



## **NOTICE OF MEETING OF THE BURNET ECONOMIC DEVELOPMENT CORPORATION**

Notice is hereby given that a **Special Meeting** will be held by the Burnet Economic Development Corporation (BEDC) on the **5<sup>th</sup> day of January, 2023** at **3:00 p.m.** in the Council Chambers, Burnet Municipal Airport, 2402 S. Water, Burnet, TX. at which time, the following subjects will be discussed, to-wit:

This notice is posted pursuant to the Texas Government Code, Chapter §551-Open Meetings.

### **1. CALL TO ORDER:**

### **2. PRESENTATION:**

2.1) Report on the Hotel Market Study provided by: David Parker

### **3. CONSENT AGENDA:**

3.1) Approval of the November 15, 2022 BEDC Regular Meeting minutes.

### **4. ACTION ITEMS:**

4.1) Discuss and consider action: Related to the potential sale of all or portions of the Crossings at 281 South Commercial Park.

4.2) Discuss and consider action: Related to the sale of all or portions of the Eastside Commercial Park located on Highway 29 East.

4.3) Discuss and consider action: Related to the findings of the combined BEDC/Chamber of Commerce/City of Burnet Committee.

4.4) Discuss and consider action: Program funding for Workforce Network, Inc.

### **5. CONVENE TO EXECUTIVE SESSION:**

5.1) Executive Session: Pursuant to Section 551.072 Texas Government Code the Board of Directors of the Burnet Economic Development Corporation shall convene in executive session to: (i) deliberate the purchase, exchange, lease, or value of real property in order to minimize the detrimental effect of such discussion in open session on the position of the Board in negotiations with third parties: D. Vaughn

The City Council may take action on any of the matters considered in executive session once

the City Council reconvenes in open session.

**6. RECONVENE TO REGULAR SESSION FOR POSSIBLE ACTION:**

6.1) Discuss and consider action: Regarding deliberations of the purchase, exchange, lease, or value of real property: D. Vaughn

**7. REQUESTS FROM BEDC FOR FUTURE REPORTS:**

**8. ADJOURN:**

Dated this 30<sup>th</sup> day, of December, 2022

I, the undersigned authority, do hereby certify that the above NOTICE OF MEETING of the Burnet Economic Development Corporation, is a true and correct copy of said NOTICE and that I posted a true and correct copy of said NOTICE on the bulletin board, in the City Hall of said City, BURNET, TEXAS, a place convenient and readily accessible to the general public at all times, and said NOTICE was posted on December 30, 2022, at or before 5 o'clock p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of said Meeting.

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Kelly Dix, City Secretary

**NOTICE OF ASSISTANCE AT THE PUBLIC MEETINGS:**

*The City Council Chamber is wheelchair accessible. Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services, such as interpreters for persons who are deaf or hearing impaired, readers, or large print, are requested to contact the City Secretary's office (512.756.6093) at least two working days prior to the meeting. Requests for information may be faxed to the City Secretary at 512.756.8560.*

**RIGHT TO ENTER INTO EXECUTIVE SESSION:**

The Board of Directors for the Burnet Economic Development Corporation reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development



## ITEM 2.1

### Agenda Item Brief

<b>Meeting Date:</b>	January 5, 2023
<b>Agenda Item:</b>	Presentation: DPC Hospitality- Limited Service Hotel Study- final report: David Parker
<b>Background:</b>	David Parker will present the final report on the Limited Service Hotel Study requested by the BEDC Board for the Crossings at Highway 281 South.
<b>Information:</b>	
<b>Fiscal Impact:</b>	None
<b>Recommendation:</b>	To be determined by board



October 30, 2022

Mr. David Vaughn, City Manager  
City of Burnet  
1001 Buchanan Drive, Suite 4  
Burnet, Texas 78611

**Re: Market Study for Proposed Limited-Service Hotel – Burnet, TX**

Mr. Vaughn:

We have completed our analysis of the hotel market in Burnet, Texas, and the addition of a limited-service hotel with approximately 89 units. The conclusions reached are based upon our present knowledge of the competitive market area resulting from our fieldwork completed on June 28, 2022.

As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant change in the competitive position of the hotels from that as set forth in this report. The terms of our engagement are such that we have no obligation to revise this report to reflect events or conditions that occur subsequent to the date of the completion of our fieldwork. The estimates of property performance are based on an evaluation of the present general level of the area's economy and make no provision for the effect of any sharp rise or decline in local or general economic conditions.

In summary, it is our opinion that there will likely be market justification for developing a limited-service hotel with approximately 89 units, as described in this report. Our conclusions for the proposed hotel are summarized as follows:

<b>Performance Summary</b>			
	<b>2025</b>	<b>2026</b>	<b>2027</b>
Units	89	89	89
Stabilized Occupancy	65%	71%	76%
Average Daily Rate	\$128.25	\$133.25	\$138.75
Rooms Revenue	\$2,709,000	\$3,073,000	\$3,426,000
Net Operating Income	\$778,000	\$862,000	\$1,013,000

### **Economic Summary**

Burnet is a city in and the county seat of **Burnet County**, Texas. It is located approximately 54 miles northwest of **Austin**, 36 miles west of **Georgetown**, and 100 miles north of **San Antonio**. According to the 2020 Census, the City of Burnet had over 6,400 people while Burnet County had just shy of 50,000. Compared to 2010, population of the city and the county grew 7.5% and 14.9% respectively.

Burnet can be accessed via two primary highways. **U.S. Highway 281 (US-281)** runs north-south, connecting Burnet with the towns of Lampasas (22 miles north) and Marble Falls (13 miles south), and further south, San Antonio. **State Highway 29 (SH-29)** runs east-west, connecting Burnet with Llano (30 miles west) and Georgetown (36 miles east). SH-29 intersects with US-183 in Liberty Hill and Interstate 35 (I-35) in Georgetown, both of which lead to Austin.

Burnet's local airport is the **Burnet Municipal Airport**. It is a general aviation airport approximately one mile south of SH-29 on US-281. The airport is home to the Highland Lakes Squadron of the Commemorative Air Force. The closest commercial service airports are the **Austin-Bergstrom International Airport (AUS)** and the **San Antonio International Airport (SAT)**, which are about 60 miles and 90 miles from Burnet respectively. **AUS** serviced a record 17.3 million passengers in 2019. In August 2022, about 1.8 million passengers used AUS, which surpassed the same month in 2019 by 17.4%. Currently, AUS is served by 22 airlines flying to over 90 destinations in the U.S., Canada, Mexico, the Caribbean, and Europe. In 2019, more than 10 million passengers used **SAT**. As air travel continues to recover from the pandemic, SAT reached 93% of 2019 levels during August 2022. SAT is currently served by 14 airlines flying to 33 domestic destinations and 5 international destinations.

### **Tourism**

Burnet is nestled at the edge of the Texas Hill Country with two of the Texas Highland Lakes, Lake Buchanan and Inks Lake, located about 10 miles to the west. The lakes provide many recreational destinations such as the Inks Lake State Park, Cedar Point Recreation Area, Black Rock Park, Canyon of the Eagles, Burnet County Park, Spider Mountain Bike Park, Reveille Peak Ranch, and Vanishing Texas River Cruise. Fall Creek Winery, the oldest winery in the Texas Hill Country, is located at the confluence of Fall Creek and Lake Buchanan. Approximately 10 miles southwest of Burnet is the Longhorn Cavern State Park, which features a limestone cave formed by the cutting action of an underground river that receded thousands of years ago.

Burnet County is home to a wide variety of birds, including some endangered species. The beautiful topography also makes the area a popular destination for summer camps. Camp Longhorn has three branches (Inks Lake, Indian Springs, and C3) and welcomes hundreds of children every summer. Parents sometimes stay in the area at the beginning and the end of the camp, which contributes to hotel demand.

Burnet was designated as the “Bluebonnet Capital of Texas” by the Texas State Legislature office in 1981. A couple of years later, community leaders created the Bluebonnet Festival. Taking place the second weekend in April, at the peak of bluebonnet season, this three-day festival draws crowds topping 30,000 each year. One of the best places to see bluebonnets in Burnet, according to Burnet Chamber of Commerce, is the Burnet Municipal Airport, which is adjacent to the proposed site for the Subject of this report.

In addition to outdoor recreations, Burnet also boasts historic sites, museums, art galleries, and boutiques. Some of these include Historic Downtown Square, Historical Jail, Hill Country Motorhead Motorcycle Museum, Fort Croghan Museum & Grounds, and Highland Lakes Squadron Commemorative Air Force Museum. The Hill Country Flyer, a historic train with vintage train cars, departs from the Cedar Park Depot and travels to Burnet for a two-hour layover before returning to Cedar Park. The ride winds through the Texas Hill Country crossing the trestle bridge over the South San Gabriel River and Short Creek Canyon.

Approximately 13 miles south of Burnet is Marble Falls, a slightly bigger city with more developed tourism. Downtown Marble Falls sits on a bluff that overlooks Colorado River/Lake Marble Falls. The city’s quaint, pedestrian-friendly Main Street is lined with shops and restaurants and is one block off US-281. Nearby is the Horseshoe Bay Resort, which sits on Lake Lyndon B. Johnson and comprises 400 guestrooms, restaurants, a spa, a yacht club, a golf course, and major meeting space.

### **Major Employers**

The following table lists the largest employers in Burnet County, which reflects the county’s economic drivers. These companies and organizations generate hotel demand in varying degrees.

<b>Major Employers - Burnet County, TX</b>		
<b>Employer</b>	<b>Industry / Product</b>	<b>Employees</b>
Marble Falls ISD	Education	693
Horseshoe Bay Resort	Hospitality	662
Baylor Scott & White	Healthcare	573
Burnet ISD	Education	503
HEB Grocery	Retail	440
Burnet County	Government	400
Walmart Stores, Inc.	Retail	380
Stealth Products	Manufacturing	150
City of Burnet	Government	141
Entegris	Manufacturing	130
Ascension Seton Highland Lakes	Healthcare	n/a
Texas Dept. of Criminal Justice	Government	n/a
City of Marble Falls	Government	n/a
Source: The Municipal Advisory Council of Texas		

As the county seat, Burnet's hotels benefit from government related business travel involving infrastructure projects and various civil services.

Private Sector industries in Burnet County include manufacturing and healthcare. **Stealth Products**, located half a mile from the Subject site, designs, manufactures, and delivers medical rehab equipment such as head and body support/positioning, joystick mounts, trays, seating, and pediatric mobility products. **Entegris**, located one mile from the Subject site, is a global supplier of advanced materials and process solutions for the semiconductor, life sciences, and other high-tech industries. As the Greater Austin Area's high-tech industry booms, the Entegris campus in Burnet has been growing rapidly as well. Manufacturers typically generate lodging demand by bringing in employees for training sessions, managers for quality control, vendors and potential clients for presentations and demonstrations, and new hires who relocate to the area.

In regards to healthcare, medical facilities generate lodging demand in various ways. In-patient surgery frequently involves multi-day stays, depending on the length of time to recover. In some cases, family members will want to be nearby and will stay in a hotel. Out-patient surgery also generates a hotel stay if the procedure has an early morning check-in requirement and the patient is coming from a distant location. While most of this demand is price sensitive, not all of it is. Because of the likely price point of the Proposed Hotel, medical professionals, more than patient families, will likely use it. Medical professionals include pharmaceutical and equipment sales representatives who call on area doctor's offices. The hospitals are also constantly recruiting new physicians and nurses who will come in for interviews. Some physicians and traveling nurses may only work one or two days a week in the area and therefore prefer to stay in a hotel rather than renting an apartment.

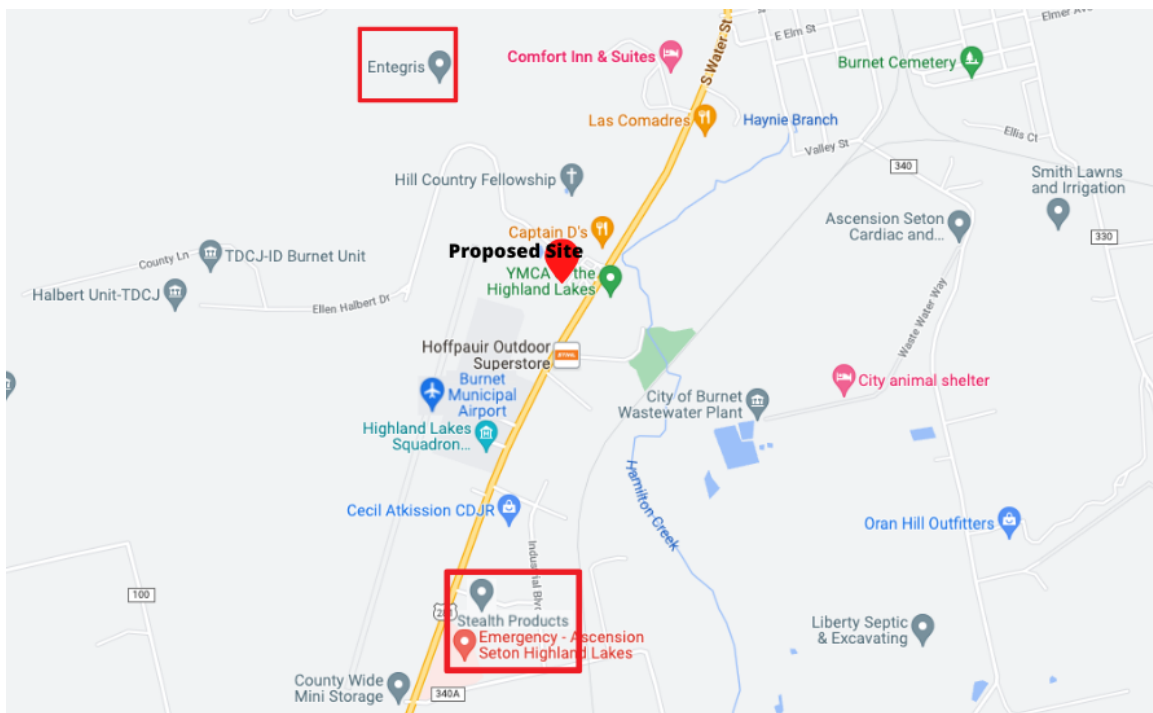
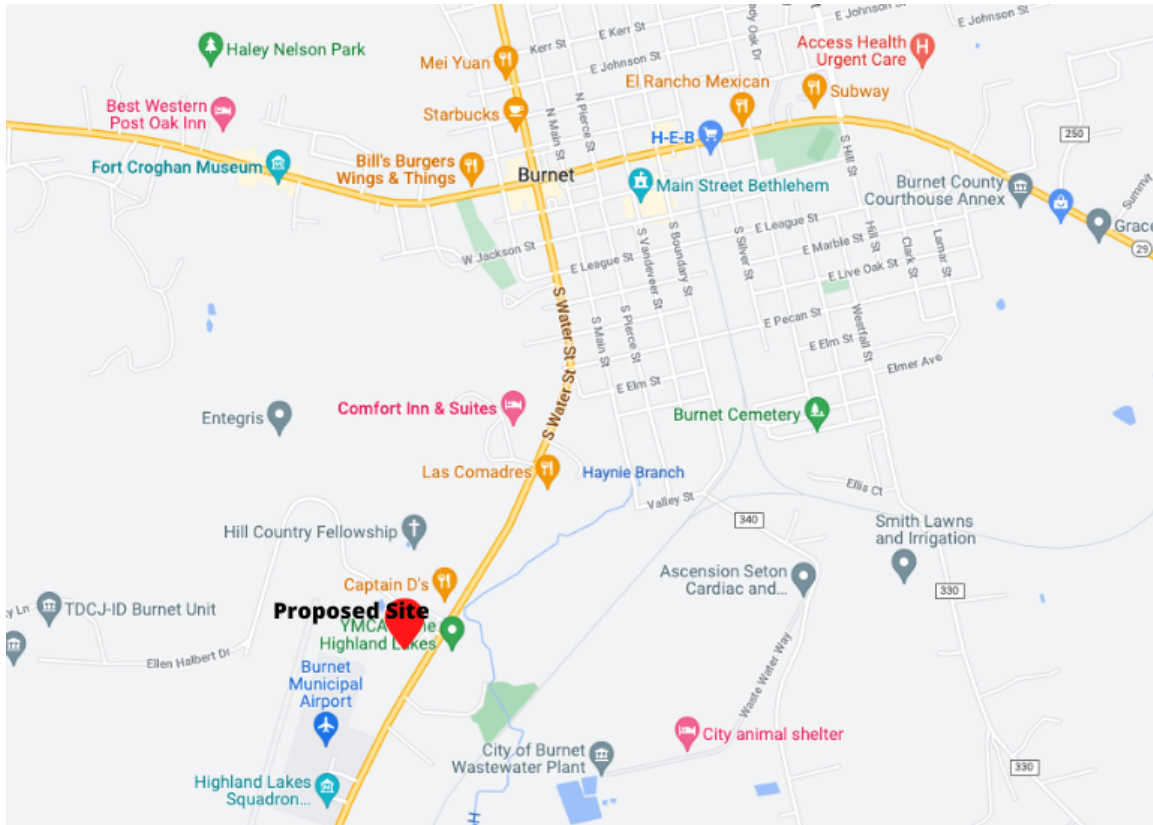
## **Project Description**

### **Proposed Site**

The proposed hotel site is located just north of the Burnet Municipal Airport at US-281/S Water St. and Houston Clinton Dr. The proposed site comprises 2.64 acres adjacent to a Shell gas station and several restaurants. It is less than one mile from top employers such as Entegris and Stealth Products. The following maps show the location of the subject site and its surroundings.







### **Proposed Hotel**

Plans call for the proposed hotel to be a nationally branded chain hotel which would be categorized as Upper Midscale according to Smith Travel Research (STR). Such hotels are typically high-quality, limited-service hotels that offer a complimentary breakfast but not an on-site restaurant. For the purpose of our pro forma, we recommend any of the following national brands based on the strength of their reservation system and reputation among travelers:

- Hampton Inn & Suites by Hilton
- Fairfield Inn & Suites by Marriott
- Holiday Inn Express & Suites by IHG

Considering typical standards of the aforementioned hotel brands and the specific demands of the market, we recommend the following amenities for the proposed hotel:

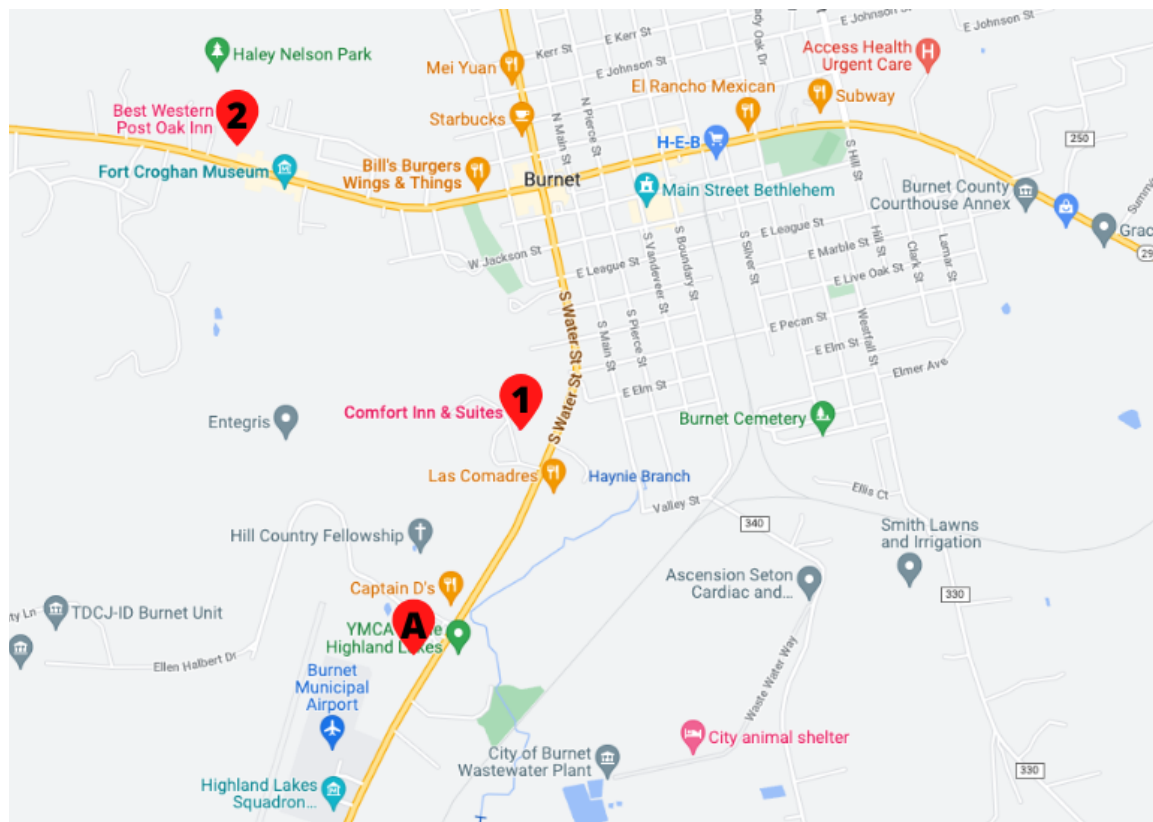
- +/- 89 guestrooms
- King Rooms (40%) and Double Queen Rooms (60%)
- 20% of the rooms with sitting areas labeled as suites
- Working space with ergonomic chair and well-placed power outlets
- Complimentary breakfast daily featuring hot items and healthy options
- A business center with a network printer and mailing supplies
- A fitness center with cardio and resistance equipment
- A 24/7 lobby sundry shop offering snacks, beverages, etc.
- A seasonal outdoor swimming pool
- A guest laundry room
- Approximately 1,200 square feet of meeting space accommodating 60 people
- Exterior and interior design elements that reflect local culture and aesthetics

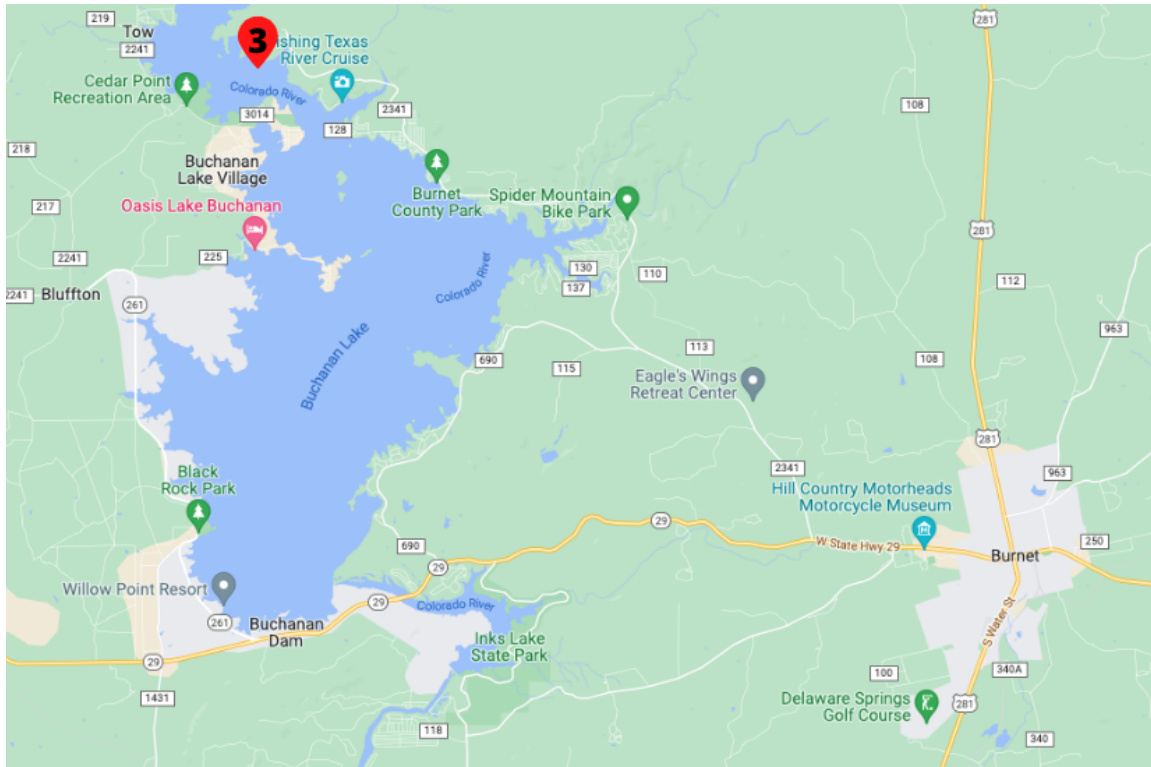
### **Summary of Hotel Market Supply**

We identified eight hotels having 500 guestrooms as being competitive in varying degrees with the proposed limited-service hotel, which are listed in the following table. These are hotels of similar service level located in Burnet and Marble Falls. It is important to note that the Best Western Marble Falls Inn (4) recently closed and became employee housing for the Horseshoe Bay Resort. We included it in the competitive set to capture its historic performance, but we removed it from future inventory. In addition to the proposed limited-service hotel, a Tapestry Collection by Hilton hotel named The Ophelia Hotel is expected to open in Marble Falls in early 2025. It will feature 123 rooms, approximately 7,500 square feet of meeting space, a signature restaurant and bar, as well as a rooftop bar with event space for intimate gatherings. Therefore, upon opening the proposed hotel, the competitive set will comprise 9 hotels with 650 guestrooms.

A summary listing of the competitive hotels is provided in the following table, and more detailed information is provided in **Exhibit A**. The maps that follow show locations of the **Subject Site (A)** and each of the competitive hotels.

SUMMARY OF COMPETITIVE HOTELS Burnet - Marble Falls, TX					
Properties	Rooms	Year Opened	Affiliation	Corridors	Miles from Subject
<b>Burnet Hotels</b>					
1 Comfort Inn & Suites Burnet	74	2000	Choice	Interior	0.6
2 Best Western Post Oak Inn	45	1983	Best Western	Exterior	1.7
3 Canyon of The Eagles	64	2009	Independent	Cabins	19.0
<b>Marble Falls Hotels</b>					
4 Best Western Marble Falls Inn (Recently Closed)	62	2000	Best Western	Exterior	11.6
5 Quality Inn Near Lake Marble Falls	49	1985	Choice	Exterior	11.8
6 Hidden Falls Inn at Lake Marble Falls (Fmr. Hampton Inn)	64	1999	Independent	Interior	12.8
7 La Quinta Inn & Suites by Wyndham Marble Falls	73	2008	Wyndham	Interior	13.4
8 Holiday Inn Express & Suites Marble Falls	69	2010	IHG	Interior	13.8
<b>New Hotels</b>					
4 Best Western Marble Falls Inn (Recently Closed)	-62	2022	Best Western	Exterior	11.6
A Subject - Limited Service Hotel	89	2025	Marriott	Interior	--
B The Ophelia Hotel - Marble Falls	123	2025	Hilton	Interior	13.0
<b>Total Hotel Rooms</b>	<b>650</b>				





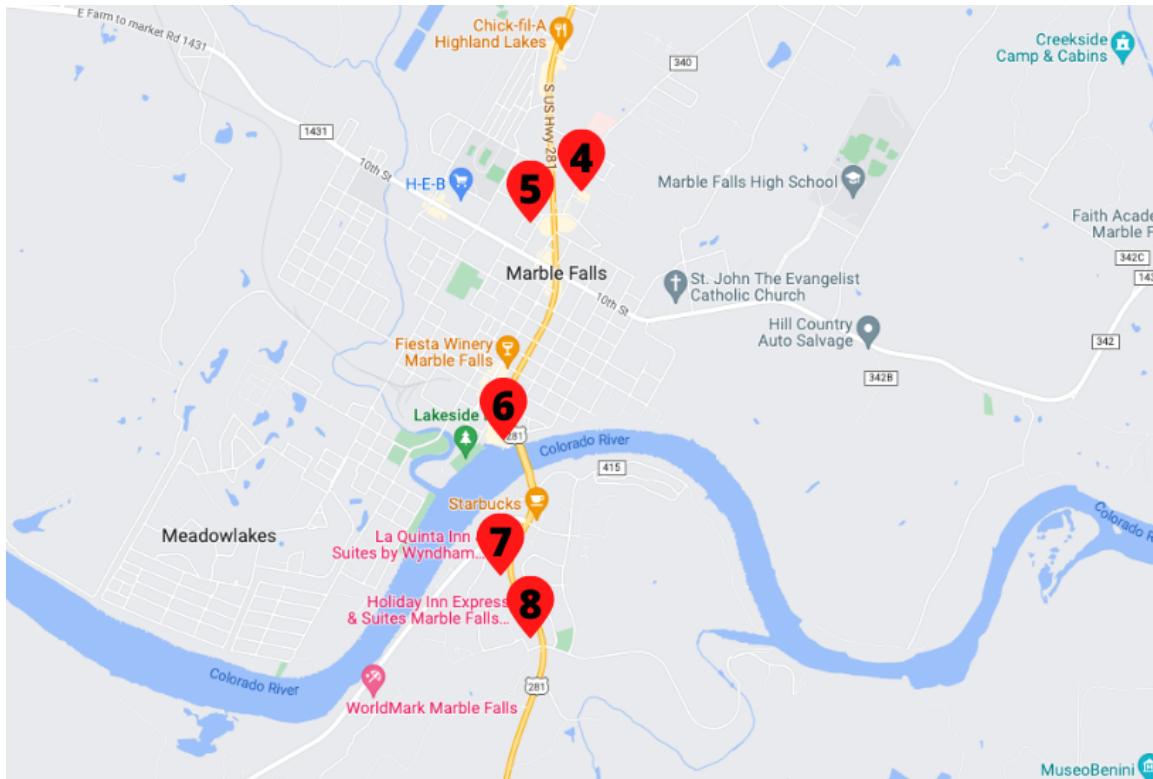
Two of the three competitive hotels in Burnet are located near the center of town. The 74-unit **Comfort Inn & Suites Burnet (1)** opened in 2000 and features a free hot breakfast, a business center, a fitness center, an outdoor pool, a game room, a board room, and a meeting room. Although somewhat dated in its appearance, this hotel is the RevPAR (Revenue per Available Room) leader in Burnet.



The 45-unit **Best Western Post Oak Inn (2)** opened in 1983 with exterior corridors, and recently completed a renovation to freshen up the interior. It features free hot breakfast, an outdoor pool with cabana, and a small business center with printer and fax service. This hotel currently hosts business travelers visiting Fort Hood, Texas Parks and Wildlife, as well as state and federal inspectors, and State Troopers.



The third Burnet competitor is **Canyon of the Eagles – A Calibre Resort (3)**, which is located on the mouth of Lake Buchanan and the Colorado River in Burnet County. Nestled in a 940-acre private nature park, this resort features 64 cabin-style guestrooms, RV sites, camp sites, an amphitheater, an observatory, and an outdoor pool, plus a restaurant, and over 12,000 square feet of event space. This resort mainly competes for Leisure travelers.



As mentioned before, the 62-unit **Best Western Marble Falls Inn (4)** was recently converted to employee housing for Horseshoe Bay Resort, which means there are a total of four competitive hotels left in Marble Falls. The 49-unit **Quality Inn Near Lake Marble Falls (5)** opened in 1985 and recently completed a renovation. This hotel has exterior corridors, free hot breakfast, outdoor

swimming pool and whirlpool with a sun deck, and a small business center with a printer. It currently ranks the lowest in terms of RevPAR of the competitive hotels in Marble Falls.

The 64-unit **Hidden Falls Inn at Lake Marble Falls (6)** opened in 1999 as a Hampton Inn and was recently rebranded as an independent hotel. Despite being an older property, this hotel is doing well because it is located right on the banks of the Colorado River with great views. It also features a free hot breakfast, a fitness center, an outdoor pool, and a business center.



The market leader of this competitive set is the 73-unit **La Quinta Inn & Suites Marble Falls (7)** which opened in 2008. This well-constructed, Tuscan-style La Quinta is located on top of a hill that overlooks the Colorado River. All rooms have river view and are equipped with French doors balconies from which to watch Hill Country sunsets. The hotel features

a free hot breakfast, a fitness center, an outdoor pool, a business center, and 2,750 square feet of event space.

Opened in 2010, the 69-unit **Holiday Inn Express & Suites Marble Falls (8)** is the newest hotel in the competitive set. Its RevPAR currently ranks 2<sup>nd</sup> in the competitive set. The hotel features a free hot breakfast, a fitness center, an outdoor pool, a business center, and 1,800 square feet of meeting space.



### **Non-competitive Hotels**

We noted a number of economy hotels with weaker brands and accumulated differed maintenance that were performing well below the average of the competitive set. As such, we excluded them from the competitive analysis. It is important to note, however, that they may on occasion be accommodating guests during peak periods

that would prefer to stay in the competitive hotels. We also excluded the Horseshoe Bay Resort as it targets a much higher price point and offers resort amenities.

### New Supply

In addition to the proposed hotel, the aforementioned **Ophelia Hotel Marble Falls, A Tapestry Collection by Hilton Hotel**, is expected to open in early 2025. In the event additional hotels are built, the projections that follow could be affected.

### Sources of Market Demand

Through our research of the competitive set and our observations of hotel operations in the market, we were able to develop the following analysis that quantifies the primary sources of demand for the competitive set.

Market Mix - Annual Room Nights of Demand				
Demand Segments	2019	% Mix	2022	% Mix
IBT	59,400	45%	33,400	26%
Group	7,400	6%	7,800	6%
Leisure	65,300	49%	85,400	67%
Total Occupied Room Nights	132,100	100%	126,600	100%

**Individual Business Travelers (IBT)** demand is generated when companies bring in temporary workers to complete construction projects or when area companies bring employees or customers in for trainings and meetings. Other sources of IBT occur when area companies bring in candidates for job openings. New hires often require temporary housing that is paid for by the employer. Prior to the Pandemic, IBT Demand represented 45% of total demand, but as of 2022 represents closer to 26%. We expect IBT demand will revert to its previous levels as the national economy recovers from pandemic patterns.

As most hotels in this competitive set have limited meeting space, with the exception of the Canyon of the Eagles Resort, their **Group** demand mostly includes social gatherings. In totality, group and convention demand represents approximately 6% of the demand accommodated by the competitive hotels. With the addition of the Ophelia Hotel, Group demand could rise significantly in the future.

**Leisure** travel to the competitive set spiked during the pandemic as a result pandemic lockdowns, the increased permissibility of working from home (or anywhere), and the abundance of recreational activities in the area. Leisure travel also includes those attending sports tournaments and other local events, as well as those remodeling their homes or needing temporary housing when a new house is not yet finished. Leisure demand for the competitive hotels normally represents slightly less than 50% of the market's occupied room nights and primarily occurs on weekends. The Covid travel spike pushed Leisure demand to 67%. This may come down in the future, but will likely remain the dominant segment for this competitive set.

### Competitive Set Historical Performance

DPC Hospitality assembled occupancy and ADR information for the competitive set for year-end 2018 through estimated year-end 2022. From 2018 to 2022, the market did not have any new supply, but the mid-year closure of the Best Western Marble Falls reduced market supply by 12.8% over 2022 and 2023. Expressed as a compound average from 2018 to 2022, supply decreased -1.6% per year. While overall demand decreased at -1.3% per year over the same period of time, it has actually been growing at 4.4% from 2020 to 2022, indicating fast recovery from the COVID-19 pandemic.

Prior to the pandemic, the market had annual occupancies in the low to mid 70s and ADRs around \$90. As COVID-19 impacted the hospitality industry disproportionately in 2020, the competitive hotels had a fairly brief and shallow dip that bottomed out at 63.7% and \$88.55 for the year. In 2021, as the pandemic was still lingering, small towns with abundant outdoor activities became the ideal destinations for Leisure travelers and small groups who were eager to get out of their own home. The market therefore experienced remarkable growth in 2021 with an 84.4% occupancy and a \$102 ADR, both well above the 2019 performance levels. For the trailing 12-months ended August 2022, the market average has retreated some as more travel options became available, but ADR's continued to climb to a new highs above \$110. As such, the Revenue per Available Room (RevPAR) in 2022 is 25.6% higher than it was in 2019.

HISTORICAL MARKET CONDITIONS - ANNUAL ROOM NIGHTS						
Burnet / Marble Falls						
	2018	2019	2020	2021	2022	CAC*
Supply - Guestrooms	500	500	500	500	469	
Supply - Annual Rooms Nights (x 365)	182,500	182,500	182,500	182,500	171,185	-1.6%
Demand						
I B T	59,800	59,400	27,400	36,600	33,400	-13.6%
Group	7,600	7,400	2,900	12,100	7,800	0.7%
Leisure	66,200	65,300	85,900	105,300	85,400	6.6%
Total Occupied Room Nights	133,600	132,100	116,200	154,000	126,600	-1.3%
Occupancy	73.2%	72.4%	63.7%	84.4%	74.0%	
Average Daily Rate	\$88.79	\$90.55	\$88.55	\$102.05	\$111.35	5.8%
Revenue per Available Room	\$65.00	\$65.54	\$56.38	\$86.11	\$82.35	6.1%
Change in Supply	--	0.0%	0.0%	0.0%	-6.2%	
Change in Demand	--	-1.1%	-12.0%	32.5%	-17.8%	

\*Compounded annual change

### Future Estimated Market Supply and Demand

Our analysis of future supply is based on the additions of the Subject hotel with 89 guestrooms and the 123-room Ophelia Hotel, both opening in 2025. After the new hotels open, there will be a total of 650 guestrooms available, which will represent a one-time increase of 48.4% to supply, and a 6.7% per year increase when expressed as a compound average between 2022 and 2027.

By comparison, we estimate market demand will increase at 6.4% on average during the same period. We project the market occupancy to increase in 2023 as a result of



the closure of the Best Western Marble Falls, and retreat slightly as the IBT and Leisure demand normalize. When the new hotels open, starting in 2025, the market occupancy will decrease further as these hotels are absorbed into the market, but will ultimately stabilize in the mid 70%'s.

More specifically, we anticipate 60% of the new supply of room nights to be absorbed as the new hotels open, with as much as 25% being allocated to Group and 50% allocated to IBT, leaving 25% for Leisure. This will likely change the Group segment from its current 6% to a more significant 11%. In the following table, these changes are shown as Created, while the Base reflects a steady increase as a result of inflation as if no hotels were added to the market. The end result of our assessment shows the market stabilizing at 74% in 2027.

FUTURE MARKET CONDITIONS - ANNUAL ROOM NIGHTS							
Burnet / Marble Falls							
	2022	2023	2024	2025	2026	2027	CAC*
Supply - Guestrooms	469	438	438	650	650	650	
Supply - Annual Rooms Nights (x 365)	171,185	159,870	159,870	237,250	237,250	237,250	6.7%
Demand							
Individual Business Traveler - Base	33,400	35,100	36,800	37,500	38,300	39,100	3.2%
Individual Business Traveler - Created	—	—	—	23,200	23,200	23,200	—
	33,400	35,100	36,800	60,700	61,500	62,300	13.3%
Group/Convention - Base	7,800	8,000	8,100	8,300	8,500	8,600	2.0%
Group/Convention - Created	—	—	—	11,600	11,600	11,600	—
	7,800	8,000	8,100	19,900	20,100	20,200	21.0%
Leisure - Base	85,400	81,100	77,000	78,600	80,100	81,700	-0.9%
Leisure - Created	—	—	—	11,600	11,600	11,600	—
	85,400	81,100	77,000	90,200	91,700	93,300	1.8%
Total Occupied Room Nights	126,600	124,200	121,900	170,800	173,300	175,800	6.8%
Occupancy	74.0%	77.7%	76.2%	72.0%	73.0%	74.1%	—
Change in Supply	-6.2%	-6.6%	0.0%	48.4%	0.0%	0.0%	—
Change in Demand	-17.8%	-1.9%	-1.9%	40.1%	1.5%	1.4%	—

\*Compounded annual change

### Estimated Penetration of the Proposed Hotel

The following table displays the room nights sold in the market, the fair share of room nights that could be occupied in the proposed hotel, and our adjustments to its fair share based on its competitive advantages shown as Estimated Market Penetration. A market penetration above 100% indicates a property is getting more than its fair share. Likewise, a penetration rate below 100% indicates below average performance. As a new hotel with a well-received brand affiliation, we project the proposed limited-service hotel will be popular among IBT and Leisure travelers. The proposed hotel will be able to accommodate small and medium-sized groups, but large groups will continue meeting elsewhere. The resulting occupancy for the proposed hotel is calculated in the following table as finishing its first year at 65% and stabilizing at 76% in 2027 at approximately 103% of its fair share.

<b>Proposed Limited Service Hotel - Burnet - 89 Rooms</b>									
Year	Market Segment	Estimated Market Demand	Fair Market Share <sup>1</sup>		Estimated Market Penetration <sup>2</sup>		Occupancy		Average Room Rate Constant \$
			Percent	Demand	Percent	Demand	Market	Subject	
2025	IB T	60,700	14%	8,300	95%	7,900			110.00
	Group	19,900	14%	2,700	70%	1,900			95.00
	Leisure	90,200	14%	12,400	90%	11,200			120.00
	Total	170,800		23,400	90%	21,000	72%	65%	113.98
2026	IB T	61,500	14%	8,400	100%	8,400			110.00
	Group	20,100	14%	2,800	80%	2,200			95.00
	Leisure	91,700	14%	12,600	100%	12,600			120.00
	Total	173,300		23,800	97%	23,200	73%	71%	114.01
2027	IB T	62,300	14%	8,500	105%	8,900			110.00
	Group	20,200	14%	2,800	90%	2,500			95.00
	Leisure	93,300	14%	12,800	105%	13,400			120.00
	Total	175,800		24,100	103%	24,800	74%	76%	113.89

<sup>1</sup> Fair Market Share = 89 Units (Subject) divided by 650 Rooms (in the Market in 2025) = 14%

<sup>2</sup> Subject penetration into Market above 100% indicates Subject has competitive advantages.

In estimating the Average Daily Rate (ADR), we gathered rack rates for each property of the competitive set, which is presented in **Exhibit A**. Based on our observations of the market, we estimated the average rate anticipated for each demand segment, as shown in the previous table. Leisure travelers, for example, will pay the highest rate because they tend to travel during peak periods. Group travelers will pay the least because they book well in advance and often enjoy negotiated discounts even though they create peak periods when they come. IBT travelers will lie in between. The following table calculates a weighted average based on our analysis stated in 2022 dollars. The following table uses an inflation rate of 4.0% per year to determine ADR in future dollars and the resulting rooms revenue.

Fiscal Year	Occupancy	Average Daily Rate		Rooms Revenue
		2022 Dollars	Inflated Dollars	
2025	65%	\$114.00	\$128.25	\$2,709,000
2026	71%	\$114.00	\$133.25	\$3,073,000
2027	76%	\$114.00	\$138.75	\$3,426,000

### Financial Pro Forma

**Exhibit B**, located in the Addendum, summarizes our departmental operating expenses for the proposed hotel. In preparing this analysis, we consulted expense ratios for limited-service hotels with an average size of 103 guestrooms, as found in the 2020 USA Edition of Trends in the Hotel Industry by CBRE Hotels (which reports operating activity from 2019, which is more representative of the future). The data presented by CBRE Hotels is expressed in ratios to total revenue as well as dollars per available room. Exhibit B is expressed in today's dollars based on the stabilized occupancy that is estimated for 2027.

**Exhibits C-1 and C-2** restate these stabilized estimates into stated year (inflated) dollars starting 2025 to 2034, making assumptions for operational inefficiencies that result from the early years that the hotel operates below the stabilized occupancy. The following table is stated using inflated dollars and summarizes all the analysis contained herein.

Summary Income Statement *				
	2025	2026	2027	2028
Occupancy	65%	71%	76%	76%
Average Daily Rate *	\$128.25	\$133.25	\$138.75	\$144.25
Rooms Revenue	2,709,000	3,073,000	3,426,000	3,562,000
Other Income	48,000	54,000	60,000	62,000
Total Revenues	2,757,000	3,127,000	3,486,000	3,624,000
Departmental Expenses	792,000	860,000	925,000	962,000
Undistributed Expenses	907,000	987,000	1,066,000	1,108,000
Other Fixed Expenses	225,000	324,000	343,000	353,000
Reserve for Replacement	55,000	94,000	139,000	145,000
Net Operating Income	778,000	862,000	1,013,000	1,056,000
* Inflated Dollars.				

### Return on Investment

**Exhibit D - Return on Investment** - This analysis looks at the whole life of the investment, from construction to operation and a future sale. In **Exhibit D**, we estimate the cost of developing and financing the project. By comparing the estimated project costs to the potential operating results, we can calculate the potential return on the equity investment.

Based on an estimated, all-in cost of \$10,250,000 (inclusive of land costs and developer fee), the cost to develop this hotel is nearly \$120,000 per key. We based the amount of the construction loan on 65% of costs, or \$6,900,000 (rounded) and the loan terms based on a 25-year amortization schedule at 6.50% per annum, which should account for recent increases to the overnight Federal Funds rate.

The resulting equity requirement will be \$3,750,000, but will be reduced by the value of the land contribution, estimated to be \$400,000. Based on these assumptions, the net investment will likely be \$3,350,000.

The culmination of these assumptions (cost, leverage, and net investment) calculate potential cash on cash returns between 9% and 15%. Because an Internal Rate of Return (IRR) is an expression of equity return over the life of the investment, our analysis shows an assumed sale of the hotel in the fifth year based on a reversion analysis. The sales value is based on a theoretical terminal cap rate of 8.0%. From the projected sales price, we deduct a real estate commission, title insurance, and the outstanding debt at the time of sale. The resulting proceeds of the sale are added to the distributable cash flow for that year for potential distribution.

The IRR is then calculated over the life of the investment showing cash being invested in 2023 prior to the start of construction, dividends being paid starting in 2025 once the hotel is open, and the hotel hypothetically being sold in 2029 to calculate a final dividend being paid. This analysis is based on inflated dollars and the occupancy estimates derived in our report. Using these construction, debt, and hypothetical sale assumptions, the IRR is calculated to be 20%.

### **Limiting Conditions**

The conclusions in this report are based upon review of published information and information provided by the general managers and/or owners at the competing hotels and an analysis of historical market area data. The report is based on estimates, assumptions, and other information developed from our analysis of the local hotel market area and characteristics of the proposed property. Since the projections in this letter are based upon estimates and assumptions, which inherently are subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

WE MADE NO ATTEMPT TO CERTIFY THE ESTIMATES OF PROJECT COSTS AND HAVE NO OPINION ON THEIR VALIDITY. IN ORDER TO RELY ON THE RESULTING ESTIMATES OF CASH ON CASH RETURN AND INTERNAL RATE OF RETURN, POTENTIAL INVESTORS MUST CONDUCT THEIR OWN INVESTIGATION AS TO THE RELIABILITY AND COMPLETENESS OF THE COSTS OF DEVELOPING THIS HOTEL.

FURTHERMORE, THE TERMINAL CAP RATE WAS NOT DERIVED BY AN APPRAISAL OF RECENT MARKET SALES. A MARKET DERIVATION OF CAP RATES BY A CERTIFIED APPRAISER IS NEEDED IN ORDER TO ACCURATELY EXPRESS POTENTIAL RETURNS.

This report has been prepared primarily for your use and guidance in determining the risk in developing the proposed property. As is customary in assignments of this nature, neither our name nor the material submitted may be included in any prospectus, in newspaper publicity, or as part of any printed material; or used in public offerings or representations in connection with the sale of securities to the general public. You may, however, include this document in a private placement memorandum that is directed to qualified investors.

### **DPC Hospitality – Qualifications**

DPC Hospitality is a hotel, tourism, and real estate-oriented consulting and advisory firm. We have developed a wide range of expertise that includes limited-service hotels, extended-stay hotels, convention and full-service hotels, and resorts. The principals of DPC Hospitality have completed over 500 combined hotel consulting and valuation assignments located across the United States.

The President of DPC Hospitality, David Parker, has over 30 years of experience in the hotel industry, including more than 25 years in hotel consulting and development. Prior to forming DP Consulting in 2001, Mr. Parker was employed by PKF Consulting for nearly a decade, where he developed numerous methodologies for collecting market information on hotels and meeting facilities and developed multiple modeling techniques for projecting utilization, income, and expense. The company name was changed in 2018 to DPC Hospitality when Christian Abbate was added as a partner.

Senior Vice President, Christian Abbate, has nearly 15 years of experience in the hospitality industry, including more than 10 years in hospitality advisory and consulting. Prior to joining DPC Hospitality, Mr. Abbate served nearly 11 years in various roles including Director at CBRE Hotels and Vice President at PKF Consulting. Mr. Abbate's previous experience also includes management positions with Accor Hotels and Hilton Hotels.

DPC Hospitality (rebranded from DP Consulting) has completed a variety of projects, a summary of which are listed in **Exhibit E** in the Addendum.

We would be pleased to hear from you if we may be of further assistance in the interpretation and application of our findings and conclusions. We express our appreciation to you and your associates for the cooperation extended to us during the course of this assignment.

Sincerely,

David Parker



**Addendum**

**Competitive Set Table – Exhibit A**  
**Financial Pro Forma – Stabilized Year– Exhibit B**  
**Financial Pro Forma – 2025 to 2034 – Exhibits C-1 and C-2**  
**Return on Investment – Exhibit D**  
**Projects Completed by DPC Hospitality – Exhibit E**

## Burnet - Marble Falls, TX

Properties	Rooms	Year Opened	2022 Rack Rates <sup>1</sup>		Affiliation	Corridors	Miles from Subject	Amenities <sup>2</sup>
			Weekday	Weekend				
<b>Burnet Hotels</b>								
<b>1</b> Comfort Inn & Suites Burnet 810 S Water St, Burnet, TX 78611	74	2000	\$84-\$93	\$160-\$189	Choice	Interior	0.6	FHB, SP, FC, LF, MR
<b>2</b> Best Western Post Oak Inn 908 Buchanan Dr, Burnet, TX 78611	45	1983	\$94-\$99	\$125-\$147	Best Western	Exterior	1.7	FHB, SP
<b>3</b> Canyon of The Eagles 16942 Ranch Road 2341, Burnet, TX 78611	64	2009	\$159-\$174	\$159-\$174	Independent	Cabins	19.0	FK, WB, Trails, Cabins
<b>Marble Falls Hotels</b>								
<b>4</b> Best Western Marble Falls Inn (Recently Closed) 1403 US-281, Marble Falls, TX 78654	62	2000	n/a	n/a	Best Western	Exterior	11.6	FHB, SP, FC, LF
<b>5</b> Quality Inn Near Lake Marble Falls 1206 Highway 281 North, Marble Falls, TX 78654	49	1985	\$78-\$96	\$133-\$144	Choice	Exterior	11.8	FHB, SP, LF
<b>6</b> Hidden Falls Inn at Lake Marble Falls (Fmr. Hampton Inn) 704 1st St, Marble Falls, TX 78654	64	1999	\$138-\$145	\$194-\$246	Independent	Interior	12.8	FHB, SP, FC, MR
<b>7</b> La Quinta Inn & Suites by Wyndham Marble Falls 501 Hwy 2147 W, Marble Falls, TX 78654	73	2008	\$119-\$129	\$244-\$259	Wyndham	Interior	13.4	FHB, SP, FC, LF, MR
<b>8</b> Holiday Inn Express & Suites Marble Falls 714 Corazon Dr, Marble Falls, TX 78654	69	2010	\$107-\$139	\$175-\$224	IHG	Interior	13.8	FHB, SP, FC, LF, MR
<b>Total Hotel Rooms - 2022</b>	<b>500</b>	<b>Avg Age: 24Yrs</b>	<b>2022 Market ADR: \$110 / Market Occupancy: 74%</b>					
<b>New Hotels</b>								
<b>4</b> Best Western Marble Falls Inn (Recently Closed) 1403 US-281, Marble Falls, TX 78654	-62	2022	n/a	n/a	Best Western	Exterior	11.6	FB, FK, WB, SP, FC, MR
<b>A</b> Subject - Limited Service Hotel Houston Clinton Drive, Burnet	89	2025	n/a	n/a	Marriott	Interior	--	FHB, WB, SP,MMS,FC
<b>B</b> The Ophelia Hotel - Marble Falls Main Street, Marble Falls	123	2025	n/a	n/a	Hilton	Interior	13.0	F&B, MMS, SP, FC
<b>Total Hotel Rooms</b>	<b>650</b>							

<sup>2</sup> Amenity Codes: FB - Food and Beverage Outlets, FHB - Full Hot Breakfast, CB - Continental Breakfast, FK - Full Kitchen, WB - Wet Bar, SP - Swimming Pool, FC - Fitness Center, LF - Laundry Facility, MMS - Major Meeting Space, MR - Meeting Room.

**Proposed Limited-Service Hotel - Burnet, Texas**  
Representative Year of Operation

**Exhibit B**

	CBRE Hotels Trends Limited Service			Stabilized Operating Year (2027) Stated in 2022 Dollars			
Number of Units:		103			89		
Number of Annual Rooms Available:		37,595			32,485		
Number of Rooms Occupied:		26,016			24,689		
Annual Occupancy:		69.2%			76.0%		
Average Daily Rate:		98.01			\$114.00		
Revenue Per Available Room:		\$67.82			\$86.64		
	<b>Ratio</b>	<b>Per Room</b>	<b>P.O.R.</b>	<b>Amount</b>	<b>Ratio</b>	<b>Per Room</b>	<b>P.O.R.</b>
<b>Revenues</b>							
Rooms	97.9%	24,755	\$98.01	\$2,815,000	98.3%	\$31,629	\$114.02
Other Operated Departments	2.1%	522	2.07	49,000	1.7%	551	1.98
<b>Total Operating Revenues</b>	<b>100.0%</b>	<b>25,277</b>	<b>100.08</b>	<b>2,864,000</b>	<b>100.0%</b>	<b>32,180</b>	<b>116.00</b>
<b>Departmental Expenses</b>							
Rooms	29.8%	7,387	29.25	741,000	26.3%	8,326	30.01
Other Operated Departments	43.7%	228	0.90	20,000	40.8%	225	0.81
<b>Total Departmental Expenses</b>	<b>30.1%</b>	<b>7,615</b>	<b>30.15</b>	<b>761,000</b>	<b>26.6%</b>	<b>8,551</b>	<b>30.82</b>
<b>Departmental Profit</b>	<b>69.9%</b>	<b>17,662</b>	<b>69.93</b>	<b>2,103,000</b>	<b>73.4%</b>	<b>23,629</b>	<b>85.18</b>
<b>Undistributed Expenses</b>							
Administrative & General	9.7%	2,448	9.69	273,000	9.5%	3,067	11.06
Sales and Marketing	12.6%	3,192	12.64	358,000	12.5%	4,022	14.50
Property Operation and Maintenance	5.4%	1,373	5.44	116,000	4.1%	1,303	4.70
Utilities	4.3%	1,093	4.33	98,000	3.4%	1,101	3.97
Information and Telecommunication Systems	1.5%	382	1.51	31,000	1.1%	348	1.26
<b>Total Undistributed Operating Expenses</b>	<b>33.6%</b>	<b>8,488</b>	<b>33.61</b>	<b>876,000</b>	<b>30.6%</b>	<b>9,843</b>	<b>35.48</b>
<b>Gross Operating Profit</b>	<b>36.3%</b>	<b>9,174</b>	<b>36.32</b>	<b>1,227,000</b>	<b>42.8%</b>	<b>13,787</b>	<b>49.70</b>
<b>Non-Operating Income and Expenses</b>							
Base Management Fee	3.8%	959	3.80	100,000	3.5%	1,124	4.05
Property Taxes	3.5%	890	3.52	156,000	5.4%	1,753	6.32
Insurance	1.4%	345	1.37	31,000	1.1%	348	1.26
<b>Total Fixed Expenses</b>	<b>8.7%</b>	<b>2,194</b>	<b>8.69</b>	<b>287,000</b>	<b>10.0%</b>	<b>3,225</b>	<b>11.62</b>
<b>Net Operating Income</b>	<b>27.6%</b>	<b>6,980</b>	<b>27.63</b>	<b>940,000</b>	<b>32.8%</b>	<b>10,562</b>	<b>38.07</b>
FF&E Reserve	4.0%	1,011	4.00	115,000	4.0%	1,292	4.66
<b>Net Operating Income After Reserve</b>	<b>23.6%</b>	<b>5,969</b>	<b>23.63</b>	<b>\$825,000</b>	<b>28.8%</b>	<b>\$9,270</b>	<b>\$33.42</b>
<b>DRAFT COPY - SUBJECT TO FINAL REVIEW</b>	Source: CBRE Hotels			Estimated by DPC Hospitality			



## Exhibit C-1

Projected Operating Results  
Calendar Years

	2025		2026		2027		2028		2029	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Number of Units:	89		89		89		89		89	
Number of Annual Rooms Available:	32,485		32,485		32,485		32,485		32,485	
Number of Rooms Occupied:	21,120		23,060		24,690		24,690		24,690	
Annual Occupancy:	65.0%		71.0%		76.0%		76.0%		76.0%	
Average Daily Rate:	\$128.25		\$133.25		\$138.75		\$144.25		\$150.00	
Revenue Per Available Room:	\$83.36		\$94.61		\$105.45		\$109.63		\$114.00	
<b>Revenues</b>										
Rooms	\$2,709,000	98.3%	\$3,073,000	98.3%	\$3,426,000	98.3%	\$3,562,000	98.3%	\$3,704,000	98.3%
Other Operated Departments	48,000	1.7%	54,000	1.7%	60,000	1.7%	62,000	1.7%	65,000	1.7%
<b>Total Operating Revenues</b>	<b>2,757,000</b>	<b>100.0%</b>	<b>3,127,000</b>	<b>100.0%</b>	<b>3,486,000</b>	<b>100.0%</b>	<b>3,624,000</b>	<b>100.0%</b>	<b>3,769,000</b>	<b>100.0%</b>
<b>Departmental Expenses</b>										
Rooms	773,000	28.5%	838,000	27.3%	901,000	26.3%	937,000	26.3%	975,000	26.3%
Other Operated Departments	19,000	39.6%	22,000	40.7%	24,000	40.0%	25,000	40.3%	26,000	40.0%
<b>Total Departmental Expenses</b>	<b>792,000</b>	<b>28.7%</b>	<b>860,000</b>	<b>27.5%</b>	<b>925,000</b>	<b>26.5%</b>	<b>962,000</b>	<b>26.5%</b>	<b>1,001,000</b>	<b>26.6%</b>
<b>Departmental Profit</b>	<b>1,965,000</b>	<b>71.3%</b>	<b>2,267,000</b>	<b>72.5%</b>	<b>2,561,000</b>	<b>73.5%</b>	<b>2,662,000</b>	<b>73.5%</b>	<b>2,768,000</b>	<b>73.4%</b>
<b>Undistributed Expenses</b>										
Administrative & General	287,000	10.4%	310,000	9.9%	332,000	9.5%	346,000	9.5%	359,000	9.5%
Sales and Marketing	345,000	12.5%	391,000	12.5%	436,000	12.5%	453,000	12.5%	471,000	12.5%
Property Operation and Maintenance	130,000	4.7%	135,000	4.3%	141,000	4.0%	146,000	4.0%	152,000	4.0%
Utilities	110,000	4.0%	115,000	3.7%	119,000	3.4%	124,000	3.4%	129,000	3.4%
Information and Telecommunication Systems	35,000	1.3%	36,000	1.2%	38,000	1.1%	39,000	1.1%	41,000	1.1%
<b>Total Undistributed Operating Expenses</b>	<b>907,000</b>	<b>32.9%</b>	<b>987,000</b>	<b>31.6%</b>	<b>1,066,000</b>	<b>30.6%</b>	<b>1,108,000</b>	<b>30.6%</b>	<b>1,152,000</b>	<b>30.6%</b>
<b>Gross Operating Profit</b>	<b>1,058,000</b>	<b>38.4%</b>	<b>1,280,000</b>	<b>40.9%</b>	<b>1,495,000</b>	<b>42.9%</b>	<b>1,554,000</b>	<b>42.9%</b>	<b>1,616,000</b>	<b>42.9%</b>
<b>Non-Operating Income and Expenses</b>										
Base Management Fee	96,000	3.5%	109,000	3.5%	122,000	3.5%	127,000	3.5%	132,000	3.5%
Property Taxes	94,000	3.4%	179,000	5.7%	183,000	5.2%	187,000	5.2%	190,000	5.0%
Insurance	35,000	1.3%	36,000	1.2%	38,000	1.1%	39,000	1.1%	41,000	1.1%
<b>Total Fixed Expenses</b>	<b>225,000</b>	<b>8.2%</b>	<b>324,000</b>	<b>10.4%</b>	<b>343,000</b>	<b>9.8%</b>	<b>353,000</b>	<b>9.7%</b>	<b>363,000</b>	<b>9.6%</b>
<b>Net Operating Income</b>	<b>833,000</b>	<b>30.2%</b>	<b>956,000</b>	<b>30.6%</b>	<b>1,152,000</b>	<b>33.0%</b>	<b>1,201,000</b>	<b>33.1%</b>	<b>1,253,000</b>	<b>33.2%</b>
FF&E Reserve	55,000	2.0%	94,000	3.0%	139,000	4.0%	145,000	4.0%	151,000	4.0%
<b>Net Operating Income After Reserve</b>	<b>\$778,000</b>	<b>28.2%</b>	<b>\$862,000</b>	<b>27.6%</b>	<b>\$1,013,000</b>	<b>29.1%</b>	<b>\$1,056,000</b>	<b>29.1%</b>	<b>\$1,102,000</b>	<b>29.2%</b>
	Full Year of Operation									
DRAFT COPY - SUBJECT TO FINAL REVIEW										

## Exhibit C-2

Projected Operating Results  
Calendar Years

	2030		2031		2032		2033		2034	
Number of Units:	89		89		89		89		89	
Number of Annual Rooms Available:	32,485		32,485		32,485		32,485		32,485	
Number of Rooms Occupied:	24,690		24,690		24,690		24,690		24,690	
Annual Occupancy:	76.0%		76.0%		76.0%		76.0%		76.0%	
Average Daily Rate:	\$156.00		\$162.25		\$168.75		\$175.50		\$182.50	
Revenue Per Available Room:	\$118.56		\$123.31		\$128.25		\$133.38		\$138.70	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Revenues</b>										
Rooms	\$3,852,000	98.3%	\$4,006,000	98.3%	\$4,166,000	98.3%	\$4,333,000	98.3%	\$4,506,000	98.3%
Other Operated Departments	68,000	1.7%	70,000	1.7%	73,000	1.7%	76,000	1.7%	79,000	1.7%
<b>Total Operating Revenues</b>	<b>3,920,000</b>	<b>100.0%</b>	<b>4,076,000</b>	<b>100.0%</b>	<b>4,239,000</b>	<b>100.0%</b>	<b>4,409,000</b>	<b>100.0%</b>	<b>4,585,000</b>	<b>100.0%</b>
<b>Departmental Expenses</b>										
Rooms	1,014,000	26.3%	1,054,000	26.3%	1,096,000	26.3%	1,140,000	26.3%	1,186,000	26.3%
Other Operated Departments	27,000	39.7%	28,000	40.0%	29,000	39.7%	30,000	39.5%	32,000	40.5%
<b>Total Departmental Expenses</b>	<b>1,041,000</b>	<b>26.6%</b>	<b>1,082,000</b>	<b>26.5%</b>	<b>1,125,000</b>	<b>26.5%</b>	<b>1,170,000</b>	<b>26.5%</b>	<b>1,218,000</b>	<b>26.6%</b>
<b>Departmental Profit</b>	<b>2,879,000</b>	<b>73.4%</b>	<b>2,994,000</b>	<b>73.5%</b>	<b>3,114,000</b>	<b>73.5%</b>	<b>3,239,000</b>	<b>73.5%</b>	<b>3,367,000</b>	<b>73.4%</b>
<b>Undistributed Expenses</b>										
Administrative & General	374,000	9.5%	389,000	9.5%	404,000	9.5%	421,000	9.5%	437,000	9.5%
Sales and Marketing	490,000	12.5%	510,000	12.5%	530,000	12.5%	551,000	12.5%	573,000	12.5%
Property Operation and Maintenance	158,000	4.0%	165,000	4.0%	171,000	4.0%	178,000	4.0%	185,000	4.0%
Utilities	134,000	3.4%	139,000	3.4%	145,000	3.4%	151,000	3.4%	157,000	3.4%
Information and Telecommunication Systems	43,000	1.1%	44,000	1.1%	46,000	1.1%	48,000	1.1%	50,000	1.1%
<b>Total Undistributed Operating Expenses</b>	<b>1,199,000</b>	<b>30.6%</b>	<b>1,247,000</b>	<b>30.6%</b>	<b>1,296,000</b>	<b>30.6%</b>	<b>1,349,000</b>	<b>30.6%</b>	<b>1,402,000</b>	<b>30.6%</b>
<b>Gross Operating Profit</b>	<b>1,680,000</b>	<b>42.9%</b>	<b>1,747,000</b>	<b>42.9%</b>	<b>1,818,000</b>	<b>42.9%</b>	<b>1,890,000</b>	<b>42.9%</b>	<b>1,965,000</b>	<b>42.9%</b>
<b>Non-Operating Income and Expenses</b>										
Base Management Fee	137,000	3.5%	143,000	3.5%	148,000	3.5%	154,000	3.5%	160,000	3.5%
Property Taxes	194,000	4.9%	198,000	4.9%	202,000	4.8%	206,000	4.7%	210,000	4.6%
Insurance	43,000	1.1%	44,000	1.1%	46,000	1.1%	48,000	1.1%	50,000	1.1%
<b>Total Fixed Expenses</b>	<b>374,000</b>	<b>9.5%</b>	<b>385,000</b>	<b>9.4%</b>	<b>396,000</b>	<b>9.3%</b>	<b>408,000</b>	<b>9.3%</b>	<b>420,000</b>	<b>9.2%</b>
<b>Net Operating Income</b>	<b>1,306,000</b>	<b>33.3%</b>	<b>1,362,000</b>	<b>33.4%</b>	<b>1,422,000</b>	<b>33.5%</b>	<b>1,482,000</b>	<b>33.6%</b>	<b>1,545,000</b>	<b>33.7%</b>
FF&E Reserve	157,000	4.0%	163,000	4.0%	170,000	4.0%	176,000	4.0%	183,000	4.0%
<b>Net Operating Income After Reserve</b>	<b>\$1,149,000</b>	<b>29.3%</b>	<b>\$1,199,000</b>	<b>29.4%</b>	<b>\$1,252,000</b>	<b>29.5%</b>	<b>\$1,306,000</b>	<b>29.6%</b>	<b>\$1,362,000</b>	<b>29.7%</b>
DRAFT COPY - SUBJECT TO FINAL REVIEW										

## Proposed Limited-Service Hotel - Burnet, Texas

Exhibit D

Project Description		Cost Assumptions		Debt Assumptions	
<b>Keys:</b>	<b>89</b>	<b>Land</b>		Term	25
Number of Stories	3	Acres	2.640	Interest	6.50%
Net On Site Meeting Space	60 People	\$ per SF	\$ 3.48	Loan to Costs (Estimate)	65%
Employees (Approx.)	15	Land Value	400,000	<b>Loan Amount</b>	<b>6,900,000</b>
Amenities: Complimentary Breakfast, Guest Laundry, Pool, Firepit		Per Room	\$ 4,494	Monthly Loan Payment	46,589
		Land Costs % of Total	4%	Annual Debt Service	559,072
		<b>Hard / Soft Cost</b>	10,250,000	<b>Equity Requirement</b>	<b>3,750,000</b>
		\$ Per Room	115,000	Land Contribution	(400,000)
		<b>Total Project</b>	<b>10,650,000</b>	Net Investment	3,350,000
		Per Room	119,663		

Net Operating Income	Today's Dollars	Year 1	Year 2	Year 3	Year 4	Year 5
Full Year of Operation	2022	2025	2026	2027	2028	2029
Occ%	76%	65%	71%	76%	76%	76%
ADR	\$114.00	\$128.25	\$133.25	\$138.75	\$144.25	\$150.00
Room Revenue	2,815,000	2,709,000	3,073,000	3,426,000	3,562,000	3,704,000
Other Income	49,000	48,000	54,000	60,000	62,000	65,000
Total	2,864,000	2,757,000	3,127,000	3,486,000	3,624,000	3,769,000
Less Total Expenses	(2,040,000)	(1,979,000)	(2,266,000)	(2,473,000)	(2,568,000)	(2,668,000)
Net Operating Income	824,000	778,000	861,000	1,013,000	1,056,000	1,101,000
Less: Debt Service (Year 1 Interest Only)		(448,500)	(559,072)	(559,072)	(559,072)	(559,072)
Potential Distributable Dividends		329,500	301,928	453,928	496,928	541,928

Debt Coverage Ratio	1.73	1.54	1.81	1.89	1.97
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Internal Rate of Return		Construction						IRR	Total Return
	2023	2024	2025	2026	2027	2028	2029		
Initial Equity Investment	(3,350,000)								
Potential Distributable Dividends		-	329,500	301,928	453,928	496,928	541,928		
Reversion							7,021,998		
Total Equity Return	(3,350,000)	-	329,500	301,928	453,928	496,928	7,563,926	20.0%	9,146,212
Cash on Cash Return - by Year			10%	9%	14%	15%	226%		

Reversion Analysis	
Year 5 NOI	1,101,000
Terminal Cap Rate	8.0%
Reversion Value (Sales Price)	13,762,500
Sales Price per Key	154,635
RE Commission	2.5%
Less Sales Cost	(344,063)
Net Sale	13,418,438
Less Outstanding Debt	(6,396,440)
Net Proceeds to Equity	7,021,998

NOTE: DPC Hospitality made no attempt to verify the estimates of project costs provided by the developer and have no opinion on their validity. In order to rely on the resulting estimates of cash on cash return and internal rate of return, potential investors must conduct their own investigation as to the reliability and completeness of the costs of developing this hotel. Furthermore, the terminal cap rate was not derived by an appraisal of recent market sales. A market derivation of cap rates by a certified appraiser is needed in order to accurately express potential returns.



## **Projects Completed by DPC Hospitality**

### **Select and Full-Service Hotels:**

#### **Outside of Texas:**

Market Study of Proposed Hotel Zaza – New Orleans, Louisiana  
Market Study of Proposed National WWII Museum Hotel – New Orleans, Louisiana (Open)  
Market Study for Proposed Lakefront Hotel - City of Lake Charles, Louisiana  
Market Study of Proposed Boutique Hotel – New Orleans, Louisiana  
Market Study of Proposed Conrad / Home2Suites CBD – New Orleans, Louisiana  
Market Study of Proposed Embassy Suites CBD – New Orleans, Louisiana  
Market Study of Ace Hotel New Orleans – New Orleans, Louisiana (Open)  
Market Study of Proposed Convention Center Hotel - New Orleans, Louisiana  
Brand Impact Study for Marriott International – Covington, Louisiana  
Appraisal of the AC Hotel CBD – New Orleans, Louisiana  
Appraisal of the Loews CBD – New Orleans, Louisiana  
Appraisal of Renaissance Hotel – Baton Rouge, Louisiana  
Appraisal of The Ritz-Carlton – New Orleans, Louisiana  
Appraisal of Courtyard by Marriott New Orleans French Quarter/Iberville – New Orleans, Louisiana  
Appraisals of Hyatt French Quarter and Hilton Garden Inn CBD – New Orleans, Louisiana  
Appraisal of Hilton Garden Inn Airport – Baton Rouge, Louisiana  
Market Study of Proposed Conference Hotel – Broken Arrow, Oklahoma (Open)  
Market Study of Proposed Racetrack Hotel - Oklahoma City, Oklahoma  
Market Study of Proposed Boutique Hotel – Oklahoma City, Oklahoma  
Brand Impact Study of Proposed Downtown Courtyard Hotel– Kansas City, Kansas  
Brand Impact Study of Proposed Aloft – Little Rock, Arkansas  
Repositioning Study of NCED Conference Center & Hotel – Norman, Oklahoma  
Appraisal of Ambassador Autograph Collection Downtown Hotel – Kansas City, Missouri (Open)  
Market Study of Proposed Residence Inn – Orange Beach, Alabama  
Market Study of Proposed Full-Service Resort with Golf – Franklin, Tennessee  
Market Study of Proposed Hilton Garden Inn & Homewood Suites – Oklahoma City, Oklahoma (Open 2014)  
Market Study of Proposed Conversion of the Fulton Hotel to a Holiday Inn – Alexandria, Louisiana  
Market Study of Proposed Office Building Conversion into Hilton Garden Inn  
– Airport - Phoenix, Arizona (Open 2008)  
Market Study of Proposed Full-Service Hotel – Colorado Springs, Colorado  
Performance Review of Operating Standards – Radisson Fort McDowell Resort & Casino – Scottsdale, Arizona  
Market Study of Proposed Holiday Inn – Colorado Springs, Colorado  
Market Study and Valuation of Cypress Bend Golf Resort and Conference Center – Sabine Parish, Louisiana  
Market Study of Converting historic buildings into Residence Inn and Courtyard by Marriott  
– Omaha, Nebraska (Open 1999)  
Market Study of Proposed Full-Service Hotel – Sandy City, Utah  
Market Study of Proposed Full-Service Hotel adjacent to Jazz Land Theme Park – New Orleans, Louisiana  
Market Study and Valuation of 780-room Regal Riverfront – St. Louis, Missouri

#### **Dallas Area:**

Market Study of Proposed Embassy Suites – Richardson, Texas  
Market Study of Proposed Aloft Hotel – Galleria – Dallas, Texas  
Market Study of Proposed Dual-brand Hilton Garden Inn/Homewood Suites – Grand Prairie, Texas



Market Study of Proposed Hilton Garden Inn – Hurst, Texas (Open 2016)  
Market Study of Proposed Hilton Dallas/Plano Granite Park – Plano, TX (Open 2014)  
Market Study of Proposed Cambria Suites – Plano, Texas (Open 2014)  
Market Study of Proposed Courtyard Hotel & Conference Center – Carrollton, Texas  
Market Study of Renovating the Historic Blackstone Hotel into a Courtyard by Marriott  
– Fort Worth, Texas (Open 1999)  
Market Study of Proposed Embassy Suites Galleria – Dallas, Texas (Open 1998)  
Evaluation of Converting the Employers Life Insurance Building into a Headquarters Hotel – Dallas, Texas  
Market Study of Proposed Holiday Inn – McKinney, Texas (Open 2008)  
Market Study of Proposed Resort Hotel and Water Park – Frisco, Texas  
Impact Assessment of Converting Ramada Plaza into Holiday Inn Select (Presently The Sheraton)  
– Fort Worth, Texas  
Market Study of Proposed Dual Luxury/4-Star Hotels – Dallas, Texas (Near Galleria)  
Market Study of Proposed Lifestyle Downtown Hotel – Dallas, Texas  
Market Study of Proposed Select-Service Hotel - Lake Worth, Texas  
Brand Impact Study of AC Hotel/Residence Inn Dallas Galleria – Dallas, Texas (Open)  
Brand Impact Study of Proposed Delta Hotel – Westlake, Texas  
Appraisal of the Warwick Hotel – Dallas, Texas  
Appraisal of Le Meridien Stoneleigh – Dallas, Texas  
Appraisal of the Omni Convention Center Hotel Downtown – Dallas, Texas  
Appraisal of Hilton Arlington – Arlington, Texas  
Appraisal of Four Seasons Resort and Club Dallas at Las Colinas – Irving, Texas

## **Houston Area:**

Market Study of Proposed Blossom Hotel – Texas Medical Center – Houston, Texas (Open 2021)  
Market Study of Proposed InterContinental TMC Hotel – Houston, Texas (Open 2019)  
Market Study of Proposed Texas A&M Hotel and Conference Center – College Station, Texas (Open 2018)  
Market Study of Proposed Hilton Garden Inn America Plaza – Houston, Texas (Open 2012)  
Market Study of The Westin at The Woodlands – The Woodlands, Texas (Open)  
Market Study of Embassy Suites by Hilton The Woodlands at Hughes Landing – The Woodlands, Texas (Open)  
Market Study of Proposed Embassy Suites – Sugar Land, Texas  
Market Study of Proposed Embassy Suites West I-10 – Houston, Texas (Open)  
Market Study of Proposed Lifestyle Hotel Midtown – Houston, Texas  
Market Study of Proposed Katy Boardwalk Hotel & Conference Center – Katy, Texas  
Brand Impact Study of Proposed Hyatt House – College Station, Texas  
Market Study of Proposed Hilton Garden Inn – Pasadena, Texas  
Market Study of Proposed Dual-brand Aloft/Element – IAH Airport – Houston, Texas  
Market Analysis of Proposed Kimpton Hotel – Houston, Texas  
Market Study of Proposed Dual-brand Aloft/Element – Texas Medical Center – Houston, Texas  
Market Analysis of Proposed Hyatt Regency – Katy, Texas  
Market Study of Proposed Hotel – Sugar Land, Texas (Imperial Redevelopment)  
Market Study of Proposed Courtyard & TownePlace Suites – Galveston, Texas (Open 2013)  
Market Study of Proposed Embassy Suites & Water Park – Beaumont, Texas  
Market Study of Proposed Embassy Suites – Texas Medical Center – Houston, TX  
Market Study of Proposed Holiday Inn – Shenandoah, Texas  
Market Study of Proposed Hilton Garden Inn Galleria – Houston, Texas (Open 2005)  
Market Study and Economic Impact Assessment of 1,200-Room Hilton Americas  
– Downtown Houston, Texas (Open 2004)



Market Study of Converting the Medical Towers into the Marriott Medical Center Expansion – Houston, Texas  
Market Study of Converting Historic Texas State Hotel into Sheraton Suites – Downtown Houston, Texas  
Market Study and Valuation of Omni Galleria – Houston, Texas  
Market Study and Valuation of Red Lion Hotel Galleria – Houston, Texas  
Appraisal of Crowne Plaza Downtown Houston (Now The Whitehall) – Houston, Texas  
Appraisal of the JW Marriott Downtown – Houston, Texas (Open)  
Appraisal of the Hyatt Regency Downtown – Houston, Texas  
Brand Impact Study of Proposed AC Hotel Houston Downtown – Houston, Texas (Open)

### Central Texas:

Market Study of Proposed South Congress Hotel – Austin, Texas (Open 2015)  
Market Study and Valuation of St. Anthony Hotel – San Antonio, Texas  
Market Study of Proposed Embassy Suites – Brooks City Base – San Antonio, Texas (Open 2017)  
Market Study of Proposed Sheraton Austin Georgetown Hotel & Conference Center  
– Georgetown, Texas (Open 2016)  
Market Study of Proposed Residence Inn – Pearl District – San Antonio, Texas  
Market Study of Proposed W Hotel – Pearl District – San Antonio, Texas  
Market Study of Proposed Embassy Suites – Downtown – Waco, Texas  
Occupancy Tax Rebate Request for Proposed Embassy Suites – Downtown – Waco, Texas  
Market Study of Proposed Full-Service Hotel & Conference Center – Pearland, Texas  
Market Study of Proposed Redevelopment of the El Tropicano Hotel – Riverwalk – San Antonio, Texas  
Market Study of Proposed Element Hotel – Parmer Lane – Austin, Texas  
Market Study of Proposed Kimber Modern Hotel – South Congress – Austin, Texas  
Market Study of Proposed Dual-brand AC Hotels/Element – Austin, Texas  
Market Study of Proposed Hilton Garden Inn & Conference Center – Bastrop, Texas  
Economic Impact Study of Proposed Hilton Garden Inn – Live Oak, Texas  
Market Study of Proposed Select-Service Hotel & Conference Center – Boerne, Texas  
Market Study of Proposed Wyndham Garden Inn Near La Cantera – San Antonio, Texas (Open 2009)  
Market Study of Proposed Boutique Hotel – Fredericksburg, Texas  
Market Study of Proposed Cambria Suites – Medical Center – San Antonio, Texas  
Market Study of Proposed Westin Riverwalk – San Antonio, Texas (Open 1999)  
Market Study of Proposed Full-Service Hotel – New Braunfels, Texas  
Market Study of Proposed Expansion of Hilton Palacio Del Rio – San Antonio, Texas  
Market Study of Proposed Mueller Hotel – Austin, Texas  
Market Study of Proposed Downtown Lifestyle Hotel – Austin, Texas (Austin Proper Hotel) (Open)  
Appraisal of Proposed Hyatt Place Stone Oak – San Antonio, Texas (Open 2010)  
Appraisal of Sheraton at the Capitol and Hyatt Place Downtown – Austin, Texas  
Appraisal of JW Marriott Resort & Spa – San Antonio, Texas  
Appraisal of the Hyatt Hill Country Resort & Spa – San Antonio, Texas  
Brand Impact Study of the Proposed The Otis Hotel/AC Hotel – Austin, Texas (Open)  
Brand Impact Study of the Proposed Marriott Downtown – Austin, Texas (Open)  
Brand Impact Study for Marriott International – Austin, Texas (Sheraton Downtown conversion)  
Brand Impact Study for Marriott International – Round Rock, Texas (TownePlace Suites)

### South Texas:

Market Study of Proposed Hotel & Conference Center – Port Aransas, Texas  
Market Study of Proposed Full-Service Hotel Adjacent to McAllen Convention Center – McAllen, Texas  
Market Study of Proposed Select-Service Hotel & Conference Center – Brownsville, Texas



Market Study of Proposed All-Suite Hotel and Resort on North Padre Island – Corpus Christi, Texas  
Market Study, Economic Impact Study, and Financing Recommendations of Proposed Full-Service Hotel  
– South Padre Island, Texas  
Market Study of Proposed Executive Conference Center – North Padre Island – Corpus Christi, Texas  
Market Study of Doctors Hospital Hotel – Edinburg, Texas

**North Texas:**

Market Study of Proposed Hotel Conversion to a Full-Service Wyndham Hotel – Wichita Falls, Texas  
Market Study of Proposed Redevelopment for The Baker Hotel and Spa – Mineral Wells, Texas

**West Texas:**

Market Study of Proposed Full-Service Hotel & Conference Center – Odessa, Texas  
Market Study of Proposed Hyatt Place – Abilene, Texas  
Market Study for Proposed El Paso Conference Hotel – El Paso, Texas  
Repositioning Study of Former Downtown Camino Real Hotel – El Paso, Texas (Open)  
Market Study of Proposed Lifestyle Hotel – Midland, Texas

**Public Assembly Facility Studies:**

**Outside of Texas:**

Market Study and Economic Impact Study of Proposed 453,000-square foot Exhibition Center  
– Sandy City, Utah  
Market Study of Proposed Ballroom Addition to the Welk Resort – Branson, Missouri  
Market Study of Proposed Convention Center, Mall Conversion – Tupelo, Mississippi

**Dallas Area:**

Market Study of Proposed Dallas County School District Meeting Facility – Dallas, Texas  
Market Study of Proposed 500,000-Square foot Exhibition Center – Grapevine, Texas  
Market Study of Proposed Conference Center – Hurst, Texas (Open 2007)  
Management RFP of Proposed Conference Center – Hurst, Texas

**Houston Area:**

Market Study of Proposed Convention Center – Stafford, Texas (Open 2003)  
Market Study of Proposed Performing Arts Theater – Stafford, Texas (Open 2003)  
Market Study and Economic Impact of Proposed Waterway Convention Center  
– The Woodlands, Texas (Open 2002)  
Citywide occupancy tax collection forecast for City of Houston, used in securing \$700 million in bonds for the  
purpose of expanding the George R. Brown Convention Center, constructing the 1,200-room Hilton Hotel,  
parking garage, and NBA basketball arena – Houston, Texas  
Market Study and Economic Impact Study of Expanding the George R. Brown Convention Center  
– Houston, Texas  
Market Study of Proposed Convention Center, Mall Conversion – Baytown, Texas  
Market Study of Proposed Natatorium – Stafford, Texas  
Market Study of Repositioning a portion of Greenspoint Mall into a Convention Center – Houston, Texas  
Market Study of Proposed Civic Center – Kemah, Texas  
Market Study of Proposed Civic Center – Freeport, Texas





## **Central Texas:**

Market Study of Proposed Convention Center – New Braunfels, Texas  
Market Study of Proposed Civic Center & Exhibit Hall – Gonzales, Texas  
Market Study for Proposed Downtown Conference Hotel - City of New Braunfels, Texas

## **South Texas:**

Market Study of Expanding the Bayfront Convention Center – Corpus Christi, Texas (Completed 1999)

## **East Texas:**

Market Study of Proposed Convention Center – Lufkin, Texas

## **Limited-Service Hotels:**

### **Outside of Texas:**

Market Study of Proposed TRU by Hilton – Moab, Utah  
Market Study of Proposed Home2 Suites – Moab, Utah  
Market Study of Proposed Dual-brand TRU/Homewood Suites – Denver Airport – Denver, Colorado (Open 2019)  
Market Study of Proposed Hampton Inn & Suites – Cranberry Township – Pittsburgh, Pennsylvania (Open 2018)  
Market Study of Proposed Fairfield Inn & Suites – Arkadelphia, Arkansas (Open 2020)  
Market Study of Proposed Home2 Suites – Lexington, Kentucky (Open 2015)  
Market Study of Proposed Limited-Service Hotel – Research and Technology Park – New Orleans, Louisiana  
Market Study of Proposed Home2 Suites – Bessemer, Alabama  
Market Study of Proposed SpringHill Suites – Bessemer, Alabama  
Market Study of Proposed Avid Hotel – Tulsa, Oklahoma  
Market Study of Proposed Home2 Suites – Tallahassee, Florida (Open 2016)  
Market Study of Proposed Home2 Suites – Stillwater, Oklahoma (Open 2016)  
Market Study of Proposed Home2 Suites – Tuscaloosa, Alabama (Open 2015)  
Market Study of Proposed Hilton Garden Inn & Homewood Suites – Oklahoma City, Oklahoma (Open 2014)  
Market Study of Proposed Hampton Inn & Suites - Mulvane, Kansas (Open 2012)  
Market Study of Proposed Hampton Inn & Suites – Dodge City, Kansas (Open 2012)  
Market Study of Proposed Homewood Suites – Nashville, Tennessee (Open 2013)  
Market Study of Proposed Fairfield Inn – Maize, KS (Open 2011)  
Market Study of Proposed La Quinta Inn & Suites – Olathe, Kansas (Open 2008)  
Market Study of Proposed Holiday Inn Express & Suites – Bloomington, Indiana (Open 2006)  
Market Study of Converting historic buildings into Residence Inn and Courtyard by Marriott  
– Omaha, NE (Open 1999)  
Market Study of Proposed Sleep Inn – Thornton, Colorado (Open 1998)  
Market Study and Valuation of Proposed All-Suite Hotel at Isle of Capri Casino  
– Lake Charles, Louisiana (Open 1998)  
Market Study and Valuation of Proposed Limited-Service Hotel at Isle of Capri Casino  
– Lake Charles, Louisiana (Open 1997)

### **Dallas Area:**

Due Diligence Analysis Homewood Suites Arlington South – Arlington, Texas  
Market Study of Proposed TownePlace Suites – Rockwall, Texas  
Market Study of Proposed Redevelopment of the Caravan Motor Hotel – Arlington, Texas  
Market Study of Proposed Comfort Inn & Suites – Dallas Executive Airport – Dallas, Texas  
Market Study of Proposed La Quinta Inn & Suites – Farmers Branch, Texas





Market Study of Proposed Dual-brand TownePlace/SpringHill Suites – Arlington, Texas  
Market Study of Proposed SpringHill Suites – Stockyards – Fort Worth, Texas (Open 2019)  
Market Study of Proposed Aloft Hotel – Galleria - Dallas, Texas  
Market Study of Proposed Best Western Premier – Denton, Texas (Open 2009)  
Market Study of Proposed Fairfield Inn – Decatur, Texas  
Market Study and Valuation of Proposed Comfort Suites – Grapevine, Texas (Open 2005)  
Market Study of Proposed Hampton Inn and Suites – Alliance Airport – Fort Worth, Texas (Open 1999)  
Due Diligence Analysis of five hotels (Holiday Inn Expresses and Quality Suites) – Dallas, Texas  
Market Study of Proposed Hampton Inn & Suites – Hurst, Texas (Open 2004)  
Due Diligence Analysis Wyndham Garden Hotel Los Colinas – Irving, Texas  
Due Diligence Analysis Wyndham Garden Hotel Market Center – Dallas, Texas  
Appraisal of Hampton Inn – Frisco, Texas

## **Houston Area:**

Market Study of Proposed Fairfield Inn & Suites – Energy Corridor – Houston, Texas (Open 2021)  
Market Study of Proposed Holiday Inn Express & Suites – CityCentre – Houston, Texas (Open 2021)  
Market Study of Proposed Element Hotel – Texas Medical Center – Houston, Texas  
Market Study of Proposed Home2 Suites – Lake Jackson, Texas  
Market Study of Proposed Limited-Service Hotel – Katy, Texas  
Market Study of Proposed Acquisition of TownePlace Suites – Westchase – Houston, Texas  
Market Study of Proposed Acquisition of TownePlace Suites – Galleria – Houston, Texas  
Market Study of Proposed TRU by Hilton – Energy Corridor – Houston, Texas  
Market Study of Proposed Limited-Service Hotel – Hobby Airport – Houston, Texas  
Market Study of Proposed Studio 6 – Deer Park, Texas  
Market Study of Proposed Sleep Inn – Hobby Airport – Houston, Texas  
Market Study of Proposed Limited-Service Hotel – Mont Belvieu, Texas  
Market Study of Proposed Red Roof Inn – Houston, Texas  
Market Study of Proposed SureStay Hotel – Houston, Texas  
Market Study of Home2 Suites Energy Corridor – Houston, Texas (Open 2016)  
Market Study of Proposed Springhill Suites Houston I-45 North – Houston, Texas (Open 2015)  
Market Study of Proposed Hampton Inn & Suites – Bush Intercontinental Airport – Houston, Texas (Open 2015)  
Market Study of Proposed Comfort Suites – Near Westchase – Houston, Texas (Open 2013)  
Market Study of Proposed Hampton Inn & Suites – Missouri City, Texas (Open 2013)  
Market Study of Proposed Dual-brand Courtyard/TownePlace Suites – Galveston, Texas (Open 2013)  
Market Study of Proposed SpringHill Suites – Houston, Texas  
Market Study of Proposed Sleep Inn – Clute/Lack Jackson, Texas  
Market Study of Proposed Microtel Inn & Suites – Port Arthur, Texas  
Market Study of Proposed SpringHill Suites – Seabrook, Texas  
Market Study of Proposed Springhill Suites Houston The Woodlands – The Woodlands, Texas (Open 2011)  
Market Study of Proposed La Quinta Inn & Suites – Westchase - Houston, TX (Open 2007)  
Market Study of Proposed Best Western Mini Suites – Texas City, Texas (Open 2005)  
Market Study of Proposed Bed & Breakfast – Kemah, Texas (Open 2004)  
Market Study of Proposed TownePlace Suites – College Station, Texas (Open 1999)  
Market Study of Proposed TownePlace Suites – Clear Lake, Texas (Open 1999)  
Market Evaluations of four Baymont Inns – Houston, Texas  
Market Study of Proposed Hampton Inn & Suites – League City, Texas (Open 2010)  
Appraisal of Home2Suites – Pasadena, Texas



## **Central Texas:**

Market Study of Proposed TRU by Hilton – New Braunfels, Texas  
Market Study of Proposed Fairfield Inn & Suites – Lackland AFB – San Antonio, Texas  
Market Study of Proposed Hampton Inn – Bulverde, Texas (Opened 2017)  
Market Study of Proposed Homewood Suites – Parmer Lane – Austin, Texas (Open 2015)  
Market Study of Proposed Home2 Suites – Round Rock, Texas (Open 2015)  
Market Study of Proposed Bed and Breakfast Cabins – Fredericksburg, Texas (Open 2013)  
Market Study of Proposed Hampton Inn & Suites – Downtown Austin, Texas (Open 2012)  
Market Study of Proposed Homewood Suites – Round Rock, Texas (Open 2010)  
Market Study of Proposed Sleep Inn & Suites – Manor, Texas (Open 2012)  
Market Study of Proposed Limited-Service Hotel – Marble Falls, Texas  
Market Study of Proposed Microtel Inn & Suites – Austin, Texas (Airport) (Open 2010)  
Market Study of Proposed Staybridge Suites – San Antonio, Texas (Open 2008)  
Market Study of Proposed La Quinta Inn & Suites - Medical Center - San Antonio, Texas (Open 2007)

## **South Texas:**

Market Study of Proposed Home2 Suites – Mercedes, Texas  
Market Study of Proposed Microtel – Gonzales, Texas (Open 2013)  
Market Study of Proposed Home2 Suites – Mission, Texas  
Market Study of Proposed Holiday Inn Express – South Padre Island, Texas (Open 2005)

## **North Texas:**

Market Study of Proposed Hampton Inn – Vernon, Texas (Open 2011)  
Market Study of Proposed Holiday Inn Express – Vernon, Texas (Open 2006)

## **West Texas:**

Market Study of Proposed Hampton Inn & Suites – Texas Tech – Lubbock, Texas (Open 2020)  
Market Study of Proposed Fairfield Inn & Suites – Stephenville, Texas  
Market Study of Proposed Hawthorn Suites – Lubbock, Texas (Open 2008)  
Market Study of Proposed Microtel – San Angelo, Texas (Open 2010)  
Market Study of Proposed Best Western – Hamilton, Texas (Open 2007)  
Market Study of Proposed La Quinta Inn & Suites – Lubbock, Texas (Open 2006)

## **East Texas:**

Market Study of Proposed SpringHill Suites – Lindale, Texas  
Market Study of Proposed Limited-Service Hotel – Longview, Texas  
Market Study of Proposed Microtel Inn & Suites – Texarkana, Texas  
Market Study of Proposed Hampton Inn – Sulphur Springs, Texas (Open 2010)  
Market Study of Proposed Best Western – Mt. Vernon, Texas

STATE OF TEXAS            {}  
COUNTY OF BURNET       {}

On this the 15<sup>th</sup> day of November, 2022, the Burnet Economic Development Corporation of the City of Burnet convened in Regular Session, at 3:00 p.m., at the Burnet City Council Chambers, 2402 S. Water Street, Burnet, with the following members present, to-wit:

Board Members:                                 David Vaughn, Philip Thurman, Crista Goble Bromley, Wayne Brown, Mary Jane Shanes, Cary Johnson

Absent     Brad Zehner

City Secretary:                                   Kelly Dix

Guests: Adrienne Feild, Maria Gonzales, Eric Belaj, Habib Erkan, Jr., Allison McKee

CALL TO ORDER: The meeting was called to order by Board Vice President Wayne Brown at 3:01 p.m. and quorum was established.

PRESENTATION:

Wedding Oak Winery Update: Seth Urbanek: Seth Urbanek is the current Operations Manager for the Wedding Oak Winery. Mr. Urbanek shared with all present some of the upcoming projects the winery is looking at to increase the growth and patronage.

CONSENT AGENDA:

Approval of the October 18, 2022 BEDC Regular Meeting minutes:

Board Member Mary Jane Shanes moved to approve the consent agenda as presented. Board Member Philip Thurman seconded. The motion carried unanimously.

ACTION ITEMS:

Discuss and consider action: Flights Gastro Pub request for assistance: Mike Weigel: Owner Mike Weigel shared his plans for Flights Gastro Pub. Expected completion of renovation on the building is September 2023. No action taken.

Discuss and consider action: Cost Sharing Agreement with City of Burnet for the Coke Street Realignment Project: Board Member Crista Bromley moved to approve the Cost Sharing Agreement with the City of Burnet for the Coke Street Realignment Project as presented. Board Member Philip Thurman seconded. The motion carried unanimously.

Discuss and consider action: Related to the potential sale of all or portions of the Crossings at 281 South Commercial Park. Board Member David Vaughn updated all present that contact on the property for the month included Eddie Shell, Auto Zone Representative, owners of a vet clinic, and a managing company for nursing homes all contacted the City with possible interest in the properties at the Crossings. No action taken.

Discuss and consider action: Related to the sale of all or portions of the Eastside Commercial Park located on Highway 29 East: Board Member David Vaughn reported that contact with Justin Johnson continues on a location at the Eastside Commercial Park. No action taken.

Discuss and consider action: BEDC/Chamber of Commerce/City of Burnet Committee update report and request for funding: Board Member David Vaughn reported that the first meeting was held at Delaware Springs Golf Course Clubhouse. Topics discussed were marketing, fundraising and events. No action taken.

Discuss and consider action: Draw request for Nelson Lewis, Inc. for the parking lot at Pierce and Jackson: Board Member David Vaughn moved to approve the draw request for Nelson Lewis, Inc. for the parking lot at Pierce and Jackson Street as presented. Board Member Philip Thurman seconded. The motion carried unanimously.

EXECUTIVE SESSION: Pursuant to Texas Government Code Chapter 551 Subchapter D the Board of Directors shall convene in executive session for the following matters: Board Member Crista Bromley moved to convene to executive session at 4:33 p.m. Board Member Mary Jane Shanes seconded. The motion carried unanimously.

Pursuant to Texas Government Code Chapter 551 Subchapter D the Board of Directors shall convene in executive session for the following matters: Deliberation regarding both: (i) commercial or financial information that the board of directors received from a business prospect that the board of directors seeks to have locate, stay, or expand in or near the City of Burnet and with which the governmental body is conducting economic development negotiations; and the offer of a financial or other incentive said business prospect.

The Board of Directors shall convene in executive session pursuant to Texas Government Code Sec. 551.072 to deliberate on the purchase, exchange, lease, or value of real property.

RECONVENE TO REGULAR SESSION FOR POSSIBLE ACTION: Board Member David Vaughn moved to re-convene to regular session at 5:25 p.m. Board Member Crista Bromley seconded. The motion carried unanimously.

Discuss and consider action: Economic development negotiations and the request of financial or other incentive for Flights Gastro Pub: No action taken

Discuss and consider action: Regarding deliberations on the purchase, exchange, lease, or value of real property:  
No action taken

REQUESTS FOR FUTURE REPORTS: None.

ADJOURN: There being no further business a motion to adjourn was made by Board Member Mary Jane Shanes at 5:28 p.m., seconded by Board Member Crista Bromley. The motion carried unanimously.

ATTEST:

\_\_\_\_\_  
Kelly Dix, City Secretary

\_\_\_\_\_  
Cary Johnson, President  
Burnet Economic Development Corporation



## ITEM 4.3

### Agenda Item Brief

<b>Meeting Date:</b>	January 5, 2023
<b>Agenda Item:</b>	Discuss and consider action: Related to the potential sale of all or portions of the Crossings at 281 South Commercial Park.
<b>Background:</b>	To be presented at the meeting.
<b>Information:</b>	
<b>Fiscal Impact:</b>	
<b>Recommendation:</b>	To be determined by the board.



## ITEM 4.2

### Agenda Item Brief

<b>Meeting Date:</b>	January 5, 2023
<b>Agenda Item:</b>	Discuss and consider action: Related to the potential sale of all or portions of the Eastside Commercial Park located on Highway 29 East.
<b>Background:</b>	To be presented at the meeting.
<b>Information:</b>	
<b>Fiscal Impact:</b>	
<b>Recommendation:</b>	To be determined by the board.



## ITEM 4.3

### Agenda Item Brief

<b>Meeting Date:</b>	January 5, 2023
<b>Agenda Item:</b>	Discuss and consider action: Related to the findings of the combined BEDC/Chamber of Commerce/City of Burnet Committee.
<b>Background:</b>	To be presented at the meeting.
<b>Information:</b>	
<b>Fiscal Impact:</b>	
<b>Recommendation:</b>	To be determined by the board.



## ITEM 4.4

### Agenda Item Brief

<b>Meeting Date:</b>	January 5, 2022
<b>Agenda Item:</b>	Discuss and consider action: Program funding for Texas Workforce Solutions.
<b>Background:</b>	Gail Davalos from Workforce Network, Inc. will provide an update on the High Demand Job Training Grant and the Good Jobs Challenge Grant.
<b>Information:</b>	Workforce Network, Inc. is requesting \$5,000.00 in funding to assist with operation costs.
<b>Fiscal Impact:</b>	
<b>Recommendation:</b>	To be determined by the board.





## ITEM 5.1

### Agenda Item Brief

**Meeting Date:** January 5, 2022

**Agenda Item:** Executive Session: Pursuant to Section 551.072 Texas Government Code the Board of Directors of the Burnet Economic Development Corporation shall convene in executive session to: (i) deliberate the purchase, exchange, lease, or value of real property in order to minimize the detrimental effect of such discussion in open session on the position of the Board in negotiations with third parties: D. Vaughn

**Background:**

**Information:**

**Fiscal Impact:**

**Recommendation:** To be determined by the board.



## ITEM 6.1

### Agenda Item Brief

<b>Meeting Date:</b>	January 5, 2022
<b>Agenda Item:</b>	Discuss and consider action: Regarding deliberations of the purchase, exchange, lease, or value of real property: D. Vaughn
<b>Background:</b>	
<b>Information:</b>	
<b>Fiscal Impact:</b>	
<b>Recommendation:</b>	To be determined by the board.