxes levied by the City and any other taxing unit participating in the Zone for that year on the captured appraised value, as defined by Chapter 311 of the Texas Tax Code, of real property located in Zone that is taxable by the City or any other taxing unit participating in the Zone, less any amounts that are to be allocated from the Tax Increment pursuant to Chapter 311 of the Texas Tax Code. All revenues from the sale of any tax increment bonds, notes or other obligations hereafter issued for the benefit of the Zone by the City, if any; revenues from the sale of property acquired as part of the project plan and reinvestment zone financing plan, if any; and other revenues to be used in the Zone shall be deposited into the Tax Increment Fund. Prior to the termination of the Zone, money shall be disbursed from the Tax Increment Fund, subject to City Council appropriation, only to pay project costs, as defined by the Texas Tax Code, for the Zone, to satisfy the claims of holders of tax increments bonds or notes issued for the Zone, or to pay obligations incurred pursuant to agreements entered into to implement the project plan and reinvestment zone financing plan and achieve their purpose pursuant to Section 311.010(b) of the Texas Tax Code.

SECTION 7. Open Meetings Compliance. It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the City Council at which this Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the time required by law preceding its meeting, as required by the Open Meetings Law, Texas Government Code, ch. 551, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

SECTION 8. The contents of the notice of the public hearing held before the City Council on February 21, 2006, and the publication of the notice, are ratified and confirmed.

SECTION 9. The Preliminary Project Plan and Reinvestment Zone Financing Plan for the Zone, a copy of which is attached as Exhibit C, are approved.

SECTION 10. Without limiting the authority of the City Council to terminate the Zone for good and sufficient reason, the City Council expressly reserves the right to terminate the Zone for failure or inability of Hays County to commit, by agreement with the City, a sufficient portion of the tax increment revenue of Hays County from the Zone towards the costs of the Project.

SECTION 11. If any word, phrase, clause, sentence, or paragraph of this ordinance is held to be unconstitutional or invalid by a court of competent jurisdiction, the other provisions of this ordinance will continue in force if they can be given effect without the invalid portion. All references to state laws in this ordinance are intended to refer to those laws as they may be amended from time to time.

SECTION 12. All ordinances and resolution or parts of ordinances or resolutions in conflict with this ordinance are repealed.

SECTION 13. This Ordinance will take effect ten days after the date of its final passage, and the City Clerk will publish notice of its adoption in a newspaper of general circulation in the City.

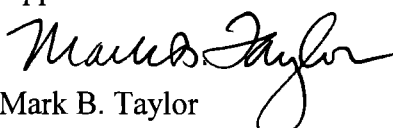
PASSED on first reading on February 21, 2006.

PASSED on second reading on March 7, 2006.

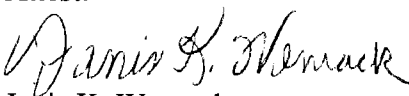
PASSED, APPROVED AND ADOPTED on March 21, 2006.


Susan Narvaiz
Mayor

Approved:


Mark B. Taylor
City Attorney

Attest:


Janis K. Womack
City Clerk

PUBLISHED IN THE SAN MARCOS DAILY RECORD ON TUESDAY, MARCH @*, @))c.

EXHIBIT A
BOUNDARY DESCRIPTION

Exhibit A

DESCRIPTION OF 15.00 ACRES, MORE OR LESS, OF LAND AREA IN THE J.M. VERAMENDI SURVEY NO. 1, HAYS COUNTY, TEXAS, BEING A PORTION OF THAT TRACT DESCRIBED AS 203.55 ACRES IN A DEED FROM GILMORE PROPERTIES, LTD. TO GILMORE AUSTEX PROPERTIES, LTD. DATED JANUARY 4, 2002 AND RECORDED IN VOLUME 1935, PAGE 804 OF THE HAYS COUNTY OFFICIAL PUBLIC RECORDS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a TxDOT brass disk found in concrete for the most northerly west corner of the Gilmore Austex Properties 203.55 acre tract and this tract at the intersection of the southeast line of Interstate Highway No. 35 and the flaring northeast line of McCarty Lane, and being an interior corner of that tract described as 2.05 acres in a deed from Melvin Jochee, Independent Executor of the Estate of Lanell B. Leavines, Deceased to the State of Texas (for right-of-way purposes) dated February 19, 1991 and recorded in Volume 1012, Page 421 of the Hays County Official Public Records;

THENCE leaving the PLACE OF BEGINNING with the common southeast line of Interstate Highway No. 35 and the State of Texas 2.05 acre tract and northwest line of the Gilmore Austex Properties 203.55 acre tract as shown on plat no. 24973-05-5-c dated June 14, 2005 and prepared for Terry Gilmore by Byrn & Associates, Inc., of San Marcos, Texas, N 40°58'30" E 708.19 feet to a ½" iron rod set for the north corner of this tract, from which a TxDot brass disk found in concrete bears N 40°58'30" E 516.20 feet;

THENCE leaving said common line and entering the Gilmore tract S 44°50'23" E 873.89 feet to ½" iron rod set for the east corner of this tract;

THENCE S 45°09'37" W 792.98 feet to a ½" iron rod set for the south corner of this tract in the common northeast line of McCarty Lane and southwest line of the Gilmore tract;

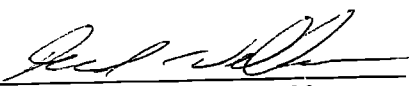
THENCE with said common line N 46°02'09" W 400.34 feet to a TxDOT brass disk found in concrete for the south corner of the aforereferenced State of Texas 2.05 acre tract;

THENCE with the common northeast line of McCarty Lane and the State of Texas tract and southwest line of the Gilmore tract the following 3 courses:

1. N 44°27'54" E 52.63 feet to a TxDOT brass disk found in concrete for a southerly east corner of State of Texas tract and interior corner of the Gilmore tract,
2. N 45°53'02" W 367.84 feet to a TxDot brass disk found in concrete for an interior corner of the State of Texas tract and the southerly west corner of the Gilmore tract,

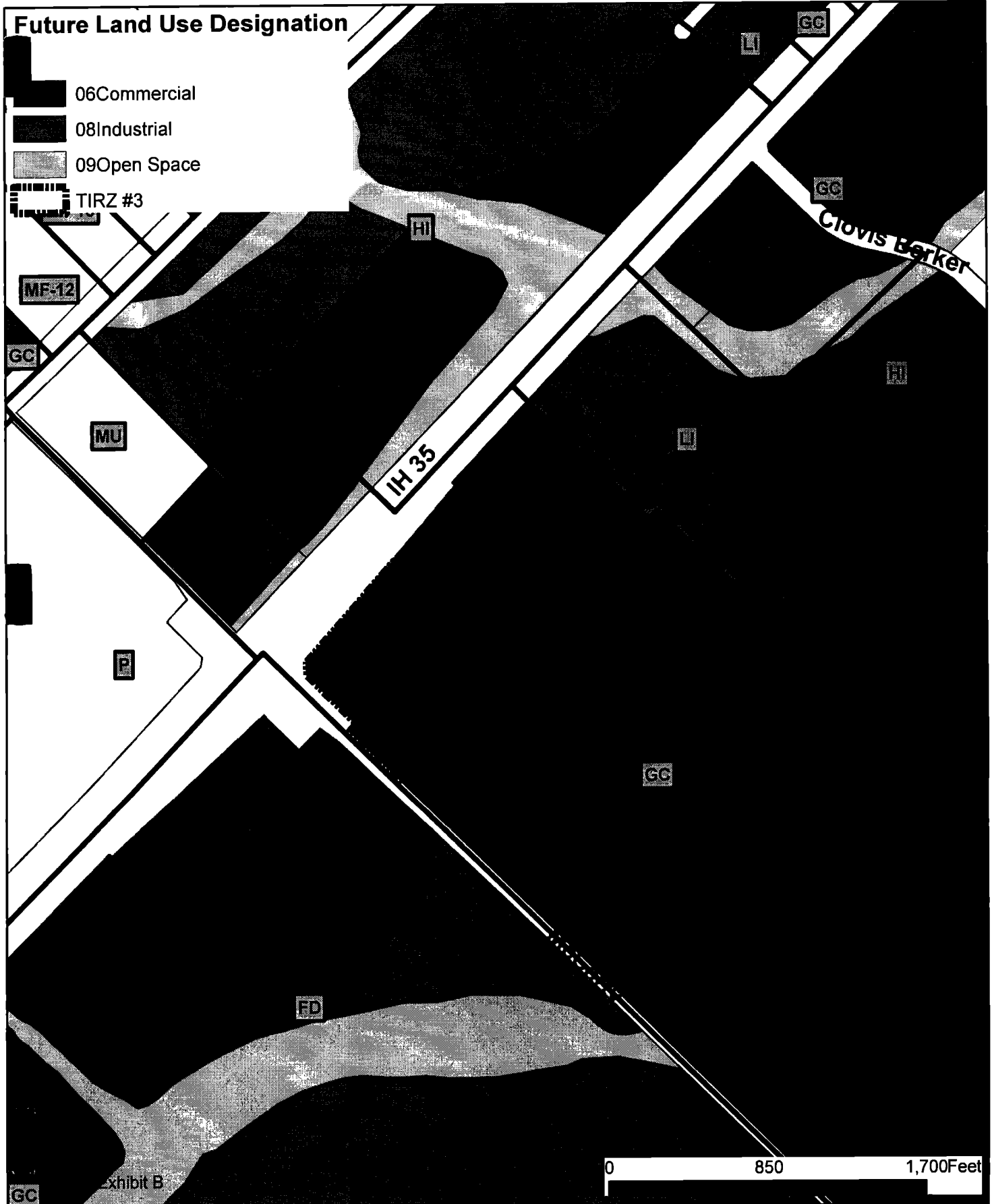
3. N 02°18'14" W 72.65 feet to the PLACE OF BEGINNING.

There are contained within these metes and bounds 15.00 acres, more or less, of land area as prepared from public records and a survey made on the ground during November, 2000 and June, 2005 by Byrn & Associates, Inc. of San Marcos, Texas. All $\frac{1}{4}$ " iron rods set are capped with a plastic cap stamped "Byrn Survey". The Bearing Basis for this description was determined from solar observations and is referenced to Grid North of the State Plane Coordinate System, NAD 83, and South Central Zone.


David C. Williamson, R.P.L.S. No. 4190

CLIENT: Gilmore
DATE: June 14, 2005
SURVEY: Veramendi, JM 1
COUNTY: Hays, Texas
JOB NO: 24973-05-5
Fnd15.00

Zoning and Future Land Use TIRZ #3



**San Marcos Tax Increment Reinvestment Zone
No. 3**

Preliminary Project Plan and Reinvestment Zone Financing Plan



EXHIBIT C

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INTRODUCTION

This document includes the Preliminary Project Plan and Reinvestment Zone Financing Plan for the Tax Increment Reinvestment Zone Number Three (the "Zone") of the City of San Marcos (the "City"), as required by Chapter 311, Texas Tax Code

The purpose of the Zone is to provide a financing vehicle needed for the completion of a joint project between the City and John Q. Hammons, as Trustee of the Revocable Trust of John Q. Hammons, Dated December 8, 1989, as amended and restated ("JQH"). JQH and the City are pursuing a joint project (the "Project") whereby JQH would construct and operate a full service upscale hotel (the "Hotel") of at least ten (10) stories in height with a minimum of two hundred seventy five (275) guest rooms and the City would construct, and lease to JQH, a first class conference center facility and related improvements (the "Conference Center") adjacent to the Hotel, which Conference Center would contain one large ballroom sufficient to lawfully accommodate one thousand (1,000) people for a banquet style event. The Zone would be used to reimburse costs associated with construction of the Conference Center.

The proposed Zone is located to the east of Interstate 35 to the south and north of the McCarty Lane intersection. The Zone consists of approximately 15 acres of land. A property metes and bounds description is provided in the attached Exhibit A.

PRELIMINARY PROJECT PLAN

Existing Uses and Conditions and Proposed Improvements

Existing Conditions

The property is undeveloped and lacking adequate infrastructure to enable its development. The subject site has been utilized as farmland and pastureland. The development of the property is further constrained by the lack of basic infrastructure including adequate public road access and capacity, and drainage facilities. There is a predominance of defective or inadequate sidewalk or street layout, as well as problems with faulty lot layout in relation to size, adequacy, accessibility, or usefulness. The area is predominantly open and, because of obsolete platting, deterioration of structures or site

improvements, or other factors, the area substantially impairs or arrests the sound growth of the City.

Surrounding Conditions

Land uses surrounding the proposed Zone include undeveloped, commercial, and industrial uses.

Proposed Land Uses

Property located within the proposed Zone will be developed as commercial, industrial, and public facility uses.

Table A lists the various land uses as indicated by the adopted Future Land Use Map of the City of San Marcos along with their respective acreages and percentage of the gross land area.

Table A
Acreage per Land Use Summary

Land Use Category	Acreage	% of Gross Acreage
Undeveloped-proposed Public Facilities	5	33%
Undeveloped-proposed Commercial	10	67%
Total	15	100.0%

Proposed Changes of Zoning Ordinances

All development and construction in the Zone will be done in conformance with all applicable development and construction regulations of the City of San Marcos, subject to variances granted under the City Land Development Code, and waivers provided for in the City's Master Development Agreement with the developer of the hotel project on the project site. There are no proposed changes of any City development or construction regulations for the Zone.

List of Estimated Non-Project Cost Items

The Zone non-project costs include those development items that will be funded by JQH for which no tax increment reimbursement is expected. These non-project development items and their associated costs are shown in Table B.

Table B
Non-Project Costs

Embassy Suites Hotel – 275 Rooms	\$ 40,000,000
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Statement of the Method of Relocating Displaced Persons

The property included in the Zone is vacant so there will be no displacement of residents as a result of the Zone.

PRELIMINARY ZONE FINANCING PLAN

List of Estimated Project Costs Including Administrative Expenses

Table C lists the estimated costs for the proposed Conference Center that will be constructed in the Zone.

Table C
Estimated Zone Project Costs

Conference Center	\$20,000,000
Bond Issuance Costs	495,000
Capitalized Interest	945,000
Interest Costs	19,647,008
Zone Creation Costs	-
Total estimated project costs	\$41,087,008
Portion of Project Costs to be borne by JQH	\$11,824,950
Portion of Project Costs to Subject to Reimbursement by the Zone	\$29,262,058

***List of All Proposed Public Works or Public Improvements
Within the Zone***

A 75,000 square foot (approximate) conference center capable of seating 1,000 people for a banquet style event.

Economic Feasibility Study

Exhibit B contains an economic feasibility study prepared by City staff for the proposed commercial development to assess the market for the proposed project. The study concludes that the proposed development is feasible and the demand for the project is strong (The study is underway. It will be completed before the project plan is finalized.)

Estimated Amount of Bond Indebtedness

It is anticipated that the City will issue \$21,440,000 in Certificates of Obligation to cover the costs of the Conference Center. Exhibit C contains the debt service schedule.

Timing of Incurring Costs or Monetary Obligations

Exhibit D shows the projected residential and commercial build out schedules for the Zone. Exhibit E shows the anticipated time frame during which reimbursement payments from tax increment revenues from the Zone could be made based on the revenue derived from the estimated build out schedules.

***Methods for Financing all Estimated Project Costs and
Estimated Sources of Revenue***

Description of the Methods of Financing

The City will issue \$21,440,000 in Certificates of Obligation for the construction of the Conference Center. In a separate agreement, JQH has agreed to pay thirty percent of the annual debt services payments as base rent for the Conference Center. The City is responsible for the

remaining seventy percent of the Conference Center costs. A breakout of these debt service payments is also included in Exhibit C.

Expected Sources of Revenue to Finance or Pay Project Costs

Table D shows the increment dedicated to the Zone by the taxing units in the Zone.

Table D
Increment Dedicated to the Zone

Taxing Unit	Dedicated Tax Rate	Years
San Marcos (2006-2030)	\$0.4702/\$100 Valuation	25
Hays County (2006-2030)	\$0.3840/\$100 Valuation	25

Tax Increment Fund

The City shall create and establish a Tax Increment Fund (TIF) for the Zone, which may be divided into sub-accounts as provided for in the ordinance creating the Zone. The TIF and each account shall be maintained at the depository bank of the City and shall be secured in the manner prescribed by law for funds of Texas cities. The annual Tax Increment shall equal the property taxes levied by the City or any other taxing unit participating in the Zone for that year on the captured appraised value, as defined by the State Tax Increment Act (the "Act"), of real property located in the Zone that is taxable by the City or any other taxing unit participating in the Zone, less any amounts that are to be allocated from the Tax Increment pursuant to the Act.

Current Total Appraised Value of Taxable Real Property

Table E lists the current appraised value of the taxable property in the Zone. The five acres of land owned by the City of San Marcos is tax exempt.

Table E
Current Appraised Value of Taxable Property

Property Description	Acreage	Taxable Value
John W Hammons, Inc.	10	\$1,306,800
City of San Marcos	5	0
Total	15	\$1,306,800

Estimated Captured Appraised Value of the Zone During Each Year of Existence

It is projected by the City that taxable property values will increase approximately 1% per year. Exhibit E shows the annual captured appraised value of these increases in property value during the build out period

Duration of the Zone

The City of San Marcos shall establish the Zone by ordinance. The ordinance shall establish that the Zone will take effect March 1, 2006 and termination of the Zone will occur on February 28, 2030. The Zone may terminate at an earlier time designated by subsequent ordinance.

Exhibit A

DESCRIPTION OF 15.00 ACRES, MORE OR LESS, OF LAND AREA IN
THE J.M. VERAMENDI SURVEY NO. 1, HAYS COUNTY, TEXAS, BEING
A PORTION OF THAT TRACT DESCRIBED AS 203.55 ACRES IN A DEED
FROM GILMORE PROPERTIES, LTD. TO GILMORE AUSTEX PROPERTIES,
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most northerly west corner of the Gilmore Austex Properties
203.55 acre tract and this tract at the intersection of the
southeast line of Interstate Highway No. 35 and the flaring
northeast line of McCarty Lane, and being an interior
corner of that tract described as 2.05 acres in a deed from
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24973-05-5-c dated June 14, 2005 and prepared for Terry
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David C. Williamson, R.P.L.S. No. 4190

CLIENT: Gilmore
DATE: June 14, 2005
SURVEY: Veramendi, JM 1
COUNTY: Hays, Texas
JOB NO: 24973-05-5
Fnd15.00

Exhibit B
Economic Feasibility Study

The study is currently underway. It will be concluded before the project plan is finalized.

Exhibit C Debt Service Schedule

\$21,440,000 Series 2006 Certificates of Obligation

Date	Payment	Interest	Principal	Balance	City Portion*	Hammons Portion*
2006	\$ -	\$ -	\$ -	\$ 21,440,000	\$ -	\$ -
2007	1,670,533	1,670,533	-	21,440,000	1,670,533	-
2008	1,179,200	1,179,200	-	21,440,000	825,440	353,760
2009	1,179,200	1,179,200	-	21,440,000	825,440	353,760
2010	1,179,200	1,179,200	-	21,440,000	825,440	353,760
2011	1,794,200	1,179,200	615,000	20,825,000	1,255,940	538,260
2012	1,795,375	1,145,375	650,000	20,175,000	1,256,763	538,612
2013	1,794,625	1,109,625	685,000	19,490,000	1,256,237	538,388
2014	1,791,950	1,071,950	720,000	18,770,000	1,254,364	537,586
2015	1,792,350	1,032,350	760,000	18,010,000	1,254,644	537,706
2016	1,795,550	990,550	805,000	17,205,000	1,256,884	538,666
2017	1,796,275	946,275	850,000	16,355,000	1,257,393	538,882
2018	1,794,525	899,525	895,000	15,460,000	1,256,167	538,358
2019	1,795,300	850,300	945,000	14,515,000	1,256,710	538,590
2020	1,793,325	798,325	995,000	13,520,000	1,255,327	537,998
2021	1,793,600	743,600	1,050,000	12,470,000	1,255,520	538,080
2022	1,795,850	685,850	1,110,000	11,360,000	1,257,094	538,756
2023	1,794,800	624,800	1,170,000	10,190,000	1,256,360	538,440
2024	1,795,450	560,450	1,235,000	8,955,000	1,256,814	538,636
2025	1,792,525	492,525	1,300,000	7,655,000	1,254,767	537,758
2026	1,791,025	421,025	1,370,000	6,285,000	1,253,717	537,308
2027	1,795,675	345,675	1,450,000	4,835,000	1,256,973	538,702
2028	1,790,925	265,925	1,525,000	3,310,000	1,253,647	537,278
2029	1,792,050	182,050	1,610,000	1,700,000	1,254,434	537,616
2030	1,793,500	93,500	1,700,000	-	1,255,450	538,050
\$ 41,087,008		\$ 19,647,008	\$ 21,440,000		\$ 29,262,058	\$ 11,824,950

*The City's portion and Hammons' portion of debt service is not exactly 70%/30% due to the City being responsible for 100% of the capitalized interest.

Exhibit D **Buildout Schedules**

TAX INCREMENT REINVESTMENT ZONE NO. THREE, SAN MARCOS, TX **Residential Buildout Schedule**

	2006	2007	2008	2009	2010
	Captured Value	Captured Value	Captured Value	Captured Value	Captured Value
Commercial					
Total Captured Values	\$0	\$0	\$0	\$0	\$0
Cumulative Captured Values	\$0	\$0	\$0	\$0	\$0

TAX INCREMENT REINVESTMENT ZONE NO. THREE, SAN MARCOS, TX **Commercial Buildout Schedule**

	Captured Value	Captured Value	Captured Value	Captured Value	Captured Value
Commercial					
Total Captured Values	\$0	\$40,000,000	\$0	\$0	\$0
Cumulative Captured Values	\$0	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000

Exhibit E Projected Zone Revenues

Tax Year	Collection Year	City Tax Rate	City Zone Collection	County Tax Rate	County Zone Collection	Total Zone Collection	Other Revenue*	City Imputed TIRZ Costs	Zone Revenue Available
2005	2006	\$ 0.4702	6,145	\$ 0.3840	5,018	11,163	-	\$ -	11,163
2006	2007	\$ 0.4702	6,145	\$ 0.3840	5,018	11,163	-	1,670,533	(1,659,371)
2007	2008	\$ 0.4702	6,206	\$ 0.3840	5,068	11,274	475,242	825,440	(338,924)
2008	2009	\$ 0.4702	194,348	\$ 0.3840	158,719	353,067	516,487	825,440	44,114
2009	2010	\$ 0.4702	196,292	\$ 0.3840	160,306	356,598	551,547	825,440	82,705
2010	2011	\$ 0.4702	198,254	\$ 0.3840	161,909	360,164	570,851	1,255,940	(324,925)
2011	2012	\$ 0.4702	200,237	\$ 0.3840	163,528	363,765	590,832	1,256,763	(302,166)
2012	2013	\$ 0.4702	202,239	\$ 0.3840	165,164	367,403	611,412	1,256,237	(277,422)
2013	2014	\$ 0.4702	204,262	\$ 0.3840	166,815	371,077	632,712	1,254,364	(250,575)
2014	2015	\$ 0.4702	206,304	\$ 0.3840	168,483	374,788	654,757	1,254,644	(225,099)
2015	2016	\$ 0.4702	208,367	\$ 0.3840	170,168	378,536	677,572	1,256,884	(200,777)
2016	2017	\$ 0.4702	210,451	\$ 0.3840	171,870	382,321	701,184	1,257,393	(173,888)
2017	2018	\$ 0.4702	212,556	\$ 0.3840	173,589	386,144	725,726	1,256,167	(144,297)
2018	2019	\$ 0.4702	214,681	\$ 0.3840	175,324	390,006	751,126	1,256,710	(115,578)
2019	2020	\$ 0.4702	216,828	\$ 0.3840	177,078	393,906	777,416	1,255,327	(84,005)
2020	2021	\$ 0.4702	218,996	\$ 0.3840	178,849	397,845	804,625	1,255,520	(53,051)
2021	2022	\$ 0.4702	221,186	\$ 0.3840	180,637	401,823	832,788	1,257,094	(22,483)
2022	2023	\$ 0.4702	223,398	\$ 0.3840	182,443	405,841	861,936	1,256,360	11,417
2023	2024	\$ 0.4702	225,632	\$ 0.3840	184,268	409,900	892,102	1,256,814	45,187
2024	2025	\$ 0.4702	227,888	\$ 0.3840	186,110	413,999	923,326	1,254,767	82,558
2025	2026	\$ 0.4702	230,167	\$ 0.3840	187,972	418,139	955,370	1,253,717	119,792
2026	2027	\$ 0.4702	232,469	\$ 0.3840	189,851	422,320	988,527	1,256,973	153,874
2027	2028	\$ 0.4702	234,794	\$ 0.3840	191,750	426,543	1,022,836	1,253,647	195,733
2028	2029	\$ 0.4702	237,142	\$ 0.3840	193,667	430,809	1,058,338	1,254,434	234,713
2029	2030	\$ 0.4702	239,513	\$ 0.3840	195,604	435,117	1,095,073	1,255,450	274,740
			\$ 4,774,501		\$ 3,899,210	\$ 8,673,710	\$ 17,671,784	\$ 29,262,058	\$(2,916,563)

*Other revenue includes the amount of hotel tax, sales tax and mixed beverage tax expected to be generated from the hotel.