



City of Killeen

Agenda City Council

Tuesday, February 17, 2026

3:00 PM

City Hall
Council Chambers
101 N. College Street
Killeen, Texas 76541

Call to Order and Roll Call

<input type="checkbox"/> Debbie Nash-King, Mayor	<input type="checkbox"/> Jessica Gonzalez
<input type="checkbox"/> Ramon Alvarez	<input type="checkbox"/> Vacant
<input type="checkbox"/> Anthony Kendrick	<input type="checkbox"/> Joseph Solomon
<input type="checkbox"/> Nina Cobb	<input type="checkbox"/> Riakos Adams

Invocation

Pledge of Allegiance

Approval of Agenda

Presentations

1. [PR-26-005](#) Killeen Economic Development Corporation Update

Work Session

Discuss agenda items 2-12 for the February 17, 2026 Regular Session

Citizen Comments on Agenda Items

This section allows members of the public to address the Council regarding any item, other than a public hearing item, on the agenda for Council's consideration. Each person shall sign up prior to the start of the Council meeting, may speak only one (1) time, and such address shall be limited to three (3) minutes. A timer will be placed so that the speaker and citizens can see it. A majority vote of the City Council is required for any time extensions. The Mayor and Councilmembers shall have one (1) minute to respond to citizen comments with a statement or explanation without engaging in dialogue.

Regular Session

Consent Agenda

2. [MN-26-008](#) Consider Minutes of Regular City Council Meeting of January 20, 2026.

3. [RS-26-029](#) Consider a memorandum/resolution readopting the Financial Governance Policy, to include the Investment Policy.
Attachments: [Financial Governance Policy \(redlined\)](#)
[Financial Governance Policy \(clean\)](#)
[Presentation](#)
4. [RS-26-030](#) Consider a memorandum/resolution authorizing the City Manager to sign an agreement with the Texas Department of Transportation-Aviation Division for the administration of a Federal Aviation Administration Airport Infrastructure Grant for the Design-Build Box Hangars Project at Skylark Field.
Attachments: [Designation of Sponsor's Authorized Representative](#)
[Certification of Project Funding](#)
[Presentation](#)
5. [RS-26-031](#) Consider a memorandum/resolution approving a Ground Lease Agreement at Skylark Field Airport with RD Aviation, LLC.
Attachments: [Agreement](#)
[Certificate of Interested Parties](#)
[Presentation](#)
6. [RS-26-032](#) Consider a memorandum/resolution authorizing an agreement and easement with Oncor Electric Delivery Company, LLC, to provide power to the Commercial Office Building at Killeen Regional Airport.
Attachments: [Agreement](#)
[Presentation](#)
7. [RS-26-033](#) Consider a memorandum/resolution approving an interlocal agreement between Temple College and Killeen Fire Department.
Attachments: [Temple College Interlocal Agreement](#)
[Presentation](#)
8. [RS-26-034](#) Consider a memorandum/resolution approving an interlocal agreement between Central Texas College and Killeen Fire Department.
Attachments: [Central Texas College Interlocal Agreement](#)
[Presentation](#)

9. [RS-26-035](#) Consider a memorandum/resolution authorizing the execution of a professional services agreement with Martinez Architects, LP, for Professional A&E Design and Management Services for construction of Killeen Fire Department Fire Station No. 5, in the amount of \$810,000.00.
Attachments: [Agreement](#)
[Contract Verification Form](#)
[Certificate of Interested Parties](#)
[Presentation](#)
10. [RS-26-036](#) Consider a memorandum/resolution approving staff's determination that the Conditional Use Permit for the property located at 308 East Avenue D is terminated.
Attachments: [CUP Ordinance \(Ordinance No. 13-043\)](#)
[Certificate of Occupancy for Photography Studio \(2023\)](#)
[Notification Letter](#)
[Presentation](#)
11. [RS-26-037](#) Consider a memorandum/resolution supporting for the Low-income Housing Tax Credit application to Texas Department of Housing & Community Affairs for RST The Madelyn, LP.
Attachments: [Application](#)
[Exhibits](#)
[Letter](#)
[Resolution](#)
[Presentation](#)
12. [OR-26-005](#) Consider an ordinance ordering the May 2, 2026 Special Election for the purpose of electing a Councilmember for District 2.
Attachments: [Ordinance](#)
[Exhibit A - Order of Special Election for Municipalities](#)
[Presentation](#)

Discussion Items

13. [DS-26-016](#) Update regarding Vehicle Wash Facility Annual Certification Program
Attachments: [Presentation](#)
14. [DS-26-017](#) Discuss renaming of street in honor of Bettie Ann McLaurin
Attachments: [Naming Policy](#)
[Presentation](#)

15. [DS-26-018](#) Discussion regarding Library Strategic Planning

Attachments: [Strategic Plan](#)
[Presentation](#)

Adjournment

I certify that the above notice of meeting was posted on the Internet and on the bulletin board at Killeen City Hall on or before 5:00 p.m. on February 10, 2026.

Laura J. Calcote, City Secretary

The public is hereby informed that notices for City of Killeen meetings will no longer distinguish between matters to be discussed in open or closed session of a meeting. This practice is in accordance with rulings by the Texas Attorney General that, under the Texas Open Meetings Act, the City Council may convene a closed session to discuss any matter listed on the agenda, without prior or further notice, if the matter is one that the Open Meetings Act allows to be discussed in a closed session.

This meeting is being conducted in accordance with the Texas Open Meetings Law [V.T.C.A., Government Code, § 551.001 et seq.]. This meeting is being conducted in accordance with the Americans with Disabilities Act [42 USC 12101 (1991)]. The facility is wheelchair accessible and handicap parking is available. Requests for sign interpretive services are available upon requests received at least 48 hours prior to the meeting. To make arrangements for those services, please call 254-501-7717, City Secretary's Office, or TDD 1-800-734-2989.

Notice of Meetings

The Mayor and/or City Council have been invited to attend and/or participate in the following meetings/conferences/events. Although a quorum of the members of the City Council may or may not be available to attend this meeting, this notice is being posted to meet the requirements of the Texas Open Meetings Act and subsequent opinions of the Texas Attorney General's Office. No official action will be taken by Council.

- Employee Service Awards, February 13, 2026, 12:30 p.m., Killeen Civic and Conference Center*
- Black History Month Celebration, February 17, 2026, 2:00 p.m., City Council Chambers, Killeen City Hall*
- Military Relations Council Luncheon, February 18, 2026, 11:30 a.m., Central Texas College - Anderson Hall*
- Bunny Trail Ribbon Cutting, February 23, 2026, 9:30 a.m., Fire Station #9*
- Motown Downtown, February 28, 2026, 4:00 p.m., Downtown Killeen, 324 N. Gray St – off Ave B and Gray St.*
- 2026 Killeen Citizens Academy Graduation, March 12, 2026, 6:00 p.m., Killeen Civic and Conference Center*
- 51st Annual NAACP Freedom Fund & Scholarship Banquet, April 10, 2026, 6:30 p.m., Killeen Civic and Conference Center*

Dedicated Service -- Every Day, for Everyone!



City of Killeen

Staff Report

File Number: PR-26-005

Killeen Economic Development Corporation Update



City of Killeen

Staff Report

File Number: MN-26-008

Consider Minutes of Regular City Council Meeting of January 20, 2026.

Presiding: Mayor Debbie Nash-King

Attending: Mayor Protem Riakos Adams, Councilmembers Anthony Kendrick, Nina Cobb, Joseph Solomon, Ramon Alvarez and Jessica Gonzalez

Also attending were City Manager Kent Cagle, Assistant City Manager Jeffery Reynolds, Assistant City Manager Laurie Wilson, Deputy City Attorney Andy Wallander, City Secretary Laura Calcote and Sergeant-at-Arms Varga

Don Smith gave the invocation. Councilmember Gonzalez led everyone in the Pledge of Allegiance.

Approval of Agenda

Motion was made by Councilmember Solomon to approve the agenda, as presented. Motion was seconded by Mayor Protem Adams. The motion carried unanimously (6-0).

Presentations

PR-26-003 Killeen Star Award

Mayor Nash-King and Councilmember Gonzalez recognized Bernard Jones for being an outstanding community member.

Work Session

Discuss agenda items 2 - 20 for the January 20, 2026 Regular Session

Citizen Comments on Agenda Items

Michael Fornino spoke regarding RS-26-016, RS-26-017, RS-26-018, RS-26-019 and RS-26-021.

Heather McNeely spoke regarding RS-26-019, DS-26-006 and DS-26-007.

Mellisa Brown spoke regarding RS-26-017, RS-26-018, RS-26-019 and DS-26-007.

Anca Neagu spoke regarding RS-26-016.

Regular Session

Consent Agenda

- MN-26-004** Consider Minutes of Regular City Council Meeting of December 9, 2025.
- MN-26-005** Consider Minutes of Special City Council Meeting of December 19, 2025.
- RS-26-013** Consider a memorandum/resolution authorizing the execution of a Professional Services Agreement with Parkhill, for the design of Trailhead Amenities at Purser Heritage Hike & Bike Trail, in the amount of \$317,800.00.
- RS-26-014** Consider a memorandum/resolution authorizing a Letter of Agreement with Pump Solutions, Inc., for removal and installation of six submersible chopper pumps at Lift Stations #21, 22 and 24, in the amount of \$227,857.00.
- RS-26-015** Consider a memorandum/resolution authorizing a Professional Services Agreement with Central Texas Alcohol Rehabilitation Center for substance use disorder counseling and treatment services, in the amount of \$132,723.69.
- RS-26-016** Consider a memorandum/resolution authorizing the procurement of a tactical robot from ICOR Technology, in the amount of \$149,144.28, and amending the existing Axon contract with technology upgrades, in the amount of \$300,387.60.
- RS-26-017** Consider a memorandum/resolution authorizing a Interlocal Agreement with Bell County for the bidding and construction of traffic signals along Chaparral Road.
- RS-26-018** Consider a memorandum/resolution authorizing the City Manager to enter into an Advance Funding Agreement with the Texas Department of Transportation for the Rancier Project.
- RS-26-019** Consider a memorandum/resolution authorizing a Letter of Agreement, with Insituform Technologies, LLC, for Sewer Replacement on Conder Street, in the amount of \$124,245.00.
- RS-26-020** Consider a memorandum/resolution approving the purchase of real property at 108 W. Jasper Road from the Killeen Independent School District for Killeen Fire Department Facilities, in the amount of \$803,000.00.
- RS-26-021** Consider a memorandum/resolution accepting the resignation of Councilmember At-Large Jose Segarra and discuss and consider the appointment process.

*Motion was made by Councilmember Alvarez to approve the Consent Agenda, as presented.
Motion was seconded by Mayor Protem Adams. The motion carried unanimously (6-0).*

Public Hearings

- PH-26-002** Hold a public hearing and consider an ordinance amending the Fiscal Year 2026

Annual Budget of the City of Killeen to increase revenue and expense accounts in multiple funds.

The City Secretary read the caption of the ordinance:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KILLEEN, TEXAS, AMENDING THE FY 2026 ANNUAL BUDGET OF THE CITY OF KILLEEN TO INCREASE REVENUE AND EXPENSE ACCOUNTS IN MULTIPLE FUNDS; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT WITH THIS ORDINANCE; PROVIDING A SAVINGS CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

Staff Comments: Bonnie Hanchey, Budget Manager

This item was presented to City Council during their Work Session. Ms. Hanchey was available to provide additional information and to answer questions.

Mayor Nash-King opened the public hearing.

Mellisa Brown spoke in opposition of PH-26-002.

With no one else appearing, the public hearing was closed.

Motion was made by Mayor Protem Adams to approve PH-26-002. Motion was seconded by Councilmember Solomon. The motion carried unanimously (6-0).

PH-26-003

Hold a public hearing and consider an ordinance submitted by Central Texas Land Development Services on behalf of Clear Creek Commercial, Ltd. (FLUM#25-06) to amend the Comprehensive Plan's Future Land Use Map from a 'Regional Commercial' designation to a Residential Mix' designation for approximately 1.81 acres out of T. Robinett Survey, Abstract No. 686. The subject property is locally addressed 5201 West Stan Schlueter Loop, Killeen, Texas.

The City Secretary read the caption of the ordinance:

AN ORDINANCE AMENDING THE COMPREHENSIVE PLAN'S FUTURE LAND USE MAP BY CHANGING THE DESIGNATION OF APPROXIMATELY 1.81 ACRES OUT OF T. ROBINETTE SURVEY, ABSTRACT NO. 686. FROM 'REGIONAL COMMERCIAL' DESIGNATION TO A 'RESIDENTIAL MIX' DESIGNATION; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; PROVIDING FOR AN EFFECTIVE DATE.

Staff Comments: Wallis Meshier, Executive Director of Development Services

This item was presented to City Council during their Work Session. Ms. Meshier was available to provide additional information and to answer questions.

Mayor Nash-King opened the public hearing.

Mellisa Brown spoke in opposition of PH-26-003.

Michael Fornino spoke in opposition of PH-26-003.

With no one else appearing, the public hearing was closed.

Motion was made by Councilmember Kendrick to approve PH-26-003. Motion was seconded by Councilmember Cobb. The motion carried unanimously (6-0).

PH-26-004 Hold a public hearing and consider an ordinance submitted by Mitchell & Associates, Inc. on behalf of The Tietze Family Revocable Trust (Case# Z25-39) to rezone approximately 0.14 acres, being part of Lot 8, Block 8, Marlboro Heights Revised from "R-1" (Single-Family Residential District) to "SF-2" (Single-Family Residential District). The subject property is locally addressed as 802 Highland Avenue, Killeen, Texas.

The City Secretary read the caption of the ordinance:

AN ORDINANCE AMENDING THE CITY OF KILLEEN ZONING ORDINANCE BY CHANGING THE ZONING OF APPROXIMATELY 0.14 ACRES BEING PART OF LOT 8, BLOCK 8, MARLBORO HEIGHTS REVISED FROM "R-1" (SINGLE-FAMILY RESIDENTIAL DISTRICT) TO "SF-2" (SINGLE-FAMILY RESIDENTIAL DISTRICT); PROVIDING A SAVINGS CLAUSE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; PROVIDING FOR AN EFFECTIVE DATE.

Staff Comments: Wallis Meshier, Executive Director of Development Services
This item was presented to City Council during their Work Session. Ms. Meshier was available to provide additional information and to answer questions.

Mayor Nash-King opened the public hearing.

With no one appearing, the public hearing was closed.

Motion was made by Councilmember Solomon to approve PH-26-004. Motion was seconded by Councilmember Cobb. The motion carried unanimously (6-0).

PH-26-005 Hold a public hearing and consider an ordinance submitted by Dominic Vo on behalf of Hoang, Kim Anh Revocable Living Trust (Case# Z25-40) to rezone approximately 1.313 acres out of the Robert Cunningham Survey, Abstract No. 199 and Eugene La Sere Survey, Abstract No. 528 (also known as part of Lot 16 Llewellyn Estates #3 unrecorded subdivision) from "B-2" (Local Retail District) to "B-5" (Business District). The subject property is locally addressed as 4801 Onion Road, Killeen, Texas.

The City Secretary read the caption of the ordinance:

AN ORDINANCE AMENDING THE CITY OF KILLEEN ZONING ORDINANCE BY CHANGING THE ZONING OF APPROXIMATELY 1.313 ACRES OUT OF THE ROBERT CUNNINGHAM SURVEY, ABSTRACT NO. 199 AND EUGENE LA SERE SURVEY, ABSTRACT NO. 528 (ALSO KNOWN AS PART OF LOT 16 LLEWELLYN ESTATES #3 UNRECORDED SUBDIVISION) FROM "B-2" (LOCAL RETAIL DISTRICT) TO "B-5" (BUSINESS DISTRICT); PROVIDING A

SAVINGS CLAUSE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; PROVIDING FOR AN EFFECTIVE DATE.

Staff Comments: Wallis Meshier, Executive Director of Development Services
This item was presented to City Council during their Work Session. Ms. Meshier was available to provide additional information and to answer questions.

Mayor Nash-King opened the public hearing.

Mellisa Brown spoke in opposition of PH-26-005.

With no one else appearing, the public hearing was closed.

Motion was made by Councilmember Alvarez to approve PH-26-005. Motion was seconded by Councilmember Kendrick. The motion carried unanimously (6-0).

PH-26-006 Hold a public hearing and consider an ordinance submitted by Central Texas Land Development Services on behalf of The Gary W. Purser Jr. 2000 Trust (Case# Z25-41) to rezone approximately 97.13 acres out of the Eugene La Sere Survey, Abstract No. 527 and the W. L. Harris Survey, Abstract No. 1155 from "A" (Agricultural District) to "R-1" (Single-Family Residential District). The subject property is generally located north of the terminus of Yates Road, east of the terminus of Mohawk Drive, and south of the terminus of Imperial Eagle Drive, Killeen, Texas.

The City Secretary read the caption of the ordinance:

AN ORDINANCE AMENDING THE CITY OF KILLEEN ZONING ORDINANCE BY CHANGING THE ZONING OF APPROXIMATELY 97.13 ACRES OUT OF THE EUGENE LA SERE SURVEY, ABSTRACT NO. 527 AND THE W. L. HARRIS SURVEY, ABSTRACT NO. 1155, FROM "A" (AGRICULTURAL DISTRICT) TO "R-1" (SINGLE-FAMILY RESIDENTIAL DISTRICT); PROVIDING A SAVINGS CLAUSE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; PROVIDING FOR AN EFFECTIVE DATE.

Staff Comments: Wallis Meshier, Executive Director of Development Services
This item was presented to City Council during their Work Session. Ms. Meshier was available to provide additional information and to answer questions.

Mayor Nash-King opened the public hearing.

Mellisa Brown spoke in opposition of PH-26-006.

Anca Neagu spoke in favor of PH-26-006.

Gary Purser spoke in favor of PH-26-006.

With no one else appearing, the public hearing was closed.

Motion was made by Councilmember Cobb to approve PH-26-006. Motion was seconded by Councilmember Solomon. The motion carried unanimously (6-0).

PH-26-007 Hold a public hearing and consider an ordinance submitted by Mitchell & Associates, Inc., on behalf of Vincent Nguyen, (Case# Z25-42) to rezone approximately 0.864 acres, being Lot 1, Block 1 out of the Castor Subdivision from "B-5" (Business District) to "B-5" (Business District) with a Conditional Use Permit (CUP) for the sale of alcohol for on-premises consumption. The subject property is locally addressed as 1417 West Stan Schlueter Loop, Killeen, Texas.

The City Secretary read the caption of the ordinance:

AN ORDINANCE AMENDING THE CITY OF KILLEEN ZONING ORDINANCE BY CHANGING THE ZONING OF APPROXIMATELY 0.864 ACRES BEING LOT 1, BLOCK 1 OUT OF THE CASTOR SUBDIVISION FROM "B-5" (BUSINESS DISTRICT) TO "B-5" (BUSINESS DISTRICT) WITH A CONDITIONAL USE PERMIT (CUP) FOR THE SALE OF ALCOHOL FOR ON-PREMISES CONSUMPTION; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; PROVIDING FOR AN EFFECTIVE DATE.

Staff Comments: Wallis Meshier, Executive Director of Development Services
This item was presented to City Council during their Work Session. Ms. Meshier was available to provide additional information and to answer questions.

Mayor Nash-King opened the public hearing.

With no one appearing, the public hearing was closed.

Motion was made by Mayor Protem Adams to approve PH-26-007. Motion was seconded by Councilmember Kendrick. The motion carried 5-1, with Councilmember Alvarez in opposition.

PH-26-008 Hold a public hearing and consider an ordinance submitted by Kevin Greenwood, on behalf of Highland Development Corporation, Inc., (Case# Z25-43) to rezone approximately 0.13 acres, being a portion of Lot 1, Block 1, Highland Commercial Subdivision Phase Three, from "B-5" (Business District) to "B-5" (Business District) with a Conditional Use Permit (CUP) for the sale of alcohol for on-premises consumption. The subject property is locally addressed as 1100 West Jasper Drive, Killeen, Texas.

The City Secretary read the caption of the ordinance:

AN ORDINANCE AMENDING THE CITY OF KILLEEN ZONING ORDINANCE BY CHANGING THE ZONING OF APPROXIMATELY 0.13 ACRES, BEING A PORTION OF LOT 1, BLOCK 1, HIGHLAND COMMERCIAL SUBDIVISION PHASE THREE FROM "B-5" (BUSINESS DISTRICT) TO "B-5" (BUSINESS DISTRICT) WITH A CONDITIONAL USE PERMIT (CUP) FOR THE SALE OF ALCOHOL FOR ON-PREMISES CONSUMPTION; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; PROVIDING FOR AN EFFECTIVE DATE.

Applicant, Kevin Greenwood, spoke in favor of PH-26-008.

Staff Comments: Wallis Meshier, Executive Director of Development Services
This item was presented to City Council during their Work Session. Ms. Meshier was available to provide additional information and to answer questions.

Mayor Nash-King opened the public hearing.

Janice Stafford spoke in opposition of PH-26-008.

With no one else appearing, the public hearing was closed.

Motion was made by Councilmember Kendrick to approve PH-26-008, with the condition that the property operate only as a venue, with a restriction to sell alcohol between the hours of 12:00 p.m. to 10:00 p.m., each day of the week. Motion died for lack of a second.

Motion was made by Mayor Protem Adams to approve PH-26-008, with the condition that the facility will only be used as a private event venue and shall not be open to general public for use as a bar. Motion was seconded by Councilmember Gonzalez. The motion carried 4-2, with Councilmembers Kendrick and Solomon in opposition.

PH-26-009 Hold a public hearing and consider an ordinance submitted by Republic Engineering & Development Services on behalf of 5011 Cunningham Rd Killeen LLC (Case# Z25-37) to rezone approximately 15.3 acres, out of the Robert Cunningham Survey, Abstract No. 199, and part of Lots 71 and 72 and all of Lots 73 and 74, out of Llewelyn Estates #3 (unrecorded subdivision), from "A" (Agricultural District) to "R-1" (Single-Family Residential District). The subject properties are located along Love Spur, Killeen, Texas.

The City Secretary read the caption of the ordinance:

AN ORDINANCE AMENDING THE CITY OF KILLEEN ZONING ORDINANCE BY CHANGING THE ZONING OF APPROXIMATELY 15.3 ACRES BEING OUT OF THE ROBERT CUNNINGHAM SURVEY, ABSTRACT NO. 199, AND PART OF LOTS 71 AND 72 AND ALL OF LOTS 73 AND 74, OUT OF LLEWELYN ESTATES #3 (UNRECORDED SUBDIVISION), FROM "A" (AGRICULTURAL DISTRICT) TO "R-1" (SINGLE-FAMILY RESIDENTIAL DISTRICT); PROVIDING A SAVINGS CLAUSE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; PROVIDING FOR AN EFFECTIVE DATE.

Applicant, Joseph Theriot, spoke in favor of PH-26-009.

Staff Comments: Wallis Meshier, Executive Director of Development Services
This item was presented to City Council during their Work Session. Ms. Meshier was available to provide additional information and to answer questions.

Mayor Nash-King opened the public hearing.

Harly Aquilar spoke in opposition of PH-26-009.

Leo Gukeisen spoke in opposition of PH-26-009.

Richard Davis spoke in opposition of PH-26-009.

Heather McNeely spoke in opposition of PH-26-009.

Mellisa Brown spoke in opposition of PH-26-009.

Beth Wilson spoke on behalf of Sue Hallmark in opposition of PH-26-009.

With no one else appearing, the public hearing was closed.

Motion was made by Councilmember Alvarez to approve PH-26-009, with the zoning of "SR-1" (Suburban Residential Single-Family Residential District); as recommended by the Planning and Zoning Commission. Motion was seconded by Councilmember Gonzalez. The motion carried unanimously (6-0).

Discussion Items

DS-26-004 Update regarding unfinished 2025 City Council motions and directives

Staff Comments: Andy Wallander, Deputy City Attorney

Mr. Wallander presented this item to City Council for discussion. Mr. Wallander was available to provide additional information and to answer questions.

DS-26-005 Update regarding Charter Review Procedures

Staff Comments: Andy Wallander, Deputy City Attorney

Mr. Wallander presented this item to City Council for discussion. Mr. Wallander was available to provide additional information and to answer questions.

Motion of direction was made by Councilmember Cobb to have the first meeting of the Charter Review Committee on Wednesday, February 4, 2026, at 6:00 p.m., and for staff to choose the meeting location. Motion was seconded by Councilmember Gonzalez. The motion carried 4-2, with Mayor Protem Adams and Councilmember Solomon in opposition.

DS-26-006 Update regarding the negotiation transfer of a portion of Georgetown's Certificate of Convenience and Necessity (CCN)

Staff Comments: Steve Kana

Mr. Kana presented this item to City Council for discussion. Mr. Kana was available to provide additional information and to answer questions.

DS-26-007 Update regarding Rosa Hereford Killeen Community Center renovation and all unfinished street projects

Staff Comments: Kent Cagle, City Manager, & Andrew Zagars, Executive Director of

Engineering

Mr. Cagle and Mr. Zagars presented this item to City Council for discussion. Both individuals were available to provide additional information and to answer questions.

Adjournment

With no further business, upon motion being made by Mayor Protem Adams, seconded by Councilmember Alvarez, and unanimously approved, the meeting was adjourned at 8:07 p.m.



City of Killeen

Staff Report

File Number: RS-26-029

Consider a memorandum/resolution readopting the Financial Governance Policy, to include the Investment Policy.

DATE: February 17, 2026

TO: Kent Cagle, City Manager

FROM: Judith Tangalin, Executive Director of Finance

SUBJECT: Financial Governance Policy and Investment Policy Annual Review

BACKGROUND AND FINDINGS:

Killeen's Financial Governance Policy was first adopted by City Council on December 19, 2017. The governance policy establishes the framework for the fiscal management of the City and aids in the evaluation of current operations, proposed programs, and the long-term financial stability of the City.

The Financial Governance Policy requires an annual review to begin no later than January of each year. The Investment Policy is part of the Financial Governance Policy. Texas Government Code, Chapter 2256, known as the Public Funds Investment Act (PFIA), requires the Investment Policy to be reviewed and adopted by resolution at least annually.

The review of the Financial Governance Policy began at the February 3, 2026, City Council Meeting. At the meeting, staff briefed City Council on proposed changes to the governance policy. The changes were the result of staff monitoring the application of the governance policy over the past year and identifying changes to improve the application of the policy.

Highlights of the requested changes include:

- Section XIII (A), Capitalization Threshold - Increased the capitalization threshold for individual items from \$5,000 to \$10,000
- Section XXIV (C), Senior Citizen Utility Bill Assistance Program, 2. Application and Eligibility - Added the following criteria to the eligibility requirements:
 - Requires 12 months of utility account history prior to applying for assistance
 - Income Requirements
 - Gross household income, before taxes, must not exceed 150% of the Federal Poverty Income Guidelines (FPIG) based on household size.
 - All persons residing in the household shall be included for income determination, regardless of relationship to the applicant.
 - Both fixed and earned income sources shall be considered.

- Income eligibility limits are established annually by the U.S. Department of Health and Human Services and referenced in the Financial Management Policy.
- Applications valid for sixty (60) days from date of submission
- Documentation required to verify age, residency and household income

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A

CONFORMITY TO CITY POLICY:

Yes, the City of Killeen Financial Governance Policy document which includes the investment policy states that the policy will be reviewed and adopted by resolution of the City Council at least annually. The Investment Committee reviews the investment policy and if necessary, recommends revisions to the investment policy each year to ensure compliance with the Public Funds Investment Act.

Texas Government Code 2256.005 states that the governing body of an investing entity shall review its investment policy not less often than annually. The statute requires the governing body to adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and that written instrument so adopted record any changes made to the investment policy.

In addition, the Financial Governance Policy is a comprehensive source of financial policies developed within the parameters established by applicable provisions of the Texas Local Government Code, the Texas Government Code, the Texas Tax Code, the City of Killeen Charter, the Government Finance Officers Association, and the Governmental Accounting Standards Board

FINANCIAL IMPACT:

What is the amount of the revenue/expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring revenue/expenditure?

N/A

Is this revenue/expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?

N/A

RECOMMENDATION:

City Council readopt the Financial Governance Policy, to include the Investment Policy, as amended

DEPARTMENTAL CLEARANCES:

Finance

Legal

ATTACHED SUPPORTING DOCUMENTS:

Financial Governance Policy (redlined)

Financial Governance Policy (clean)

Presentation



City of Killeen

Financial Governance Policy

Finance Department

02/19/2025 02/17/2026



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II. INTRODUCTION

The City of Killeen financial policies set forth the basic framework for the fiscal management of the City. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code, the Texas Property Tax Code, the City of Killeen Charter, the Government Finance Officers Association, and the Governmental Accounting Standards Board. The policies are intended to assist the City Council and City staff in evaluating current activities and proposals for future programs while maintaining a long-term stable and positive financial condition. The watchwords of the City's financial management include integrity, prudent stewardship, long-term planning, accountability, and transparency. The policies will be reviewed and updated on an annual basis as established in Section VI. Fiscal Monitoring. Upon adoption of these financial policies, City Council authorizes the City Manager to interpret the policies, implement all policies, and manage the City within the boundaries of the policies.

III. ANNUAL BUDGET

A. FISCAL YEAR

The fiscal year of the City of Killeen shall begin on the 1st day of October and shall end on the last day of September of each calendar year. Such fiscal year shall also constitute the accounting and budget year.

B. BUDGET PROCESS

At the beginning of the budget process each year, the City Council will review the financial policies and have strategic discussions to determine the City Council's priorities. The City Council will provide the City Manager specific direction of their priorities.

Operating departments shall submit their annual budgets to the City Manager within fiscal parameters provided by the City Manager's Office. Departments will focus on accomplishing their core mission and stay within the budget parameters set by the City Manager. Expenditure requests outside of the parameters must be submitted as separate budget decision packages to the City Manager. The City Manager will determine which decision packages, if any, to include in the proposed budget. The City Manager will balance the operating budget against current revenue prior to submitting it to the City Council.

The City Manager shall prepare and submit to City Council a proposed budget in accordance with the guidelines set forth in the City Charter, Article V and the guidance set forth in the financial policies.

C. BUDGET TIMELINE

Date	Event	Governing Source
January 31 st	Last day for City Council to begin the review of the financial policies	<ul style="list-style-type: none"> • City of Killeen Financial Governance Policy IV(B) requires annual review to begin no later than the end of January.
July	<p>City Manager submits proposed budget to City Council</p> <p>City Council sets the time and place of the public hearing on the budget</p>	<ul style="list-style-type: none"> • City Charter V(50) requires budget to be submitted to City Council not less than forty-five days prior to the beginning of fiscal year. • City Charter V(54) requires City Council to fix the time and place of a public hearing on the budget at the meeting it is submitted.
July 25 th	Certified tax roll received from Appraisal District	<ul style="list-style-type: none"> • Property Tax Code 26.01(a) requires Chief Appraiser to submit certified roll by July 25th.
July / August	Budget Public Hearing	<ul style="list-style-type: none"> • Local Government Code 102.006(b) requires a public hearing to occur after the 15th day the proposed budget is filed with the municipal clerk and before the governing body makes its tax levy. • City Charter V(54), (55)&(56) requires a public hearing to be held on the budget. City Council may make changes to the proposed budget after the public hearing. Before inserting additional items or increasing appropriations, a public hearing must be held.

August	<p>Tax rates (voter-approval and no-new-revenue rates) submitted to City Council</p> <p>City Council sets the preliminary tax rate</p> <p>Tax Rate Public Hearing</p>	<ul style="list-style-type: none"> • Property Tax Code 26.04(e) states rates must be submitted to City Council by August 7th or as soon thereafter as practicable. • Property Tax Code 26.05(a) – Must adopt a tax rate that exceeds the voter-approval tax rate not later than the 71st day before the next uniform election date prescribed by the Election Code, Section 41.001, that occurs in November of that year. • Election Code 3.005(c) – For an election to be held on a uniform election date, the election shall be ordered not later than the 78th day before election day. • Property Tax Code 26.05(d-1) – May not hold public hearing on a proposed tax rate or a public meeting to adopt a tax rate until the fifth day after the date the chief appraiser delivered notice required by Section 26.04 (e-2) and complied with Section 26.17 (f) (Database of Property-Tax-Related Information). • City Council sets the preliminary tax rate, which establishes the tax rate ceiling for the upcoming fiscal year. If the preliminary tax rate exceeds the voter-approval rate, the tax rate public hearing must occur in August prior to the deadline to call an election. If the preliminary tax rate does not exceed the voter-approval rate, the tax rate public hearing may occur in August or September.
August / September	<p>Adoption of:</p> <ul style="list-style-type: none"> • Budget • Tax rate 	<ul style="list-style-type: none"> • If preliminary tax rate exceeds the voter-approval rate, the budget and tax rate must be adopted in August. • If preliminary tax rate does not exceed the voter-approval rate, the budget and tax rate may be adopted in August or September.
September 20 th	<p>Last day per City Charter to adopt budget and tax rate</p>	<ul style="list-style-type: none"> • City Charter V(59) requires the budget to be adopted by September 20th or the budget as submitted by the City Manager is deemed to be adopted.

D. BUDGET PRESENTATION

The City Manager shall present the budget in a manner that shows expenditures and revenues for the last completed fiscal year, the estimated amount for the current fiscal year, and the proposed amount for the ensuing fiscal year in accordance with the City Charter, Article V.

The City Manager shall submit the proposed budget no later than the forty-fifth (45) day before the start of the new fiscal year in accordance with the City Charter.

E. BUDGET FILING

The budget and all supporting schedules shall be filed with the City Secretary when submitted to the City Council and shall be a public record for inspection by anyone.

Upon final adoption, the budget shall be in effect for the fiscal year. A copy of the budget, as finally adopted, shall be filed with the Clerk of Bell County (Local Government Code §102.009(d)), the City Secretary, and the State Comptroller of Public Accounts at Austin. The final budget will also be posted on the City website (Local Government Code §102.008(2)).

F. BUDGET PUBLIC HEARINGS

A public hearing shall be conducted by the City Council, allowing interested citizens to express their opinions concerning items of expenditures or revenues. The City Council shall set the hearing for a date occurring no earlier than the 16th day after the date the proposed budget is filed with the City Secretary but before the date the City Council makes its tax levy (Local Government Code §102.006).

The notice of hearing shall be published not less than 10 days nor more than 30 days before the hearing (Local Government Code §102.0065).

After conclusion of such public hearing, the City Council may insert new items or may increase or decrease the items of the Budget, except items in proposed expenditures fixed by law. Before inserting any additional item or increasing any item of appropriation, it must cause to be published a notice setting forth the nature of the proposed increases and fixing a place and time, not less than five days after publication, at which the City Council will hold a public hearing thereon (City Charter, Article V, Section 56).

After such further hearing, the City Council may insert the additional item or items, and make the increase or increases, to the amount in each case indicated by the published notice, or to a lesser amount, but where it shall increase the total proposed expenditures, it shall also provide for an increase in the total anticipated revenue to at least equal such total proposed expenditures (City Charter, Article V, Section 57).

G. BUDGET ADOPTION

The budget shall be adopted by the favorable vote of a majority of the members of the whole City Council (City Charter, Article V, Section 58). The budget shall be finally adopted not later than the twentieth day of the last month of the fiscal year. Should the City Council take no action on or prior to such day, the budget as submitted by the City Manager shall be deemed to have been finally adopted by the City Council (City Charter, Article V, Section 59). If the City Council does not adopt a tax rate, the tax rate for that year will be the lower of the no-new-revenue rate or the tax rate adopted the previous year (Texas Property Tax Code §26.05(c)).

From the effective date of the budget, the several amounts stated therein as proposed expenditures shall be and become appropriated to the several objects and purposes therein named. The City Council may only spend City funds in strict compliance with the budget, except in an emergency (Local Government Code §102.009(b)). This does not prevent the City Council from making changes in the budget for municipal purposes (Local Government Code §102.010).

From the effective date of the budget, the amount stated therein as the amount to be raised by property tax shall constitute a determination of the amount of the levy for the purposes of the City in the corresponding tax year. Upon adoption, the City may only levy taxes in accordance with the budget (Local Government Code §102.009(a)).

The total estimated expenditures of each fund shall not exceed the total estimated resources of the fund (prospective income plus cash on hand). The classification of revenue and expenditure accounts shall conform, as nearly as local conditions will permit to the uniform classification as promulgated by the Governmental Accounting Standards Board (GASB).

H. REVENUE PROJECTIONS

When developing the annual budget, the City Manager shall project revenues from each source based on actual collections from the preceding year and estimated collections of the current fiscal year, while considering known circumstances that will affect revenues for the new fiscal year. In order to maintain stability in service delivery, the City shall use a realistic, objective, and analytical approach when preparing revenue estimates. To protect the City of Killeen's financial integrity, the City will maintain a diversified and stable revenue system to shelter it from fluctuations in any one revenue source. The City of Killeen will consider market rates and charges levied by other public and private organizations for similar services in establishing tax rates, fees and

charges.

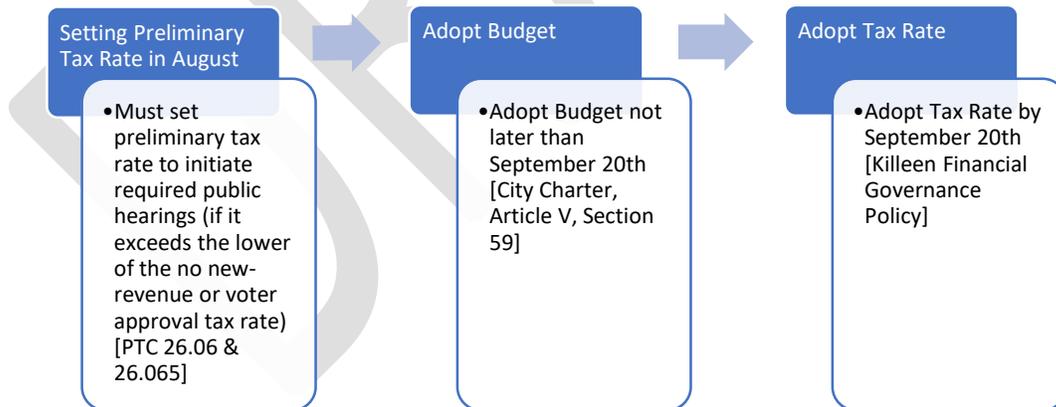
I. PROPERTY TAXES

1. TAX RATE TYPES

For every annual budget, the City of Killeen levies two property tax rates: maintenance/operation and interest/sinking. The interest/sinking levy must be sufficient to meet all principal and interest payments associated with the City's outstanding general obligation debt for that budget year. The interest/sinking levy and related expenditures shall be accounted for in the Debt Service Fund. The maintenance/operation levy shall be accounted for in the General Fund. If the City's tax rate is set above the voter-approval tax rate, the amount of the levy above the voter-approval rate shall be used for non-recurring expenditures.

2. SETTING TAX RATE

The City Council must adopt a tax rate not later than the twentieth day of the last month of the fiscal year. The annual tax rate must be set by ordinance. All actions related to the setting of the tax rate must be in accordance with Texas Property Tax Code and Local Government Code.



3. PROPERTY TAX POLICIES

The City of Killeen will levy the lowest tax rate on the broadest tax base to achieve its mission and goals. Mandated exemptions will be provided to homeowners, senior citizens, and disabled citizens. Minimal additional exemptions will be provided. The City may consider providing tax abatements or other incentives to encourage development.

J. 20 YEAR FORECAST OF REVENUES AND EXPENDITURES

A 20-year forecast of revenues and expenditures, to include a discussion of major trends affecting the City’s financial position, shall be prepared in conjunction with the annual budget process. The forecast shall also examine critical issues facing the City, economic conditions, and the outlook for the upcoming budget year.

IV. BASIS OF ACCOUNTING AND BUDGETING

A. CONFORMANCE TO ACCOUNTING PRINCIPLES AND RECOMMENDED PRACTICES

The City’s accounting practices, and financial reporting shall conform to Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

B. ORGANIZATION OF FUNDS AND ACCOUNTS

The financial transactions of the City of Killeen are accounted for and recorded in individual funds and account groups. In general, the City will maintain the minimum number of funds consistent with legal and managerial requirements.

C. BUDGET BASIS

Budgets shall be prepared and adopted on a basis consistent with generally accepted accounting principles for all governmental funds and proprietary funds.

D. ENCUMBRANCES

Encumbrance accounting shall be used. Outstanding encumbrances are reported as assignments of fund balances and do not constitute expenditures or liabilities since the amounts will be expended the subsequent fiscal year.

E. GASB STATEMENT 34

The issuance of Statement 34 by GASB has influenced the creation and reporting of individual funds. GASB 34 essentially mandates dual accounting systems: one for government-wide (i.e. the government as a single entity) reporting and another for individual fund reporting. Under GASB 34 for individual funds, the City will continue utilizing the accounting and budgeting processes as described above. However, because GASB 34 mandates the flow of economic resources measurement focus and accrual basis of accounting for the government-wide reporting, extensive reconciliation must be performed to present aggregated fund information in the government-wide reporting model. Therefore, operating funds will be created with the objective of minimizing the reconciliation necessary for government-wide reporting.

V. BUDGET ADMINISTRATION

A. LEVEL OF CONTROL

All expenditures of the City of Killeen shall be made in accordance with the annual budget. The legal level of control (the level at which expenditures may not legally exceed appropriations) is the fund. During the fiscal year, conditions may arise that require modifications to the budget.

B. AMENDING THE BUDGET

Texas law provides for two types of expenditure budget amendments.

1. AMENDMENTS

The City Council may amend or change the budget by ordinance. Ordinances amending the budget must be filed with the City Secretary. The City Secretary will attach the amendment to the original budget (Local Government Code §102.009(c) and Local Government Code §102.010). All approved budget amendments must also be filed with the Clerk of Bell County (Local Government Code §102.009(d)).

2. TRANSFERS

Transfers between expenditure accounts will be approved in accordance with City Charter, Article VII.



VI. FISCAL MONITORING

The City shall prepare and present regular reports that analyze, evaluate, and forecast the City's financial performance and economic condition.

A. FINANCIAL STATUS REPORTS

Quarterly reports comparing expenditures and revenues to the current budget, projecting expenditures and revenues through the end of the year, noting the status of unassigned fund balances, assigned fund balances, and available working capital to include dollar amounts and percentages, and outlining any remedial actions necessary to maintain the City's financial position shall be prepared by the Finance Department and reviewed by the City Manager.

B. COMPLIANCE WITH CITY COUNCIL POLICIES

All financial policies will be reviewed annually by the City Council and updated, revised, or refined as deemed necessary. The review will begin no later than the end of January. Policies adopted by the City Council are guidelines, and occasionally, exceptions may be required. However, exceptions to stated policies will be specifically identified, and the need for the exception will be documented and fully explained prior to receiving City Council consent for the variance.

C. MONITORING FINANCIAL POLICY COMPLIANCE

1. External auditors will identify areas of non-compliance through the annual audit process.
2. At the request of City Council through the Audit Committee, the City Auditor will perform a more in-depth review of any portion of the policy.



VII. AUDITING AND FINANCIAL REPORTING

The City shall comply with prevailing federal, state, and local statutes and regulations, as well as current professional principles and practices.

A. MONTHLY FINANCIAL REPORTING

Monthly reports shall be prepared comparing expenditures and revenues to the current budget. Explanatory notes and charts may be included, as needed. A summary report on the contracts awarded, capital projects completed, and status of the City's various capital programs may be included in the monthly reports.

Preliminary reports shall be provided to the City Manager within twenty (20) days following the conclusion of each calendar month. The final monthly report will be provided to City Council through the City Manager (City Charter, Article VII, Section 70 (3)) within thirty (30) days following the conclusion of each calendar month and will be posted to the City's website.

B. ANNUAL FINANCIAL REPORTING

Following the conclusion of the fiscal year, the Finance Department shall prepare an Annual Financial Report (AFR) in accordance with generally accepted accounting and financial reporting principles established by GASB. The document shall also satisfy all criteria of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

The AFR shall include the results of the annual audit prepared by independent certified public accountants designated by the City Council. The AFR shall be filed with the City Secretary within 180 days of fiscal year end (Local Government Code §103.003).

C. EXTERNAL AUDIT

Prior to the end of each fiscal year, the City Council shall designate qualified Certified Public Accountants who, as of the end of the fiscal year, shall make an independent audit of accounts and other evidence of financial transactions of the city government and shall submit their report to the City Council (City Charter, Article III, Section 40).

D. SELECTION OF AUDITORS

No later than every five years, the City shall request proposals from qualified independent firms of certified public accountants to perform an annual audit of the books of account, records, and transactions, opine on the AFR and Single Audit Report and report the results and recommendations to City Council (City Charter, Article III, Section 40). The Audit Committee shall review all proposals and submit their recommendation to the City Council for approval. The City shall change auditors no later than every five years.

E. INTERNAL AUDIT

The function of internal audit shall be an assignment of the City Council. The City Auditor will annually identify appropriate operations and practices to be reviewed in developing an annual Internal Audit Work Plan, which will be submitted to the Audit Committee for approval. Other projects may be added or amended as needs arise.

Reviews of operation on the identified topics will be conducted, examining for all fiduciary and financial controls, compliance, risk minimization, and general operational integrity. Recommendations and findings will be submitted to the Audit Committee for each work plan element, and the City Manager's Office will be responsible for implementation of proposed improvements. It is desirable to have periodic reviews of the franchise fees received by the City. The Audit Committee will determine the frequency and scope of the franchise fee review in the annual Internal Audit Work Plan.

Internal audit policies and procedures will be maintained by the internal audit department.

VIII. REVENUES

A. ACCEPTANCE OF DONATED PROPERTY

Restricted and unrestricted cash donations or other gifts offered to the City must be approved by the City Manager or designee prior to acceptance. The determination to accept or reject the donation will be based upon the best interest of the City, considering such things as projected operating, maintenance, and insurance costs. The current utility bill donation programs are listed in Section XXIV of this document.

B. USER FEES AND RATES

User fees shall be reviewed annually to calculate their full cost recovery levels or benchmark rates to average peer review cities, to compare them to the current fee structure, and to recommend adjustments where necessary. In compliance with the City Charter, Article III. – The Council, Section 38. Any ordinance imposing or increasing a fine or fee shall require a public hearing.

1. USER FEES AND RATES APPROVED BY CITY COUNCIL

The City Council shall approve the fees and rates contained in this section.

- User fees and rates that statutorily require the approval of the governing body;
- Solid Waste Rates (Code of Ordinances, Chapter 24, Article II, Division 6, Section 24-115(a), and Section 24-116(a),(b),(c-1),(d), and (e));
- Street Maintenance Fee (Code of Ordinances, Chapter 25, Article VII, Section 25-230);
- Water Rates (Code of Ordinances, Chapter 30, Article IV, Division 2);
- Sewer Rates (Code of Ordinances, Chapter 30, Article IV, Division 2);
- Drainage Utility Fee (Code of Ordinances, Chapter 32, Article I, Section 32-9);and
- Water & Wastewater Impact Fees (Code of Ordinances, Chapter 33, Article II, Section 24-25).
- All other fees and rates included in the Fee Schedule.

The City Manager shall cause to be published an annual fee schedule no later than the end of March for the following fiscal year. The Proposed Fee Schedule shall remain on the City's website for a 30-day public comment period. The Proposed

Fee Schedule shall be presented to the City Council for review and approval after the 30-day comment period has been completed.

Fees and rates affected by federal and/or state regulations will be revised to remain in compliance with federal and/or state law and incorporated into the annual fee schedule.

The City Manager is authorized to reduce rates for promotional purposes.

2. ENTERPRISE FUNDS

It is the intention of the City that all utilities and enterprise funds be self-supporting. Utility rates and enterprise fund user fees shall be set at levels sufficient to cover operating expenditures, meet debt obligations, bond coverage requirements, provide funding for capital improvements, and provide adequate levels of working capital. The City shall seek to eliminate all forms of subsidization to utility/enterprise funds from the General Fund.

Utility rate analyses shall be performed no later than every three (3) years.

User fees, particularly utility rates, should identify the relative costs of serving different classes of customers to the extent possible.

Free services will be provided to no one.

C. WATER AND SEWER RATE

Water and Sewer rates are comprised of multiple components. The components of the rates include a (1) base charge and a (2) variable rate charge. Most current rates are established in City ordinance, effective October 1st of each year.

1. WATER TIERS

Base charge – applies to users that consume 0 – 2,000 gallons monthly.

Variable rate charge – applies to users that exceed 2,000 gallons monthly:

- 2,001 to 15,000 gallons
- 15,001 to 30,000 gallons
- Over 30,000 gallons

2. SEWER TIERS

Base charge – applies to users that consume 0 – 3,000 gallons monthly (base charge for single-family residential, and up to four-unit multi-family residential property, includes \$0.50 for warranty protection of sewer lateral repairs within the right-of-way).

Variable rate charge – applies to users that exceed 3,000 gallons monthly (single-family residential capped at 10,000 gallons).

D. SUPPLEMENTARY FUNDING

Where possible, the City of Killeen will maximize its financial resources by obtaining supplementary funding through contributions and agreements with other public and private agencies for the provision of public services or the construction of capital improvements.

E. INVESTMENTS

The City shall have an investment policy and will invest idle cash to obtain interest income within the constraints of the policy. Section XXIII of this document provides the policy. The investment policy established the following four objectives:

- Preservation of capital and the protection of investment principal.
- Maintenance of sufficient liquidity to meet anticipated disbursement and cash flow.
- Avoidance of any transaction that might impair public confidence in the City's ability to govern effectively.
- Attainment of a market rate of return equal to or higher than the performance measure established by the Executive Director of Finance that is commensurate with the acceptable risk and liquidity objectives of the policy.

F. GRANTS

The City will only utilize grants that meet the objectives and priorities identified by the City Council. Advance knowledge of how the City will pick up or abandon costs when a grant ends is required. Section XXI of this document provides more information on the management of grants.

G. USE OF ONE-TIME REVENUES

The City shall use one-time revenues for one-time expenditures.

H. USE OF UNPREDICTABLE REVENUES

The City shall exercise caution with the use of unpredictable revenues for ongoing expenditures by directing such to one-time expenditures.

I. REVENUE COLLECTION AND ADMINISTRATION

The City shall maintain high collection rates for all revenues by keeping the revenue system as simple as possible in order to facilitate payment. In addition, since revenue should exceed the cost of producing it, the City shall strive to control and reduce administrative costs. The City shall, to the full extent allowed by state law, pursue collection of all delinquent taxes and other overdue payments owed the City.

J. WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS

The City shall monitor payments due to the City (accounts receivable). The City Manager or designee has the authority to periodically write-off accounts where collection efforts have been exhausted and/or collection efforts are not feasible or cost-effective.

IX. OPERATING EXPENDITURES

The City shall ensure fiscal stability and the effective and efficient delivery of services, through identification of necessary services, establishment of appropriate service levels, and careful administration of the expenditure of available resources.

A. CURRENT FUNDING BASIS

The City shall operate on a current funding basis. Expenditures shall be budgeted and controlled to not exceed current revenues plus the planned use of fund balance. (The Fund Balance/Working Capital Policy Statements shall guide the use of fund balance.)

B. AVOIDANCE OF OPERATING DEFICITS

The City shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit (i.e., projected expenditures in excess of projected revenues) is projected at year-end.

Corrective actions can include a hiring freeze, expenditure reductions, fee increases, or use of fund balance within the Fund Balance/Working Capital Policy Statements. Expenditure deferrals into the following fiscal year or use of one-time revenue sources for operating purposes shall be avoided.

C. PURCHASING

The City shall have a purchasing policy that ensures the City conducts its purchasing and procurement functions efficiently and effectively, fully complying with applicable Federal and State laws, City ordinances, and in accordance with established internal controls. The City Manager will determine the method of purchase that provides the best value to the City in instances when a method other than competitive sealed bidding is being considered (Local Government Code § 252.02(C)).

The City may refuse to enter into any contract or other transaction with any person or entity that is indebted to the City (Local Government Code § 252.0436(A)).

The City will not contract with entities that are involved in litigation with the City without City Council approval.

The City Manager and or designee may approve all contract change orders that involve an increase or decrease to the original contract of \$50,000 or less (Local Government Code § 252.048(C)). However, once the cumulative amount of change orders for a single contract reaches \$500,000, all future change orders for the contract must be taken to the City Council for approval, regardless of the amount (Governing Standards and Expectations, Sec. 4-160).

D. CLASSIFICATION OF OPERATING EXPENDITURES

Operating expenditures shall be accounted for, reported, and budgeted for in the following major categories:

- Personnel Services
- Supplies
- Repair & Maintenance
- Miscellaneous Services and Charges
- Designated Expenses
- Capital Outlay

E. ANNUAL APPROPRIATION

The annual budget appropriations shall equal the estimated revenues and match recurring revenues with recurring expenditures to the extent possible. The budget will be established in a manner to minimize the impact on the quality and scope of city services.

F. CONTINUOUS IMPROVEMENT

The City Manager shall strive to undertake periodic staff and third-party reviews of City programs for both efficiency and effectiveness. As appropriate, the privatization and contracting of services with other governmental agencies or private entities will be evaluated as alternative approaches to service delivery. Programs that are determined to be unresponsive, inefficient, and/or ineffective shall be reduced in scope or eliminated.

G. PERSONNEL EXPENDITURES

Personnel expenditures will reflect the optimal staffing needed to provide established quality and scope of city services. To attract and retain employees necessary for providing high-quality service, the City shall maintain a compensation and benefit package competitive with relevant public and private sector employers.

H. MAINTENANCE OF CAPITAL ASSETS

The City shall strive to maintain capital assets and infrastructure at a sufficient level to protect the City's investment, to minimize future replacement and maintenance costs, and to continue service levels. Future maintenance costs will be estimated and planned for at the time a capital project is approved.

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X. FUND BALANCE

The purpose of this policy is to establish guidelines for governmental fund balances in accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions.

A. GOVERNMENTAL FUND BALANCES

The City recognizes that unassigned fund balance is an important measure of economic stability. It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to 18-22% of operating expenditures to mitigate financial risk that can occur from unforeseen revenue fluctuations, significant unanticipated expenditures, and natural disasters.

The annual budget shall be presented to City Council with the General Fund reflecting an ending unassigned fund balance in the current budget year, which is no less than 18% of that fund's annual operating expenditures. The City considers a balance less than 18% to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance falls below the established minimum, the City shall refrain from making additional appropriations from fund balance and shall appropriate funds in future budgets to replenish the fund balance based upon a timetable deemed adequate by the City Council, not to exceed three years.

1. DEBT SERVICE FUND

The City will maintain a debt service reserve in the General Debt Service Fund in an amount that ensures compliance with outstanding bond covenants and related bond requirements.

2. SPECIAL REVENUE FUNDS

Hotel/Motel Tax Fund -

The City will maintain an unassigned fund balance of 18-22% of operating expenses (including operating transfers out and debt service payments) in the following special revenue fund:

Street Maintenance Fund -

The City will maintain a debt service reserve in the Street Maintenance Fund in an amount that ensures compliance with outstanding bond covenants and related bond requirements.

B. ORDER OF FUND EXPENDITURE

The City will utilize funds in the following spending order:

- Restricted
- Committed
- Assigned
- Unassigned

C. FUND BALANCE APPROPRIATIONS

General Fund unassigned fund balances in excess of the 22% goal established above shall be transferred to the Capital Projects Fund. The City of Killeen will exercise diligence in avoiding the appropriation of fund balance for recurring operating expenditures. In the event fund balance is appropriated for recurring operating expenditures to meet the needs of the community, the budget document shall include an explanation of the circumstances requiring the appropriation and the methods to be used to address the future use of fund balance for operating expenditures.

D. NON-GOVERNMENTAL FUND BALANCES

Insofar as the above policies and fund balance categories do not apply to proprietary funds, the City recognizes the need to apply a different minimum balance policy to the proprietary funds, in order to ensure continued operation in the event of a natural disaster or significant shortfall in revenues. The proprietary funds will pay (where applicable) their fair share of general and administrative expenses, in-lieu-of-property taxes, and/or franchise fees.

1. ENTERPRISE FUNDS

The City will maintain a working capital balance (current assets minus current liabilities) of 18-22% of operating expenses (including operating transfers out and debt service payments) to mitigate financial risk. The annual budget shall be presented to Council with each proprietary fund reflecting an ending working capital balance that is no less than 18% of operating expenses.

Working capital balances in excess of the 22% goal established above shall be appropriated for non-recurring capital projects or programs. Should working capital fall below the minimum, the City shall refrain from making

additional appropriations from fund net assets. If a proprietary fund is temporarily unable to pay all expenses, then the City Manager may waive general and administrative expenses, in-lieu-of-property taxes, and/or franchise fees until the fund is able to pay them. The City Council may pay out-of-pocket expenses that a fund is temporarily unable to pay with inter-fund loans, to be repaid at a future date.

2. ENTERPRISE FUNDS – DEBT SERVICE RESERVE

The City will maintain a minimum debt service reserve for enterprise funds in an amount that ensures compliance with outstanding bond covenants and related bond requirements.

3. INTERNAL SERVICE FUNDS

The City will maintain a minimum working capital balance of 3% of operating expenditures (including operating transfers out) to mitigate financial risk. The annual budget shall be presented to City Council with each internal service fund reflecting an ending working capital balance that is no less than three percent of operating expenditures (including operating transfers out). This calculation does not include non-recurring items.

Working capital balances in excess of 3% shall be appropriated for non-recurring capital expenses, capital projects, or returned to the contributing fund. Should working capital fall below the minimum, the City shall refrain from making additional appropriations from fund net assets.

In addition, the City acknowledges that initially, not all proprietary funds will meet the minimum requirement for working capital outlined in this policy. A fund will be considered compliant with this policy as long as the financial position shows continuous improvement each fiscal year.



XI. INTER-FUND LOANS

Inter-fund loans are amounts provided between funds of the City of Killeen with a requirement for repayment.

A. SHORT-TERM BORROWING

The City Manager is authorized to approve temporary inter-fund borrowings for cash flow purposes whenever the cash shortfall is expected to be resolved within 45 days. The most common use of inter-fund borrowings under this circumstance is for grant programs like the Community Development Block Grant, where costs are incurred before drawdowns are initiated and received. However, receipt of funds is typically received shortly after the request for funds has been made.

B. REVIEW AND APPROVAL

Any movement of funds from one fund to another (with the exception of short-term borrowings above) requires the approval of City Council. Additionally, all inter-fund loan proposals must be reviewed and approved by the Executive Director of Finance and the City Manager or designee.

C. FUNDING SOURCE FOR LOANS

The funding source of all inter-fund loans must be idle cash on deposit in a fund. During the term of the loan, the outstanding balance at any time must not be needed to finance normal operations. Adequate documentation (i.e., cash flow analysis) is required to support that loaned funds are idle.

D. USE OF LOAN PROCEEDS

Inter-fund loans must only be made to finance short-term operating or capital needs of the borrowing fund. Short-term is defined as a period up to five (5) years.

E. REPAYMENT SOURCE

The borrowing funds must have an identified revenue stream for the repayment of all principal and interest incurred. Management must provide documentation of ability to repay the obligation, and the department incurring the loan must execute an agreement described in section F below. Loans will not be approved if the obligor fund cannot substantiate the ability to finance current business and capital operations, make agreed upon loan repayments, and maintain sufficient cash to meet emergency needs.

F. REPAYMENT TERM

All inter-fund loans must be repaid in no more than five (5) years from the date loan documents are executed.

G. LEGAL DOCUMENTATION

All inter-fund loans are approved by the City Council and are consummated by loan agreements. Those agreements will stipulate the loan purpose, the loan amount, the term, repayment source, interest rate, and other information as required by the City's legal department.

H. REPAYMENT

All idle City cash is pooled and invested to earn a return. The lending fund should recover this foregone investment revenue. Therefore, inter-fund loans are interest bearing except for advance funding for grants, reimbursement resolutions, or when senior management finds it appropriate to forego the payment of interest. The interest rate charged and paid must comply with all applicable laws and regulations. At a minimum, the rate charged will equal the weighted average return earned on the City's pooled cash.

I. PROPRIETARY FUND LOANS

Excess pledged revenues can be used to make loans to other City Funds. Before making that determination, the proprietary fund must cover all obligations for operation and maintenance expenses, debt service expenses, debt service coverage, transfers to the General Fund, and operation reserve requirement.

1. PURPOSE OF THE LOAN

To fund non-proprietary fund capital projects for which there is no other viable funding source, and which total amount falls between a minimum and maximum threshold.

2. AGREEMENT

A formal written agreement between the proprietary fund and the receiving fund, clearly defining the terms and conditions of the agreement should be in place.

3. DETERMINATION OF SURPLUS

Prior to a loan agreement being made, a determination of surplus must be made by meeting the following criteria:

- There are sufficient excess pledged revenues
- Coverage amounts meet or exceed the recommended ratios; and
- The reserve requirements are met.

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XII. INTER-FUND TRANSFERS

All inter-fund transfers between funds must be authorized by City Council. This authorization is obtained by approval of the Annual Budget or through budget amendment.

A. OPERATING FUNDS

Inter-fund transfers are used to pay for actual general and administrative costs and to charge franchise fees to Proprietary Funds. Franchise fees (street rental fees) are assessed for the General Fund to gain back a portion of costs for the wear and tear on its streets, alleys, and rights-of-way and shall be limited to 9% of actual revenues within the applicable proprietary funds.

All inter-fund transfers between funds must be authorized by City Council. This authorization is obtained by approval of the Annual Budget or through budget amendment.

B. CAPITAL PROJECTS FUNDS

1. GENERAL FUND

Fund balances in excess of the 22% goal in the General Fund will be transferred to the Capital Projects Fund.

2. BOND FUNDS

Surplus bond proceeds may be transferred to:

- Another bond fund of the same purpose.
- The debt service fund to reduce outstanding debt.
- Operating funds due to reimbursement resolutions approved by City Council

C. ENTERPRISE FUNDS

Working capital in excess of the 22% goal in the enterprise funds will be transferred to the corresponding enterprise capital projects fund.



XIII. CAPITAL EQUIPMENT/PROJECT EXPENDITURES

The City shall annually review the needs for capital improvements and equipment, the current status of the City's infrastructure, replacement and renovation needs, and potential new projects. All projects, ongoing and proposed, shall be prioritized based on an analysis of current needs and resource availability. For every capital project, all operation, maintenance, and replacement costs shall be fully costed, considered, and built into the long-term operating budget forecast.

A. CAPITALIZATION THRESHOLD

The GFOA recommends that "best practice" guidelines be followed in establishing capitalization thresholds for tangible capital-type items. Accordingly, the following criteria are followed:

- Individual items costing \$105,000 or more and capital projects whose total cost (in the aggregate) exceeds \$100,000 or more will be capitalized and depreciated according to GASB rules.
- Tangible, capital assets will only be capitalized if they have an estimated useful life of at least two years following the date of acquisition.
- Intangible assets – Subscriptions if they meet a threshold of a \$100,000 or more and are for a term more than two years
- Capitalization thresholds will be applied to individual items and bulk purchases if they meet a threshold of a \$100,000 or more and their useful life is two years or more
- Only capital improvements that lengthen the estimated useful life of an asset or increase service capacity (effectiveness or efficiency) will be capitalized. Repairs and maintenance for an asset to retain its value are not capitalized.
- Records and procedures will be established to ensure adequate control over non-capitalized tangible assets. Departments must submit a certified report of all non-capitalized tangible assets to the Finance Department annually. It shall be the responsibility of the individual department directors to maintain records sufficient to demonstrate compliance with this policy.

B. CAPITAL EQUIPMENT

The City shall annually prepare a schedule for the replacement of its non-infrastructure capital assets (i.e., Fleet). Within the resources available each year, the City shall replace these assets according to the aforementioned schedule.

Expenditures for new (not replacement) capital equipment shall be made only to enhance employee productivity, improve quality of service, or expand scope of service.

C. CAPITAL PROJECT EXPENDITURES

The City shall have capital projects policies to establish the basic framework for the planning, development, funding, and construction of capital improvement program projects. Capital projects are intended to include infrastructure or facility improvements and maintenance needs that exceed \$100,000 and have a useful life exceeding one-year.

1. CIP BUDGET CARRYOVER

Appropriations for CIP projects lapse three years after budget adoption due to lack of activity (per City Charter, Article V. Budget, Section 73). Projects which lapse from lack of project account appropriations may be resubmitted for inclusion in a subsequent CIP. Project accounts, which have been appropriated, will not lapse until completion of the project.

2. CAPITAL PROJECTS RESERVE FUND

A Capital Projects Reserve Fund shall be established and maintained to accumulate reimbursements from other governmental agencies for the prior purchase of real property assets, proceeds from an occasional sale of surplus real property as approved by City Council, and transfers from the General Fund unassigned fund balance. This fund shall only be used to pay for expenditures such as land and building purchases, material maintenance and repairs, construction projects, feasibility, design, and engineering studies related to such projects, capital equipment and vehicles, and technology improvements. Expenditures from this fund should be aimed at protecting the health and safety of citizens and employees, protecting the existing assets of the City, ensuring public access to City facilities and information, and promoting community-wide economic development.

3. UTILITY CAPITAL EXPENDITURES

The City of Killeen uses three funding sources for utility capital expenditures. First, utility rates will be designed to provide sufficient

funding for a depreciation reserve which accumulates resources to replace or rehabilitate aging infrastructure. Second, the multi-year financial plan provides debt strategies to finance needed capital items. Third, annual transfers are made to capital rehabilitation and renewal projects from utility operations to maintain adequate funding for capital items.

D. FINANCING

The City recognizes that there are three basic methods of financing capital needs. Funding may be budgeted and covered by current revenues, may come from fund balance, or borrowed through the issuance of debt. Debt financing includes general obligation bonds, revenue bonds, certificates of obligation, lease/purchase agreements, certificates of participation, tax notes, and other obligations permitted to be issued or incurred under Texas law. Guidelines for assuming debt are set forth in the Debt Policy Statements.

E. SURPLUS BOND FUNDS

Surplus project funds may become available after the completion of a specific, authorized bond project or may result when a bond project is modified or eliminated without being simultaneously replaced by another eligible project. Surplus bond funds may be used for projects consistent with the authorized purpose of the bonds per the bond covenant to:

- Finance cost overruns on bond projects within the same bond proposition;
- Fund emergency projects;
- Reduce outstanding debt at the end of the bond program; and
- Fund newly identified projects within the authorized purposes of an approved bond proposition only after all authorized projects/categories within the same proposition are substantially complete. A project would be considered substantially complete when design has been fully completed, construction is substantially underway, and staff has prepared cost projections that include ample contingencies to complete the project in the event unforeseen costs should arise.



XIV. CAPITAL PROJECTS POLICIES

The City of Killeen capital projects policies set forth the basic framework for the planning, development, funding, and construction of capital improvement program projects for the City. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code, the City of Killeen Charter, and adopted City of Killeen master plans. The policies are intended to assist the City Council and City staff in maintaining long-term commitments to the development, design, and construction of a capital improvements program. Upon adoption of these capital project policies, the City Council authorizes the City Manager to interpret the policies, implement all policies, and manage the City within the boundaries of the policies.

A. CAPITAL IMPROVEMENTS PROGRAM (CIP)

1. CIP PURPOSE AND ADOPTION

The City of Killeen Capital Improvements Program shall be a 5-year planning document adopted on an annual basis in conjunction with the Capital Projects Budget to identify new construction, repairs, renovations, and rehabilitation of existing facilities, real property acquisitions, city owned utilities/infrastructure, and other capital projects as defined by the City of Killeen Financial Policies. The Capital Projects Plan shall identify available resources for project funding along with potential impacts on future operating budgets. To that end the program is expected to:

- Increase opportunities to obtain funding from outside sources, such as state and federal government;
- Assist in the planning, budgeting, and coordinating the operation and capital efforts of various City Departments;
- Provide a rational basis by having supporting public capital commitments; and
- Result in a more favorable bond rating by giving evidence of effective management.

2. CIP DEVELOPMENT PROCESS

Projects inside the CIP will be identified in either a short-range project or long-range project. Projects in the short-range category are expected to begin design or construction within the next 0-5 years. Furthermore, these projects have an identified funding source for all or a portion of the project. Those projects identified as long-range projects do not have an identified

funding source and/or are not anticipated to begin design/construction within the coming 5 years.

Project prioritization will be largely based on the adopted master plans for each respective project category. In the instance no adopted master plan exists projects will be prioritized based on studies performed by consultants and City staff. City Council may adjust priorities annual with the adoption of the plan. Generally, projects will be prioritized as follows:

- Tier 1
 - clear and present danger to the public; or
 - contractual obligation; or
 - written commitment of grant funding.
- Tier 2
 - documented cost savings; or
 - probable grant commitment; or
 - other justified need.
- Tier 3
 - future cost avoidance; or
 - planned improvements; or
 - significant improvement of service.

All short-range CIP projects will include the following information:

- estimation of the impact of the project on the annual operating budget;
- estimated project schedule;
- project description generally including the type of improvements and limits of construction;
- project justification based on providing a basic service, improving or rehabilitating deteriorated facilities, reducing costs, promoting jobs or benefiting a large population segment or a target area of the City;
- project costs; and
- source of funding.

3. CAPITAL PROJECTS BUDGET

At the beginning of the capital projects budget process each year, the City Council will review the capital projects policies and have strategic

discussions to determine the City Council’s priorities. The City Council will provide the City Manager specific direction of their priorities.

Departments shall submit their capital project budgets to the City Manager within fiscal parameters provided by the City Manager’s Office. Departments will focus on capital projects that have been identified inside of their respective master planning documents as well as those identified in the City Council priorities. Departments shall pursue to the maximum extent practical grant opportunities and other reimbursement programs for capital projects.

B. GENERAL PROJECT REQUIREMENTS

1. PROJECT MANAGEMENT

Every CIP project will have a qualified project manager who will prepare the project proposal, ensure that required phases are completed on schedule, authorize all project expenditures, ensure that all regulations and laws are observed, and periodically report project status.

2. CAPITAL PROJECTS REVIEW COMMITTEE

A committee will be organized by the City Manager or designee to review project proposals, determine project phasing, recommend project managers, review and evaluate the draft CIP budget document, and report CIP progress on an ongoing basis.

3. DESIGN AND CONSTRUCTION

All capital improvement projects shall be designed and constructed in accordance with all applicable local, state, and federal laws and regulations.

C. NONDISCRIMINATION IN CAPITAL PROJECTS

The City of Killeen (COK), Texas, as a recipient of Federal Financial assistance and under Title VI of the Civil Rights Act of 1964 and related statutes, assures that no person shall, on the grounds of race, color, sex, religion, handicap/disability, age, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity. The City of Killeen further assures that every effort will be made to ensure nondiscrimination in all of

its programs and activities, whether or not those programs and activities are federally funded.

In the event the City of Killeen distributes federal aid funds to another entity or contractor, the City of Killeen will include Title VI language in all written agreements and will monitor for compliance.

The City Manager is responsible for initiating and monitoring Title VI activities, preparing required reports, and other City of Killeen responsibilities as required by 23 CFR 200 (Title VI Program and Related Statutes) and 49 CFR 21 (Nondiscrimination in Federally Assisted Programs of the Department of Transportation).

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XV. DEBT

The City will attempt to support capital projects with appropriations from operating revenues or excess fund balances (i.e. “pay-as-you-go”) to minimize the issuance of debt.

A. PRINCIPLES

- To minimize interest payments on issued debt, the City will maintain a rapid debt retirement policy by issuing debt with maximum maturities not exceeding the lesser of 25 years or the useful life of the improvement. Retirement of debt principal will be structured to ensure constant annual debt payments.
- The City will attempt to maintain base bond ratings (prior to insurance) equivalent to AA. The City shall continue to seek to enhance its credit quality by frequent contact and visits with the rating agencies and monitoring the current trends and guidance from the agencies.
- When needed to minimize annual debt payments, the City will obtain insurance for new debt issues.
- Generally, competitive sale is preferred to a negotiated sale.
- In order to minimize the impact of debt issuance on the property tax rate and to assist the City in meeting its arbitrage requirements, the City will consider the sequential sale of bonds for the purpose of financing capital projects.

B. USE OF DEBT FINANCING

Debt financing, to include general obligation bonds, revenue bonds, certificates of obligation, certificates of participation, tax notes, lease/purchase agreements, and other obligations permitted to be issued or incurred under Texas law, shall only be used to purchase capital assets and equipment that cannot be prudently acquired from either current revenues, assigned fund balance, or net position, and to fund infrastructure improvements and additions. The useful life of the asset or project should exceed the payout schedule of any debt the City assumes.

C. ASSUMPTION OF ADDITIONAL DEBT

The City shall not assume more tax-supported general-purpose debt than it retires each year without conducting an objective analysis as to the City’s ability to assume and support additional debt service payments. When appropriate, self-supporting revenue bonds shall be considered before general obligation bonds.

D. AFFORDABILITY TARGETS

1. GENERAL OBLIGATION BONDS

The City shall use an objective analytical approach to determine whether it can afford to assume new general-purpose debt (General Obligation bonds, tax notes, and Certificates of Obligation) beyond what it retires each year. This process shall take into consideration any potential impact to the City's credit ratings, the growth in the City's taxable assessed value, and the direct costs and benefits of the proposed expenditures. The decision on whether or not to assume new debt shall be based on these costs and benefits, the current conditions of the municipal bond market, and the City's ability to "afford" new debt as determined by the aforementioned standards.

2. REVENUE BONDS

Revenue bonds are secured solely by the revenues of an enterprise fund. As a result, the credit markets look at the type of enterprise securing the payment of debt service on the bonds to determine the level of security necessary for the purchase of the bonds.

Whether revenue bonds can be secured with gross revenues of the enterprise or net revenues (i.e., those revenues remaining after paying costs of operation and maintenance) is often determined by law. Coverage requirements, and the need for and level of reserve funds to provide additional security in support of revenue bonds, are subject to rating agency review and market standards.

Generally, for the City to issue additional water and sewer revenue bonds, net revenues, as defined in the ordinance authorizing revenue bonds, shall be a minimum of 125% of the average annual debt service. Annual adjustments to the City's rate structures will be made as necessary to maintain a minimum 125% coverage factor. Exceptions to these standards must be fully explained and justified.

Generally, for the City to issue additional drainage revenue bonds, gross revenues, as defined in the ordinance authorizing the revenue bonds, shall be at least 125% of the maximum annual debt service; net revenues (after operations and maintenance expenses) should be at least 125% of the annual debt service for financial planning purposes. Annual adjustments to the

City's rate structures will be made necessary to maintain a minimum 125% coverage factor for net revenues.

Revenue bonds that may be issued to finance improvements for other enterprise fund activities (e.g., airports, convention centers, or solid waste facilities) will necessitate the consideration of coverage and reserve fund requirements unique to the enterprise fund, such that the revenue bonds will be creditworthy and marketable.

3. CERTIFICATES OF OBLIGATION

Certificates of Obligation may be issued without public election to finance any public work project or capital improvement, as permitted by State law. However, it is the policy of the City to utilize Certificates of Obligation to finance public improvements for special circumstances and only after determining the City's ability to assume additional debt based on the standards identified above. Those special circumstances in which Certificates might be issued include, but are not limited to:

- Advance design of projects to get them “shovel ready” and accurately determine the bond amount.
- Cost overruns on a general obligation bond-financed capital improvement have occurred;
- “Emergency” conditions require a capital improvement to be funded rapidly including an evaluation of projects that are deemed to be non-discretionary and requires City action;
- Financial opportunities unexpectedly arise to leverage funds from other entities and reduce the City's capital cost for a community improvement;
- A capital improvement is a revenue-producing facility, but due to the nature of the project or the time it takes for the facility to become operational and produce revenues, the improvement may not generate sufficient revenues throughout the life of the improvement to support the indebtedness secured solely by the revenues to be produced by the improvement;
- It would be more economical to issue Certificates of Obligation rather than issuing revenue bonds;
- The timing of the construction of a capital improvement and the expense of calling a bond election for a single proposition would, in the opinion of staff and with the approval of the City Council, warrant the issuance of Certificates of Obligation to finance the capital improvement.

E. CALL PROVISIONS

Call provisions for bond issues shall be made as short as possible without penalty consistent with the lowest interest cost to the City. When possible, all bonds shall be callable only at par.

F. SALE PROCESS

The City shall use a competitive bidding process in the sale of debt unless the nature of the issue or market conditions warrants a negotiated sale.

G. TIMING OF SALES

The City may use the cash received through the issuance of notes pursuant to the appropriation authority that may be available in accordance with the commercial paper programs to begin capital projects approved under those programs. The City may also consider using reimbursement resolutions and its cash to initiate certain projects. Consideration should be given to any lost interest earnings on the City's cash compared to the anticipated interest expense associated with the issuance of obligations by the City. This process will improve the City's ability to time its entry into the long-term fixed rate market and to manage its debt issuances and debt payments in order to minimize the impact on tax rates and utility rates.

H. RATING AGENCY PRESENTATIONS

Full disclosure of operations and open lines of communication shall be made to the rating agencies. City staff shall prepare the necessary materials and presentation to the rating agencies. Credit ratings will be sought from one or more of the nationally recognized municipal bond rating agencies, currently Moody's, Standard & Poor's, and Fitch.

I. CONTINUING DISCLOSURE

The City is committed to providing continuing disclosure of financial and pertinent credit information relevant to the City's outstanding securities and will abide by the provisions of Securities and Exchange Commission (SEC) Rule 15c2-12 concerning primary and secondary market disclosure. The City will work with Bond Counsel and its Financial Advisor to assist with meeting the requirements set forth in SEC Rule 15c2-12.

J. DEBT REFUNDING

City staff shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. As a general rule, the present value savings of a particular advance refunding (i.e., bonds that are paid off on a date that is more than 90 days after the date the refunding bonds are issued) should exceed 3.5% of the par amount of the refunded maturities.

K. POST BOND ISSUANCE FEDERAL TAX COMPLIANCE

The City has issued or will issue from time to time bonds, notes or other tax-exempt obligations (collectively, the "Bonds"). The City is required by the terms of Section 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended ("Code"), and the U.S. Treasury Regulations promulgated thereunder ("Regulations"), to preserve the tax-exempt status of its Bonds subsequent to their issuance. Further, the Code and the Regulations impose record retention requirements on the City with respect to its Bonds.



XVI. CASH MANAGEMENT

Deposits of cash shall be made daily. The timing and availability of funds shall be analyzed in order to maximize interest earnings from investments. City staff shall monitor and manage activity in the City's bank accounts to optimize the availability of funds and interest earned. Written guidelines on cash handling, accounting, segregation of duties, and other financial matters shall be maintained.

A. POOLED CASH

In order to provide liquidity adequate to meet the needs and demands of providing governmental services including unanticipated reductions in revenues or unplanned increases in expenditures, cash balances will be maintained and managed through the Pooled Cash method in such a way as to minimize short-term borrowing. This reduces overall cost to taxpayers by minimizing interest expense.

B. INVESTMENTS

The City's investment portfolio shall be managed in accordance with the Public Funds Investment Act and the City's Investment Policy. The City Council shall adopt a formal investment policy by resolution annually, following review and recommendation by the Investment Committee. The City's Investment Policy is imbedded within the Financial Governance Policy under section XXIII.

C. SELECTION OF DEPOSITORY BANK

The City will undertake a comprehensive review of its banking needs and seek competitive proposals for bank services on a regular basis. The bank shall be chosen by the City Council for a multi-year period, and banking services proposals shall be reviewed by the Investment Committee. In general, the City will seek proposals from depository banks every five years, although it is under no obligation to change.



XVII. INTERNAL CONTROLS

The City shall establish and maintain an internal control structure designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles.

A. BASIC ELEMENTS OF INTERNAL CONTROL

1. AUTHORIZATION

All transactions are properly authorized by management.

2. COMPUTER DATA PROCESSING

Procedures shall be designed to control development, modification, and maintenance of computer programs; use and changes to data maintained on computer files; application controls, for example, edits that verify vendor numbers for check writing.

The Information Technology Services Department (IT) is responsible for creating new users in the City's financial system. During the initial setup, IT will assign the appropriate Security Groups and User Account Access Groups as authorized by the Finance Department via the ERP Access Form. After the initial setup, both IT and the Finance Department can make changes to Security Groups and User Account Access Groups as needed; however, all changes must be authorized by the Finance Department.

3. SEGREGATION OF DUTIES

The organizational plan should separate functional responsibilities. Procedures designed to detect errors and irregularities should be performed by persons other than those who are in a position to approve them, and those persons should be made aware of the avenues available to them for reporting those errors and irregularities, including but not limited to their chain-of-command, City Auditor, and City Attorney.

4. EXECUTION OF TRANSACTIONS

There is reasonable assurance that transactions are executed as authorized.

5. RECORDING OF TRANSACTIONS

Transactions are recorded as necessary to permit preparation of financial statements in conformance to statutory requirements and accounting principles generally accepted in the United States, and to maintain accountability for assets.

6. ACCESS TO ASSETS

Access to assets and records should be permitted only with management's authorization.

7. PERIODIC INDEPENDENT VERIFICATION

The records should be checked against the assets by someone other than the persons responsible for the records or the assets, and the person checking the records should be made aware of his or her avenues for reporting irregularities or errors, including but not limited to his or her chain-of-command, City Auditor, or City Attorney. Examples of independent verification are monthly bank reconciliations and periodic counts of inventory.

B. WRITTEN PROCEDURES

Written procedures will be maintained by the Finance Department for all functions involving the handling of cash and securities. These procedures shall embrace sound internal control principles.

C. FINANCE DEPARTMENT RESPONSIBILITIES

The Finance Department shall issue internal control procedures based upon deficiencies that have been identified by City staff, the internal auditor, or the independent auditors. Finance shall ensure that a good faith effort is made to implement all independent auditor recommendations pertaining to internal control. The Finance Department will administer an "in-house audit" program to regularly and systematically review and monitor internal control procedures and compliance with federal and state regulatory requirements pertaining to internal controls or financial reporting.

D. DEPARTMENT HEAD RESPONSIBILITIES

Each department head is responsible to ensure that internal control procedures, including those issued by the Finance Department, are followed throughout the department.

E. IDENTITY THEFT PROGRAM

1. GENERAL INFORMATION

A ruling known as the "Identity Theft Red Flags Regulation" was jointly issued by the Federal Trade Commission, Office of Thrift Supervisor and several other governing agencies (*Agencies*); implemented section 114 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act) and was effective November 1, 2008. The Board of Governors of the Federal Reserve System on May 22, 2014, amended its rule on identity theft "red flags", which implements section 615(e) of the Fair Credit Reporting Act (FCRA). The Red Flag Program Clarification Act of 2010 added a definition of "creditor" in FCRA section 615(e) that is specific to 615(e). Accordingly, the final rule amends the definition of "creditor" in the Red Flags rule to reflect the definition of that term as added by the Clarification Act. The final rule is effective June 30, 2014.

The Identity Theft Red Flags Regulation requires financial institutions to develop and implement a written Identity Theft Program to detect, prevent and diminish identity theft in connection with opening of certain accounts or existing accounts.

Under the regulation only those financial institutions that offer or maintain "covered accounts" must develop and implement a written program. A "covered account" is defined as *(J) an account primarily used for personal, family, or household purposes, that involves or is designed to permit multiple payments or transactions (2) any other account for which there is a reasonably foreseeable risk to customers or the safety and soundness of the financial institution or creditor from identity theft.*

The *Agencies* believe that accounts such as credit cards, mortgage loans, cell phone, utility, checking, automobile loans, and savings accounts are example of accounts designed to permit multiple payments or transactions and also contain a reasonably foreseeable risk of identity theft.

2. PURPOSE

To ensure the City of Killeen has a program in place to detect, prevent and diminish identity theft in connection with the opening of utility accounts, to establish written procedures for security and storing of personal information.

3. APPLICATION

This policy applies to all City employees and service providers that have access to Utility Collections records containing customer's personal information that is submitted in person, by fax, email and over the internet.

4. DEFINITIONS

- Identity Theft: A fraud committed using the identifying information of another person.
- Red Flags: A pattern, practice, or specific activity that indicates the possible risk of identity theft.
- Identifying Information: Any name or number that may be used along or with any other information to identify a specific person; includes name, date of birth, office state or government issued driver's license or identification number, alien registration number and employer or tax identification number.

5. POLICY & PREVENTION

Red Flag Alerts

When opening new accounts, staff needs to carefully scrutinize documents submitted for identification or proof of residency for red flags such as:

- Documents provided for identification appear to be altered or forged.
- The photograph or physical description on the identification is not consistent with the appearance of the customer requesting service.
- Other information on the identification is not consistent with information provided by the person requesting service.
- Other information is not consistent with information that is on file (i.e. previous application submitted with driver's license).
- Lease submitted for proof of residency appears to be altered or forged.

- Personal information submitted is associated with known fraudulent activity.
- The state issued driver's license number and date of birth are the same as another customer's.
- New account requested immediately after disconnection for non-payment.

6. NEW ACCOUNT ACTIVATION

To ensure proper identification verification, effective November 1, 2008 all requests for new service must be completed in person or online via secured website and include the following:

- Applicants must show a government issued photo ID to initiate service.
- New applications must be submitted in person at the Utility Collections office. Applicants will be required to show a government issued photo ID, proof of social security number and proof of ownership of the property or lease before the new service can be activated.
- Applications must be submitted by the responsible party. Parents, siblings, or any other interest party cannot activate service on behalf of another person unless they have a valid power of attorney in addition to documents listed in section b for both the attorney in fact as well as the account holder.

7. DATA SECURITY AND STORAGE

- Electronic data is transmitted and exchanged through the City's VeriSign security system which enables encryption of sensitive information during online transactions.
- Disclosure of personal information: Information is used as a means of identification, for internal verification or administrative purposes.
- Data Storage: All hard copy information is stored in secured filing cabinets. Cash receipt information containing credit card numbers are decoded.
- Internal Database Security: All employees undergo a background check conducted by Human Resources Department prior to hiring. Employees are assigned security levels which limit access to sensitive data. Access into the system requires a password assigned by the System Administrator. Upon termination, employee passwords are immediately disabled.

8. DATA RETENTION

Records are disposed of in accordance with state and federal law, including the records retention schedule issued by the Texas State Library and Archives Commission.

9. IDENTIFY THEFT NOTIFICATION

A zero tolerance policy is in effect for all fraudulent transactions within the Utility Collections Division. Once written notification and verification is received of fraudulent activity from a customer, banking institution, or collection agency; Utility Collections Division will proceed with notating and taking corrective actions on the account; gathering all pertinent information that is available and immediately contacting the City of Killeen Police Department to initiate a criminal investigation.

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XVIII. ECONOMIC DEVELOPMENT

The City shall have an economic development policy for promoting new development or redevelopment within the city that will promote economic improvement, stimulate commercial activity, generate additional sales tax, and that will enhance the property tax base and economic vitality of the City.

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XIX. E-COMMERCE

The City shall fully utilize available technologies to expedite cash payments and receipts, enhance employee productivity, and provide customer satisfaction.

A. FULLY INTEGRATED FINANCIAL SYSTEMS

All E-Commerce systems and procedures must fully and transparently integrate with the City's financial and accounting systems, its depository bank systems, and any other City information system which interfaces with an E-Commerce system.

B. EMERGING TECHNOLOGIES

The City will work closely with its depository bank and other financial partners to evaluate and implement the standard industry accepted technologies that prove to be efficient and effective in pursuit of the City's E-Commerce goals.

C. VENDOR E-PAYMENTS

The City will actively migrate vendor payments from paper checks to other forms of payment, including but not limited to:

- Automated Clearing House (ACH) payments;
- Wire transfers; and
- Virtual credit cards payments.

D. DIRECT DEPOSITS

The City will actively migrate payroll payments from paper checks, to electronic formats, including but not limited to direct deposits.

E. INTERNET PAYMENT OPTIONS

Working with its depository bank and other financial partners, the City will seek to develop and implement internet payment options of best practices which will allow customers and citizens to pay bills due the City conveniently and securely.

F. FUNDING FOR SERVICE FEES

The City will work towards building the cost of e-payments into the cost of products and services rather than having an add-on fee.

G. INFORMATION SECURITY

The City will employ security measures consistent with best practice and the City's information security policy to ensure the integrity and confidentiality of customer and citizen data that is stored or is a component of transactions utilizing the City's information technology infrastructure or that of its service providers.

XX. FINANCIAL CONSULTANTS

The City shall seek out and employ the assistance of qualified financial advisors and consultants as needed in the management and administration of the City's financial functions. Financial advisors and consultants that provide professional services as defined by Texas Government Code 2254 and Local Government Code 252.022 are exempted from competitive bidding requirements.

If exempted from competitive bidding requirements, the professional service provider shall be selected using requests for qualifications and based upon demonstrated expertise relative to the scope of work to be performed. Non-exempted service providers will be selected following competitive bidding requirements. Examples of services provided by financial advisors and consultants include but are not limited to investments, debt administration, financial accounting systems, program evaluation, and financial impact modeling.

XXI. GRANTS

The City shall seek, apply for, and effectively administer federal, state, and foundation grants-in-aid that address the City's current priorities and policy objectives.

A. GUIDELINES

The City shall apply, and facilitate the application by others, for only those grants that are consistent with the objectives and high priority needs previously identified by City Council. The potential for incurring ongoing costs, to include the assumption of support for grant-funded positions from local revenues, will be identified, planned, and considered prior to applying for a grant.

B. INDIRECT COSTS

The City shall recover full indirect costs unless the funding agency does not permit it. The City may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant.

C. REVIEW

All grant submittals shall be reviewed by the Finance Department for their cash match requirements, their potential impact on the operating budget, and the extent to which they meet the City's policy objectives. If there are cash match requirements, the source of funding shall be identified prior to application. If there is a future year's obligation, the source of funding shall be identified prior to application to ensure available cash-flow to meet those obligations.

D. PROGRAM TERMINATION

The City shall terminate grant-funded programs and associated positions when grant funds are no longer available unless alternate funding is identified and programmed into the long-term financial plan.



XXII. WAIVING LIENS FOR DEMOLITION OF DANGEROUS BUILDINGS OR HEALTH AND SAFETY ABATEMENTS

A. PURPOSE

This policy establishes the guidelines for waiving and releasing liens placed on property by the City, and specifically covers those liens placed for demolition of a dangerous building or abatement of health and safety violations.

B. DEMOLITION AND HEALTH AND SAFETY ABATEMENT

Pursuant to Chapter 8 of the City of Killeen Code of Ordinances, dangerous buildings or structures are a public nuisance and shall be abated. The city shall comply with all requirements in state law and Chapter 8, as may be amended in the future, in demolishing dangerous buildings.

Nuisances found in Chapter 18 of the City of Killeen Code of Ordinances include high weeds and grass; dangerous weeds over 48 inches; accumulation of litter, trash or rubbish; littering by depositing or dumping; stagnant water; allowing unsanitary conditions; care of premises; and accumulation of fill dirt. These are considered public nuisance pursuant to Chapter 18. The City shall comply with all requirements in state law and Chapter 18, as may be amended, in abatement of public nuisances.

C. FUNDING

Demolition of dangerous buildings shall be completed using any funds available to the responsible department, including the City's General Fund and Community Development Block Grant ("CDBG") funds as allowed. Abatement of health and safety nuisances shall be completed using any available funds, but CDBG funds shall not be used.

D. PLACEMENT OF LIEN

If the owner(s) of property fails to reimburse the city for the costs of demolishing a dangerous building or abatement of a health and safety violation, after the city has given required notice and time to pay, the city shall place a lien on real property on which the violation occurred. The lien shall accrue interest at the rate provided by law until the lien is paid or otherwise released.

E. PROCEDURE FOR WAIVING LIENS

Liens may be waived when Bell County Tax Appraisal District has placed a property into trust for failing to sell in previous sheriff's sales and the city did not previously waive liens. When a property is in trust, the city is responsible for maintenance of the property and may not place additional liens for any abatement to remedy the violation. By the time a property is placed in trust, the city has also made multiple unsuccessful attempts to collect on the liens placed during demolition.

If the City elects to intervene as a party to a foreclosure for delinquent taxes by the Bell County Tax Appraisal District, liens are not waived but instead are extinguished in the foreclosure process.

The City shall not waive liens at the request of a property owner unless, after investigation by City staff, it is determined that the lien was placed in error.

The City Council shall retain authority to waive liens not outlined in this policy and upon any finding of a public purpose.

When liens are waived, a release of lien will be prepared, and filed with Bell County.

F. PUBLIC PURPOSE

The public purpose served by waiving outstanding liens is to make the properties more marketable by Bell County Tax Appraisal District at sheriff's sales, since often the liens exceed the value of the property and discourage buyers. It will also reduce the amount of time and money the city spends maintaining the real property placed in trust.

G. WAIVER OF INTEREST ON LIENS

The City makes various attempts to collect outstanding liens, which includes administrative fees and interest that accrues by law from the time of filing with Bell County. Property owners often claim no knowledge of the lien or that a property management company should be responsible. As stated above, the City shall not waive liens at the request of a property owner. The City may waive interest and/or administrative fees on a lien where there is a benefit to the City. Such requests shall be reviewed by the City Manager or his/her designee for approval.

XXIII. INVESTMENT POLICY

A. SCOPE

The Investment Policy applies to the investment activities of the Government of the City of Killeen (the “City”). These policies serve to satisfy the statutory requirements of the Texas Government Code Chapters 2256 (the “Public Funds Investment Act” or the “Act”) and 2257 (the “Collateral Act”) to define and adopt a formal investment policy. This Policy will be reviewed and adopted by resolution of the City Council at least annually according to the Act.

1. FUNDS INCLUDED

All financial assets of all funds of the City, including the General Fund, Drainage Utility Fund, Water and Sewer Utility Fund, Airport Fund, Sanitation Fund, Capital Projects Funds, Special Revenue Funds, Debt Service Funds, and all other funds that may be created by the City from time to time, and any funds held in the City’s custody, unless expressly prohibited by law or unless it is in contravention of any depository contract between the City and any depository bank are subject to this Policy. The Killeen Economic Development Corporation shall be incorporated as a component unit.

2. FUNDS EXCLUDED

This Policy does not apply to funds invested in the City’s Deferred Compensation Plan nor to investments in the Firemen’s Pension Fund, which is covered by a separate investment policy adopted by the Firemen’s Pension Board.

B. INVESTMENT OBJECTIVES

1. SAFETY

Safety of principal is the foremost objective of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of investments. Diversification strategies shall be determined and revised periodically.

2. LIQUIDITY

The investment portfolio will remain sufficiently liquid to enable the City to pay current obligations as they become due. Portfolio maturities will be structured to meet the obligations of the City first, and then to achieve the

highest return of interest consistent with the objectives of this Policy. When the City has funds that will not be needed to meet current-year obligations, maturity restraints will be imposed based upon the investment strategy for each fund.

3. PUBLIC TRUST

Investment Officers shall seek to act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction that might impair public confidence in the City's ability to govern effectively.

4. YIELD

It will be the objective of the City to earn the optimum rate of return allowed on its investments within the constraints imposed by its safety and liquidity objectives, investment strategies for each fund, and state and federal law governing investment of public funds.

C. INVESTMENT COMMITTEE

1. MEMBERS

The members of the City's Investment Committee shall be the Mayor of the City (or his/her designee), the City Manager (or his/her designee), the Executive Director of Finance, the Assistant Director of Finance, and the Controller. The Investment Committee shall receive quarterly reports, as outlined in this Policy, and monitor the results and performance of the investment portfolio.

2. SCOPE

The Investment Committee shall include in its deliberations such topics as: investment strategy, return on investments, economic outlook, portfolio diversification, maturity structure, potential risk to the City's funds, independent training sources, and authorized broker/dealers.

3. PROCEDURES

The Investment Committee shall provide minutes of its meetings. Any member may request a special meeting, and three members shall constitute a quorum. The Investment Committee shall establish its own rules of procedure.

D. RESPONSIBILITY AND CONTROL

1. DELEGATION

Management responsibility for the investment program is hereby delegated to the Executive Director of Finance, who is responsible for all investment decisions and activities. The Executive Director of Finance, Assistant Director of Finance and Controller shall be the City's Investment Officers. Investment Officers are authorized to deposit, withdraw, invest, transfer, execute documentation, and otherwise manage City funds according to this Policy. The Executive Director of Finance may designate specific City personnel to assist with various investment-related activities. The Executive Director of Finance shall be responsible for all transactions and compliance with the internal controls to ensure that the safekeeping, custodial, and collateral duties are consistent with this Investment Policy.

2. MANAGEMENT AND INTERNAL CONTROLS

The Executive Director of Finance shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Investment Committee and with the independent auditor. The controls shall be designed to reasonably prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the City. Dual control of all investment activities will consistently be maintained by two of the following positions, the Executive Director of Finance, the Assistant Director of Finance and the City Controller.

3. INVESTMENT MANAGEMENT FIRM

The City Council may contract with an investment management firm, registered under the Investment Advisor's Act of 1940 (15 U.S.C. Section 80b-1 et seq.) to provide for the investment and management of the funds of the City. The contract will be for a term no longer than two (2) years. Renewal or extension of the contract must be in compliance with the Act.

4. TRANSACTION AUTHORITY

Certain signatory responsibilities are required to transact investments. Positions authorized as depository signatories shall be the City Manager and the Investment Officers.

The persons holding these positions are also designated as authorized to transact wire transfers in accordance with the goals and objectives of the City's investment strategy.

Bonding of all those individuals authorized to place, purchase, or sell investment instruments shall be required.

5. PRUDENCE

In accordance with the Act, investments shall be made with the exercise of due care, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their own capital as well as the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority: preservation and safety of principal; maintenance of adequate liquidity; and achievement of risk-appropriate yield. This investment principle shall be applied in the context of managing the overall investment portfolio.

An Investment Officer, when acting in accordance with written procedures and exercising due diligence, shall be relieved of personal responsibility for an individual investment's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration: (1) the investment of all funds, or funds under the control of the City, over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and (2) whether the investment decision was consistent with the written Investment Policy.

6. TRAINING, QUALITY AND CAPABILITY OF INVESTMENT MANAGEMENT

It is the City's policy to provide training as required by the Act for the Investment Officers. Authorized Investment Officers will be required to complete 10 hours of training within 12 months of assuming duties. In order to ensure the quality, capability and competency of all Investment Officers in making investment decisions training shall be provided through courses and seminars offered by the independent sources approved by the Investment Committee. The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment, and compliance with the Act. After the initial training requirement, at a minimum, all Investment Officers must attend training at least every two years and accumulate 8 hours of training. The two-year period shall begin on the first day of the City's fiscal year and consist of the two consecutive fiscal years after that date.

E. ETHICS

1. CONFLICTS OF INTEREST

Officers and employees directly involved in the investment process, including members of the Investment Committee and those authorized as depository signatories, shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

2. DISCLOSURE

Such employees shall disclose to the City Manager any material financial interests they have in business organizations that conduct business with the City, and shall further disclose any large personal financial or investment positions, as defined by the Public Funds Investment Act, that could be related to the performance of the City's portfolio. Disclosure items include:

1. the employee owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
2. funds received by the employee from the business organization exceed 10 percent of the employee's gross income for the previous year; or

3. the employee has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the employee.

Such employees shall subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchases and sales.

If any Investment Officer has a personal business relationship with an entity or is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City, the Investment Officer must file a statement disclosing that personal business interest or relationship with the City Council and with the Texas Ethics Commission in accordance with the Act.

F. REPORTING INVESTMENT EARNING EVALUATION

1. QUARTERLY REPORTS

In accordance with the Act, not less than quarterly, the Investment Officers shall prepare and submit to the City Council a written report of investment transactions for all funds for the preceding reporting period within a reasonable time after the end of the period. The report must:

1. describe in detail the investment position of the City on the date of the report;
2. be prepared jointly by all Investment Officers;
3. be signed by each Investment Officer;
4. contain a summary statement of each pooled fund group that states the:
 - a.) beginning market value for the reporting period;
 - b.) ending market value for the period; and
 - c.) fully accrued interest for the reporting period.
5. state the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
6. state the maturity date of each separately invested asset that has a maturity date;
7. state the account or fund or pooled group fund in the City for which each individual investment was acquired;

8. state the compliance of the investment portfolio of the City as it relates to:
 - a.) the investment strategy expressed in the City's Investment Policy;
and
 - b.) relevant provisions of the Act; and
9. state the rate of return on the investment portfolio calculated as the weighted average yield to maturity.

Market valuations obtained by the City shall be from sources believed to be accurate and representative of the investment's true value.

The quarterly investment reports shall be reviewed by the City's independent auditors as part of the City's annual audit and the result of this review shall be reported to the City Council.

2. ANNUAL REPORT

Within a reasonable time after the end of the fiscal year, the Executive Director of Finance shall present an annual report on the investment program activity. The annual report shall include 12-month performance information and shall suggest improvements that might be made in the investment program. The annual report may be a component of the fourth quarter investment report.

3. NOTIFICATION OF INVESTMENT CHANGES

It shall be the duty of the Executive Director of Finance to notify the City Council of any significant changes in current investment methods and procedures prior to their implementation, regardless of whether they are authorized by this Policy or not.

4. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a competitive market rate of return throughout budgetary and economic cycles that is consistent with risk limitations and cash flow needs of the City. Given this strategy, the basis used by Investment Officers to determine whether market yields are being achieved shall be the average return on 90-day or 180-day U.S. Treasury Bills. "Weighted average yield to maturity" shall be the portfolio performance measurement standard.

G. INVESTMENT TYPES

1. ACTIVE PORTFOLIO MANAGEMENT

The City intends to pursue an active vs. a passive portfolio management philosophy. That is investments may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade.

2. ELIGIBLE INVESTMENTS

Financial assets of the City may be invested in:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. Financial institution deposits with a state or national bank, savings and loan association, or credit union, that meets the requirements of the Act and are fully insured or collateralized in accordance with Section I. SAFEKEEPING AND CUSTODY.
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent;
6. A fully collateralized repurchase agreement, as defined in the Act, if it:
 - a.) has a defined termination date;
 - b.) is secured by cash and obligations described by Section 2256.009 (a) (1) of the Act; and
 - c.) requires the securities being purchased by the City to be pledged to the City, held in the City's account, and deposited at the time the investment is made with the City or with a third party selected and approved by the City; and

- d.) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this State.

Notwithstanding any law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by the City under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

7. Eligible investment pools if the City Council by resolution authorizes investment in the particular pool. An investment pool shall invest the funds it receives from the City in authorized investments permitted by the Act. Investment pools must be continuously rated AAA or the equivalent by at least one nationally recognized rating service.
8. Money market mutual funds continuously rated AAA or the equivalent that are registered with and regulated by the Securities and Exchange Commission, whose investment objectives include seeking to maintain a stable net asset value of \$1.0000 per share. The money market mutual funds must provide the City with a prospectus and other information required by federal law. The City may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.
9. Interest-bearing banking deposits that are guaranteed or insured by: (A) the Federal Deposit Insurance Corporation or its successor; or (B) the National Credit Union Share Insurance Fund or its successor;
10. Commercial paper is an authorized investment under this sub chapter if the commercial paper:
 - (1) has a stated maturity of 365 days or fewer from the date of its issuance; and
 - (2) is rated not less than A-1 or P-1 or an equivalent rating by at least:
 - (A) two nationally recognized credit rating agencies; or
 - (B) one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

3. CREDIT RATINGS

Not less than quarterly, the Investment Officers will monitor the current credit rating of each held investment that has an Act required minimum rating. Any investment that requires a minimum rating does not qualify during the period the investment does not have the minimum rating. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

4. LENGTH OF INVESTMENTS

The City shall invest in instruments with scheduled maturity not to exceed the limitation of the specific investment strategy at the time of purchase.

5. DIVERSIFICATION

It shall be the policy of the City to diversify the investment portfolio. Diversification strategies shall be determined and revised periodically by the Investment Committee. In establishing specific diversification strategies, the following general constraints shall apply:

1. Limiting investments to avoid over concentration in investments from a specific issuer or business sector, where appropriate,
2. Limiting investments with higher credit risk,
3. Investing in instruments with varying maturities and in accordance with the City's cash flow projections, and
4. Continuously investing a portion of the portfolio in readily available funds such as local government investment pools, financial institution deposits, money market mutual funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

6. PROHIBITED INVESTMENTS

The following investment instruments are strictly prohibited:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

3. Collateralized Mortgage Obligations with a stated final maturity greater than ten years;
4. Collateralized Mortgage Obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index;
5. The City will not invest in derivatives. For the purposes of this Policy, the definition of derivatives includes instruments which have embedded features that alter their character or income stream or allow holders to hedge or speculate on a market or spreads between markets that are external to the issuer, or are not correlated on a one-to-one basis to the associated index or market.

H. SELECTION OF BANKS AND BROKER/DEALERS

1. SELECTION PROCESS

Primary Depositories shall be selected through the City's banking services procurement process, which shall include a formal request for application (RFA) as per State legislation and the City's purchasing policy. In selecting primary depositories, the credit worthiness of institutions shall be considered, and the Executive Director of Finance shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history.

2. INSURABILITY

Financial institutions seeking to establish eligibility for the City's funds shall submit financial statements, evidence of Federal insurance and other information as required by the Executive Director of Finance.

3. COLLATERALIZED DEPOSITS

All financial institution deposits shall be insured or collateralized in compliance with applicable State law. The City reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards City deposits. Financial institutions serving as the City's depositories will be required to sign a depository agreement with the City. The collateralized deposit portion of the agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- The agreement must be in writing;
- The agreement must be executed by the depository and the City contemporaneously with the acquisition of the asset;
- The agreement must be approved by the Board of Directors or designated committee of the depository and a copy of the meeting minutes must be delivered to the City; and
- The agreement must be part of the depository’s “official record” continuously since its execution.

The Killeen Economic Development Corporation, where applicable, shall also comply with these requirements.

4. BROKER/DEALERS AND APPROVED LIST

All broker/dealers who desire to become qualified for investment transactions with the City must be recommended by the Executive Director of Finance and approved by the Investment Committee. Applications will be reviewed on a periodic basis and submitted to the Investment Committee for approval. The Executive Director of Finance will maintain a list of broker/dealers authorized to provide investment services to the City. The authorized list of broker/dealers will, at a minimum, be reviewed and approved on an annual basis, and any broker/dealers who fail to meet the standards of this Policy shall be removed from the list. It is the policy of the City to purchase securities from the broker/dealers on the investment manager's approved list. The City authorizes the investment manager to engage in security transactions with broker/dealers on a carefully monitored broker/dealer list. The Investment Committee shall at least annually review the list of the broker/dealers with investment manager.

5. COMPETITIVE ENVIRONMENT

All trades, purchases and sales, executed for the City, excluding transactions with money market accounts, money market mutual funds and local government investment pools which are deemed to be made at prevailing market rates, will be done through a competitive solicitation process. Competitive quotes must be solicited from qualifying institutions for any investment transaction.

6. INVESTMENT POLICY

In accordance with the Act, a written copy of this Investment Policy shall be presented to any person seeking to sell to the City an authorized investment or act as Investment Advisor. A qualified representative of a local government investment pool or discretionary investment management firm (e.g. business organization) seeking to sell an authorized investment or perform investment advisory services shall execute a written instrument substantially to the effect that the qualified representative has:

1. Received and thoroughly reviewed the Investment Policy; and
2. Acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the City and the organization in accordance with the Act.

I. SAFEKEEPING AND CUSTODY

The City shall contract with a third party for the safekeeping and custody of securities either owned by the City as a part of its investment portfolio or held as collateral to secure financial institution deposits, share certificates or repurchase agreements. The securities will be held in an account in the name of the City as evidenced by safekeeping or pledge receipts of the institution with which the securities are deposited.

1. INSURANCE OR COLLATERAL

All deposits of City funds with financial institutions shall be secured by pledged collateral in accordance with Chapter 2257 of the Texas Government Code. Securities pledged as collateral for deposits must maintain a market value equal to no less than 102% of the uninsured deposits, including accrued interest. Federal Home Loan Bank Letters of Credit pledged as collateral must be equal to no less than 100% of the uninsured deposits, including accrued interest. Federal Home Loan Bank Letters of Credit pledged for certificates of deposit must expire at least two business days beyond the maturity date of the certificate of deposit. If rolling letters of credit are utilized, advance notice prior to any expiration must be provided along with a letter of credit extension. Any letter of credit extension issued to cover the expiration of an investment should expire no less than two business days beyond the final maturity date of the investment.

Repurchase agreements shall be documented by a specific agreement noting the collateral pledged in each agreement. Collateral shall be reviewed at least monthly to assure the market value equals or exceeds the collateralization requirement for the related bank balances.

2. PLEDGED COLLATERAL AGREEMENTS

All custodial arrangements shall be in accordance with a Custodial Agreement approved by the Investment Officers, which clearly defines the procedural steps for gaining access to the collateral should the City determine that the City's funds are in jeopardy. The custodian institution, or Custodian, shall be the Federal Reserve Bank or an institution not a branch of the firm pledging the collateral. A Depository Agreement shall include the signatures of the City and the firm pledging the collateral, and may include the Custodian. The Custodial and Depository Agreements shall address acceptance, substitution, release and valuation of collateral.

3. COLLATERAL DEFINED

The City shall accept only the following as collateral:

1. Cash.
2. FDIC and NCUSIF insurance coverage.
3. A bond, certificate of indebtedness, or note of the United States or its agencies and instrumentalities, or other evidence of indebtedness that is guaranteed as to the principal and interest by the United States or its agencies and instrumentalities.
4. Obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or its agencies and instrumentalities.
5. A bond of the State of Texas or of a county, city or other political subdivision of the State of Texas having been rated as investment grade (investment rating no less than "A" or its equivalent) by a nationally recognized rating agency, with a remaining maturity of ten (10) years or less.

The use of a letter of credit issued to the City by a Federal Home Loan Bank may be considered by the City to meet the required bank depository collateral requirements.

4. SUBJECT TO AUDIT

All collateral shall be subject to inspection and audit by the City or the City's independent auditors.

5. DELIVERY VS. PAYMENT

All security transactions shall be purchased using the delivery vs. payment method. That is, funds shall not be wired or paid until verification has been made that the security was received by the City's Safekeeping Agent or Trustee. The security shall be held in the account of the City. The Trustee's or Safekeeping Agent's records shall assure the notation of the City's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the City.

6. STANDARDS OF OPERATION

The Executive Director of Finance shall develop and maintain written administrative procedures for the operation of the investment program, consistent with this Investment Policy.

J. INTERNAL CONTROLS

1. INTERNAL CONTROLS

The Executive Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, as part of the annual audit, the Executive Director of Finance shall establish a process for independent review by the external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

1. Control of collusion - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.

2. Separation of transaction authority from accounting and record keeping - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. Custodial safekeeping - Securities purchased from any bank or broker/dealer, including appropriate collateral shall be placed with an independent third party for custodial safekeeping.
4. Avoidance of physical delivery securities - Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. Clear delegation of authority to subordinate staff members - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. Written confirmation of telephone transactions for investments and wire transfers - Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax or email if on letterhead and the custodial safekeeping institution has a list of authorized signatures.

K. INVESTMENT STRATEGIES

1. INVESTMENT STRATEGIES

In accordance with the Act, a separate written investment strategy will be developed for each of the fund-types under the City's control. Each investment strategy must describe the investment objectives for the particular fund-type using the following priorities of importance:

1. Understanding of the suitability of the investment to the financial requirements of the City;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the need arises to liquidate the investment before maturity;

5. Diversification of the investment portfolio; and
6. Yield.

2. FUND STRATEGIES

The investment strategies to be employed by the City are:

A) OPERATING FUNDS

Suitability - Any investment eligible in the Investment Policy is suitable for Operating Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average years to maturity of each fund's portfolio to less than 3 years and restricting the maximum allowable maturity to five years will minimize the price volatility of the portfolio.

Liquidity - Operating Funds require the greatest short-term liquidity of any of the fund-types. Short-term financial institution deposits, investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a tenth of a percentage point will define an efficient secondary market.

Diversification - Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the City. Diversifying the appropriate maturity structure up to the five-year maximum will reduce interest rate risk.

Yield - Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of a rolling three-month Treasury Bill portfolio will be the minimum yield objective.

B) DEBT SERVICE FUNDS

Suitability - Any investment eligible in the Investment Policy is suitable for Debt Service Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Funds to not exceed the debt service payment schedule the market risk of the overall portfolio will be minimized.

Liquidity - Debt Service Funds have predictable payment schedules. Therefore, investment maturities should not exceed the anticipated cash flow requirements. Short-term financial institution deposits, investments pools and money market mutual funds may provide a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement, or similar structured investment, may be utilized if disbursements are allowed in the amount necessary to satisfy any debt service payment. This investment structure is commonly referred to as a flexible repurchase agreement.

Marketability - Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash flow requirement is not probable.

Diversification - Market conditions influence the attractiveness of fully extending maturity to the next “unfunded” payment date. Generally, if investment rates are anticipated to decrease over time, the City is best served by locking in most investments. If the interest rates are potentially rising, then investing in shorter and larger amounts may provide an advantage. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

Yield - Attaining a competitive market yield for comparable investment-types and portfolio restrictions is the desired objective. The yield of a rolling three-month Treasury Bill portfolio shall be the minimum yield objective.

C) SPECIAL REVENUE FUNDS

Suitability - Any investment eligible in the Investment Policy is suitable for Special Revenue Funds.

Safety of Principal - All investments will be of high quality with no perceived default risk. Market fluctuations will occur. However, by managing Special Revenue Funds to balance the short-term and long-term anticipated cash flow requirements of the specific revenue/expense plan, the market risk of the Fund's portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated cash flow requirement or five years.

Liquidity - A portion of the Special Revenue Funds are reasonably predictable. However, unanticipated needs or emergencies may arise. Selecting investment maturities that provide greater cash flow than the anticipated needs will reduce the liquidity risk of unanticipated expenditures. Short-term financial institution deposits, investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a tenth of a percentage point will define an efficient secondary market.

Diversification - Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated needs of the City. Diversifying the appropriate maturity structure up to the five-year maximum will reduce interest rate risk.

Yield - Attaining a competitive market yield for comparable investment-types and portfolio structures is the desired objective. The yield of a rolling three-month Treasury Bill portfolio will be the minimum yield objective.

D) CAPITAL PROJECT FUNDS

Suitability - Any investment eligible in the Investment Policy is suitable for Capital Project Funds.

|

Safety of Principal - All investments will be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Capital Project Funds to not exceed the anticipated expenditure schedule the market risk of the overall portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated expenditure schedule, the IRS temporary period for tax-exempt bond proceeds, or five years.

Liquidity - Most capital improvements programs have reasonably predictable draw down schedules. Therefore, investment maturities should generally follow the anticipated cash flow requirements. Short-term financial institution deposits, investment pools and money market mutual funds will provide readily available funds generally equal to at least one month's anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement, or similar investment structure, may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a tenth of a percentage point will define an efficient secondary market.

Diversification - Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds. Generally, if investment rates exceed the applicable cost of borrowing, the City is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then concurrent market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

Yield - Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the Investment Policy's risk constraints. The yield of a rolling six-month Treasury Bill portfolio will be the minimum yield objective.

L. POLICY

1. EXEMPTION

The City is not required to liquidate investments that were authorized investments at the time of purchase. At maturity or liquidation, such monies shall be reinvested only as provided by this Policy.

2. AMENDMENT

The City Council shall review the Investment Policy, and incorporated investment strategies, annually. Amendments must be approved by the Investment Committee and adopted by the City Council. The City Council shall annually adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed and approved the Investment Policy and investment strategies, even if there are no changes from the previous document.

Sample Investment Policy Certification

This certification is executed on behalf of the **City of Killeen** (the Investor) and _____ (the Business Organization) pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code (the Act) in connection with investment transactions conducted between the Investor and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to enter an investment transaction with the Investor as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code and
2. The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the Investor and
3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the Investor that are not authorized by the Investor's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Investor's entire portfolio or requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

(Firm)

Qualified Representative of the Business Organization

(Signature)

(Name)

(Title)

(Date)

XXIV. MANAGEMENT OF MONETARY DONATIONS

A. PURPOSE

The purpose of this policy is to establish a process for the City of Killeen to accept monetary donations through utility bills and a procedure for distribution of those funds, as well as to establish eligibility for citizens to receive disbursements in limited circumstances.

B. DONATION PROCESSES

Except as provided in this policy, the City will accept monetary donations only. The City may provide an option on utility bills that allows utility customers to make voluntary contributions to the programs listed in this policy when paying their city utility bills. Donations may also be accepted in person by the Finance Department or by the respective departments as provided below. Donations will be collected throughout the year.

Offers of donations other than money or goods and services for Animal Services Division (ASD) shall be forwarded by the Department Head to the Assistant City Manager to determine whether the City will benefit from the donation.

Programs or departments that accept donations other than those listed in this policy shall deposit donated money into the appropriate account established by the Finance Department. Any offers of non-monetary donations shall be forwarded by the Department Head to the Assistant City Manager to determine whether the City will benefit from the donation.

C. SENIOR CITIZEN UTILITY BILL ASSISTANCE PROGRAM

1. PURPOSE

The purpose of this policy is to establish a process for the city to accept monetary donations and a procedure for distribution of those funds, as well as to establish eligibility criteria for senior citizens to receive financial assistance on their City of Killeen utility bills.

2. APPLICATION AND ELIGIBILITY

~~In order for a senior citizen to be considered, a written application must be submitted to the Executive Director of Finance or designee.~~

~~Eligible senior citizens must receive a utility bill from the City of Killeen and be 60 years of age at the time of application. An eligible applicant may remain on the program for a period of six months and may reapply after being off of the program for six months.~~ **Application and**

Eligibility

To be eligible for consideration, an applicant must meet **all** of the following criteria:

Age Requirement

- The applicant must be **60 years of age or older** at the time of application.

Residency and Utility Account Requirement

- The applicant must be the **account holder** of an active **City of Killeen utility account** at the address for which assistance is requested.
- The applicant must have maintained the City of Killeen utility account for a minimum of **twelve (12) months** prior to applying for assistance.

Income Requirement

- Gross household income, before taxes, must not exceed **150% of the Federal Poverty Income Guidelines (FPIG)** based on household size.
- All persons residing in the household shall be included for income determination, regardless of relationship to the applicant.
- Both fixed and earned income sources shall be considered.
- Income eligibility limits are established annually by the **U.S. Department of Health and Human Services** and referenced in the Financial Management Policy.

Application Standards

- Applications must be submitted **in writing** to the **Executive Director of Finance or designee**.
- Applicants must provide documentation sufficient to verify age, residency, and household income, as further defined in the Financial Management Policy.

Application Validity and Participation Limits

- Applications are valid for **sixty (60) days** from the date of submission.
- Approved participants may remain in the program for a period of **six (6) months** per approval.
- Upon completion of the six-month period, an applicant must be off the program for **six (6) months** before becoming eligible to reapply.
- Updated documentation may be required if an application expires or if eligibility is re-evaluated, in accordance with the Financial Management Policy.

Administrative Authority

The **Executive Director of Finance, or designee**, is authorized to administer the program and determine eligibility in accordance with this Financial Governance Policy and the Financial Management Policy.

3. PUBLIC PURPOSE

The public purpose served by this program is to reduce the impact on community resources by providing assistance to senior citizens who are unable to pay their utility bills.

D. YOUTH PROGRAMS

1. PURPOSE

The purpose of this policy is to establish a process for the City of Killeen to accept monetary donations and a procedure for distribution of those funds through scholarships for children unable, or in need of assistance to attend/participate in City Recreation Services fee-based programs, as well as to establish eligibility criteria for youth and their families.

2. DONATION ACCEPTANCE

Acceptance of monetary donations and management of the account will be by the Executive Director of Recreation or designee.

3. APPLICATION AND ELIGIBILITY

In order for a child to be considered, a parent or guardian must submit a written application to the Executive Director of Recreation Services or designee. Applications will be available year-round. Factors considered for eligibility will include proof that the applicant receives state or school assistance.

Eligible children must live in the City of Killeen and be ages 4 to 17. Assistance will only be provided for the following: City-Based Programs, Events, Camps, Clinics, Activities, Lessons, Facility Memberships and Summer Pool Passes. Scholarships ARE NOT available for single admissions to facilities or programs co-sponsored by other organizations.

After a determination of eligibility, City staff will contact the parent/guardian to coordinate enrollment in Recreation Services programs. Each child may receive up to \$100 with a maximum of \$200 per family per calendar year. Funds will be disseminated on a first come, first served basis of eligibility until depleted, and are intended to provide a fee reduction regarding the registration cost of youth programs. Recreation Services will accept and award these applications as long as there is funding available through these contributions, no funds will be given directly to participants.

4. PUBLIC PURPOSE

The public purpose served by this program is to provide financial assistance to children who are unable to attend City Recreation Services fee-based programs: Events, Camps, Clinics, Activities, Lessons, Facility Memberships and Pool Passes.

E. ANIMAL SERVICES DIVISION (ASD)

1. PURPOSE

The purpose of this policy is to establish a process for the City of Killeen to accept monetary donations and a procedure for distribution of those funds.

2. DONATION ACCEPTANCE

Management of the account will be by the Animal Services Director or designee. Monetary donations will be accepted in person by the ASD Manager or designee. ASD may also accept donations of goods or services for the care of the animals in its care. Donations may include but are not limited to: food, blankets, towels and detergent.

3. USE OF FUNDS

Funds will be used primarily to provide spay and neuter services for animals in the care of ASD, but may be reallocated based upon need, as determined by the City Manager or designee. The funds in the ASD donation account are to be used exclusively for the benefit of the animals in ASD care.

4. PUBLIC PURPOSE

The public purpose served by this policy is to reduce the impact on community resources by providing spay and neuter services for animals in the care of ASD.

F. DISBURSEMENT OF FUNDS

Availability of funds for the programs in Sections C-E will be based upon contributions to each donation account, unless otherwise funded through the annual budget.

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XXV. GLOSSARY

Accrual Basis of Accounting – A basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows. For example, in accrual accounting, revenue that was earned on April 1, but for which payment was not received until July 10, is recorded as revenue on April 1 regardless of the timing of when the payment is received.

Business Plan - A department-level plan. In this plan, departments outline each division's service areas and associated key performance indicators and priority initiatives for each. This document is meant to serve as a high-level annual performance plan, in which measures are periodically updated to facilitate continuous observation, trend analysis, and improvement of department activities and services.

Capital Equipment – The purchase of an individual asset, such as equipment, vehicles, tools or similar items with a cost of \$5,000 or more and that has a useful life exceeding one-year.

Capital Improvement Plan (CIP) – A plan that describes the capital projects and associated funding sources the City intends to undertake in the current fiscal year plus four successive fiscal years, including the acquisition or construction of capital facilities and assets, and the maintenance thereof.

Capital Improvement Project – A capital project for the new construction or expansion of infrastructure or facilities.

Capital Maintenance Project – A capital project for the remodel, reconstruction, or rehabilitation of infrastructure or facilities.

Capital Project – A non-recurring expenditure that exceeds \$100,000 and has a useful life exceeding one-year.

Capital Projects Fund – A governmental fund established to account for resources used for the acquisition of large capital improvements and non-recurring expenditures other than those acquisitions accounted for in proprietary or trust funds.

Cash Flow – The net cash balance at any given point.

City Manager – All references to the City Manager are understood to be the City Manager or designee.

Debt Service - The cash that is required for a particular time period to cover the repayment of interest and principal on a debt. Debt Service is projected on an annual basis.

Debt Service Fund – A fund established to accumulate resources and to account for revenues and expenditures used to repay the principal and interest on debt.

Deferred Inflows of Resources – Resources that flow into a fund during the fiscal year, but are related to a future period. Deferred Inflows have a negative effect on net position, similar to liabilities. (Examples include: property taxes levied in the current year to finance the subsequent year's budget.)

Deferred Outflows of Resources - Resources that flow out of a fund during the fiscal year, but are related to a future period. Deferred Outflows have a positive effect on net position, similar to assets. (Examples include: resources provided to a grantee before the grantee has met related time requirements, but after all other eligibility criteria have been met).

Executive Director of Finance – All references to the Executive Director of Finance are understood to be the Executive Director of Finance or designee.

Expenditure – Refers to the value of goods and services *received* during a period of time, regardless of when they are *used* (accrual basis of accounting) or *paid* for (cash basis of accounting).

Expense - Refers to the value of goods and services *used* during a period of time, regardless of when they were *received* (modified accrual basis of accounting) or *paid* for (cash basis of accounting).

Fiduciary Fund – Fiduciary funds are used to account for resources that a government holds as a trustee or agent on behalf of an outside party that cannot be used to support the government's own programs.

Employee Benefit Trust Fund - Employee benefit trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Finance Department – The Finance Department is the department responsible for the corporate financial operations of the City.

Fund Accounting – Fund accounting segregates monies according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Fund Balance – Fund balance is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Fund Balance is broken up into five categories:

Non-spendable Fund Balance – Includes amounts that are not in a spendable form or are required to be maintained intact. Examples are consumable inventories.

Restricted Fund Balance – Includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants and donations.

Committed Fund Balance – Includes amounts that can be used only for the specific purposes determined by a formal action (for example, legislation, resolution, and ordinance) of the City

Council. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned Fund Balance – The portion of the fund balance of a governmental fund that represents resources set aside (earmarked) by the government for a particular purpose. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned Fund Balance - Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund. Unassigned amounts are technically available for any purpose.

Governmental Fund – Governmental funds are used to account for the government's general government activities primarily supported by taxes, grants, and similar revenue sources. There are five different types of governmental funds including: General Fund, Special Revenue Funds, General Debt Service Fund, Capital Project Funds, and Permanent Funds. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

General Fund - The main operating fund which is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund finances many of the basic municipal functions, such as general administration and public safety.

Special Revenue Funds – Governmental fund type used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments.

Capital Projects Funds - Governmental fund type used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds - Governmental fund type used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Internal Controls – The plan of organization and all of the coordinated methods and measures adopted within the City to safeguard assets, check the accuracy and reliability of its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

Accounting Controls – The plan of organization and all the methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and reliability of financial records.

Administrative Controls – The plan of organization and all the methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to the financial records.

Long-Term Financial plan (LTFP) - A Long-Term Financial Plan includes an analysis of the financial and economic environment, long-term forecasts, debt analysis, and financial strategies.

Modified Accrual Basis of Accounting – Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to pay liabilities of the current period. Substantially all material revenues are considered to be susceptible to accrual. Ad valorem, sales, franchise, and other tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. A sixty-day availability period is used for revenue recognition for all governmental fund revenues.

Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due. Compensated absences, claims, and judgments are recorded when the obligations are expected to be paid from currently available financial resources.

Net Position – Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in a proprietary fund.

Non-Recurring Item – An expenditure that has not occurred in the previous two years and is not expected to occur in the following year.

Operating Expenditures (Governmental Funds) - An expenditure incurred in carrying out the City's day-to-day activities. Operating Expenditures include such things as payroll, employee benefits and pension contributions, transportation and travel.

Operating Expenses (Proprietary Funds) - An expense incurred in carrying out the City's day-to-day activities. Operating Expenses include such things as payroll, employee benefits and pension contributions, transportation and travel, amortization and depreciation. Notwithstanding the foregoing, with respect to a City Enterprise for which obligations, secured in whole or in

part by the revenues of such Enterprise (such as the City's Water and Sewer System), have been issued or incurred, Operating Expenses shall be determined in accordance with State law and terms of the ordinances pursuant to which such obligations were issued or incurred.

Pay-As-You-Go-Financing - The use of currently available cash resources to pay for capital investment. It is an alternative to debt financing.

Pooled Cash – The sum of unrestricted cash and investments of several accounting funds that are consolidated for cash management and investment purposes. Investment income or expenditure is allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Program - A set of activities, operations, or organizational units designed and directed to accomplish specific service outcomes or objectives for a defined customer.

Proprietary Fund – A class of fund types that account for a local government's businesslike activities. Proprietary funds are of two types: enterprise funds and internal service funds. Both use the accrual basis of accounting and receive their revenues from charges to users. (Enterprise Fund examples: Water and Sewer Fund, and Drainage Utility Fund; Internal Service Fund examples: Fleet Maintenance Fund, Information Systems Fund).

Enterprise Fund - Enterprise funds are used to account for those activities that are business-like in nature, and include the Water & Sewer, Drainage, Solid Waste, and Aviation funds. Enterprise fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. These funds are supported largely by user charges.

Internal Service Fund - Proprietary fund type used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

Reserve (Governmental Funds) - Reserve refers only to the portion of Fund Balance that is intended to provide stability and respond to unplanned events or opportunities. See associated Reserve Policy for specific details.

Reserve (Proprietary Funds) - Reserve refers only to the portion of Working Capital that is intended to provide stability and respond to unplanned events or opportunities. See associated Reserve Policy for specific details.

Unrestricted Net Position - The portion of a fund's net position that is not restricted for a specific purpose.

Working Capital - An accounting term defined as current assets less current liabilities in a proprietary fund. Working Capital is used to express the Reserves available in proprietary funds for use.

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City of Killeen

Financial Governance Policy

**Finance Department
02/17/2026**



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II. INTRODUCTION

The City of Killeen financial policies set forth the basic framework for the fiscal management of the City. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code, the Texas Property Tax Code, the City of Killeen Charter, the Government Finance Officers Association, and the Governmental Accounting Standards Board. The policies are intended to assist the City Council and City staff in evaluating current activities and proposals for future programs while maintaining a long-term stable and positive financial condition. The watchwords of the City's financial management include integrity, prudent stewardship, long-term planning, accountability, and transparency. The policies will be reviewed and updated on an annual basis as established in Section VI. Fiscal Monitoring. Upon adoption of these financial policies, City Council authorizes the City Manager to interpret the policies, implement all policies, and manage the City within the boundaries of the policies.

III. ANNUAL BUDGET

A. FISCAL YEAR

The fiscal year of the City of Killeen shall begin on the 1st day of October and shall end on the last day of September of each calendar year. Such fiscal year shall also constitute the accounting and budget year.

B. BUDGET PROCESS

At the beginning of the budget process each year, the City Council will review the financial policies and have strategic discussions to determine the City Council's priorities. The City Council will provide the City Manager specific direction of their priorities.

Operating departments shall submit their annual budgets to the City Manager within fiscal parameters provided by the City Manager's Office. Departments will focus on accomplishing their core mission and stay within the budget parameters set by the City Manager. Expenditure requests outside of the parameters must be submitted as separate budget decision packages to the City Manager. The City Manager will determine which decision packages, if any, to include in the proposed budget. The City Manager will balance the operating budget against current revenue prior to submitting it to the City Council.

The City Manager shall prepare and submit to City Council a proposed budget in accordance with the guidelines set forth in the City Charter, Article V and the guidance set forth in the financial policies.

C. BUDGET TIMELINE

Date	Event	Governing Source
January 31 st	Last day for City Council to begin the review of the financial policies	<ul style="list-style-type: none"> • City of Killeen Financial Governance Policy IV(B) requires annual review to begin no later than the end of January.
July	<p>City Manager submits proposed budget to City Council</p> <p>City Council sets the time and place of the public hearing on the budget</p>	<ul style="list-style-type: none"> • City Charter V(50) requires budget to be submitted to City Council not less than forty-five days prior to the beginning of fiscal year. • City Charter V(54) requires City Council to fix the time and place of a public hearing on the budget at the meeting it is submitted.
July 25 th	Certified tax roll received from Appraisal District	<ul style="list-style-type: none"> • Property Tax Code 26.01(a) requires Chief Appraiser to submit certified roll by July 25th.
July / August	Budget Public Hearing	<ul style="list-style-type: none"> • Local Government Code 102.006(b) requires a public hearing to occur after the 15th day the proposed budget is filed with the municipal clerk and before the governing body makes its tax levy. • City Charter V(54), (55)&(56) requires a public hearing to be held on the budget. City Council may make changes to the proposed budget after the public hearing. Before inserting additional items or increasing appropriations, a public hearing must be held.

August	<p>Tax rates (voter-approval and no-new-revenue rates) submitted to City Council</p> <p>City Council sets the preliminary tax rate</p> <p>Tax Rate Public Hearing</p>	<ul style="list-style-type: none"> • Property Tax Code 26.04(e) states rates must be submitted to City Council by August 7th or as soon thereafter as practicable. • Property Tax Code 26.05(a) – Must adopt a tax rate that exceeds the voter-approval tax rate not later than the 71st day before the next uniform election date prescribed by the Election Code, Section 41.001, that occurs in November of that year. • Election Code 3.005(c) – For an election to be held on a uniform election date, the election shall be ordered not later than the 78th day before election day. • Property Tax Code 26.05(d-1) – May not hold public hearing on a proposed tax rate or a public meeting to adopt a tax rate until the fifth day after the date the chief appraiser delivered notice required by Section 26.04 (e-2) and complied with Section 26.17 (f) (Database of Property-Tax-Related Information). • City Council sets the preliminary tax rate, which establishes the tax rate ceiling for the upcoming fiscal year. If the preliminary tax rate exceeds the voter-approval rate, the tax rate public hearing must occur in August prior to the deadline to call an election. If the preliminary tax rate does not exceed the voter-approval rate, the tax rate public hearing may occur in August or September.
August / September	<p>Adoption of:</p> <ul style="list-style-type: none"> • Budget • Tax rate 	<ul style="list-style-type: none"> • If preliminary tax rate exceeds the voter-approval rate, the budget and tax rate must be adopted in August. • If preliminary tax rate does not exceed the voter-approval rate, the budget and tax rate may be adopted in August or September.
September 20 th	<p>Last day per City Charter to adopt budget and tax rate</p>	<ul style="list-style-type: none"> • City Charter V(59) requires the budget to be adopted by September 20th or the budget as submitted by the City Manager is deemed to be adopted.

D. BUDGET PRESENTATION

The City Manager shall present the budget in a manner that shows expenditures and revenues for the last completed fiscal year, the estimated amount for the current fiscal year, and the proposed amount for the ensuing fiscal year in accordance with the City Charter, Article V.

The City Manager shall submit the proposed budget no later than the forty-fifth (45) day before the start of the new fiscal year in accordance with the City Charter.

E. BUDGET FILING

The budget and all supporting schedules shall be filed with the City Secretary when submitted to the City Council and shall be a public record for inspection by anyone.

Upon final adoption, the budget shall be in effect for the fiscal year. A copy of the budget, as finally adopted, shall be filed with the Clerk of Bell County (Local Government Code §102.009(d)), the City Secretary, and the State Comptroller of Public Accounts at Austin. The final budget will also be posted on the City website (Local Government Code §102.008(2)).

F. BUDGET PUBLIC HEARINGS

A public hearing shall be conducted by the City Council, allowing interested citizens to express their opinions concerning items of expenditures or revenues. The City Council shall set the hearing for a date occurring no earlier than the 16th day after the date the proposed budget is filed with the City Secretary but before the date the City Council makes its tax levy (Local Government Code §102.006).

The notice of hearing shall be published not less than 10 days nor more than 30 days before the hearing (Local Government Code §102.0065).

After conclusion of such public hearing, the City Council may insert new items or may increase or decrease the items of the Budget, except items in proposed expenditures fixed by law. Before inserting any additional item or increasing any item of appropriation, it must cause to be published a notice setting forth the nature of the proposed increases and fixing a place and time, not less than five days after publication, at which the City Council will hold a public hearing thereon (City Charter, Article V, Section 56).

After such further hearing, the City Council may insert the additional item or items, and make the increase or increases, to the amount in each case indicated by the published notice, or to a lesser amount, but where it shall increase the total proposed expenditures, it shall also provide for an increase in the total anticipated revenue to at least equal such total proposed expenditures (City Charter, Article V, Section 57).

G. BUDGET ADOPTION

The budget shall be adopted by the favorable vote of a majority of the members of the whole City Council (City Charter, Article V, Section 58). The budget shall be finally adopted not later than the twentieth day of the last month of the fiscal year. Should the City Council take no action on or prior to such day, the budget as submitted by the City Manager shall be deemed to have been finally adopted by the City Council (City Charter, Article V, Section 59). If the City Council does not adopt a tax rate, the tax rate for that year will be the lower of the no-new-revenue rate or the tax rate adopted the previous year (Texas Property Tax Code §26.05(c)).

From the effective date of the budget, the several amounts stated therein as proposed expenditures shall be and become appropriated to the several objects and purposes therein named. The City Council may only spend City funds in strict compliance with the budget, except in an emergency (Local Government Code §102.009(b)). This does not prevent the City Council from making changes in the budget for municipal purposes (Local Government Code §102.010).

From the effective date of the budget, the amount stated therein as the amount to be raised by property tax shall constitute a determination of the amount of the levy for the purposes of the City in the corresponding tax year. Upon adoption, the City may only levy taxes in accordance with the budget (Local Government Code §102.009(a)).

The total estimated expenditures of each fund shall not exceed the total estimated resources of the fund (prospective income plus cash on hand). The classification of revenue and expenditure accounts shall conform, as nearly as local conditions will permit to the uniform classification as promulgated by the Governmental Accounting Standards Board (GASB).

H. REVENUE PROJECTIONS

When developing the annual budget, the City Manager shall project revenues from each source based on actual collections from the preceding year and estimated collections of the current fiscal year, while considering known circumstances that will affect revenues for the new fiscal year. In order to maintain stability in service delivery, the City shall use a realistic, objective, and analytical approach when preparing revenue estimates. To protect the City of Killeen's financial integrity, the City will maintain a diversified and stable revenue system to shelter it from fluctuations in any one revenue source. The City of Killeen will consider market rates and charges levied by other public and private organizations for similar services in establishing tax rates, fees and

charges.

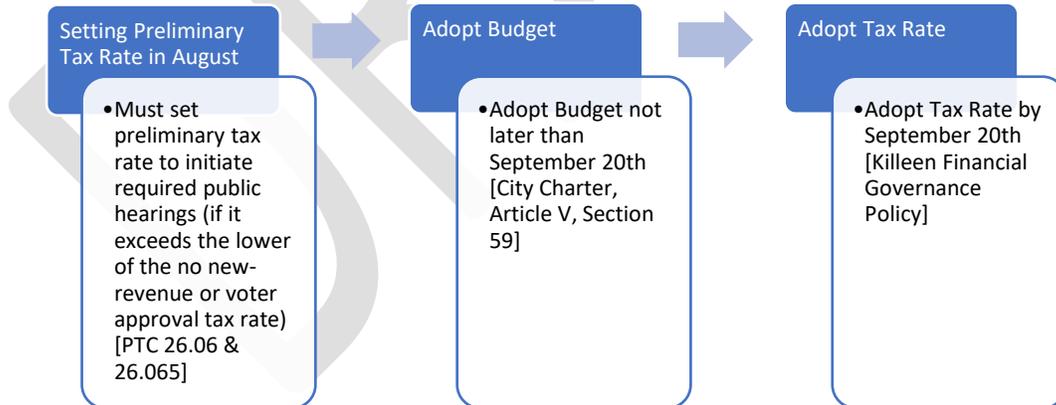
I. PROPERTY TAXES

1. TAX RATE TYPES

For every annual budget, the City of Killeen levies two property tax rates: maintenance/operation and interest/sinking. The interest/sinking levy must be sufficient to meet all principal and interest payments associated with the City's outstanding general obligation debt for that budget year. The interest/sinking levy and related expenditures shall be accounted for in the Debt Service Fund. The maintenance/operation levy shall be accounted for in the General Fund. If the City's tax rate is set above the voter-approval tax rate, the amount of the levy above the voter-approval rate shall be used for non-recurring expenditures.

2. SETTING TAX RATE

The City Council must adopt a tax rate not later than the twentieth day of the last month of the fiscal year. The annual tax rate must be set by ordinance. All actions related to the setting of the tax rate must be in accordance with Texas Property Tax Code and Local Government Code.



3. PROPERTY TAX POLICIES

The City of Killeen will levy the lowest tax rate on the broadest tax base to achieve its mission and goals. Mandated exemptions will be provided to homeowners, senior citizens, and disabled citizens. Minimal additional exemptions will be provided. The City may consider providing tax abatements or other incentives to encourage development.

J. 20 YEAR FORECAST OF REVENUES AND EXPENDITURES

A 20-year forecast of revenues and expenditures, to include a discussion of major trends affecting the City's financial position, shall be prepared in conjunction with the annual budget process. The forecast shall also examine critical issues facing the City, economic conditions, and the outlook for the upcoming budget year.

IV. BASIS OF ACCOUNTING AND BUDGETING

A. CONFORMANCE TO ACCOUNTING PRINCIPLES AND RECOMMENDED PRACTICES

The City's accounting practices, and financial reporting shall conform to Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

B. ORGANIZATION OF FUNDS AND ACCOUNTS

The financial transactions of the City of Killeen are accounted for and recorded in individual funds and account groups. In general, the City will maintain the minimum number of funds consistent with legal and managerial requirements.

C. BUDGET BASIS

Budgets shall be prepared and adopted on a basis consistent with generally accepted accounting principles for all governmental funds and proprietary funds.

D. ENCUMBRANCES

Encumbrance accounting shall be used. Outstanding encumbrances are reported as assignments of fund balances and do not constitute expenditures or liabilities since the amounts will be expended the subsequent fiscal year.

E. GASB STATEMENT 34

The issuance of Statement 34 by GASB has influenced the creation and reporting of individual funds. GASB 34 essentially mandates dual accounting systems: one for government-wide (i.e. the government as a single entity) reporting and another for individual fund reporting. Under GASB 34 for individual funds, the City will continue utilizing the accounting and budgeting processes as described above. However, because GASB 34 mandates the flow of economic resources measurement focus and accrual basis of accounting for the government-wide reporting, extensive reconciliation must be performed to present aggregated fund information in the government-wide reporting model. Therefore, operating funds will be created with the objective of minimizing the reconciliation necessary for government-wide reporting.

V. BUDGET ADMINISTRATION

A. LEVEL OF CONTROL

All expenditures of the City of Killeen shall be made in accordance with the annual budget. The legal level of control (the level at which expenditures may not legally exceed appropriations) is the fund. During the fiscal year, conditions may arise that require modifications to the budget.

B. AMENDING THE BUDGET

Texas law provides for two types of expenditure budget amendments.

1. AMENDMENTS

The City Council may amend or change the budget by ordinance. Ordinances amending the budget must be filed with the City Secretary. The City Secretary will attach the amendment to the original budget (Local Government Code §102.009(c) and Local Government Code §102.010). All approved budget amendments must also be filed with the Clerk of Bell County (Local Government Code §102.009(d)).

2. TRANSFERS

Transfers between expenditure accounts will be approved in accordance with City Charter, Article VII.



VI. FISCAL MONITORING

The City shall prepare and present regular reports that analyze, evaluate, and forecast the City's financial performance and economic condition.

A. FINANCIAL STATUS REPORTS

Quarterly reports comparing expenditures and revenues to the current budget, projecting expenditures and revenues through the end of the year, noting the status of unassigned fund balances, assigned fund balances, and available working capital to include dollar amounts and percentages, and outlining any remedial actions necessary to maintain the City's financial position shall be prepared by the Finance Department and reviewed by the City Manager.

B. COMPLIANCE WITH CITY COUNCIL POLICIES

All financial policies will be reviewed annually by the City Council and updated, revised, or refined as deemed necessary. The review will begin no later than the end of January. Policies adopted by the City Council are guidelines, and occasionally, exceptions may be required. However, exceptions to stated policies will be specifically identified, and the need for the exception will be documented and fully explained prior to receiving City Council consent for the variance.

C. MONITORING FINANCIAL POLICY COMPLIANCE

1. External auditors will identify areas of non-compliance through the annual audit process.
2. At the request of City Council through the Audit Committee, the City Auditor will perform a more in-depth review of any portion of the policy.



VII. AUDITING AND FINANCIAL REPORTING

The City shall comply with prevailing federal, state, and local statutes and regulations, as well as current professional principles and practices.

A. MONTHLY FINANCIAL REPORTING

Monthly reports shall be prepared comparing expenditures and revenues to the current budget. Explanatory notes and charts may be included, as needed. A summary report on the contracts awarded, capital projects completed, and status of the City's various capital programs may be included in the monthly reports.

Preliminary reports shall be provided to the City Manager within twenty (20) days following the conclusion of each calendar month. The final monthly report will be provided to City Council through the City Manager (City Charter, Article VII, Section 70 (3)) within thirty (30) days following the conclusion of each calendar month and will be posted to the City's website.

B. ANNUAL FINANCIAL REPORTING

Following the conclusion of the fiscal year, the Finance Department shall prepare an Annual Financial Report (AFR) in accordance with generally accepted accounting and financial reporting principles established by GASB. The document shall also satisfy all criteria of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

The AFR shall include the results of the annual audit prepared by independent certified public accountants designated by the City Council. The AFR shall be filed with the City Secretary within 180 days of fiscal year end (Local Government Code §103.003).

C. EXTERNAL AUDIT

Prior to the end of each fiscal year, the City Council shall designate qualified Certified Public Accountants who, as of the end of the fiscal year, shall make an independent audit of accounts and other evidence of financial transactions of the city government and shall submit their report to the City Council (City Charter, Article III, Section 40).

D. SELECTION OF AUDITORS

No later than every five years, the City shall request proposals from qualified independent firms of certified public accountants to perform an annual audit of the books of account, records, and transactions, opine on the AFR and Single Audit Report and report the results and recommendations to City Council (City Charter, Article III, Section 40). The Audit Committee shall review all proposals and submit their recommendation to the City Council for approval. The City shall change auditors no later than every five years.

E. INTERNAL AUDIT

The function of internal audit shall be an assignment of the City Council. The City Auditor will annually identify appropriate operations and practices to be reviewed in developing an annual Internal Audit Work Plan, which will be submitted to the Audit Committee for approval. Other projects may be added or amended as needs arise.

Reviews of operation on the identified topics will be conducted, examining for all fiduciary and financial controls, compliance, risk minimization, and general operational integrity. Recommendations and findings will be submitted to the Audit Committee for each work plan element, and the City Manager's Office will be responsible for implementation of proposed improvements. It is desirable to have periodic reviews of the franchise fees received by the City. The Audit Committee will determine the frequency and scope of the franchise fee review in the annual Internal Audit Work Plan.

Internal audit policies and procedures will be maintained by the internal audit department.

VIII. REVENUES

A. ACCEPTANCE OF DONATED PROPERTY

Restricted and unrestricted cash donations or other gifts offered to the City must be approved by the City Manager or designee prior to acceptance. The determination to accept or reject the donation will be based upon the best interest of the City, considering such things as projected operating, maintenance, and insurance costs. The current utility bill donation programs are listed in Section XXIV of this document.

B. USER FEES AND RATES

User fees shall be reviewed annually to calculate their full cost recovery levels or benchmark rates to average peer review cities, to compare them to the current fee structure, and to recommend adjustments where necessary. In compliance with the City Charter, Article III. – The Council, Section 38. Any ordinance imposing or increasing a fine or fee shall require a public hearing.

1. USER FEES AND RATES APPROVED BY CITY COUNCIL

The City Council shall approve the fees and rates contained in this section.

- User fees and rates that statutorily require the approval of the governing body;
- Solid Waste Rates (Code of Ordinances, Chapter 24, Article II, Division 6, Section 24-115(a), and Section 24-116(a),(b),(c-1),(d), and (e));
- Street Maintenance Fee (Code of Ordinances, Chapter 25, Article VII, Section 25-230);
- Water Rates (Code of Ordinances, Chapter 30, Article IV, Division 2);
- Sewer Rates (Code of Ordinances, Chapter 30, Article IV, Division 2);
- Drainage Utility Fee (Code of Ordinances, Chapter 32, Article I, Section 32-9);and
- Water & Wastewater Impact Fees (Code of Ordinances, Chapter 33, Article II, Section 24-25).
- All other fees and rates included in the Fee Schedule.

The City Manager shall cause to be published an annual fee schedule no later than the end of March for the following fiscal year. The Proposed Fee Schedule shall remain on the City's website for a 30-day public comment period. The Proposed

Fee Schedule shall be presented to the City Council for review and approval after the 30-day comment period has been completed.

Fees and rates affected by federal and/or state regulations will be revised to remain in compliance with federal and/or state law and incorporated into the annual fee schedule.

The City Manager is authorized to reduce rates for promotional purposes.

2. ENTERPRISE FUNDS

It is the intention of the City that all utilities and enterprise funds be self-supporting. Utility rates and enterprise fund user fees shall be set at levels sufficient to cover operating expenditures, meet debt obligations, bond coverage requirements, provide funding for capital improvements, and provide adequate levels of working capital. The City shall seek to eliminate all forms of subsidization to utility/enterprise funds from the General Fund.

Utility rate analyses shall be performed no later than every three (3) years.

User fees, particularly utility rates, should identify the relative costs of serving different classes of customers to the extent possible.

Free services will be provided to no one.

C. WATER AND SEWER RATE

Water and Sewer rates are comprised of multiple components. The components of the rates include a (1) base charge and a (2) variable rate charge. Most current rates are established in City ordinance, effective October 1st of each year.

1. WATER TIERS

Base charge – applies to users that consume 0 – 2,000 gallons monthly.

Variable rate charge – applies to users that exceed 2,000 gallons monthly:

- 2,001 to 15,000 gallons
- 15,001 to 30,000 gallons
- Over 30,000 gallons

2. SEWER TIERS

Base charge – applies to users that consume 0 – 3,000 gallons monthly (base charge for single-family residential, and up to four-unit multi-family residential property, includes \$0.50 for warranty protection of sewer lateral repairs within the right-of-way).

Variable rate charge – applies to users that exceed 3,000 gallons monthly (single-family residential capped at 10,000 gallons).

D. SUPPLEMENTARY FUNDING

Where possible, the City of Killeen will maximize its financial resources by obtaining supplementary funding through contributions and agreements with other public and private agencies for the provision of public services or the construction of capital improvements.

E. INVESTMENTS

The City shall have an investment policy and will invest idle cash to obtain interest income within the constraints of the policy. Section XXIII of this document provides the policy. The investment policy established the following four objectives:

- Preservation of capital and the protection of investment principal.
- Maintenance of sufficient liquidity to meet anticipated disbursement and cash flow.
- Avoidance of any transaction that might impair public confidence in the City's ability to govern effectively.
- Attainment of a market rate of return equal to or higher than the performance measure established by the Executive Director of Finance that is commensurate with the acceptable risk and liquidity objectives of the policy.

F. GRANTS

The City will only utilize grants that meet the objectives and priorities identified by the City Council. Advance knowledge of how the City will pick up or abandon costs when a grant ends is required. Section XXI of this document provides more information on the management of grants.

G. USE OF ONE-TIME REVENUES

The City shall use one-time revenues for one-time expenditures.

H. USE OF UNPREDICTABLE REVENUES

The City shall exercise caution with the use of unpredictable revenues for ongoing expenditures by directing such to one-time expenditures.

I. REVENUE COLLECTION AND ADMINISTRATION

The City shall maintain high collection rates for all revenues by keeping the revenue system as simple as possible in order to facilitate payment. In addition, since revenue should exceed the cost of producing it, the City shall strive to control and reduce administrative costs. The City shall, to the full extent allowed by state law, pursue collection of all delinquent taxes and other overdue payments owed the City.

J. WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS

The City shall monitor payments due to the City (accounts receivable). The City Manager or designee has the authority to periodically write-off accounts where collection efforts have been exhausted and/or collection efforts are not feasible or cost-effective.

IX. OPERATING EXPENDITURES

The City shall ensure fiscal stability and the effective and efficient delivery of services, through identification of necessary services, establishment of appropriate service levels, and careful administration of the expenditure of available resources.

A. CURRENT FUNDING BASIS

The City shall operate on a current funding basis. Expenditures shall be budgeted and controlled to not exceed current revenues plus the planned use of fund balance. (The Fund Balance/Working Capital Policy Statements shall guide the use of fund balance.)

B. AVOIDANCE OF OPERATING DEFICITS

The City shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit (i.e., projected expenditures in excess of projected revenues) is projected at year-end.

Corrective actions can include a hiring freeze, expenditure reductions, fee increases, or use of fund balance within the Fund Balance/Working Capital Policy Statements. Expenditure deferrals into the following fiscal year or use of one-time revenue sources for operating purposes shall be avoided.

C. PURCHASING

The City shall have a purchasing policy that ensures the City conducts its purchasing and procurement functions efficiently and effectively, fully complying with applicable Federal and State laws, City ordinances, and in accordance with established internal controls. The City Manager will determine the method of purchase that provides the best value to the City in instances when a method other than competitive sealed bidding is being considered (Local Government Code § 252.02(C)).

The City may refuse to enter into any contract or other transaction with any person or entity that is indebted to the City (Local Government Code § 252.0436(A)).

The City will not contract with entities that are involved in litigation with the City without City Council approval.

The City Manager and or designee may approve all contract change orders that involve an increase or decrease to the original contract of \$50,000 or less (Local Government Code § 252.048(C)). However, once the cumulative amount of change orders for a single contract reaches \$500,000, all future change orders for the contract must be taken to the City Council for approval, regardless of the amount (Governing Standards and Expectations, Sec. 4-160).

D. CLASSIFICATION OF OPERATING EXPENDITURES

Operating expenditures shall be accounted for, reported, and budgeted for in the following major categories:

- Personnel Services
- Supplies
- Repair & Maintenance
- Miscellaneous Services and Charges
- Designated Expenses
- Capital Outlay

E. ANNUAL APPROPRIATION

The annual budget appropriations shall equal the estimated revenues and match recurring revenues with recurring expenditures to the extent possible. The budget will be established in a manner to minimize the impact on the quality and scope of city services.

F. CONTINUOUS IMPROVEMENT

The City Manager shall strive to undertake periodic staff and third-party reviews of City programs for both efficiency and effectiveness. As appropriate, the privatization and contracting of services with other governmental agencies or private entities will be evaluated as alternative approaches to service delivery. Programs that are determined to be unresponsive, inefficient, and/or ineffective shall be reduced in scope or eliminated.

G. PERSONNEL EXPENDITURES

Personnel expenditures will reflect the optimal staffing needed to provide established quality and scope of city services. To attract and retain employees necessary for providing high-quality service, the City shall maintain a compensation and benefit package competitive with relevant public and private sector employers.

H. MAINTENANCE OF CAPITAL ASSETS

The City shall strive to maintain capital assets and infrastructure at a sufficient level to protect the City's investment, to minimize future replacement and maintenance costs, and to continue service levels. Future maintenance costs will be estimated and planned for at the time a capital project is approved.

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X. FUND BALANCE

The purpose of this policy is to establish guidelines for governmental fund balances in accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions.

A. GOVERNMENTAL FUND BALANCES

The City recognizes that unassigned fund balance is an important measure of economic stability. It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to 18-22% of operating expenditures to mitigate financial risk that can occur from unforeseen revenue fluctuations, significant unanticipated expenditures, and natural disasters.

The annual budget shall be presented to City Council with the General Fund reflecting an ending unassigned fund balance in the current budget year, which is no less than 18% of that fund's annual operating expenditures. The City considers a balance less than 18% to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance falls below the established minimum, the City shall refrain from making additional appropriations from fund balance and shall appropriate funds in future budgets to replenish the fund balance based upon a timetable deemed adequate by the City Council, not to exceed three years.

1. DEBT SERVICE FUND

The City will maintain a debt service reserve in the General Debt Service Fund in an amount that ensures compliance with outstanding bond covenants and related bond requirements.

2. SPECIAL REVENUE FUNDS

Hotel/Motel Tax Fund -

The City will maintain an unassigned fund balance of 18-22% of operating expenses (including operating transfers out and debt service payments) in the following special revenue fund:

Street Maintenance Fund -

The City will maintain a debt service reserve in the Street Maintenance Fund in an amount that ensures compliance with outstanding bond covenants and related bond requirements.

B. ORDER OF FUND EXPENDITURE

The City will utilize funds in the following spending order:

- Restricted
- Committed
- Assigned
- Unassigned

C. FUND BALANCE APPROPRIATIONS

General Fund unassigned fund balances in excess of the 22% goal established above shall be transferred to the Capital Projects Fund. The City of Killeen will exercise diligence in avoiding the appropriation of fund balance for recurring operating expenditures. In the event fund balance is appropriated for recurring operating expenditures to meet the needs of the community, the budget document shall include an explanation of the circumstances requiring the appropriation and the methods to be used to address the future use of fund balance for operating expenditures.

D. NON-GOVERNMENTAL FUND BALANCES

Insofar as the above policies and fund balance categories do not apply to proprietary funds, the City recognizes the need to apply a different minimum balance policy to the proprietary funds, in order to ensure continued operation in the event of a natural disaster or significant shortfall in revenues. The proprietary funds will pay (where applicable) their fair share of general and administrative expenses, in-lieu-of-property taxes, and/or franchise fees.

1. ENTERPRISE FUNDS

The City will maintain a working capital balance (current assets minus current liabilities) of 18-22% of operating expenses (including operating transfers out and debt service payments) to mitigate financial risk. The annual budget shall be presented to Council with each proprietary fund reflecting an ending working capital balance that is no less than 18% of operating expenses.

Working capital balances in excess of the 22% goal established above shall be appropriated for non-recurring capital projects or programs. Should working capital fall below the minimum, the City shall refrain from making

additional appropriations from fund net assets. If a proprietary fund is temporarily unable to pay all expenses, then the City Manager may waive general and administrative expenses, in-lieu-of-property taxes, and/or franchise fees until the fund is able to pay them. The City Council may pay out-of-pocket expenses that a fund is temporarily unable to pay with inter-fund loans, to be repaid at a future date.

2. ENTERPRISE FUNDS – DEBT SERVICE RESERVE

The City will maintain a minimum debt service reserve for enterprise funds in an amount that ensures compliance with outstanding bond covenants and related bond requirements.

3. INTERNAL SERVICE FUNDS

The City will maintain a minimum working capital balance of 3% of operating expenditures (including operating transfers out) to mitigate financial risk. The annual budget shall be presented to City Council with each internal service fund reflecting an ending working capital balance that is no less than three percent of operating expenditures (including operating transfers out). This calculation does not include non-recurring items.

Working capital balances in excess of 3% shall be appropriated for non-recurring capital expenses, capital projects, or returned to the contributing fund. Should working capital fall below the minimum, the City shall refrain from making additional appropriations from fund net assets.

In addition, the City acknowledges that initially, not all proprietary funds will meet the minimum requirement for working capital outlined in this policy. A fund will be considered compliant with this policy as long as the financial position shows continuous improvement each fiscal year.



XI. INTER-FUND LOANS

Inter-fund loans are amounts provided between funds of the City of Killeen with a requirement for repayment.

A. SHORT-TERM BORROWING

The City Manager is authorized to approve temporary inter-fund borrowings for cash flow purposes whenever the cash shortfall is expected to be resolved within 45 days. The most common use of inter-fund borrowings under this circumstance is for grant programs like the Community Development Block Grant, where costs are incurred before drawdowns are initiated and received. However, receipt of funds is typically received shortly after the request for funds has been made.

B. REVIEW AND APPROVAL

Any movement of funds from one fund to another (with the exception of short-term borrowings above) requires the approval of City Council. Additionally, all inter-fund loan proposals must be reviewed and approved by the Executive Director of Finance and the City Manager or designee.

C. FUNDING SOURCE FOR LOANS

The funding source of all inter-fund loans must be idle cash on deposit in a fund. During the term of the loan, the outstanding balance at any time must not be needed to finance normal operations. Adequate documentation (i.e., cash flow analysis) is required to support that loaned funds are idle.

D. USE OF LOAN PROCEEDS

Inter-fund loans must only be made to finance short-term operating or capital needs of the borrowing fund. Short-term is defined as a period up to five (5) years.

E. REPAYMENT SOURCE

The borrowing funds must have an identified revenue stream for the repayment of all principal and interest incurred. Management must provide documentation of ability to repay the obligation, and the department incurring the loan must execute an agreement described in section F below. Loans will not be approved if the obligor fund cannot substantiate the ability to finance current business and capital operations, make agreed upon loan repayments, and maintain sufficient cash to meet emergency needs.

F. REPAYMENT TERM

All inter-fund loans must be repaid in no more than five (5) years from the date loan documents are executed.

G. LEGAL DOCUMENTATION

All inter-fund loans are approved by the City Council and are consummated by loan agreements. Those agreements will stipulate the loan purpose, the loan amount, the term, repayment source, interest rate, and other information as required by the City's legal department.

H. REPAYMENT

All idle City cash is pooled and invested to earn a return. The lending fund should recover this foregone investment revenue. Therefore, inter-fund loans are interest bearing except for advance funding for grants, reimbursement resolutions, or when senior management finds it appropriate to forego the payment of interest. The interest rate charged and paid must comply with all applicable laws and regulations. At a minimum, the rate charged will equal the weighted average return earned on the City's pooled cash.

I. PROPRIETARY FUND LOANS

Excess pledged revenues can be used to make loans to other City Funds. Before making that determination, the proprietary fund must cover all obligations for operation and maintenance expenses, debt service expenses, debt service coverage, transfers to the General Fund, and operation reserve requirement.

1. PURPOSE OF THE LOAN

To fund non-proprietary fund capital projects for which there is no other viable funding source, and which total amount falls between a minimum and maximum threshold.

2. AGREEMENT

A formal written agreement between the proprietary fund and the receiving fund, clearly defining the terms and conditions of the agreement should be in place.

3. DETERMINATION OF SURPLUS

Prior to a loan agreement being made, a determination of surplus must be made by meeting the following criteria:

- There are sufficient excess pledged revenues
- Coverage amounts meet or exceed the recommended ratios; and
- The reserve requirements are met.

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XII. INTER-FUND TRANSFERS

All inter-fund transfers between funds must be authorized by City Council. This authorization is obtained by approval of the Annual Budget or through budget amendment.

A. OPERATING FUNDS

Inter-fund transfers are used to pay for actual general and administrative costs and to charge franchise fees to Proprietary Funds. Franchise fees (street rental fees) are assessed for the General Fund to gain back a portion of costs for the wear and tear on its streets, alleys, and rights-of-way and shall be limited to 9% of actual revenues within the applicable proprietary funds.

All inter-fund transfers between funds must be authorized by City Council. This authorization is obtained by approval of the Annual Budget or through budget amendment.

B. CAPITAL PROJECTS FUNDS

1. GENERAL FUND

Fund balances in excess of the 22% goal in the General Fund will be transferred to the Capital Projects Fund.

2. BOND FUNDS

Surplus bond proceeds may be transferred to:

- Another bond fund of the same purpose.
- The debt service fund to reduce outstanding debt.
- Operating funds due to reimbursement resolutions approved by City Council

C. ENTERPRISE FUNDS

Working capital in excess of the 22% goal in the enterprise funds will be transferred to the corresponding enterprise capital projects fund.



XIII. CAPITAL EQUIPMENT/PROJECT EXPENDITURES

The City shall annually review the needs for capital improvements and equipment, the current status of the City's infrastructure, replacement and renovation needs, and potential new projects. All projects, ongoing and proposed, shall be prioritized based on an analysis of current needs and resource availability. For every capital project, all operation, maintenance, and replacement costs shall be fully costed, considered, and built into the long-term operating budget forecast.

A. CAPITALIZATION THRESHOLD

The GFOA recommends that "best practice" guidelines be followed in establishing capitalization thresholds for tangible capital-type items. Accordingly, the following criteria are followed:

- Individual items costing \$10,000 or more and capital projects whose total cost (in the aggregate) exceeds \$100,000 or more will be capitalized and depreciated according to GASB rules.
- Tangible, capital assets will only be capitalized if they have an estimated useful life of at least two years following the date of acquisition.
- Intangible assets – Subscriptions if they meet a threshold of a \$100,000 or more and are for a term more than two years
- Capitalization thresholds will be applied to individual items and bulk purchases if they meet a threshold of a \$100,000 or more and their useful life is two years or more
- Only capital improvements that lengthen the estimated useful life of an asset or increase service capacity (effectiveness or efficiency) will be capitalized. Repairs and maintenance for an asset to retain its value are not capitalized.
- Records and procedures will be established to ensure adequate control over non-capitalized tangible assets. Departments must submit a certified report of all non-capitalized tangible assets to the Finance Department annually. It shall be the responsibility of the individual department directors to maintain records sufficient to demonstrate compliance with this policy.

B. CAPITAL EQUIPMENT

The City shall annually prepare a schedule for the replacement of its non-infrastructure capital assets (i.e., Fleet). Within the resources available each year, the City shall replace these assets according to the aforementioned schedule.

Expenditures for new (not replacement) capital equipment shall be made only to enhance employee productivity, improve quality of service, or expand scope of service.

C. CAPITAL PROJECT EXPENDITURES

The City shall have capital projects policies to establish the basic framework for the planning, development, funding, and construction of capital improvement program projects. Capital projects are intended to include infrastructure or facility improvements and maintenance needs that exceed \$100,000 and have a useful life exceeding one-year.

1. CIP BUDGET CARRYOVER

Appropriations for CIP projects lapse three years after budget adoption due to lack of activity (per City Charter, Article V. Budget, Section 73). Projects which lapse from lack of project account appropriations may be resubmitted for inclusion in a subsequent CIP. Project accounts, which have been appropriated, will not lapse until completion of the project.

2. CAPITAL PROJECTS RESERVE FUND

A Capital Projects Reserve Fund shall be established and maintained to accumulate reimbursements from other governmental agencies for the prior purchase of real property assets, proceeds from an occasional sale of surplus real property as approved by City Council, and transfers from the General Fund unassigned fund balance. This fund shall only be used to pay for expenditures such as land and building purchases, material maintenance and repairs, construction projects, feasibility, design, and engineering studies related to such projects, capital equipment and vehicles, and technology improvements. Expenditures from this fund should be aimed at protecting the health and safety of citizens and employees, protecting the existing assets of the City, ensuring public access to City facilities and information, and promoting community-wide economic development.

3. UTILITY CAPITAL EXPENDITURES

The City of Killeen uses three funding sources for utility capital expenditures. First, utility rates will be designed to provide sufficient

funding for a depreciation reserve which accumulates resources to replace or rehabilitate aging infrastructure. Second, the multi-year financial plan provides debt strategies to finance needed capital items. Third, annual transfers are made to capital rehabilitation and renewal projects from utility operations to maintain adequate funding for capital items.

D. FINANCING

The City recognizes that there are three basic methods of financing capital needs. Funding may be budgeted and covered by current revenues, may come from fund balance, or borrowed through the issuance of debt. Debt financing includes general obligation bonds, revenue bonds, certificates of obligation, lease/purchase agreements, certificates of participation, tax notes, and other obligations permitted to be issued or incurred under Texas law. Guidelines for assuming debt are set forth in the Debt Policy Statements.

E. SURPLUS BOND FUNDS

Surplus project funds may become available after the completion of a specific, authorized bond project or may result when a bond project is modified or eliminated without being simultaneously replaced by another eligible project. Surplus bond funds may be used for projects consistent with the authorized purpose of the bonds per the bond covenant to:

- Finance cost overruns on bond projects within the same bond proposition;
- Fund emergency projects;
- Reduce outstanding debt at the end of the bond program; and
- Fund newly identified projects within the authorized purposes of an approved bond proposition only after all authorized projects/categories within the same proposition are substantially complete. A project would be considered substantially complete when design has been fully completed, construction is substantially underway, and staff has prepared cost projections that include ample contingencies to complete the project in the event unforeseen costs should arise.



XIV. CAPITAL PROJECTS POLICIES

The City of Killeen capital projects policies set forth the basic framework for the planning, development, funding, and construction of capital improvement program projects for the City. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code, the City of Killeen Charter, and adopted City of Killeen master plans. The policies are intended to assist the City Council and City staff in maintaining long-term commitments to the development, design, and construction of a capital improvements program. Upon adoption of these capital project policies, the City Council authorizes the City Manager to interpret the policies, implement all policies, and manage the City within the boundaries of the policies.

A. CAPITAL IMPROVEMENTS PROGRAM (CIP)

1. CIP PURPOSE AND ADOPTION

The City of Killeen Capital Improvements Program shall be a 5-year planning document adopted on an annual basis in conjunction with the Capital Projects Budget to identify new construction, repairs, renovations, and rehabilitation of existing facilities, real property acquisitions, city owned utilities/infrastructure, and other capital projects as defined by the City of Killeen Financial Policies. The Capital Projects Plan shall identify available resources for project funding along with potential impacts on future operating budgets. To that end the program is expected to:

- Increase opportunities to obtain funding from outside sources, such as state and federal government;
- Assist in the planning, budgeting, and coordinating the operation and capital efforts of various City Departments;
- Provide a rational basis by having supporting public capital commitments; and
- Result in a more favorable bond rating by giving evidence of effective management.

2. CIP DEVELOPMENT PROCESS

Projects inside the CIP will be identified in either a short-range project or long-range project. Projects in the short-range category are expected to begin design or construction within the next 0-5 years. Furthermore, these projects have an identified funding source for all or a portion of the project. Those projects identified as long-range projects do not have an identified

funding source and/or are not anticipated to begin design/construction within the coming 5 years.

Project prioritization will be largely based on the adopted master plans for each respective project category. In the instance no adopted master plan exists projects will be prioritized based on studies performed by consultants and City staff. City Council may adjust priorities annual with the adoption of the plan. Generally, projects will be prioritized as follows:

- Tier 1
 - clear and present danger to the public; or
 - contractual obligation; or
 - written commitment of grant funding.
- Tier 2
 - documented cost savings; or
 - probable grant commitment; or
 - other justified need.
- Tier 3
 - future cost avoidance; or
 - planned improvements; or
 - significant improvement of service.

All short-range CIP projects will include the following information:

- estimation of the impact of the project on the annual operating budget;
- estimated project schedule;
- project description generally including the type of improvements and limits of construction;
- project justification based on providing a basic service, improving or rehabilitating deteriorated facilities, reducing costs, promoting jobs or benefiting a large population segment or a target area of the City;
- project costs; and
- source of funding.

3. CAPITAL PROJECTS BUDGET

At the beginning of the capital projects budget process each year, the City Council will review the capital projects policies and have strategic

discussions to determine the City Council’s priorities. The City Council will provide the City Manager specific direction of their priorities.

Departments shall submit their capital project budgets to the City Manager within fiscal parameters provided by the City Manager’s Office. Departments will focus on capital projects that have been identified inside of their respective master planning documents as well as those identified in the City Council priorities. Departments shall pursue to the maximum extent practical grant opportunities and other reimbursement programs for capital projects.

B. GENERAL PROJECT REQUIREMENTS

1. PROJECT MANAGEMENT

Every CIP project will have a qualified project manager who will prepare the project proposal, ensure that required phases are completed on schedule, authorize all project expenditures, ensure that all regulations and laws are observed, and periodically report project status.

2. CAPITAL PROJECTS REVIEW COMMITTEE

A committee will be organized by the City Manager or designee to review project proposals, determine project phasing, recommend project managers, review and evaluate the draft CIP budget document, and report CIP progress on an ongoing basis.

3. DESIGN AND CONSTRUCTION

All capital improvement projects shall be designed and constructed in accordance with all applicable local, state, and federal laws and regulations.

C. NONDISCRIMINATION IN CAPITAL PROJECTS

The City of Killeen (COK), Texas, as a recipient of Federal Financial assistance and under Title VI of the Civil Rights Act of 1964 and related statutes, assures that no person shall, on the grounds of race, color, sex, religion, handicap/disability, age, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity. The City of Killeen further assures that every effort will be made to ensure nondiscrimination in all of

its programs and activities, whether or not those programs and activities are federally funded.

In the event the City of Killeen distributes federal aid funds to another entity or contractor, the City of Killeen will include Title VI language in all written agreements and will monitor for compliance.

The City Manager is responsible for initiating and monitoring Title VI activities, preparing required reports, and other City of Killeen responsibilities as required by 23 CFR 200 (Title VI Program and Related Statutes) and 49 CFR 21 (Nondiscrimination in Federally Assisted Programs of the Department of Transportation).

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XV. DEBT

The City will attempt to support capital projects with appropriations from operating revenues or excess fund balances (i.e. “pay-as-you-go”) to minimize the issuance of debt.

A. PRINCIPLES

- To minimize interest payments on issued debt, the City will maintain a rapid debt retirement policy by issuing debt with maximum maturities not exceeding the lesser of 25 years or the useful life of the improvement. Retirement of debt principal will be structured to ensure constant annual debt payments.
- The City will attempt to maintain base bond ratings (prior to insurance) equivalent to AA. The City shall continue to seek to enhance its credit quality by frequent contact and visits with the rating agencies and monitoring the current trends and guidance from the agencies.
- When needed to minimize annual debt payments, the City will obtain insurance for new debt issues.
- Generally, competitive sale is preferred to a negotiated sale.
- In order to minimize the impact of debt issuance on the property tax rate and to assist the City in meeting its arbitrage requirements, the City will consider the sequential sale of bonds for the purpose of financing capital projects.

B. USE OF DEBT FINANCING

Debt financing, to include general obligation bonds, revenue bonds, certificates of obligation, certificates of participation, tax notes, lease/purchase agreements, and other obligations permitted to be issued or incurred under Texas law, shall only be used to purchase capital assets and equipment that cannot be prudently acquired from either current revenues, assigned fund balance, or net position, and to fund infrastructure improvements and additions. The useful life of the asset or project should exceed the payout schedule of any debt the City assumes.

C. ASSUMPTION OF ADDITIONAL DEBT

The City shall not assume more tax-supported general-purpose debt than it retires each year without conducting an objective analysis as to the City’s ability to assume and support additional debt service payments. When appropriate, self-supporting revenue bonds shall be considered before general obligation bonds.

D. AFFORDABILITY TARGETS

1. GENERAL OBLIGATION BONDS

The City shall use an objective analytical approach to determine whether it can afford to assume new general-purpose debt (General Obligation bonds, tax notes, and Certificates of Obligation) beyond what it retires each year. This process shall take into consideration any potential impact to the City's credit ratings, the growth in the City's taxable assessed value, and the direct costs and benefits of the proposed expenditures. The decision on whether or not to assume new debt shall be based on these costs and benefits, the current conditions of the municipal bond market, and the City's ability to "afford" new debt as determined by the aforementioned standards.

2. REVENUE BONDS

Revenue bonds are secured solely by the revenues of an enterprise fund. As a result, the credit markets look at the type of enterprise securing the payment of debt service on the bonds to determine the level of security necessary for the purchase of the bonds.

Whether revenue bonds can be secured with gross revenues of the enterprise or net revenues (i.e., those revenues remaining after paying costs of operation and maintenance) is often determined by law. Coverage requirements, and the need for and level of reserve funds to provide additional security in support of revenue bonds, are subject to rating agency review and market standards.

Generally, for the City to issue additional water and sewer revenue bonds, net revenues, as defined in the ordinance authorizing revenue bonds, shall be a minimum of 125% of the average annual debt service. Annual adjustments to the City's rate structures will be made as necessary to maintain a minimum 125% coverage factor. Exceptions to these standards must be fully explained and justified.

Generally, for the City to issue additional drainage revenue bonds, gross revenues, as defined in the ordinance authorizing the revenue bonds, shall be at least 125% of the maximum annual debt service; net revenues (after operations and maintenance expenses) should be at least 125% of the annual debt service for financial planning purposes. Annual adjustments to the

City's rate structures will be made necessary to maintain a minimum 125% coverage factor for net revenues.

Revenue bonds that may be issued to finance improvements for other enterprise fund activities (e.g., airports, convention centers, or solid waste facilities) will necessitate the consideration of coverage and reserve fund requirements unique to the enterprise fund, such that the revenue bonds will be creditworthy and marketable.

3. CERTIFICATES OF OBLIGATION

Certificates of Obligation may be issued without public election to finance any public work project or capital improvement, as permitted by State law. However, it is the policy of the City to utilize Certificates of Obligation to finance public improvements for special circumstances and only after determining the City's ability to assume additional debt based on the standards identified above. Those special circumstances in which Certificates might be issued include, but are not limited to:

- Advance design of projects to get them “shovel ready” and accurately determine the bond amount.
- Cost overruns on a general obligation bond-financed capital improvement have occurred;
- “Emergency” conditions require a capital improvement to be funded rapidly including an evaluation of projects that are deemed to be non-discretionary and requires City action;
- Financial opportunities unexpectedly arise to leverage funds from other entities and reduce the City's capital cost for a community improvement;
- A capital improvement is a revenue-producing facility, but due to the nature of the project or the time it takes for the facility to become operational and produce revenues, the improvement may not generate sufficient revenues throughout the life of the improvement to support the indebtedness secured solely by the revenues to be produced by the improvement;
- It would be more economical to issue Certificates of Obligation rather than issuing revenue bonds;
- The timing of the construction of a capital improvement and the expense of calling a bond election for a single proposition would, in the opinion of staff and with the approval of the City Council, warrant the issuance of Certificates of Obligation to finance the capital improvement.

E. CALL PROVISIONS

Call provisions for bond issues shall be made as short as possible without penalty consistent with the lowest interest cost to the City. When possible, all bonds shall be callable only at par.

F. SALE PROCESS

The City shall use a competitive bidding process in the sale of debt unless the nature of the issue or market conditions warrants a negotiated sale.

G. TIMING OF SALES

The City may use the cash received through the issuance of notes pursuant to the appropriation authority that may be available in accordance with the commercial paper programs to begin capital projects approved under those programs. The City may also consider using reimbursement resolutions and its cash to initiate certain projects. Consideration should be given to any lost interest earnings on the City's cash compared to the anticipated interest expense associated with the issuance of obligations by the City. This process will improve the City's ability to time its entry into the long-term fixed rate market and to manage its debt issuances and debt payments in order to minimize the impact on tax rates and utility rates.

H. RATING AGENCY PRESENTATIONS

Full disclosure of operations and open lines of communication shall be made to the rating agencies. City staff shall prepare the necessary materials and presentation to the rating agencies. Credit ratings will be sought from one or more of the nationally recognized municipal bond rating agencies, currently Moody's, Standard & Poor's, and Fitch.

I. CONTINUING DISCLOSURE

The City is committed to providing continuing disclosure of financial and pertinent credit information relevant to the City's outstanding securities and will abide by the provisions of Securities and Exchange Commission (SEC) Rule 15c2-12 concerning primary and secondary market disclosure. The City will work with Bond Counsel and its Financial Advisor to assist with meeting the requirements set forth in SEC Rule 15c2-12.

J. DEBT REFUNDING

City staff shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. As a general rule, the present value savings of a particular advance refunding (i.e., bonds that are paid off on a date that is more than 90 days after the date the refunding bonds are issued) should exceed 3.5% of the par amount of the refunded maturities.

K. POST BOND ISSUANCE FEDERAL TAX COMPLIANCE

The City has issued or will issue from time to time bonds, notes or other tax-exempt obligations (collectively, the "Bonds"). The City is required by the terms of Section 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended ("Code"), and the U.S. Treasury Regulations promulgated thereunder ("Regulations"), to preserve the tax-exempt status of its Bonds subsequent to their issuance. Further, the Code and the Regulations impose record retention requirements on the City with respect to its Bonds.



XVI. CASH MANAGEMENT

Deposits of cash shall be made daily. The timing and availability of funds shall be analyzed in order to maximize interest earnings from investments. City staff shall monitor and manage activity in the City's bank accounts to optimize the availability of funds and interest earned. Written guidelines on cash handling, accounting, segregation of duties, and other financial matters shall be maintained.

A. POOLED CASH

In order to provide liquidity adequate to meet the needs and demands of providing governmental services including unanticipated reductions in revenues or unplanned increases in expenditures, cash balances will be maintained and managed through the Pooled Cash method in such a way as to minimize short-term borrowing. This reduces overall cost to taxpayers by minimizing interest expense.

B. INVESTMENTS

The City's investment portfolio shall be managed in accordance with the Public Funds Investment Act and the City's Investment Policy. The City Council shall adopt a formal investment policy by resolution annually, following review and recommendation by the Investment Committee. The City's Investment Policy is imbedded within the Financial Governance Policy under section XXIII.

C. SELECTION OF DEPOSITORY BANK

The City will undertake a comprehensive review of its banking needs and seek competitive proposals for bank services on a regular basis. The bank shall be chosen by the City Council for a multi-year period, and banking services proposals shall be reviewed by the Investment Committee. In general, the City will seek proposals from depository banks every five years, although it is under no obligation to change.



XVII. INTERNAL CONTROLS

The City shall establish and maintain an internal control structure designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles.

A. BASIC ELEMENTS OF INTERNAL CONTROL

1. AUTHORIZATION

All transactions are properly authorized by management.

2. COMPUTER DATA PROCESSING

Procedures shall be designed to control development, modification, and maintenance of computer programs; use and changes to data maintained on computer files; application controls, for example, edits that verify vendor numbers for check writing.

The Information Technology Services Department (IT) is responsible for creating new users in the City's financial system. During the initial setup, IT will assign the appropriate Security Groups and User Account Access Groups as authorized by the Finance Department via the ERP Access Form. After the initial setup, both IT and the Finance Department can make changes to Security Groups and User Account Access Groups as needed; however, all changes must be authorized by the Finance Department.

3. SEGREGATION OF DUTIES

The organizational plan should separate functional responsibilities. Procedures designed to detect errors and irregularities should be performed by persons other than those who are in a position to approve them, and those persons should be made aware of the avenues available to them for reporting those errors and irregularities, including but not limited to their chain-of-command, City Auditor, and City Attorney.

4. EXECUTION OF TRANSACTIONS

There is reasonable assurance that transactions are executed as authorized.

5. RECORDING OF TRANSACTIONS

Transactions are recorded as necessary to permit preparation of financial statements in conformance to statutory requirements and accounting principles generally accepted in the United States, and to maintain accountability for assets.

6. ACCESS TO ASSETS

Access to assets and records should be permitted only with management's authorization.

7. PERIODIC INDEPENDENT VERIFICATION

The records should be checked against the assets by someone other than the persons responsible for the records or the assets, and the person checking the records should be made aware of his or her avenues for reporting irregularities or errors, including but not limited to his or her chain-of-command, City Auditor, or City Attorney. Examples of independent verification are monthly bank reconciliations and periodic counts of inventory.

B. WRITTEN PROCEDURES

Written procedures will be maintained by the Finance Department for all functions involving the handling of cash and securities. These procedures shall embrace sound internal control principles.

C. FINANCE DEPARTMENT RESPONSIBILITIES

The Finance Department shall issue internal control procedures based upon deficiencies that have been identified by City staff, the internal auditor, or the independent auditors. Finance shall ensure that a good faith effort is made to implement all independent auditor recommendations pertaining to internal control. The Finance Department will administer an "in-house audit" program to regularly and systematically review and monitor internal control procedures and compliance with federal and state regulatory requirements pertaining to internal controls or financial reporting.

D. DEPARTMENT HEAD RESPONSIBILITIES

Each department head is responsible to ensure that internal control procedures, including those issued by the Finance Department, are followed throughout the department.

E. IDENTITY THEFT PROGRAM

1. GENERAL INFORMATION

A ruling known as the "Identity Theft Red Flags Regulation" was jointly issued by the Federal Trade Commission, Office of Thrift Supervisor and several other governing agencies (*Agencies*); implemented section 114 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act) and was effective November 1, 2008. The Board of Governors of the Federal Reserve System on May 22, 2014, amended its rule on identity theft "red flags", which implements section 615(e) of the Fair Credit Reporting Act (FCRA). The Red Flag Program Clarification Act of 2010 added a definition of "creditor" in FCRA section 615(e) that is specific to 615(e). Accordingly, the final rule amends the definition of "creditor" in the Red Flags rule to reflect the definition of that term as added by the Clarification Act. The final rule is effective June 30, 2014.

The Identity Theft Red Flags Regulation requires financial institutions to develop and implement a written Identity Theft Program to detect, prevent and diminish identity theft in connection with opening of certain accounts or existing accounts.

Under the regulation only those financial institutions that offer or maintain "covered accounts" must develop and implement a written program. A "covered account" is defined as *(J) an account primarily used for personal, family, or household purposes, that involves or is designed to permit multiple payments or transactions (2) any other account for which there is a reasonably foreseeable risk to customers or the safety and soundness of the financial institution or creditor from identity theft.*

The *Agencies* believe that accounts such as credit cards, mortgage loans, cell phone, utility, checking, automobile loans, and savings accounts are example of accounts designed to permit multiple payments or transactions and also contain a reasonably foreseeable risk of identity theft.

2. PURPOSE

To ensure the City of Killeen has a program in place to detect, prevent and diminish identity theft in connection with the opening of utility accounts, to establish written procedures for security and storing of personal information.

3. APPLICATION

This policy applies to all City employees and service providers that have access to Utility Collections records containing customer's personal information that is submitted in person, by fax, email and over the internet.

4. DEFINITIONS

- Identity Theft: A fraud committed using the identifying information of another person.
- Red Flags: A pattern, practice, or specific activity that indicates the possible risk of identity theft.
- Identifying Information: Any name or number that may be used along or with any other information to identify a specific person; includes name, date of birth, office state or government issued driver's license or identification number, alien registration number and employer or tax identification number.

5. POLICY & PREVENTION

Red Flag Alerts

When opening new accounts, staff needs to carefully scrutinize documents submitted for identification or proof of residency for red flags such as:

- Documents provided for identification appear to be altered or forged.
- The photograph or physical description on the identification is not consistent with the appearance of the customer requesting service.
- Other information on the identification is not consistent with information provided by the person requesting service.
- Other information is not consistent with information that is on file (i.e. previous application submitted with driver's license).
- Lease submitted for proof of residency appears to be altered or forged.

- Personal information submitted is associated with known fraudulent activity.
- The state issued driver's license number and date of birth are the same as another customer's.
- New account requested immediately after disconnection for non-payment.

6. NEW ACCOUNT ACTIVATION

To ensure proper identification verification, effective November 1, 2008 all requests for new service must be completed in person or online via secured website and include the following:

- Applicants must show a government issued photo ID to initiate service.
- New applications must be submitted in person at the Utility Collections office. Applicants will be required to show a government issued photo ID, proof of social security number and proof of ownership of the property or lease before the new service can be activated.
- Applications must be submitted by the responsible party. Parents, siblings, or any other interest party cannot activate service on behalf of another person unless they have a valid power of attorney in addition to documents listed in section b for both the attorney in fact as well as the account holder.

7. DATA SECURITY AND STORAGE

- Electronic data is transmitted and exchanged through the City's VeriSign security system which enables encryption of sensitive information during online transactions.
- Disclosure of personal information: Information is used as a means of identification, for internal verification or administrative purposes.
- Data Storage: All hard copy information is stored in secured filing cabinets. Cash receipt information containing credit card numbers are decoded.
- Internal Database Security: All employees undergo a background check conducted by Human Resources Department prior to hiring. Employees are assigned security levels which limit access to sensitive data. Access into the system requires a password assigned by the System Administrator. Upon termination, employee passwords are immediately disabled.

8. DATA RETENTION

Records are disposed of in accordance with state and federal law, including the records retention schedule issued by the Texas State Library and Archives Commission.

9. IDENTIFY THEFT NOTIFICATION

A zero tolerance policy is in effect for all fraudulent transactions within the Utility Collections Division. Once written notification and verification is received of fraudulent activity from a customer, banking institution, or collection agency; Utility Collections Division will proceed with notating and taking corrective actions on the account; gathering all pertinent information that is available and immediately contacting the City of Killeen Police Department to initiate a criminal investigation.

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XVIII. ECONOMIC DEVELOPMENT

The City shall have an economic development policy for promoting new development or redevelopment within the city that will promote economic improvement, stimulate commercial activity, generate additional sales tax, and that will enhance the property tax base and economic vitality of the City.

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XIX. E-COMMERCE

The City shall fully utilize available technologies to expedite cash payments and receipts, enhance employee productivity, and provide customer satisfaction.

A. FULLY INTEGRATED FINANCIAL SYSTEMS

All E-Commerce systems and procedures must fully and transparently integrate with the City's financial and accounting systems, its depository bank systems, and any other City information system which interfaces with an E-Commerce system.

B. EMERGING TECHNOLOGIES

The City will work closely with its depository bank and other financial partners to evaluate and implement the standard industry accepted technologies that prove to be efficient and effective in pursuit of the City's E-Commerce goals.

C. VENDOR E-PAYMENTS

The City will actively migrate vendor payments from paper checks to other forms of payment, including but not limited to:

- Automated Clearing House (ACH) payments;
- Wire transfers; and
- Virtual credit cards payments.

D. DIRECT DEPOSITS

The City will actively migrate payroll payments from paper checks, to electronic formats, including but not limited to direct deposits.

E. INTERNET PAYMENT OPTIONS

Working with its depository bank and other financial partners, the City will seek to develop and implement internet payment options of best practices which will allow customers and citizens to pay bills due the City conveniently and securely.

F. FUNDING FOR SERVICE FEES

The City will work towards building the cost of e-payments into the cost of products and services rather than having an add-on fee.

G. INFORMATION SECURITY

The City will employ security measures consistent with best practice and the City's information security policy to ensure the integrity and confidentiality of customer and citizen data that is stored or is a component of transactions utilizing the City's information technology infrastructure or that of its service providers.

XX. FINANCIAL CONSULTANTS

The City shall seek out and employ the assistance of qualified financial advisors and consultants as needed in the management and administration of the City's financial functions. Financial advisors and consultants that provide professional services as defined by Texas Government Code 2254 and Local Government Code 252.022 are exempted from competitive bidding requirements.

If exempted from competitive bidding requirements, the professional service provider shall be selected using requests for qualifications and based upon demonstrated expertise relative to the scope of work to be performed. Non-exempted service providers will be selected following competitive bidding requirements. Examples of services provided by financial advisors and consultants include but are not limited to investments, debt administration, financial accounting systems, program evaluation, and financial impact modeling.

XXI. GRANTS

The City shall seek, apply for, and effectively administer federal, state, and foundation grants-in-aid that address the City's current priorities and policy objectives.

A. GUIDELINES

The City shall apply, and facilitate the application by others, for only those grants that are consistent with the objectives and high priority needs previously identified by City Council. The potential for incurring ongoing costs, to include the assumption of support for grant-funded positions from local revenues, will be identified, planned, and considered prior to applying for a grant.

B. INDIRECT COSTS

The City shall recover full indirect costs unless the funding agency does not permit it. The City may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant.

C. REVIEW

All grant submittals shall be reviewed by the Finance Department for their cash match requirements, their potential impact on the operating budget, and the extent to which they meet the City's policy objectives. If there are cash match requirements, the source of funding shall be identified prior to application. If there is a future year's obligation, the source of funding shall be identified prior to application to ensure available cash-flow to meet those obligations.

D. PROGRAM TERMINATION

The City shall terminate grant-funded programs and associated positions when grant funds are no longer available unless alternate funding is identified and programmed into the long-term financial plan.



XXII. WAIVING LIENS FOR DEMOLITION OF DANGEROUS BUILDINGS OR HEALTH AND SAFETY ABATEMENTS

A. PURPOSE

This policy establishes the guidelines for waiving and releasing liens placed on property by the City, and specifically covers those liens placed for demolition of a dangerous building or abatement of health and safety violations.

B. DEMOLITION AND HEALTH AND SAFETY ABATEMENT

Pursuant to Chapter 8 of the City of Killeen Code of Ordinances, dangerous buildings or structures are a public nuisance and shall be abated. The city shall comply with all requirements in state law and Chapter 8, as may be amended in the future, in demolishing dangerous buildings.

Nuisances found in Chapter 18 of the City of Killeen Code of Ordinances include high weeds and grass; dangerous weeds over 48 inches; accumulation of litter, trash or rubbish; littering by depositing or dumping; stagnant water; allowing unsanitary conditions; care of premises; and accumulation of fill dirt. These are considered public nuisance pursuant to Chapter 18. The City shall comply with all requirements in state law and Chapter 18, as may be amended, in abatement of public nuisances.

C. FUNDING

Demolition of dangerous buildings shall be completed using any funds available to the responsible department, including the City's General Fund and Community Development Block Grant ("CDBG") funds as allowed. Abatement of health and safety nuisances shall be completed using any available funds, but CDBG funds shall not be used.

D. PLACEMENT OF LIEN

If the owner(s) of property fails to reimburse the city for the costs of demolishing a dangerous building or abatement of a health and safety violation, after the city has given required notice and time to pay, the city shall place a lien on real property on which the violation occurred. The lien shall accrue interest at the rate provided by law until the lien is paid or otherwise released.

E. PROCEDURE FOR WAIVING LIENS

Liens may be waived when Bell County Tax Appraisal District has placed a property into trust for failing to sell in previous sheriff's sales and the city did not previously waive liens. When a property is in trust, the city is responsible for maintenance of the property and may not place additional liens for any abatement to remedy the violation. By the time a property is placed in trust, the city has also made multiple unsuccessful attempts to collect on the liens placed during demolition.

If the City elects to intervene as a party to a foreclosure for delinquent taxes by the Bell County Tax Appraisal District, liens are not waived but instead are extinguished in the foreclosure process.

The City shall not waive liens at the request of a property owner unless, after investigation by City staff, it is determined that the lien was placed in error.

The City Council shall retain authority to waive liens not outlined in this policy and upon any finding of a public purpose.

When liens are waived, a release of lien will be prepared, and filed with Bell County.

F. PUBLIC PURPOSE

The public purpose served by waiving outstanding liens is to make the properties more marketable by Bell County Tax Appraisal District at sheriff's sales, since often the liens exceed the value of the property and discourage buyers. It will also reduce the amount of time and money the city spends maintaining the real property placed in trust.

G. WAIVER OF INTEREST ON LIENS

The City makes various attempts to collect outstanding liens, which includes administrative fees and interest that accrues by law from the time of filing with Bell County. Property owners often claim no knowledge of the lien or that a property management company should be responsible. As stated above, the City shall not waive liens at the request of a property owner. The City may waive interest and/or administrative fees on a lien where there is a benefit to the City. Such requests shall be reviewed by the City Manager or his/her designee for approval.

XXIII. INVESTMENT POLICY

A. SCOPE

The Investment Policy applies to the investment activities of the Government of the City of Killeen (the “City”). These policies serve to satisfy the statutory requirements of the Texas Government Code Chapters 2256 (the “Public Funds Investment Act” or the “Act”) and 2257 (the “Collateral Act”) to define and adopt a formal investment policy. This Policy will be reviewed and adopted by resolution of the City Council at least annually according to the Act.

1. FUNDS INCLUDED

All financial assets of all funds of the City, including the General Fund, Drainage Utility Fund, Water and Sewer Utility Fund, Airport Fund, Sanitation Fund, Capital Projects Funds, Special Revenue Funds, Debt Service Funds, and all other funds that may be created by the City from time to time, and any funds held in the City’s custody, unless expressly prohibited by law or unless it is in contravention of any depository contract between the City and any depository bank are subject to this Policy. The Killeen Economic Development Corporation shall be incorporated as a component unit.

2. FUNDS EXCLUDED

This Policy does not apply to funds invested in the City’s Deferred Compensation Plan nor to investments in the Firemen’s Pension Fund, which is covered by a separate investment policy adopted by the Firemen’s Pension Board.

B. INVESTMENT OBJECTIVES

1. SAFETY

Safety of principal is the foremost objective of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of investments. Diversification strategies shall be determined and revised periodically.

2. LIQUIDITY

The investment portfolio will remain sufficiently liquid to enable the City to pay current obligations as they become due. Portfolio maturities will be structured to meet the obligations of the City first, and then to achieve the

highest return of interest consistent with the objectives of this Policy. When the City has funds that will not be needed to meet current-year obligations, maturity restraints will be imposed based upon the investment strategy for each fund.

3. PUBLIC TRUST

Investment Officers shall seek to act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction that might impair public confidence in the City's ability to govern effectively.

4. YIELD

It will be the objective of the City to earn the optimum rate of return allowed on its investments within the constraints imposed by its safety and liquidity objectives, investment strategies for each fund, and state and federal law governing investment of public funds.

C. INVESTMENT COMMITTEE

1. MEMBERS

The members of the City's Investment Committee shall be the Mayor of the City (or his/her designee), the City Manager (or his/her designee), the Executive Director of Finance, the Assistant Director of Finance, and the Controller. The Investment Committee shall receive quarterly reports, as outlined in this Policy, and monitor the results and performance of the investment portfolio.

2. SCOPE

The Investment Committee shall include in its deliberations such topics as: investment strategy, return on investments, economic outlook, portfolio diversification, maturity structure, potential risk to the City's funds, independent training sources, and authorized broker/dealers.

3. PROCEDURES

The Investment Committee shall provide minutes of its meetings. Any member may request a special meeting, and three members shall constitute a quorum. The Investment Committee shall establish its own rules of procedure.

D. RESPONSIBILITY AND CONTROL

1. DELEGATION

Management responsibility for the investment program is hereby delegated to the Executive Director of Finance, who is responsible for all investment decisions and activities. The Executive Director of Finance, Assistant Director of Finance and Controller shall be the City's Investment Officers. Investment Officers are authorized to deposit, withdraw, invest, transfer, execute documentation, and otherwise manage City funds according to this Policy. The Executive Director of Finance may designate specific City personnel to assist with various investment-related activities. The Executive Director of Finance shall be responsible for all transactions and compliance with the internal controls to ensure that the safekeeping, custodial, and collateral duties are consistent with this Investment Policy.

2. MANAGEMENT AND INTERNAL CONTROLS

The Executive Director of Finance shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Investment Committee and with the independent auditor. The controls shall be designed to reasonably prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the City. Dual control of all investment activities will consistently be maintained by two of the following positions, the Executive Director of Finance, the Assistant Director of Finance and the City Controller.

3. INVESTMENT MANAGEMENT FIRM

The City Council may contract with an investment management firm, registered under the Investment Advisor's Act of 1940 (15 U.S.C. Section 80b-1 et seq.) to provide for the investment and management of the funds of the City. The contract will be for a term no longer than two (2) years. Renewal or extension of the contract must be in compliance with the Act.

4. TRANSACTION AUTHORITY

Certain signatory responsibilities are required to transact investments. Positions authorized as depository signatories shall be the City Manager and the Investment Officers.

The persons holding these positions are also designated as authorized to transact wire transfers in accordance with the goals and objectives of the City's investment strategy.

Bonding of all those individuals authorized to place, purchase, or sell investment instruments shall be required.

5. PRUDENCE

In accordance with the Act, investments shall be made with the exercise of due care, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their own capital as well as the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority: preservation and safety of principal; maintenance of adequate liquidity; and achievement of risk-appropriate yield. This investment principle shall be applied in the context of managing the overall investment portfolio.

An Investment Officer, when acting in accordance with written procedures and exercising due diligence, shall be relieved of personal responsibility for an individual investment's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration: (1) the investment of all funds, or funds under the control of the City, over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and (2) whether the investment decision was consistent with the written Investment Policy.

6. TRAINING, QUALITY AND CAPABILITY OF INVESTMENT MANAGEMENT

It is the City's policy to provide training as required by the Act for the Investment Officers. Authorized Investment Officers will be required to complete 10 hours of training within 12 months of assuming duties. In order to ensure the quality, capability and competency of all Investment Officers in making investment decisions training shall be provided through courses and seminars offered by the independent sources approved by the Investment Committee. The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment, and compliance with the Act. After the initial training requirement, at a minimum, all Investment Officers must attend training at least every two years and accumulate 8 hours of training. The two-year period shall begin on the first day of the City's fiscal year and consist of the two consecutive fiscal years after that date.

E. ETHICS

1. CONFLICTS OF INTEREST

Officers and employees directly involved in the investment process, including members of the Investment Committee and those authorized as depository signatories, shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

2. DISCLOSURE

Such employees shall disclose to the City Manager any material financial interests they have in business organizations that conduct business with the City, and shall further disclose any large personal financial or investment positions, as defined by the Public Funds Investment Act, that could be related to the performance of the City's portfolio. Disclosure items include:

1. the employee owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
2. funds received by the employee from the business organization exceed 10 percent of the employee's gross income for the previous year; or

3. the employee has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the employee.

Such employees shall subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchases and sales.

If any Investment Officer has a personal business relationship with an entity or is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City, the Investment Officer must file a statement disclosing that personal business interest or relationship with the City Council and with the Texas Ethics Commission in accordance with the Act.

F. REPORTING INVESTMENT EARNING EVALUATION

1. QUARTERLY REPORTS

In accordance with the Act, not less than quarterly, the Investment Officers shall prepare and submit to the City Council a written report of investment transactions for all funds for the preceding reporting period within a reasonable time after the end of the period. The report must:

1. describe in detail the investment position of the City on the date of the report;
2. be prepared jointly by all Investment Officers;
3. be signed by each Investment Officer;
4. contain a summary statement of each pooled fund group that states the:
 - a.) beginning market value for the reporting period;
 - b.) ending market value for the period; and
 - c.) fully accrued interest for the reporting period.
5. state the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
6. state the maturity date of each separately invested asset that has a maturity date;
7. state the account or fund or pooled group fund in the City for which each individual investment was acquired;

8. state the compliance of the investment portfolio of the City as it relates to:
 - a.) the investment strategy expressed in the City's Investment Policy;
and
 - b.) relevant provisions of the Act; and
9. state the rate of return on the investment portfolio calculated as the weighted average yield to maturity.

Market valuations obtained by the City shall be from sources believed to be accurate and representative of the investment's true value.

The quarterly investment reports shall be reviewed by the City's independent auditors as part of the City's annual audit and the result of this review shall be reported to the City Council.

2. ANNUAL REPORT

Within a reasonable time after the end of the fiscal year, the Executive Director of Finance shall present an annual report on the investment program activity. The annual report shall include 12-month performance information and shall suggest improvements that might be made in the investment program. The annual report may be a component of the fourth quarter investment report.

3. NOTIFICATION OF INVESTMENT CHANGES

It shall be the duty of the Executive Director of Finance to notify the City Council of any significant changes in current investment methods and procedures prior to their implementation, regardless of whether they are authorized by this Policy or not.

4. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a competitive market rate of return throughout budgetary and economic cycles that is consistent with risk limitations and cash flow needs of the City. Given this strategy, the basis used by Investment Officers to determine whether market yields are being achieved shall be the average return on 90-day or 180-day U.S. Treasury Bills. "Weighted average yield to maturity" shall be the portfolio performance measurement standard.

G. INVESTMENT TYPES

1. ACTIVE PORTFOLIO MANAGEMENT

The City intends to pursue an active vs. a passive portfolio management philosophy. That is investments may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade.

2. ELIGIBLE INVESTMENTS

Financial assets of the City may be invested in:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. Financial institution deposits with a state or national bank, savings and loan association, or credit union, that meets the requirements of the Act and are fully insured or collateralized in accordance with Section I. SAFEKEEPING AND CUSTODY.
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent;
6. A fully collateralized repurchase agreement, as defined in the Act, if it:
 - a.) has a defined termination date;
 - b.) is secured by cash and obligations described by Section 2256.009 (a) (1) of the Act; and
 - c.) requires the securities being purchased by the City to be pledged to the City, held in the City's account, and deposited at the time the investment is made with the City or with a third party selected and approved by the City; and

- d.) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this State.

Notwithstanding any law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by the City under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

7. Eligible investment pools if the City Council by resolution authorizes investment in the particular pool. An investment pool shall invest the funds it receives from the City in authorized investments permitted by the Act. Investment pools must be continuously rated AAA or the equivalent by at least one nationally recognized rating service.
8. Money market mutual funds continuously rated AAA or the equivalent that are registered with and regulated by the Securities and Exchange Commission, whose investment objectives include seeking to maintain a stable net asset value of \$1.0000 per share. The money market mutual funds must provide the City with a prospectus and other information required by federal law. The City may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.
9. Interest-bearing banking deposits that are guaranteed or insured by: (A) the Federal Deposit Insurance Corporation or its successor; or (B) the National Credit Union Share Insurance Fund or its successor;
10. Commercial paper is an authorized investment under this sub chapter if the commercial paper:
 - (1) has a stated maturity of 365 days or fewer from the date of its issuance; and
 - (2) is rated not less than A-1 or P-1 or an equivalent rating by at least:
 - (A) two nationally recognized credit rating agencies; or
 - (B) one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

3. CREDIT RATINGS

Not less than quarterly, the Investment Officers will monitor the current credit rating of each held investment that has an Act required minimum rating. Any investment that requires a minimum rating does not qualify during the period the investment does not have the minimum rating. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

4. LENGTH OF INVESTMENTS

The City shall invest in instruments with scheduled maturity not to exceed the limitation of the specific investment strategy at the time of purchase.

5. DIVERSIFICATION

It shall be the policy of the City to diversify the investment portfolio. Diversification strategies shall be determined and revised periodically by the Investment Committee. In establishing specific diversification strategies, the following general constraints shall apply:

1. Limiting investments to avoid over concentration in investments from a specific issuer or business sector, where appropriate,
2. Limiting investments with higher credit risk,
3. Investing in instruments with varying maturities and in accordance with the City's cash flow projections, and
4. Continuously investing a portion of the portfolio in readily available funds such as local government investment pools, financial institution deposits, money market mutual funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

6. PROHIBITED INVESTMENTS

The following investment instruments are strictly prohibited:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

3. Collateralized Mortgage Obligations with a stated final maturity greater than ten years;
4. Collateralized Mortgage Obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index;
5. The City will not invest in derivatives. For the purposes of this Policy, the definition of derivatives includes instruments which have embedded features that alter their character or income stream or allow holders to hedge or speculate on a market or spreads between markets that are external to the issuer, or are not correlated on a one-to-one basis to the associated index or market.

H. SELECTION OF BANKS AND BROKER/DEALERS

1. SELECTION PROCESS

Primary Depositories shall be selected through the City's banking services procurement process, which shall include a formal request for application (RFA) as per State legislation and the City's purchasing policy. In selecting primary depositories, the credit worthiness of institutions shall be considered, and the Executive Director of Finance shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history.

2. INSURABILITY

Financial institutions seeking to establish eligibility for the City's funds shall submit financial statements, evidence of Federal insurance and other information as required by the Executive Director of Finance.

3. COLLATERALIZED DEPOSITS

All financial institution deposits shall be insured or collateralized in compliance with applicable State law. The City reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards City deposits. Financial institutions serving as the City's depositories will be required to sign a depository agreement with the City. The collateralized deposit portion of the agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- The agreement must be in writing;
- The agreement must be executed by the depository and the City contemporaneously with the acquisition of the asset;
- The agreement must be approved by the Board of Directors or designated committee of the depository and a copy of the meeting minutes must be delivered to the City; and
- The agreement must be part of the depository's "official record" continuously since its execution.

The Killeen Economic Development Corporation, where applicable, shall also comply with these requirements.

4. BROKER/DEALERS AND APPROVED LIST

All broker/dealers who desire to become qualified for investment transactions with the City must be recommended by the Executive Director of Finance and approved by the Investment Committee. Applications will be reviewed on a periodic basis and submitted to the Investment Committee for approval. The Executive Director of Finance will maintain a list of broker/dealers authorized to provide investment services to the City. The authorized list of broker/dealers will, at a minimum, be reviewed and approved on an annual basis, and any broker/dealers who fail to meet the standards of this Policy shall be removed from the list. It is the policy of the City to purchase securities from the broker/dealers on the investment manager's approved list. The City authorizes the investment manager to engage in security transactions with broker/dealers on a carefully monitored broker/dealer list. The Investment Committee shall at least annually review the list of the broker/dealers with investment manager.

5. COMPETITIVE ENVIRONMENT

All trades, purchases and sales, executed for the City, excluding transactions with money market accounts, money market mutual funds and local government investment pools which are deemed to be made at prevailing market rates, will be done through a competitive solicitation process. Competitive quotes must be solicited from qualifying institutions for any investment transaction.

6. INVESTMENT POLICY

In accordance with the Act, a written copy of this Investment Policy shall be presented to any person seeking to sell to the City an authorized investment or act as Investment Advisor. A qualified representative of a local government investment pool or discretionary investment management firm (e.g. business organization) seeking to sell an authorized investment or perform investment advisory services shall execute a written instrument substantially to the effect that the qualified representative has:

1. Received and thoroughly reviewed the Investment Policy; and
2. Acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the City and the organization in accordance with the Act.

I. SAFEKEEPING AND CUSTODY

The City shall contract with a third party for the safekeeping and custody of securities either owned by the City as a part of its investment portfolio or held as collateral to secure financial institution deposits, share certificates or repurchase agreements. The securities will be held in an account in the name of the City as evidenced by safekeeping or pledge receipts of the institution with which the securities are deposited.

1. INSURANCE OR COLLATERAL

All deposits of City funds with financial institutions shall be secured by pledged collateral in accordance with Chapter 2257 of the Texas Government Code. Securities pledged as collateral for deposits must maintain a market value equal to no less than 102% of the uninsured deposits, including accrued interest. Federal Home Loan Bank Letters of Credit pledged as collateral must be equal to no less than 100% of the uninsured deposits, including accrued interest. Federal Home Loan Bank Letters of Credit pledged for certificates of deposit must expire at least two business days beyond the maturity date of the certificate of deposit. If rolling letters of credit are utilized, advance notice prior to any expiration must be provided along with a letter of credit extension. Any letter of credit extension issued to cover the expiration of an investment should expire no less than two business days beyond the final maturity date of the investment.

Repurchase agreements shall be documented by a specific agreement noting the collateral pledged in each agreement. Collateral shall be reviewed at least monthly to assure the market value equals or exceeds the collateralization requirement for the related bank balances.

2. PLEDGED COLLATERAL AGREEMENTS

All custodial arrangements shall be in accordance with a Custodial Agreement approved by the Investment Officers, which clearly defines the procedural steps for gaining access to the collateral should the City determine that the City's funds are in jeopardy. The custodian institution, or Custodian, shall be the Federal Reserve Bank or an institution not a branch of the firm pledging the collateral. A Depository Agreement shall include the signatures of the City and the firm pledging the collateral, and may include the Custodian. The Custodial and Depository Agreements shall address acceptance, substitution, release and valuation of collateral.

3. COLLATERAL DEFINED

The City shall accept only the following as collateral:

1. Cash.
2. FDIC and NCUSIF insurance coverage.
3. A bond, certificate of indebtedness, or note of the United States or its agencies and instrumentalities, or other evidence of indebtedness that is guaranteed as to the principal and interest by the United States or its agencies and instrumentalities.
4. Obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or its agencies and instrumentalities.
5. A bond of the State of Texas or of a county, city or other political subdivision of the State of Texas having been rated as investment grade (investment rating no less than "A" or its equivalent) by a nationally recognized rating agency, with a remaining maturity of ten (10) years or less.

The use of a letter of credit issued to the City by a Federal Home Loan Bank may be considered by the City to meet the required bank depository collateral requirements.

4. SUBJECT TO AUDIT

All collateral shall be subject to inspection and audit by the City or the City's independent auditors.

5. DELIVERY VS. PAYMENT

All security transactions shall be purchased using the delivery vs. payment method. That is, funds shall not be wired or paid until verification has been made that the security was received by the City's Safekeeping Agent or Trustee. The security shall be held in the account of the City. The Trustee's or Safekeeping Agent's records shall assure the notation of the City's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the City.

6. STANDARDS OF OPERATION

The Executive Director of Finance shall develop and maintain written administrative procedures for the operation of the investment program, consistent with this Investment Policy.

J. INTERNAL CONTROLS

1. INTERNAL CONTROLS

The Executive Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, as part of the annual audit, the Executive Director of Finance shall establish a process for independent review by the external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

1. Control of collusion - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.

2. Separation of transaction authority from accounting and record keeping - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. Custodial safekeeping - Securities purchased from any bank or broker/dealer, including appropriate collateral shall be placed with an independent third party for custodial safekeeping.
4. Avoidance of physical delivery securities - Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. Clear delegation of authority to subordinate staff members - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. Written confirmation of telephone transactions for investments and wire transfers - Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax or email if on letterhead and the custodial safekeeping institution has a list of authorized signatures.

K. INVESTMENT STRATEGIES

1. INVESTMENT STRATEGIES

In accordance with the Act, a separate written investment strategy will be developed for each of the fund-types under the City's control. Each investment strategy must describe the investment objectives for the particular fund-type using the following priorities of importance:

1. Understanding of the suitability of the investment to the financial requirements of the City;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the need arises to liquidate the investment before maturity;

5. Diversification of the investment portfolio; and
6. Yield.

2. FUND STRATEGIES

The investment strategies to be employed by the City are:

A) OPERATING FUNDS

Suitability - Any investment eligible in the Investment Policy is suitable for Operating Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average years to maturity of each fund's portfolio to less than 3 years and restricting the maximum allowable maturity to five years will minimize the price volatility of the portfolio.

Liquidity - Operating Funds require the greatest short-term liquidity of any of the fund-types. Short-term financial institution deposits, investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a tenth of a percentage point will define an efficient secondary market.

Diversification - Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the City. Diversifying the appropriate maturity structure up to the five-year maximum will reduce interest rate risk.

Yield - Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of a rolling three-month Treasury Bill portfolio will be the minimum yield objective.

B) DEBT SERVICE FUNDS

Suitability - Any investment eligible in the Investment Policy is suitable for Debt Service Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Funds to not exceed the debt service payment schedule the market risk of the overall portfolio will be minimized.

Liquidity - Debt Service Funds have predictable payment schedules. Therefore, investment maturities should not exceed the anticipated cash flow requirements. Short-term financial institution deposits, investments pools and money market mutual funds may provide a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement, or similar structured investment, may be utilized if disbursements are allowed in the amount necessary to satisfy any debt service payment. This investment structure is commonly referred to as a flexible repurchase agreement.

Marketability - Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash flow requirement is not probable.

Diversification - Market conditions influence the attractiveness of fully extending maturity to the next “unfunded” payment date. Generally, if investment rates are anticipated to decrease over time, the City is best served by locking in most investments. If the interest rates are potentially rising, then investing in shorter and larger amounts may provide an advantage. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

Yield - Attaining a competitive market yield for comparable investment-types and portfolio restrictions is the desired objective. The yield of a rolling three-month Treasury Bill portfolio shall be the minimum yield objective.

C) SPECIAL REVENUE FUNDS

Suitability - Any investment eligible in the Investment Policy is suitable for Special Revenue Funds.

Safety of Principal - All investments will be of high quality with no perceived default risk. Market fluctuations will occur. However, by managing Special Revenue Funds to balance the short-term and long-term anticipated cash flow requirements of the specific revenue/expense plan, the market risk of the Fund's portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated cash flow requirement or five years.

Liquidity - A portion of the Special Revenue Funds are reasonably predictable. However, unanticipated needs or emergencies may arise. Selecting investment maturities that provide greater cash flow than the anticipated needs will reduce the liquidity risk of unanticipated expenditures. Short-term financial institution deposits, investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a tenth of a percentage point will define an efficient secondary market.

Diversification - Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated needs of the City. Diversifying the appropriate maturity structure up to the five-year maximum will reduce interest rate risk.

Yield - Attaining a competitive market yield for comparable investment-types and portfolio structures is the desired objective. The yield of a rolling three-month Treasury Bill portfolio will be the minimum yield objective.

D) CAPITAL PROJECT FUNDS

Suitability - Any investment eligible in the Investment Policy is suitable for Capital Project Funds.

Safety of Principal - All investments will be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Capital Project Funds to not exceed the anticipated expenditure schedule the market risk of the overall portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated expenditure schedule, the IRS temporary period for tax-exempt bond proceeds, or five years.

Liquidity - Most capital improvements programs have reasonably predictable draw down schedules. Therefore, investment maturities should generally follow the anticipated cash flow requirements. Short-term financial institution deposits, investment pools and money market mutual funds will provide readily available funds generally equal to at least one month's anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement, or similar investment structure, may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a tenth of a percentage point will define an efficient secondary market.

Diversification - Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds. Generally, if investment rates exceed the applicable cost of borrowing, the City is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then concurrent market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

Yield - Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the Investment Policy's risk constraints. The yield of a rolling six-month Treasury Bill portfolio will be the minimum yield objective.

L. POLICY

1. EXEMPTION

The City is not required to liquidate investments that were authorized investments at the time of purchase. At maturity or liquidation, such monies shall be reinvested only as provided by this Policy.

2. AMENDMENT

The City Council shall review the Investment Policy, and incorporated investment strategies, annually. Amendments must be approved by the Investment Committee and adopted by the City Council. The City Council shall annually adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed and approved the Investment Policy and investment strategies, even if there are no changes from the previous document.

Sample Investment Policy Certification

This certification is executed on behalf of the **City of Killeen** (the Investor) and _____ (the Business Organization) pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code (the Act) in connection with investment transactions conducted between the Investor and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to enter an investment transaction with the Investor as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code and
2. The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the Investor and
3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the Investor that are not authorized by the Investor's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Investor's entire portfolio or requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

(Firm)

Qualified Representative of the Business Organization

(Signature)

(Name)

(Title)

(Date)

XXIV. MANAGEMENT OF MONETARY DONATIONS

A. PURPOSE

The purpose of this policy is to establish a process for the City of Killeen to accept monetary donations through utility bills and a procedure for distribution of those funds, as well as to establish eligibility for citizens to receive disbursements in limited circumstances.

B. DONATION PROCESSES

Except as provided in this policy, the City will accept monetary donations only. The City may provide an option on utility bills that allows utility customers to make voluntary contributions to the programs listed in this policy when paying their city utility bills. Donations may also be accepted in person by the Finance Department or by the respective departments as provided below. Donations will be collected throughout the year.

Offers of donations other than money or goods and services for Animal Services Division (ASD) shall be forwarded by the Department Head to the Assistant City Manager to determine whether the City will benefit from the donation.

Programs or departments that accept donations other than those listed in this policy shall deposit donated money into the appropriate account established by the Finance Department. Any offers of non-monetary donations shall be forwarded by the Department Head to the Assistant City Manager to determine whether the City will benefit from the donation.

C. SENIOR CITIZEN UTILITY BILL ASSISTANCE PROGRAM

1. PURPOSE

The purpose of this policy is to establish a process for the city to accept monetary donations and a procedure for distribution of those funds, as well as to establish eligibility criteria for senior citizens to receive financial assistance on their City of Killeen utility bills.

2. APPLICATION AND ELIGIBILITY

To be eligible for consideration, an applicant must meet all of the following criteria:

- **Age Requirement**
 - The applicant must be 60 years of age or older at the time of application.
- **Residency and Utility Account Requirement**
 - The applicant must be the account holder of an active City of Killeen utility account at the address for which assistance is requested.
 - The applicant must have maintained the City of Killeen utility account for a minimum of twelve (12) months prior to applying for assistance.
- **Income Requirement**
 - Gross household income, before taxes, must not exceed 150% of the Federal Poverty Income Guidelines (FPIG) based on household size.
 - All persons residing in the household shall be included for income determination, regardless of relationship to the applicant.
 - Both fixed and earned income sources shall be considered.
 - Income eligibility limits are established annually by the U.S. Department of Health and Human Services and referenced in the Financial Management Policy.
- **Application Standards**
 - Applications must be submitted in writing to the Executive Director of Finance or designee.
 - Applicants must provide documentation sufficient to verify age, residency, and household income, as further defined in the Financial Management Policy.
- **Application Validity and Participation Limits**
 - Applications are valid for sixty (60) days from the date of submission.
 - Approved participants may remain in the program for a period of six (6) months per approval.
 - Upon completion of the six-month period, an applicant must be off the program for six (6) months before becoming eligible to reapply.
 - Updated documentation may be required if an application expires or if eligibility is re-evaluated, in accordance with the Financial Management Policy.
- **Administrative Authority**
 - The Executive Director of Finance, or designee, is authorized to administer the program and determine eligibility in accordance with this Financial Governance Policy and the Financial Management Policy.

3. PUBLIC PURPOSE

The public purpose served by this program is to reduce the impact on community resources by providing assistance to senior citizens who are unable to pay their utility bills.

D. YOUTH PROGRAMS

1. PURPOSE

The purpose of this policy is to establish a process for the City of Killeen to accept monetary donations and a procedure for distribution of those funds through scholarships for children unable, or in need of assistance to attend/participate in City Recreation Services fee-based programs, as well as to establish eligibility criteria for youth and their families.

2. DONATION ACCEPTANCE

Acceptance of monetary donations and management of the account will be by the Executive Director of Recreation or designee.

3. APPLICATION AND ELIGIBILITY

In order for a child to be considered, a parent or guardian must submit a written application to the Executive Director of Recreation Services or designee. Applications will be available year-round. Factors considered for eligibility will include proof that the applicant receives state or school assistance.

Eligible children must live in the City of Killeen and be ages 4 to 17. Assistance will only be provided for the following: City-Based Programs, Events, Camps, Clinics, Activities, Lessons, Facility Memberships and Summer Pool Passes. Scholarships ARE NOT available for single admissions to facilities or programs co-sponsored by other organizations.

After a determination of eligibility, City staff will contact the parent/guardian to coordinate enrollment in Recreation Services programs. Each child may receive up to \$100 with a maximum of \$200 per family per calendar year. Funds will be disseminated on a first come, first served basis of eligibility until depleted, and are intended to provide a fee reduction regarding the registration cost of youth programs. Recreation Services will

accept and award these applications as long as there is funding available through these contributions, no funds will be given directly to participants.

4. PUBLIC PURPOSE

The public purpose served by this program is to provide financial assistance to children who are unable to attend City Recreation Services fee-based programs: Events, Camps, Clinics, Activities, Lessons, Facility Memberships and Pool Passes.

E. ANIMAL SERVICES DIVISION (ASD)

1. PURPOSE

The purpose of this policy is to establish a process for the City of Killeen to accept monetary donations and a procedure for distribution of those funds.

2. DONATION ACCEPTANCE

Management of the account will be by the Animal Services Director or designee. Monetary donations will be accepted in person by the ASD Manager or designee. ASD may also accept donations of goods or services for the care of the animals in its care. Donations may include but are not limited to: food, blankets, towels and detergent.

3. USE OF FUNDS

Funds will be used primarily to provide spay and neuter services for animals in the care of ASD, but may be reallocated based upon need, as determined by the City Manager or designee. The funds in the ASD donation account are to be used exclusively for the benefit of the animals in ASD care.

4. PUBLIC PURPOSE

The public purpose served by this policy is to reduce the impact on community resources by providing spay and neuter services for animals in the care of ASD.

F. DISBURSEMENT OF FUNDS

Availability of funds for the programs in Sections C-E will be based upon contributions to each donation account, unless otherwise funded through the annual budget.

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XXV. GLOSSARY

Accrual Basis of Accounting – A basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows. For example, in accrual accounting, revenue that was earned on April 1, but for which payment was not received until July 10, is recorded as revenue on April 1 regardless of the timing of when the payment is

received.

Business Plan - A department-level plan. In this plan, departments outline each division's service areas and associated key performance indicators and priority initiatives for each. This document is meant to serve as a high-level annual performance plan, in which measures are periodically updated to facilitate continuous observation, trend analysis, and improvement of department activities and services.

Capital Equipment – The purchase of an individual asset, such as equipment, vehicles, tools or similar items with a cost of \$5,000 or more and that has a useful life exceeding one-year.

Capital Improvement Plan (CIP) – A plan that describes the capital projects and associated funding sources the City intends to undertake in the current fiscal year plus four successive fiscal years, including the acquisition or construction of capital facilities and assets, and the maintenance thereof.

Capital Improvement Project – A capital project for the new construction or expansion of infrastructure or facilities.

Capital Maintenance Project – A capital project for the remodel, reconstruction, or rehabilitation of infrastructure or facilities.

Capital Project – A non-recurring expenditure that exceeds \$100,000 and has a useful life exceeding one-year.

Capital Projects Fund – A governmental fund established to account for resources used for the acquisition of large capital improvements and non-recurring expenditures other than those acquisitions accounted for in proprietary or trust funds.

Cash Flow – The net cash balance at any given point.

City Manager – All references to the City Manager are understood to be the City Manager or designee.

Debt Service - The cash that is required for a particular time period to cover the repayment of interest and principal on a debt. Debt Service is projected on an annual basis.

Debt Service Fund – A fund established to accumulate resources and to account for revenues and expenditures used to repay the principal and interest on debt.

Deferred Inflows of Resources – Resources that flow into a fund during the fiscal year, but are related to a future period. Deferred Inflows have a negative effect on net position, similar to liabilities. (Examples include: property taxes levied in the current year to finance the subsequent year's budget.

Deferred Outflows of Resources - Resources that flow out of a fund during the fiscal year, but are related to a future period. Deferred Outflows have a positive effect on net position, similar to assets. (Examples include: resources provided to a grantee before the grantee has met related time requirements, but after all other eligibility criteria have been met).

Executive Director of Finance – All references to the Executive Director of Finance are understood to be the Executive Director of Finance or designee.

Expenditure – Refers to the value of goods and services *received* during a period of time, regardless of when they are *used* (accrual basis of accounting) or *paid* for (cash basis of accounting).

Expense - Refers to the value of goods and services *used* during a period of time, regardless of when they were *received* (modified accrual basis of accounting) or *paid* for (cash basis of accounting).

Fiduciary Fund – Fiduciary funds are used to account for resources that a government holds as a trustee or agent on behalf of an outside party that cannot be used to support the government's own programs.

Employee Benefit Trust Fund - Employee benefit trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Finance Department – The Finance Department is the department responsible for the corporate financial operations of the City.

Fund Accounting – Fund accounting segregates monies according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Fund Balance – Fund balance is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Fund Balance is broken up into five categories:

Non-spendable Fund Balance – Includes amounts that are not in a spendable form or are required to be maintained intact. Examples are consumable inventories.

Restricted Fund Balance – Includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants and donations.

Committed Fund Balance – Includes amounts that can be used only for the specific purposes determined by a formal action (for example, legislation, resolution, and ordinance) of the City

Council. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned Fund Balance – The portion of the fund balance of a governmental fund that represents resources set aside (earmarked) by the government for a particular purpose. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned Fund Balance - Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund. Unassigned amounts are technically available for any purpose.

Governmental Fund – Governmental funds are used to account for the government's general government activities primarily supported by taxes, grants, and similar revenue sources. There are five different types of governmental funds including: General Fund, Special Revenue Funds, General Debt Service Fund, Capital Project Funds, and Permanent Funds. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

General Fund - The main operating fund which is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund finances many of the basic municipal functions, such as general administration and public safety.

Special Revenue Funds – Governmental fund type used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments.

Capital Projects Funds - Governmental fund type used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds - Governmental fund type used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Internal Controls – The plan of organization and all of the coordinated methods and measures adopted within the City to safeguard assets, check the accuracy and reliability of its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

Accounting Controls – The plan of organization and all the methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and reliability of financial records.

Administrative Controls – The plan of organization and all the methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to the financial records.

Long-Term Financial plan (LTFP) - A Long-Term Financial Plan includes an analysis of the financial and economic environment, long-term forecasts, debt analysis, and financial strategies.

Modified Accrual Basis of Accounting – Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to pay liabilities of the current period. Substantially all material revenues are considered to be susceptible to accrual. Ad valorem, sales, franchise, and other tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. A sixty-day availability period is used for revenue recognition for all governmental fund revenues.

Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due. Compensated absences, claims, and judgments are recorded when the obligations are expected to be paid from currently available financial resources.

Net Position – Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in a proprietary fund.

Non-Recurring Item – An expenditure that has not occurred in the previous two years and is not expected to occur in the following year.

Operating Expenditures (Governmental Funds) - An expenditure incurred in carrying out the City's day-to-day activities. Operating Expenditures include such things as payroll, employee benefits and pension contributions, transportation and travel.

Operating Expenses (Proprietary Funds) - An expense incurred in carrying out the City's day-to-day activities. Operating Expenses include such things as payroll, employee benefits and pension contributions, transportation and travel, amortization and depreciation. Notwithstanding the foregoing, with respect to a City Enterprise for which obligations, secured in whole or in

part by the revenues of such Enterprise (such as the City's Water and Sewer System), have been issued or incurred, Operating Expenses shall be determined in accordance with State law and terms of the ordinances pursuant to which such obligations were issued or incurred.

Pay-As-You-Go-Financing - The use of currently available cash resources to pay for capital investment. It is an alternative to debt financing.

Pooled Cash – The sum of unrestricted cash and investments of several accounting funds that are consolidated for cash management and investment purposes. Investment income or expenditure is allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Program - A set of activities, operations, or organizational units designed and directed to accomplish specific service outcomes or objectives for a defined customer.

Proprietary Fund – A class of fund types that account for a local government's businesslike activities. Proprietary funds are of two types: enterprise funds and internal service funds. Both use the accrual basis of accounting and receive their revenues from charges to users. (Enterprise Fund examples: Water and Sewer Fund, and Drainage Utility Fund; Internal Service Fund examples: Fleet Maintenance Fund, Information Systems Fund).

Enterprise Fund - Enterprise funds are used to account for those activities that are business-like in nature, and include the Water & Sewer, Drainage, Solid Waste, and Aviation funds. Enterprise fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. These funds are supported largely by user charges.

Internal Service Fund - Proprietary fund type used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

Reserve (Governmental Funds) - Reserve refers only to the portion of Fund Balance that is intended to provide stability and respond to unplanned events or opportunities. See associated Reserve Policy for specific details.

Reserve (Proprietary Funds) - Reserve refers only to the portion of Working Capital that is intended to provide stability and respond to unplanned events or opportunities. See associated Reserve Policy for specific details.

Unrestricted Net Position - The portion of a fund's net position that is not restricted for a specific purpose.

Working Capital - An accounting term defined as current assets less current liabilities in a proprietary fund. Working Capital is used to express the Reserves available in proprietary funds for use.

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FINANCIAL GOVERNANCE POLICY, TO INCLUDE THE INVESTMENT POLICY

RS-26-029

February 17, 2026

Background

2

- Financial Governance Policy is the comprehensive source for financial policies in the City
 - ▣ Investment Policy is part of the Financial Governance Policy and must be adopted annually in accordance with the Public Funds Investment Act (PFIA)

Proposed Policy Changes

3

- Section XIII (A). Capitalization Threshold
- Proposed change: Increased the capitalization threshold for individual items from \$5,000 to \$10,000
- Reason for change: To align with the Government Finance Officers Association (GFOA) best practices, materiality considerations, and commonly applied federal grant equipment thresholds

Proposed Policy Changes

4

- Section XXV (C), Senior Citizen Utility Bill Assistance Program, 2. Application and Eligibility
- Current application and eligibility requires Citizen to be the account holder, 60 years of age and 6-month participation limit.
- Proposed additions:
 - ▣ Requires 12 months of utility account history prior to applying
 - ▣ Sets household income limits at 150% of Federal Poverty Guidelines
 - ▣ Counts all household members and income sources in eligibility
 - ▣ Defines application validity periods and documentation timeframes
- Reason for change: To ensure program transparency, consistency, and proper verification of eligibility and participation

Recommendation

5

City Council readopt the Financial Governance Policy, to include the Investment Policy, as amended.



City of Killeen

Staff Report

File Number: RS-26-030

Consider a memorandum/resolution authorizing the City Manager to sign an agreement with the Texas Department of Transportation-Aviation Division for the administration of a Federal Aviation Administration Airport Infrastructure Grant for the Design-Build Box Hangars Project at Skylark Field.

DATE: February 17, 2026

TO: Kent Cagle, City Manager

FROM: Jarrod Provost, Assistant Director of Aviation

SUBJECT: Agreement with the Texas Department of Transportation-Aviation Division for the administration of a Federal Aviation Administration Airport Infrastructure Grant.

BACKGROUND AND FINDINGS:

The Bipartisan Infrastructure Law (BIL), signed into law on November 15, 2021, provides the Federal Aviation Administration (FAA) with \$15 billion in Airport Infrastructure Grants (AIG) over five years for airport-related projects eligible under the Airport Improvement Program (AIP) and Passenger Facility Charge (PFC) criteria. Eligible uses include runways, taxiways, safety and sustainability projects, terminals, airport-transit connections, and roadways.

Aviation Staff submitted a BIL AIG application to the Texas Department of Transportation (TxDOT) Aviation Division requesting \$178,750, to complete the construction and site improvements of two additional box hangar units at Skylark Field, finishing the existing 10-unit hangar complex. This project continues a previous hangar initiative originally funded through a partnership between TxDOT and the City. Limited funding at the time left two hangar bays unfinished, with an internal wall exposed. This BIL AIG funding will be used for the project.

As Skylark Field is a general aviation airport under the FAA's State Block Grant Program, the TxDOT Aviation Division will administer the grant on behalf of the FAA. TxDOT requires City Council to approve a resolution authorizing a designated individual to execute the grant agreement and related documents.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A

CONFORMITY TO CITY POLICY:

This item conforms to local and state policies.

FINANCIAL IMPACT:

What is the amount of the revenue/expenditure in the current fiscal year? For future years?

Revenue \$178,750 (BIL AIG Grant)

Is this a one-time or recurring revenue/expenditure?

One-time

Is this revenue/expenditure budgeted?

No

If not, where will the money come from?

It will be appropriated upon the approval of the mid-year budget amendment.

Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?

Yes, upon approval of the mid-year budget amendment, \$178,750 will be appropriated in the Aviation AIP Grant Fund revenue account 341-43100-900-600-926042, and expense accounts 341-56200-900-605-926042 and 341-56201-900-605-926042, to reflect both the BIL AIG grant revenue and the associated project expenses.

RECOMMENDATION:

That the City Council authorize the City Manager to execute any and all required documents, including all amendments pertaining to the Federal Aviation Administration Airport Infrastructure Grant being administered by Texas Department of Transportation's Aviation Division.

DEPARTMENTAL CLEARANCES:

Finance
Purchasing
Legal

ATTACHED SUPPORTING DOCUMENTS:

Designation of Sponsor's Authorized Representative
Certification of Project Funds
Presentation

DESIGNATION OF SPONSOR'S AUTHORIZED REPRESENTATIVE

I, Kent Cagle, City Manager,
(Name) (Title)

with the City of Killeen designates Mike Wilson, Executive Director of Aviation
(Sponsor Name) (Name , Title)

as the City of Killeen authorized representative for the Design-Build Box Hangars project,
(Sponsor Name)

who shall have the authority to make approvals and disapprovals as required on behalf of the
City of Killeen.
(Sponsor Name)

City of Killeen, Texas
(Sponsor)

By: Kent Cagle
(Signature)

Title: City Manager

Date: _____

DESIGNATED REPRESENTATIVE

Mailing Address: Mike Wilson
Killeen Regional Airport
8101 Clear Creek Rd., Box C, Killeen, TX 76549

*Physical/Overnight Address: Killeen Regional Airport
8101 Clear Creek Rd., 3rd Floor, Killeen, Texas 76549

Telephone Number: 254-501-8701

E-Mail Address: mwilson@killeentexas.gov

CERTIFICATION OF PROJECT FUNDS

I, Kent Cagle, City Manager,
(Name) (Title)

do certify that sufficient funds to meet the City of Killeen's share of
(Sponsor Name)

project costs as identified for the project and will be available in accordance with the schedule shown below:

SPONSOR FUNDS

<u>Source</u>	<u>Amount</u>	<u>Date Available</u>
<u>Aviation CIP Fund</u>	<u>\$146,750</u>	<u>2/17/26</u>
_____	_____	_____
_____	_____	_____

City of Killeen, Texas
(Sponsor)

By: Kent Cagle

Title: City Manager

Date: _____



AUTHORIZE CITY MANAGER TO
SIGN AN AGREEMENT WITH
TXDOT FOR THE DESIGN-BUILD
BOX HANGARS AT SKYLARK FIELD

RS-26-030

February 17, 2026

Background

- The Bipartisan Infrastructure Law (BIL) signed into law on November 15, 2021, provides the Federal Aviation Administration (FAA) with \$15 billion in Airport Infrastructure Grants (AIG) over a five (5) year period for airport-related projects under existing Airport Improvement Program (AIP) and Passenger Facility Charge (PFC) criteria.
- The funding can be invested in runways, taxiways, safety and sustainability projects, terminals, airport-transit connections and roadway projects.

Discussion

- Aviation submitted a BIL AIG application to the Texas Department of Transportation (TxDOT) Aviation Division requesting \$178,750 to complete the construction and site improvements of two additional box hangar units at Skylark Field, finishing the existing 10-unit complex.
- This project continues a previous hangar initiative originally funded through a partnership between TxDOT and the City. Limited funding at the time left two hangar bays unfinished, with an internal wall exposed.

Discussion

- This BIL AIG funding will be combined with Aviation CIP funds to complete the project.
- Skylark Field is a General Aviation airport under the FAA State Block Grant Program.
- TxDOT-Aviation Division will administer the grant on behalf of the FAA.
- TxDOT requires City Council to approve a resolution authorizing a designated individual to execute the grant agreement and related documents.

Recommendation

- City Council approve a resolution authorizing the City Manager to execute any and all required documents, including all amendments pertaining to the Federal Aviation Administration Airport Infrastructure Grant being administered by Texas Department of Transportation's Aviation Division.



City of Killeen

Staff Report

File Number: RS-26-031

Consider a memorandum/resolution approving a Ground Lease Agreement at Skylark Field Airport with RD Aviation, LLC.

DATE: February 17, 2026

TO: Kent Cagle, City Manager

FROM: Jarrod Provost, Assistant Director of Aviation

SUBJECT: Authorize a ground lease agreement with RD Aviation LLC, at Skylark Field

BACKGROUND AND FINDINGS:

Airport Staff have negotiated a lease agreement with RD Aviation, LLC, in order to lease vacant ground space at Skylark Field. The vacant land includes the former site of the Killeen Municipal Airport terminal building that was demolished in 2026. The Agreement requires RD Aviation to construct one large hanger for the storing of aircraft and potential commercial aviation related operations. The term of the lease agreement is thirty (30) years, with two thirty (30) year renewal options, which will commence upon completion of construction of the aircraft hangar.

As part of the Agreement, RD Aviation agrees to use the premises solely for aviation-related purposes and grants RD Aviation the right to sublease hangars to various third parties for aviation-related purposes, provided that all such arrangements for subleases with a term greater than five (5) years will be subject to City approval.

RD Aviation will also be responsible for the installation and use of all utility services to all portions of the land and for all other related utility expenses, including expenses required for the installation of meters. RD Aviation is also responsible for all maintenance and repair expenses related to the land and hangars that it constructs on the land.

This lease provides additional aircraft storage capacity and revenue for the Aviation Department and has the potential to attract aviation related businesses that would create jobs, generate economic growth, and increase property value.

Pursuant to Section 145 of the City Charter for the City of Killeen, the Lease Agreement will become effective thirty (30) days following the passage of the resolution effecting it.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A

CONFORMITY TO CITY POLICY:

This item conforms to City policy.

FINANCIAL IMPACT:

What is the amount of the revenue/expenditure in the current fiscal year? For future years?

There is no expected revenue in FY 2027.

For future years, the lease agreement provides revenue for the City that the tenant will pay by way of a ground rate following the completion of the construction of each hangar. The ground rate will be \$0.04 per square foot for the first thirty-six (36) months of the lease agreement; \$0.05 per square foot for months thirty-seven (37) through fifty-nine (59); and \$0.05 per square foot beginning on month sixty (60) through the remainder of the Agreement with a consumer price index increase every second year thereafter.

Is this a one-time or recurring revenue/expenditure?

Recurring revenue

Is this revenue/expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?

For future years, Aviation will budget for this revenue is the Aviation Enterprise Fund, Land Lease Tenants account 525-44232-600-602-000000.

RECOMMENDATION:

Staff recommends that the City Council approve the lease agreement with RD Aviation, LLC, and authorize the City Manager or designee to execute same as well as any and all amendments and lease actions requires and as allowed per federal, state, or local law.

DEPARTMENTAL CLEARANCES:

Purchasing

Finance

Legal

ATTACHED SUPPORTING DOCUMENTS:

Agreement

Certificate of Interested Parties

Presentation



**SKYLARK FIELD GROUND LEASE AGREEMENT
BETWEEN THE CITY OF KILLEEN, TEXAS
AND RD AVIATION, LLC**

THIS GROUND LEASE AGREEMENT, regarding the lease of ground space at Skylark Field and the construction of certain improvements (“Lease”), is made and entered into by and between the CITY OF KILLEEN, TEXAS, a home rule municipal corporation organized under the laws of the State of Texas (“Lessor” or “City”), and RD AVIATION, LLC, a Texas Limited Liability Company, (“Lessee”); collectively the “Parties.”

In consideration of the mutual covenants, promises, and obligations contained herein, the Parties agree as follows:

1. LEASED PREMISES.

Lessor hereby demises to Lessee ground space ("Ground" or “Premises”), at Skylark Field, 1523 Stonetree Drive, Killeen, Bell County, Texas (“Airport”), as more thoroughly identified and depicted in Exhibit “A”, attached hereto and incorporated herein for all purposes.

2. TERM OF LEASE.

2.1. Term.

This Lease shall commence on the date of execution (“Effective Date”) and shall automatically terminate after thirty (30) years (“Initial Term”), unless terminated sooner or extended through renewal as provided herein.

2.2. Renewals.

If Lessee performs and abides by all provisions and conditions of this Lease, upon expiration of the Initial Term of this Lease, Lessee shall have two (2) options to renew for an additional thirty (30) years (each a “Renewal Term”). In order to exercise an option to renew, Lessee shall notify Lessor in writing of its desire to renew this Lease no less than ninety (90) days and no more than one hundred eighty (180) days prior to the expiration of the Initial Term. No additional extensions or additional terms shall be permitted absent approval by the City Council for the City of Killeen.

2.3. Holdover.

If Lessee holds over after the expiration of the Initial Renewal Term, this action will create a month-to-month tenancy. In this event, for and during the holdover period, Lessee agrees to pay all applicable rentals, fees, and charges at the rates provided by Lessor’s Schedule of Rates and Charges or similarly published schedule in effect at the time of the Holdover. The rental rate will

be adjusted to equal the then fair market value, as determined by Lessor's market analysis ("Holdover Rate"). In no case shall the Holdover Rate be less than the applicable Ground Rate at the end of either term or the value assessed upon completion of a property appraisal completed by a third-party vendor that has been approved and secured by Lessor. A ten percent (10%) increase will be added to the fair market value rate until a new lease agreement is approved and executed. The holdover period will not exceed six (6) months from the time this Lease expires. Upon the expiration of the holdover period, the City may exercise all legal rights and remedies available, including but not limited to eviction.

3. RENT.

3.1. Ground Rate.

Lessee hereby promises and agrees to pay Lessor an annual rent ("Ground Rate") as provided in Section 3.2. The Ground Rate shall be based on the square footage of each individual hangar built by Lessor upon the Premises. Additionally, each hangar shall be treated separately when calculating the Ground Rate based on the date that the hangar meets the definition of Completion of Construction as defined in Section 4.1.1.

3.2. Rate Adjustments.

3.2.1. Initial ramp up of Ground Rate.

3.2.1.1. No Ground Rate will be due until Completion of Construction.

3.2.1.2. The Ground Rate shall be \$0.04 per square foot for the first thirty-six (36) months following Completion of Construction.

3.2.1.3. The Ground Rate shall be \$0.05 per square foot for months thirty-seven (37) through sixty (60) following Completion of Construction.

3.2.1.4. The Ground Rate, subject to Section 3.2.2, shall be \$0.05 per square foot beginning on month sixty (60) following Completion of Construction through the remainder of the Initial Term or the entirety of the Renewal Term.

3.2.2. Two-Year Adjustment of Ground Rate.

Commencing sixty (60) months from the Effective Date and every second (2nd) year thereafter for the remainder of the Initial Term, and any subsequent Renewal Term, the Ground Rate shall be adjusted each period based on changes in the Consumer Price Index. ("Adjusted Rate").

The Adjusted Rate shall be calculated by multiplying the current Ground Rate by the same net percentage as the Consumer Price Index (Dallas/Fort Worth regions for All Urban Consumers, less energy) as published by the U.S. Department of Labor, Bureau of Labor Statistics, during the preceding twelve (12) months. The Adjusted Rate shall become effective on each second-year anniversary of the commencement date, and the Tenant agrees to pay the Adjusted Rate without further notice or demand.

3.3. Payment Dates and Late Fees.

Rent payment shall be due in advance on or before the first (1st) day of each month. Monthly payments are calculated by dividing the Ground Rate for each hangar, as calculated pursuant to Section 3.2.1, by 12. Rent shall be considered past due if Lessor has not received full payment after the tenth (10th) day of the month for which payment is due. Without limiting Lessor's termination rights as provided by this Lease, Lessor will assess a late penalty charge of ten percent (10%) per month on the entire balance of any overdue rent that Lessee may accrue.

4. CONSTRUCTION AND IMPROVEMENTS.

4.1. Mandatory Improvements by Lessee.

As additional consideration for this Lease, Lessee covenants and agrees that it shall construct the improvements set forth below on the Premises ("Mandatory Improvements"), as more thoroughly described in Exhibit "B".

4.1.1. Lessee, at its sole cost and expense, shall construct one airplane hangar on the Premises. Subject to events of Force Majeure, Lessee shall cause the construction of hangar to begin within six (6) months following the Effective Date ("Commencement of Construction"). Construction of the hangar shall be completed, and a Certificate of Occupancy issued no later than twelve (12) months following Commencement of Construction ("Completion of Construction").

4.1.2. Lessee shall complete the remaining Mandatory Improvements, if applicable, according to the Project Schedule ("Schedule"), as identified in Exhibit "B". For each major task on the Schedule, Lessee shall provide, at a minimum, a 7-day advance notice of commencement. Lessee shall complete all Mandatory Improvements within thirty-six (36) months of the Effective Date.

4.1.3. At the Completion of Construction, Lessee shall provide to the Lessor (i) a copy of the Certificate of Occupancy, (ii) a complete set of Record Drawings and/or as-built drawings in Adobe PDF and AutoCAD formats, and (iii) a summary of the total cost/value of the Mandatory Improvements.

Lessee warrants that all Mandatory Improvements shall be carried out by qualified contractors and tradespeople, using materials of good quality and suitable for the intended purpose and as further described herein.

The commencement and completion dates in this Section 4.1 are subject to the provisions of Section 26 below, and any delay by reason of force majeure shall result in a day-for-day extension of the period for performance, provided that the party is diligently and continuously pursuing in good faith a remedy to the delay during such time.

Should construction not be completed as evidenced by the issuance of a Certificate of Occupancy within the applicable time-period set forth above, Lessee shall be in default of this Lease.

Lessor shall take full title to any Mandatory Improvements on the Premises upon the expiration or earlier termination of this Lease.

4.2. Discretionary Improvements.

Lessee may, at its sole discretion, perform modifications, renovations, improvements, or other construction work on or to the Premises (collectively, “Discretionary Improvements”) so long as it first submits all plans, specifications, and estimates for the costs of the proposed work in writing and also requests and receives in writing approval from the Executive Director of Aviation for the City of Killeen, or designee (“Director”). Lessor agrees to respond in writing to Lessee’s requests for approval within thirty (30) calendar days of receipt of such requests. Lessee covenants and agrees that it shall fully comply with all provisions of this Section 4 in the undertaking of any such Discretionary Improvements. Lessor shall take full title to any improvements on the Premises upon the expiration or earlier termination of this Lease, provided that trade fixtures shall remain the property of Lessee and may be removed so long as Lessee repairs any damage caused thereby.

4.3. Process for Approval of Plans.

Lessee’s plans for any improvements shall conform to the City’s architectural standards and must also receive written approval from the Director. All plans, specifications and work shall conform to all federal, state and local laws, ordinances, rules, and regulations in force at the time that the plans are presented for review. Additionally, when required by federal law and at least forty-five (45) days prior to the Commencement of Construction of any improvement by Lessee, Lessee shall complete and submit FAA Form 7460-1 to the U.S. Department of Transportation Federal Aviation Administration.

4.4. Mandatory Improvements by Lessor.

Lessor, as part of the City approved master plan titled “Skylark Field Airport | Airport Master Plan,” has made and plans to complete certain improvements to the facility surrounding the Premises that will make it possible for Lessor to execute agreed.

Lessor covenants and agrees that it shall construct the improvements on the premises owned by the City of Killeen in a timely and reasonable way.

4.4.1. Subject to events of Force Majeure, Lessor shall complete construction of the City planned terminal/FBO building adjacent to the Premises within eighteen (18) months of the Effective Date.

4.4.2. Lessor will continue to maintain taxiways and apron egress in accordance with accepted standards and as permitted and approved by regulatory authorities, TxDOT and FAA.

4.5. Documents.

Lessee shall supply the Director with comprehensive sets of documentation relative to any Improvement, including, at a minimum, as-built drawings of each project. As-built drawings shall be new drawings or redline changes to drawings previously provided to the Director. Lessee shall supply the textual documentation in computer format as requested by Lessor.

4.6. Bonds Required of Lessee.

Prior to the commencement of any Mandatory or Discretionary Improvement, Lessee shall execute and deliver to Lessor (i) a payment bond that conforms to Subchapter I, Chapter 53 of the Texas Property Code and (ii) a performance bond in an amount equal to the project to cover the costs of all work performed of each construction contract or project. The bond shall guarantee satisfactory compliance by Lessee with all applicable requirements, terms, and conditions of this Lease, including, but not limited to, the satisfactory completion of the respective Improvements, and full payments to all persons, firms, corporations or other entities with whom Lessee has a direct relationship for the construction of such improvements.

4.7. Bonds Required of Lessee's Contractors.

Prior to the commencement of any Mandatory or Discretionary Improvement, in accordance with Texas Local Government Code section 2252.909, Lessee shall ensure that any contract with a third-party prime contractor includes a provision that requires said prime contractor to execute and deliver to Lessee (i) a payment bond that conforms to Subchapter I, Chapter 53 of the Texas Property Code and (ii) a performance bond in an amount equal to the contract to cover the costs of all work performed under such contractor's contract for such improvements. Lessee's prime contractor shall also furnish a maintenance bond in an amount equal to the contract price as security to protect Lessor against any defects in any portion of the improvements. The maintenance bond shall remain in effect for two (2) years after the date of final acceptance of the improvement by Lessor. Lessee shall provide Lessor with copies of such bonds prior to the commencement of such improvements. Such bonds shall name both Lessor and Lessee as dual obliges. If Lessee serves as its own contractor, Section 4.6 shall apply.

5. USE OF PREMISES.

Lessee hereby agrees to use the Premises solely for aviation-related purposes and strictly in accordance with the terms and conditions of this Lease. Lessee shall have the right to sublease portions of the Premises, including the entire hangar, to various third parties ("Sublessees") for aviation-related purposes only under terms and conditions acceptable to and determined by Lessee, provided that all such arrangements for subleases with a term greater than five (5) years shall be in writing and approved in advance by Lessor. All written agreements executed by Lessee to Sublessees for any portion of the Premises shall contain terms and conditions that (i) do not conflict with Lessee's duties and obligations under this Lease; (ii) incorporate the terms and provisions of this Lease; (iii) restrict the use of the Premises to aircraft storage or other aviation or aviation-related purposes acceptable to Lessor; and (iv) treat users of the same or substantially similar facilities in a fair and

non-discriminatory manner. Lessee shall use a standard lease form for all Sublessees and shall submit a copy of such standard lease form, including rental rates, without regard to lease terms, to the Director prior to Lessee's execution of its first lease and from time to time thereafter following any material changes to such lease form, including, without limitation, any changes to Lessee's rental rates for portions of the Premises. Lessee may make non-material modifications to its standard lease to the extent that such are not contrary to Lessor's Sponsor's Assurances.

6. REPORTS, AUDITS, AND RECORDKEEPING.

Lessor reserves the right to require Lessee to provide Lessor with a written annual report, in a form acceptable to the Director, that reflects Lessee's rental rates for any subleases of the Premises in the immediately preceding calendar year. If required, such written annual report shall be provided to Lessor within thirty (30) days following the end of the preceding calendar year. Lessor may request, and Lessee shall promptly provide, similar reports on a more frequent basis that reflect Lessee's rental rates for the period requested by Lessor. These reports shall be delivered to Lessor's Department of Aviation at the address provided in Section 15. In addition, Lessee shall keep and maintain books and records pertaining to Lessee's operations at the Airport and other obligations hereunder in accordance with Lessee's current basis of accounting or, if Lessee changes such basis, in a manner satisfactory to Lessor's Internal Auditor and at a location within the City of Killeen. Lessee's basis of accounting will be deemed to be to the satisfaction of Lessor's Internal Auditor if it is in compliance with industry standards or generally accepted accounting principles. Upon Lessor's request and following reasonable advance notice, Lessee will make such books and records available for review by Lessor during Lessee's normal business hours. Lessor, at Lessor's sole cost and expense, shall have the right to audit such books and records in order to ensure compliance with the terms of this Lease and the Sponsor's Assurances made by Lessor to the Federal Aviation Administration.

7. UTILITIES.

Lessee, at Lessee's sole cost and expense, shall be responsible for the installation and use of all utility services to all portions of the Premises and for all other related utility expenses, including, but not limited to, deposits and expenses required for the installation of meters. Lessee further covenants and agrees to pay all costs and expenses for any extension, maintenance, or repair of any and all utilities serving the Premises. In addition, Lessee agrees that all utilities, air conditioning and heating equipment and other electrically operated equipment which may be used on the Premises shall fully comply with Lessor's Mechanical, Electrical, Plumbing, Building, and Fire Codes ("Codes"), as they exist or may hereafter be amended.

8. MAINTENANCE AND REPAIRS.

8.1. Maintenance and Repairs by Lessee.

Lessee agrees to keep and maintain the Premises in a good, clean, and sanitary condition at all times, reasonable wear and tear excepted. Lessee covenants and agrees that it will not make or suffer any waste of the Premises. Lessee, at Lessee's sole cost and expense, will make all repairs or replacements necessary to prevent the deterioration in condition or value of the Premises,

including, but not limited to, the maintenance of and repairs to all hangars and other structures, doors, windows and roofs, and all fixtures, equipment, hangar modifications and surrounding pavement, grass and weed management on the Premises and adjacent easement. Lessee shall be responsible for all damages caused by Lessee, its agents, employees, contractors, subcontractors, licensees, or invitees, and Lessee agrees to fully repair or otherwise cure all such damages at Lessee's sole cost and expense.

Lessee agrees that all improvements, trade fixtures, furnishings, equipment, and other personal property of every kind or description which may at any time be on the Premises shall be at Lessee's sole risk or at the sole risk of those claiming under Lessee. Lessor shall not be liable for any damage to such property or loss suffered by Lessee's business or business operations which may be caused by the bursting, overflowing, or leaking of sewer or steam pipes, from water from any source whatsoever, or from any heating fixtures, plumbing fixtures, electric wires, noise, gas or odors, or from causes of any other matter.

8.2. Compliance with ADA.

Lessee agrees that all improvements it makes at the Airport shall comply with all ADA requirements. In addition, Lessee, at its sole cost and expense, agrees to keep and maintain the Premises in full compliance with the Americans with Disabilities Act of 1990, as amended ("ADA").

8.3. Inspections.

8.3.1. Lessor shall have the right and privilege, through its officers, agents, or employees, to inspect the Premises. Except in the event of an emergency, Lessor shall conduct such inspections during Lessee's ordinary business hours and shall use its best efforts to provide Lessee at least twenty-four (24) hours' notice prior to any inspection.

8.3.2. If Lessor determines during an inspection of the Premises that Lessee is responsible under this Lease for any maintenance or repairs, Lessor shall notify Lessee in writing. Lessee agrees to begin such maintenance or repair work diligently within thirty (30) calendar days following receipt of such notice and to then complete such maintenance or repair work within a reasonable time, considering the nature of the work to be done. If Lessee fails to begin the recommended maintenance or repairs within such time or fails to complete the maintenance or repairs within a reasonable time, Lessor may, in its discretion, perform such maintenance or repairs on behalf of Lessee. In this event, Lessee will reimburse Lessor for the cost of the maintenance or repairs, and such reimbursement will be due on the date of Lessee's next monthly rent payment following completion of the maintenance or repairs.

8.3.3. During any inspection, Lessor may perform any obligations that Lessor is authorized or required to perform under the terms of this Lease or pursuant to its governmental duties under federal state or local laws, rules or regulations. Lessee will permit the City's Fire Marshal or his or her authorized agents to inspect the Premises and Lessee will comply with all requirements of the Fire Marshal or his or her authorized agents that are necessary to

bring the Premises into compliance with the City of Killeen Fire Code and Building Code provisions regarding fire safety, as such provisions exist or may hereafter be amended. Lessee shall maintain in proper condition accessible fire extinguishers of a number and type approved by the Fire Marshal or his or her authorized agents for the particular hazard involved.

8.4. Environmental Remediation.

To the best of Lessor's knowledge, the Premises complies with all applicable federal, state, and local environmental regulations or standards. Lessee agrees that it has inspected the Premises and is fully advised of its own rights without reliance upon any representation made by Lessor concerning the environmental condition of the Premises. LESSEE, AT ITS SOLE COST AND EXPENSE, AGREES THAT IT SHALL BE FULLY RESPONSIBLE FOR THE REMEDIATION OF ANY VIOLATION OF ANY APPLICABLE FEDERAL, STATE OR LOCAL ENVIRONMENTAL REGULATIONS OR STANDARDS THAT IS CAUSED BY LESSEE, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, OR INVITEES.

9. SIGNS.

Lessee may, at its sole expense and with the prior written approval of the Director, install and maintain signs on the Premises related to Lessee's business operations. Such signs, however, must be in keeping with the size, color, location, and manner of display of other signs at the Airport and must comply with the requirements of Chap. 31, Art. V, Div. 4 of the City of Killeen Code of Ordinances. Lessee shall maintain all such signs in a safe, neat, sightly, and physically good condition.

10. RIGHTS AND RESERVATIONS OF LESSOR.

Lessor hereby retains the following rights and reservations:

- 10.1. Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, including, but not limited to, the right to prevent Lessee from erecting or permitting to be erected any building or other structure which, in the opinion of Lessor, would limit the usefulness of the Airport, constitute a hazard to aircraft or diminish the capability of existing or future navigational or navigational aids used at the Airport.
- 10.2. Lessor reserves the right to develop and improve the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance by or on behalf of Lessee. Accordingly, nothing contained in this Lease shall be construed to obligate Lessor to relocate Lessee as a result of any such Airport developments or improvements.
- 10.3. This Lease shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States Government, which relates to the operation or maintenance of the Airport and is required as a condition for the expenditure of federal funds for the

development, maintenance, or repair of Airport infrastructure. In the event that any such existing or future agreement directly causes a material restriction, impairment or interference with Lessee's primary operations on the Premises ("Limitation") for a period of less than seven (7) calendar days, this Lease shall continue in full force and effect. If the Limitation lasts more than seven (7) calendar days, Lessee and Lessor shall negotiate in good faith to resolve or mitigate the effect of the Limitation. If Lessee and Lessor are in good faith unable to resolve or mitigate the effect of the Limitation, and the Limitation lasts between seven (7) and one hundred eighty (180) days, then for such period (i) Lessee may suspend the payment of any rent due hereunder, but only if Lessee first provides adequate proof to Lessor that the Limitation has directly caused Lessee a material loss in revenue; (ii) subject to ordinary wear and tear, Lessor shall maintain and preserve the Premises and its improvements in the same condition as they existed on the date such Limitation commenced; and (iii) the term of this Lease shall be extended, at Lessee's option, for a period equal to the duration of such Limitation. If the Limitation lasts more than one hundred eighty (180) days, then (1) Lessor and Lessee may, but shall not be required to, (a) further adjust the payment of rent and other fees or charges, (b) renegotiate maintenance responsibilities and (c) extend the term of this Lease, or (ii) Lessee may terminate this Lease upon thirty (30) days' written notice to Lessor.

10.4. During any war or national emergency, Lessor shall have the right to lease any part of the Airport, including its landing area, to the United States Government. In this event, any provisions of this instrument which are inconsistent with the provisions of the lease to the Government shall be suspended. Lessor shall not be liable for any loss or damages alleged by Lessee as a result of this action. However, nothing in this Lease shall prevent Lessee from pursuing any rights it may have for reimbursement from the United States Government. If any lease between Lessor and the United States Government executed pursuant to this Section 10.4 directly causes a Limitation for a period of less than seven (7) calendar days, this Lease shall continue in full force and effect. If the Limitation lasts more than seven (7) calendar days, Lessee and Lessor shall negotiate in good faith to resolve or mitigate the effect of the Limitation. If Lessee and Lessor are in good faith unable to resolve or mitigate the effect of the Limitation, and the Limitation lasts between seven (7) and one hundred eighty (180) days, then for such period (i) Lessee may suspend the payment of any rent due hereunder, but only if Lessee first provides adequate proof to Lessor that the Limitation has directly caused Lessee a material loss in revenue; (ii) subject to ordinary wear and tear, Lessor shall maintain and preserve the Premises and its improvements in the same condition as they existed on the date such Limitation commenced; and (iii) the term of this Lease shall be extended, at Lessee's option, for a period equal to the duration of such Limitation. If the Limitation lasts more than one hundred eighty (180) days, then (i) Lessor and Lessee may, but shall not be required to, (a) further adjust the payment of rent and other fees or charges, (b) renegotiate maintenance responsibilities, and (c) extend the term of this Lease, or (ii) Lessee may terminate this Lease upon thirty (30) days' written notice to Lessor.

10.5. Lessor covenants and agrees that during the term of this Lease it will operate and maintain the Airport and its facilities as a public airport consistent with and pursuant to the Sponsor's Assurances given by Lessor to the United States Government through the Federal Airport Act; and Lessee agrees that this Lease and Lessee's rights and privileges hereunder shall be subordinate to the Sponsor's Assurances.

10.6. Lessee's rights hereunder shall be subject to all existing and future utility and drainage easements and rights-of-way granted by Lessor for the installation, maintenance, inspection, repair, or removal of facilities owned or operated by electric, gas, water, sewer, communication, or other utility companies. Lessee's rights shall additionally be subject to all rights granted by any ordinance or statute which allows utility companies to use publicly owned property for the provision of utility services.

10.7. Lessor agrees Lessee shall have the right of ingress and egress to and from the Premises by means of roadways for automobiles and taxiways for aircraft including access during the construction phase of airport improvements, unless otherwise agreed to in writing by both parties. Such rights shall be consistent with the rules and regulations with respect to the occupancy and use of airport premises as adopted from time to time by the City of Killeen and by the Federal Aviation Administration or any other state, federal or local authority.

11. INSURANCE.

Lessee shall procure and maintain at all times, in full force and effect, a policy or policies of insurance as specified herein, naming the City of Killeen as an additional insured and covering all public risks related to the leasing, use, occupancy, maintenance, existence or location of the Premises. Lessee shall obtain the required insurance specified to be maintained by a commercial tenant in accordance with Exhibit "C", the "City of Killeen Aviation Insurance Requirements" attached hereto and made part of this Lease for all purposes.

In addition, Lessee shall be responsible for all insurance to construction, improvements, modifications, or renovations to the Premises and for personal property of its own or in its care, custody, or control.

11.1. Adjustments to Required Coverage and Limits, Insurance requirements, including additional types of coverage and increased limits on existing coverages, are subject to change at Lessor's option and as necessary to cover Lessee's and any Sublessees' operations at the Airport. Lessee will accordingly comply with such new requirements within thirty (30) days following notice to Lessee.

11.2. As a condition precedent to the effectiveness of this Lease, Lessee shall furnish Lessor with appropriate certificates of insurance signed by the respective insurance companies as proof that it has obtained the types and amounts of insurance coverage required herein. Lessee hereby covenants and agrees that not less than sixty (60) days prior to the expiration of any insurance policy required hereunder, it shall provide Lessor with a new or renewal certificate of insurance. In addition, Lessee shall, at Lessor's request, provide Lessor with evidence that it has maintained such coverage in full force and effect.

12. INDEPENDENT CONTRACTOR.

It is expressly understood and agreed that Lessee shall operate as an independent contractor as to all rights and privileges granted herein, and not as an agent, representative, or employee of Lessor. Lessee shall have the exclusive right to control the details of its operations and activities on the Premises and shall be solely responsible for the acts and omissions of its officers, agents, employees, contractors, subcontractors, patrons, licensees, and invitees. Lessee further agrees that nothing herein shall be construed as the creation of a partnership or joint enterprise between Lessor and Lessee.

13. INDEMNIFICATION.

LESSEE HEREBY ASSUMES ALL LIABILITY AND RESPONSIBILITY FOR PROPERTY LOSS, PROPERTY DAMAGE, AND/OR PERSONAL INJURY OF ANY KIND, INCLUDING DEATH, TO ANY AND ALL PERSONS, OF ANY KIND OR CHARACTER, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH ITS USE OF THE AIRPORT UNDER THIS LEASE OR WITH THE LEASING, MAINTENANCE, USE, OCCUPANCY, EXISTENCE, OR LOCATION OF THE PREMISES, EXCEPT TO THE EXTENT CAUSED BY THE NEGLIGENCE OR INTENTIONAL MISCONDUCT OF LESSOR, ITS OFFICERS, AGENTS, SERVANTS OR EMPLOYEES. LESSEE COVENANTS AND AGREES TO, AND DOES TO THE EXTENT ALLOWED BY LAW, WITHOUT WAIVING ANY DEFENSES PROVIDED BY LAW, HEREBY INDEMNIFY, HOLD HARMLESS AND DEFEND LESSOR, ITS OFFICERS, AGENTS, AND EMPLOYEES, FROM AND AGAINST ANY AND ALL CLAIMS OR LAWSUITS FOR EITHER PROPERTY DAMAGE OR LOSS (INCLUDING ALLEGED DAMAGE OR LOSS TO LESSEE'S BUSINESS AND ANY RESULTING LOST PROFITS) AND/OR PERSONAL INJURY, INCLUDING DEATH, TO ANY AND ALL PERSONS, OF ANY KIND OR CHARACTER, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH LESSEE'S USE OF THE AIRPORT UNDER THIS LEASE OR WITH THE USE, LEASING, MAINTENANCE, OCCUPANCY, EXISTENCE, OR LOCATION OF THE PREMISES, EXCEPT TO THE EXTENT CAUSED BY THE NEGLIGENCE OR INTENTIONAL MISCONDUCT OF LESSOR, ITS OFFICERS, AGENTS, EMPLOYEES.

LESSEE ASSUMES ALL RESPONSIBILITY AND AGREES TO PAY LESSOR FOR ANY AND ALL INJURIES OR DAMAGES TO LESSOR'S PROPERTY WHICH ARISE OUT OF OR IN CONNECTION WITH ANY AND ALL ACTS OR OMISSIONS OF LESSEE, ITS OFFICERS, AGENTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, LICENSEES, OR INVITEES, EXCEPT TO THE EXTENT CAUSED BY THE NEGLIGENCE OR INTENTIONAL MISCONDUCT OF LESSOR, ITS OFFICERS, AGENTS, OR EMPLOYEES. LESSOR DOES NOT GUARANTEE POLICE PROTECTION TO LESSEE, ANY SUBLESSEES OR THEIR PROPERTY. LESSOR IS OBLIGATED ONLY TO PROVIDE SECURITY ADEQUATE TO MAINTAIN LESSOR'S CERTIFICATION UNDER FAA REGULATIONS. LESSEE SHALL COMPLY WITH ALL APPLICABLE REGULATIONS OF THE FAA RELATING TO AIRPORT SECURITY. LESSEE SHALL PAY ALL FINES IMPOSED BY THE FAA ON LESSOR OR LESSEE RESULTING FROM LESSEE'S OR ANY SUBLESSEES' FAILURE TO COMPLY WITH SUCH FAA REGULATIONS OR TO PREVENT UNAUTHORIZED PERSONS OR

PARTIES FROM THEIR OBTAINING ACCESS TO THE AIR OPERATIONS AREA OF THE AIRPORT FROM THE PREMISES.

14. TERMINATION.

In addition to termination rights contained elsewhere in this Lease, Lessor shall have the right to terminate this Lease as follows:

14.1. Failure by Lessee to Pay Rent, Fees, or Other Charges.

If Lessee fails to pay any rent, fees, or other charges due under this Lease, Lessor shall deliver to Lessee a written invoice and notice to pay the invoice within thirty (30) calendar days. If Lessee fails to pay the balance outstanding within such time, Lessor shall have the right to terminate this Lease effective immediately.

14.2. Breach or Default by Lessee.

If Lessee commits any breach or default, other than Lessee's failure to pay rent, Lessor shall deliver written notice to Lessee specifying the nature of such breach or default. Lessee shall have thirty (30) calendar days following receipt of such written notice to cure, adjust or correct the problem to the standard existing prior to the breach. If Lessee fails to cure the breach or default within such time period, Lessor shall have the right to terminate this Lease immediately, unless such breach or default is not susceptible to cure within thirty (30) calendar days, in which event Lessee shall have such additional time to effect a cure as determined by Lessor.

14.3. Abandonment or Non-Use of the Premises.

Lessee's abandonment or non-use of the Premises for any reason for more than ninety (90) consecutive calendar days shall constitute grounds for immediate termination of this Lease by Lessor, unless such non-use is caused by Force Majeure, as set forth in Section 26 below.

14.4. Lessee's Financial Obligations to Lessor upon Termination, Breach, or Default.

If Lessor terminates this Lease for any non-payment of rent, fees, or other charges or for any other breach or default as provided in Sections 14.1, 14.2, or 14.3 of this Lease, Lessee shall be liable for and shall pay to Lessor all rent due for the remainder of the term then in effect as well as all arrearages of rentals, fees, and charges payable hereunder. The above notwithstanding, Lessor shall attempt, through reasonable and available commercial methods, to mitigate the above damages by reletting the Premises. If Lessor relets the Premises, then Lessee shall not be liable for further rent liability. However, in no event shall a reentry onto or reletting of the Premises by Lessor be construed as an election by Lessor to forfeit any of other rights under this Lease.

14.5. Rights of Lessor Upon Termination or Expiration.

Upon termination or expiration of this Lease, all rights, powers, and privileges granted to Lessee hereunder shall cease and Lessee shall vacate the Premises. Within twenty (20) days following the effective date of termination or expiration, Lessee shall remove from the Premises all trade fixtures, tools, machinery, equipment, materials, and supplies placed on the Premises by Lessee pursuant to this Lease. After such time, the title in all improvements shall vest with Lessor and Lessor shall have the right to take full possession of the Premises, by force if necessary, and to remove any and all parties and property remaining on any part of the Premises. Lessee agrees that it will assert no claim of any kind against Lessor, its agents, employees, or representatives, which may stem from Lessor's termination of this Lease or any act incident to Lessor's assertion of its right to terminate or Lessor's exercise of any rights granted hereunder.

15. NOTICES.

Notices required pursuant to the provisions of this Lease shall be conclusively determined to have been delivered (i) when hand-delivered to the other party at such addresses listed below, or at such other addresses as the receiving party designates by proper notice to the sending party, or (ii) three (3) days after being deposited in the United States Mail, postage prepaid, addressed as follows:

If to Lessor:

City of Killeen
Attn: Executive Director of Aviation
8101 Clear Creek Road
Killeen, TX 76549

If to Lessee:

RD Aviation
1112 County Road 4765
Kempner, TX 76539

With copy to:

City of Killeen
Attn: City Attorney's Office
P.O. Box 1329
Killeen, TX 76541

16. ASSIGNMENT AND SUBLETTING.

16.1. In General.

Lessee shall have the right to sublease portions, or all, of the Premises as provided by and in accordance with Section 5 of this Lease. Otherwise, Lessee shall not assign, sell, convey, sublease, or transfer the entirety of its rights, privileges, duties, or interests granted by this Lease without the advance written consent of Lessor.

16.2. Conditions of Approved Assignments and Subleases.

As provided for in Section 5, if Lessor consents to any assignment or sublease, all terms, covenants, and agreements set forth in this Lease shall apply to the assignee or sublessee, and

such assignee or sublessee shall be bound by the terms and conditions of this Lease the same as if it had originally executed this Lease. The failure or refusal of Lessor to approve a requested assignment or sublease shall not relieve Lessee of its obligations hereunder, including payment of rentals, fees, and charges.

17. LIENS.

Lessee acknowledges that it has no authority to engage in any act or to make any contract which may create or be the foundation for any lien upon the property or interest in the property of Lessor. If any such purported lien is created or filed, Lessee, at its sole cost and expense, shall liquidate and discharge the same within thirty (30) days of such creation or filing. Lessee's failure to discharge any such purported lien shall constitute a breach of this Lease and Lessor may terminate this Lease upon thirty (30) days' written notice. However, Lessee's financial obligation to Lessor to liquidate and discharge such lien shall continue in effect following termination of this Lease and until such a time as the lien is discharged.

18. TAXES AND ASSESSMENTS.

Lessee agrees to pay any and all federal, state or local taxes or assessments which may lawfully be levied against Lessee due to Lessee's use or occupancy of the Premises or any improvements or property placed on the Premises by Lessee as a result of its occupancy.

19. COMPLIANCE WITH LAWS, ORDINANCES, RULES, AND REGULATIONS.

Lessee covenants and agrees that it shall not engage in any unlawful use of the Premises. Lessee further agrees that it shall not permit its officers, agents, employees, contractors, subcontractors, patrons, licensees, or invitees to engage in any unlawful use of the Premises and Lessee immediately shall remove from the Premises any person engaging in such unlawful activities. Unlawful use of the Premises by Lessee itself shall constitute an immediate breach of this Lease.

Lessee agrees to comply with all federal, state, and local laws; all ordinances, rules and regulations, and minimum standards of Lessor; all rules and regulations and minimum standards established by the Director; and all rules and regulations and minimum standards adopted by the City Council pertaining to the conduct required at airports owned and operated by the City, as such laws, ordinances, rules and regulations, and minimum standards exist or may hereafter be amended or adopted. If Lessor notifies Lessee in accordance with Section 15 above of any violation of such laws, ordinances, rules or regulations, Lessee shall immediately desist from and correct the violation.

19.1. Compliance with Schedule of Rates and Charges:

Lessee shall be bound by any customary charges adopted in the City's Schedule of Rates and Charges, as may be adopted by the City Council from time to time.

20. NON-DISCRIMINATION.

Lessee, for itself, its personal representatives, successors in interest and assigns, as part of the consideration herein, agrees as a covenant running with the land that no person shall be excluded from participation in or denied the benefits of Lessee's use of the Premises on the basis of race, color, national origin, religion, disability, sex, sexual orientation, transgender, gender identity or gender expression. Lessee further agrees for itself, its personal representatives, successors in interest and assigns that no person shall be excluded from the provision of any services on or in the construction of any improvements or alterations to the Premises on grounds of race, color, national origin, religion, disability, sex, sexual orientation, transgender, gender identity or gender expression. Lessee agrees to furnish its accommodations and to price its goods and services on a fair and equal basis to all persons. In addition, Lessee covenants and agrees that it will at all times comply with any requirements imposed by or pursuant to Title 49 of the Code of Federal Regulations, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation and with any amendments to this regulation which may hereafter be enacted. If any claim arises from an alleged violation of this non-discrimination covenant by Lessee, its personal representatives, successors in interest or assigns, Lessee agrees to indemnify Lessor and hold Lessor harmless.

21. LICENSES AND PERMITS.

Lessee shall, at its sole expense, obtain and keep in effect all licenses and permits necessary for the operation of its operations at the Airport.

22. GOVERNMENTAL POWERS.

It is understood and agreed that by execution of this Lease, Lessor does not waive or surrender any of its governmental powers.

23. WAIVER.

The failure of Lessor to insist upon the performance of any term or provision of this Lease or to exercise any right granted herein shall not constitute a waiver of Lessor's right to insist upon appropriate performance or to assert any such right on any future occasion.

24. GOVERNING LAW.

The Parties agree that this Lease is governed by the laws of the State of Texas and the venue for any dispute arising from this Lease shall be Bell County.

25. SEVERABILITY.

If any provision of this Lease shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

26. FORCE MAJEURE.

Lessor and Lessee shall exercise every reasonable effort to meet their respective obligations as set forth in this Lease, but shall not be held liable for any delay in or omission of performance due to causes beyond their reasonable control, including, but not limited to, compliance with any government law, ordinance or regulation, acts of God, acts of omission, fires, strikes, lockouts, national disasters, wars, riots, material or labor restrictions, transportation problems, pandemics, and/or any other cause beyond the reasonable control of Lessor or Lessee.

27. SIGNATURE AUTHORITY.

The persons signing this agreement hereby warrants that he/she has the legal authority to execute this Lease on behalf of the respective party, and that such binding authority has been granted by proper order, resolution, ordinance, or other authorization of the entity. Each party is fully entitled to rely on these warranties and representations in entering into this Lease or any amendment hereto.

28. HEADINGS.

Headings and titles used in this Lease are for reference purposes only and shall not be deemed a part of this Lease.

29. ENTIRETY OF AGREEMENT.

This written instrument, including any documents attached hereto or incorporated herein by reference, contains the entire understanding and agreement between Lessor and Lessee, its assigns and successors in interest, as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with any provisions of this Lease. The terms and conditions of this Lease shall not be amended unless agreed to in writing by both parties.

30. COUNTERPARTS.

This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same Lease.

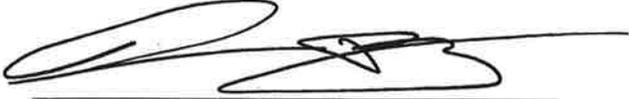
[Signature Page Follows]

SIGNED, AGREED TO, and EFFECTIVE, this _____ day of _____, 20_____.

CITY OF KILLEEN

RD AVIATION, LLC

Kent Cagle
City Manager



Ryan DiBattiste
Managing Member

ATTEST:

Laura Calcote
City Secretary

APPROVED AS TO FORM:

Holli Clements
City Attorney

EXHIBIT A – SURVEY



EXHIBIT B - MANDATORY IMPROVEMENTS BY LESSEE

EXHIBIT C - MINIMUM INSURANCE REQUIREMENTS

Category	Property Insurance	Commercial General Liability	Hangarkeeper's Liability	Environmental Impairment Liability	Aircraft and Passenger Liability	Automobile Liability Hired and Non-owned
Fixed Base Operators (FBO's)	Yes	\$5,000,000	\$5,000,000	\$1,000,000		\$1,000,000
Aircraft Maintenance Operator & Avionics or Instrument Maintenance Operator-Piston	*5	\$1,000,000		\$1,000,000		\$1,000,000
Aircraft Maintenance Operator and Avionics or Instrument Maintenance Operator-Turbine	*5	\$5,000,000		\$1,000,000		\$1,000,000
Avionics or Instrument Maintenance Operator (Bench work Only)	*5	\$1,000,000				\$1,000,000
Aircraft Rental or Flight Training Operator	*5	\$1,000,000			\$1,000,000/Occr \$100,000/Pass	\$1,000,000
Aircraft Charter or Aircraft Management Operator	*5	\$1,000,000 *2			\$5,000,000/Occr \$500,000/Pass	\$1,000,000
Aircraft Sales Operator	*5		\$1,000,000		\$1,000,000/Occr \$100,000/Pass	\$1,000,000
Aircraft Storage Operator	*5	\$1,000,000	\$1,000,000			
Aircraft Storage Operator - sublease	*5	\$5,000,000 *3	\$5,000,000			\$1,000,000
Aviation Service Sole Proprietor	*5	\$1,000,000 *2				\$1,000,000
Other Commercial Aeronautical Activities		\$1,000,000			\$300,000/Occr	\$1,000,000
Temporary Specialized Aviation Service Operator		\$1,000,000			\$300,000/Occr	\$1,000,000
Non-Commercial Hangar Lessee	*5				\$300,000/Occr	\$1,000,000
Non-Commercial Flying Club	*5				\$1,000,000/Occr \$100,000/Pass	\$1,000,000
Non-Commercial Self-Fueling Permittee (Jet Fuel and/or Avgas)	*5	\$1,000,000		\$1,000,000	\$300,000/Occr	\$1,000,000
Non-Commercial Self-Fueling Permittee (Alternative Fuels e.g. mogas)	*5			\$500,000	\$300,000/Occr	\$250,000
Box Hangar, T-Hangar, Community Hangar	*5				\$300,000/Occr	\$250,000
Other	*Insurance requirements subject to determination by Aviation Department and Risk Management.					

Additional Insurance Requirements

- Lessee's policies are to be primary to any other valid and collectible insurance available to the City
- All policies shall include a Waiver of Subrogation in favor of the City (Temporary SASO must also include Airport Lessee)
- The City of Killeen shall be named as Additional Insured (Temporary SASO must also include Airport Lessee)
- Policies shall have no exclusions by endorsement, which , neither nullify or amend the required lines of coverage, nor decrease the limits of said coverage

1 Coverage per aircraft should be equivalent to the average aircraft value at one time and coverage per occurrence should be equivalent to the average of the maximum value of total aircraft at one time, but not less than the amount noted above

2 Must include Negligent Instruction Coverage

3 If aircraft storage operator is providing subleasing space for aircraft storage

4 Only required for those providing flight instruction

5 Depends on terms of the lease agreement

6 If vehicle parked landside - State minimums would apply

DEFINITIONS:

PROPERTY INSURANCE	Coverage for the Building includes (but is not limited to) the building and structures, completed additions to covered buildings, outdoor fixtures, permanently installed fixtures, machinery and equipment. The building material used to maintain and service the insured's premises is also insured. Business Personal Property owned by the insured and used in the insured's business is covered for direct loss or damage. The coverage includes (but is not limited to) furniture and fixtures, stock, improvements and betterments, leased property for which you have a contractual obligation to insure and several other similar business property items when not specifically excluded from coverage. The policy is also designed to protect the insured against loss or damage to the Personal Property of Others while in the insured's care, custody and control. Business Income (sometimes called Business Interruption) affords protection against the loss of earnings of a business during the time required to rebuild or repair covered property damaged or destroyed by fire or some other insured cause of loss. Extra Expense allows coverage for those additional expenses over and above normal operating expenses paid due to damage to covered property from a covered cause of loss. These expenses could include rent, utilities, moving expenses, telephone, advertising and labor.
COMMERCIAL GENERAL LIABILITY	<p>This coverage protects the insured for bodily injury or property damage to the third parties, for which they are legally liable. The policy covers accidents occurring on the premises or away from the premises. Coverage is provided for injury or damages arising out of goods or products made or sold by the named insured. Coverage is afforded for the named insured and employees of the named insured; however, several individuals and organizations other than the named insured may be covered depending upon certain circumstances specified in the policy. In addition to the limits, the policy provides supplemental payments for attorney fees, court costs and other expenses associated with a claim or the defense of a liability suit.</p> <p><u>Coverage A</u> - Bodily Injury and Property Damage Liability Bodily Injury means physical injury, sickness or disease, including death. Property Damage means physical injury to tangible property, including the resulting loss of use of that property.</p> <p><u>Coverage B</u> - Personal Injury and Advertising Injury Liability Personal Injury means false arrest, malicious prosecution, wrongful entry or eviction, libel, slander and violations of a person's right of privacy. Advertising Injury means libel, slander, disparagement, violations of a person's right of privacy, misappropriation and copyright infringement.</p> <p><u>Coverage C</u> - Medical Payments Medical Payments means medical expenses for bodily injury caused by an accident</p>
HANGARKEEPERS LIABILITY	Insures the hanger operator for legal obligations to pay damages due to loss to an aircraft that occurs when the aircraft is in the care, custody or control of the insured for safekeeping, storage, service or repair. Coverage extends to liability claims involving an aircraft's loss of use.
ENVIRONMENTAL IMPAIRMENT LIABILITY	Insures the pollution exposure associated with the insured's property and operations, including costs of cleanup and remedial or corrective action due to a third-party demand or a government order. The Pollution exclusion in general liability insurance effectively eliminates coverage for damages for bodily injury, property damage and cleanup costs arising from most types of pollution events. Because of this, customized protection for the pollution exposure of numerous insureds in this category is essential
AIRCRAFT AND PASSENGER LIABILITY	Coverage geared specifically to the operation of aircraft and the risks involved in aviation. Aviation insurance policies are distinctly different from those for other areas of transportation and tend to incorporate aviation terminology, as well as terminology, limits and clauses specific to aviation insurance. Passenger liability protects passengers riding in the accident aircraft who are injured or killed. In many countries this coverage is mandatory only for commercial or large aircraft. Coverage is often sold on a "per-seat" basis, with a specified limit for each passenger seat.
AUTOMOBILE LIABILITY (TO INCLUDE HIRED & NON-OWNED VEHICLES)	The liability coverage of the Business Auto Policy provides protection against legal liability arising out of the ownership, maintenance or use of any insured automobile. The insuring agreement agrees to pay for bodily injury or property damage for which the insured is legally responsible because of an automobile accident. The policy also states that, in addition to the payment of damages, the insurer also agrees to defend the insured for all legal defense cost. The defense is in addition to the policy limits.
WAIVER OF SUBROGATION	An agreement between two parties in which one party agrees to waive subrogation rights against another in the event of a loss. The intent is to prevent one party's insurer from pursuing subrogation against the other party.

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

**OFFICE USE ONLY
CERTIFICATION OF FILING**

Certificate Number:
2026-1406098

Date Filed:
01/07/2026

Date Acknowledged:

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.
RD Aviation
Kempner, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.
City of Killeen

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.
Skylark lease with RD Aviatio
Aviation, pilot services

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	DiBattiste, Ryan	Kempner, TX United States	X	

5 Check only if there is NO Interested Party.

6 UNSWORN DECLARATION

My name is DiBattiste, Ryan A., and my date of birth is 03 Dec 1985.

My address is 1112 CR 4765, Kempner, Tx, 76539, USA.
(city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Lampasas County, State of Tx, on the 7 day of Jan, 2026.
(month) (year)



Signature of authorized agent of contracting business entity
(Declarant)



**GROUND LEASE AGREEMENT
WITH RD AVIATION LLC, AT
SKYLARK FIELD**

RS-26-031

February 17, 2026

Background

2

- Staff has negotiated a ground land lease agreement with RD Aviation, LLC at Skylark Field.
- RD Aviation plans to construct one large hangar, 180 sq. ft. x 300 sq. ft., for aviation related activities.
- The initial term of lease is thirty (30) years unless terminated sooner or extended through renewal.

Discussion

- The lease agreement provides revenue that the tenant will pay for the land lease after hanger completion. Staff has negotiated a ground lease rate at \$0.04 per square foot for the first 36 months. \$0.05 per square foot for months 37 through 59. \$0.05 per square foot beginning on month 60 with a CPI increase every second year through the remainder of the Initial Term or the entirety of the Renewal Term.

Location of New Hangar

4



Potential Benefits

- ❑ Increased Capacity and Revenue
- ❑ Attracting Diverse Users of the Airport
- ❑ Enhance the Airport Infrastructure
- ❑ Economic Growth
- ❑ Increased Property Value
- ❑ Community and Business Services
- ❑ Marketing and Prestige

Recommendation

6

- City Council approve the lease agreement with RD Aviation, LLC, and authorize the City Manager or designee to execute same as well as any and all amendments and lease actions allowed per federal, state, or local law.



City of Killeen

Staff Report

File Number: RS-26-032

Consider a memorandum/resolution authorizing an agreement and easement with Oncor Electric Delivery Company, LLC, to provide power to the Commercial Office Building at Killeen Regional Airport.

DATE: February 17, 2026

TO: Kent Cagle, City Manager

FROM: Jarrod Provost, Assistant Director of Aviation

SUBJECT: Agreement with Oncor Electric Delivery Company, LLC, to provide power to the Commercial Office Building at Killeen Regional Airport

BACKGROUND AND FINDINGS:

On May 6, 2025, City Council approved an agreement with Synergy Commercial Construction, for a design-build project of a new 9,000 square foot office building at the Killeen Regional Airport. As a part of the construction, electrical utility services are required to connect power to the commercial office building. In order to provide power to the Commercial Office Building, Oncor needs an easement to install underground electrical cables, a transformer, and a meter.

Oncor requires the attached agreement and easement for the construction and installation of the transformer, associated cables, and meter to provide electrical service. Oncor requires a onetime payment for a Facilities Extension Agreement. This fee has already been paid by Synergy Construction.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A

CONFORMITY TO CITY POLICY:

This item conforms to local and state policies.

FINANCIAL IMPACT:

What is the amount of the revenue/expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring revenue/expenditure?

N/A

Is this revenue/expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?

N/A

RECOMMENDATION:

Staff recommends that the City Council authorize the City Manager, or designee, to execute an agreement and easement with Oncor Electric Delivery Company, LLC, to provide power for the Commercial Office Building at Killeen Regional Airport; and authorize the City Manager, or designee, to execute all amendments and change orders within the amounts set by State and Local law.

DEPARTMENTAL CLEARANCES:

Purchasing
Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Agreement
Presentation

PT #: 2025-7639
District: KTD
WO #: 29721899
E#: _____

EASEMENT AND RIGHT OF WAY

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF BELL §

That **THE CITY OF KILLEEN, a municipal corporation**, hereinafter called "Grantor," whether one or more, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration to Grantor in hand paid by **Oncor Electric Delivery Company LLC, a Delaware limited liability company**, 1616 Woodall Rodgers Freeway, Dallas, Texas 75202-1234, hereinafter referred to as "Grantee," has granted, sold and conveyed and by these presents does grant, sell and convey unto said Grantee, its successors and assigns, an easement and right-of-way for overhead and/or underground electric supply and communications facilities, consisting of a variable number of wires and cables, supporting structures, surface mounted equipment, conduits and all necessary or desirable appurtenances over, under, through, across and upon Grantor's land described as follows:

SEE EXHIBIT "A" (ATTACHED)

Grantor recognizes that the general course of said lines, or the metes and bounds as described above, is based on preliminary surveys only, and Grantor hereby agrees that the easement and right-of-way and its general dimensions hereby granted shall apply to the actual location of said lines when constructed.

Together with the right of ingress and egress along and upon said easement and right-of-way and over and across Grantor's adjoining properties for the purpose of and with the right to construct, maintain, operate, repair, remove, replace, reconstruct, abandon in place, and to change the size and capacity of said facilities; the right to relocate said facilities in the same relative direction of said facilities; the right to relocate said facilities in the same relative position to any adjacent road if and as such is widened in the future; the right to lease wire space for the purpose of permitting others to string or lay wire or cable along said facilities; the right to prevent excavation within the easement area; the right to prevent construction of, within the easement area, any and all buildings, structures or other obstructions which, in the sole judgment of Grantee, may endanger or interfere with the efficiency, safety, and/or convenient operation of said facilities and their appurtenances and the right to trim or remove trees or shrubbery within, but not limited to, said easement area, including by use of herbicides or other similar chemicals approved by the U.S. Environmental Protection Agency, to the extent in the sole judgment of Grantee, as may be necessary to prevent possible interference with the operation of said facilities or to remove possible hazard thereto. Grantor shall not make changes in grade,

elevation or contour of the land or impound water within the easement area as described above without prior written consent of Grantee.

Grantor reserves the right to use the land within the above described easement area for purposes not inconsistent with Grantee's use of such property, provided such use shall not, in the sole judgment of Grantee, interfere with the exercise by Grantee of the rights hereby granted.

TO HAVE AND TO HOLD the above described easement and right-of-way unto the said Grantee, its successors and assigns, until all of said electric lines and facilities shall be abandoned, and in that event said easement and right-of-way shall cease and all rights herein granted shall terminate and revert to Grantor or Grantor's heirs, successors or assigns, and legal representatives, and Grantor hereby binds Grantor and Grantor's heirs, successors, assigns, and legal representatives, to warrant and forever defend the above described easement and right-of-way unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

EXECUTED this _____ day of _____, 20__.

Grantor: THE CITY OF KILLEEN, a municipal corporation

By: _____

Name: Kent Cagle

Title: City Manager



KIMLEY-HORN AND ASSOCIATES, INC.
TBPLS FIRM NO. 10194624
10814 JOLLYVILLE ROAD,
CAMPUS IV, SUITE 200
AUSTIN, TEXAS 78759

LEGAL DESCRIPTION:

0.0322 ACRES

BEING A 0.0322 ACRE (1,403 SQ. FT.) TRACT OF LAND SITUATED IN THE J.H. LEWIS SURVEY, ABSTRACT 536, BELL COUNTY, TEXAS; AND BEING A PORTION OF LOT 1, BLOCK A, CSI AVIATION, AS SHOWN ON INSTRUMENT RECORDED UNDER DOCUMENT NO. 2025061056 OF THE OFFICIAL PUBLIC RECORDS OF BELL COUNTY, TEXAS, (O.P.R.B.C.T.); AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A 3/8-INCH IRON ROD FOUND, IN THE NORTH RIGHT-OF-WAY LINE OF REESE CREEK ROAD, A VARIABLE WIDTH RIGHT-OF-WAY (NO RECORDING INFORMATION FOUND), FOR THE SOUTHEAST CORNER OF A CALLED 2 ACRE TRACT OF LAND DESCRIBED TO W.A. MESSER, AS SHOWN ON INSTRUMENT RECORDED UNDER VOLUME 685, PAGE 287, O.P.R.B.C.T., SAME BEING THE SOUTHWEST CORNER OF SAID LOT 1,

THENCE, WITH SAID NORTH RIGHT-OF-WAY LINE OF REESE CREEK ROAD, SAME BEING THE SOUTH BOUNDARY LINE OF SAID LOT 1, NORTH 81°13'37" EAST, A DISTANCE OF 52.47 FEET TO A CALCULATED POINT,

THENCE, DEPARTING SAID NORTH RIGHT-OF-WAY LINE OF REESE CREEK ROAD AND THE SOUTH BOUNDARY LINE OF LOT 1, OVER AND ACROSS SAID LOT 1, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

- 1) NORTH 08°46'23" WEST, A DISTANCE OF 93.43 FEET TO A CALCULATED POINT;
- 2) NORTH 81°13'37" EAST, A DISTANCE OF 15.00 FEET TO A CALCULATED POINT;
- 3) SOUTH 08°46'23" EAST, A DISTANCE OF 93.43 FEET TO A CALCULATED POINT, IN SAID NORTH RIGHT-OF-WAY LINE AND SAID SOUTH BOUNDARY LINE OF LOT 1, AND FROM WHICH A MAG NAIL FOUND, FOR AN ANGLE CORNER OF SAID LOT 1, BEARS NORTH 81°13'37" EAST, A DISTANCE OF 6.52 FEET,

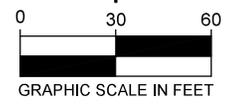
THENCE, WITH SAID NORTH RIGHT-OF-WAY LINE OF REESE CREEK ROAD AND SAID SOUTH BOUNDARY LINE OF LOT 1, SOUTH 81°13'37" WEST, A DISTANCE OF 15.00 FEET TO THE **POINT OF BEGINNING** AND CONTAINING 0.0322 ACRES OF LAND, MORE OR LESS, IN BELL COUNTY, TEXAS. THIS DOCUMENT WAS PREPARED IN THE OFFICE OF KIMLEY-HORN INC. IN AUSTIN, TEXAS.

BASIS OF BEARINGS IS THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE (4203), ALL COORDINATES AND DISTANCES SHOWN HEREON ARE GRID VALUES. THE UNIT OF LINEAR MEASUREMENT IS U.S. SURVEY FEET.

MICHAEL A. MONTGOMERY II, R.P.L.S.
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 6890



EXHIBIT "A"



LINETYPE LEGEND	
	EASEMENT BOUNDARY LINE
	PROPERTY LINE

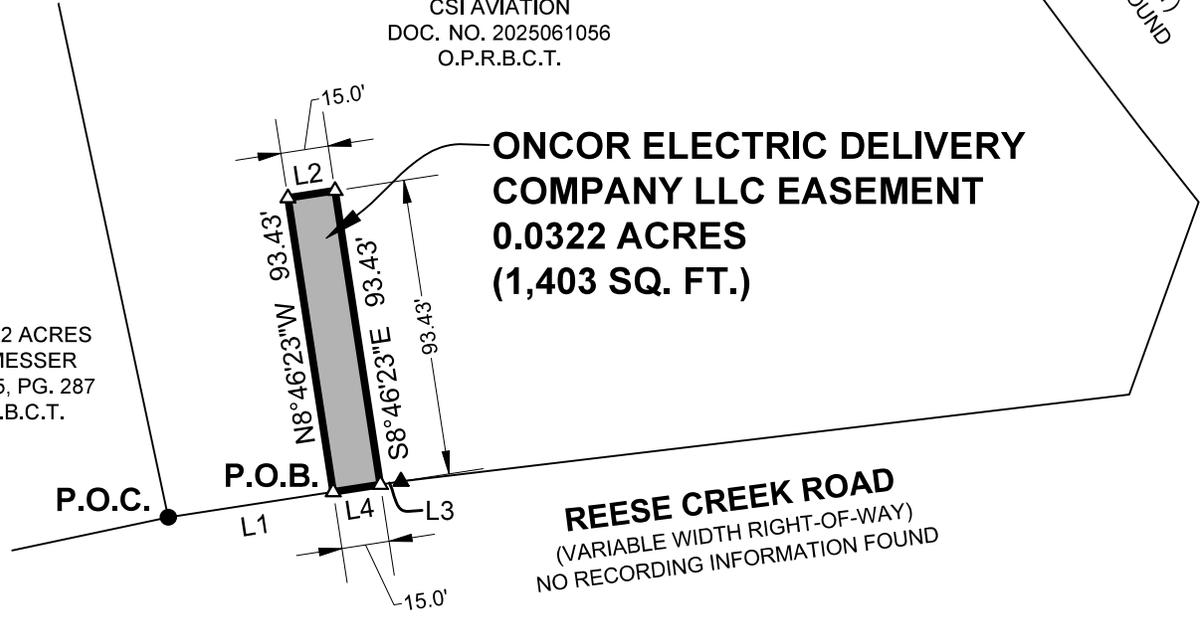
LEGEND	
	= 3/8" IRON ROD FOUND
	= CALCULATED POINT
	= MAG NAIL FOUND
P.O.B.	= POINT OF BEGINNING
P.O.C.	= POINT OF COMMENCING
O.P.R.B.C.T. = OFFICIAL PUBLIC RECORDS BELL COUNTY TEXAS	

LOT 1, BLOCK A
 CSI AVIATION
 DOC. NO. 2025061056
 O.P.R.B.C.T.

STATE HIGHWAY 201
 (VARIABLE WIDTH RIGHT-OF-WAY)
 NO RECORDING INFORMATION FOUND

**ONCOR ELECTRIC DELIVERY
 COMPANY LLC EASEMENT**
0.0322 ACRES
(1,403 SQ. FT.)

CALLED 2 ACRES
 W.A. MESSER
 VOL. 685, PG. 287
 O.P.R.B.C.T.



REESE CREEK ROAD
 (VARIABLE WIDTH RIGHT-OF-WAY)
 NO RECORDING INFORMATION FOUND

LINE TABLE		
NO.	BEARING	LENGTH
L1	N81°13'37"E	52.47'
L2	N81°13'37"E	15.00'
L3	N81°13'37"E	6.52'
L4	S81°13'37"W	15.00'

**ONCOR ELECTRIC DELIVERY
 COMPANY LLC EASEMENT**
0.0322 ACRES
 BEING A PORTION OF THE
J.H. LEWIS SURVEY, ABSTRACT 536
 BELL COUNTY, TEXAS

SURVEYOR'S NOTES:

BASIS OF BEARINGS IS THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE (4203). ALL COORDINATES AND DISTANCES SHOWN HEREON ARE GRID VALUES. THE UNIT OF LINEAR MEASUREMENT IS U.S. SURVEY FEET.

10814 JOLLYVILLE ROAD, CAMPUS IV SUITE 200, AUSTIN, TEXAS 78759 TEL. NO. (512) 418-1771
 TBPELS FIRM # 10194624 WWW.KIMLEY-HORN.COM

SCALE	DRAWN BY	CHECKED BY	DATE	PROJECT NO.	SHEET NO.
1" = 60'	THH	MMII	12/3/2025	065039100	2 OF 2



AGREEMENT AND EASEMENT
WITH ONCOR ELECTRIC
DELIVERY COMPANY LLC

RS-26-032

February 17, 2026

Background

- On May 6, 2025, City Council approved an agreement with Synergy Commercial Construction for a Design-Build project to construct a new 9,000-square-foot office building at Killeen Regional Airport.
- As part of the construction, electrical service is required to power the commercial office building. To do so, Oncor requires an easement to install underground electrical cables, a transformer, and a meter.

Discussion

3

- Oncor requires the attached agreement and easement to install the transformer, associated cables, and meter to provide electrical service. A one-time Facilities Extension Agreement fee is required and has already been paid by Synergy Construction.

EXHIBIT "A"

4



Recommendation

- Staff recommends that the City Council authorize the City Manager, or designee, to execute an agreement and easement with Oncor Electric Delivery Company LLC to provide power for the Commercial Office Building at Killeen Regional Airport; and authorize the City Manager, or designee, to execute all amendments and change orders within the amounts set by State and Local law.



City of Killeen

Staff Report

File Number: RS-26-033

Consider a memorandum/resolution approving an interlocal agreement between Temple College and Killeen Fire Department.

DATE: February 17, 2026

TO: Kent Cagle, City Manager

FROM: Jim Kubinski, Fire Chief

SUBJECT: Temple College Interlocal Agreement

BACKGROUND AND FINDINGS:

This interlocal agreement between Killeen Fire Department and Temple College will allow Temple College EMT-B, AEMT, and Paramedic students to participate in the EMS ride-outs for clinical hours to obtain their EMS Certifications. It includes coverage on facility authority, supervision, and liability indemnification clauses for City of Killeen. It also outlines Temple College's responsibilities for student status verifications and reporting. Also addressed are FERPA and HIPAA/patient confidentiality responsibilities. The agreement will automatically renew each year, for not more than five years.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A.

CONFORMITY TO CITY POLICY:

Conforms to city policy.

FINANCIAL IMPACT:

What is the amount of the revenue/expenditure in the current fiscal year? For future years?

There is no cost to the City of Killeen.

Is this a one-time or recurring revenue/expenditure?

No

Is this revenue/expenditure budgeted?

N/A.

If not, where will the money come from?

N/A.

Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?

N/A.

RECOMMENDATION:

Killeen Fire Department recommends that the Council authorizes the City Manager or his designee to enter into the Interlocal Agreement with Temple College to participate in the ride-out program.

DEPARTMENTAL CLEARANCES:

Fire
Purchasing
Legal

ATTACHED SUPPORTING DOCUMENTS:

Temple College Interlocal Agreement
Presentation

INTERLOCAL AGREEMENT
EMERGENCY MEDICAL TECHNICIAN/PARAMEDIC
CLINICAL AMBULANCE TRAINING ROTATION

STATE OF TEXAS

COUNTY OF BELL

THIS CONTRACT AND AGREEMENT (“Agreement”), entered into on this 1st day of January, 2026 (“Effective date”) by and between the City of Killeen, Texas, a municipal corporation (“City”), for the Killeen Fire Department (“KFD”), and Temple College (“TC”), Temple, Texas by and through their respective duly authorized Assistant City Manager, and Vice President, Administrative Services, TC acting herein under the authority and pursuant to the terms of the Texas Government Code, Section 791.00 *et seq.*, know as the “Interlocal Cooperation Act”.

PART 1
GENERAL PROVISIONS

A. Limited Number of Trainees

This Agreement shall be applicable for no more than one (1) trainee per shift per training station for both Emergency Medical Technician and Paramedic trainees, being the equivalent of one (1) trainee per ambulance at any one time.

B. Volunteer Status

It is understood and agreed that trainees are student volunteers, some of which are employees of the City. No benefits, compensation, or coverage by the City shall be applicable to trainees as student volunteers, unless they are employees of the City attending class or riding out during clinical rotations while on their scheduled duty.

C. No Detraction from Duties

Affiliation under this Agreement shall not be allowed to detract from the municipal duties of KFD or from the education and training needs of KFD personnel.

D. No Fees or Payments

There shall be no payment of charges or fees between the parties to this Agreement, and there shall be no payment of compensation by the City to the trainees.

E. Term

This Agreement shall terminate one year from the effective date, provided that it shall automatically renew annually from year to year.

F. Termination

Either party may terminate this Agreement by giving thirty (30) days advance written notice of the effective date of termination. Except under unusual circumstances, the notice of termination will be given before the beginning of a training period. It is expressly understood that KFD may terminate or modify this Agreement at any time without written notice to meet the municipal duties of KFD.

G. Nondiscrimination

Selection for this training will comply with Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, Title II of the Older Americans Amendments of 1975, the Americans with Disabilities Act of 1993, Health Insurance Portability and Accountability Act of 1996, and all related regulations, and as any of the foregoing have been amended, and assures that it does not and will not be made without regard to race, sex, color, religion, creed, national origin, lawful political or other affiliation, marital status, age (other than the legal minimum or maximum age limitations), or physical handicap.

H. Student Conduct

1. While on rotation assignment, or on the premises of any KFD property, students will be subject to the policies, procedures, rules, and regulations of KFD. Students will be subject to discipline as provided in KFD policies and procedures; where the policies and procedures allow for any amount of suspension, KFD can dismiss a student immediately from the clinical site in KFD's sole, absolute, and unreviewable discretion with or without any procedural hearings or notification.
2. KFD will report any discipline of a student to TC for TC review and possible action by TC.

PART 2 PARTY RESPONSIBILITIES

1. Mutual Party Responsibilities

- A. KFD and TC will evaluate the student's performance in mutual consultation and according to the guidelines outlined in the approved curriculum.
- B. Parties agree to comply with the Family and Educational Rights and Privacy Act of 1974 ("FERPA"). Student records, including evaluations, competencies, and

student reports, are protected under FERPA, and both Parties agree to protect educational records in accordance with FERPA and TC policy. To the extent permitted by law, nothing herein shall be construed as precluding either party from releasing such information to the other party so that each part can perform its respective responsibilities.

2. KFD Responsibilities

Insofar as the Fire Chief of KFD finds it consistent with the duties of the Fire Chief, KFD agrees:

- A. KFD will hold educational records in strict confidence and will not use or disclose the educational records except as permitted by this agreement, as required by law, or otherwise authorized by TC in writing.
- B. Review prospective trainees to ascertain their qualifications and suitability, arranging for student volunteer appointments.
- C. Coordinate with TC to prevent conflict of schedules and activities during the clinical learning experience and designate an appropriate point of contact for this purpose.
- D. KFD will retain full responsibility for the care of patients.
- E. KFD will give students an orientation to the facilities and operations of KFD.
- F. KFD will ensure that students are supervised by KFD personnel approved by TC.
- G. KFD will oversee student activities while present in or on the property of KFD.
- H. KFD will maintain administrative and professional authority over students insofar as their presence affects the operation of KFD and direct or indirect care of patients.

3. TC responsibilities

- A. TC will designate an appropriate point of contact to coordinate trainee activities under this agreement.
- B. TC will assume overall responsibility for coordination with KFD for the assignment of student volunteers.
- C. TC will create published rotation schedules and provide the same to KFD.

- D. TC will screen prospective students to ascertain their qualifications and suitability for their appointment as student volunteers.
- E. TC will permit trainees to accept appointment as student volunteers for the purpose of participating in clinical learning experiences and provide such personal information on trainees as is necessary; verifying that they meet the minimum age requirements and certifying that they are enrolled in the TC programs; and ensure that students are available for completion of the appointment process before the training period begins.
- F. TC will promptly notify KFD of any change in the enrollment status of any student.
- G. Provide and maintain the personnel records and reports necessary to document the trainees' clinical learning experience for the purpose of academic credit.
- H. TC will advise trainees that KFD rules, regulations, policies, and procedures apply to them while they are in the clinical educational experience as student volunteers and assist in the enforcement of such rules, regulations, policies, and procedures.
- I. Withdraw a trainee from participation in the clinical experience upon notice by KFD.
- J. Ensure that trainees have appropriate vaccinations for participation in the clinical experience or have signed a written refusal to have such vaccinations that KFD requires the trainees to have completed.
- K. TC shall maintain in effect at all times professional liability insurance in the amounts of at least \$2,000,000 per occurrence and \$4,000,000 in the aggregate and shall provide KFD at least annually a certificate that verifies coverage is in effect.
- L. Indemnify, defend, and hold harmless to the extent permitted by law. KFD and the City, its officers, agents, and employees, from any and all liability, claim, cause of action, and cost, including all attorney's fees, brought or made for or on account of any injuries or damages received or sustained by any person or persons and property, arising out of, or occasioned by the act of TC, its officers, agents, employees, or student volunteer trainees in the execution or performance of this agreement.

PART 3
PARTIES FURTHER AGREEMENTS

E. Amendments, modifications, or discharge.

No amendments, modifications, or discharge of this agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendments, modifications, or discharge of this agreement, and waiver is sought.

F. Survival of Certain Provisions

The termination or expiration of this Agreement shall not affect the continuing obligations of the parties under any provisions that by their nature are intended to survive, including but not limited to those relating to indemnification, governmental immunity, confidentiality, audit rights, records retention, and dispute resolution. Such provisions shall remain in full force and effect notwithstanding the termination or expiration of this Agreement.

G. Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, the remaining provisions shall remain in full force and effect, and such invalid, illegal, or unenforceable provision shall be deemed modified to the minimum extent necessary to make it valid and enforceable, unless such modification would defeat the essential purpose of the Agreement. The parties further agree to negotiate in good faith to replace any such provision with a valid and enforceable one that, as closely as possible, reflects the original intent of the parties.

H. Counterparts; Effect of Signatures

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes, and all of which together shall constitute one and the same instrument. The parties agree that signatures transmitted by facsimile or electronically (including via PDF or other image format) shall be deemed valid and binding to the same extent as original signatures.

SIGNATURES:

Date Signed: 11/17/2025

Glenn R. Graham Digitally signed by Glenn R. Graham
Date: 2025.11.17 09:05:43 -06'00'

Glenn Graham
Vice President, Administrative Services, Temple College

Date Signed: _____

Laurie Wilson
Assistant City Manager, Killeen, Tx.

ATTEST:

Date Signed: _____

Laura Calcote, City Secretary, Killeen Tx.

APPROVED AS TO FORM:

Date Signed: _____

Holli Clements, City Attorney, Killeen, Tx.

MEDICAL DIRECTOR ACKNOWLEDGMENT

I acknowledge that the Temple College EMS program will be sending students to Killeen Fire Department as part of the field experiences and field internship process.

Date Signed: _____

Dr. Christopher Colvin
Medical Director, Killeen Fire Department



INTERLOCAL AGREEMENT
TEMPLE COLLEGE
PARAMEDIC PROGRAM

RS-26-033

February 17, 2026

ILA – Temple College Paramedic Program

- This interlocal agreement between Killeen Fire Department and Temple College will allow Temple College EMT-B, AEMT, and Paramedic students to participate in the EMS ride-outs for clinical hours to obtain their EMS Certifications
- It includes coverage on facility authority, supervision, and. liability indemnification clauses for City of Killeen. It also outlines Temple College's responsibilities for student status verifications and reporting. Also addressed are FERPA and HIPAA/patient confidentiality responsibilities.
- The agreement will automatically renew each year, for not more than five years. There is no cost to the City of Killeen.

Benefits

3

- ❑ Enhanced skill retention and training for current employees
- ❑ Improved recruitment of certified EMS personnel
- ❑ Increased manpower and operational efficiency
- ❑ Strengthened inter-agency relationships and healthcare partnerships
- ❑ Better community service

Recommendation

4

- Killeen Fire Department recommends that the Council authorizes the City Manager or his designee to enter into the Interlocal Agreement with Temple College to participate in the ride-out program.



City of Killeen

Staff Report

File Number: RS-26-034

Consider a memorandum/resolution approving an interlocal agreement between Central Texas College and Killeen Fire Department.

DATE: February 17, 2026

TO: Kent Cagle, City Manager

FROM: Jim Kubinski, Fire Chief

SUBJECT: Central Texas College Interlocal Agreement

BACKGROUND AND FINDINGS:

This interlocal agreement between Killeen Fire Department and Central Texas College will allow Central Texas College EMT-B, AEMT, and Paramedic students to participate in the EMS ride-outs for clinical hours to obtain their EMS Certifications. It includes coverage on facility authority, supervision, and liability indemnification clauses for City of Killeen. It also outlines Central Texas College's responsibilities for student status verifications and reporting. Also addressed are FERPA and HIPAA/patient confidentiality responsibilities. The agreement will automatically renew each year, for not more than five years.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A.

CONFORMITY TO CITY POLICY:

Conforms to city policy.

FINANCIAL IMPACT:

What is the amount of the revenue/expenditure in the current fiscal year? For future years?

There is no cost to the City of Killeen.

Is this a one-time or recurring revenue/expenditure?

No

Is this revenue/expenditure budgeted?

N/A.

If not, where will the money come from?

N/A.

Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?

N/A.

RECOMMENDATION:

Killeen Fire Department recommends that the Council authorizes the City Manager or his designee to enter into the Interlocal Agreement with Central Texas College to participate in the ride-out program.

DEPARTMENTAL CLEARANCES:

Fire
Purchasing
Legal

ATTACHED SUPPORTING DOCUMENTS:

Central Texas College Interlocal Agreement
Presentation

INTERLOCAL AGREEMENT
EMERGENCY MEDICAL TECHICIAN/PARAMEDIC
CLINICAL AMBULANCE TRAINING ROTATION

STATE OF TEXAS

COUNTY OF BELL

THIS CONTRACT AND AGREEMENT (“Agreement”), entered into on this 6th day of January, 2026 by and between the City of Killeen, Texas, a municipal corporation (“City”), for the Killeen Fire Department (“KFD”), and Central Texas College (“CTC”), Killeen, Texas pursuant to the terms of the Texas Government Code, Section 791.011 *et seq.*, known as the “Interlocal Cooperation Act”.

PART 1
GENERAL PROVISIONS

A. Limited Number of Trainees

This Agreement shall be applicable for no more than one (1) trainee per shift per training station for both Emergency Medical Technician and Paramedic trainees, being the equivalent of one (1) trainee per ambulance at any one time.

B. Volunteer Status

It is understood and agreed that trainees are student volunteers some of which are employees of the City. No benefits, compensation, or coverage by the City shall be applicable to trainees as student volunteers, unless they are employees of the City attending class or riding out during clinical rotations while on their scheduled duty.

C. No Detraction from Duties

Affiliation under this Agreement shall not be allowed to detract from the municipal duties of KFD or from the education and training needs of KFD personnel.

D. No Fees or Payments

There shall be no payment of charges or fees between the parties to this Agreement, and there shall be no payment of compensation by the City to the trainees.

E. Term

The Initial Term of this Agreement will be for one year from the effective date, provided however that the Agreement shall automatically renew annually for successive one-year periods at the expiration of each Initial or Renewal Term unless otherwise terminated in accordance with provisions of this Agreement.

F. Termination

Either party may terminate this Agreement by giving thirty (30) days advance written notice of the effective date of termination. Except under unusual circumstances, the notice of termination will be given before the beginning of a training period. It is expressly understood that KFD may terminate or modify this Agreement at any time without written notice to meet the municipal duties of KFD.

G. Nondiscrimination

Selection for this training will comply with Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, Title II of the Older Americans Amendments of 1975, the Americans with Disabilities Act of 1993, Health Insurance Portability and Accountability Act of 1996, and all related regulations, and as any of the foregoing have been amended, and assures that it does not and will not be made without regard to race, sex, color, religion, creed, national origin, lawful political or other affiliation, marital status, age (other than the legal minimum or maximum age limitations), or physical handicap.

H. Student Conduct

1. While on rotation assignment, or on the premises of any KFD property, students will be subject to the policies, procedures, rules, and regulations of KFD. Students will be subject to discipline as provided in KFD policies and procedures; where the policies and procedures allow for any amount of suspension, KFD can dismiss a student immediately from the program in KFD's sole, absolute, and unreviewable discretion with or without any procedural hearings or notification.
2. KFD will report any discipline of a student to CTC for CTC review and possible action by CTC.

PART 2 PARTY RESPONSIBILITIES

A. Mutual Party Responsibilities

1. KFD and CTC will evaluate the student's performance in mutual consultation and according to the guidelines outlined in the approved curriculum.

2. Parties agree to comply with the Family and Educational Rights and Privacy Act of 1974 (“FERPA”). Student records including evaluations, competencies, and student reports are protected under FERPA and both Parties agree to protect educational records in accordance with FERPA and CTC policy. To the extent permitted by law, nothing herein shall be construed as precluding either party from releasing such information to the other party so that each party can perform its respective responsibilities.

B. KFD Responsibilities

Insofar as the Fire Chief of KFD finds it consistent with the duties of the Fire Chief, KFD agrees:

1. KFD will hold educational records in strict confidence and will not use or disclose the educational records except as permitted by this agreement, as required by law, or otherwise authorized by CTC in writing.
2. Review prospective trainees to ascertain their qualifications and suitability arranging for student volunteer appointments.
3. Coordinate with CTC to prevent conflict of schedules and activities during the clinical learning experience and designate an appropriate point of contact for this purpose.
4. KFD will retain full responsibility for the care of patients.
5. KFD will give students an orientation to the facilities and operations of KFD.
6. KFD will ensure that students are supervised by KFD personnel approved by CTC.
7. KFD will oversee student activities while present in or on the property of KFD.
8. KFD will maintain administrative and professional authority over students insofar as their presence affects the operation of KFD and direct or indirect care of patients.

C. CTC responsibilities

1. CTC will designate an appropriate point of contact to coordinate trainee activities under this agreement.
2. CTC will assume overall responsibility for coordination with KFD for the assignment of student volunteers.
3. CTC will create published rotation schedules and provide the same to KFD.

4. CTC will screen prospective students to ascertain their qualifications and suitability for their appointment as student volunteers.
5. CTC will permit trainees to accept appointment as student volunteers for the purpose of participating in clinical learning experiences and provide such personal information on trainees as is necessary; verifying that they meet the minimum age requirements and certifying that they are enrolled in the CTC programs; and ensure that students are available for completion of the appointment process before the training period begins.
6. CTC will promptly notify KFD of any change in the enrollment status of any student.
7. Provide and maintain the personnel records and reports necessary to document the trainees' clinical learning experience for the purpose of academic credit.
8. CTC will advise trainees that KFD rules, regulations, policies, and procedures apply to them while they are in the clinical educational experience as student volunteers and assist in the enforcement of such rules, regulations, policies, and procedures.
9. Withdraw a trainee from participation in the clinical experience upon notice by KFD.
10. Ensure that trainees have appropriate vaccinations for participation in the clinical experience or have signed a written refusal to have such vaccinations that KFD requires the trainees to have completed.
11. CTC shall maintain in effect at all times professional liability insurance in the amounts of at least \$2,000,000 per occurrence and \$4,000,000 in the aggregate and shall provide KFD at least annually a certificate that verifies coverage is in effect.
12. To the extent allowed by law, Indemnify, defend, and hold harmless KFD and the City, its officers, agents, and employees, from any and all liability, claim, cause of action, and cost, including all attorney's fees, brought or made for or on account of any injuries or damages received or sustained by any person or persons and property, arising out of, or occasioned by the act of CTC, its officers, agents, employees, or student volunteer trainees in the execution or performance of this agreement.

PART 3
PARTIES FURTHER AGREEMENTS

A. Amendments, modifications, or discharge.

No amendments, modifications, or discharge of this agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendments, modifications, or discharge of this agreement, and waiver is sought.

B. Survival of Certain Provisions

The termination or expiration of this Agreement shall not affect the continuing obligations of the parties under any provisions that by their nature are intended to survive, including but not limited to those relating to indemnification, governmental immunity, confidentiality, audit rights, records retention, and dispute resolution. Such provisions shall remain in full force and effect notwithstanding the termination or expiration of this Agreement.

C. Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, the remaining provisions shall remain in full force and effect, and such invalid, illegal, or unenforceable provision shall be deemed modified to the minimum extent necessary to make it valid and enforceable, unless such modification would defeat the essential purpose of the Agreement. The parties further agree to negotiate in good faith to replace any such provision with a valid and enforceable one that, as closely as possible, reflects the original intent of the parties.

D. Counterparts; Effect of Signatures

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes, and all of which together shall constitute one and the same instrument. The parties agree that signatures transmitted by facsimile or electronically (including via PDF or other image format) shall be deemed valid and binding to the same extent as original signatures.

SIGNATURES:

Executed this 6th day of January, 2026.

Date Signed: 1/5/2026

Tammy Holloway
Digitally signed by Tammy Holloway
Date: 2026.01.06 08:23:08 -06'00'

Tammy Holloway,
Interim Associate Vice Chancellor of Business Services
Central Texas College

Date Signed: _____

Laurie Wilson
Assistant City Manager, City of Killeen

MEDICAL DIRECTOR ACKNOWLEDGMENT

I acknowledge that the Central Texas College EMS Professional program will be sending students to Killeen Fire Department as part of the field experiences and field internship process.

Date Signed: _____

Dr. Christopher Colvin
Medical Director, Killeen Fire Department

A stylized graphic consisting of a grey five-pointed star at the top right, with a grey swoosh or arc curving upwards from the bottom left towards the star. The swoosh is partially overlaid by a grey trapezoidal shape that tapers to the right.

INTERLOCAL AGREEMENT
CENTRAL TEXAS COLLEGE
PARAMEDIC PROGRAM

RS-26-034

February 17, 2026

ILA – Central Texas College Paramedic Program

- ❑ This interlocal agreement between Killeen Fire Department and Central Texas College will allow Central Texas College EMT-B, AEMT, and Paramedic students to participate in the EMS ride-outs for clinical hours to obtain their EMS Certifications
- ❑ It includes coverage on facility authority, supervision, and. liability indemnification clauses for City of Killeen. It also outlines Central Texas College's responsibilities for student status verifications and reporting. Also addressed are FERPA and HIPAA/patient confidentiality responsibilities.
- ❑ The agreement will automatically renew each year, for not more than five years. There is no cost to the City of Killeen.

Benefits

3

- ❑ Enhanced skill retention and training for current employees
- ❑ Improved recruitment of certified EMS personnel
- ❑ Increased manpower and operational efficiency
- ❑ Strengthened inter-agency relationships and healthcare partnerships
- ❑ Better community service

Recommendation

4

- Killeen Fire Department recommends that the Council authorizes the City Manager or his designee to enter into the Interlocal Agreement with Central Texas College to participate in the ride-out program.



City of Killeen

Staff Report

File Number: RS-26-035

Consider a memorandum/resolution authorizing the execution of a professional services agreement with Martinez Architects, LP, for Professional A&E Design and Management Services for construction of Killeen Fire Department Fire Station No. 5, in the amount of \$810,000.00.

DATE: February 17, 2026

TO: Kent Cagle, City Manager

FROM: Jim Kubinski, Fire Chief

SUBJECT: Professional Services Agreement between the City of Killeen and Martinez Architects, LP for design and management services for construction of Fire Station #5

BACKGROUND AND FINDINGS:

The approved FY 2026 Capital Improvement Plan includes the Fire Station #5 Rebuild project, with \$9,000,000 in funding provided through the 2025 Certificates of Obligation. The project will construct a new Fire Station #5 to replace the existing facility, which is over forty years old and no longer adequately sized to meet the operational needs of the Fire Department.

On January 20, 2026, the City Council approved the land purchase for the fire station from the Killeen Independent School District to accommodate the construction of a new Fire Station #5 approximately a quarter mile east of the current fire station.

The project includes the design and construction support of a facility that includes combined fire and paramedic response operations and associated structures to support the operation of the fire department.

The City previously requested formal proposals through a Request for Qualifications process for the Fire Station #4 / EOC project and selected Martinez Architects for the project. City staff selected Martinez Architects based on their extensive experience in designing fire station facilities. Based on the qualifications and performance of Martinez Architects for the previous project, City staff has selected the company for professional A&E design and management services for the Fire Station #5 project. City staff has negotiated a professional services agreement (PSA) with Martinez Architects, Inc. for the design of the Fire Station #5 Site in the amount of \$810,000.

THE ALTERNATIVES CONSIDERED:

- (1) Delay the design and construction of the Fire Station #5 project.
- (2) Approve the request and authorize the execution of a Professional Services Agreement with Martinez Architects for the design of the Fire Station #5 site in the amount of \$810,000.

Which alternative is recommended? Why?

Staff recommends alternative 2, which is to authorize the City Manager to execute a Professional Services Agreement with Martinez Architects for the design of the Station #5 site in the amount of \$810,000. Martinez Architects has extensive experience required for this project. Martinez Architects has submitted a fair and reasonable proposal for their engineering and architectural services and has a good prior project delivery history with projects like this one.

CONFORMITY TO CITY POLICY:

This item confirms to state and local policies

FINANCIAL IMPACT:

What is the amount of the revenue/expenditure in the current fiscal year? For future years?

FY 2026 \$810,000

Is this a one-time or recurring revenue/expenditure?

This is a one-time expenditure.

Is this revenue/expenditure budgeted?

Yes

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?

Yes, funds are available in the 2025 Certificate of Obligation Fund CIP Fund account 307-56200-900-450-925016.

RECOMMENDATION:

Staff recommends that the City Council authorize the City Manager, or designee, to execute a Professional Service Agreement with Martinez Architects, LP, for the design of Killeen Fire Station #5 in the amount of \$810,000 and authorize the City Manager, or designee, to execute any amendments to the agreement within those amounts set by local and state law.

DEPARTMENTAL CLEARANCES:

Engineering Services
Purchasing
Finance

City Attorney

ATTACHED SUPPORTING DOCUMENTS:

Agreement

Contract Verification Form

Certificate of Interested Parties

Presentation

This document has important legal consequences; consultation with an attorney is encouraged with respect to its use or modification. This document should be adapted to the particular circumstances of the contemplated Project and the Controlling Law.

**STANDARD FORM OF AGREEMENT
BETWEEN OWNER AND ARCHITECT
FOR
PROFESSIONAL SERVICES**

Prepared by

ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

and

Issued and Published Jointly By

PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE
a practice division of the
NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

AMERICAN CONSULTING ENGINEERS COUNCIL

AMERICAN SOCIETY OF CIVIL ENGINEERS

This Agreement has been prepared for use with the Standard General Conditions of the Construction Contract (No. 1910-8, 1996 Edition) of the Engineers Joint Contract Documents Committee. Their provisions are interrelated, and a change in one may necessitate a change in the other. For guidance in the preparation of Supplementary Conditions, see Guide to the Preparation of Supplementary Conditions (No. 1910-17) (1996 Edition). For guidance on the completion and use of this Agreement, see EJCDC Users Guide, No. 1910-50.

Copyright ©1996 National Society of Professional Engineers
1420 King Street, Alexandria, VA 22314

American Consulting Engineers Council
1015 15th Street N.W., Washington, DC 20005

American Society of Civil Engineers
345 East 47th Street, New York, NY 10017

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STANDARD FORM OF AGREEMENT
BETWEEN OWNER AND ARCHITECT
FOR
PROFESSIONAL SERVICES

THIS IS AN AGREEMENT effective as of January 14, 2026 (“Effective Date”) between
the CITY OF KILLEEN (“OWNER”) and Martinez Architects, LP (“ARCHITECT”).

OWNER and ARCHITECT in consideration of their mutual covenants as set forth herein agree as follows:

ARTICLE 1 - SERVICES OF ARCHITECT

1.01 Scope

A. ARCHITECT shall provide the Basic and Additional Services set forth herein and in Exhibit A.

B. Upon this Agreement becoming effective, ARCHITECT is authorized to begin Basic Services as set forth in Exhibit A.

C. If authorized by OWNER, ARCHITECT shall furnish Resident Project Representative(s) with duties, responsibilities and limitations of authority as set forth in Exhibit D.

ARTICLE 2 - OWNER'S RESPONSIBILITIES

2.01 General

A. OWNER shall have the responsibilities set forth herein and in Exhibit B.

ARTICLE 3 - TIMES FOR RENDERING SERVICES

3.01 General

A. ARCHITECT's services and compensation under this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Project through completion. Unless specific periods of time or specific dates for providing services are specified in this Agreement, ARCHITECT's obligation to render services hereunder will be for a period which may reasonably be required for the completion of said services.

B. If in this Agreement specific periods of time for rendering services are set forth or specific dates by which services are to be completed are provided, and if such periods of time or dates are changed through no fault of ARCHITECT, the rates and amounts of compensation provided for herein shall be subject to equitable adjustment. If OWNER has requested changes in the scope, extent, or character of the Project, the time of performance of ARCHITECT's services shall be adjusted equitably.

C. For purposes of this Agreement the term "day" means a calendar day of 24 hours.

3.02 Suspension

A. If OWNER fails to give prompt written authorization to proceed with any phase of services after

completion of the immediately preceding phase, or if ARCHITECT's services are delayed through no fault of ARCHITECT, ARCHITECT may, after giving seven days written notice to OWNER, suspend services under this Agreement.

B. If ARCHITECT's services are delayed or suspended in whole or in part by OWNER, or if ARCHITECT's services are extended by Contractor's actions or inactions for more than 90 days through no fault of ARCHITECT, ARCHITECT shall be entitled to equitable adjustment of rates and amounts of compensation provided for elsewhere in this Agreement to reflect, reasonable costs incurred by ARCHITECT in connection with, among other things, such delay or suspension and reactivation and the fact that the time for performance under this Agreement has been revised.

ARTICLE 4 - PAYMENTS TO ARCHITECT

4.01 Methods of Payment for Services and Reimbursable Expenses of ARCHITECT

A. *For Basic Services.* OWNER shall pay ARCHITECT for Basic Services performed or furnished under Exhibit A, Part 1, as set forth in Exhibit C.

B. *For Additional Services.* OWNER shall pay ARCHITECT for Additional Services performed or furnished under Exhibit A, Part 2, as set forth in Exhibit C.

C. *For Reimbursable Expenses.* In addition to payments provided for in paragraphs 4.01.A and 4.01.B, OWNER shall pay ARCHITECT for Reimbursable Expenses incurred by ARCHITECT and ARCHITECT's Consultants as set forth in Exhibit C.

4.02 Other Provisions Concerning Payments

A. *Preparation of Invoices.* Invoices will be prepared in accordance with ARCHITECT's standard invoicing practices and will be submitted to OWNER by ARCHITECT, unless otherwise agreed. The amount billed in each invoice will be calculated as set forth in Exhibit C.

B. *Payment of Invoices.* Invoices are due and payable within 30 days of receipt. If OWNER fails to make any payment due ARCHITECT for services and expenses within 30 days after receipt of ARCHITECT's invoice therefore, the amounts due ARCHITECT will be increased at the rate of 1.0% per month (or the maximum rate of interest permitted by law, if less) from said thirtieth day. In addition, ARCHITECT may, after giving seven days written notice to OWNER, suspend services under this Agreement until ARCHITECT has been paid in full all amounts due for

services, expenses, and other related charges. Payments will be credited first to interest and then to principal.

C. *Disputed Invoices.* In the event of a disputed or contested invoice, only that portion so contested may be withheld from payment, and the undisputed portion will be paid.

D. *Payments Upon Termination.*

1. In the event of any termination under paragraph 6.06, ARCHITECT will be entitled to invoice OWNER and will be paid in accordance with Exhibit C for all services performed or furnished and all Reimbursable Expenses incurred through the effective date of termination.

2. In the event of termination by OWNER for convenience or by ARCHITECT for cause, ARCHITECT, in addition to invoicing for those items identified in subparagraph 4.02.D.1, shall be entitled to invoice OWNER and shall be paid a reasonable amount for services and expenses directly attributable to termination, both before and after the effective date of termination, such as reassignment of personnel, costs of terminating contracts with ARCHITECT's Consultants, and other related close-out costs, using methods and rates for Additional Services as set forth in Exhibit C. ARCHITECT shall not incur additional expenses after receipt of notice of termination, and shall make reasonable efforts to minimize costs.

E. *Records of ARCHITECT's Costs.* Records of ARCHITECT's costs pertinent to ARCHITECT's compensation under this Agreement shall be kept in accordance with generally accepted accounting practices. To the extent necessary to verify ARCHITECT's charges and upon OWNER's timely request, copies of such records will be made available to OWNER at cost.

F. *Legislative Actions.* In the event of legislative actions after the Effective Date of the Agreement by any level of government that impose taxes, fees, or costs on ARCHITECT's services or other costs in connection with this Project or compensation therefor, such new taxes, fees, or costs shall be invoiced to and paid by OWNER as a Reimbursable Expense to which a Factor of 1.0 shall be applied. Should such taxes, fees, or costs be imposed, they shall be in addition to ARCHITECT's estimated total compensation.

ARTICLE 5 - OPINIONS OF COST

5.01 Opinions of Probable Construction Cost

A. ARCHITECT's opinions of probable Construction Cost provided for herein are to be made on the basis of ARCHITECT's experience and qualifications and represent ARCHITECT's best judgment as an experienced and qualified professional generally familiar with the industry. However, since ARCHITECT has no control over the cost of labor, materials, equipment, or services furnished by others, or over the Contractor's methods of determining prices, or over competitive bidding or market conditions, ARCHITECT cannot and does not guarantee that proposals, bids, or actual Construction Cost will not vary from opinions of probable Construction Cost prepared by ARCHITECT. If OWNER wishes greater assurance as to probable Construction Cost, OWNER shall employ an independent cost estimator as provided in Exhibit B.

5.02 Designing to Construction Cost Limit

A. If a Construction Cost limit is established between OWNER and ARCHITECT, such Construction Cost limit and a statement of ARCHITECT's rights and responsibilities with respect thereto will be specifically set forth in Exhibit F, "Construction Cost Limit," to this Agreement.

5.03 Opinions of Total Project Costs

A. ARCHITECT assumes no responsibility for the accuracy of opinions of Total Project Costs.

ARTICLE 6 - GENERAL CONSIDERATIONS

6.01 Standards of Performance

A. The standard of care for all professional ARCHITECTing and related services performed or furnished by ARCHITECT under this Agreement will be the care and skill ordinarily used by members of ARCHITECT's profession practicing under similar circumstances at the same time and in the same locality. ARCHITECT makes no warranties, express or implied, under this Agreement or otherwise, in connection with ARCHITECT's services.

B. ARCHITECT shall be responsible for the technical accuracy of its services and documents resulting therefrom, and OWNER shall not be responsible for discovering deficiencies therein. ARCHITECT shall correct such deficiencies without additional compensation except to the extent such action is directly attributable to deficiencies in OWNER-furnished information.

C. ARCHITECT shall perform or furnish professional ARCHITECTing and related services in all phases of the Project to which this Agreement applies. ARCHITECT shall serve as OWNER's prime professional for the Project. ARCHITECT may employ such ARCHITECT's

Consultants as ARCHITECT deems necessary to assist in the performance or furnishing of the services. ARCHITECT shall not be required to employ any ARCHITECT's Consultant unacceptable to ARCHITECT.

D. ARCHITECT and OWNER shall comply with applicable Laws or Regulations and OWNER-mandated standards. This Agreement is based on these requirements as of its Effective Date. Changes to these requirements after the Effective Date of this Agreement may be the basis for modifications to OWNER's responsibilities or to ARCHITECT's scope of services, times of performance, or compensation.

E. OWNER shall be responsible for, and ARCHITECT may rely upon, the accuracy and completeness of all requirements, programs, instructions, reports, data, and other information furnished by OWNER to ARCHITECT pursuant to this Agreement. ARCHITECT may use such requirements, reports, data, and information in performing or furnishing services under this Agreement.

F. OWNER shall make decisions and carry out its other responsibilities in a timely manner and shall bear all costs incident thereto so as not to delay the services of ARCHITECT.

G. Prior to the commencement of the Construction Phase, OWNER shall notify ARCHITECT of any variations from the language indicated in Exhibit E, "Notice of Acceptability of Work," or of any other notice or certification that ARCHITECT will be requested to provide to OWNER or third parties in connection with the Project. OWNER and ARCHITECT shall reach agreement on the terms of any such requested notice or certification, and OWNER shall authorize such Additional Services as are necessary to enable ARCHITECT to provide the notices or certifications requested.

H. ARCHITECT shall not be required to sign any documents, no matter by whom requested, that would result in the ARCHITECT's having to certify, guarantee or warrant the existence of conditions whose existence the ARCHITECT cannot ascertain. OWNER agrees not to make resolution of any dispute with the ARCHITECT or payment of any amount due to the ARCHITECT in any way contingent upon the ARCHITECT's signing any such certification.

I. During the Construction Phase, ARCHITECT shall not supervise, direct, or have control over Contractor's work, nor shall ARCHITECT have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected by Contractor, for safety precautions and programs incident to the Contractor's work in progress, nor for any failure of Contractor to comply with

Laws and Regulations applicable to Contractor's furnishing and performing the Work.

J. ARCHITECT neither guarantees the performance of any Contractor nor assumes responsibility for any Contractor's failure to furnish and perform the Work in accordance with the Contract Documents.

K. ARCHITECT shall not be responsible for the acts or omissions of any Contractor(s), subcontractor or supplier, or of any of the Contractor's agents or employees or any other persons (except ARCHITECT's own employees) at the Site or otherwise furnishing or performing any of the Contractor's work; or for any decision made on interpretations or clarifications of the Contract Documents given by OWNER without consultation and advice of ARCHITECT.

L. The General Conditions for any construction contract documents prepared hereunder are to be the "Standard General Conditions of the Construction Contract" as prepared by the ARCHITECTs Joint Contract Documents Committee (Document No. 1910-8, 1996 Edition) unless both parties mutually agree to use other General Conditions as specifically referenced in Exhibit H.

6.02 Authorized Project Representatives

A. Contemporaneous with the execution of this Agreement, ARCHITECT and OWNER shall designate specific individuals to act as ARCHITECT's and OWNER's representatives with respect to the services to be performed or furnished by ARCHITECT and responsibilities of OWNER under this Agreement. Such individuals shall have authority to transmit instructions, receive information, and render decisions relative to the Project on behalf of each respective party.

6.03 Design without Construction Phase Services

A. Should OWNER provide Construction Phase services with either OWNER's representatives or a third party, ARCHITECT's Basic Services under this Agreement will be considered to be completed upon completion of the Final Design Phase or Bidding or Negotiating Phase as outlined in Exhibit A.

B. It is understood and agreed that if ARCHITECT's Basic Services under this Agreement do not include Project observation, or review of the Contractor's performance, or any other Construction Phase services, and that such services will be provided by OWNER, then OWNER assumes all responsibility for interpretation of the Contract Documents and for construction observation or review and waives any claims against the ARCHITECT that may be in any way connected thereto.

6.04 Use of Documents

A. All Documents are instruments of service in respect to this Project, and ARCHITECT shall retain an ownership and property interest therein (including the right of reuse at the discretion of the ARCHITECT) whether or not the Project is completed.

B. Copies of OWNER-furnished data that may be relied upon by ARCHITECT are limited to the printed copies (also known as hard copies) that are delivered to the ARCHITECT pursuant to Exhibit B. Files in electronic media format of text, data, graphics, or of other types that are furnished by OWNER to ARCHITECT are only for convenience of ARCHITECT. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk.

C. Copies of Documents that may be relied upon by OWNER are limited to the printed copies (also known as hard copies) that are signed or sealed by the ARCHITECT. Files in electronic media format of text, data, graphics, or of other types that are furnished by ARCHITECT to OWNER are only for convenience of OWNER. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk.

D. Because data stored in electronic media format can deteriorate or be modified inadvertently or otherwise without authorization of the data's creator, the party receiving electronic files agrees that it will perform acceptance tests or procedures within 60 days, after which the receiving party shall be deemed to have accepted the data thus transferred. Any errors detected within the 60-day acceptance period will be corrected by the party delivering the electronic files. ARCHITECT shall not be responsible to maintain documents stored in electronic media format after acceptance by OWNER.

E. When transferring documents in electronic media format, ARCHITECT makes no representations as to long term compatibility, usability, or readability of documents resulting from the use of software application packages, operating systems, or computer hardware differing from those used by ARCHITECT at the beginning of this Project.

F. OWNER may make and retain copies of Documents for information and reference in connection with use on the Project by OWNER. Such Documents are not intended or represented to be suitable for reuse by OWNER or others on extensions of the Project or on any other project. Any such reuse or modification without written verification or adaptation by ARCHITECT, as appropriate for the specific purpose intended, will be at OWNER's sole risk and without liability or legal exposure to ARCHITECT or to ARCHITECT's Consultants. OWNER shall indemnify and hold harmless ARCHITECT and ARCHITECT's

Consultants from all claims, damages, losses, and expenses, including attorneys' fees arising out of or resulting therefrom.

G. If there is a discrepancy between the electronic files and the hard copies, the hard copies govern.

H. Any verification or adaptation of the Documents for extensions of the Project or for any other project will entitle ARCHITECT to further compensation at rates to be agreed upon by OWNER and ARCHITECT.

6.05 Insurance

A. ARCHITECT shall procure and maintain insurance as set forth in Exhibit G, "Insurance."

B. OWNER shall procure and maintain insurance as set forth in Exhibit G, "Insurance." OWNER shall cause ARCHITECT and ARCHITECT's Consultants to be listed as additional insureds on any general liability or property insurance policies carried by OWNER which are applicable to the Project.

C. OWNER shall require Contractor to purchase and maintain general liability and other insurance as specified in the Contract Documents and to cause ARCHITECT and ARCHITECT's Consultants to be listed as additional insureds with respect to such liability and other insurance purchased and maintained by Contractor for the Project

D. OWNER and ARCHITECT shall each deliver to the other certificates of insurance evidencing the coverages indicated in Exhibit G. Such certificates shall be furnished prior to commencement of ARCHITECT's services and at renewals thereafter during the life of the Agreement.

E. All policies of property insurance shall contain provisions to the effect that ARCHITECT's and ARCHITECT's Consultants' interests are covered and that in the event of payment of any loss or damage the insurers will have no rights of recovery against any of the insureds or additional insureds thereunder.

F. At any time, OWNER may request that ARCHITECT, at OWNER's sole expense, provide additional insurance coverage, increased limits, or revised deductibles that are more protective than those specified in Exhibit G. If so requested by OWNER, with the concurrence of ARCHITECT, and if commercially available, ARCHITECT shall obtain and shall require ARCHITECT's Consultants to obtain such additional insurance coverage, different limits, or revised deductibles for such periods of time as requested by OWNER, and Exhibit G will be supplemented to incorporate these requirements.

6.06 Termination

A. The obligation to provide further services under this Agreement may be terminated:

1. *For cause,*

a. By either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.

b. By ARCHITECT:

1) upon seven days written notice if ARCHITECT believes that ARCHITECT is being requested by OWNER to furnish or perform services contrary to ARCHITECT's responsibilities as a licensed professional; or

2) upon seven days written notice if the ARCHITECT's services for the Project are delayed or suspended for more than 90 days for reasons beyond ARCHITECT's control.

3) ARCHITECT shall have no liability to OWNER on account of such termination.

c. Notwithstanding the foregoing, this Agreement will not terminate as a result of such substantial failure if the party receiving such notice begins, within seven days of receipt of such notice, to correct its failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt thereof; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such 30 day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more than, 60 days after the date of receipt of the notice.

2. *For convenience,*

a. By OWNER effective upon the receipt of notice by ARCHITECT.

B. The terminating party under paragraphs 6.06.A.1 or 6.06.A.2 may set the effective date of termination at a time up to 30 days later than otherwise provided to allow ARCHITECT to demobilize personnel and equipment from the Site, to complete tasks whose value would otherwise be lost, to prepare notes as to the status of completed and uncompleted tasks, and to assemble Project materials in orderly files.

6.07 Controlling Law

A. This Agreement is to be governed by the law of the State of Texas and venue shall be in Bell County.

6.08 Successors, Assigns, and Beneficiaries

A. OWNER and ARCHITECT each is hereby bound and the partners, successors, executors, administrators and legal representatives of OWNER and ARCHITECT (and to the extent permitted by paragraph 6.08.B the assigns of OWNER and ARCHITECT) are hereby bound to the other party to this Agreement and to the partners, successors, executors, administrators and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements and obligations of this Agreement.

B. Neither OWNER nor ARCHITECT may assign, sublet, or transfer any rights under or interest (including, but without limitation, moneys that are due or may become due) in this Agreement without the written consent of the other, except to the extent that any assignment, subletting, or transfer is mandated or restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

C. Unless expressly provided otherwise in this Agreement:

1. Nothing in this Agreement shall be construed to create, impose, or give rise to any duty owed by OWNER or ARCHITECT to any Contractor, Contractor's subcontractor, supplier, other individual or entity, or to any surety for or employee of any of them.

2. All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of OWNER and ARCHITECT and not for the benefit of any other party. The OWNER agrees that the substance of the provisions of this paragraph 6.08.C shall appear in the Contract Documents.

6.09 Hazardous Environmental Condition

A. OWNER represents to ARCHITECT that to the best of its knowledge a Hazardous Environmental Condition does not exist.

B. OWNER has disclosed to the best of its knowledge to ARCHITECT the existence of all Asbestos, PCB's, Petroleum, Hazardous Waste, or Radioactive Material located at or near the Site, including type, quantity and location.

C. If a Hazardous Environmental Condition is encountered or alleged, ARCHITECT shall have the obligation to notify OWNER and, to the extent of applicable Laws and Regulations, appropriate governmental officials.

D. It is acknowledged by both parties that ARCHITECT's scope of services does not include any services related to a Hazardous Environmental Condition. In the event ARCHITECT or any other party encounters a Hazardous Environmental Condition, ARCHITECT may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Project affected thereby until OWNER: (i) retains appropriate specialist consultant(s) or contractor(s) to identify and, as appropriate, abate, remediate, or remove the Hazardous Environmental Condition; and (ii) warrants that the Site is in full compliance with applicable Laws and Regulations.

E. OWNER acknowledges that ARCHITECT is performing professional services for OWNER and that ARCHITECT is not and shall not be required to become an "arranger," "operator," "generator," or "transporter" of hazardous substances, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1990 (CERCLA), which are or may be encountered at or near the Site in connection with ARCHITECT's activities under this Agreement.

F. If ARCHITECT's services under this Agreement cannot be performed because of a Hazardous Environmental Condition, the existence of the condition shall justify ARCHITECT's terminating this Agreement for cause on 30 days notice.

6.10 Allocation of Risks

A. Indemnification

1. To the fullest extent permitted by law, ARCHITECT shall indemnify and hold harmless OWNER, OWNER's officers, directors, partners, and employees from and against any and all costs, losses, and damages (including but not limited to all fees and charges of Architects, engineers, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) caused solely by the negligent acts or omissions of ARCHITECT or ARCHITECT's officers, directors, partners, employees, and ARCHITECT's Consultants in the performance and furnishing of ARCHITECT's services under this Agreement.

2. To the fullest extent permitted by law, OWNER shall indemnify and hold harmless ARCHITECT, ARCHITECT's officers, directors, partners, employees, and ARCHITECT's Consultants

from and against any and all costs, losses, and damages (including but not limited to all fees and charges of architects, engineers, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) caused solely by the negligent acts or omissions of OWNER or OWNER's officers, directors, partners, employees, and OWNER's consultants with respect to this Agreement or the Project.

3. In addition to the indemnity provided under paragraph 6.10.A.2 of this Agreement, and to the fullest extent permitted by law, OWNER shall indemnify and hold harmless ARCHITECT and its officers, directors, partners, employees, and ARCHITECT's Consultants from and against all costs, losses, and damages (including but not limited to all fees and charges of architects, engineers, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) caused by, arising out of or resulting from a Hazardous Environmental Condition, provided that (i) any such cost, loss, or damage is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than completed Work), including the loss of use resulting therefrom, and (ii) nothing in this paragraph 6.10.A.4. shall obligate OWNER to indemnify any individual or entity from and against the consequences of that individual's or entity's own negligence or willful misconduct.

4. The indemnification provision of paragraph 6.10.A.1 is subject to and limited by the provisions agreed to by OWNER and ARCHITECT in Exhibit I, "Allocation of Risks," if any.

6.11 Notices

A. Any notice required under this Agreement will be in writing, addressed to the appropriate party at its address on the signature page and given personally, or by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

6.12 Survival

A. All express representations, indemnifications, or limitations of liability included in this Agreement will survive its completion or termination for any reason.

6.13 Severability

A. Any provision or part of the Agreement held to be void or unenforceable under any Laws or Regulations shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon OWNER and ARCHITECT, who agree that the Agreement shall be reformed to replace such stricken provision or part thereof

with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

6.14 Waiver

A. Non-enforcement of any provision by either party shall not constitute a waiver of that provision, nor shall it affect the enforceability of that provision or of the remainder of this Agreement.

6.15 Headings

A. The headings used in this Agreement are for general reference only and do not have special significance.

ARTICLE 7 - DEFINITIONS

7.01 Defined Terms

A. Wherever used in this Agreement (including the Exhibits hereto) and printed with initial or all capital letters, the terms listed below have the meanings indicated, which are applicable to both the singular and plural thereof:

1. *Addenda*--Written or graphic instruments issued prior to the opening of Bids which clarify, correct, or change the Bidding Documents.

2. *Additional Services*--The services to be performed for or furnished to OWNER by ARCHITECT in accordance with Exhibit A, Part 2 of this Agreement.

3. *Agreement*--This "Standard Form of Agreement between OWNER and ARCHITECT for Professional Services," including those Exhibits listed in Article 8 hereof.

4. *Application for Payment*--The form acceptable to ARCHITECT which is to be used by Contractor in requesting progress or final payments for the completion of its Work and which is to be accompanied by such supporting documentation as is required by the Contract Documents.

5. *Asbestos*--Any material that contains more than one percent asbestos and is friable or is releasing asbestos fibers into the air above current action levels established by the United States Occupational Safety and Health Administration.

6. *Basic Services*--The services to be performed for or furnished to OWNER by ARCHITECT in accordance with Exhibit A, Part 1, of this Agreement.

7. *Bid*--The offer or proposal of the bidder submitted on the prescribed form setting forth the prices for the Work to be performed.

8. *Bidding Documents*--The advertisement or invitation to Bid, instructions to bidders, the Bid form and attachments, the Bid bond, if any, the proposed Contract Documents, and all Addenda, if any.

9. *Change Order*--A document recommended by ARCHITECT, which is signed by Contractor and OWNER to authorize an addition, deletion or revision in the Work, or an adjustment in the Contract Price or the Contract Times, issued on or after the Effective Date of the Construction Agreement.

10. *Construction Agreement*--The written instrument which is evidence of the agreement, contained in the Contract Documents, between OWNER and Contractor covering the Work.

11. *Construction Contract*--The entire and integrated written agreement between the OWNER and Contractor concerning the Work.

12. *Construction Cost*--The cost to OWNER of those portions of the entire Project designed or specified by ARCHITECT. Construction Cost does not include costs of services of ARCHITECT or other design professionals and consultants, cost of land, rights-of-way, or compensation for damages to properties, or OWNER's costs for legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with the Project, or the cost of other services to be provided by others to OWNER pursuant to Exhibit B of this Agreement. Construction Cost is one of the items comprising Total Project Costs.

13. *Contract Documents*--Documents that establish the rights and obligations of the parties engaged in construction and include the Construction Agreement between OWNER and Contractor, Addenda (which pertain to the Contract Documents), Contractor's Bid (including documentation accompanying the Bid and any post-Bid documentation submitted prior to the notice of award) when attached as an exhibit to the Construction Agreement, the notice to proceed, the bonds, appropriate certifications, the General Conditions, the Supplementary Conditions, the Specifications and the Drawings as the same are more specifically identified in the Construction Agreement, together with all Written Amendments, Change Orders, Work Change Directives, Field Orders, and ARCHITECT's written interpretations and clarifications issued on or after the Effective Date of the Construction Agreement. Approved Shop Drawings

and the reports and drawings of subsurface and physical conditions are not Contract Documents.

14. *Contract Price*--The moneys payable by OWNER to Contractor for completion of the Work in accordance with the Contract Documents and as stated in the Construction Agreement.

15. *Contract Times*--The numbers of days or the dates stated in the Construction Agreement to: (i) achieve Substantial Completion, and (ii) complete the Work so that it is ready for final payment as evidenced by ARCHITECT's written recommendation of final payment.

16. *Contractor*--An individual or entity with whom OWNER enters into a Construction Agreement.

17. *Correction Period*--The time after Substantial Completion during which Contractor must correct, at no cost to OWNER, any Defective Work, normally one year after the date of Substantial Completion or such longer period of time as may be prescribed by Laws or Regulations or by the terms of any applicable special guarantee or specific provision of the Contract Documents.

18. *Defective*--An adjective which, when modifying the word Work, refers to Work that is unsatisfactory, faulty, or deficient, in that it does not conform to the Contract Documents, or does not meet the requirements of any inspection, reference standard, test, or approval referred to in the Contract Documents, or has been damaged prior to ARCHITECT's recommendation of final payment.

19. *Documents*--Data, reports, Drawings, Specifications, Record Drawings, and other deliverables, whether in printed or electronic media format, provided or furnished in appropriate phases by ARCHITECT to OWNER pursuant to this Agreement.

20. *Drawings*--That part of the Contract Documents prepared or approved by ARCHITECT which graphically shows the scope, extent, and character of the Work to be performed by Contractor. Shop Drawings are not Drawings as so defined.

21. *Effective Date of the Construction Agreement*--The date indicated in the Construction Agreement on which it becomes effective, but if no such date is indicated, it means the date on which the Construction Agreement is signed and delivered by the last of the two parties to sign and deliver.

22. *Effective Date of the Agreement*--The date indicated in this Agreement on which it becomes

effective, but if no such date is indicated, it means the date on which the Agreement is signed and delivered by the last of the two parties to sign and deliver.

23. *ARCHITECT's Consultants*--Individuals or entities having a contract with ARCHITECT to furnish services with respect to this Project as ARCHITECT's independent professional associates, consultants, subcontractors, or vendors. The term ARCHITECT includes ARCHITECT's Consultants.

24. *Field Order*--A written order issued by ARCHITECT which directs minor changes in the Work but which does not involve a change in the Contract Price or the Contract Times.

25. *General Conditions*--That part of the Contract Documents which sets forth terms, conditions, and procedures that govern the Work to be performed or furnished by Contractor with respect to the Project.

26. *Hazardous Environmental Condition*--The presence at the Site of Asbestos, PCB's, Petroleum, Hazardous Waste, or Radioactive Materials in such quantities or circumstances that may present a substantial danger to persons or property exposed thereto in connection with the Work.

27. *Hazardous Waste*--The term Hazardous Waste shall have the meaning provided in Section 1004 of the Solid Waste Disposal Act (42 USC Section 6903) as amended from time to time.

28. *Laws and Regulations; Laws or Regulations*--Any and all applicable laws, rules, regulations, ordinances, codes, standards, and orders of any and all governmental bodies, agencies, authorities, and courts having jurisdiction.

29. *PCB's*--Polychlorinated biphenyls.

30. *Petroleum*--Petroleum, including crude oil or any fraction thereof which is liquid at standard conditions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds per square inch absolute), such as oil, petroleum, fuel oil, oil sludge, oil refuse, gasoline, kerosene, and oil mixed with other non-Hazardous Waste and crude oils.

31. *Radioactive Materials*--Source, special nuclear, or byproduct material as defined by the Atomic Energy Act of 1954 (42 USC Section 2011 et seq.) as amended from time to time.

32. *Record Drawings*--The Drawings as issued for construction on which the ARCHITECT, upon completion of the Work, has shown changes due to

Addenda or Change Orders and other information which ARCHITECT considers significant based on record documents furnished by Contractor to ARCHITECT and which were annotated by Contractor to show changes made during construction.

33. *Reimbursable Expenses*--The expenses incurred directly by ARCHITECT in connection with the performing or furnishing of Basic and Additional Services for the Project for which OWNER shall pay ARCHITECT as indicated in Exhibit C.

34. *Resident Project Representative*--The authorized representative of ARCHITECT, if any, assigned to assist ARCHITECT at the Site during the Construction Phase. The Resident Project Representative will be ARCHITECT's agent or employee and under ARCHITECT's supervision. As used herein, the term Resident Project Representative includes any assistants of Resident Project Representative agreed to by OWNER. The duties and responsibilities of the Resident Project Representative are as set forth in Exhibit D.

35. *Samples*--Physical examples of materials, equipment, or workmanship that are representative of some portion of the Work and which establish the standards by which such portion of the Work will be judged.

36. *Shop Drawings*--All drawings, diagrams, illustrations, schedules, and other data or information which are specifically prepared or assembled by or for Contractor and submitted by Contractor to ARCHITECT to illustrate some portion of the Work.

37. *Site*--Lands or areas indicated in the Contract Documents as being furnished by OWNER upon which the Work is to be performed, rights-of-way and easements for access thereto, and such other lands furnished by OWNER which are designated for use of Contractor.

38. *Specifications*--That part of the Contract Documents consisting of written technical descriptions of materials, equipment, systems, standards, and workmanship as applied to the Work and certain administrative details applicable thereto.

39. *Substantial Completion*--The time at which the Work (or a specified part thereof) has progressed to the point where, in the opinion of ARCHITECT, the Work (or a specified part thereof) is sufficiently complete, in accordance with the Contract Documents, so that the Work (or a specified part thereof) can be utilized for the purposes for which it is intended. The terms "substantially complete" and "substantially

completed" as applied to all or part of the Work refer to Substantial Completion thereof.

40. *Supplementary Conditions*--That part of the Contract Documents which amends or supplements the General Conditions.

41. *Total Project Costs*--The sum of the Construction Cost, allowances for contingencies, the total costs of services of ARCHITECT or other design professionals and consultants, cost of land, rights-of-way, or compensation for damages to properties, or OWNER's costs for legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with the Project, or the cost of other services to be provided by others to OWNER pursuant to Exhibit B of this Agreement.

42. *Work*--The entire completed construction or the various separately identifiable parts thereof required to be provided under the Contract Documents with respect to this Project. Work includes and is the result of performing or furnishing labor, services, and documentation necessary to produce such construction and furnishing, installing, and incorporating all materials and all equipment into such construction, all as required by the Contract Documents.

43. *Work Change Directive*--A written directive to Contractor issued on or after the Effective Date of the Construction Agreement and signed by OWNER upon recommendation of the ARCHITECT, ordering an addition, deletion, or revision in the Work, or responding to differing or unforeseen subsurface or physical conditions under which the Work is to be performed or to emergencies. A Work Change Directive will not change the Contract Price or the Contract Times but is evidence that the parties expect that the change directed or documented by a Work Change Directive will be incorporated in a subsequently issued Change Order following negotiations by the parties as to its effect, if any, on the Contract Price or Contract Times.

44. *Written Amendment*--A written amendment of the Contract Documents signed by OWNER and Contractor on or after the Effective Date of the Construction Agreement and normally dealing with the non-technical rather than strictly construction-related aspects of the Contract Documents.

ARTICLE 8 - EXHIBITS AND SPECIAL PROVISIONS

8.01 Exhibits Included

A. Exhibit A, "ARCHITECT's Services," consisting of 9 pages.

B. Exhibit B, "OWNER's Responsibilities," consisting of 3 pages.

C. Exhibit C, "Payments to ARCHITECT for Services and Reimbursable Expenses," consisting of 1 page.

D. Exhibit D, "Duties, Responsibilities and Limitations of Authority of Resident Project Representative," consisting of 4 pages.

E. Exhibit E, "Notice of Acceptability of Work," consisting of 2 pages.

F. Exhibit F, "Construction Cost Limit," consisting of 1 page.

G. Exhibit G, "Insurance," consisting of 1 page.

H. Exhibit H, "Special Provisions," consisting of 1 page.

8.02 Total Agreement

A. This Agreement (consisting of pages 1 to 12 inclusive, together with the Exhibits identified above) constitutes the entire agreement between OWNER and ARCHITECT and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented, modified, or canceled by a duly executed written instrument.

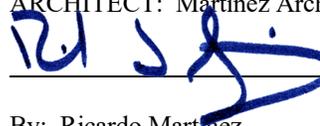
By signing this contract, ARCHITECT hereby verifies that it does not boycott Israel and will not boycott Israel during the term of this contract. Boycotting Israel is defined in Texas Government Code section 808.001. ARCHITECT further verifies that it does not boycott energy companies, as defined by Texas Government Code section 809.001, and will not boycott energy companies during the term of the contract. Finally, ARCHITECT verifies that it does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association, as defined in Texas Government Code section 2274.001, and will not discriminate against any firearm entity or firearm trade association during the term of this contract.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, the Effective Date of which is indicated on page 1.

OWNER: City of Killeen

ARCHITECT: Martinez Architects, LP

By: Kent Cagle

By:  Ricardo Martinez

Title: City Manager

Title: Principal

Date Signed: _____

Date Signed: 1/14/26

Address for giving notices:

Address for giving notices:

P.O. Box 1329

900 Rockmead, Suite 250

Killeen, TX 76540-1329

Kingwood, Texas 77339

Designated Representative (paragraph 6.02.A):

Designated Representative (paragraph 6.02.A):

Andrew Zagars, PE

Ricardo Martinez

Title: City Engineer

Title: Principal

Phone Number: 254-616-3179

Phone Number: 281-346-7371

Facsimile Number: _____

Facsimile Number: _____

E-Mail Address: AZagars@killeentexas.gov

E-Mail Address: ricardom@martinez-architects.com

This is **EXHIBIT A**, consisting of 9 pages, referred to in and part of the **Agreement between OWNER and ARCHITECT for Professional Services** dated January 14, 2026.

Initial:
OWNER _____
ARCHITECT RJM

ARCHITECT's Services

Article 1 of the Agreement is amended and supplemented to include the following agreement of the parties. ARCHITECT shall provide Basic and Additional Services as set forth below.

PART 1 -- BASIC SERVICES

A1.01 *Programming and Preliminary Design Phase (15%)*

A. ARCHITECT shall:

1. Consult with OWNER to define and clarify OWNER's requirements for the Project and available data.
2. Advise OWNER as to the necessity of OWNER's providing data or services of the types described in Exhibit B which are not part of ARCHITECT's Basic Services and assist OWNER in obtaining such data and services.
3. Identify, consult with, and analyze requirements of governmental authorities having jurisdiction to approve the portions of the Project designed or specified by ARCHITECT, including but not limited to mitigating measures identified in the environmental assessment.
4. Identify and evaluate possible alternate solutions available to OWNER and, after consultation with OWNER, recommend to OWNER those solutions which in ARCHITECT's judgment meet OWNER's requirements for the Project.
5. Provide necessary field surveys and topographic and utility mapping for design purposes. Utility mapping will be based upon information obtained from utility owners.
6. Provide geotechnical engineering services to classify types of soils and provide rigid pavement recommendations for the project.
7. Include options to address storm water drainage for the site.
8. Identify any conflicts with utilities.
9. Prepare Programming and Preliminary Designs which will, as appropriate, contain schematic layouts, sketches and conceptual design criteria with appropriate exhibits to indicate the agreed-to requirements, considerations involved, and those alternate solutions available to OWNER which ARCHITECT recommends. This will be accompanied by ARCHITECT's Opinion of Total Project Costs for each solution which is so recommended for the Project with each component separately itemized, including the following: opinion of probable Construction Cost including 25% contingencies, allowances and any other adjustments to the Total Project Costs known by the ARCHITECT which will be itemized as provided in paragraph A1.01.A.5
10. Specifications will be prepared in general conformance with the 16-division format of the Construction Specifications Institute.
11. Geotechnical Report will be submitted with the deliverables.

12. Furnish review copies of submission to OWNER within **forty-five (45) days** of authorization to begin services and review it with OWNER.
 - a. The submittal should be transmitted in electronic, Adobe PDF format. Drawings, sketches and Exhibits should be prepared in Revit (rvt) and Adobe PDF formats. Full size drawings shall be plotted on bond paper.
13. Two (2) full size hard copies, if needed, along with an electronic (*.pdf) format files shall be submitted for review by OWNER
 - a. Electronic Files should be structured for immediate reproduction of the hard copy plans sketches and exhibits.
14. Allow a minimum of 14 days for OWNER to review and comment. Attend meeting with OWNER to discuss the report and comments.
15. Revise the documents in response to OWNER's and other parties' comments, as appropriate, and furnish five (5) final copies of the revised submission to the OWNER within seven (7) days after completion of reviewing it with OWNER.

B. ARCHITECT's services under the Programming and Preliminary Phase will be considered complete on the date when the final copies of the revised submission has been delivered to OWNER.

A1.02 *Schematic Design Phase (35%)*

A. After acceptance by OWNER of the Programming and Preliminary Phase and receipt from the OWNER of the Notice to Proceed to Schematic Design Phase, selection by OWNER of a recommended solution and indication of any specific modifications or changes in the scope, extent, character, or design requirements of the Project desired by OWNER, the ARCHITECT shall:

1. On the basis of the above acceptance, selections, and authorization prepare Schematic Design Phase documents consisting of design criteria, advanced drawings, outline specifications and written descriptions of the Project.
2. Advise OWNER if additional reports, data, information, or services of the types described in Exhibit B are necessary and assist OWNER in obtaining such reports, data, information, or services.
3. Based on the information contained in the Schematic Design Phase documents, submit a revised opinion of probable Construction Cost including 20% contingencies, allowances and any other adjustments to the Total Project Costs known to ARCHITECT, which will be itemized as provided in paragraph A1.01.A.5
4. Specifications will be prepared in general conformance with the 16-division format of the Construction Specifications Institute.
5. Furnish review copies of the plans, specifications and estimate of probable cost to OWNER within **sixty (60) days** of authorization to begin services and review it with OWNER.
 - a. The documents should be prepared in and transmitted in electronic, Adobe PDF format. Drawings, sketches and Exhibits should be bound and may be prepared in Revit (rvt) and submitted in Adobe PDF formats. Full size drawings shall be plotted on 22"x34" bond paper and may also be transmitted in ½-size Adobe PDF (11"x17") bond paper.
6. Two (2) full size hard copies, three (3) ½-size copies, if needed, and five (5) report bond copies along with electronic (*.pdf) format files shall be submitted for review by OWNER
 - a. Electronic Files should be structured for immediate reproduction of the hard copy contents.

7. Allow a minimum of 14 days for OWNER to review and comment. Attend meeting with OWNER to discuss the report and comments.
8. Revise the documents in response to OWNER's and other parties' comments, as appropriate. Review of comments being addressed will be checked in the next design phase submittal

B. ARCHITECT's services under the Schematic Design Phase will be considered complete on the date when final copies of the Schematic Design Phase documents have been delivered to OWNER.

A1.03 *Design Development Phase (65%)*

A. After acceptance of the Schematic Design by OWNER and receipt from the OWNER of the Notice to Proceed to Design Development Phase, the OWNER's selection of a recommended solution and indication of any specific modifications or changes in the scope, extent, character, or design requirements of the Project desired by OWNER, the ARCHITECT shall:

1. On the basis of the above acceptance, selections, and authorization prepare Design Development Phase documents consisting of advanced design criteria, drawings, technical specifications and written descriptions of the Project.
2. Advise OWNER if additional reports, data, information, or services of the types described in Exhibit B are necessary and assist OWNER in obtaining such reports, data, information, or services.
3. Based on the information contained in the Design Development Phase documents, submit a revised opinion of probable Construction Cost including 15% contingencies, allowances and any other adjustments to the Total Project Costs known to ARCHITECT, which will be itemized as provided in paragraph A1.01.A.5
4. Specifications will be prepared in general conformance with the 16-division format of the Construction Specifications Institute.
5. Furnish review copies of the Report to OWNER within **sixty (60) days** of authorization to begin services and review it with OWNER.
 - a. The documents should be prepared in and transmitted in electronic, Adobe PDF format. Drawings, sketches and Exhibits should be bound and may be prepared in Revit (rvt) and submitted in Adobe PDF formats. Full size drawings shall be plotted on 22"x34" bond paper and may also be transmitted in 1/2-size Adobe PDF (11"x17") bond paper.
6. Two (2) full size hard copies, three (3) 1/2-size copies, if needed, and five (5) report bond copies along with an electronic (*.pdf) format files shall be submitted for review by OWNER
 - a. Electronic Files should be structured for immediate reproduction of the hard copy report.
7. Allow a minimum of 14 days for OWNER to review and comment. Attend meeting with OWNER to discuss the report and comments.
8. Revise the Report in response to OWNER's and other parties' comments, as appropriate, and furnish five (5) final copies of the revised Report to the OWNER within seven (7) days after completion of reviewing it with OWNER.

A1.04 *Final Design Phase (100%)*

A. After acceptance of the Design Development by OWNER and receipt from the OWNER of the Notice to Proceed to Final Design Phase, the OWNER's selection of a recommended solution and indication of any specific modifications or changes in the scope, extent, character, or design requirements of the Project desired by OWNER, ARCHITECT shall:

1. On the basis of the above acceptance, directions, and authorization, prepare final documents indicating the scope, extent, and character of the Work to be performed and furnished by Contractor. Specifications will be prepared in general conformance with the 16-division format of the Construction Specifications Institute.
2. Provide technical criteria, written descriptions, and design data for OWNER's use in filing applications for permits forms or approvals of governmental authorities having jurisdiction to review or approve the final design of the Project and assist OWNER in consultations with appropriate authorities.
3. Advise OWNER of any adjustments to the opinion of probable Construction Cost and submit a revised opinion of probable Construction Cost including 10% contingencies, allowances and any other adjustments to Total Project Costs known to ARCHITECT, itemized as provided in paragraph A1.01.A.5.
4. Furnish review copies of the Final documents to OWNER within **fourteen (14) days** of authorization to begin services and review it with OWNER.
 - a. The final documents should be prepared in Microsoft Office native language, 8½"x11" and transmitted in electronic, Adobe PDF format. Drawings, sketches and Exhibits should be bound and may be prepared in AutoCAD (dwg) and submitted in Adobe PDF formats. Full size drawings shall be plotted on 22"x34" bond paper and may also be transmitted in ½-size Adobe PDF (11"x17") bond paper.
5. One (1) full size hard copies, two (2) ½-size copies, if needed, and five (3) report bond copies (including specifications and geotech report) along with an electronic (*.pdf) format files shall be submitted for review by OWNER
 - a. Electronic Files should be structured for immediate reproduction of the hard copy report.
6. After final review and acceptance of the Final Design documents (e.g. plans, specifications and opinion of probable cost, etc.) by OWNER the ARCHITECT will sign and seal the documents in preparation of the construction Bid Documents as required by the Texas State Board of Architectural Examiners.
7. Prepare and furnish Bid Documents for review and approval by OWNER, its legal counsel, and other advisors, as appropriate, and assist OWNER in the preparation of other related documents.
8. Submit three (3) final copies of the Bid Documents to OWNER within 60 days after authorization to proceed with this phase.

B. In the event that the Work designed or specified by ARCHITECT is to be performed or furnished under more than one prime contract, or if ARCHITECT's services are to be separately sequenced with the work of one or more prime Contractors (such as in the case of fast-tracking), OWNER and ARCHITECT shall, prior to commencement of the Final Design Phase, develop a schedule for performance of ARCHITECT's services during the Final Design, Bidding or Negotiating, Construction, and Post-Construction Phases in order to sequence and coordinate properly such services as are applicable to the work under such separate prime contracts. This schedule is to be prepared and included in or become an amendment to Exhibit A whether or not the work under such contracts is to proceed concurrently.

C. The number of prime contracts for Work designed or specified by ARCHITECT upon which the ARCHITECT's compensation has been established under this Agreement is one (1).

D. ARCHITECT's services under the Final Design Phase will be considered complete on the date when the submittals required by paragraph A1.03.A.6 have been delivered to OWNER.

A1.04 *Bidding or Negotiating Phase*

A. After acceptance by OWNER of the Bid Documents and the most recent opinion of probable Construction Cost as determined in the Final Design Phase and upon written authorization by OWNER to proceed, ARCHITECT shall:

1. Assist OWNER in advertising for and obtaining bids or negotiating proposals for the Work and, where applicable, maintain a record of prospective bidders to whom Bid Documents have been issued, conduct

the pre-Bid conferences, if any, and receive and process Contractor deposits or charges for the Bidding Documents.

2. Issue Addenda as appropriate to clarify, correct, or change the Bid Documents.
3. Consult with OWNER as to the acceptability of subcontractors, suppliers, and other individuals and entities proposed by Contractor for those portions of the Work as to which such acceptability is required by the Bid Documents.
4. Conduct the Bid opening, prepare Bid tabulation sheets, and assist OWNER in evaluating Bids or proposals and in assembling and awarding contracts for the Work.

B. The Bidding or Negotiating Phase will be considered complete upon commencement of the Construction Phase or upon cessation of negotiations with prospective Contractors (except as may be required if Exhibit F is a part of this Agreement).

A1.05 *Construction Phase*

A. Upon successful completion of the Bidding and Negotiating Phase, and upon written authorization from OWNER, ARCHITECT shall:

1. *General Administration of Construction Contract.* Consult with OWNER and act as OWNER's representative as provided in the General Conditions. The extent and limitations of the duties, responsibilities and authority of ARCHITECT as assigned in said General Conditions shall not be modified, except as ARCHITECT may otherwise agree in writing. All of OWNER's instructions to Contractor will be issued through ARCHITECT, who shall have authority to act on behalf of OWNER in dealings with Contractor to the extent provided in this Agreement and said General Conditions except as otherwise provided in writing.
2. *Selecting Independent Testing Laboratory.* Assist OWNER in the selection of an independent testing laboratory to perform the services identified in paragraph B2.01.0.
3. *Pre-Construction Conference.* Participate in a Pre-Construction Conference prior to commencement of Work at the Site.
4. *Baselines and Benchmarks.* As appropriate, establish baselines and benchmarks for locating the Work in which in ARCHITECT's judgment are necessary to enable Contractor to proceed.
5. *Visits to Site and Observation of Construction.* In connection with observations of Contractor's work in progress while it is in progress:
 - a. Make visits to the Site at intervals appropriate to the various stages of construction, as ARCHITECT deems necessary, in order to observe as an experienced and qualified design professional the progress and quality of the Work. Such visits and observations by ARCHITECT, if any, are not intended to be exhaustive or to extend to every aspect of Contractor's work in progress or to involve detailed inspections of Contractor's work in progress beyond the responsibilities specifically assigned to ARCHITECT in this Agreement and the Contract Documents, but rather are to be limited to spot checking, selective sampling, and similar methods of general observation of the Work based on ARCHITECT's exercise of professional judgment. Based on information obtained during such visits and such observations, ARCHITECT will determine in general if Contractor's work is proceeding in accordance with the Contract Documents, and ARCHITECT shall keep OWNER informed of the progress of the Work.
 - b. The purpose of ARCHITECT's visits to the Site, will be to enable ARCHITECT to better carry out the duties and responsibilities assigned to and undertaken by ARCHITECT during the Construction Phase, and, in addition, by the exercise of ARCHITECT's efforts as an experienced and qualified design professional, to provide for OWNER a greater degree of confidence that the completed Work will conform in general to the Contract Documents and that the integrity of the design concept of the

completed Project as a functioning whole as indicated in the Contract Documents has been implemented and preserved by Contractor. ARCHITECT shall not, during such visits or as a result of such observations of Contractor's work in progress, supervise, direct, or have control over Contractor's work, nor shall ARCHITECT have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected by Contractor, for safety precautions and programs incident to Contractor's work, or for any failure of Contractor to comply with Laws and Regulations applicable to Contractor's furnishing and performing the Work. Accordingly, ARCHITECT neither guarantees the performance of any Contractor nor assumes responsibility for any Contractor's failure to furnish and perform its work in accordance with the Contract Documents.

6. *Defective Work.* Recommend to OWNER that Contractor's work be disapproved and rejected while it is in progress if, on the basis of such observations, ARCHITECT believes that such work will not produce a completed Project that conforms generally to the Contract Documents or that it will prejudice the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents.
7. *Clarifications and Interpretations; Field Orders.* Issue necessary clarifications and interpretations of the Contract Documents as appropriate for the orderly completion of Contractor's work. Such clarifications and interpretations will be consistent with the intent of and reasonably inferable from the Contract Documents. ARCHITECT may issue Architect's Supplemental Instructions (ASI) authorizing minor variations from the requirements of the Contract Documents
8. *Change Orders and Work Change Directives.* Recommend Change Orders and Work Change Directives to OWNER, as appropriate, and prepare Change Orders and Work Change Directives as required.
9. *Shop Drawings and Samples.* Review and approve or take other appropriate action in respect to Shop Drawings and Samples and other data which Contractor is required to submit, but only for conformance with the information given in the Contract Documents and compatibility with the design concept of the completed Project as a functioning whole as indicated in the Contract Documents. Such reviews and approvals or other action will not extend to means, methods, techniques, sequences or procedures of construction or to safety precautions and programs incident thereto. ARCHITECT has an obligation to meet any Contractor's submittal schedule that has earlier been acceptable to ARCHITECT.
10. *Substitutes and "or-equal."* Evaluate and determine the acceptability of substitute or "or-equal" materials and equipment proposed by Contractor, but subject to the provisions of paragraph A2.02.A.2 of this Exhibit A.
11. *Inspections and Tests.* Require such special inspections or tests of Contractor's work as deemed reasonably necessary, and receive and review all certificates of inspections, tests, and approvals required by Laws and Regulations or the Contract Documents. ARCHITECT's review of such certificates will be for the purpose of determining that the results certified indicate compliance with the Contract Documents and will not constitute an independent evaluation that the content or procedures of such inspections, tests, or approvals comply with the requirements of the Contract Documents. ARCHITECT shall be entitled to rely on the results of such tests.
12. *Disagreements between OWNER and Contractor.* Render formal written decisions on all claims of OWNER and Contractor relating to the acceptability of Contractor's work or the interpretation of the requirements of the Contract Documents pertaining to the execution and progress of Contractor's work. In rendering such decisions, ARCHITECT shall be fair and not show partiality to OWNER or Contractor and shall not be liable in connection with any decision rendered in good faith in such capacity.
13. *Applications for Payment.* Based on ARCHITECT's observations as an experienced and qualified design professional and on review of Applications for Payment and accompanying supporting documentation:
 - a. Determine the amounts that ARCHITECT recommends Contractor be paid. Such recommendations of payment will be in writing and will constitute ARCHITECT's representation to OWNER, based on such observations and review, that, to the best of ARCHITECT's knowledge, information and belief, Contractor's work has progressed to the point indicated, the quality of such work is generally in

accordance with the Contract Documents (subject to an evaluation of the Work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents and to any other qualifications stated in the recommendation), and the conditions precedent to Contractor's being entitled to such payment appear to have been fulfilled in so far as it is ARCHITECT's responsibility to observe Contractor's work. In the case of unit price work, ARCHITECT's recommendations of payment will include final determinations of quantities and classifications of Contractor's work (subject to any subsequent adjustments allowed by the Contract Documents). The responsibilities of ARCHITECT contained in paragraph A1.05.A.6.a are expressly subject to the limitations set forth in paragraph A1.05.A.6.b and other express or general limitations in this Agreement and elsewhere

- b. By recommending any payment, ARCHITECT shall not thereby be deemed to have represented that observations made by ARCHITECT to check the quality or quantity of Contractor's work as it is performed and furnished have been exhaustive, extended to every aspect of Contractor's work in progress, or involved detailed inspections of the Work beyond the responsibilities specifically assigned to ARCHITECT in this Agreement and the Contract Documents. Neither ARCHITECT's review of Contractor's work for the purposes of recommending payments nor ARCHITECT's recommendation of any payment including final payment will impose on ARCHITECT responsibility to supervise, direct, or control Contractor's work in progress or for the means, methods, techniques, sequences, or procedures of construction or safety precautions or programs incident thereto, or Contractor's compliance with Laws and Regulations applicable to Contractor's furnishing and performing the Work. It will also not impose responsibility on ARCHITECT to make any examination to ascertain how or for what purposes Contractor has used the moneys paid on account of the Contract Price, or to determine that title to any portion of the work in progress, materials, or equipment has passed to OWNER free and clear of any liens, claims, security interests, or encumbrances, or that there may not be other matters at issue between OWNER and Contractor that might affect the amount that should be paid.

14. *Contractor's Completion Documents.*

- a. Receive and review maintenance and operating instructions, schedules, and guarantees.
- b. Receive bonds, certificates, or other evidence of insurance not previously submitted and required by the Contract Documents, certificates of inspection, tests and approvals, Shop Drawings, Samples and other data approved as provided under paragraph A1.05.A.10, and the annotated record documents which are to be assembled by Contractor in accordance with the Contract Documents to obtain final payment. The extent of such ARCHITECT's review will be limited as provided in paragraph A1.05.A.10
- c. ARCHITECT shall transmit these documents to OWNER.

15. *Substantial Completion.* Promptly after notice from Contractor that Contractor considers the entire Work ready for its intended use, in company with OWNER and Contractor, conduct an inspection to determine if the Work is Substantially Complete. If after considering any objections of OWNER, ARCHITECT considers the Work Substantially Complete, ARCHITECT shall deliver a certificate of Substantial Completion to OWNER and Contractor.

16. *Additional Tasks.* Perform or provide the following additional Construction Phase tasks or deliverables:

17. *Final Notice of Acceptability of the Work.* Conduct a final inspection to determine if the completed Work of Contractor is acceptable so that ARCHITECT may recommend, in writing, final payment to Contractor. Accompanying the recommendation for final payment, ARCHITECT shall also provide a notice in the form attached hereto as Exhibit E (the "Notice of Acceptability of Work") that the Work is acceptable (subject to the provisions of paragraph A1.05.A.14.b) to the best of ARCHITECT's knowledge, information, and belief and based on the extent of the services provided by ARCHITECT under this Agreement.

B. *Duration of Construction Phase.* The Construction Phase will commence with the execution of the first Construction Agreement for the Project or any part thereof and will terminate upon written recommendation by ARCHITECT for final payment to Contractors. If the Project involves more than one prime contract as indicated in paragraph A1.03.C, Construction Phase services may be rendered at different times in respect to the separate contracts.

C. *Limitation of Responsibilities.* ARCHITECT shall not be responsible for the acts or omissions of any Contractor, or of any of their subcontractors, suppliers, or of any other individual or entity performing or furnishing any of the Work. ARCHITECT shall not be responsible for failure of any Contractor to perform or furnish the Work in accordance with the Contract Documents.

A1.06 *Post-Construction Phase*

A. Upon written authorization from OWNER, ARCHITECT, during the Post-Construction Phase, shall:

1. Together with OWNER, visit the Project to observe any apparent defects in the Work, assist OWNER in consultations and discussions with Contractor concerning correction of any such defects, and make recommendations as to replacement or correction of Defective Work, if present.
2. Perform or provide the following additional Post-Construction Phase tasks or deliverables:
3. In company with OWNER or OWNER's representative, provide an inspection of the Project within one month before the end of the Correction Period to ascertain whether any portion of the Work is subject to correction.

B. The Post-Construction Phase services may commence during the Construction Phase and, if not otherwise modified in this Exhibit A, will terminate at the end of the Correction Period.

PART 2 – ADDITIONAL SERVICES

A2.01 Additional Services Requiring OWNER's Authorization in Advance

A. If authorized in writing by OWNER, ARCHITECT shall furnish or obtain from others Additional Services of the types listed below. These services will be paid for by OWNER as indicated in Article 4 of the Agreement.

1. Preparation of applications and supporting documents (in addition to those furnished under Basic Services) for private or governmental grants, loans or advances in connection with the Project; preparation or review of environmental assessments and impact statements; review and evaluation of the effects on the design requirements for the Project of any such statements and documents prepared by others; and assistance in obtaining approvals of authorities having jurisdiction over the anticipated environmental impact of the Project.
2. Services to make measured drawings of or to investigate existing conditions or facilities, or to verify the accuracy of drawings or other information furnished by OWNER.
3. Services resulting from significant changes in the scope, extent, or character of the portions of the Project designed or specified by ARCHITECT or its design requirements including, but not limited to, changes in size, complexity, OWNER's schedule, character of construction, or method of financing; and revising previously accepted studies, reports, Drawings, Specifications, or Contract Documents when such revisions are required by changes in Laws and Regulations enacted subsequent to the Effective Date of this Agreement or are due to any other causes beyond ARCHITECT's control.
4. Services resulting from OWNER's request to evaluate additional Study and Report Phase alternative solutions beyond those identified in paragraph A1.01.A.4.
5. Services required as a result of OWNER's providing incomplete or incorrect Project information with respect to Exhibit B.
6. Providing renderings or models for OWNER's use.
7. Undertaking investigations and studies including, but not limited to, detailed consideration of operations, maintenance, and overhead expenses; the preparation of feasibility studies, cash flow and economic evaluations, rate schedules, and appraisals; assistance in obtaining financing for the Project; evaluating processes available for licensing, and assisting OWNER in obtaining process licensing; detailed quantity surveys of materials, equipment, and labor; and audits or inventories required in connection with construction performed by OWNER.
8. Furnishing services of ARCHITECT's Consultants for other than Basic Services.
9. Services attributable to more prime construction contracts than specified in paragraph A1.03.C.
10. Preparing for, coordinating with, participating in and responding to structured independent review processes, including, but not limited to, construction management, cost estimating, project peer review, value engineering, and constructability review requested by OWNER; and performing or furnishing services required to revise studies, reports, Drawings, Specifications, or other Bidding Documents as a result of such review processes.
11. Preparing additional Bidding Documents or Contract Documents for alternate bids or prices requested by OWNER for the Work or a portion thereof.
12. Determining the acceptability of substitute materials and equipment proposed during the Bidding or Negotiating Phase when substitution prior to the award of contracts is allowed by the Bidding Documents.
13. Assistance in connection with Bid protests, rebidding, or renegotiating contracts for construction, materials, equipment, or services, except when such assistance is required by Exhibit F.

14. Providing Construction Phase services beyond the Contract Times set forth in Exhibit C.
15. Providing assistance in resolving any Hazardous Environmental Condition in compliance with current Laws and Regulations.
16. Preparing and furnishing to OWNER Record Drawings showing appropriate record information based on Project annotated record documents received from Contractor.
17. Preparation of operation and maintenance manuals.
18. Preparing to serve or serving as a consultant or witness for OWNER in any litigation, arbitration or other dispute resolution process related to the Project.
19. Providing more extensive services required to enable ARCHITECT to issue notices or certifications requested by OWNER under paragraph 6.01.G of the Agreement.
20. Other services performed or furnished by ARCHITECT not otherwise provided for in this Agreement.

A2.02 Required Additional Services

A. ARCHITECT shall perform or furnish, without requesting or receiving specific advance authorization from OWNER, the Additional Services of the types listed below. ARCHITECT shall advise OWNER in writing promptly after starting any such Additional Services.

1. Services in connection with Work Change Directives and Change Orders to reflect changes requested by OWNER so as to make the compensation commensurate with the extent of the Additional Services rendered.
2. Services in making revisions to Drawings and Specifications occasioned by the acceptance of substitute materials or equipment other than "or-equal" items; and services after the award of the Construction Agreement in evaluating and determining the acceptability of a substitution which is found to be inappropriate for the Project or an excessive number of substitutions.
3. Services resulting from significant delays, changes, or price increases occurring as a direct or indirect result of materials, equipment, or energy shortages not as a result of General Contractor at-fault delays.
4. Additional or extended services during construction made necessary by (1) emergencies or acts of God endangering the Work, (2) an occurrence of a Hazardous Environmental Condition, (3) Work damaged by fire or other cause during construction, (4) a significant amount of defective, neglected, or delayed work by Contractor, (5) acceleration of the progress schedule involving services beyond normal working hours, or (6) default by Contractor.
5. Services (other than Basic Services during the Post-Construction Phase) in connection with any partial utilization of any part of the Work by OWNER prior to Substantial Completion.
6. Evaluating an unreasonable claim or an excessive number of claims submitted by Contractor or others in connection with the Work.

This is **EXHIBIT B**, consisting of 2 pages, referred to in and part of the **Agreement between OWNER and ARCHITECT for Professional Services** dated January 14, 2026.

Initial:

OWNER _____
ARCHITECT RJM

OWNER's Responsibilities

Article 2 of the Agreement is amended and supplemented to include the following agreement of the parties.

B2.01 In addition to other responsibilities of OWNER as set forth in this Agreement, OWNER shall:

A. Provide ARCHITECT with all criteria and full information as to OWNER's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility, and expandability, and any budgetary limitations; and furnish copies of all design and construction standards which OWNER will require to be included in the Drawings and Specifications; and furnish copies of OWNER's standard forms, conditions, and related documents for ARCHITECT to include in the Bidding Documents, when applicable.

B. Furnish to ARCHITECT any other available information pertinent to the Project including reports and data relative to previous designs, or investigation at or adjacent to the Site.

C. Following ARCHITECT's assessment of initially available Project information and data and upon ARCHITECT's request, furnish or otherwise make available such additional Project related information and data as is reasonably required to enable ARCHITECT to complete its Basic and Additional Services. Such additional information or data would generally include the following:

1. Property description and applicable plat.
2. Zoning, deed, and other land use restrictions.
3. Property, boundary, easement, right-of-way, and other special surveys or data, including establishing relevant reference points.
4. Explorations and tests of subsurface conditions at or contiguous to the Site, drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the Site, or hydrographic surveys, with appropriate professional interpretation thereof.
5. Environmental assessments, audits, investigations and impact statements, and other relevant environmental or cultural studies as to the Project, the Site, and adjacent areas.
6. Data or consultations as required for the Project but not otherwise identified in the Agreement or the Exhibits thereto.

D. Give prompt written notice to ARCHITECT whenever OWNER observes or otherwise becomes aware of a Hazardous Environmental Condition or of any other development that affects the scope or time of performance of ARCHITECT's services, or any defect or nonconformance in ARCHITECT's services or in the work of any Contractor.

E. Authorize ARCHITECT to provide Additional Services as set forth in Part 2 of Exhibit A of the Agreement as required.

F. Arrange for safe access to and make all provisions for ARCHITECT to enter upon public and private property as required for ARCHITECT to perform services under the Agreement.

G. Examine all alternate solutions, studies, reports, sketches, Drawings, Specifications, proposals, and other documents presented by ARCHITECT (including obtaining advice of an attorney, insurance counselor, and other advisors or consultants as OWNER deems appropriate with respect to such examination) and render in writing timely decisions pertaining thereto.

H. Provide reviews, approvals, and permits from all governmental authorities having jurisdiction to approve all phases of the Project designed or specified by ARCHITECT and such reviews, approvals, and consents from others as may be necessary for completion of each phase of the Project.

I. Provide, as required for the Project:

1. Accounting, bond and financial advisory, independent cost estimating, and insurance counseling services.
2. Legal services with regard to issues pertaining to the Project as OWNER requires, Contractor raises, or ARCHITECT reasonably requests.
3. Such auditing services as OWNER requires to ascertain how or for what purpose Contractor has used the moneys paid.
4. Placement and payment for advertisement for Bids in appropriate publications.

J. Advise ARCHITECT of the identity and scope of services of any independent consultants employed by OWNER to perform or furnish services in regard to the Project, including, but not limited to, cost estimating, project peer review, value engineering, and constructability review.

K. Furnish to ARCHITECT data as to OWNER's anticipated costs for services to be provided by others for OWNER so that ARCHITECT may make the necessary calculations to develop and periodically adjust ARCHITECT's opinion of Total Project Costs.

L. If OWNER designates a construction manager or an individual or entity other than, or in addition to, ARCHITECT to represent OWNER at the Site, define and set forth as an attachment to this Exhibit B the duties, responsibilities, and limitations of authority of such other party and the relation thereof to the duties, responsibilities, and authority of ARCHITECT.

M. If more than one prime contract is to be awarded for the Work designed or specified by ARCHITECT, designate a person or entity to have authority and responsibility for coordinating the activities among the various prime Contractors, and define and set forth the duties, responsibilities, and limitations of authority of such individual or entity and the relation thereof to the duties, responsibilities, and authority of ARCHITECT as an attachment to this Exhibit B that is to be mutually agreed upon and made a part of this Agreement before such services begin.

N. Attend the pre-bid conference, bid opening, pre-construction conferences, construction progress and other job related meetings, and Substantial Completion and final payment inspections.

O. Provide the services of an independent testing laboratory to perform all inspections, tests, and approvals of Samples, materials, and equipment required by the Contract Documents, or to evaluate the performance of materials, equipment, and facilities of OWNER, prior to their incorporation into the Work with appropriate professional interpretation thereof.

P. Provide inspection or monitoring services by an individual or entity other than ARCHITECT (and disclose the identity of such individual or entity to ARCHITECT) as OWNER determines necessary to verify:

1. That Contractor is complying with any Laws and Regulations applicable to Contractor's performing and furnishing the Work.
2. That Contractor is taking all necessary precautions for safety of persons or property and complying with any special provisions of the Contract Documents applicable to safety.

Q. Provide ARCHITECT with the findings and reports generated by the entities providing services pursuant to paragraphs B2.01.O and P.

This is **EXHIBIT C**, consisting of 1 page, referred to in and part of the **Agreement between OWNER and ARCHITECT for Professional Services** dated January 14, 2026.

Initial:
OWNER _____
ARCHITECT RJM

Payments to ARCHITECT for Services and Reimbursable Expenses

Article 4 of the Agreement is amended and supplemented to include the following agreement of the parties:

ARTICLE 4 -- PAYMENTS TO THE ARCHITECT

C4.01 *For Basic Services Having A Determined Scope*

A. OWNER shall pay ENGINEER for Basic Services set forth in Exhibit A, except for Post-Construction Phase services, if any, as follows:

1. Progress payments in the amount of \$810,000.00 based on the following assumed distribution of compensation:

- a. Preliminary/Programming:
 - i. (5%) \$40,500
- b. Schematic Design:
 - i. (10%) \$81,000
- c. Design Development:
 - i. (15%) \$121,500
- d. Construction Documents:
 - i. (30%) \$243,000
- e. Bidding and Contract Negotiation:
 - i. (5%) \$40,500
- f. Construction Administration:
 - i. (35%) \$283,500

2. ARCHITECT may alter the distribution of compensation between individual phases noted herein to be consistent with services actually rendered, but shall not exceed the total amount unless approved in writing by the OWNER.

3. The amount includes compensation for ARCHITECT's services and services of ARCHITECT's Consultants, if any. Appropriate amounts have been incorporated to account for labor, overhead, profit, and Reimbursable Expenses.

4. The portion of the amount billed for ARCHITECT's services will be based upon ARCHITECT's estimate of the proportion of the total services actually completed during the billing period.

5. If more prime contracts are awarded for work designed or specified by ARCHITECT for this Project than identified in Exhibit A, the ARCHITECT shall be compensated an additional amount to be negotiated; however, in no case shall the amount of compensation exceed eighteen percent (18%) of the Project's estimated construction costs for all Basic Services for each prime contract added.

This is **EXHIBIT E**, consisting of 2 pages, referred to in and part of the **Agreement between OWNER and ARCHITECT for Professional Services** dated January 14, 2026

Initial:

OWNER _____
ARCHITECT RJM

NOTICE OF ACCEPTABILITY OF WORK

PROJECT: _____

OWNER:

OWNER's Construction Contract Identification:

EFFECTIVE DATE OF THE CONSTRUCTION AGREEMENT:

CONSTRUCTION CONTRACT DATE:

ARCHITECT:

To: OWNER

And To: CONTRACTOR

The undersigned hereby gives notice to the above OWNER and CONTRACTOR that the completed Work furnished and performed by CONTRACTOR under the above Contract is acceptable, expressly subject to the provisions of the related Contract Documents and the terms and conditions set forth on the reverse side hereof.

By: _____

Title: _____

Dated: _____, _____

(Reverse side of Notice)

CONDITIONS OF NOTICE OF ACCEPTABILITY OF WORK

The Notice of Acceptability of Work (“Notice”) on the front side of this sheet is expressly made subject to the following terms and conditions to which all persons who receive said Notice and rely thereon agree:

1. Said Notice is given with the skill and care ordinarily used by members of the Architectural profession practicing under similar conditions at the same time and in the same locality.
2. Said Notice reflects and is an expression of the professional judgment of ARCHITECT.
3. Said Notice is given as to the best of ARCHITECT’s knowledge, information, and belief as of the date hereof.
4. Said Notice is based entirely on and expressly limited by the scope of services ARCHITECT has been employed by OWNER to perform or furnish during construction of the Project (including observation of the CONTRACTOR’s work) under ARCHITECT’s Agreement with OWNER and under the Construction Contract referenced on the reverse hereof, and applies only to facts that are within ARCHITECT’s knowledge or could reasonably have been ascertained by ARCHITECT as a result of carrying out the responsibilities specifically assigned to ARCHITECT under ARCHITECT’s Agreement with OWNER and the Construction Contract referenced on the reverse hereof.
5. Said Notice is not a guarantee or warranty of CONTRACTOR’s performance under the Construction Contract referenced on the reverse hereof nor an assumption of responsibility for any failure of CONTRACTOR to furnish and perform the Work thereunder in accordance with the Contract Documents.

This is **EXHIBIT F**, consisting of 1 page, referred to in and part of the **Agreement between OWNER and ARCHITECT for Professional Services** dated January 14, 2026.

Initial:
OWNER _____
ARCHITECT RJM

Construction Cost Limit

Paragraph 5.02 of the Agreement is amended and supplemented to include the following agreement of the parties:

F5.02 *Designing to Construction Cost Limit*

- A. A Construction Cost limit in the amount of Nine Million Dollars (\$9,000,000) is hereby agreed to.
- B. A bidding or negotiating contingency of 15 percent will be added to any Construction Cost limit established.
- C. The acceptance by OWNER at any time during Basic Services of a revised opinion of probable Construction Cost in excess of the then established Construction Cost limit will constitute a corresponding increase in the Construction Cost limit.
- D. ARCHITECT will be permitted to determine what types of materials, equipment and component systems, and the types and quality thereof are to be included in the Drawings and Specifications and to make reasonable adjustments in the scope, extent, and character of the Project to the extent consistent with the Project requirements and sound professional practices to bring the Project within the Construction Cost limit.
- E. If the Bidding or Negotiating Phase has not commenced within three months after completion of the Final Design Phase, or if industry-wide prices are changed because of unusual or unanticipated events affecting the general level of prices or times of delivery in the construction industry, the established Construction Cost limit will not be binding on ARCHITECT, and OWNER shall consent to an adjustment in such Construction Cost limit commensurate with any applicable change in the general level of prices in the construction industry between the date of completion of the Final Design Phase and the date on which proposals or Bids are sought.
- F. If the lowest bona fide proposal or Bid exceeds the established Construction Cost limit, OWNER shall (1) give written approval to increase such Construction Cost limit, or (2) authorize negotiating or rebidding the Project within a reasonable time, or (3) cooperate in revising the Project's scope, extent, or character to the extent consistent with the Project's requirements and with sound professional practices. In the case of (3), ARCHITECT shall modify the Contract Documents as necessary to bring the Construction Cost within the Construction Cost Limit. In lieu of other compensation for services in making such modifications, OWNER shall pay ARCHITECT's cost of such services, including the costs of the services of ARCHITECT's Consultants, all overhead expenses reasonably related thereto, and Reimbursable Expenses, but without profit to ARCHITECT on account of such services. The providing of such services will be the limit of ARCHITECT's responsibility in this regard and, having done so, ARCHITECT shall be entitled to payment for services and expenses in accordance with this Agreement and will not otherwise be liable for damages attributable to the lowest bona fide proposal or Bid exceeding the established Construction Cost limit.

This is **EXHIBIT G**, consisting of 1 page, referred to in and part of the **Agreement between OWNER and ARCHITECT for Professional Services** dated January 14, 2026.

Initial:
OWNER _____
ARCHITECT RJM

Insurance

Paragraph 6.05 of the Agreement is amended and supplemented to include the following agreement of the parties.

G6.05 *Insurance*

A. The limits of liability for the insurance required by paragraph 6.05.A and 6.05.B of the Agreement are as follows:

1. By ARCHITECT:

a. Workers' Compensation:	Statutory
b. Employer's Liability --	
1) Each Accident:	\$ 500,000
2) Disease, Policy Limit:	\$ 500,000
3) Disease, Each Employee:	\$ 500,000
c. General Liability --	
1) Each Occurrence (Bodily Injury and Property Damage):	\$ 1,000,000
2) General Aggregate:	\$ 2,000,000
d. Excess or Umbrella Liability --	
1) Each Occurrence:	\$ 2,000,000
2) General Aggregate:	\$ 2,000,000
e. Automobile Liability --	
1) Bodily Injury:	
a) Each Accident	\$ 500,000
2) Property Damage:	
a) Each Accident	\$ 500,000

[or]

1) Combined Single Limit (Bodily Injury and Property Damage):	
Each Accident	\$ 500,000

f. Other (specify): On all policies except Workers Compensation and Professional Liability - "City of Killeen is named as Additional Insured on the General Liability and Auto Liability policies."

This is **EXHIBIT H**, consisting of 1 page, referred to in and part of the **Agreement between OWNER and ARCHITECT for Professional Services** dated January 14, 2026.

Initial:

OWNER _____
ARCHITECT RJM

Special Provisions

This is **EXHIBIT I**, consisting of 1 page, referred to in and part of the **Agreement between OWNER and ARCHITECT for Professional Services dated January 14, 2026**.

Initial:

OWNER _____
ARCHITECT RJM _____

DBE Goal

DBE Goal 0%



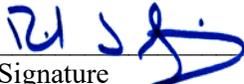
Contract Verification

Texas law provides that a governmental entity may not enter into certain contracts for goods and services with a company unless the company provides written verification regarding aspects of the company’s business dealings.

- Texas Government Code, Chapter 2271 – the company must verify that it does not boycott Israel and will not boycott Israel during the term of the contract. Boycotting Israel is defined in Texas Government Code section 808.001 to mean refusing to deal with, terminating business activities with, or taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.
- Texas Government Code, Chapter 2274 – the company must verify that it does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the term of the contract against a firearm entity or firearm trade association. Verification is not required from a sole source provider. Discriminate against a firearm entity or a firearm trade association are defined in Texas Government Code section 2274.001 as (A) with respect to the entity or association, to (i) refuse to engage in the trade of any goods or services; (ii) refrain from continuing an existing business relationship; (iii) terminate an existing business relationship; or (iv) otherwise express a prejudice against the entity or association; and (B) does not include the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories.
- Texas Government Code, Chapter 2276 – the company must verify that it does not boycott energy companies and will not boycott energy companies during the term of the contract. “Boycott energy company” is defined in Texas Government Code section 809.001 to mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company: (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by Paragraph (A).

Affected by the above statutes are contracts 1) with a company with ten (10) or more full-time employees, and 2) valued at \$100,000 or more to be paid wholly or partly from public funds. A contract with a sole proprietorship is not included.

By signing below, I verify that the company listed below does not boycott Israel, does not boycott energy companies, and does not discriminate against firearms entities or firearm trade associations and will not do so during the term of the contract entered into with the City of Killeen. I further certify that I am authorized by the company listed below to make this verification.



Signature

Company Name

Printed Name

Title

Date

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

**OFFICE USE ONLY
CERTIFICATION OF FILING**

Certificate Number:
2026-1410669

Date Filed:
01/20/2026

Date Acknowledged:

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.
Martinez Architects, LP
Houston, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.
City of Killeen

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.
Fire Station 5
Architectural Services

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	Martinez, Ricardo	Houston, TX United States	X	
	Myers, Justin	Houston, TX United States	X	

5 Check only if there is NO Interested Party.

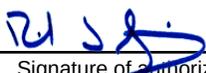
6 UNSWORN DECLARATION

My name is Ricardo Martinez, and my date of birth is 12/15/1976.

My address is 900 Rockmead, Suite 250, Kingwood, TX, 77339, USA.
(city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Montgomery County, State of Texas, on the 20 day of January, 20 26.
(month) (year)



Signature of authorized agent of contracting business entity
(Declarant)



FIRE STATION #5 DESIGN CONTRACT REQUEST

RS-26-035

February 17, 2026

Background

- The FY 2026 Capital Improvement Plan includes funding for the design and construction of a new facility for Fire Station #5.
- Council approved CIP funds in the amount of \$9,000,000 to design and construct a new Fire Station #5.
- The current Fire Station #5 is located approximately one-quarter of a mile west of this location and has reached the end of its' serviceable life as a fire station.

Background

- A previous RFQ resulted in ten firms submitting proposals which were reviewed and considered by city staff.
- Martinez Architects was selected for the design of the Emergency Operation Center/Fire Station #4 Complex project.
- Martinez Architects performed above expectations on the project and has been selected to provide services for this project.

Proposed Site Plan



Future Fire Station #5 Site

Recommendation

- Staff recommends that the City Council Authorize the execution of a Professional Services Agreement with Martinez Architects for the design of the Fire Station #5 project in the amount of \$810,000.00.



City of Killeen

Staff Report

File Number: RS-26-036

Consider a memorandum/resolution approving staff's determination that the Conditional Use Permit for the property located at 308 East Avenue D is terminated.

DATE: February 17, 2026

TO: Kent Cagle, City Manager

FROM: Wallis Meshier, Executive Director of Development Services

SUBJECT: Termination of the Conditional Use Permit (CUP) for 308 East Avenue D in accordance with Killeen Code of Ordinances Sec. 31-456(e)(2)

BACKGROUND AND FINDINGS:

The City Council approved a Conditional Use Permit (CUP) for the property located at 308 E. Avenue D on May 13, 2013, via Ordinance No. 13-043, to allow for use of the property as a bar. The property is currently owned by Khanesiology, LLC, and is utilized as a photography studio in accordance with the Certificate of Occupancy issued on June 29, 2023.

Per Killeen Code of Ordinances Sec. 31-456(e)(1)(A), a CUP is terminated if "the building or premises is not put to the permitted use for a period of one (1) year or more from the effective date of the ordinance authorizing issuance of the permit, or the permitted use ceases for any one (1) year period." Since the property has not been used as a bar since at least June 29, 2023, Staff is of the determination that the CUP is terminated.

In accordance with Killeen Code of Ordinances Sec. 31-456(e)(2), Staff's determination that a CUP is terminated is subject to review by the City Council. This section states in part: "Whenever the Planning and Development Director makes a formal determination as to whether an event of termination has occurred, he/she shall promptly make and forward a written report to the City Council describing the facts surrounding such determination and the reasons for such determination."

Based on the property having been used as a photography studio since June 29, 2023, Staff is of the determination that an event of termination occurred pursuant to Sec. 31-456(e)(1)(A), as the property has not been used as a bar for over a year, the CUP allowing for use of the property as a bar is void and has no further effect.

Killeen Code of Ordinances Sec. 31-456(e)(2) further requires that Staff send written notice of this determination via certified mail, return receipt requested, to the landowner of record. Staff sent notice to the property owner in accordance with this requirement on January 9, 2026.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A

CONFORMITY TO CITY POLICY:

This item conforms to state and local policies.

FINANCIAL IMPACT:

What is the amount of the revenue/expenditure in the current fiscal year? For future years?

This item does not involve the expenditure of city funds.

Is this a one-time or recurring revenue/expenditure?

This is not applicable.

Is this revenue/expenditure budgeted?

This is not applicable.

If not, where will the money come from?

This is not applicable.

Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?

This is not applicable.

RECOMMENDATION:

Staff recommends that the City Council approve Staff's determination that the Conditional Use Permit for the property located at 308 E. Avenue D is terminated in accordance with Killeen Code of Ordinances Sec. 31-456(e)(2).

DEPARTMENTAL CLEARANCES:

This item has been reviewed by the Planning and Legal staff.

ATTACHED SUPPORTING DOCUMENTS:

CUP Ordinance (Ordinance No. 13-043)
Certificate of Occupancy for Photography Studio (2023)
Notification Letter
Presentation

ORDINANCE NO. 13-043

AN ORDINANCE AMENDING THE ZONING ORDINANCE OF THE CITY OF KILLEEN BY CHANGING THE ZONING OF CERTAIN PROPERTY OUT OF THE CITY OF KILLEEN, BELL COUNTY, TEXAS, FROM 'HOD' (HISTORIC OVERLAY DISTRICT) TO 'HOD' (HISTORIC OVERLAY DISTRICT) WITH A 'CUP' (CONDITIONAL USE PERMIT); PROVIDING A SAVINGS CLAUSE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Mind Spring, LLC has presented to the City of Killeen a request for amendment of the zoning ordinance of the City of Killeen by changing the classification of Lots 3-4, Block 15, of the Original Town of Killeen, from 'HOD' (Historic Overlay District) to 'HOD' with a 'CUP' (Conditional Use Permit) to allow for use as a bar, said request having been duly presented and recommended for approval by the Planning and Zoning Commission of the City of Killeen on the 13th day of May 2013, and due notice of the filing of said request and the date of hearing thereon was given as required by law, and hearing on said request was set for 5:00 P.M., on the 28th day of May 2013, at the City Hall, City of Killeen;

WHEREAS, the City Council at said hearing duly considered said request, the action of the Planning and Zoning Commission and the evidence in support thereof, and the City Council being of the opinion that the request should be approved;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KILLEEN:

SECTION I. That the zoning classification of the following described tract be changed from 'HOD' (Historic Overlay District) to 'HOD' with a 'CUP' (Conditional

Use Permit) to allow for use as a bar, for Lots 3-4, Block 15, of the Original Town of Killeen and being locally addressed as 310 E. Avenue D, Killeen, Texas.

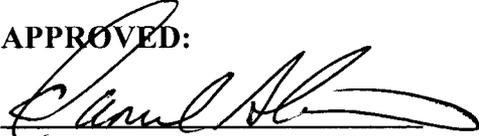
SECTION II. That should any section or part of this ordinance be declared unconstitutional or invalid for any reason, it shall not invalidate or impair the validity, force, or effect of any other section or parts of this ordinance.

SECTION III. That all ordinances and resolutions, or parts thereof, in conflict with the provisions of this ordinance are hereby repealed to the extent of such conflict.

SECTION IV. That this ordinance shall take effect immediately upon passage of the ordinance.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Killeen, Texas, this 28th day of May 2013, at which meeting a quorum was present, held in accordance with the provisions of V.T.C.A., Government Code, §551.001 et seq.

APPROVED:

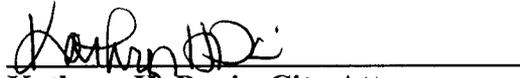

Daniel A. Corbin, MAYOR

ATTEST:

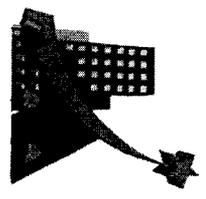
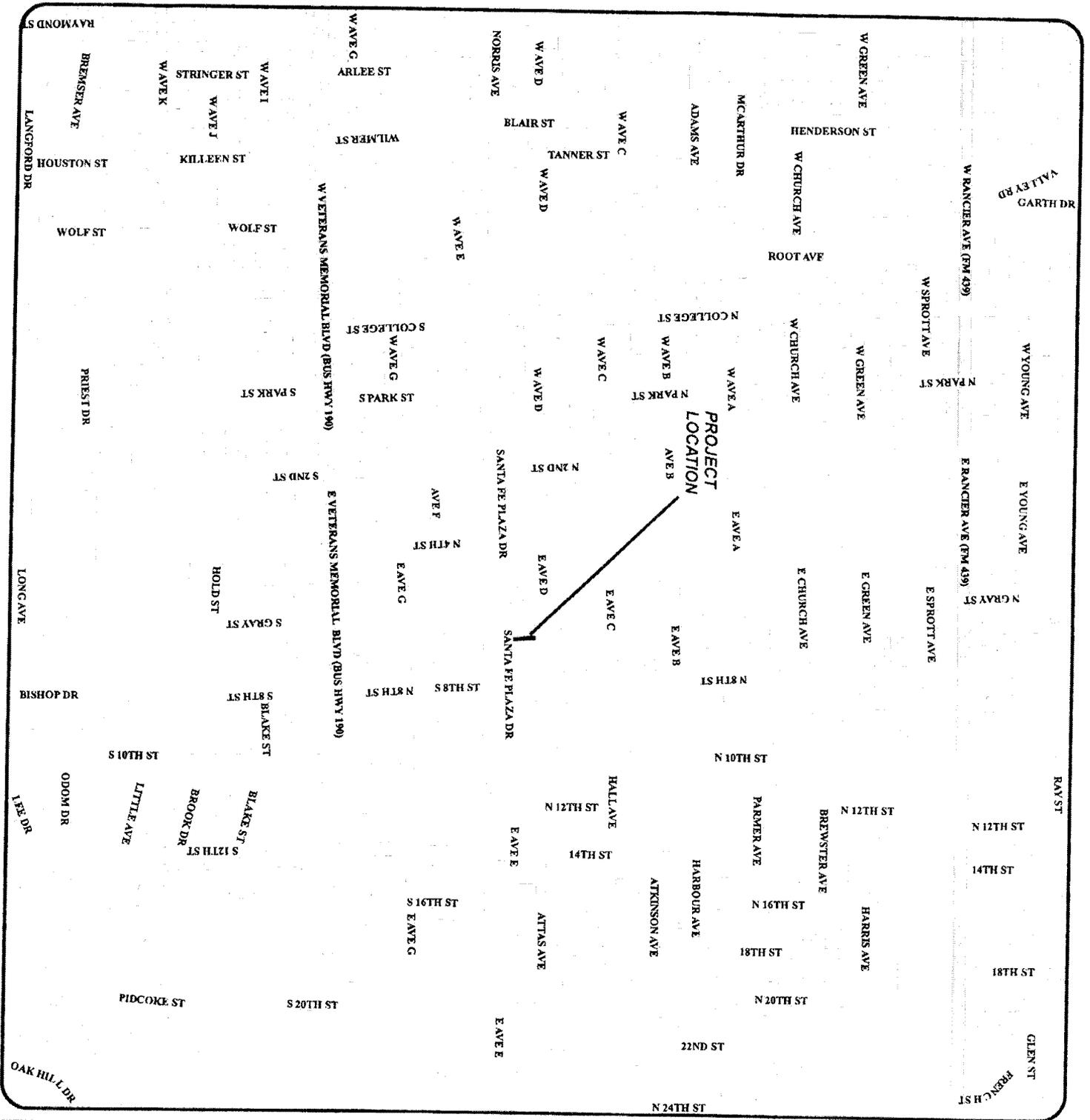

Paula A. Miller, CITY SECRETARY



APPROVED AS TO FORM


Kathryn H. Davis, City Attorney

Case #13-15
Ord #13-___



**PLANNING AND
DEVELOPMENT SERVICES**

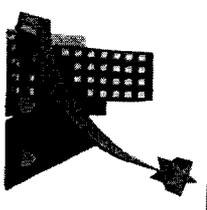
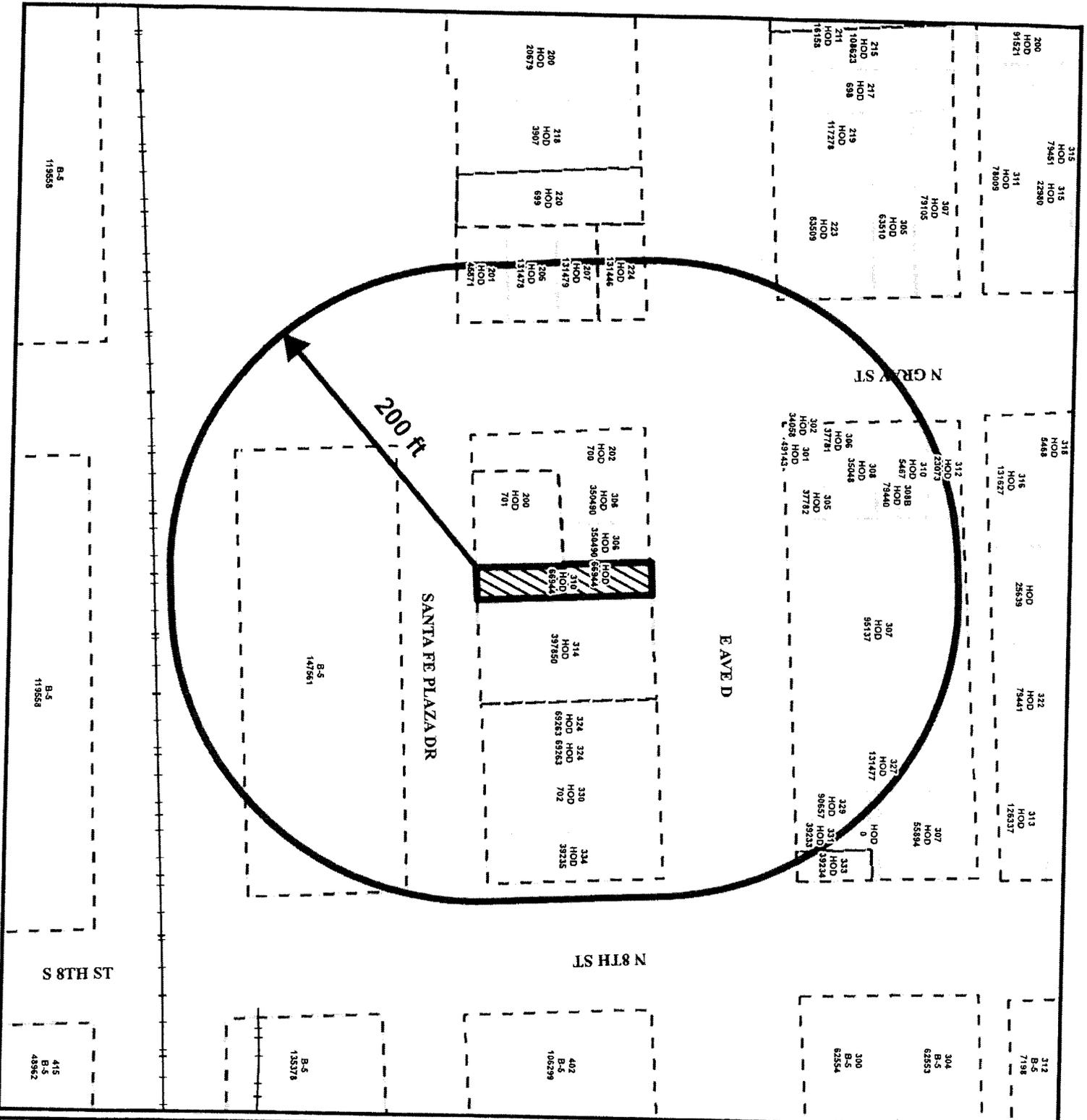
ZONING CASE:
Z13-15
ZONING FROM:
HOD TO HOD W/ CUP

PROPERTY OWNER:
MIND SPRING LLC

Legend
Zoning Cases 2013
City Limits
Parcel

Date: 4/18/2013





PLANNING AND DEVELOPMENT SERVICES

ZONING CASE:

#213-15

ZONING FROM:

HOD TO HOD W/ CUP

PROPERTY OWNER:

MIND SPRING LLC

LEGEND

- 200 Ft. Buffer
- Zoning Case
- Current Zoning
- Subdivision
- Parcel
- City Limits

Date: 4/18/2013

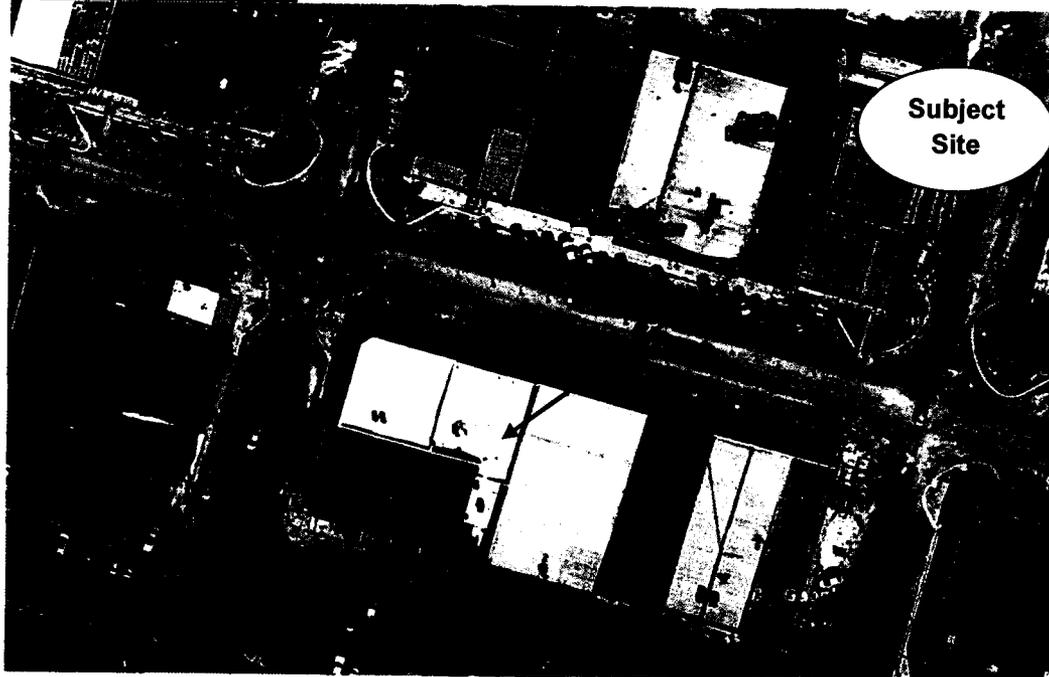


Zoning Case Z13-15

Figure 1. Zoning Map



Figure 2. Aerial Map



CITY COUNCIL MEMORANDUM FOR ORDINANCE

AGENDA ITEM

**ZONING case #Z13-15
HOD (HISTORIC OVERLAY District) TO HOD
(HISTORIC OVERLAY DISTRICT) WITH CUP
(CONDITIONAL USE PERMIT)**

ORGINATING DEPARTMENT

PLANNING & DEVELOPMENT

Nature of the Request

This request is to rezone Lots 3-4, Block 15, Original Town of Killeen, from HOD (Historic Overlay District) to HOD with a CUP (Conditional Use Permit) to allow for use as a bar.

HOD District Descriptions:

The historic overlay district (HOD) is intended to establish and provide for the protection, preservation, and enhancement of buildings, structures, sites and areas of architectural, historical, archaeological, or cultural importance or value. The HOD is envisioned as a tool to help stabilize and improve property values; to encourage neighborhood conservation; to foster civic pride and past accomplishments; to protect and enhance city attractions for tourists and residents; to strengthen the economy; and to promote the use of historical and cultural landmarks for the general welfare of the community. Additionally, the historic overlay district is intended to help promote the development of a downtown consistent with the community objectives identified in the downtown action agenda.

The following standards or requirements shall apply to the historic overlay district:

- A. Any regulations for the HOD shall apply to all properties or structures wholly contained within that district, and to those portions of any property within the district.
- B. Because the HOD is an overlay district, the regulations for the underlying zoning district shall remain in effect, except as otherwise provided in the zoning ordinance.
- C. In case of any conflict between the regulations applicable in the underlying zoning district, and the regulations of the HOD, the regulations of the HOD will take precedence, even where the applicable regulation may not be a higher standard.
- D. The findings adopted by the city council for a historic overlay district shall define the scope of the city's interest in protecting the historic resources in the district and shall provide the guidelines to be used by the heritage preservation officer or heritage preservation board, along with any applicable design guidelines in considering whether to grant or deny an order of design compliance.

Conditional Use Permit:

The city council by an affirmative majority vote may by ordinance grant a conditional use permit as provided in section 31-456 of this chapter for any business land use or any use identified in the **"full list"** of the Killeen downtown action agenda for a specific parcel in the district and

may impose appropriate conditions and safe guards to assure that these land uses are compatible with the character of the district setting and buildings. Conditional use permits granted shall be considered permanent provided the property owner remains in continuous compliance with any conditions or safeguards imposed.

Applicant/Property Owner: Mind Spring, LLC

Property Location: The property is located east of the intersection of E. Avenue D and S. Gray Street and is locally known as 310 E. Avenue D, Killeen, Texas.

Legal Description: Lots 3-4, Block 15, Original Town of Killeen

Annexation/ Zoning/ Plat Case History:

There is no recent zoning or platting activity for this property.

Character of the Area:

Existing Land Use(s) on the Property: Vacant building within Killeen's downtown.

Historical Assessment:

Property is within a district that was approved by the State Board of Review on January 19, 2013 for listing on the National Register of Historic Places.

Date of Construction: 1915

Date of Alteration: 1960

Historical Details: Medium priority historic resource with corbelled brick at cornice level and storefront completely altered.

Infrastructure and Community Facilities

Emergency Response:

Fire Protection District: City of Killeen, Central Fire District

Fire Response Zone: C-2

Miles from Fire Station: Approximately 1 mile from the Central Fire Station, which is located at 201 N. 28th Street, Killeen, Texas.

Water, Sewer and Drainage Services:

Provider: City of Killeen

Within Service Area: Yes

Feasibility Study or Service Commitment: Water infrastructure is available with adequate size and pressure. Sewer infrastructure is immediately accessible to the subject property.

Transportation:

Existing conditions: Downtown streetscaping improvements are currently under construction. E. Avenue D is classified as a 60' local street on the City's Thoroughfare Plan.

Proposed Improvements: None

Projected Traffic Generation: No new impact.

Environmental Assessment

Topography: The property is flat.

Regulated Floodplain/Floodway/Creek: The tract does not lie within a FEMA regulatory special flood hazard area.

Land Use Analysis

Comprehensive Plan: The property is designated as 'Urban Center' on the future land use map (FLUM) of the Comprehensive Plan.

Plan Recommendation: The Comprehensive Plan calls for mixed uses within individual structures, attached residential, live/work units, commercial, retail, office, entertainment, and public/institutional spaces.

Consistency: The request is consistent with the Comprehensive Plan.

Public Notification

The staff notified twenty-two (22) surrounding property owners within a 200' notification boundary regarding this request and received two (2) responses in opposition from Chong Suk Hunter of 329 E. Avenue D and Erwin R. Hunter of 334 E. Avenue D.

Recommendation

The Planning and Zoning Commission recommends approval of the applicant's rezone request by a unanimous vote.

Staff advised the Planning and Zoning Commission that the Texas Alcohol and Beverage Commission (TABC) code provides that a city may:

"...enact regulations applicable in the city or town, prohibiting the sale of alcoholic beverages by a dealer whose place of business is within:

- (1) 300 feet of a church, public or private school, or public hospital;
- (2) 1,000 feet of a public school, if the commissioners court or the governing body receives a request from the board of trustees of a school district under Section 38.007." (Sec. 109.33. SALES NEAR SCHOOL, CHURCH, OR HOSPITAL).

The city has chosen to enact the "300 feet" requirement for several zoning districts where on-premise sales and consumption is allowed. The city has not enacted this 300' requirement within the HOD. The HOD does not negate the underlying uses allowed in the B-5 zoning district, but it allows for pubs and taverns as identified in the full list of the Downtown Action Agenda adopted by City Council in February 2007 (Resolution 07-023R). No additional restrictions have been enacted that would impose a 300 feet buffer in the HOD; therefore, pubs and taverns that are approved for a conditional use permit may site anywhere in the HOD.



CITY OF KILLBUCK

Certificate of Occupancy

This certificate is issued pursuant to the requirements of Section 110 of the International Building Code certifying that at the time of issuance this structure was in compliance with the various ordinances regulating building construction or use. Issuance of a certificate of occupancy shall not be construed as an approval of a violation of the provisions of this code or of other ordinances of the jurisdiction.

Construction Type: V-B

Occupancy Type: GROUP-B

Proposed Use:
PHOTOGRAPHY STUDIO

Occupant Load: N/A

Permit Number:
22-99900467

Code Edition:
2021

Fire Sprinkler System:
 Yes No

Special Conditions: N/A

Business Name: KHANETIC IMAGES

Business Owner Name: KHANDIESE COOPER

Structure Address: 308 E AVENUE D

Thursday, June 29, 2023



Building Official

Date of Certification

CERTIFICATE MUST BE POSTED IN A CONSPICUOUS PLACE



CITY OF KILLEEN

DEPARTMENT OF DEVELOPMENT SERVICES

JANUARY 9, 2026

KHANESIOLOGY LLC
5001 CUNNINGHAM RD
KILLEEN, TX 76542

SENT VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED NO.7007-0710-0002-6031-7681

Re: Notice of Termination of Conditional Use Permit

Dear Khanesiology, LLC

This letter is to formally notify you that the Conditional Use Permit (CUP) associated with the following property has been terminated:

308 E Avenue D, Killeen, Tx 76541

According to Section 31-456(e)(1)(A) of the Code of Ordinances for the City of Killeen, a CUP becomes void when “the building or premises is not put to the permitted use for a period of one (1) year or more from the effective date of the ordinance authorizing issuance of the permit or the permitted use ceases for any one (1) year period.”

Section 31-456(e)(2) authorizes the Planning and Development Director to determine whether such an event of termination has occurred. Staff has reviewed and verified that the permitted use authorized by the CUP has not been exercised for over one year. Therefore, the CUP for this property has been terminated effective thirty days from receipt of this notice. A written report outlining the facts and basis for this determination will be forwarded to the City Council.

Right to Appeal

In accordance with Section 31-456(e)(3), you have the right to appeal this determination to the City Council. To do so, you must file a written request for appeal with the Development Services Department, Planning Division, within thirty (30) days of receipt of this notice. Upon receipt of a timely appeal, the matter will be scheduled for the next available City Council meeting.

Sincerely,

Wallis Meshier
Executive Director of Development Services
City of Killeen



CONDITIONAL USE PERMIT
TERMINATION –
308 E. AVENUE D

RS-26-036

February 17, 2026

Background

- A Conditional Use Permit (CUP) for the property located at 308 E. Avenue D was approved by City Council on May 13, 2013 via Ordinance No. 13-043 to allow for use of the property as a bar.
- The property is currently owned by Khanesiology, LLC and is utilized as a photography studio. A Certificate of Occupancy for the photography studio was issued on June 29, 2023.

Background

- Per Killeen Code of Ordinances Sec. 31-456(e)(1)(A), a Conditional Use Permit is terminated if: “the building or premises is not put to the permitted use for a period of one (1) year or more from the effective date of the ordinance authorizing issuance of the permit, or the permitted use ceases for any one (1) year period.”
- Since the property has not been used as a bar since at least June 2023, staff is of the determination that the CUP is terminated.

Background

- Per Killeen Code of Ordinances Sec. 31-456(e)(2), staff's determination that a CUP is terminated is subject to review by the City Council.
- This section states: "Whenever the Planning and Development Director makes a formal determination as to whether an event of termination has occurred, he/she shall promptly make and forward a written report to the City Council describing the facts surrounding such determination and the reasons for such determination."

Background

- Based on the property having been used as a photography studio since June of 2023, staff is of the determination that an event of termination has occurred, and the Conditional Use Permit allowing for use of the property as a bar is void and shall have no further effect.
- Notice was sent to the property owner in accordance with Sec. 31-456(e)(2) on January 9, 2026.

Recommendation

6

- Staff recommends that the City Council approve a memorandum/resolution approving staff's determination that the Conditional Use Permit (CUP) for the property located at 308 East Avenue D is terminated.



City of Killeen

Staff Report

File Number: RS-26-037

Consider a memorandum/resolution of support for the Low-income Housing Tax Credit application to Texas Department of Housing & Community Affairs for RST The Madelyn, LP.

DATE: February 17, 2026

TO: Kent Cagle, City Manager

FROM: Tiffanie McNair, Executive Director of Community Development

SUBJECT: Request for Resolution of Support for the application to the Texas Department of Housing & Community Affairs for Low-income Housing Tax Credit (LIHTC) for affordable housing development

BACKGROUND AND FINDINGS:

The Texas Department of Housing & Community Affairs (TDHCA) administers the competitive Low-income housing Tax Credit (LIHTC) program as funded by the U.S. Department of Treasury for the purpose of producing affordable housing. Affordable housing development applications are evaluated using the Qualified Allocation Plan (QAP) approved by the governing board of TDHCA. Upon the award of tax credits, the credits are sold to investors to yield cash equity for the development. TDHCA divides the state into regions; Killeen is in region eight (8) with Bryan, College Station, Temple, Waco, and other smaller cities.

For TDHCA funding cycle 2026, one (1) Killeen LIHTC development application will be submitted.

The project submitted to the City of Killeen for consideration is:

Project Name: RST The Madelyn, LP
Developer Name: Roundstone Development, Inc.
Project Type: Elderly
of Units: 80
Funding Requested: \$500 in reduced fee waivers
Location: 5100 block of Desert Willow Dr., 76549

To be more competitive for the tax credits, the development must request a resolution of support or a resolution of no objection from the City of Killeen. The developer is requesting that Killeen City Council issue a Resolution of Support. The developer is also requesting Five Hundred (\$500) Dollars in a grant, fee waiver, or development related services. The waiver is considered a minimum level of commitment from the city per the TDHCA QAP.

Staff recommends support with fee waiver in the amount of \$500.00.

THE ALTERNATIVES CONSIDERED:

1. Resolution of Support without fee waiver.
2. Resolution of No Objection with fee waiver.
3. Resolution of No Objection without fee waiver.
4. Neither support or object to the request for resolution of support.

Which alternative is recommended? Why?

Staff recommends a Resolution of Support with fee waiver in the amount of \$500. The City of Killeen 5-Year Consolidated Plan lists the production of new housing rental units which target the elderly as a priority to maintaining affordable housing options.

CONFORMITY TO CITY POLICY:

Conforms to the City of Killeen Low-Income Housing Tax Credit Application requirements.

FINANCIAL IMPACT:

What is the amount of the revenue/expenditure in the current fiscal year? For future years?

There is no expenditure of City funds. The developer has requested for permit fee waivers in the amount of \$500.

Affordable housing provided by these developments will generate property taxes, building permits fees, and sales tax on construction materials. The proposed development will result in a positive impact on the local economy and employment opportunities in the City of Killeen.

Is this a one-time or recurring revenue/expenditure?

N/A

Is this revenue/expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?

N/A

RECOMMENDATION:

Staff recommends City Council approve the Resolution of Support for the application to Texas Department of Housing & Community Affairs for Avanti Legacy Westwood, with waiver of permit fees in the amount of \$500.00.

DEPARTMENTAL CLEARANCES:

Finance
Planning
Legal

ATTACHED SUPPORTING DOCUMENTS:

Application
Exhibits
Letter
Resolution
Presentation



CITYOFKILLEEN

LOW-INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM

APPLICATION FOR SUPPORT AND/OR FUNDING ASSISTANCE

PLEASE NOTE: The City of Killeen reserves the right to fund projects at a lower amount than requested, and the right to deny applications that do not coincide with the City’s Consolidated Strategic Plan, various strategic and master plans, or policy direction from the Killeen City Council.

1. PROJECT INFORMATION

Developer Name

Project Name

Project Address

Census Tract #

Elementary School

Middle School

High School

Project Type:

General

Elderly

Supportive Housing

Role of Applicant:

(select all that apply)

Owner

Developer

Other: _____

Applicant is Requesting City Council Resolution:

(select all that apply)

of support

stating no objection

Applicant is Requesting Commitment to Funding:

Loan

Grant

Reduced Fees

Other: _____

Amount of Loan, Grant, or Reduced Fees Requested:

2. APPLICANT INFORMATION

If the applicant is not acting as the developer, please provide all of the information below for the developer, as well as the applicant. If the developer involves multiple entities, is a partnership or joint venture, please provide duplicative information for each, and identify the entity that will serve as the “lead” organization.

Name

Business/Street Address

City State, ZIP

Telephone #

Contact Person Contact Telephone # Email Address

DUNS # Federal Tax ID # UEI #

3. PROJECT DESCRIPTION

Provide a brief project description that addresses items “a” through “u” below. Attempt to limit responses to 150 words or less for each lettered response.

- a. Demonstrate the project’s compatibility and alignment with the priorities stated in the City’s Consolidated Strategic Plan, Comprehensive Plan, Future Land Use Map, and any other applicable master, strategic, and redevelopment or neighborhood plans adopted by the City of Killeen;

- b. Indicate the project location by providing an area map with the property highlighted;
Include document as attachment **3B**

- c. Provide a preliminary site plan for the proposed project;
Include document as attachment **3C**

- d. Describe the tenant population, income levels, and services, if any, to be provided to or made available to residents;

- e. List basic amenities and unit amenities proposed for the project;

- f. Describe the taxable status of the development. Indicate whether the development will be paying property taxes or if the development will be tax exempt;

- g. Describe current zoning of property. Include a letter from the City of Killeen’s Planning Department verifying that the current zoning of the site for the proposed project is compatible with the anticipated use (**include as attachment 3G.1**), or include documentation verifying that a request to change current zoning has been submitted (**include as attachment 3G.2**);

- h. Include evidence of site control, such as a warranty deed or a current, receipted earnest money;
(**include as attachment 3H**);

- i. List the proposed number, type, and size of units; number of market rate and SF of units.

	Total # of Units	# of Affordable Units	# of Market Rate Units	SF of Each Unit
1 BR				
2 BR				
3 BR				
4 BR				
Total Units				

- j. Provide the total number of units servicing each Area Median Gross Income (AMGI) group and the proposed rents (less utility allowances) for low income units and proposed rents for market rate units;

- k. Describe the involvement and support from local stakeholders and neighborhood organizations; include a list of stakeholders and neighborhood associations contacted and include any letters of support (**attach lists as 3K.1 and letters of support as attachment 3K.2**);

- l. Describe the impact the project is anticipated to have on surrounding neighborhood(s);

- s. List other LIHTC projects you have completed or have pending; include information on location, type, number of units, project costs, and project references on former LIHTC projects.

List other LIHTC applications you will be submitting to the Texas Department of Housing and Community Affairs in their most current program year.

- t. Provide information on the number and type of local contracting opportunities associated with the proposed development (construction or other type of contract).

All applications for consideration must meet the current Housing Tax Credit Program Qualified Allocation Plan issued by the Texas Department of Housing and Community Affairs, §11.1 General - §11.10 Third Party Request for Administrative Deficiency for Competitive HTC Applications.

4. DEVELOPMENT TEAM

Identify below the persons or entities anticipated to be involved in the project. Also, indicate if any person or entity involved is a disadvantaged, minority or women-owned business enterprise (DBE/MBE/WBE), or if any of the entities are non-profit organizations.

	Development Team Name(s) and Contact Information	Years of Experience	DBE	MBE	WBE	Non-Profit
Owner						
Developer						
Architect						
Engineer						
Construction Lender						
Other Lenders						
General Contractor						
Consultant (if applicable)						
Sub-Contractor						
Sub-Contractor						
Other						
Other						

5. DEVELOPMENT SCHEDULE

Complete the schedule below with anticipated completion dates. Re-order the steps according to the appropriate sequence for your project, and add in any other significant steps integral to your project’s development.

	Date(s)
Acquisition and/or holding	
Securing and packaging project financing	
Construction specifications and cost estimates	
Construction bids	
Construction start	
Completion of construction	
Start of Rent-up	
Other:	
Other:	
Other:	

6. SUBMISSION INFORMATION

The Community Development Department serves as the City’s primary staff and point of contact for all LIHTC programs. Before a project will be evaluated, each applicant requesting support and/or funding assistance must submit a completed application with all attachments.

Completed application should be submitted to:

City of Killeen Community Development Department
Tiffanie McNair, Executive Director of Community Development
P.O. Box 1329 or 802 North Second Street- Bldg. E, 1st floor Killeen, Texas 76541 254-
501-7847 or tmcnair@killeentexas.gov

The applicant/developer certifies that the data included in this application and the items attached hereto are true and correct. Any information found to be false or misleading will lead to automatic disqualification under this Program application. Unsigned/undated submissions will not be considered.

ROUNDTONE DEVELOPMENT, LLC

Legal Name of Developer/Entity



Signature of Authorized Officer

02/03/2026

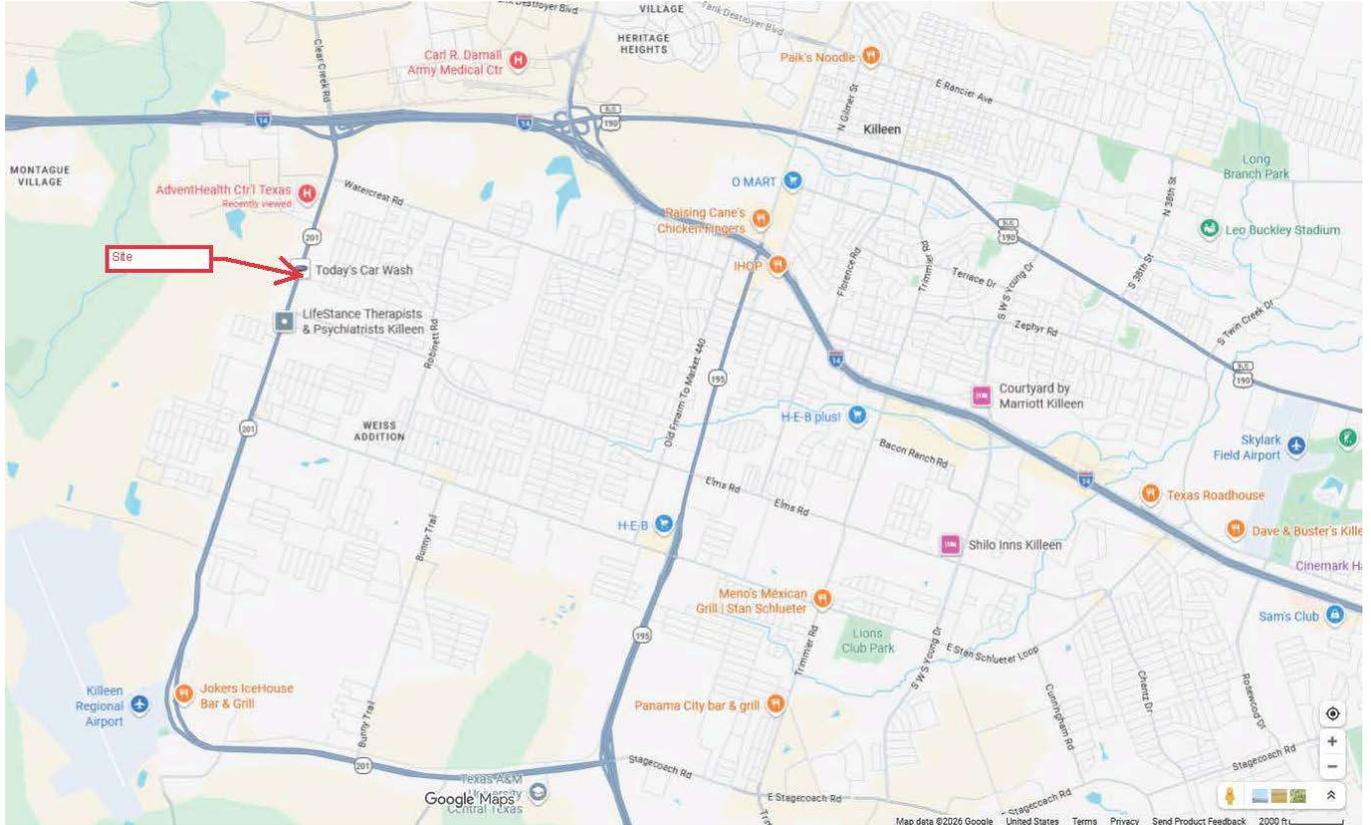
Date

President

Title

EXHIBIT 3B

Neighborhood Location



Site Location



EXHIBIT 3C

Conceptual Site Plan

SITE DATA

SITE ACREAGE 4.4 ACRES
 UNIT COUNT 80 UNITS
 UNITS PER ACRE 18.1

SITE AMENITIES

SENIOR LIVING
 BALCONIES
 CLUBHOUSE
 DOG PARK
 POOL
 PERIMETER FENCE
 SECURE ACCESS VIA GATE

BUILDING KEY



PARKING TABULATION

PARKING REQUIRED: 1 2/3 SPACE PER DWELLING UNIT
 1 2/3 SPACE PER DWELLING UNIT (1 2/3 x80) 133.33
 TOTAL 134

PARKING PROVIDED:

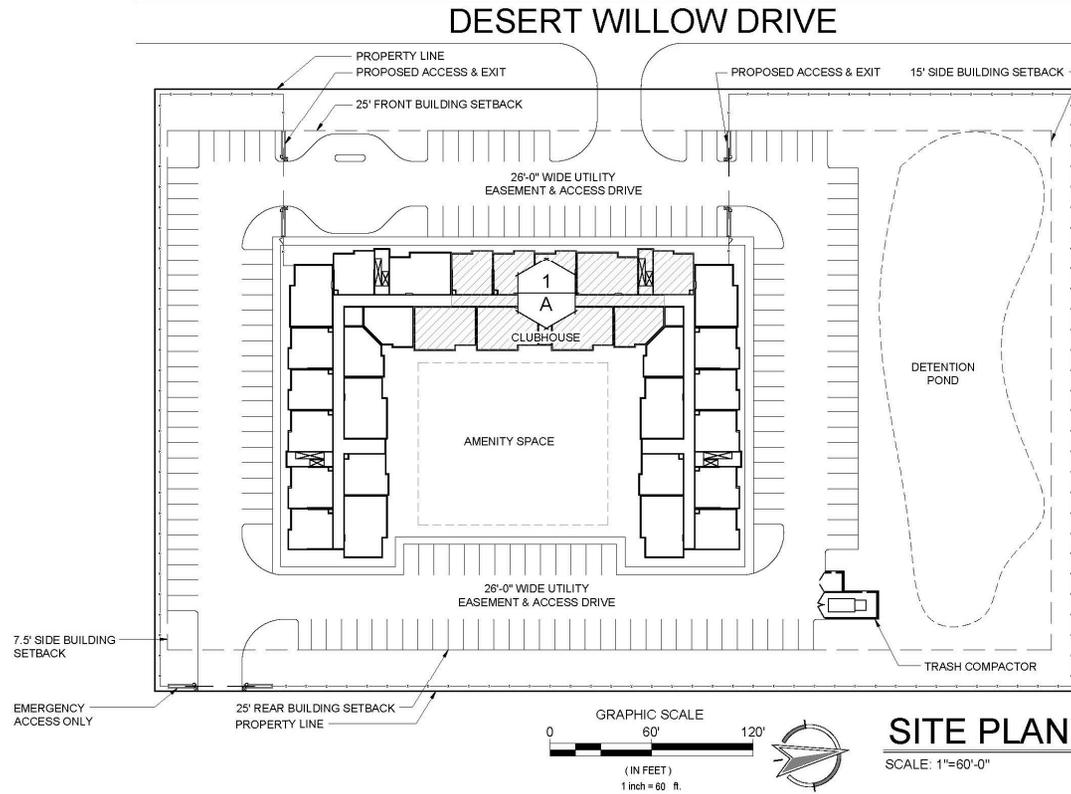
TOTAL 178
 PARKING RATIO 2.2 / UNIT

BUILDING TABULATION

TYPE	#BLDGS	UNITS/BLDG	UNIT TYPES	BLDG. S.F.
A	1	80	A1, B1	61,260 S.F.

UNIT TABULATION

TYPE	#UNITS	UNIT. S.F.	TOTAL S.F.
A1	54	665 S.F.	35,910 S.F.
B1	26	975 S.F.	25,350 S.F.
TOTAL	80		61,260 S.F.



PROJECT: ---

MADelyn SENIOR
 LIVING

DATE: 01.23.26

A1.0
 SITE PLAN

Copyright © 2026

EXHIBIT 3H

CONTRACT FOR PURCHASE AND SALE OF REAL PROPERTY

THIS CONTRACT FOR PURCHASE AND SALE OF REAL PROPERTY (the "Contract") made and entered into as of the 27th day of December, 2025, by and between KILLEEN LAP, LLC ("Seller"), and ROUNDSTONE DEVELOPMENT, LLC, a Nevada limited liability company or its assigns (hereinafter referred to as "Purchaser").

WITNESSETH:

Subject to the terms and conditions of this Contract, and in consideration of the mutual promises set forth below and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, Seller and Purchaser agree as follows:

1. **Property.** Subject to the terms and conditions set forth below, Seller shall sell and convey to Purchaser and Purchaser shall purchase from Seller the real property located on Desert Willow Drive in Killeen, Bell County, Texas, containing approximately 4.46 acres and more specifically described in Exhibit "A" attached hereto, together with any and all easements, rights-of-way, privileges, benefits, contract rights, development rights, permits, licenses or approvals, improvements, or appurtenances arising from, pertaining to or associated with said real property (collectively, the "Property").

2. **Purchase Price and Method of Payment.** The purchase price for the Property shall be One Million One Hundred Thousand Dollars and Zero Cents (\$1,100,000.00), payable, as follows:

(a) Upon the execution and delivery hereof, Purchaser shall deposit with Chuck Brown, Sendern Title Company, 4161 McKinney Avenue, Suite 401, Dallas, Texas, 75204 ("Escrow Agent"), the sum of Eleven Thousand Dollars and Zero Cents (\$11,000.00) as a good faith deposit (the "Escrow Deposit"), to be held in escrow according to the terms of this Contract. The Escrow Agent shall deposit the Escrow Deposit and all additional deposits (all together the "Deposit") provided for herein, when received, as required by Texas law and Texas Real Estate Commission Rules and Regulations.

(b) **Second Deposit.** If Purchaser has elected to proceed with this transaction, on May 1, 2026, Purchaser shall deliver to Escrow Agent the sum of Five Thousand and No/100 Dollars (\$5,000) by check or wire transfer ("**Second Deposit**"). The Second Deposit will be held by Escrow Agent in the same interest-bearing account as the Initial Deposit. The Second Deposit will be nonrefundable to Purchaser but applicable to the Purchase Price.

(c) **Non-Refundable Deposits.** After the end of Inspection Period, the Deposit shall be non-refundable except in the event that (i) the Seller fails, refuses or is unable to perform all of its obligations under this Contract; (ii) one or more of the Closing Conditions in favor of the Purchaser set forth herein has not been satisfied; or (iii) as otherwise specifically provided in this Contract.

(d) The Deposit shall be held in escrow by the Escrow Agent in an interest-bearing account at a state or national banking association and disbursed in accordance with the terms and provisions of this Contract. Except as otherwise provided herein, the Deposit shall be paid over to Seller and credited against the Purchase Price at the closing of the sale by Seller and the purchase by Purchaser of the Property in accordance with the terms and provisions of this Contract (herein referred to as the "Closing"). Interest accrued on the Deposit shall be paid to or for the benefit of the Purchaser, unless Seller shall be entitled to receive the Deposit as a result of a default by Purchaser, in which event Seller shall also be entitled to receive such interest.

(e) The balance of the Purchase Price, after credit for the amount of the Deposit paid to the Seller, and less any other credits, adjustments or prorations provided for herein, shall be paid in full by Purchaser to the Escrow Agent for disbursement to Seller at Closing by means of wire transfer of immediately available funds.

3. **Inspection Period.** Purchaser shall have a period of time (the "Inspection Period") within which to conduct such tests, studies, inspections, evaluations, investigations and appraisals of or

concerning the Property and the feasibility of Purchaser's Intended Use thereof as Purchaser may desire, which shall expire on or before March 18, 2026. Purchaser shall have the right, on or before the end of the Inspection Period, to determine, in Purchaser's sole and absolute discretion, whether or not the Property is suitable or acceptable in all respects and that Purchaser's Intended Use thereof is feasible in Purchaser's sole judgment. If Purchaser shall determine the Property is suitable and acceptable, Purchaser shall furnish written notice of such acceptance and intent to proceed (a "Notice to Proceed") to Seller, on or before the expiration of the Inspection Period.

If the Purchaser shall determine the Property is not suitable or acceptable, Purchaser shall have the right to terminate this Contract by written notice thereof to Seller, given by Purchaser on or before the end of the Inspection Period. If the Purchaser should fail to provide a written Notice to Proceed to Seller before the expiration of the Inspection Period, Purchaser must be deemed to have timely terminated the Contract. In the event of such timely termination, the Deposit shall immediately be returned to Purchaser by the Escrow Agent, and thereafter the parties shall have no further duties or obligations hereunder except for matters which expressly survive termination.

4. Access to Property and Information

(a) **Access to the Property.** Seller covenants and agrees that from and after the date hereof, and until the Closing Date, Seller must afford Purchaser, and its authorized representatives and agents, entry upon and access to the Property for the purpose of satisfying itself with respect to the representations, warranties and covenants of the Seller contained herein, and to take soil tests, borings, make surveys or layouts for the improvements, or such other tests, evaluations, or investigations as Purchaser may deem necessary or desirable. Before entry to the Property by Purchaser, or its agents, Purchaser shall provide Seller general liability insurance coverage in the amount of \$1mm per occurrence and \$2 million aggregate naming the Seller as an additional insured. In the event Purchaser fails to close for any reason, Purchaser shall repair any damage caused by Purchaser's tests, studies, and inspections of the Property and shall restore the Property to the same condition as existing on the date of this Contract. Purchaser shall protect, defend, indemnify and hold Seller harmless from and against any liens, claims, losses or damages as a result of arising out of Purchaser's tests, studies, and inspections of the Property or the exercise by the Purchaser of any rights granted to Purchaser hereunder. The obligations arising under this paragraph shall survive Closing and any termination of this Contract.

(b) **Information Relating to Property.** In order to allow Purchaser to expeditiously and timely complete such tests, studies, etc., as referred to hereinabove, Seller shall deliver or make available to Purchaser within ten (10) days after the Effective Date any and all surveys, environmental audits or studies, engineering reports, plans or drawings, site plans or layouts, zoning or land use documentation or information, soil tests or reports, wetlands jurisdictional determinations or reports, feasibility studies, concurrency evaluations, documentation or information concerning the Property or any correspondence concerning any of such topics, which Seller, or any agent or representative of Seller has in its possession or control.

(c) **Cooperation of Seller.** Purchaser is planning to apply for low income housing tax credits from the Texas Department of Housing and Community Affairs. Seller shall not interfere in Purchaser's efforts to obtain local governmental support for Purchaser's pursuits and may support Purchaser in these pursuits, so long as Seller is not required to suffer or incur any costs, expenses or liability with regard thereto.

5. **Title Insurance.** Within ten (10) days after the Effective Date, Seller shall deliver to Purchaser a copy of the most recent title insurance commitment issued with respect to the Property, if any is available (the "Prior Commitment"). Within ninety (90) days after the Effective Date, Purchaser shall obtain, a title insurance commitment (the "Title Commitment") for an owner's title insurance policy (ALTA Form B, Marketability Policy) to be issued by a title insurance company acceptable to Purchaser (the "Title Insurance Company") in the amount of the Purchase Price covering title to the Property on or after the date hereof, showing title vested in the Seller and all matters of record which the Seller's title is subject to. Purchaser shall furnish a copy of the Title Commitment, and all title exceptions referred to therein, to Seller.

The standard exceptions for mechanics' liens and parties in possession shall be deleted at Closing upon Seller's execution and delivery by Seller of the Seller's Affidavit required pursuant to Paragraph 13(a)(ii) hereinbelow. The Title Commitment shall be conclusive evidence of good title as to all matters to be insured by the policy, subject to the exceptions as therein stated. The cost of said Title Commitment, including title search fees and the premium for the title insurance policy to be issued pursuant thereto, shall be paid by Seller on or before Closing.

6. **Survey.** Purchaser, at Purchaser's sole cost and expense, shall obtain a boundary survey (the "Survey") of the Property. The Survey shall be certified to the Purchaser, the Seller, and the Title Insurance Company by the surveyor as having been made in compliance with the minimum

technical standards adopted for surveys conducted in the State of Texas, which Survey shall also be in form and content satisfactory to the Title Insurance Company for the purposes of issuing the owner's title insurance policy required by this Contract, and deleting therefrom the standard general exception for matters which might be revealed by an accurate survey of the Property.

Said Survey shall show and designate any and all matters disclosed by the Title Commitment and all other easements, rights of way, encroachments, overlaps or improvements located on the Property. The Survey shall contain the legal description of the Property by appropriate legal description, and shall certify the total acreage of the Property to the second decimal point. The cost of the Survey shall be borne by Purchaser and be credited to Purchaser on or before Closing.

7. Title and Survey Objections. Within forty (40) days after the receipt of the Title Commitment, Purchaser shall provide Seller with written notice of any matters set forth or shown in the Title Commitment or Survey which are unacceptable to Purchaser in its sole discretion (the "Title Objections"). Any matters set forth or shown in the Title Commitment or Survey to which Purchaser does not timely object shall be referred to collectively herein as the "Permitted Exceptions." Seller shall have until the Closing Date within which to use its best efforts to cure such Title Objections to the satisfaction of the Purchaser and the Title Company.

In the event Seller fails or refuses to cure any Title Objection prior to the Closing Date, then Purchaser may, at its option (i) terminate this Contract, and receive a refund of the Deposit, whereupon the Contract shall be deemed null and void and of no force and effect, and no party hereto shall have any further rights, obligations or liability hereunder; or (ii) accept title to the Property subject to such Title Objection, without reduction of the Purchase Price. At Closing, Seller shall provide the Title Company with such affidavits or other documents as are necessary to enable the Title Company to remove the standard exceptions from the Title Policy.

8. Representations, Warranties and Covenants of Seller. The Seller hereby represents, warrants and covenants to and with the Purchaser as follows:

(a) The execution and delivery of this Contract and the closing of the transaction contemplated herein shall not and do not constitute a violation or breach by Seller of any provision of any agreement or other instrument to which Seller is a party or to which Seller may be subject although not a party, nor result in or constitute a violation or breach of any judgment, order, writ, injunction or decree issued against Seller, or by which Seller is bound or subject

(b) Seller has the full right, power and authority to enter into and deliver this Contract and to consummate the purchase and sale of the Property in accordance herewith and to perform all covenants and agreements of Seller hereunder.

(c) The person or persons executing this Contract on behalf of the Seller are fully and duly authorized to do so by Seller, and any and all actions required to make this Contract and the performance thereof legally binding obligations of Seller, have been duly and legally taken. No further consent, authorization or approval of any person or entity is required for Seller to enter into or perform this transaction.

(d) Seller has paid (or covenants that Seller must pay prior to Closing) any and all taxes (excluding taxes not yet due) which are due and payable, subject to the proration herein provided.

(e) Except for the liens, encumbrances or charges against the Property of record or which are otherwise specifically disclosed in this Contract, Seller has no knowledge of any other liens, encumbrances, unpaid bills to vendors, outstanding obligations or charges (contingent or absolute) in existence against such Seller or any business conducted thereon, or any existing undisclosed or unrecorded liens, encumbrances or charges, which could adversely affect title to the Property after the Effective Date hereof and prior to the Closing Date, and Seller has no knowledge of any matters pending that could result in a lien against the Property, or in any material way substantially adversely affect title to the Property.

(f) No notice has been received by Seller from any governmental body asserting or claiming any violation of any law, ordinance, code or regulation with respect to the Property, and Seller has no knowledge that any such violation exists with regard to the Property.

(g) There are no leases of the Property, or any portion thereof, nor any other right to possession or use of the Property which have not been disclosed herein.

(h) Seller has not received any notice and has no actual knowledge, without independent investigation or inquiry, that any portion of the Property has ever been used for the dumping, disposal, manufacture, handling, transportation, storage, or usage of any toxic or hazardous wastes or materials, or that any such toxic or hazardous waste or materials are present on, in, or

under the Property. As used herein "hazardous or toxic wastes or materials" shall mean and refer to any contaminant, pollutant, substance or matter giving rise to liability or regulation under any federal, state, or local law, statute, regulation, rule or ordinance.

(i) Seller has not received any notice, and has no actual knowledge, that the Property, or any portion thereof, is or will be subject to or affected by any condemnation or eminent domain proceeding.

(j) It is understood that a zoning and/or land use change may be necessary for Purchaser's intended use and the Seller agrees to aide in such change(s) provided all cost associated with said change(s) are born entirely by the Purchaser.

(k) Seller has no knowledge of any fact or condition which would result in the termination or impairment of access to the Property from adjoining public or private streets or ways. To Seller's knowledge, all sewage, sanitation, plumbing, water retention, refuse disposal, and similar facilities servicing the Property are in full compliance with governmental authorities' laws, rules and regulations.

(l) To Seller's knowledge, all necessary sewer, water, electric, gas, telephone, or other utilities or services are available for the Property and there is no fact or condition which would impair Purchaser's ability to tap-in and use said utilities for the development of the Property.

(m) There are no public improvements which have been ordered to be made and/or which have not heretofore been assessed, and there are no special, general, or other assessments pending, or to Seller's knowledge, threatened against or affecting the Property.

(n) There are no public improvements which have been ordered to be made and/or which have not heretofore been assessed, and there are no special, general, or other assessments pending, or to Seller's knowledge, threatened against or affecting the Property.

(o) There are no actions, suits or legal proceedings of any kind or nature whatsoever, legal or equitable, to which Seller is a party affecting the Property, or any portion thereof, or relating to or arising out of the ownership of the Property, in any court or before or by any Federal, state, county or municipal department, commission, board, bureau, or agency or other governmental instrumentality.

(p) Seller has no knowledge or notice that any present default or breach exists under any covenants, conditions, restrictions, rights-of-way or easements which may affect the Property or any portion thereof, or that any condition or circumstance exists which, with the passage of time and/or the giving of notice, or otherwise, would constitute or result in a default or breach under any such covenants, conditions, restrictions, rights-of-way or easements.

(q) No person, firm or other legal entity other than Purchaser has any right or option whatsoever to acquire the Property or any portion thereof, or any interest therein.

The Seller's representations in this Section 8 are based upon the actual knowledge of Seller at the time of the execution of the Contract without the duty of the Seller to perform additional investigation.

9. Representations, Warranties and Covenants of the Purchaser Purchaser hereby represents, warrants and covenants to and with Seller as follows:

(a) The person or persons executing this Contract on behalf of the Purchaser are fully and duly authorized to do so by Purchaser and any and all actions required to make this Contract and the performance thereof legally binding obligations of Purchaser, have been duly and legally taken. No further consent, authorization or approval of any person or entity is required for Purchaser to enter into or perform this transaction.

(b) Purchaser has the full right, power and authority to enter into and deliver this Contract and to consummate the purchase and sale of the Property in accordance herewith and to perform all covenants and agreements of Purchaser hereunder.

(c) The execution and delivery of this Contract and the consummation of the transaction contemplated herein shall not and do not constitute a violation or breach by Purchaser of any provision of any agreement or other instrument to which Purchaser is a party or to which Purchaser may be subject although not a party, nor result in or constitute a violation or breach of any judgment, order, writ, injunction or decree issued against Purchaser, or by which Purchaser is bound or subject.

(d) Purchaser shall not modify, cancel, extend or otherwise change in any manner any of the

terms, covenants or conditions of any land use or development approvals or permits for the Property, nor grant any easements or licenses affecting the Property, nor take any legal action in connection with the Property which will affect title to the Property, without the express prior written consent of Seller, which consent shall not be unreasonably withheld.

10. **Continuing Representations and Warranties.** The representations and warranties of the parties contained herein shall be deemed to be continuing representations and warranties which are true and correct in all material respects on the Effective Date hereof and shall remain true and correct at all times up to the Closing Date, with the same force and effect as though such representations and warranties had been made as of Closing; provided, however, that, no representations or warranties of either party shall survive Closing, unless specifically provided to so survive herein, or in the Closing documents.

11. **Conditions Precedent to Obligations of the Purchaser.** The obligation of Purchaser hereunder to close upon the purchase of the Property is subject to and contingent upon the following conditions (the "Purchaser Contingencies") having been met or satisfied to the satisfaction of Purchaser:

(a) Purchaser at Purchaser's sole cost and expense shall have been able to obtain any and all rezoning and/or other land use permits, approvals, or consents, and any and all other permits, licenses, approvals or consents from any and all governmental authorities, agencies, or entities having jurisdiction over the Property or Purchaser's Intended Use, and all utilities services, necessary to allow development, construction and operation of Purchaser's Intended Use on the Property.

In the event that all such conditions have not been satisfied, with all appeal periods having expired without any appeal or contest having been filed, or if such appeal or contents were filed, with such appeal or contest having been ultimately and finally not resolved to the satisfaction of Purchaser, on or before the Closing Date, then the Purchaser, at Purchaser's sole option may (i) terminate this Contract by giving written notice to the Seller and the Escrow Agent, whereupon any portion of the Deposit due, shall be released to the Seller and any remaining balance shall be returned to Purchaser by the Escrow Agent, and thereafter neither party shall have any further obligation hereunder; or (ii) extend the Closing Date to allow Purchaser to continue to try to satisfy such conditions; or (iii) waive this contingency and proceed to Closing.

12. **Closing.**

(a) Subject to the terms and conditions hereof, including the right of Purchaser to extend the Closing Date under Section 12 herein, the Closing of this transaction shall be held on or before June 1, 2026, (the "Closing Date"), at 5 P.M. CST., or such other time as may be mutually agreed upon by Seller and Purchaser, at the offices of Escrow Agent or by mail. At Purchaser's option, the closing may be held sooner than the foregoing date, so long as Purchaser gives Seller not less than ten (10) days notice of the Closing Date.

(b) Purchaser shall have the right to obtain a sixty (60) day extension of the Closing Date, upon written notice to Seller at least three (3) days prior to the existing Closing Date, which notice shall be accompanied by the payment of an additional sum of Fifty Thousand Dollars and Zero Cents (\$50,000.00) to be paid to the Escrow Agent as an Additional Deposit which shall be nonrefundable but shall be applicable to the Purchase Price.

(c) Seller shall deliver possession of the Property to Purchaser on the Closing Date.

13. **Closing Documents.**

(a) Seller shall execute and/or deliver to Purchaser at Closing the following:

(i) A Special Warranty Deed executed by Seller conveying fee simple title of the Property to Purchaser, subject only to the Permitted Exceptions;

(ii) A Seller's Affidavit sufficient in form and content sufficient to satisfy the requirements of Texas law and to allow deletion of all of the standard ALTA general exceptions (other than those exceptions requiring a current survey for deletion) from the Title Commitment;

(iii) A non-foreign certificate in compliance with Section 1445 of the Internal Revenue Code;

(iv) An assignment or assignments of all of Seller's right, title and interest with regard to all development rights, permits, licenses, consents, approvals, benefits soil tests, development plans engineering plans or specifications, tests, reports, studies, appraisals, analyses, or transportation capacity reservations or certificates, and similar documents or information which Seller may

have in its possession and pertaining exclusively to the Property (the "Development Rights"), thereto, in form and content satisfactory and to the appropriate governmental agency or entity having jurisdiction thereof

(v) Closing Statement; and

(vi) Such other customary documents as reasonably may be reasonably required to consummate the transaction contemplated by this Contract, or which may be required by the Title Company in order to issue the Title Policy as required by the Title Commitment

(b) Purchaser shall execute and or deliver to Seller at Closing

(i) The Closing Statement;

(ii) The Purchase Price, subject to credits and prorations as provided herein; and

(iii) All documents required hereunder in order to consummate this Contract, and such other customary documents as reasonably may be required to consummate the transaction contemplated by this Contract, or which may be required by the Title Company in order to issue the title policies described in this Contract.

14. Closing Expenses. The cost of rollback taxes, documentary stamps on the Deed and costs and of any corrective instruments or actions shall be paid by Seller on or before Closing. The cost of recording the Deed shall be paid by the Purchaser on or before Closing. Each party shall bear and pay its own attorneys' fees and expenses.

15. Prorations and Reimbursements

(a) Real Estate Taxes. Real estate taxes for the year of Closing shall be prorated on an accrual basis as of the Closing Date, based upon the most recent ascertainable taxes. Seller shall be responsible for any rollback taxes, as calculated by Title Company, and such calculation shall be credit to Purchaser at Closing. In the event that the tax bill for the year of Closing is not available on the Closing Date, the parties agree to a re-proration and adjustment of the real estate taxes when the actual tax bill for the year of closing is received.

(b) Other Assessments. Any other assessments on the Property shall be prorated in the same manner as taxes, with the assessments for the period which includes the date of Closing being prorated, and with the Seller being responsible for and paying any assessments or installments thereof for prior years or periods, and the Purchaser assuming and paying any assessments or installments thereof which are not yet due and payable.

(c) Costs of Document Preparation and Attorneys' Fees. With regard to Closing, each party shall pay the fees of its attorney and the costs of preparing all documents which this Contract requires such party to furnish.

16. Default

(a) If the sale contemplated by this Contract is not completed as a result of a default of Purchaser, Seller's sole and exclusive remedy shall be to receive and retain the Deposit paid or deposited hereunder, as agreed upon full liquidated damages for such default by Purchaser, and the parties hereunder shall have no further rights or liabilities under this Contract. Seller hereby expressly waives and releases any right to sue Purchaser for specific performance or to assert that Seller's actual damages exceed the Deposit, which waiver and release is a substantial inducement to Purchaser entering into this Contract.

(b) If the sale contemplated by this Contract is not completed as a result of a default of Seller, Purchaser's sole remedies shall be to either (i) seek specific performance of this Contract or (ii) terminate this Contract and demand and receive a refund of the Deposit.

17. Real Estate Commission

(a) Broker. Each party represents to the other that no broker has been involved in this transaction except for Elevate Texas Real Estate Group ("Brokers"). At Closing, a commission shall be paid by Seller to such Brokers pursuant to a separate agreement between Seller and Broker. Each party agrees to indemnify and hold harmless the other party hereto from and against any and all such claims or demands with respect to any brokerage fees or agent's commissions or other compensation asserted by any person, firm or corporation in connection with this Contract or the transaction contemplated hereby under this Closing.

18. Condemnation. If, prior to Closing, the Property or any material portion thereof in the

Killeen L.P., LLC

Jodi Schwartz

Jodi Schwartz

Telephone: 254-269-8369

E-mail: jodi@killeenlp.com

Killeen L.P., LLC

Cali Hoban

Cali Hoban

Telephone: 254-269-8369

E-mail: cali@killeenlp.com

Killeen L.P., LLC

Elizabeth H. Tipton, Trustee of the
Elizabeth H. Tipton 1999 Trust

Elizabeth Tipton

Telephone: 713-875-9901

E-mail: elz@killeenlp.com

Killeen L.P., LLC

Sue Ellen Van Zanten, Trustee of the
Sue Ellen Van Zanten 1999 Trust

Sue Van Zanten

Telephone: 254-861-8211

E-mail: sue@killeenlp.com

Killeen L.P., LLC

Cristina Purser-King, Trustee of the
Cristina Sue Purser Heritage Trust

Cristina King

Telephone: 254-415-7031

E-mail: cristina@killeenlp.com

Killeen L.P., LLC

Gary W. Purser, Jr., Trustee of the
Benjamin John Franklin Purser Heritage Trust

Gary Purser

Telephone: _____

E-mail: _____

Killeen L.P., LLC

Elizabeth H. Tipton, Trustee of the
Meredith Lee Holbert Heritage Trust

Elizabeth Tipton

Telephone: 713-875-9901

E-mail: elz@killeenlp.com

Killeen L.P., LLC

Elizabeth H. Tipton, Trustee of the
William Parker Tipton Heritage Trust

Elizabeth Tipton

Telephone: 7138709501

E-mail: etipton@gmail.com

Killeen LAP, LLC

Sue van Zanten, Trustee of the
Nathaniel Andries van Zanten Heritage Trust

Sue Van Zanten

Telephone: 2548818231

E-mail: svanzanten@hor.rr.com

Killeen LAP, LLC

Sue van Zanten, Trustee of the
Emily Elizabeth van Zanten Heritage Trust

Sue Van Zanten

Telephone: 2548818231

E-mail: svanzanten@hor.rr.com

Killeen LAP, LLC

Sue van Zanten, Trustee of the
Adriana Rachel van Zanten Heritage Trust

Sue Van Zanten

Telephone: 2548818231

E-mail: svanzanten@hor.rr.com

Killeen LAP, LLC

Gary W. Purser, Jr., Trustee of the
Gary W. Purser, Jr. 1999 Trust

Gary W. Purser, Jr.

Telephone: _____

E-mail: _____

Killeen LAP, LLC

JoAnn Purser, Trustee of the
JoAnn Purser 1999 Trust

Joann Purser

Telephone: 2545355100

E-mail: joannpurser@vahoo.com

Killeen LAP, LLC

Cristina Purser-King, Trustee of the
Cristina Sue Purser 1999 Trust

Cristina King

Telephone: 254-415-7035

E-mail: cprings@comcast.net

Killeen LAP, LLC

Gary W. Purser, Jr., Trustee of the
Benjamin John Franklin Purser 1999 Trust

Gary W. Purser, Jr.

Telephone: _____

E-mail: _____

22 Miscellaneous.

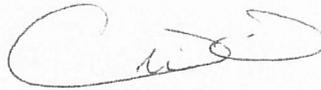
- (a) Successors and Assigns. This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- (b) Amendments and Termination. Except as otherwise provided herein, this Contract may be amended or modified by, and only by, a written instrument executed by Seller and Purchaser, acting by their respective duly authorized agents or representatives.
- (c) Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Texas and legal venue under the Contract shall be Dallas County.
- (d) Section Headings. The section headings inserted in this Contract are for convenience only and are intended to, and shall not be construed to, limit, enlarge or affect the scope or intent of this Contract, nor the meaning of any provision hereof.
- (e) Counterparts. This Contract may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.
- (f) Merger of Prior Agreements. This Contract supersedes all prior agreements and understandings between the parties hereto relating to the subject matter hereof.
- (g) Effective Date. The "Effective Date" of this Contract shall be the date that the last party shall have agreed to the terms and conditions hereof and executed this Contract, and a fully executed copy of this Contract shall have been returned to the other party.
- (h) Time. Time is of the essence of this Contract. When any time period specified herein falls or ends upon a Saturday, Sunday or legal holiday, the time period shall be automatically extended to 5:00 P.M. on the next ensuing business day.
- (i) Acceptance. If this Contract is not executed and delivered by both parties on or before December 31, 2025, it shall be null and void.
- (j) Terminology. The use of the term "Shall" or "shall" in the Contract creates a duty or obligation on the appropriate party.
- (k) Conditions of Property. Except as specifically set forth herein, Seller hereby disclaims all warranties of any kind or nature whatsoever, whether expressed or implied, including but not limited to, warranties with respect to the soil conditions or the suitability of the Property for Purchaser's Intended Use. Purchaser acknowledges that it is not relying on any representations of any kind or nature made by Seller, or any of its employees or agents, other than as specifically set forth herein, and that, in fact, no such representations were made. Purchaser further acknowledges that, except as specifically herein provided, it is purchasing the Property "AS IS" and "with all faults."
- (l) Assignment. Purchaser shall have the right to assign this Contract in whole, but not in part, without the consent of Seller so long as such assignment is made in writing which provides that the assignee expressly assumes and agrees to pay and perform all of Purchaser's duties, obligations, liabilities and responsibilities hereunder.

[REMAINDER OF PAGE BLANK INTENTIONALLY]

IN WITNESS WHEREOF, Purchaser, Seller and Escrow Agent have caused this Contract to be executed as of the dates set forth below.

PURCHASER:

ROUNDSTONE DEVELOPMENT, LLC, a
Nevada limited liability company



By:

Name: Clifton E Phillips
Title: President

-
Date: 12/27/2025

SELLER:

KILLEEN LAP, LLC.

By:

Name: Gary W. Purser, Trustee of the Gary W.
Purser, Jr. 2000 Trust
Title: Vice President

-
Date: 12-24-25

By: 

Name: Fawaz Asseed
Title: Vice President

-
Date: _____

By: Fawaz Asseed

Name: Jodi Schwartz
Title: Vice President

-
Date: _____

By: Jodi Schwartz

Name: Culi Hoban
Title: Vice President

[REMAINDER OF PAGE BLANK INTENTIONALLY]

IN WITNESS WHEREOF, Purchaser, Seller and Escrow Agent have caused this Contract to be executed as of the dates set forth below

PURCHASER:

ROUNDSTONE DEVELOPMENT, LLC, a
Nevada limited liability company

By:

Name: Clifton E Phillips
Title: President

-

Date:

SELLER:

KILLEEN LAP, LLC.

By:

Name: Gary W. Purser, Trustee of the Gary W
Purser, Jr. 2000 Trust
Title: Vice President

-

Date: 12-24-25

-

By: 

Name: Fawaz Asseed
Title: Vice President

-

Date:

-

By: Fawaz Asseed

Name: Jodi Schwartz
Title: Vice President

-

Date:

-

By: Jodi Schwartz

Name: Cali Hoban
Title: Vice President

-

Date: _____

-

By: *Cali Hoban*

Name: Elizabeth H. Tipton, Trustee of the Elizabeth H. Tipton 1999 Trust

Title: Vice President

-

Date: _____

-

By: *Elizabeth Tipton*

Name: Sue Ellen Van Zanten, Trustee of the Sue Ellen Van Zanten 1999 Trust

Title: Vice President

-

Date: _____

-

By: *Sue Van Zanten*

Name: Cristina Purser-King, Trustee of the Cristina Sue Purser Heritage Trust

Title: Vice President

-

Date: _____

-

By: *Cristina King*

Name: Gary W. Purser, Jr., Trustee of the Benjamin John Franklin Purser Heritage Trust
Title: Vice President

-

Date: *12-24-25*

-

By: 

Name: Elizabeth H. Tipton, Trustee of the Meredith Lee Holbert Heritage Trust

Title: Vice President

-

Date: _____

-

By: *Elizabeth Tipton*

Name: Elizabeth H. Tipton, Trustee of the William Parker Tipton Heritage Trust
Title: Vice President

-

Date: _____

By: Elizabeth Tipton

Name: Sue van Zanten, Trustee of the
Nathaniel Andries van Zanten Heritage Trust
Title: Vice President

Date: _____

By: Sue Van Zanten

Name: Sue van Zanten, Trustee of the
Emily Elizabeth van Zanten Heritage Trust
Title: Vice President

Date: _____

By: Sue Van Zanten

Name: Sue van Zanten, Trustee of the
Adriana Rachel van Zanten Heritage Trust
Title: Vice President

Date: _____

By: Sue Van Zanten

Name: Gary W. Purser, Trustee of the Gary W.
Purser, Jr. 1999 Trust
Title: Vice President

Date: 12-24-25

By: 

Name: JoAnn Purser, Trustee of the
JoAnn Purser 1999 Trust
Title: Vice President

Date: _____

By: Joann Purser

Name: Cristina Purser-King, Trustee of the
Cristina Sue Purser 1999 Trust
Title: Vice President

Date: _____

By: Cristina King

EXHIBIT A

APPROXIMATELY 4.46 ACRES FROM BELL COUNTY PARCEL IDS #318675 AND #23739 DESCRIBED AS:

A0686BC T ROBINETT, ACRES 4.025

And

A0686BC T ROBINETT, ACRES 0.442

AS FURTHER DEPICTED IN BLUE BELOW:

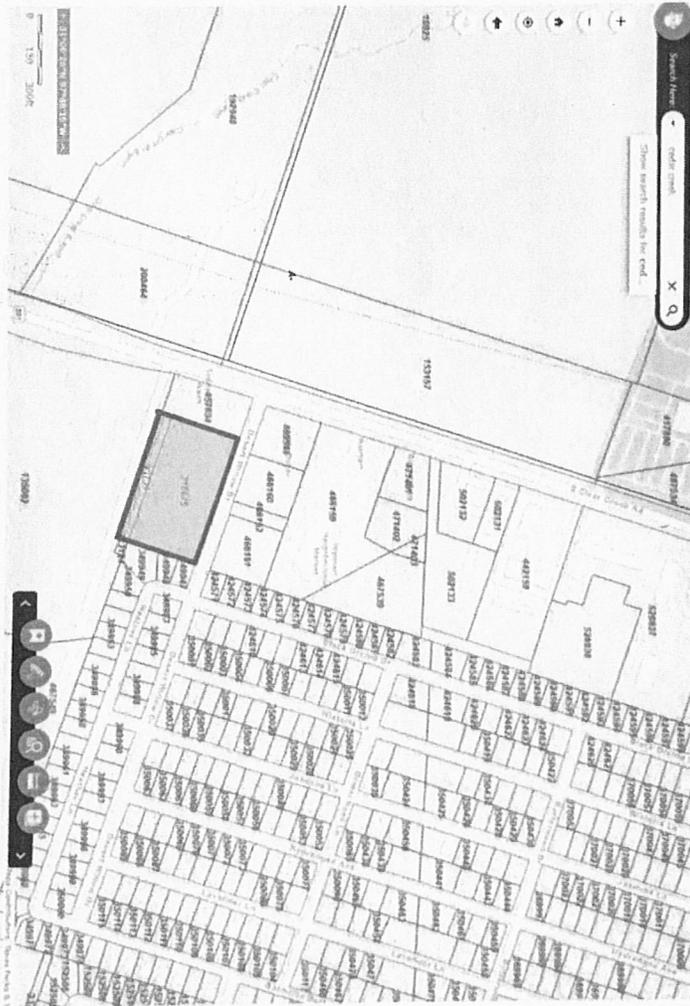


EXHIBIT 3G.2



CITY OF KILLEEN – ZONING CHANGE APPLICATION

Requirements for all zoning change application submittals:

All zoning change application materials must be submitted by 11:00 a.m. on the intake deadline.

INCOMPLETE APPLICATIONS WILL NOT BE PROCESSED

- Pre-application meeting
 - Applicant shall schedule a pre-application meeting with staff prior to submitting a zoning change application (CUP & PUD only)

- Completed zoning change application (original, signed)
 - Must be signed by the property owner, or
 - In the case of a corporation or partnership, documentation must be provided authorizing a single party to sign on behalf of the corporation or partnership (e.g., Corporate Resolution, Minutes, Certificate of Formation)

- Application fee (All payment methods accepted, except American Express; checks made payable to City of Killeen)
 - Zoning change application: \$500.00 + \$10.00 Tech Fee
 - Conditional Use Permit Application: \$500.00 + \$10.00 Tech Fee
 - Planned Unit Development (PUD) \$1,000.00 + \$10.00 Tech Fee

- Traffic Impact Analysis (TIA) Worksheet + \$100.00 fee

- Description of property location (in one of the following forms)
 - Property address
 - Property survey
 - Legal description (subdivision name with lot and block)
 - Metes and bounds description

- Warranty deed (showing current ownership of the property)

- Letter of request signed by property owner or applicant, including the following information:
 - Reason for the request and proposed use of the property
 - Whether or how the proposed change will impact the surrounding properties
 - Whether the request is consistent with the Future Land Use Map (FLUM)
(If the request is not consistent with the FLUM, an amendment request must be submitted.)

- Digital copies of all submittal documents
 - Electronic copies in .pdf format of all submittal documents
 - Must be provided on a disc (CD or DVD), USB flash drive or email
 - File names should include the name of each application document (i.e. “APP”, “DEED”, etc.)

*For additional zoning change requirements, please reference
Killeen Code of Ordinances, Chapter 31 - Zoning.*



CITY OF KILLEEN - ZONING CHANGE APPLICATION

General Zoning Change \$510.00

Conditional Use Permit \$510.00 Planned Unit Development (PUD) \$1,010.00

Name(s) of Property Owner: _____

Current Address: _____

City: _____ State: _____ Zip: _____ - _____

Primary Phone: (____) _____ - _____ Cell Phone: (254) 634 - _____

Email: _____

Name of Applicant: _____
(If different than Property Owner)

Address: _____

City: _____ State: _____ Zip: _____ - _____

Primary Phone: (972) _____ - _____ Cell Phone: (214) _____ - _____

Email: _____

Address/Location of property to be rezoned: _____

Legal Description: _____

Is the rezone request consistent with the Comprehensive Plan? YES NO

** If no, a FLUM amendment application must be submitted.*

Is there a simultaneous plat application for this property? YES NO

Total Acreage: _____ Number of Lots: _____

Type of Ownership: Sole Ownership Partnership Corporation Other

Present Zoning: _____ Present Use: _____

Proposed Zoning: _____ Proposed Use: _____

Conditional Use Permit for: _____

This property was conveyed to owner by deed dated _____ and recorded in Volume _____,
Page _____, Instrument Number _____ of the Bell County Deed Records. (Attached)

Is this the first rezoning application on a unilaterally annexed tract?

Yes (fee not required) No (submit required fee)



APPOINTMENT OF AGENT

As owner of the subject property, I hereby appoint the person designated below to act for me, as my agent in this request.

Name of Agent: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____ - _____

Home Phone: (____) _____ - _____ Business Phone: (____) _____ - _____

Email: _____

I acknowledge and affirm that I will be legally bound by the words and acts of my agent, and by my signature below, I fully authorize my agent to:

be the point of contact between myself and the City; make legally binding representations of fact and commitments of every kind on my behalf; grant legally binding waivers of rights and releases of liabilities of every kind on my behalf; to consent to legally binding modifications, conditions, and exceptions on my behalf; and, to execute documents on my behalf which are legally binding on me. This authorization only applies to this specific zoning change request.

I understand that the City will deal only with a fully authorized agent. At any time it should appear that my agent has less than full authority to act, then the application may be suspended and I will have to personally participate in the disposition of the application. I understand that all communications related to this application are part of an official proceeding of City government and, that the City will rely upon statements made by my agent. Therefore, **I agree to hold harmless and indemnify the City of Killeen, its officers, agents, employees, and third parties who act in reliance upon my agent’s words and actions from all damages, attorney fees, interest and costs arising from this matter.** If my property is owned by a corporation, partnership, venture, or other legal entity, then I certify that I have legal authority to make this binding appointment on behalf of the entity, and every reference herein to ‘I’, ‘my’, or ‘me’ is a reference to the entity.

Signature of Agent: _____ Title: _____

Printed/Typed Name of Agent: _____ Date: _____

Signature of Property Owner: _____ Title: _____

Printed/Typed Name of Property Owner: _____ Date: _____

Signature of Property Owner: _____ Title: _____

Printed/Typed Name of Property Owner: _____ Date: _____

Signature of Property Owner: _____ Title: _____

Printed/Typed Name of Property Owner: _____ Date: _____

Signature of Property Owner: _____ Title: _____

Printed/Typed Name of Property Owner: _____ Date: _____

***Application must be signed by the individual applicant, by each partner of a partnership, or by an officer of a corporation or association.**

Application Revised: May 2024



**CITY OF KILLEEN
APPLICATION**

For Office Use Only:

Applicant: _____ Case #: _____ Intake Date: _____

Amount Due: \$ _____ Payment Received by: _____

Amount Paid: \$ _____ Cash/CC/MO#/Check#: _____ Receipt #: _____

Project Name: _____ Agent: _____

- FLUM Amendment _____
- Zoning Change Request _____
- Plat Application _____
- Parkland Dedication Fee _____
- Subdivision Variance _____
- Zoning Variance _____
- Special Exceptions _____
- TIA-DW _____

Traffic Impact Analysis (TIA) Determination Worksheet

Applicant must have completed worksheet included in application submittal.

Project Name: The Madelyn
 Location: Approx. the 5100 Block of Desert Willow Dr., Killeen, TX 76549
 Applicant: Roundstone Development, LLC Telephone No: 972-243-4205
 Application Status: Zoning Preliminary Plat Commercial Site Plan Change-Use

EXISTING:

FOR OFFICE USE ONLY

Tract Number	Tract Acres	Bldg. Sq. Ft.	Zoning	Land Use	I.T.E. Code	Trip Rate	Trips Per Day
48027023111	4.5	0	B5	Vacant			

PROPOSED:

FOR OFFICE USE ONLY

Tract Number	Tract Acres	Bldg. Sq. Ft.	Zoning	Land Use	I.T.E. Code	Trip Rate	Trips Per Day
48027023111	4.5	61,260	R-3	MF-Senior			

ABUTTING ROADWAYS:

FOR OFFICE USE ONLY

Street Name	Proposed Access?	Pavement Width	Classification
Desert Willow Drive	Yes		
Shoemaker High School Loop Road	No		

FOR OFFICE USE ONLY

- A traffic impact analysis is required. The consultant preparing the study must meet with a Transportation planner to discuss the scope and requirements of the study before beginning the study.
- A traffic impact analysis is NOT required. The traffic generated by the proposal does not exceed the thresholds established in the City of Austin Land Development Code.
- The traffic impact analysis has been waived for the following reason:

Reviewed By: _____ Date: _____

Distribution: File Applicant Other Total Copies: _____

NOTE: A TIA Worksheet must be submitted with any Zoning, Preliminary Plat or Commercial Site Plan application, therefore, this completed and reviewed worksheet MUST ACCOMPANY any subsequent application for the IDENTICAL project. CHANGES to the proposed project will REQUIRE a new TIA Determination.

EXHIBIT 3K.1 & K.2

None

EXHIBIT 3.R

Financial Aspects

Financial Overview

- **Total Project Costs: \$19.16 Million**
- **Construction Loan**
 - **\$14.5 Million, 2 Year, 6.80% Interest Only**
- **Permanent Loan**
 - **\$3.375 Million, 18 year/40 Yr. Amort, 6.5% Principal/Interest**
- **Equity**
 - **\$1.9 million in annual credits, Est. Price/Credit \$.7925**

SOURCES OF FUNDS	AMOUNT
PERMANENT LOAN	\$3,375,000
FIRST EQUITY PAYMENT	\$2,270,285
CITY OF KILLEEN	\$500
SECOND EQUITY PAYMENT	-
THIRD EQUITY PAYMENT	\$9,081,142
FINAL EQUITY PAYMENT	\$3,783,809
TOTAL SOURCES OF FUNDS:	\$18,510,736
PERM DEFERRED DEVELOPER FEE	\$644,383
TOTAL ALL SOURCES:	\$19,155,119

- **Operating Highlights**
 - **Max LIHTC Rents**
 - **7.5% Assumed Vacancy**
 - **\$20/unit per Month Other Income**
 - **4% Management Fee**
 - **\$72,000 Annual Property Taxes**
 - **\$300/unit per annum replacement reserve deposit**
 - **Total Expenses \$5,655 per unit**



ROUNDSTONE DEVELOPMENT
BASE SHEET FOR ALL COST

PROJECT: THE MADELYN
PROJECT LOCATION: 5100 DESERT WILLOW DRIVE

NO. OF UNITS: 80
ENGINEER: CROSS ENGINEERING
ARCHITECT: CROSS ARCHITECTS

COST CODES	DESCRIPTION	UNIT QUANTITY	UNIT COST	TOTAL COST
BASE SHEET FOR ALL COST:				
	CONSTRUCTION HARD COST	80	109,000	8,720,000
	SITework COSTS	80	22,250	1,780,000
	SITE AMENITY COST	80	-	-
	GENERAL REQUIREMENTS	10,748,839.00	6.00%	644,930
	OVERHEAD COST	10,748,839.00	2.00%	214,977
	PROFIT	10,748,839.00	6.00%	644,930
	CONTINGENCY	10,424,339.00	5.50%	573,339
	REPLACEMENT RESERVE	80	-	-
	DEVELOPERS OVERHEAD	14,932,066.06	-	-
	DEVELOPERS FEE	14,932,066.06	15.00%	2,239,810
	ARCHITECTURAL DESIGN FEES	80	3,375	270,000
	ARCHITECTURAL INSPECTION FEES	80	375	30,000
	ENGINEERING DESIGN FEES	80	1,250	100,000
	GEOTECHNICAL REPORT	80	125	10,000
	BUILDING PERMIT COST	80	938	75,000
	SURVEYS-ASBUILTS-TESTING	80	375	30,000
	SOFT COST CONTINGENCY	80	625	50,000
	CONNECTION FEE COST	80	500	40,000
	ADVERTISING/ MARKETING	80	250	20,000
	LEGAL COST	80	2,875	230,000
	ACCOUNTING COST	80	375	30,000
	APPRAISAL AND MARKET STUDY	80	194	15,500
	REAL ESTATE TAXES	80	450	36,000
	FURNITURE, COMPUTERS AND FIXTURES	80	1,563	125,000
	INSURANCE-(LIABILITY/P.D.)	80	1,875	150,000
	ENVIRONMENTAL COST	80	200	16,000
	OPERATING RESERVE	80	4,302	344,173
	RECORDING FEES	80	25	2,000
	Inspections & Closing	80	375	30,000
	TITLE INSURANCE	80	1,400	111,990
	LAND COST	80	13,750	1,100,000
	TAX CREDIT FEES	80	955	76,400
	OTHER TAX CREDIT FEES	80	39	3,120
	CONSTRUCTION LOAN INTEREST	80	14,790	1,183,200
	CONSTRUCTION LOAN FEES	80	1,813	145,000
	PERMANENT LOAN FEES	80	672	53,750
	SYNDICATION FEES	80	750	60,000
	TOTAL DEVELOPMENT COSTS:			19,155,119

EXHIBIT 3.S

LIHTC Development Experience List

Role	Location	Name	# Units	Type	Year Built
Owner/Developer	Del Rio, TX	Aster Villas	80	Multifamily	2014
Owner/Developer	Eagle Pass, TX	Aurora Meadows	76	Single Family	2011
Developer	Gainesville, TX	Bella Vista Apartments	144	Multifamily	2007
Owner/Developer	Cleveland, MS	Bolivar Homes	65	Single Family	2008
Owner/Developer	Greenville, MS	Broadway Estates	104	Multifamily	2008
Owner/Developer	Eagle Pass, TX	Legacy Villas	64	Single Family	2011
Owner/Developer	Carthage, MS	Lincoln Estates	55	Single Family	2008
Developer	Dallas, TX	Magnolia Trace	112	Elderly	2011
Developer	Uvalde, TX	Monarch Estates	80	Elderly	2019
Developer	Gautier, MS	Ocean Estates II	120	Single Family	2009
Owner/Developer	Greenwood, MS	Parkway Place	65	Single Family	2008
Developer	Plano, TX	Plaza at Chase Oaks	240	Elderly	2006
Owner/Developer	Indianola, MS	Sunflower Estates	65	Single Family	2008
Developer	Fort Worth, TX	Terraces at Marine Creek	186	Multifamily	2004
Developer	Hot Springs, AR	The Cascades at Spring Street	32	Multifamily	2009
Owner/Developer	Temple, TX	The Fairways at Sammons Park	92	Elderly	2012
Owner/Developer	Pinellas Park, FL	The Lodges at Pinellas Park	120	Multifamily	2011
Owner/Developer	DeLand, FL	The Pines	100	Multifamily	2019
Developer	Plano, TX	Tuscany Villas	90	Elderly	2011
Developer	Delray Beach, FL	The Villas at Village Square	144	Multifamily	2015
Developer	Delray Beach, FL	The Courts at Village Square	84	Elderly	2018
Owner/Developer	Yazoo City, MS	Yazoo Estates	96	Multifamily	2008
TOTAL UNITS			2,214		



July 9, 2012

Re: The Fairways at Sammons Park
Southwest Corner of West Adams and 43rd Street
Temple, TX 76502

To Whom It May Concern:

Please accept this letter as a letter of support from the City of Temple for an affordable housing project that was recently built in Temple, Texas called the Fairways at Sammons Park. Below is a summary of our experience with Roundstone Development.

As the project liaison, I experienced a high level of professionalism, flexibility, and care by Roundstone Development. The development group was very responsive to our requests for information and other documentation necessary for the City to achieve a satisfactory comfort level with the project. Mr. Clifton Phillips personally provided us a tour of one of their existing projects.

Now that the project is complete and operational, we are very pleased with the results. The facility is excellent in quality and is well perceived in the community.

I hope that this information is helpful in your decision-making process. Should you need additional information, please feel free to contact me at 254-298-5600.

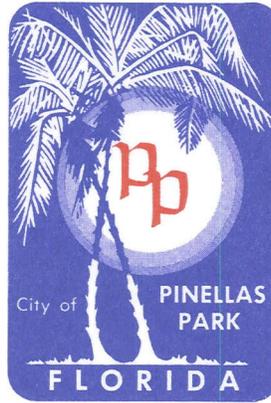
Sincerely,

Kim Foutz
Assistant City Manager

cc: Clifton Phillips
2010 Valley View Lane, Ste 210
Farmers Branch, TX 75234

City of
PINELLAS PARK

5141 78TH AVE. • P.O. BOX 1100
PINELLAS PARK, FL 33780-1100



FLORIDA

PHONE • (727) 541-0700
FAX • (727) 544-7448
SUNCOM • 969-1011

March 13, 2013

Robert Colvard
Roundstone Development
420 Snug Harbor Drive
Merritt Island, Fl 32953

Re: letter of reference

To Whom it may concern:

To all let it be known that I had the distinct pleasure of working with the agents and staff of **Roundstone Development** in the development of a planned unit development master plan for the construction of a 120 unit rental apartment community with provisions for affordable housing and transit amenities located on the City's "Main Street," Park Boulevard. Given its highly visible location, the City was interested in a product that would make a positive visual statement while also providing needed workforce housing proximate to Carruth Health Education campus of St. Petersburg College for its student population as well as the many local retail employees. Quite simply, **Roundstone** delivered. The result is a very architecturally pleasing development that sets the quality standard for multi-family housing on Park Boulevard. With Roundstone one will find a very responsive development team that delivers quality and community equity in each phase of their work. I can only hope that **Roundstone** can find additional opportunities to develop in our city knowing the value they can bring to our neighborhoods and the trust that we can easily rely on.

Sincerely:

A handwritten signature in blue ink that reads 'Dean R. Neal'.

Dean R. Neal, AICP
Zoning Director



PRINTED ON RECYCLED PAPER



July 6, 2012

Clifton Phillips
Roundstone Development, LLC
2010 Valley View Lane, Ste. 210
Farmers Branch, TX 75234

RE: Legacy Villas and Aurrora Meadows in Eagle Pass, TX

Dear Mr. Phillips:

Please consider the following letter a genuine expression of the confidence which I have with Roundstone Development as an affordable housing developer and operator.

I had the pleasure of working with you, Lisa Brown, and the rest of your team in my capacity as the Assistant Planning Director for the City of Eagle Pass. Working as the lead planner on this project, you and your team always displayed a strong level of professionalism, competency, and dedication to the project and to improving the housing conditions in our community.

It is very evident by the quality of your work that your company is committed to creating housing communities which are aesthetic, functional, and very well maintained. Design considerations are so important in housing and the community which you developed here in Eagle Pass is virtually indistinguishable from our other market rate neighborhoods.

I would gladly discuss your qualifications with other cities that you are working with and look forward to working with you again in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Daniel Tijerina Jr.", with a stylized flourish at the end.

Daniel Tijerina Jr.
City of Eagle Pass
Asst. Planning Director



1603 LBJ Freeway
Suite 860
Dallas, Texas 75234
Tel 972.243.4205
www.rstdev.com

January 5, 2026

Council Member Anthony Kendrick
Council Member District 4
PO BOX 1329
Killeen, TX 76540-1329

Dear Council Member Kendrick,

RST The Madelyn, LP is making an application for the 2026 competitive 9%, low-income housing tax credit program with the Texas Department of Housing and Community Affairs for The Madelyn located approximately at the 5100 block of Desert Willow Dr., Killeen, Bell County, Texas 76549. This new construction development is an apartment community composed of approximately 80 units of which 80 units will be for low-income tenants. The residential density of the Development, i.e., the number of Units per acre is approximately 17.95. The Development is not seeking a tax exemption related to this project.

For Competitive Housing Tax Credit applications, the Department will hold public hearings in the spring, in various locations around the state to gather input. The hearing schedule along with contact information for written public comment will be posted on TDHCA's [Public Comment Center](#) website later this year.

An interested party or Neighborhood Organization can provide comments on Competitive Housing Tax Credit applications at each hearing, or can provide written comments to the Department by email at htcpc@tdhca.texas.gov, or by mail at:

Texas Department of Housing and Community Affairs
Public Comment - Multifamily Finance Division
P.O. Box 13941
Austin, Texas 78711-3941

Note that in order for input on Competitive Housing Tax Credit applications to be included in the materials relating to presentation for awards to be provided to the Governing Board of the Texas Department of Housing and Community Affairs; **such input must be received by the Department by 5:00 p.m., Austin local time, on June 3, 2026.**

Sincerely,
RST The Madelyn, LP

A handwritten signature in blue ink, appearing to read 'Clifton E. Phillips'.

Clifton E. Phillips
President of Managing Member of GP, roundstone@rstdev.com

RESOLUTION NO. _____

RESOLUTION BY THE CITY COUNCIL OF THE CITY OF KILLEEN EXPRESSING SUPPORT FOR THE APPLICATION OF RST The Madelyn, LP TO THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS FOR 2026 COMPETITIVE NINE-PERCENT HOUSING TAX CREDITS TO DEVELOP AFFORDABLE RENTAL HOUSING AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, RST The Madelyn, LP, and its affiliates (the “**Applicant**”) brought to the City of Killeen (the “**City**”) a proposal to develop an affordable rental housing community for seniors to be named The Madelyn (the “**Housing Community**”) to be located at approximately 5100 Block of Desert Willow Drive, Killeen, Bell County, Texas 76549 (the “**Development Site**”).

WHEREAS, the Applicant has advised the City that it intends to submit an application to the Texas Department of Housing and Community Affairs (“**TDHCA**”) for an allocation of 2026 Competitive 9% Housing Tax Credits (“**HTC**”) for the construction and development of the Housing Community.

WHEREAS, in accordance with the rules that govern the HTC program, an application may qualify for points for a Resolution of Support and evidence of a commitment of development funding from the governing body of the city in which the proposed development site is located.

WHEREAS, the Applicant has requested from the City confirmation that the City supports The Madelyn for HTC to TDHCA and for a commitment of development funding that will benefit the Housing Community.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KILLEEN, TEXAS, that:

1. The findings contained in the preamble of this Resolution are determined to be true and correct and are hereby adopted as a part of this Resolution.
2. The City, acting through its governing body, hereby confirms that it supports the proposed development of the Housing Community on the Development Site and to the submission of The Madelyn, TDHCA application #26103, to TDHCA for HTC.
3. That this formal action has been taken to put on record the opinion expressed by the City on the date set forth below.
4. The City, acting through its governing body, hereby approves a commitment to the Applicant of financial support in the amount of \$500.00 in the form of reduced development fees or contribution of other value for the benefit of the Housing Community, which contribution is conditioned on an award of HTC to the Applicant. The City will provide a letter to the Applicant describing the value and form of the contribution and any caveats to delivering the contribution.
5. The City, acting through its governing body, hereby authorizes, empowers, and directs Mayor Debbie Nash-King to execute this resolution on behalf of the City and to certify this resolution to TDHCA.

DULY RESOLVED by the City Council of the City of Killeen, on this the ____ day of _____, 2026.

APPROVED:

MAYOR, Debbie Nash-King

APPROVED AS TO FORM:

Holli Clements, City Attorney

ATTEST:

Laura Calcote, City Secretary



LOW INCOME HOUSING TAX
CREDIT REQUEST FOR SUPPORT:
RST THE MADELYN, LP

RS-26-037

February 17, 2026

Background

- The Low-Income housing Tax Credit (LIHTC) program was created by the Tax Reform Act of 1986, under Internal Revenue Code, 26 U.S.C. § 42.
 - It is a federally-funded financing program to develop affordable rental housing leveraging private capital towards development of affordable rental housing for low to moderate-income households.
 - An annual tax credit is granted in exchange for equity in the development of affordable housing.
 - Each state receives a per capita allocation.
 - States then allocate the tax credits based on each states created qualified allocation plan.

Background

3

- Texas Department of Housing & Community Affairs administers the program on behalf of the state of Texas.
- Each development has a minimum 15-year tax credit compliance period.
- Units must remain affordable to persons with incomes at or below 60% of the area median income.

Current Inventory of LIHTC Communities

4

Community Name	Number of Units
Village at Fox Creek	128
The Veranda at Twin Creek (Senior)	88
Stone Ranch Apartment Homes (Senior)	129
Killeen Ridge Point	172
Tremont Apartment Homes (Senior)	112
Westwind Apartments	110
Hyde Estates (KHA-RAD)	76
Villas at Robinett	104
HighView Place (KHA-RAD)	70
Avanti Legacy Parkview (Senior)	108
Avenue Heights	70
Avanti Legacy Westwood (Senior)	105 (Under construction)

Proposed Tax Credit Development in Killeen

5

Development Name	Location	Population Served	# of housing units	Projected Cost of Development
The Madelyn, LP	5100 Block of Desert Willow Dr., 76549	Senior	80	\$19.16 million

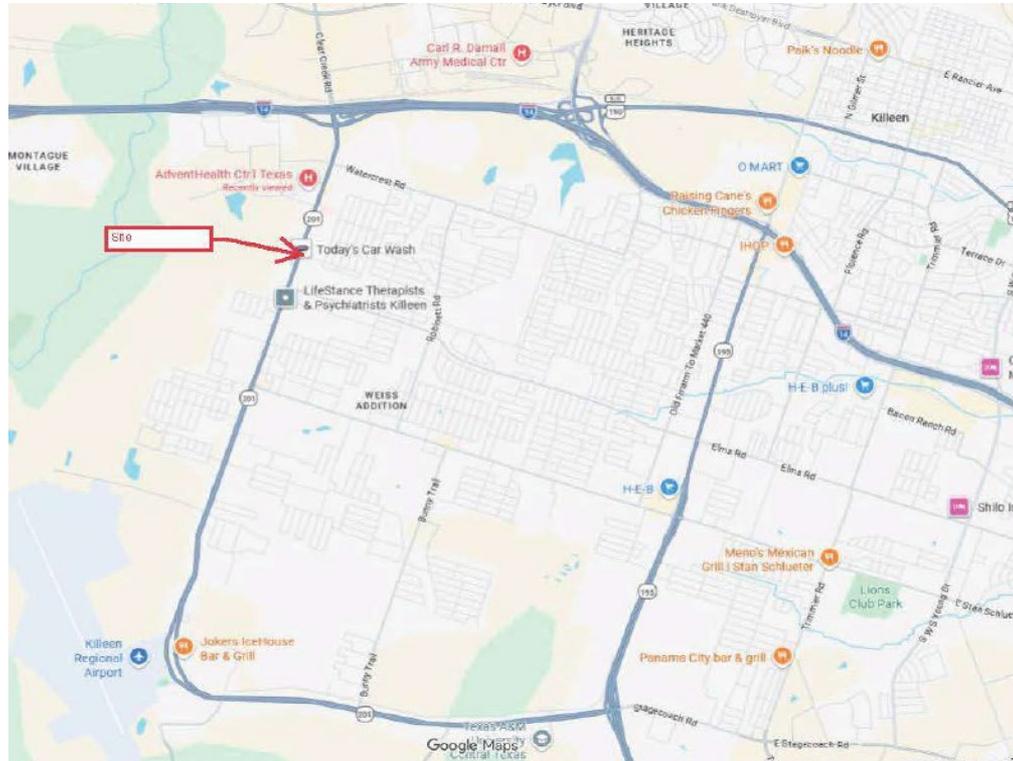
The Madelyn Senior Community

6

- 80 apartment homes providing senior housing.
 - ▣ Single, 3 story building on 4.5 acres.
- Centralized clubhouse with great room, activity areas & kitchen.
- Park-like amenities for outdoor engagement.
- Perimeter fencing with limited access to enhance security.
- “Neighbor Friendly” site layout (detention near SF homes).
- Close to Advent Health, grocery, pharmacy, coffee, & other amenities on Clear Creek Road (Walking distance to Walmart < .10 mile).

Location of Development 5100 Block of Desert Willow Dr.

7



Conceptual Site Plan

SITE DATA

SITE ACREAGE 4.4 ACRES
 UNIT COUNT 80 UNITS
 UNITS PER ACRE 18.1

SITE AMENITIES

SENIOR LIVING
 BALCONIES
 CLUBHOUSE
 DOG PARK
 POOL
 PERIMETER FENCE
 SECURE ACCESS VIA GATE

BUILDING KEY



PARKING TABULATION

PARKING REQUIRED: 1 2/3 SPACE PER DWELLING UNIT 133.33
 1 2/3 SPACE PER DWELLING UNIT (1 2/3 x80) 133.33
 TOTAL 134

PARKING PROVIDED:

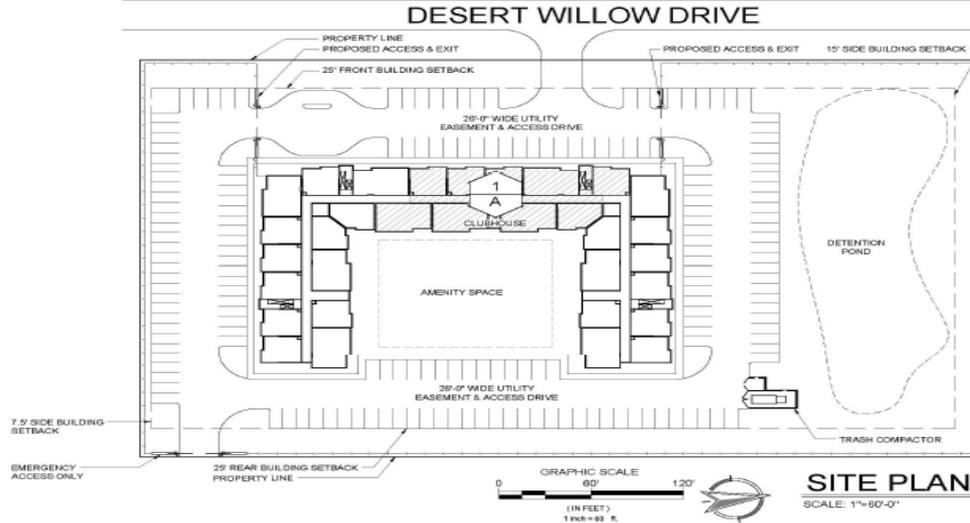
TOTAL 178
 PARKING RATIO 2.2 / UNIT

BUILDING TABULATION

TYPE	#BLDGS	UNITS/BLDG	UNIT TYPES	BLDG. S.F.
A	1	80	A1, B1	61,260 S.F.

UNIT TABULATION

TYPE	#UNITS	UNIT. S.F.	TOTAL S.F.
A1	54	665 S.F.	35,910 S.F.
B1	26	975 S.F.	25,350 S.F.
TOTAL	80		61,260 S.F.



PROJECT: _____

MADELYN SENIOR LIVING

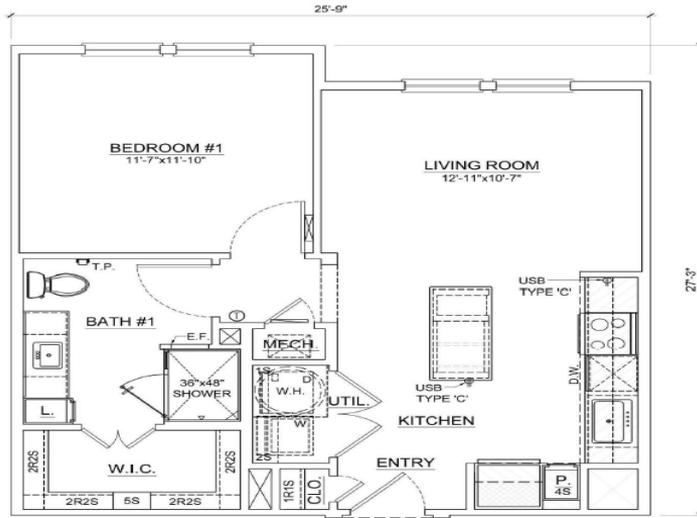
DATE: 01.23.26

A1.0
 SITE PLAN
 Copyright © 2026

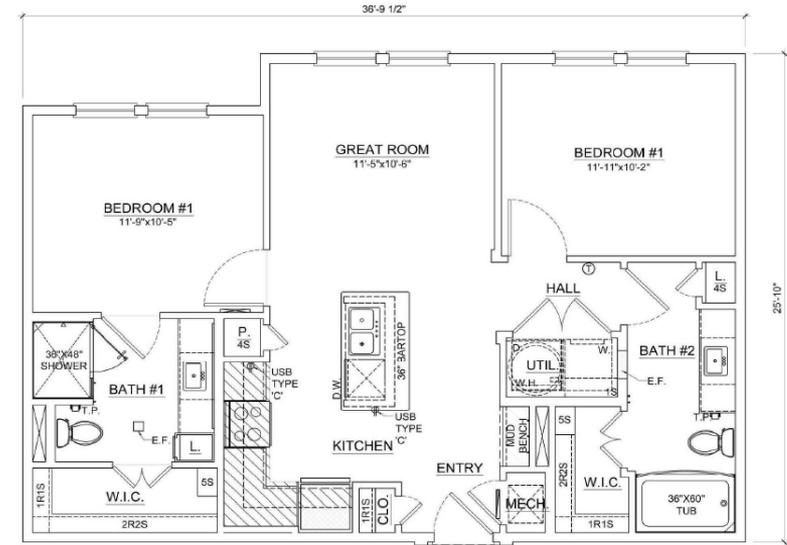
Conceptual Unit Designs

9

One-Bedroom Unit



Two-Bedroom Unit



Standard Features

10

Unit Amenities

- ❑ Energy Star Appliances
- ❑ Showers & Oversized Tubs
- ❑ Walk-in Closets
- ❑ Coat and Linen Closets
- ❑ Pantries
- ❑ Mud Benches
- ❑ Washer/Dryer Connections

Common Amenities

- ❑ Centralized Clubhouse
- ❑ Community Room for Entertaining
- ❑ Business Center
- ❑ Fitness Center
- ❑ Arts/Activity Room
- ❑ Dog Wash & Park
- ❑ Pool

Proposed Tax Credit Development in Killeen

- Proposed development has requested a Resolution of Support with \$500.00 investment from the City via a waiver of development/permit fees to submit a highly competitive proposal for the award of tax credit.
- Proposed development will pay all applicable property taxes.

Alternatives

- Provide a Resolution of Support without fee waiver.
- Provide a Resolution of No Objection with fee waiver.
- Provide a Resolution of No Objection without fee waiver.
- Neither support or object to the request for a resolution.

Recommendation

- Staff recommends that City Council affirms a Resolution of Support with fee waiver in the amount \$500.00 for the proposed The Madelyn, LP Affordable Housing Development for submission to the Texas Department of Housing and Community Affairs.



City of Killeen

Staff Report

File Number: OR-26-005

Consider an ordinance ordering the May 2, 2026 Special Election for the purpose of electing a Councilmember for District 2.

DATE: February 17, 2026

TO: Kent Cagle, City Manager

FROM: Laura Calcote, City Secretary

SUBJECT: Ordering the May 2, 2026 Special Election to elect a Councilmember for District 2

BACKGROUND AND FINDINGS:

On Friday, January 30, 2026, District 2 Councilmember, Joseph Solomon, resigned his position. The resignation took effect on Saturday, February 7, 2026, creating a vacancy for the District 2 seat.

The Texas Election Code, Chapter 201, provides for the ordering of an election to fill a vacancy. If a vacancy in office is to be filled by special election, the election shall be ordered as soon as practicable after the vacancy occurs. Section 201.054 provides that if the special election to fill a vacancy is ordered on or before the 70th day (Saturday, February 21, 2026) before election day (Saturday, May 2, 2026), the candidate application must be filed by 5:00 p.m. on the 62nd day before election day (Sunday, March 1, 2026). However, because the application deadline falls on a Sunday and Monday, March 2nd, is a state holiday, the deadline to file candidate applications is extended to Tuesday, March 3, 2026, by 5:00 p.m., to be considered for the Councilmember, District 2 vacancy.

The attached ordinance has been prepared ordering the 2026 Special Election and giving notice of an election for the purpose of electing a Councilmember for District 2 and designating the Early Voting and Election Day precinct-specific polling locations and times.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A

CONFORMITY TO CITY POLICY:

This ordinance conforms to Article IX (Nominations and Elections) of the City Charter, authorizing the ordering of an election to be held on a uniform election date provided for in the Texas Election Code.

FINANCIAL IMPACT:

What is the amount of the revenue/expenditure in the current fiscal year? For future years?

The estimated expenditure to conduct the General and Special Elections is \$90,000.00 for Fiscal Year 2026. Funds are budgeted to cover the costs associated with the elections.

Is this a one-time or recurring revenue/expenditure?

Holding an election is a recurring expenditure.

Is this revenue/expenditure budgeted?

Yes, expenditures are budgeted.

Expenditures are budgeted in the General Fund, Legal Department under the following accounts:

- Personnel Services:
 - 100-51130-150-152-000000
 - 100-51610-150-152-000000
 - 100-51620-150-152-000000
 - 100-51700-150-152-000000
- Election Expense:
 - 100-55620-150-152-000000

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?

Yes.

RECOMMENDATION:

Staff recommends City Council approve the ordinance ordering a May 2, 2026 Special Election for the purpose of electing a Councilmember for District 2.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Ordinance
Exhibit A - Order of Special Election for Municipalities
Presentation

AN ORDINANCE ORDERING THE HOLDING OF AN ELECTION IN THE CITY OF KILLEEN, TEXAS, FOR THE PURPOSE OF ELECTING A COUNCILMEMBER FOR DISTRICT 2; PROVIDING FOR THE FILING OF WRITTEN APPLICATION TO HAVE THEIR NAMES PRINTED ON THE OFFICIAL BALLOT; SPECIFYING THAT THE PROVISIONS OF THE SPECIAL ELECTION LAWS SHALL CONTROL ALL QUESTIONS PERTAINING TO SUCH ELECTION; DESIGNATING THE POLLING LOCATIONS; PRESCRIBING THE CONTENTS OF THE OFFICIAL BALLOT; PROVIDING FOR ELECTION WORKER COMPENSATION; AND PROVIDING FOR POSTING AND PUBLICATION OF NOTICE OF ELECTION AND CONTAINING MISCELLANEOUS PROVISIONS.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KILLEEN:

SECTION I. That, pursuant to the laws of the State of Texas and the Charter of the City of Killeen, it is ordered by the City Council that a Special Election (Election) be held in the City of Killeen, Texas, on Saturday, May 2, 2026, for the purpose of electing a Councilmember for District 2. Any reference in this Ordinance hereinafter to "Election Day" shall mean May 2, 2026.

SECTION II. The manner of holding the Election and all questions pertaining to such Election shall be governed by the Texas Election Code, and the returns shall be made and canvassed and the results declared as in other legal elections of the City of Killeen.

SECTION III. Any eligible and qualified person may have his or her name printed upon the official ballot as an independent candidate for the office Councilmember, District 2 by filing a written application with the City Secretary beginning Wednesday, February 18, 2026, through Tuesday, March 3, 2026, by 5:00 p.m. Any person wishing to file a declaration of write-in candidacy must do so not later than Tuesday, March 3, 2026, by 5:00 p.m.

SECTION IV. The names of all those who have filed their written applications to have their names printed on the official ballot as candidates shall be posted by the City Secretary in a conspicuous place at his/her office for the inspection of the public for at least ten (10) days before he/she orders the ballot to be printed. The City Secretary shall preserve in his/her office for a period established by the Texas State Library and Archives

Commission and adopted by the City all applications, statements, notice of objections and other related papers.

SECTION V. Any person eligible for the office Councilmember, District 2 who has filed his or her written application in accordance with the provisions of this Ordinance shall have his or her name printed on the official ballot. Any such person may cause his or her name to be withdrawn at any time prior to 5:00 p.m. on Friday, March 6, 2026, by filing in writing with the City Secretary, a request to that effect over his or her signature, duly attested to by a Notary Public. No name so withdrawn shall be printed on the ballot. Not later than twenty (20) days before the Election, the City Secretary shall have the official ballots printed.

SECTION VI. Each qualified voter who desires to cast an early vote or who expects to be absent on the date of the Election shall be entitled to an official ballot, and to cast such ballot in accordance with the applicable provisions of the Texas Election Code, Title 7, beginning Monday, April 20, 2026, and continuing through Tuesday, April 28, 2026, with no voting occurring on Tuesday, April 21, 2026, Saturday, April 25, 2026, or Sunday, April 26, 2026. The City Secretary will serve as the Early Voting Clerk, who may appoint by written order one (1) or more temporary deputies to serve as Deputy Early Voting Clerks, in accordance with the applicable law. Early Voting will be held in the first floor foyer/lobby of Killeen City Hall (*Main Early Voting Location*), 101 North College Street, Killeen, TX 76541 (*mailing address: 101 N. College Street, Killeen, TX 76541, Attention: Early Voting Clerk*), the Jackson Professional Learning Center (*Branch Early Voting Location*), 902 Rev R A Abercrombie Drive, Killeen, TX 76543 and at the Killeen Lions Park Senior Center (*Branch Early Voting Location*), 1700-B E. Stan Schlueter Loop, Killeen, TX 76542 between the hours of 8:00 a.m. to 5:00 p.m. on each day of Early Voting, except Saturdays, Sundays and official State or City holidays. Provided, however, that on the first and last day of Early Voting, the hours shall be 7:00 a.m. to 7:00 p.m. For the Election those dates shall be Monday, April 20, 2026, and Tuesday, April 28, 2026.

Applications for ballot by mail shall be mailed to:

Laura Calcote, Early Voting Clerk
101 N. College Street
Killeen, TX 76541

(254) 501-7717

citysec@killeentexas.gov

<https://www.killeentexas.gov/717/2026-Special-Election>

Applications for Ballots by Mail (ABBM)s must be received no later than the close of business on: Monday, April 20, 2026.

Federal Post Card Applications (FPCAs) must be received no later than the close of business on: Monday, April 20, 2026.

Exhibit A, "Order of Special Election for Municipalities," to this Ordinance summarizes the aforementioned Election information and will be posted accordingly at Killeen City Hall.

SECTION VII. The Election shall be held in the hereafter-designated Election Day polling locations between the hours of 7:00 a.m. to 7:00 p.m.

PRECINCTS #203/208/209/210/214/215/217

Cedar Valley Elementary School
4801 Chantz Drive
Killeen, TX 76542

PRECINCTS #205/207

Jackson Professional Learning Center
902 Rev R A Abercrombie Drive
Killeen, TX 76543

SECTION VIII. The City Council shall appoint Election Day presiding judges and alternate presiding judges at the aforementioned precinct polling locations and also appoint a presiding judge and an alternate presiding judge to the Early Voting Ballot Board to process the early voting results and conduct additional official duties as prescribed by the Texas Election Code. If neither the presiding judge nor the alternate judge can serve, and their inability to serve is discovered so late that it is impracticable to fill the vacancy in the normal manner, the Mayor shall have the authority and is hereby directed to appoint a replacement judge to preside at the Election. The presiding judge for each precinct shall appoint no more than two (2) election clerks, in addition to the alternate presiding judge, to assist the presiding judge in the conduct of the Election. The presiding judges, alternate presiding judges and clerks shall be paid \$20.00 per hour for serving in such capacities, and the presiding judges and/or alternate presiding judges shall be paid an additional \$25.00 for delivering the returns of such Election to the City Secretary for proper

tabulation. No presiding judge, alternate presiding judge or clerk shall be compensated for a period in excess of the time extending from one (1) hour before the polls open until two (2) hours after the polls close. The Early Voting Ballot Board/Central Counting Station presiding judge is entitled to a minimum compensation of five (5) hours' pay regardless of the amount of time worked, for a total of \$100.00, for serving in such capacity that will include proper tabulation. The Early Voting Ballot Board/Central Counting Station alternate presiding judge and additional member is entitled to a minimum compensation of three (3) hours' pay regardless of the amount of time worked, for a total of \$60.00, for serving in such capacity that will include proper tabulation. No later than the twenty-first (21st) day after Election Day, the Early Voting Ballot Board will need to reconvene to conduct the Post-Election Hand Count Audit and shall be compensated at \$20.00 per hour for such services. Additionally, if the Early Voting Ballot Board needs to reconvene to tabulate provisional ballots or any mail ballots after Election Day, they shall be paid an additional \$20.00 per hour for such services.

SECTION IX. The following positions shall be set forth on digital scan and paper ballots hereinafter provided, in substantially the following form:

**CITY OF KILLEEN SPECIAL ELECTION
MAY 2, 2026
OFFICIAL BALLOT**

Councilmember, District 2
(Miembro del Consejo, Distrito Electoral 2)
Vote for None or One (1)
(Vote por ninguno o uno (1))

() _____
() _____
() _____

SECTION X. Digital scan ballots, the DS200 Digital Tabulator and the ExpressVote Universal Voting System shall be used for voting by personal appearance during Early Voting, curbside voting and on Election Day. Privacy screens shall be used by voters marking ballots by personal appearance for Early Voting and on Election Day. Paper ballots and the DS200 Digital Tabulator shall be used for voting by mail.

SECTION XI. All resident qualified electors of the City of Killeen shall be permitted to vote at the Election.

SECTION XII. The election materials enumerated in the Texas Election Code, Sec. 272.001, et seq., shall be printed and furnished in both English and Spanish for use at each polling location for Early Voting and on Election Day.

SECTION XIII. A traditional polling location set up will be used at the polls for Early Voting and on Election Day.

SECTION XIV. Notice of Election shall be given by posting substantial copies of the Notice of Election as prescribed by the Secretary of State's office in both English and Spanish at Killeen City Hall, the official City of Killeen website and at three (3) other public places in the City at least thirty (30) days prior to the date set for the Election; and substantial copies of the Notice of Election in both English and Spanish shall be published on the same day of the week, for two (2) successive weeks, in a newspaper of general circulation in the City, the date of first publication to be not less than fourteen (14) days prior to the date set for the Election.

SECTION XV. Returns of the Election shall be made by the election officers to the City Council at a meeting following the Election; the returns will be canvassed and the results of the Election declared as prescribed by the Texas Election Code and the City Charter.

SECTION XVI. It is officially found, determined and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at the meeting, including this Ordinance, was given, all as required by the applicable provisions of the Texas Government Code, Sec. 551.001, et seq.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Killeen, Texas, this 17th day of February 2026, at which meeting a quorum was present, held in accordance with the provisions of the Texas Government Code, Sec. 551.001, *et seq.*

APPROVED:

Debbie Nash-King, MAYOR

ATTEST:

Laura J. Calcote, CITY SECRETARY

APPROVED AS TO FORM:

Holli C. Clements, CITY ATTORNEY



Applications for ballot by mail shall be mailed to:
(Las solicitudes para boletas que se votarán adelantada por correo deberán enviarse a:)

Laura Calcote

Name of Early Voting Clerk
(Nombre del Secretario/a de la Votación Adelantada)

101 N. College Street

Address (Dirección)

Killeen 76541

City (Ciudad) Zip Code (Código Postal)

(254) 501-7717

Telephone Number (Número de teléfono)

citysec@killeentexas.gov

Email Address (Dirección de Correo Electrónico)

<https://www.killeentexas.gov/717/2026-Special-Election>

Early Voting Clerk's Website (Sitio web del Secretario/a de Votación Adelantada)

Applications for Ballots by Mail (ABBMs) must be received no later than the close of business on:
(Las solicitudes para boletas que se votarán adelantada por correo deberán recibirse no más tardar de las horas de negocio el:)

04 / 20 / 2026

(date)(fecha)

Federal Post Card Applications (FPCAs) must be received no later than the close of business on:
(La Tarjeta Federal Postal de Solicitud deberán recibirse no más tardar de las horas de negocio el:)

04 / 20 / 2026

(date)(fecha)

Issued this 17 day of 02, 20 26.
(day) (month) (year)

(Emitida este día 17 de 02, 20 26.)
(día) (mes) (año)

Signature of Mayor (Firma del Alcalde)

Signature of Councilperson
(Firma del Concejal)

Signature of Councilperson
(Firma de Concejal)

Signature of Councilperson
(Firma del Concejal)

Signature of Councilperson
(Firma del Concejal)

Signature of Councilperson
(Firma del Concejal)

Signature of Councilperson
(Firma de Concejal)

Instruction Note: A copy of this election order must be delivered to the County Clerk/Elections Administrator and Voter Registrar not later than 60 days before election day.

Nota de Instrucción: Se deberá entregar una copia de esta orden de elección al/a la Secretario(a) del Condado/Administrador(a) de Elecciones y el/la Registrador(a) de Votantes a más tardar 60 días antes del día de elección.

A stylized graphic consisting of a grey five-pointed star at the top right, with a curved line extending from its base towards the bottom left. The line is flanked by two grey trapezoidal shapes, one above and one below, creating a sense of motion or a path.

ORDERING THE MAY 2, 2026
SPECIAL ELECTION FOR
DISTRICT 2

OR-26-005

February 17, 2026

Background & Purpose of Special Election

2

- District 2 Councilmember resigned on January 30th
- Vacancy was created on February 7th
- Texas Election Code, Chapter 201, provides for the ordering of an election to fill a vacancy

Application and Voting Dates

3

- Applications for name placement on ballots:
 - ▣ First day – Wednesday, February 18, 2026
 - ▣ Last day – Tuesday, March 3, 2026, by 5:00 p.m.
- Early Voting dates (weekdays only):
 - ▣ Monday, April 20, 2026 (7:00 a.m. to 7:00 p.m.)
 - ▣ **Tuesday, April 21, 2026 (No Voting – State Holiday)**
 - ▣ Wednesday, April 22, 2026 (8:00 a.m. to 5:00 p.m.)
 - ▣ Thursday, April 23, 2026 (8:00 a.m. to 5:00 p.m.)
 - ▣ Friday, April 24, 2026 (8:00 a.m. to 5:00 p.m.)
 - ▣ Monday, April 27, 2026 (8:00 a.m. to 5:00 p.m.)
 - ▣ Tuesday, April 28, 2026 (7:00 a.m. to 7:00 p.m.)
- Election Day:
 - ▣ Saturday, May 2, 2026 (Polls open 7:00 a.m. to 7:00 p.m.)

Early Voting Polling Locations

4

- Killeen City Hall – *Main Early Voting Location*
- Jackson Professional Learning Center – *Branch Early Voting Location*
- Killeen Lions Club Park Senior Center – *Branch Early Voting Location*

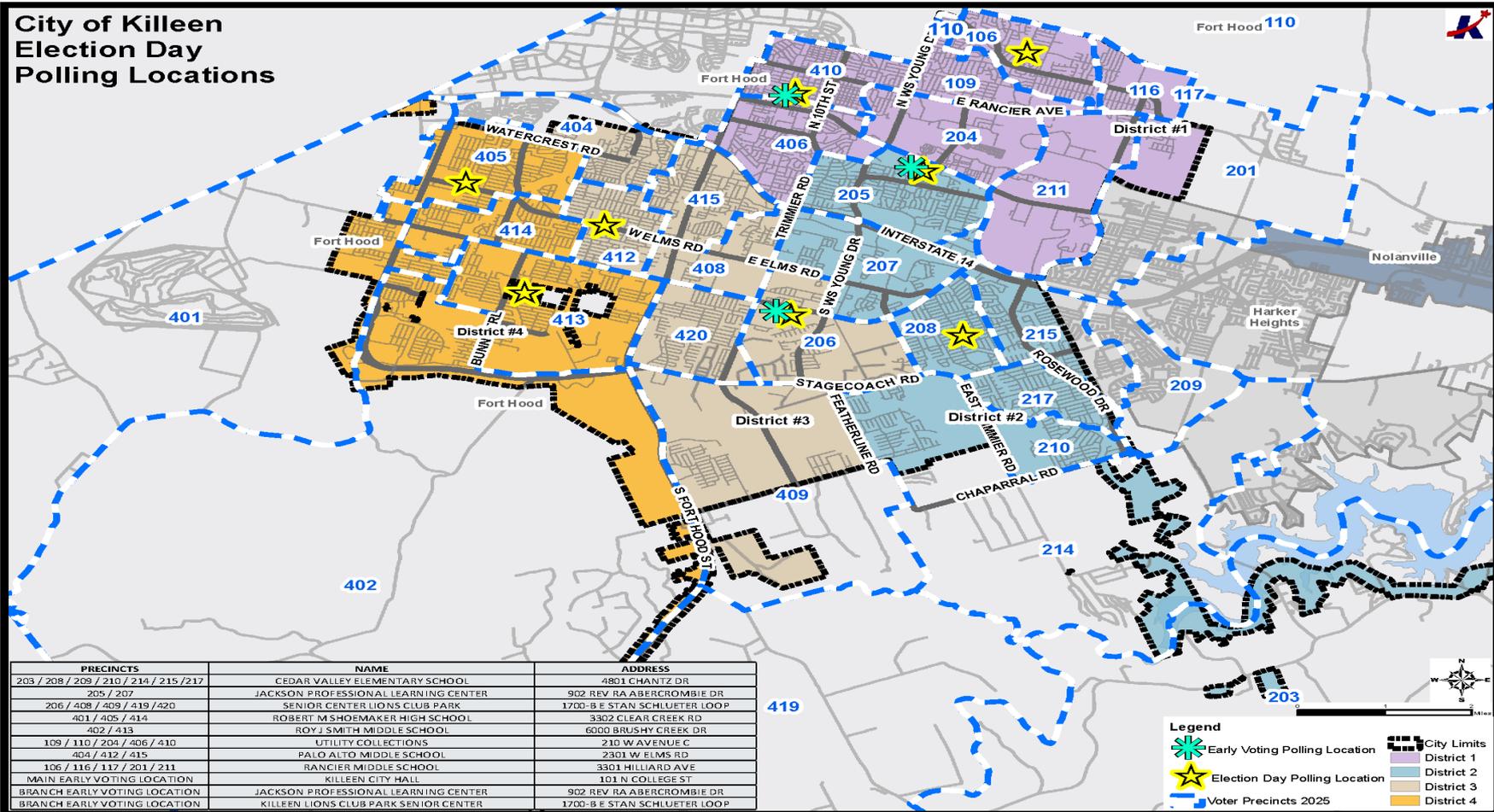
District 2 Election Day Polling Locations

5

- Precincts #203/208/209/210/214/215/217 – Cedar Valley Elementary School
- Precincts #205/207 – Jackson Professional Learning Center

Polling Locations Map

City of Killeen Election Day Polling Locations



PRECINCTS	NAME	ADDRESS
203 / 208 / 209 / 210 / 214 / 215 / 217	CEDAR VALLEY ELEMENTARY SCHOOL	4801 CHANTZ DR
205 / 207	JACKSON PROFESSIONAL LEARNING CENTER	902 REV RA ABERCROMBIE DR
206 / 408 / 409 / 419 / 420	SENIOR CENTER LIONS CLUB PARK	1700-B E STAN SCHLUETER LOOP
401 / 405 / 414	ROBERT M SHOEMAKER HIGH SCHOOL	3302 CLEAR CREEK RD
402 / 413	ROY J SMITH MIDDLE SCHOOL	6000 BRUSHY CREEK DR
109 / 110 / 204 / 406 / 410	UTILITY COLLECTIONS	210 W AVENUE C
404 / 412 / 415	PALO ALTO MIDDLE SCHOOL	2301 W ELMS RD
106 / 116 / 117 / 201 / 211	RANCIER MIDDLE SCHOOL	3301 HILLIARD AVE
MAIN EARLY VOTING LOCATION	KILLEEN CITY HALL	101 N COLLEGE ST
BRANCH EARLY VOTING LOCATION	JACKSON PROFESSIONAL LEARNING CENTER	902 REV RA ABERCROMBIE DR
BRANCH EARLY VOTING LOCATION	KILLEEN LIONS CLUB PARK SENIOR CENTER	1700-B E STAN SCHLUETER LOOP

Legend

- Early Voting Polling Location
- Election Day Polling Location
- Voter Precincts 2025
- City Limits
- District 1
- District 2
- District 3
- District 4

Voting Equipment Utilized

7

ExpressVote Universal Voting System



Electronic Pollbook (ePollbook)



DS200 Digital Tabulator



Recommendation

8

Staff recommends City Council approve the ordinance ordering a *May 2, 2026* Special Election for the purpose of electing a Councilmember for District 2



City of Killeen

Staff Report

File Number: DS-26-016

Update regarding Vehicle Wash Facility Annual Certification Program



**CAR WASH
ANNUAL CERTIFICATION
PROGRAM UPDATE**

DS-26-016

February 17, 2026

Background

- On March 19, 2024, City Council adopted a water conservation ordinance (Ordinance No. 24-008), which amended Killeen Code of Ordinances Sec. 8-242 to require annual certification of all car wash facilities in Killeen.
- The intent of the program is to establish minimum standards for best water use practices and enforce facility maintenance requirements for new and existing carwashes.

Background

3

- The ordinance identifies three (3) types of car washes facilities:
 1. Conveyor Systems;
 2. In-Bay Automatic Systems; and
 3. Self-Service car washes.

Conveyor System

4



In-Bay Automatic System

5



Self-Service Car Wash

6



Program Requirements

- All new conveyer and in-bay automatic car washes must be equipped with and utilize a water recycling system that reuses at least 50% of the water from the previous vehicle rinse in subsequent washes.
- Any existing conveyer or in-bay automatic car wash that is equipped with a water recycling system must use the water recycling system and reuse a minimum of 50% of the water from the previous vehicle rinses in subsequent washes.

Program Requirements

- New conveyer systems shall not use more than thirty-five (35) gallons of water per vehicle.
- New in-bay automatic car washes shall use no more than forty-five (45) gallons of water per vehicle.
- New self-service car washes must utilize a positive shut-off device spray wands with a flow rate of no more than three (3) gallons of water per minute.

Program Requirements

- New and existing car washes owners shall ensure that no water leaks are present in the vehicle washing equipment.
- Any person in violation of these requirements is subject to a fine, as provided in Killeen Code of Ordinances Sec. 1-8, and each day the violation continues constitutes a separate offense.

Car Wash Facility Responsibilities

- ❑ Car wash facility responsibilities include:
 - ❑ Using the water recycle systems as designed;
 - ❑ Maintain records demonstrating the use of water recycling systems;
 - ❑ Making facilities available for inspection when needed;
 - ❑ Hiring a licensed plumbing inspector or licensed plumber to evaluate and inspect wash equipment at least annually; and
 - ❑ Following and implementing water conservation methods and practices.

Car Wash Facility Responsibilities

- City of Killeen enforcement responsibilities include:
 - Providing program education and public awareness information;
 - Implementing the annual certification program;
 - Verifying completed evaluation forms and tracking compliance plans;
 - Maintaining program efforts and compliance records;
 - Coordinating with BPAT regarding backflow prevention and grit-trap waste management; and
 - Taking enforcement actions when necessary.

Compliance Summary – 2024

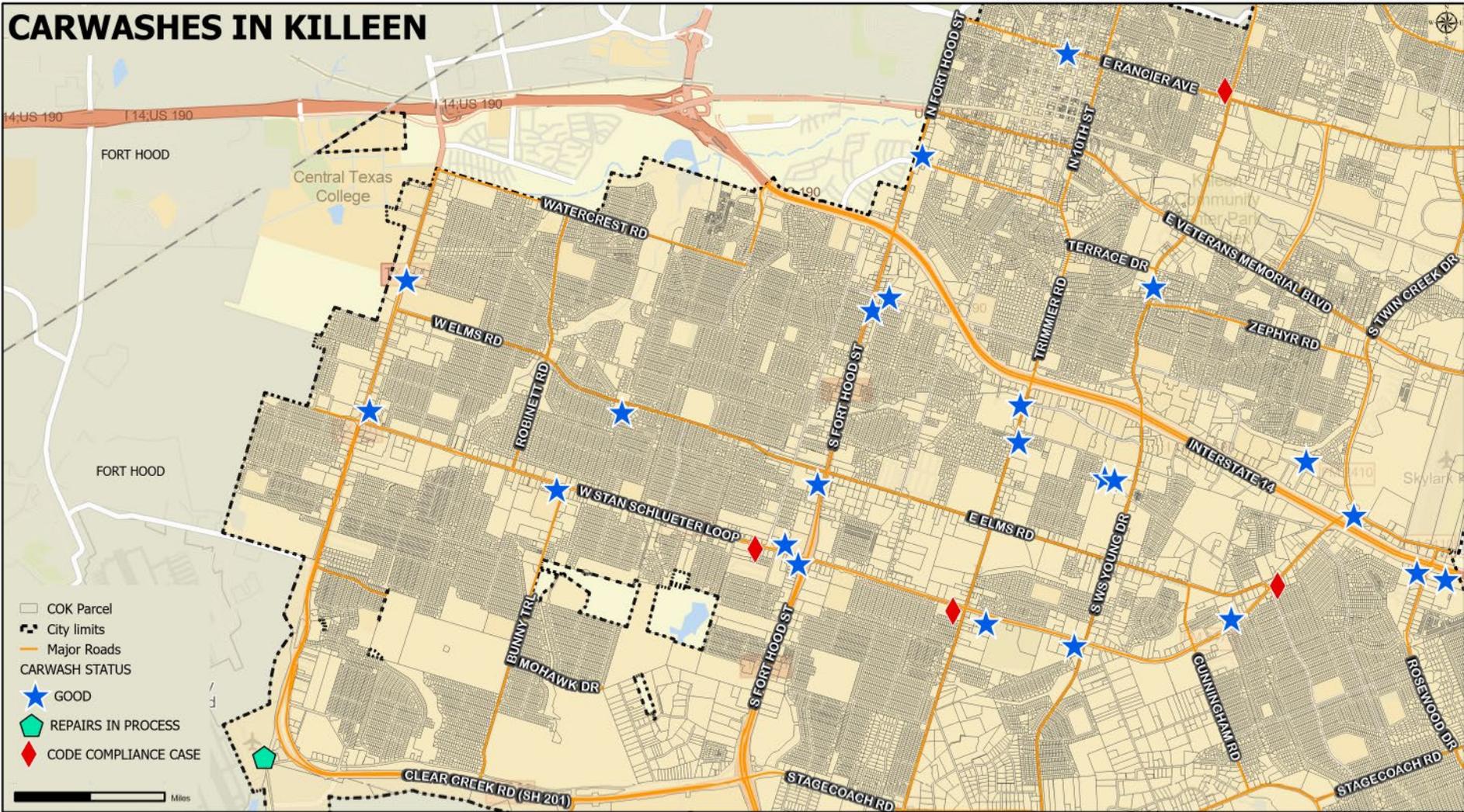
12

- In Program Year 2024, City staff performed on-site visits to all car washes to educate business owners of new requirements.
- All identified facilities complied in 2024.

Compliance Summary – 2025

- In Program Year 2025, City staff implemented the second year of the program, notifying all car wash facilities to renew their annual certification.
- Staff has identified 28 active car wash facilities in Killeen. To date, 23 are in compliance, 1 has repairs in process, and 4 are non-compliant.
- Code Enforcement cases for the 4 noncompliant car washes have been opened.

CARWASHES IN KILLEEN





City of Killeen

Staff Report

File Number: DS-26-017

Discuss renaming of street in honor of Bettie Ann McLaurin

Regular 03-28-2023
Item # RS-23-061
CCM/R 23-059R

CITY COUNCIL MEMORANDUM FOR RESOLUTION

DATE: March 21, 2023
TO: Kent Cagle, City Manager
FROM: Leslie K. Hinkle, Executive Director of Community Development
SUBJECT: Policy for City Facility Naming & Renaming and Name Changes/Renaming of City Streets

BACKGROUND AND FINDINGS:

There was a motion of direction from city council to develop a City of Killeen Facility Naming & Renaming and Name/Changes/Renaming of City Streets Policy. After researching other Texas municipal policies related to such, city staff drafted a policy for facility naming/renaming and name changes/renaming of city streets that conforms to existing Killeen Code of Ordinances outlined in Article IV. Section 25. Staff briefed the council on this item on February 21, February 28, and March 21, 2023 with further motions of direction for changes.

The policy contains the following:

Purpose- to define the process, objective, policies procedures and responsibilities associated with the renaming/naming of City facilities and City streets in honor of individuals, community organizations or corporations.

Definitions- terms used throughout the policy

Objective - to establish a systematic, consistent process and approach for the official naming of City facilities and naming/renaming of City streets.

Policy & Guidelines - emphasizes criteria establishing community tradition and continuity of name, while utilizing established criteria that emphasize geography, local history, community values and character, civics, and service to the City of Killeen in the naming/renaming of City facilities and name changes/renaming of City streets.

Changes to the draft policy from the motions of direction on February 28, 2023 and March 21, 2023 are:

1. Division 6. Policy (c) xiii.- Removed the first sentence of that section, "The City reserves the right to change the name to maintain consistency with these policies." Added "All existing City facilities that have experienced a name change will be grandfathered and never changed, with the exception of Killeen regional airport."
2. Division 6. (c) i.- At least 90 days prior to opening a new city facility, the city council will propose a name, to the City Manager for consideration.
3. Item v. in same Division 6. (c) v.- Once City Manager has received the recommendation from city council and when applicable the related board or commission, a recommendation will be made to the full City Council.

THE ALTERNATIVES CONSIDERED:

1. Adopt the Naming/Renaming of City Facilities and Name Changes/Renaming of City Streets Policy and Guidelines.
2. Adopt the Naming/Renaming of City Facilities and Name Changes/Renaming of City Streets Policy and Guidelines with changes.
3. Do not adopt the Naming/Renaming of City Facilities and Name Changes/Renaming City Streets Policy and Guidelines

Which alternative is recommended? Why?

Staff recommends adopting the Naming/Renaming of City Facilities and Name Changes/Renaming of City Streets Policy and Guidelines.

CONFORMITY TO CITY POLICY:

Yes, incorporates the existing requirements for street renaming or street name changes in Killeen Code of Ordinances, Article IV, Section 25-119, 120.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

Staff recommends adopting the Naming/Renaming of City Facilities and Name Changes/Renaming of City Streets Policy and Guidelines.

DEPARTMENTAL CLEARANCES:

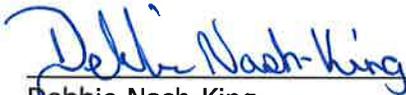
Legal
Development Services

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KILLEEN:

That the above stated recommendation is hereby approved and authorized.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Killeen, Texas, this the 28th day of March 2023, at which meeting a quorum was present, held in accordance with the provisions of V.T.C.A., Government Code, § 551.001 *et seq.*

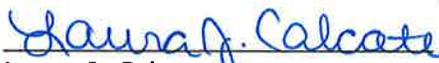
APPROVED


Debbie Nash-King
MAYOR

APPROVED AS TO FORM:


Holli C. Clements
CITY ATTORNEY

ATTEST:


Laura J. Calcote
CITY SECRETARY





City of Killeen

NAMING/RENAMING OF CITY FACILITIES & NAME CHANGES/RENAMING OF CITY STREETS POLICY AND GUIDELINES

ADOPTED VIA RESOLUTION: 23-059

DATE: MARCH 28, 2023



NAMING/RENAMING OF CITY FACILITIES & NAME CHANGES/RENAMING OF CITY STREETS POLICY & GUIDELINES

DIVISION 1. PURPOSE

Sec. 1. Purpose

To define the process, policies, procedures, and responsibilities associated with the naming or renaming of City facilities and name changes/renaming of City streets in honor of individuals, community organizations or corporations.

DIVISION 2. OBJECTIVE

Sec. 2. Objective

- (a) To establish a systematic, consistent process and approach for the official naming or renaming of City facilities and name changes/renaming of City streets.
- (b) To establish a policy that considers community tradition and continuity of name, while utilizing established criteria that emphasize geography, local history, community values, character, civics, and service to the City of Killeen in the naming or renaming of City facilities and name change/renaming of City streets.

DIVISION 3. SCOPE

Sec. 3. Scope

- (a) All City of Killeen owned property and City of Killeen public streets

DIVISION 4. DEFINITIONS

Sec. 4. Definitions

- (a) City facilities are those that house employees or are otherwise used to conduct city business or serve a city function.
- (b) Owning department is the city department responsible for operation, maintenance, and oversight of the facility, or operates a facility and maintains oversight of programs or services emanating from said facility. However, the owning department can be defined as the department that operates said facility and has oversight of facility programming and operations.
- (c) Naming request proposal includes original request, supporting documentation, public comment, and owning department's evaluation and recommendation.
- (d) Park sites are city owned parks, open space and trail areas. Park sites include developed and undeveloped park areas and designated open space areas.



- (e) Significant financial contribution would cover any/all direct/indirect costs associated with the development, creation of signage to include facilities and/or rooms within facilities. There would be no cost to the City.
- (f) Street - The term "street" shall include any highway, alley, street, avenue or public place or square, bridge, viaduct, underpass, overpass, tunnel or causeway in the city dedicated or devoted to public use.
- (g) Corporate Sponsorship- Internal/external signage in the facility and or room guarantees the naming rights sponsor and significant brand exposure at the specific City facility and or room within the facility.

DIVISION 5. RESPONSIBILITIES

Sec. 5. Responsibilities

- (a) The requesting entity will secure the Naming/Renaming of City Facilities and Name Changes/Renaming of Streets Policy and Guidelines packet, to include the application packet from the City Secretary office.
- (b) The requesting entity for City Facility naming or renaming will submit their application to the City Manager's Office with supporting information to demonstrate compliance with the required criteria outlined below.
- (c) The requesting entity for the street name change or renaming will submit their application to the Department of Development Services.
- (d) Those submitting a naming or renaming request should show how the proposed name is consistent with the criteria stated in this policy.
- (e) When naming or renaming after a person or persons, the requesting entity will describe the contributions to the City.
- (f) Upon receiving the application, the City manager's office will forward the application and supporting documents to the appropriate owning department for review.
- (g) When the owning department has an advisory board, this board will review and add recommendations related to said request.
- (h) The owning department will gather appropriate documentation and evaluate the request against the applicable criteria.
 - i. City staff from the owning department will review the proposal for adherence to the stated criteria and authentication of statements relative to contributions and/or service.
 - ii. If the request is incomplete, staff will contact the applicant, in writing, and provide them with the opportunity to resubmit a revised request. No other request for information will be made by staff. If staff does not receive the requested information, no further processing of the request will occur.
 - iii. Comments/recommendations will be compiled by the owning department and included in the



final request package to the City Manager, who will then route the request to go before City Council for final direction through vote.

- iv. The City Council is responsible for the final approval of the proposed name.

DIVISION 6. POLICY

Sec. 6-1. Policy

- (a) Requests will not be considered when submitted by an individual or a group for self-nomination. The only exception to this policy is when a significant financial contribution is made, and the naming is a condition of the gift.
- (b) The following criteria shall be used in determining the appropriateness of the naming designation:
 - i. Geographic location (neighborhood, significant areas, etc.).
 - ii. Natural features.
 - iii. A person (non-living) or place of historical or cultural significance.
 - iv. A person (non-living), group, or feature particularly identified with the land or facility.
- (c) Additionally, naming of City facilities and renaming City streets may be considered if the individual, their family, community organization or corporation has made exceptional contributions to the City, including one or more of the following:
 - i. Demonstrated excellence, courage, or exceptional service to the citizens of the City of Killeen (sustained, continuous public services over a period of 25 years or two-thirds of the person's life span).
 - ii. Worked to foster equality and reduce discrimination.
 - iii. Made an outstanding contribution to the City of Killeen.
 - iv. Made a significant financial contribution to the City of Killeen.
 - v. Public service as an elected official.
 - vi. Public service as a community volunteer.
 - vii. Risked or given his or her life to save others.
 - viii. There must be a well-defined connection associated with the contributions of the individual, community organization or corporation and the City facility or City Street.
 - ix. The significance of the contribution from the individual/organization or corporation needs to be evaluated in terms of the service impact of the City facility or City street. Programs and projects must be described in specific quantifiable terms.



CITY OF KILLEEN

- x. Individuals, organizations, or corporations that have made contributions of regional or community wide significance may be considered for naming of City facilities or renaming City Streets that serve the region or community.
- xi. Individuals, organizations, or corporations that have made contributions of area or neighborhood wide significance may be considered for naming of City facilities or renaming of City Streets that serve areas or neighborhoods within the City.
- xii. Names that are similar to existing parks, properties, facilities and existing City streets in the City system (or other systems in the region) should not be considered in order to minimize confusion.
- xiii. Further, all existing City facilities that have experienced a name change will be grandfathered with current names and not changed, with the exception of the Killeen regional airport.
- xiv. When City property is named for an individual/organization or corporation, this action in no way gives the individual, family members or organization naming rights over other features on the property. Features within the facility or on the property will remain eligible for naming without the consent of the individual, family members or corporation for which the property is currently named.

Existing Facilities

- i. Requests to rename existing facilities will be received by the City Manager's Office and directed to the appropriate City department for further investigation and evaluation against the criteria established in the policy.
- ii. Following the review, the appropriate Commission or Board may require a review of the proposed name change, if necessary
- iii. Once all relevant documentation is compiled, the owning department will notify the City Manager of the Board or Commissions response.
- iv. Once City Manager has received the review from owning department and/or board or commission, a recommendation will be made to the full City Council.

New Facilities

- i. At least 90 days prior to opening a new city facility, the City Council will propose a name to the City Manager for consideration.
- ii. Following the review, the appropriate Commission or Board may require a review of the proposed name change, if necessary
- iii. Once all relevant documentation is compiled, the owning department will notify the City Manager of the Board or Commissions response.



- iv. The naming request proposal to include recommendations, relevant documentation and public comment will be summarized for consideration by the City Council.
- v. Once City Manager has received the recommendation from the City Council, and/or board or commission, a recommendation will be made to the full City Council.

Other Considerations

- i. Costs – Evaluate fiscal impacts (both direct and indirect) to the requester and affected community and consider which costs the requester should bear.
- ii. Interior and Exterior City Facility Signage - all requests for new or additional signage will be consistent with the City of Killeen sign ordinance. All requests will also be similar in size, style, color, material, font, etc. to existing exterior facility signage or interior room signage. All requests for signage will include an example of proposed
- iii. Signage - The design and approval will generate from the owning department. All proposed/approved signage will include the applicable City of Killeen or established facility logo.
- iv. Precedent – Determine whether an action to rename a facility might establish a desirable or undesirable precedent.
- v. Corporate Sponsorship Facility Naming Program- Will enter a long-term agreement with a selected party for an initial term of five (5) years. A first right to renew for a further five (5) years based on a reviewed commercial agreement may be available.
- vi. The sponsor will be expected to meet all costs associated with the production, installation, maintenance, and insurance of approved signage and/or advertising.
- vii. To lodge an Expression of Interest (EOI) for Venue Naming Rights please provide the following:
- viii. Indicative level of investment
- ix. Defined partnership objectives and requirements
- x. Any additional value you could bring to the sponsorship
- xi. Company details
- xii. Main contact details
- xiii. Other sponsorship relationships, where applicable
- xiv. The naming right/corporate sponsor needs to offer an already established brand that fits with the general use of the venue and does not conflict with city's needs and requirements. The City of Killeen will require an appropriate annual (or up-front) payment from the successful company for this exclusive opportunity.



- xv. The EOI should identify the proposed payment arrangement, including the method of any annual or other increase in the payment, (e.g., set annual increase or decrease with CPI).

Parks Facilities

- i. Recreation Services Advisory Board of the Killeen Recreation Services Department may review proposals from community organizations to name new parks, buildings and other facilities, or when appropriate, to review proposals from community organizations to change the name of existing parks, buildings and facilities within the Department's inventory. If there is a deed restriction or the given name is of special historical or geographic significance, the property is not eligible for renaming. The Recreation Services Advisory Board will make recommendations and forward proposals, which meet the criteria outlined in this policy, to the City Manager's office. Once the City Manager has determined the request is appropriate and complete, the request will then be forwarded to the City Council and Mayor for approval. See Attachment B for this process required.

Library Facilities

- i. The Friends of the Killeen Public Library may review proposals from the community to name new, relocated or significantly remodeled library buildings, or when appropriate, to review proposals for the renaming of existing facilities. The Friends of the Killeen Public Library will review proposals, which meet the criteria, and forward proposals to the City Manager. Once the City Manager has determined the request is appropriate and complete, the request will then be forwarded to the City Council and Mayor for approval. See Attachment B for process required.

City Streets

- i. Street name changes or renaming will utilize the same considerations as the facility naming/renaming outlined in Division 6, Section C
- ii. Applications for a street name change may also be considered for any one (1) of the following reasons, which must be specified in the application:
 - 1. To establish continuity of the street's name.
 - 2. To eliminate name spelling duplication, phonetic duplication, or misspelling.
 - 3. To bring coherence to the street numbering designation (east, west, north, south).
 - 4. To provide necessary roadway designation (street, road, lane, circle, drive, boulevard, and similar designations);
 - 5. To honor a person, place, institution, group, entity, event or similar subject.
 - 6. To enhance a neighborhood through association of the street name with its location, area characteristics, history, and similar factors.
- iii. In all instances where it is the city's recommendation that a street name be changed, the department head shall file a request for a change of the name of a street with the Department of Development Services. The written request shall state the present official name of the city street, the proposed new name, and a statement of reason or reasons from among those listed above, claimed for such a name change.



Application by Petition

- i. An application for a change of the name of a street may be filed by any person, group, firm, or agency with the Department of Development Services in the form of a petition signed by not fewer than fifty (50) percent of all owners, or owner's attorney-in-fact of property abutting the subject street. "Owners" of such abutting property shall be determined by the then current city real property ad valorem tax roll.
- ii. The application shall state the present official name of the city street, the proposed new name, and the name and address of each person, group, agency, or entity requesting the street name change; a statement of reason or reasons from among those listed above, claimed for such a name change; and the person, group, agency or entity responsible for payment of the city's costs for installing standard city street name signs.

Processing

- i. Upon receipt of an application by petition, the Department of Development Services shall confirm that the petition meets the requirements of section 25-119 of the Killeen Code of Ordinances and the city-initiated request meets the requirements of section 25-120 the Killeen Code of Ordinances.
- ii. Upon confirming that the petition or city-initiated request meets the requirements of this article, the Department of Development Services shall forward such to the Department of Public Works to determine the costs associated with installation of new city street name signs. The department of Development Services shall, no earlier than fifteen (15) days prior to the date of the proposed public hearing, mail written notice of the public hearing to property owners abutting the street in which the street name is proposed to be changed and publish notice of the date and time of the public hearing in the local newspaper.
- iii. A public hearing shall be held by the city council prior to disposing of the petition or city-initiated request.
- iv. In all cases where the application by petition has been approved by the city council, such approval is contingent on the city's receipt of payment for the costs associated with the installation of new city street name signs by the person, group, agency, or entity designated on the application as responsible for such payment.

Post-council procedure

- i. All city council approved street name changes shall be forwarded to the Department of Public Works for implementation upon receipt of payment for the costs associated with installation of the new city street name signs.
- ii. The City Secretary shall provide a copy of each street name change ordinance, as recorded in official minutes of the city council, to the local utility companies, U.S. Postal Service, and Bell County voter registrar's office.



ATTACHMENT A
AMENDMENT HISTORY

Date	Resolution Number



CITY OF KILLEEN

Attachment B

CITY FACILITYNAMING//RENAMING APPLICATION FORM

*Please return to City Manager's Office
101 N. College Street, Killeen, TX 76541*

Requestor Name/Organization/Corporation: _____

Requestor Contact Information: _____
(telephone and email)

Facility Information: _____

Location/Address of City Facility/Street: _____

Function of City Facility/Street: _____

Current Name of City Facility/Street: _____

Proposed Name of City Facility/Street: _____



Attachment B -Information Required for City Facility Naming/Renaming

1. How did the individual, organization or corporation demonstrate excellence, courage or exhibit exceptional service to the citizens of the City of Killeen? (sustained, continuous public service over a period of 25 years or two-thirds of the person's life span)

2. How did this work foster equality or reduce discrimination?

3. What outstanding contributions did this individual and/or individual's organization make to the City of Killeen?

4. Has this individual made a financial contribution to the City of Killeen? How much?

5. Has this individual served in public office and how long was the service in public office?

6. Has this individual demonstrated that they have served in a volunteering role in City of Killeen?

7. Has this individual given his/her life to save others?

8. How does this request fulfill a well-defined connection associated with the contributions of the individual, community organization or corporation and the City facility naming/renaming request?

9. Describe the significance of the contribution from the individual/organization/corporation and the service impact to the City facility. Programs and projects must be described in specific quantifiable terms.

Requestor Signature _____ Date _____

TO BE COMPLETED BY CITY MANAGER OR DESIGNEE

Approved & Forwarded for Consideration Denied _____

Printed Name _____ Date _____

Signature: _____



CITY OF KILLEEN

Attachment C

CITY STREET NAME CHANGE/RENAMING APPLICATION FORM

Please return to Development Services

200 East Avenue, Municipal Annex

2nd Floor D, Killeen, TX 76541

Requestor Name/Organization/Corporation: _____

Requestor Contact Information: _____
(telephone and email)

Location/Address of Street: _____

Function of City Street: _____

Current Name of City Street: _____

Proposed Name of City Street: _____

Requestor Signature _____

Date _____



Attachment C CONTINUED - Application Information Required for City Street Naming/Renaming:

Applications for a street name change may also be considered for anyone (1) of the following reasons, which must be specified in the application:

1. How did the individual, organization or corporation demonstrate excellence, courage or exhibit exceptional service to the citizens of the City of Killeen? (Sustained, continuous public service over a period of 25 years or two-thirds of the person's life span)
2. How did this work foster equality or reduce discrimination?
3. What outstanding contributions did this individual and/or individual's organization make to the City of Killeen?
4. Has this individual made a financial contribution to the City of Killeen? How much?
5. Has this individual served in public office and how long was the service in public office?
6. Has this individual demonstrated that they have served in a volunteering role in City of Killeen?
7. Has this individual given his/her life to save others?
8. How does this request fulfill a well-defined connection associated with the contributions of the individual, community organization or corporation and the City street naming/renaming request?
9. Describe the significance of the contribution from the individual/organization/corporation and the service impact to the City street. Programs and projects must be described in specific quantifiable terms.
10. How does this request establish continuity of the street's name?
11. Does the request eliminate name spelling duplication, phonetic duplication, or misspelling?
12. Will the request bring coherence to the street numbering designation (east, west, north, south)?
13. What necessary roadway designation (street, road, lane, circle, drive, boulevard, and similar designations) is being requested?
14. Does the request honor a person, place, institution, group, entity, event or similar subject?
15. Does the request enhance a neighborhood through association of the street name with its location, area characteristics, history, and similar factors?



CITY OF KILLEEN

Attachment C CONTINUED - Application Information Required for City Street Naming/Renaming:

Application by petition

- i. An application for a change of the name of a street may be filed by any person, group, firm or agency with the Department of Development Services in the form of a petition signed by not fewer than fifty (50) percent of all owners, or owner's attorney-in-fact of property abutting the subject street. "Owners" of such abutting property shall be determined by the then current city real property ad valorem tax roll.
- ii. The application shall state the present official name of the city street, the proposed new name, and the name and address of each person, group, agency, or entity requesting the street name change; a statement of reason or reasons from among those listed above, claimed for such a name change; and the person, group, agency or entity responsible for payment of the city's costs for installing standard city street name signs.

Approved & Forwarded for Consideration

Denied _____

Printed Name _____

Date _____

Signature: _____



DISCUSSION REGARDING STREET RENAMING PROCESS

DS-26-017

February 17, 2026

Background

2

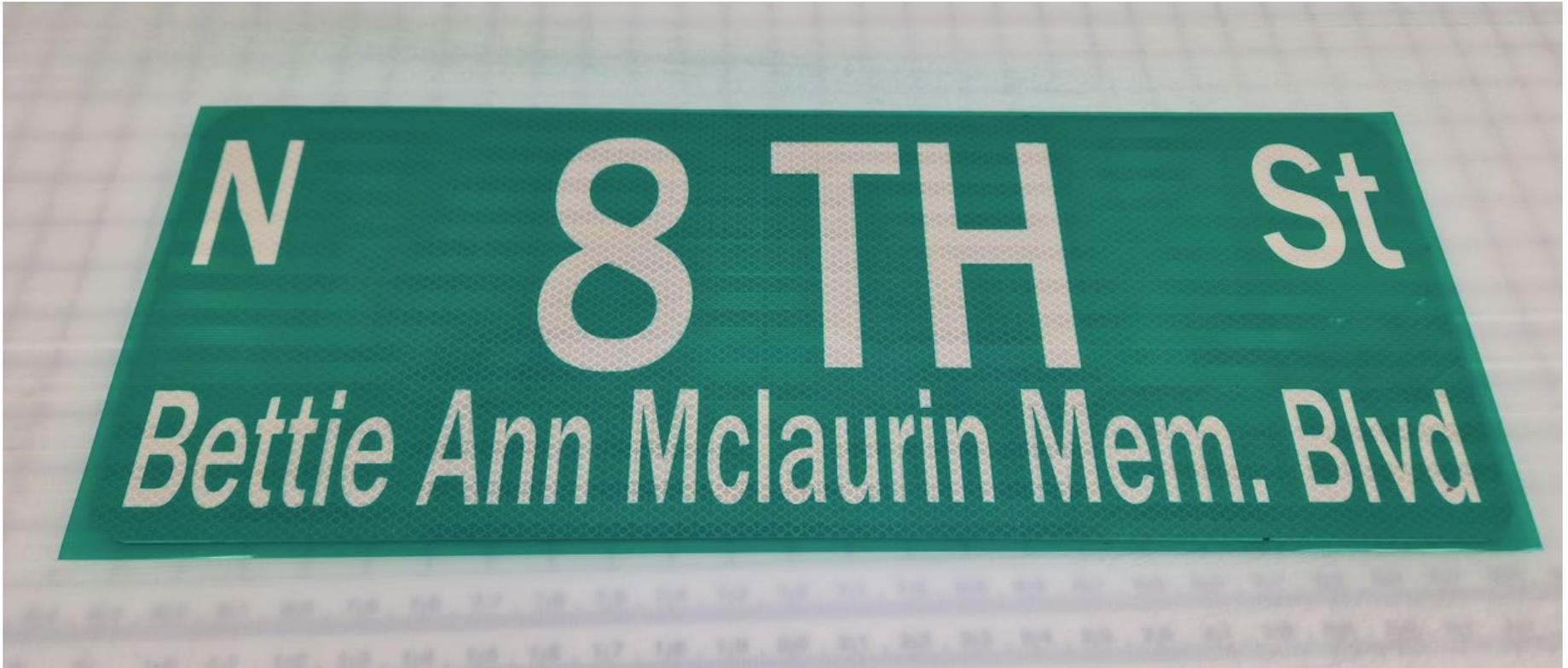
- On January 6, 2026, Council approved a request for a future agenda item to discuss co-naming a street in the Downtown area to honor the legacy of Mrs. Bettie Ann McLaurin.

Renaming Policy

- In March 2023, the City Council adopted a Renaming Policy for City facilities and streets.
- Sec. 6-1(c) of the Renaming Policy provides that the renaming of a City street may be considered if an individual has made “exceptional contributions” to the City.
- The Policy further provides that applications for a street name change may be considered to “honor a person, place, institution, group, entity, event or similar subject.”

Proposed Street Sign

4



Estimated Cost

5

- The estimated cost to add a co-name to 8th Street from Veterans Memorial Blvd. to Rancier Ave. is \$1,758.

Recommendation

- Staff recommends that City Council provide a Motion of Direction for staff to add a co-name to a street in the Downtown area in honor of Mrs. Bettie Ann McLaurin.
- Mr. McLaurin has suggested co-naming 8th Street from Veterans Memorial Boulevard to Rancier Avenue.



City of Killeen

Staff Report

File Number: DS-26-018

Discussion regarding Library Strategic Planning



2026-2030 STRATEGIC PLAN





Special Thanks

Several members of the Killeen community and KPL staff made this plan possible by providing important feedback and guidance regarding how KPL can best serve Killeen.

MISSION AND VISION WORKING SESSION

Antonio Murphy - Executive Director of Parks & Recreation, City of Killeen

Austin Cherry - Manager of Killeen Arts & Activities Center, City of Killeen

Dawn Richardson - Educator (Retired)

Ernest Wilkerson - Regent, Central Texas Community College

Glenda Barnes - Library Advocate

Kim Walker - Library Advocate

Kira Baskett - Main Street Coordinator, Downtown Revitalization, City of Killeen

SGT Kyle Moore - Killeen Police Department, Community Engagement Unit

Peter Jobin - Library Advocate

Tanida Mullen - Manager of Killeen Convention & Visitors' Bureau, City of Killeen

Tiffanie McNair - Executive Director of Community Development, City of Killeen

COMMUNITY STAKEHOLDER INTERVIEWEES

Suzanne Armour - Director of Programs, Families in Crisis

Justice Gregory Johnson - Justice of the Peace Precinct 4, Place 1

Jessica Gonzalez - Councilmember, City of Killeen

COUNCIL MEMBERS AND CITY LEADERSHIP

STRATEGIC PLAN STEERING COMMITTEE

Amy Gibson - Assistant Director

Ashur'dee Martin - Library Clerk

Bryan Deleondaily - Circulation Clerk

Daisha McCants - Library Clerk

Walter Moczygemba - Reference Librarian

And with appreciation and sincere thanks to Deanna Frazee who served the Killeen community for 30 years as the Killeen Public Library Director and was a member of the Strategic Plan Steering Committee. Enjoy your retirement!

Planning Process Summary

Beginning in August 2025, Killeen Public Library (KPL) Leadership began working with Crucial Strategies Consulting (CSC) to create the framework for a strategic planning process aimed at delivering a new 5-year strategic plan for 2026-2030. This "Planning Process" included:

Research

Research efforts included a Demographic Study utilizing the US Census American Community Survey 5-year estimates across demographic, social, economic, and housing categories. KPL leadership provided a collection of zip codes that more accurately reflect the patrons KPL serves. Additional analysis and research to understand KPL usage trends over the previously reported seven (7) years (2018-2024), spatial analysis of patron physical checkout activity, and peer library performance using 10 peer libraries identified by KPL leadership were all executed by CSC.

Feedback and Engagement

A Strategic Plan Steering Committee (SPSC) was created to provide guidance, information, and context as well as to receive, review, and synthesize the various analyses and reports provided by CSC. The SPSC was an important part of the planning process and provided understanding and "behind the scenes" insight when notable findings or trends were identified.

A half-day in-person Mission and Vision working session was held and attended by various members of City of Killeen government agencies, former educators, and KPL patrons. Working in groups and through various prompts, the working session produced draft versions of KPL's updated Mission and Vision Statements which were later finalized.

KPL staff participated in a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis. The resulting comments helped highlight various common threads of which the SPSC became aware and could consider. Several KPL staff members were also interviewed confidentially.

Including the community's feedback and perspective was important in KPL's planning process and was obtained through two (2) in-person and one (1) virtual Town Halls open to the public and mediated by CSC. Additionally, stakeholders identified by community leadership were also interviewed.

This plan is a result of the KPL team's hard work, willingness to share openly, and the time and thoughtfulness of so many who care about KPL and have helped chart KPL's path moving forward!

Tiffanie McNair
Executive Director of Community Development
City of Killeen


Garrett Mason
President
Crucial Strategies Consulting

Join Us As We Evolve

As the needs of Killeen residents change, KPL must also change to ensure we effectively meet these changing needs. Over the next 5 years and into the future, we will strive to continuously enhance our connection and service to the Killeen community through new partnerships and collaboration, increased capacity, improved communication, and strategic programming to maximize our value, performance, and impact. We invite you to join us as we **evolve**.

Our Mission

"The Killeen Public Library provides access to knowledge and services that engage and support Killeen's continuously evolving community."

Our Vision

"To be a dynamic library that empowers growth, sparks engagement, and elevates community life."

Our Values

Our values guide the work of every member of KPL staff as we serve the community and provide important resources each day:

Welcoming

We create warm, safe spaces where people belong, feel comfortable asking for help, and want to stay, return, and connect.

Respect

We treat every person with dignity, fairness, and care, ensuring everyone feels seen, valued, and safe, both within our team and in the community we serve.

Access

We provide free and open access to information, resources, and learning while protecting intellectual freedom, privacy, and impartiality.

Integrity

We act with honesty, transparency, and accountability, stewarding public resources responsibly and making decisions guided by our mission and values.

Service

We serve with kindness, professionalism, and responsiveness by listening first, helping fully, and adapting to meet the real needs of our community.



Our Priorities

Priority 1: Communication and Public Awareness

During the planning process, it quickly became apparent that KPL required additional focus and directed efforts around both internal communication procedures and ensuring the community is aware of all the resources and ongoing activities at KPL. Chief among these findings is the need for KPL to establish and manage its own website and social media presence. An online presence separate from the City of Killeen's would allow for more dynamic and timely control of KPL's messages and visibility to the community. Internally, KPL requires more standardization of communication efforts to support staff awareness and more effective internal collaboration.

Priority 2: Community Engagement and Collaboration

One of the most effective methods for staying relevant and being a valuable part of the community and social fabric is partnering with other organizations to remain visible and better serve the public. Through increased collaborative efforts, the resources provided by KPL would become more widely known. Additionally, collaborating with other organizations, such as other city departments, non-profits, and businesses, helps to maximize both KPL's use of public funds and impact delivered to Killeen.

Priority 3: Programming and Community Needs

Providing free programming is one of the heartbeats of any public library. These programs can be anything from technology classes, book clubs, knitting classes, storytime, etc., and make libraries not only a resource for lifelong learning, but also an important vehicle for social gathering and connecting. Through strategic needs-based programming and constantly developing and delivering new, innovative programs, KPL would be more widely utilized by a larger segment of the community. This effort includes starting to collect program feedback and continually adapting programs to best fit the needs of the community.

Priority 4: Service Capacity and Spaces

A main tenet of public libraries is to be the "third place," with the first two places being home and work, for members of the community. Given the current limitations in facilities and funding, KPL must be innovative in how to best use the currently available space to meet the needs and preferences of the community. This requires exploration in ensuring spaces are not only warm and inviting, but are cultivated to maximize KPL's performance, value, and impact. Additionally, KPL staff require continual development and training to ensure they have the skills to maximize their effectiveness and efficiency for both KPL and patrons.

Priority 1: Communication and Public Awareness

KPL will provide clear, consistent, and accessible communication so residents always know what the library offers, how to access services, and what value the library brings to the community. This includes improving the visibility of programs, services, digital resources, and operational updates across all locations. By strengthening how we share information, we remove barriers to access and ensure every resident can fully benefit from what the library provides.

- 1.1** - Create and deploy a new standalone and user-friendly KPL website by the end of 2026.
- 1.2** - Utilize patron emails with an opt-in/opt-out option for notification of events and programs by the end of 2026.
- 1.3** - Cultivate an up-to-date standalone KPL social media presence by July 1, 2026.
- 1.4** - Review and implement both internal and external communication standards and systems to support a consistently well-informed KPL staff and community regarding all things KPL and KPL partner-related by July 1, 2027.
- 1.5** - Create a monthly (or quarterly) KPL newsletter that is distributed across all information and marketing channels by the end of 2026.
- 1.6** - Increase the 2024 circulation per capita figure (1.10) by 20% annually to 2.74 by 2030 to better align with overall Texas public library performance.
- 1.7** - Increase to and maintain at least 45% of non-expired cards having at least one (1) circulation event per moving 12 month average by the end of 2028.



Priority 2: Community Engagement and Collaboration

KPL will create and expand partnerships with schools, community organizations, city departments, businesses, and Fort Hood to increase impact and reach residents where they are. Collaboration will help extend services, bring programs into new spaces, bring new resources into the library, and respond to the various needs of community groups. Through intentional relationship-building, the library will solidify itself as a connector, resource hub, and trusted partner throughout the region.

- 2.1** - Develop at least 10 new (different from previous year) initiatives with community partners that support programming, outreach, and/or resource-sharing annually starting in 2027.
- 2.2** - Co-host a minimum of 6 collaborative events annually with community partners starting in 2026.
- 2.3** - Deliver a minimum of 5 library services or programs outside library walls (i.e. schools, parks, community centers, non-profits, Fort Hood, other area libraries, etc.) per month starting in June 2027.
- 2.4** - Increase the 2024 registered users per capita figure (0.32) by 10% annually to a 12 month sliding average of 0.52 by 2030.
- 2.5** - Build an effective collaborative and information-sharing relationship with neighboring libraries by September 2026.
- 2.6** - Connect with area universities and determine the feasibility of utilizing social worker students by January 1, 2027.



Priority 3: Programming and Community Needs

KPL will design and deliver programs that respond to the interests, needs, and opportunities within our community for children, teens, adults, seniors, homeschool families, ESL learners, workforce users, and digital beginners. By improving scheduling, promotion, and program evaluation, we will increase attendance and ensure offerings are accessible, relevant, and meaningful. The intent is that every resident will find a program that supports their goals, learning, and/or sense of belonging.

- 3.1** - Through strategic programming and more effective marketing and communication efforts, increase the 2024 program attendance per capita figure (0.11) by 15% annually to 0.22 by 2030 to better align with overall Texas public library performance.
- 3.2** - Pilot at least 5 new program series focused on emerging needs (e.g., ESL, workforce readiness, tech skills, seniors, homeschoolers, literacy, identifying misinformation, etc.) annually starting in 2026.
- 3.3** - Begin collecting patron program satisfaction scores in 2027 and maintain a 90% satisfaction score annually.
- 3.4** - Implement an annual or semi-annual patron survey by the end of 2027 to capture patron and community needs and allow KPL to serve emerging community needs.
- 3.5** - By the end of 2026, explore and determine the feasibility of providing future computer classes.



Priority 4: Service Capacity and Spaces

KPL will strengthen the foundation of our library, including our people, systems, and physical spaces, to ensure consistent, high-quality service for all residents. This includes aligning staffing and training with community demand, while updating and reconfiguring our current buildings to create more welcoming, flexible, and functional public spaces. By improving meeting room access, adding study and collaboration areas, and optimizing space without major capital expenditures, we ensure the library is designed for diverse uses by everyone in the community.

- 4.1** - Increase the 2024 visitors per capita figure (1.14) by 9% annually to 1.75 by 2030 to better align with overall Texas public library performance.
- 4.2** - Reconfigure existing spaces to add 2 new functional areas (i.e. study rooms, meeting rooms, flexible seating, collaboration zones, etc.) with minimal capital expenditure by 2027 and continue to explore additional new spaces.
- 4.3** - Create and implement a staff training and development program by September 1, 2028 to improve overall service and consistency.
- 4.4** - Implement an updated library volunteer program by January 1, 2028 to maximize staff capacity.
- 4.5** - Working with Killeen Public Schools, explore the creation of a Teen Advisory Committee or Teen Advocate Program to more effectively engage and address the needs of Killeen teens by January 1, 2028.
- 4.6** - Continuously explore various low-cost approaches to improve the overall physical presentation of KPL locations to ensure a warm and welcoming environment.
- 4.7** - Explore the renovation of the Main Library or moving the Main Library to southwest Killeen.
- 4.8** - Continue exploring the creation of a children's library and immersion center.



Killeen Public Library Funding

While not a formal priority, KPL acknowledges the need for increased investment to meet community expectations. The library's capacity has not grown in relation to Killeen's population growth. Sustainable funding will support materials, staffing, programming, technology, and facilities that reflect the size and needs of the Killeen community. This includes leveraging and maximizing any fundraising activities by the Friends of the Library and proactively seeking any additional sources of available funding. Additional funding avenues may include identifying grants, exploring the creation of a Killeen Public Library Foundation, and investigating innovative methods of revenue creation. As a public institution, the library will advocate responsibly and transparently for the resources required to continuously improve our performance and deliver value and impact for all Killeen residents.

Thank you for allowing us to serve you!



Planning Process: Peer Analysis

2024 Performance and Resources - KPL Compared to Peer Group				
	Killeen	*Peer Group Average	Difference from Avg	
Circulation (Circ)	Total Circ Per Capita	1.1	3.7	-2.6
	Children's Circ Per Capita - Physical Formats	0.2	1.5	-1.3
	Circ Per Capita - E-materials	0.7	1.0	-0.3
	Circ Per Capital - Physical Formats (Excludes Children's)	0.2	1.1	-0.8
	Circ Per Paid Staff	6,290	15,414	-9,123.6
	Circ Per Hour	32.7	106.1	-73.4
	Circ Per Visit	1.0	1.9	-0.9
Collection	Total Collection-Items Per Capita	1.0	2.8	-1.8
	Total Physical Items	151,642	183,467	-31,825.2
	Physical items Per Capita	0.9	1.3	-0.3
	^Total E-Materials	15,324	200,598	-185,274.0
	E-Materials Per Capita	0.1	1.6	-1.5
Rev	Total Operating Revenue Per Capita	\$12.07	\$23.67	-\$11.60
Expenditures (Materials)	Collection Materials Expenditures Per Capita	\$1.44	\$2.55	-\$1.11
	Percentage of Expenditures for Collection Materials	11.9%	11.3%	0.6%
	Total Operating Expenditures Per Capita	\$12.07	\$23.21	-\$11.14
	Physical Material Expenditure Per Circulation	\$2.04	\$2.44	-\$0.40
	E-Material Expenditure Per Circulation	\$0.84	\$1.37	-\$0.53
	Physical Material Expenditures Per Capita	\$0.86	\$1.37	-\$0.51
	E-Materials Expenditures Per Capita	\$0.58	\$1.03	-\$0.46
	Percentage of Operating Expenditures for Other Operating	14.2%	17.7%	-3.5%
Patrons and Usage	Service Area Population	159,643	148,341	11,302.3
	Total Square Footage Per Capita	0.2	0.4	-0.3
	Reference Transactions Per Capita	0.1	0.1	-0.1
	Library Visits	181,606	278,008	-96,402.3
	Visits Per Capita	1.1	1.9	-0.7
	Registered Users	51,795	57,654	-5,858.8
	Registered Users Per Capita	0.32	0.38	-0.05
	Net Interlibrary Loans	446	-550	995.6
	Uses of Public Internet Computers Per Year	23,400	29,520	-6,120.4
	Public Internet Computer Uses Per Computer	1,170	647	523.1
	Public Internet Computer Uses Per Computer Per 10k Capita	73.3	45.4	27.9
Uses of Public Internet Computers Per Year Per Capita	0.15	0.19	-0.04	
Programming	Attendance Per Program - Birth to 5 Years	15.6	36.4	-20.8
	Attendance Per Program - 6 to 11 Years	25.8	51.0	-25.2
	Attendance Per Program - Young Adults	12.8	17.0	-4.2
	Attendance Per Program - Adults	6.9	12.5	-5.6
	Attendance Per Program - General Interest	1,800.0	276.3	1,523.7
	Overall Attendance per Program - All Programs	24.6	32.5	-7.9
	Program attendance Per Capita	0.1	0.2	-0.1
Staffing	Percentage of Operating Expenditures for Staffing	74.0%	71.1%	2.9%
	Staff Expenditures Per Capita	\$8.93	\$16.47	-\$7.54
	**Population Per Total Paid Staff	5,702	4,298	1,403.4
	Library Visit Per Paid Staff	6,486	7,617	-1,130.8

*KPL figures are included in the Peer Group Average

^Per State Library reporting guidelines, the part of E-materials expenses under Killeen's IT department was not included.

**A positive difference from the Peer Group Average could be considered positive or negative depending on context.

Please note that differences due to rounding may exist in the table.

Planning Process: Peer Analysis (cont'd)

To better understand KPL's level of usage, performance, and available resources, a public libraries peer analysis was undertaken. Upon CSC's request, KPL leadership identified 10 peer libraries to serve as the basis of the peer analysis. These libraries included:

Abilene Public Library	Pasadena Public Library
Denton Public Library	Temple Public Library
Lewisville Public Library	Tyler Public Library
McKinney Public Library	Waco-McLennan Public Library
New Braunfels Public Library	Wichita Falls Public Library

Data used in the Peer Analysis (as shown in the table on pg 10) was normalized or rates were used to allow for more effective comparison (i.e. per capita, per staff, etc.) across 44 measures. When determining the Peer Group Average, KPL's figures and performance were included to ensure the most conservative disparities possible. Additionally, the 11 libraries (KPL plus the 10 peers) were ranked 1 to 11 across each of the 44 measures. Some notable findings are provided below:

- KPL serves the 4th LARGEST official Service Area Population but has the LOWEST Total E-Materials and 2nd LOWEST E-Materials Per Capita. KPL's figures in both these areas are significantly below the group average.
- KPL's Total Collection Items Per Capita of 1.0 is well below the group average of 2.8. KPL's Total Collection Items (currently about 167k) would need to grow by about 280k (for a total of 447k items) to reflect the group average.
- KPL has the LOWEST Total Operating Revenue Per Capita (\$11.60 less than the group average and \$5.93 lower than Wichita Falls, the next lowest peer).
- KPL serves the 4th LARGEST official Service Area Population but has the FEWEST Total Square Footage Per Capita with which to serve their patrons.
- KPL reports the LOWEST Staff Expenditures Per Capita, but with the 5th HIGHEST Percentage of Operating Expenditures for Staffing. Along with the LOWEST Total Operating Revenue Per Capita (\$11.60 less than the group average), this suggests KPL is severely lagging in both Total Operating Revenue Per Capita and Staff Expenditures.

In general, KPL had the worst overall average ranking (11th) and was significantly underresourced compared to the 10 peer libraries. KPL beat the average in only 8 of the 44 (18%) measures and ranked 10th or 11th in 18 of the 44 (41%) measures.

Planning Process: Usage & Performance Analysis

In addition to the Peer Analysis, a Usage and Performance Analysis reviewing KPL activity and resources from 2018-2024 and compared with the average performance for all Texas public libraries with a legal service area population of 100k-200k* was completed. Selected findings are below:

- For the years 2018 to 2024, KPL's Total Operating Revenue Per Capita trailed Texas library peers by an average of -\$9.81. While KPL's 2024 figure is the highest for KPL over this time period, 2024 also reflects the largest revenue gap between KPL and its peers at -\$10.68. **This represents a \$1.7 million revenue shortfall for KPL relative to its Texas library peers.** Additionally concerning, this gap has increased by just over 19% since 2021 (see below).

		2018	2019	2020	2021	2022	2023	2024	Average
Total Operating Revenue Per Capita	KPL	\$10.14	\$9.92	\$9.01	\$10.61	\$10.66	\$10.88	\$12.07	\$10.47
	100k-200k LSA	\$19.25	\$19.52	\$18.79	\$19.56	\$20.38	\$21.55	\$22.75	\$20.27
	KPL Difference	-\$9.11	-\$9.60	-\$9.78	-\$8.95	-\$9.72	-\$10.67	-\$10.68	-\$9.81

- KPL spent \$7.60 less (approximately \$1.2 million) on Total Staff Expenditures Per Capita than the average of all 100k-200k LSA Texas libraries in 2024 (see below); the largest disparity for the period studied. **This suggests KPL is either understaffed or staff are underpaid relative to the comparison group.**

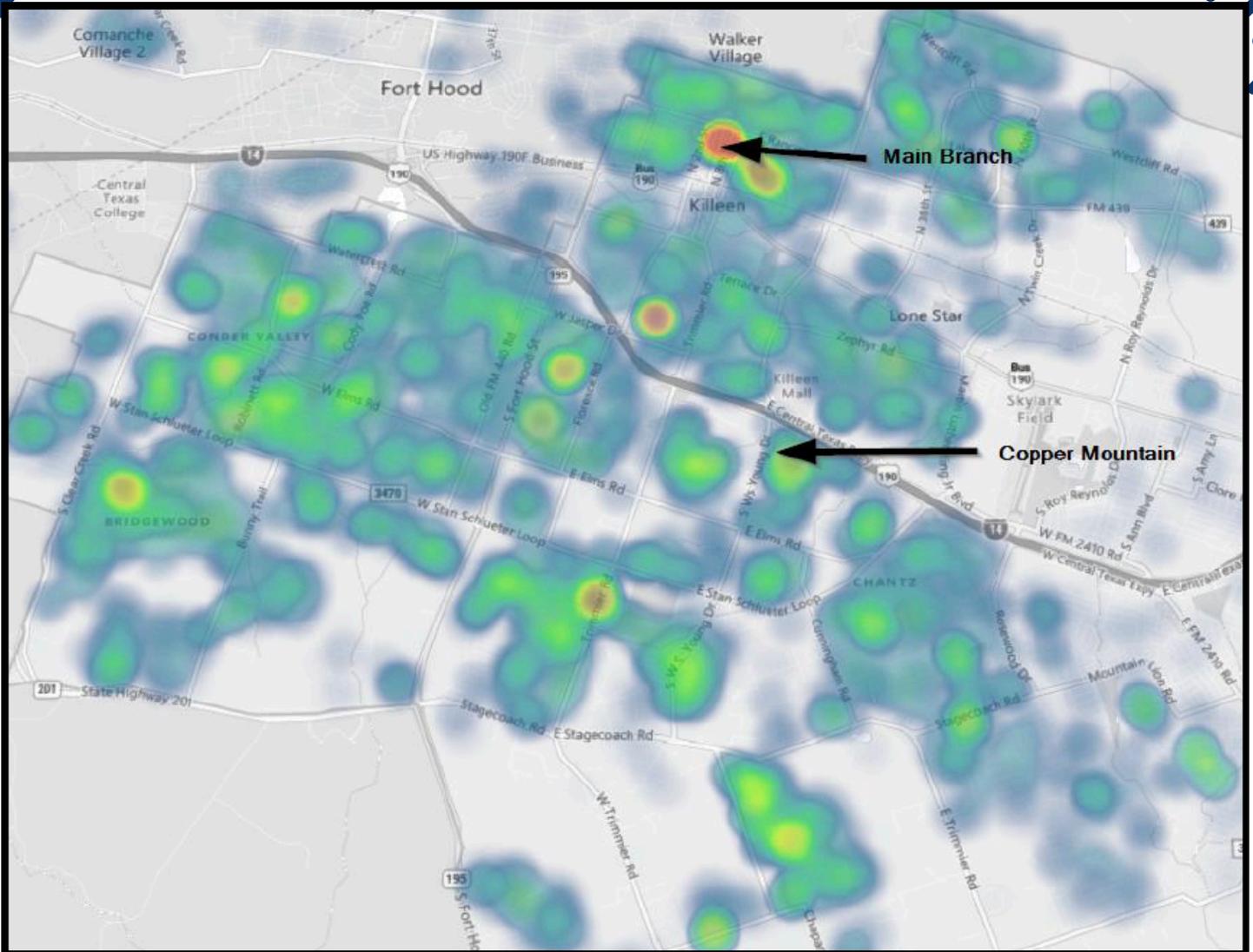
		2018	2019	2020	2021	2022	2023	2024	Average
Total Staff Expenditures Per Capita	KPL	\$6.83	\$6.60	\$7.21	\$7.47	\$8.18	\$8.15	\$8.93	\$7.62
	100k-200k LSA	\$13.46	\$13.80	\$13.54	\$13.70	\$14.25	\$15.12	\$16.53	\$14.35
	KPL Difference	-\$6.63	-\$7.20	-\$6.33	-\$6.22	-\$6.07	-\$6.97	-\$7.60	-\$6.73

- Growth of KPL's E-books Per Capita has not kept pace with the average of all 100k-200k LSA Texas libraries over the period studied.
- KPL spent an annual average of \$1.20 per capita less (about \$192k) on Total Collection Materials Expenditures Per Capita than the average of all 100k-200k LSA Texas libraries from 2018-2024.
- While realizing an increase of nearly 16,000 from 2023 to 2024, KPL's number of Registered Library Users in 2024 (51,795) is about 45% lower than the 7-year high of 93,354 in 2019.
- KPL's Total Programs increased by 152% while Total Program Attendance Per Program declined 44% from 2018 to 2024. However, KPL's Total Attendance Per Program has increased about 84% from 2022 to 2024 (see below).

		2018	2019	2020	2021	2022	2023	2024	Average
Total Program Attendance Per Program	KPL	44.0	23.9	25.3	44.0	13.4	12.9	24.6	26.8
	100k-200k LSA	35.2	34.9	33.5	30.6	32.7	35.3	38.6	34.4
	KPL Difference	8.8	-11.0	-8.3	13.4	-19.4	-22.4	-13.9	-7.6

*After identifying a calculation error in the 100k-200k legal service area calculations on a resource made available by the Texas State Library and Archives Commission, the above reflects the CSC corrected calculations.

Planning Process: Spatial Analysis



Given the population of Killeen, nearly 160k in 2024, KPL wanted to better understand the general activity of KPL patrons and how effective the two (2) current KPL locations were at serving the community. Additionally, the analysis sought to inform whether another library location might provide more accessibility to patrons. The above heat map provides the number of circulation events for KPL patrons with at least one physical circulation event in the previous 365 days of the data pull (November 18, 2025) given the general geographic area of patron addresses. The analysis was limited to only physical circulation activity due to issues with e-material activity. Also, any in-person library use, such as attending a library program or event, reading in the library without checking out any materials, etc., are not reflected in the data since these activities do not require the validation and use of a library card.

Overall, the analysis shows that a large amount of physical circulation activity originates from patrons in the west-southwest area of Killeen, which is also the greatest distance from the Main Library and Copper Mountain Branch (CMB). These initial findings support the need for further exploration and to determine the feasibility of a KPL location in the west-southwest area of the city.

Planning Process: SWOT

STRENGTHS

1) Staff, Customer Service, and Patron Relationships

This is the clearest and most dominant strength. Staff repeatedly cited customer service, staff accessibility, supportive colleagues, and strong relationships with regular patrons. The library's human capital, how staff interact with patrons and each other, is perceived as a consistent and differentiating asset.

2) Programming (Especially Children, Teen, and Family)

Programming, particularly children's and CMB programming, Storytimes, events, and crafts, was mentioned frequently. Staff see programming as engaging and central to keeping community interest and foot traffic.

3) Collections (Books, E-Books, Genealogy)

The physical and digital collections remain a strong point, with repeated references to books, adult fiction, e-books, and especially genealogy. Genealogy stands out as a niche strength that gives the library a unique identity for certain patrons.

4) Free and Affordable Resources / Services

Free resources, affordable printing, and low-cost or free access were cited often, though typically more briefly. These offerings reinforce the library's role as an accessible institution and safety net for the community.

5) Community Space and Safe Haven

Staff referenced the library as a social hub and safe place, including for unhoused patrons.

WEAKNESSES

1) Communication (Internal, External, and Cross-Branch)

Communication failures dominate the weaknesses list. Staff cited poor internal communication, inconsistent messaging between branches, unclear policies, weak marketing, inaccurate public information, and lack of leadership visibility. This is the most pervasive issue across the organization.

2) Leadership, Management, and Staff Support

Closely following communication are concerns about leadership effectiveness: mistrust, favoritism, lack of autonomy, insufficient training, poor delegation, burnout, low morale, and limited advancement opportunities. Staff feel underutilized and undersupported despite feeling they are the organization's strongest asset.

3) Marketing, Outreach, and Public Awareness

Marketing and outreach weaknesses were repeatedly cited, specifically regarding low public awareness, inconsistent social media presence, limited outreach, and poor visibility at community events. Staff feel the library does not have the ability to effectively tell its story and share information with the public due to marketing constraints.

Planning Process: SWOT (cont'd)

WEAKNESSES (cont'd)

4) Space, Facilities, and Aesthetics

Lack of study rooms, inefficient use of space, aging facilities, poor aesthetics, custodial issues, and insufficient meeting areas were mentioned concerns.

5) Systems, Processes, and Operational Friction

Issues with payment systems tied to patron information, slow cataloging, lack of administrative services (faxing, scanning, notary), and inconsistent processes create friction for staff and patrons.

OPPORTUNITIES

1) Community Engagement, Partnerships, and Collaboration

The strongest opportunity theme centers on partnerships with schools, businesses, Killeen Parks, downtown organizations, Fort Hood, etc. Staff see collaboration as the fastest way to increase relevance and reach.

2) Expanded and More Strategic Programming

There is strong interest in expanding programming for adults, young adults, seniors, ESL learners, homeschoolers, and technology novices. Staff clearly view programming as the primary growth lever.

3) Grants, Fundraising, and Friends of the Library

Reviving Friends of the Library, pursuing grants, hosting book sales, and fundraising were frequently cited as ways that should be explored or further leveraged to stabilize funding and expand services.

4) Better Use of Space and Facilities

Staff see immediate opportunities in reconfiguring existing space or exploring renovations to include study kiosks, meeting rooms, children's areas, etc. before pursuing the building of another location. Some staff feel that maximizing KPL's current locations makes more sense than building a new location.

5) Marketing, Social Media, and Visibility

Leveraging social media, improving storytelling, and having a more intentional presence at community events are seen as important, high-impact opportunities.

THREATS

1) Book Bans and Censorship Pressure

Book bans overwhelmingly dominate the threats category. Staff view censorship as a direct threat to collections, professional values, morale, and public trust.

2) Funding Instability and Rising Costs

Federal and city funding cuts, combined with rising costs and low revenue, pose a serious threat to sustainability and staffing. Concern exists over how the library can stay relevant without the necessary funding for innovative and more convenient resources and services.

Planning Process: SWOT (cont'd)

THREATS (cont'd)

3) Perception, Relevance, and Competition

Competition from other libraries, ever-expanding online services, AI, and search engines, combined with weak marketing, especially when coupled with funding issues and a lack of innovation, create the risk that the library is perceived as less relevant.

4) Facility Location, Downtown Conditions, and Safety Perceptions

Downtown decline, homelessness near the Main Library, lack of foot traffic, public transit limitations, and safety concerns threaten the perception of the Main Library and level of physical usage.

5) Communication Failures and Reputation Risk

Poor communication with the public, weak media relationships, negative word of mouth, and limited city advocacy threaten the library's reputation and political capital.

Strategic Summary

The library's greatest perceived strengths of staff and programming are being actively constrained by its greatest weaknesses in communication, marketing, and leadership systems while the external threats of book bans, funding cuts, and lack of perceived relevance increase the urgency to act.

Implications and Considerations Moving Forward

Fix Communication First to Unlock Everything Else

Communication shows up as a weakness and a threat, and its absence likely magnifies nearly every other problem. A unified internal and external communication framework is foundational and required. This includes standardization and effective recordkeeping of library policies and procedures.

Protect and Invest in Staff as the Primary Strategic Asset

Staff are the top strength, yet morale, trust, and autonomy are among the top weaknesses. Leadership development, training, empowerment, and visible support are critical strategies and processes that depend on intentional and effective execution.

Strategically Scale What Already Works: Programming and Collaboration for Growth

Strategic expansion into appropriate and in-demand adult, teen, ESL, and tech programming is necessary to drive usage and increase perceived relevance. More effective collaboration and partnerships for programming and events offer the clearest path to increased usage and relevance.

Use Partnerships to Offset Funding and Capacity Limits

Collaboration is the strongest opportunity and the most realistic response to funding threats. Working with area schools, parks, downtown businesses, and the military base help create relevance, maximize the use of available funding, and provide vehicles for growing the library's user base.

Planning Process: SWOT (cont'd)

Reclaim the Narrative in a Politicized Environment

Book bans and perception threats require proactive storytelling, community advocacy, and alignment with civic priorities. Marketing, as it is currently executed, is no longer a viable approach. Additionally, the library must become more effective at collecting high-quality data beyond simple circulation numbers to objectively demonstrate the library as a fundamental community resource. This effort will likely require enhanced utilization of current systems and the creation of standard operating procedures for program attendance, patron feedback, and various other library uses.



Planning Process: Town Halls

An important part of the planning process was ensuring public input for how KPL might ideally serve Killeen and provide the best value and impact to each community member and military family. A total of three (3) town halls were held (two (2) in-person and one (1) virtually) and moderated by Crucial Strategies Consulting. Ensuring KPL is aware of all the needs and wants of the community and finding KPL's place in helping address those needs and wants is an important aspect of strategic collaboration and use of public resources. Town hall questions covered the following areas:

Programs

Areas of Interest

Spaces

Services

Military & Military Families



Come Rediscover Killeen Public Library!





**KILLEEN PUBLIC
LIBRARY**



KILLEEN PUBLIC LIBRARY
STRATEGIC PLAN 2026-2030

DS-26-018

February 17, 2026

Background

- Beginning in August 2025, Killeen Public Library (KPL) Leadership began working with Crucial Strategies Consulting (CSC) to create the framework for a strategic planning process aimed at delivering a new 5-year strategic plan for 2026-2030.
- This will be the first strategic plan for KPL.

Strategic Plan Steering Committee

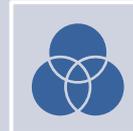
- A Strategic Plan Steering Committee (SPSC) comprised of library staff, was created to provide guidance, information, and context as well as to receive and review the various reports provided by CSC.
- The SPSC was an important part of the planning process and provided understanding and “behind the scenes” insight when notable findings or trends were identified.

Engagement

4



A half-day in-person Mission and Vision working session was held and attended by various members of City of Killeen government agencies, former educators, and KPL patrons.



KPL staff participated in a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis.



Two (2) in-person and one (1) virtual Town Halls open to the public and mediated by CSC.



Stakeholders identified by community leadership were also interviewed.

Mission and Vision

5

Mission

“The Killeen Public Library provides access to knowledge and services that engage and support Killeen’s continuously evolving community.”

Vision

“To be a dynamic library that empowers growth, sparks engagement, and elevates community life.”

Peer Analysis

- To better understand KPL's level of usage, performance, and available resources, a public libraries peer analysis was performed.

Peer Library List	
Abilene Public Library	Pasadena Public Library
Denton Public Library	Temple Public Library
Lewisville Public Library	Tyler Public Library
McKinney Public Library	Waco-McClennan Public Library
New Braunfels Public Library	Wichita Falls Public Library

Peer Analysis: Key Findings

7

KPL serves the 4th LARGEST official service area population but has the LOWEST total E-Materials and 2nd LOWEST e-materials Per Capita.

KPL's total collection items Per Capita of 1.0 is well below the group average of 2.8.

KPL has the LOWEST total operating revenue per capita (\$11.60 less than the group average and \$5.93 lower than Wichita Falls, the next lowest peer).

Peer Analysis: Key Findings Cont.

8



KPL serves the 4th LARGEST official service area population but has the FEWEST total square footage per capita with which to serve their patrons.



KPL reports the LOWEST staff expenditures per capita, but with the 5th HIGHEST percentage of operating expenditures for staffing.



Along with the LOWEST total operating revenue per capita (\$11.60 less than the group average), this suggests KPL is severely lagging in both total operating revenue per capita and staff expenditures.

Peer Analysis: Summary

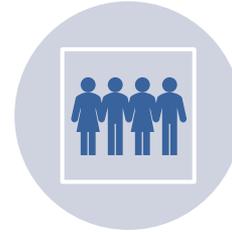
- KPL had the worst overall average ranking (11th) and was significantly under-resourced compared to the 10 peer libraries.
- KPL beat the average in only 8 of the 44 (18%) measures and ranked 10th or 11th in 18 of the 44 (41%) measures.

KPL Strategic Plan Priorities

10



Communication and
Public Awareness



Community
Engagement and
Collaboration



Programming and
Community Needs



Service Capacity
and Spaces

P1: Communication and Public Awareness

11



KPL will provide clear, consistent, and accessible communication so residents always know what the library offers, how to access services, and what value the library brings to the community.



An online presence separate from the City of Killeen's would allow for more dynamic and timely control of KPL's messages and visibility to the community.

P2: Community Engagement and Collaboration

12

KPL will create and expand partnerships with schools, community organizations, city departments, businesses, and Fort Hood to increase impact and reach residents where they are.



Through increased collaborative efforts, the resources provided by KPL would become more widely known.

P3: Programming and Community Needs

13

KPL will design and deliver programs that respond to the interests, needs, and opportunities within our community for children, teens, adults, seniors, homeschool families, ESL learners, workforce users, and digital beginners.



Through strategic needs-based programming and constantly developing and delivering new, innovative programs, KPL would be more widely utilized by a larger segment of the community.

P4: Service Capacity and Spaces

14



KPL will strengthen the foundation of our library, including our people, systems, and physical spaces, to ensure consistent, high-quality service for all residents.

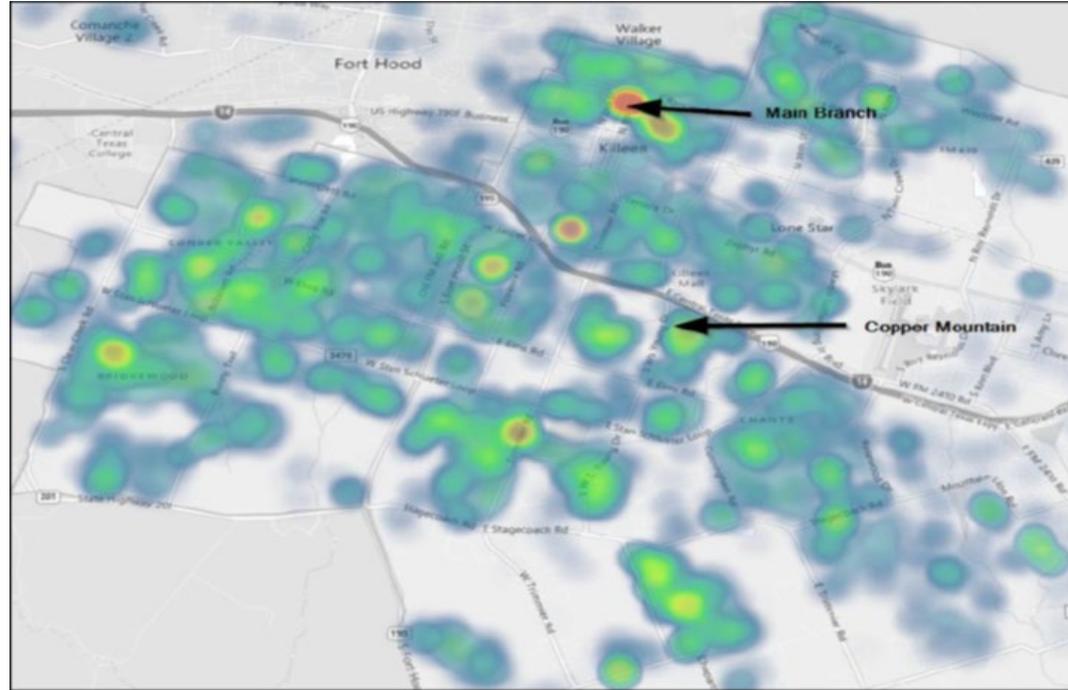


This requires exploring opportunities for the development of a new library facility or expansion of current branches to maximize KPL's performance, value, and impact.

Spatial Analysis

15

The analysis shows that a large amount of physical circulation activity originates from patrons in the west-southwest area of Killeen.



Killeen Public Library Funding

- There is a need for increased investment to meet the current and future community needs and expectations.
- Sustainable funding will support materials, staffing, programming, technology, and facilities that reflect the size the Killeen community.

Conclusion

- Staff is seeking feedback from Killeen City Council on the Killeen Public Library Strategic Plan 2026-2030 draft for inclusion in the final draft and consideration for adoption at a future meeting.