

Exhibit A

ORDINANCE NO. 08-089

AN ORDINANCE DESIGNATING A CONTIGUOUS GEOGRAPHIC AREA WITHIN THE CITY OF KILLEEN, TEXAS AS REINVESTMENT ZONE NUMBER TWO, CITY OF KILLEEN, TEXAS, FOR TAX INCREMENT FINANCING PURPOSES PURSUANT TO CHAPTER 311 OF THE TEXAS TAX CODE; CREATING A BOARD OF DIRECTORS FOR SUCH ZONE; CONTAINING FINDINGS AND PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND PROVIDING A SEVERABILITY CLAUSE AND PROVIDING FOR AN EFFECTIVE DATE.

* * * * *

WHEREAS, pursuant to Chapter 311 of the Texas Tax Code, as amended (“Act”) a city may designate a contiguous geographic area within such city as a reinvestment zone if the area satisfies the requirements of certain sections of the Act; and

WHEREAS, the City of Killeen, Texas (the “City”) has prepared a preliminary reinvestment zone financing plan, which provides that City ad valorem taxes are to be deposited into the tax increment fund, and that ad valorem taxes of other taxing units may be utilized in the financing of the proposed zone; and

WHEREAS, the City has provided written notice of the public hearing on the creation of the proposed zone, complying with the requirements of the Act, to the governing bodies of all taxing units levying taxes on property in the proposed zone; and

WHEREAS, a notice of the November 4, 2008 public hearing on the creation of the proposed zone was published on Friday October 24, 2008, in the *Killeen Daily Herald*, a newspaper of general circulation in the City; and

WHEREAS, such hearing was convened at the time and place mentioned in the public notice, to wit, on the 4th Day of November 2008, at 5:00 o’clock p.m. in the City Council Chambers, City Hall, 101, North College Street, Killeen, Texas; and

WHEREAS, at the public hearing on November 4, 2008, interested persons were allowed to speak for or against the creation of the proposed zone, its boundaries, or the concept of tax increment financing; and owners of property in the proposed zone were given a reasonable opportunity to protest the inclusion of their property in the proposed zone; and

WHEREAS, evidence was received and presented at the public hearing in favor of the creation of the proposed zone under the provisions of the Act; and

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

WHEREAS, the total appraised value of taxable real property in the proposed zone and all other tax increment reinvestment zones previously created by the City is approximately \$80,000,000; and

WHEREAS, the total area within the proposed zone is approximately 2,100 acres;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KILLEEN, TEXAS:

Section 1. Findings.

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

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

(c) That the City Council further finds and declares that the proposed zone meets the criteria and requirements of Section 311.005 of the Act because the proposed zone contains: (i) substantial areas that are predominantly open and underdeveloped; (ii) areas that lack public water distribution, wastewater collection, storm drainage facilities, appropriate traffic and transportation facilities and capacity, and lack public facilities such as parks and open space; and (iii) areas that contain a substantial number of deteriorating structures, defective or inadequate sidewalks, obsolete platting and lack of site improvements each of which cause conditions that substantially impair and arrest the sound growth of the City;

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

- (1) That the proposed zone is a contiguous geographic area located wholly within the corporate limits of the City of Killeen;
- (2) That the total appraised value of taxable real property in the proposed zone does not exceed fifteen (15) percent of the total appraised value of taxable real property in the City and in the industrial districts created by the City;
- (3) That the proposed zone does not contain more than fifteen (15) percent of the total appraised value of real property taxable by Bell County, the Killeen Independent School District, and the Central Texas College District; and

- (4) That the development or redevelopment of the property in the proposed zone will not occur solely through private investment in the reasonably foreseeable future.
- (5) That ten (10) percent or less of the property in the proposed reinvestment zone, excluding property dedicated to public use, is used for residential purposes, which is defined in the Act as property occupied by a house that is less than five (5) units.

Section 2. Designation of the Zone

That the City, acting under the provisions of Chapter 311, Texas Tax Code, including Section 311.005(a), does hereby designate as a reinvestment zone, and create and designate a reinvestment zone over the area depicted in the map attached hereto as **Exhibit A** and described in **Exhibit B** to promote the development and redevelopment of the area. The reinvestment zone shall hereafter be named for identification as Reinvestment Zone Number Two, City of Killeen, Texas, (the “Zone”). The City Council specifically declares that the Zone is designated pursuant to Section 311.005(a)(1) and (2) of the Texas Tax Code.

Section 3. Board of Directors

That there is hereby created a Board of Directors for the Zone which shall consist of seven (7) members. Positions One (1) through Four (4) on the Board of Directors shall be reserved for the City and shall be appointed by City Council. Positions Five (5) and Six (6) shall be reserved for Bell County and Position Seven (7) shall be reserved for the Central Texas College District.

The directors appointed to odd-numbered positions shall be appointed for two (2) year terms, beginning on the effective date of this Ordinance, while the directors appointed to even-numbered positions shall be appointed to a one (1) year term, beginning on the effective date of this Ordinance.

All subsequent appointments shall be for two (2) year terms. The City Council authorizes the Board of Directors to elect, from its members, a chair and a vice-chair and such other officers as the Board of Directors deems necessary.

The Board of Directors shall make recommendations to the City Council concerning the administration of the Zone. The Board of Directors shall prepare or cause to be prepared and adopt a project plan and a reinvestment zone financing plan for the Zone as described in Section 311.011 of the Act, and shall submit such plans to the City Council for its approval. The City hereby delegates to the Board of Directors all powers necessary to prepare the project plan and reinvestment zone financing plan, subject to approval by the City Council, including the power to recommend the employ of any necessary consultants that may be reasonably necessary or convenient to assist the Board of Directors in the preparation of the project plan and reinvestment zone financing plan.

Section 4. Duration of the Zone

That the Zone shall take effect on November 4, 2008 for the deposit of tax increments into the Tax Increment Fund established pursuant to Section 6 of this Ordinance, and termination of the operation of the Zone shall occur on December 31, 2028, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, obligations secured with tax increment revenues, and the interest thereon, have been paid in full.

Section 5. Tax Increment Base

That the Tax Increment Base of the City, or any other taxing unit participating in the Zone for the Zone, is the total appraised value of all real property taxable by the City or other taxing unit participating in the Zone and located in the Zone, determined as of January 1, 2008, the year in which the Zone was designated as a reinvestment zone (the “Tax Increment Base”).

Section 6. Tax Increment Fund

That there is hereby created and established a Tax Increment Fund for the Zone which may be divided into subaccounts as authorized by subsequent ordinances, resolutions or agreements. All Tax Increments, as defined below, shall be deposited in the Tax Increment Fund. The Tax Increment Fund and any subaccount shall be maintained at the depository bank of the City and shall be secured in the manner prescribed by law for funds of Texas cities. The annual Tax Increment shall equal the property taxes levied by the City and any other taxing unit participating in the Zone for that year on the captured appraised value, as defined by the Act, of real property located in the Zone that is taxable by the City or any other taxing unit participating in the Zone, less any amounts that are to be allocated from the Tax Increment pursuant to the Act. All revenues from the sale of any tax increment bonds, notes or other obligations hereafter issued for the benefit of the Zone by the City, if any; revenues from the sale of property acquired as part of the project plan and reinvestment zone financing plan, if any; and other revenues to be used in the Zone shall be deposited into the Tax Increment Fund. Prior to the termination of the Zone, money shall be disbursed from the Tax Increment Fund only to pay project costs, as defined by the Texas Tax Code, for the Zone, to satisfy the claims of holders of tax increments bonds or notes issued for the Zone, or to pay obligations

incurred pursuant to agreements entered into to implement the project plan and reinvestment zone financing plan and achieve their purpose pursuant to Section 311.010(b) of the Texas Tax Code.

Section 7. Severability

If any provision, section, subsection, sentence, clause or phrase of this Ordinance, or the application of same to any person or set of circumstances, is for any reason held to be unconstitutional, void or invalid, the validity of the remaining provisions of this Ordinance or their application to other persons or set of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or regulations connected herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any portion hereof, and all provisions of this Ordinance are declared severable for that purpose.

Section 8. Open Meetings

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

Section 9. Notices

The contents of the notice of the public hearing, for which hearing was held before the City Council on November 4, 2008, and the publication of said notice, are hereby ratified, and confirmed.

Section 10. Effective Date.

This ordinance shall take effect immediately from and after its passage and it is accordingly so ordained.

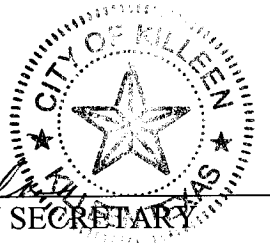
PASSED AND APPROVED at a ^{special}~~regular~~ meeting of the City Council of the City of Killeen, Texas, this 4th day of November, 2008, at which meeting a quorum was present, held in accordance with the provisions of V.T.C.A., Government Code, §551.001 *et seq.*

APPROVED

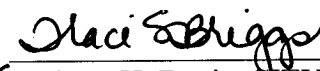

Timothy L. Hancock, MAYOR

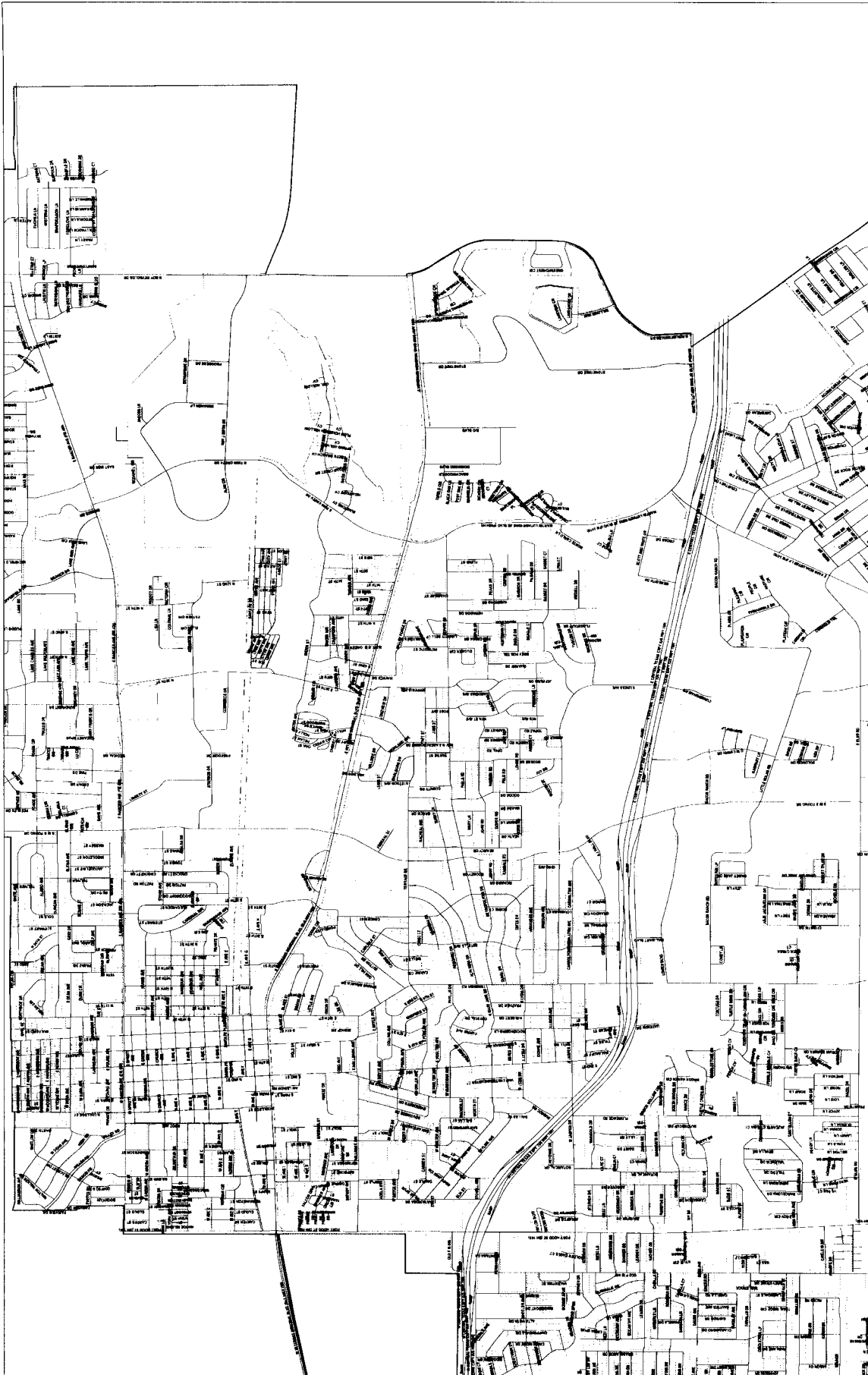
ATTEST:


Paula A. Miller, CITY SECRETARY



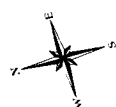
APPROVED AS TO FORM

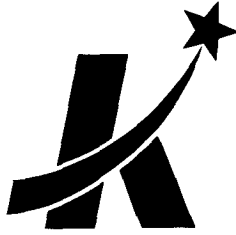

Kathryn H. Davis, CITY ATTORNEY



☐ Killeen_TIRZ
☐ Citylimits

Proposed TIRZ Number 2





CITY OF KILLEEN, TEXAS

***PROPOSED TAX INCREMENT REINVESTMENT ZONE
NUMBER TWO***

Preliminary Reinvestment Zone Financing Plan

Sponsored by the City of Killeen, Texas

November 4, 2008

Attachment A

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City of Killeen TIRZ #2

Preliminary Reinvestment Zone Financing Plan

This document constitutes the Preliminary Reinvestment Zone Financing Plan for the proposed Tax Increment Reinvestment Zone (TIRZ) #2, as required by Chapter 311 of the Texas Tax Code.

I. Preliminary Project Plan

A. TIRZ Project Description

The City of Killeen intends to create a TIRZ over approximately 2126 acres of vacant and partially developed land in various locations in Killeen.

Development Projects and Public Infrastructure in the TIRZ

- Public Infrastructure – water lines, sanitary sewer lines, underground utilities
- Public Roads and Highways – improvements to US190 & FM 2410
- Beautification – gateway improvements, streetscape improvements, municipal furnishings, landscape improvements
- Public Safety – street lights, sidewalks
- Public Land and Buildings - park acquisition, city hall, park improvements

Expenditures associated with the acquisition, design, construction and financing of the planned improvements and other specific project related costs, may be funded by tax increment revenue derived from increases in property tax revenues throughout the duration of the Killeen TIRZ. Development is projected to increase taxable property values in the TIRZ from its current assessed value to \$292 million.

B. Developer and Financing Description

Downtown: The City of Killeen will be responsible for improvements in the downtown area utilizing funds generated by the TIRZ increment.

Industrial Park: The City of Killeen will be responsible for improvements in the downtown area utilizing funds generated by the TIRZ increment.

La Cascata: The developer of the La Cascata project is First Advisors, Inc. They will be financing the project and building the various private and public improvements.

The City may decide to provide reimbursement for public improvements to First Advisors, Inc. through a reimbursement contract.

C. Conditions and Circumstances of the Property

- 1. La Cascata:** There is a lack of basic infrastructure including: water, sanitary sewer, storm sewer, roads, and drainage. The development project will provide full public infrastructure and amenities to the community, including green spaces, trails, and water features.
- 2. Downtown Killeen:** Downtown Killeen lacks pedestrian amenities, consistent urban design features, landscaping, and public spaces. TIRZ dollars will be allocated to provide these basic features for the benefit of the public and sustainability of the land uses and their respective tax values.
- 3. Killeen Industrial Park:** The Industrial Park lacks full development and utilities. Investment of TIRZ revenues will allow the Industrial Park to realize its full taxable highest and best land use, thereby increasing the opportunities for job and economic growth.
- 4. Existing Uses and Conditions of Property in the Proposed TIRZ and Future Uses and Conditions of Property in the TIRZ.**

Existing Land Uses and Conditions:

The area of the TIRZ is approximately 2104 acres in size. The area is a mixture of vacant, developed and partially developed properties. The area includes properties that have frontages on public streets and highways. Properties in the area have various stages of utilities and infrastructure serving them.

Proposed Land Uses:

Proposed land uses include: commercial, retail, offices, medical, public buildings, parks, open space, parking, and amenities such as trails and water features.

Maps:

| | |
|-----------|---|
| Exhibit A | Killeen TIRZ Boundary |
| Exhibit B | Written Boundary Description for Killeen TIRZ |
| Exhibit C | Current Land Use Map of TIRZ |
| Exhibit D | Future Land Use Map of TIRZ |

D. Justification for TIRZ Creation

The developer of the La Cascata project (First Advisors, Inc.) believes that the demographic, market demand, and overall economic conditions justify the risk for the proposed La Cascata development. The development of infrastructure and vertical improvements, along with the public amenities, will bring the property to its highest and best use and provide an opportunity to capture pent-up demand for the various land uses proposed.

The new development and subsequent public improvements in the TIRZ #2 will provide social, economic, and quality of life benefits to the entire community.

Creation of the TIRZ will establish the funding mechanisms for public infrastructure improvements that are essential for the attraction of private investment that would otherwise not occur in the reasonably foreseeable future. But for the creation of the TIRZ the property will not be developed, due in part to the infrastructure conditions listed above.

E. Proposed Changes of Zoning Ordinances, Master Plan of Municipality, Building Codes, and Other Municipal Ordinances.

All construction will be done in conformance with existing city ordinances, regulations and building codes, of the City of Killeen and Bell County. There are no proposed changes of any city building codes or ordinances.

F. List of Estimated Non-Project Costs

Costs that will be expended by the Developer, without reimbursement, are listed below.

| Non-Reimbursable Project Costs | Estimated Costs |
|---|------------------------|
| Land Acquisition | \$ 10,000,000 |
| Miscellaneous Land Development Soft Costs | \$ 5,000,000 |
| Total | \$ 15,000,000 |
| | |

G. Displacement of Residents

There will be no displacement of residents within the TIRZ.

II. Preliminary Financing Plan

A. A Listing of the Proposed Public Works or Public Improvements in the Zone

See below and refer to the map exhibits.

B. A List Describing the Estimated Project Costs of the Zone is Shown Below, including Creation and Administration Costs

| Public Infrastructure and Related Items | Estimated Costs |
|---|---------------------|
| Safety and Visual Improvements | |
| Sidewalks and pavers at intersections | \$1,000,000 |
| Streetlights | \$500,000 |
| Streetscaping and municipal furnishings | \$500,000 |
| Relocate above ground utilities underground | \$1,000,000 |
| | |
| Public Use | |
| Land acquisition and development of park space | \$450,000 |
| City Hall – new or renovate existing building | \$15,000,000 |
| Downtown Infrastructure | \$2,000,000 |
| US 190 improvements/ FM 2410 improvements | \$3,000,000 |
| | |
| La Cascata Infrastructure Development | |
| Water, sanitary sewer, storm sewer, roads, landscaping, water features, green space, trails | \$12,000,000 |
| | |
| | |
| | |
| Total | \$35,450,000 |

*The above costs are estimates and based on the best information available as of August 2008. Cost will vary and costs may be distributed between the various line items.

C. Estimated Time When Monetary Obligations Are Incurred

Costs will be incurred beginning in 2009 and are anticipated to continue per the Table A: Buildout Schedule.

D. Estimated Amount of Bonded Indebtedness

The City, at its sole discretion, may issue bonds, notes, or other obligations secured by tax increment revenues, the proceeds of which could be used to pay for or reimburse developers for Project Costs, including public improvements, interest, developer costs, and costs associated with the bond issue. The City, at its sole discretion, may issue one or more series of bonds or notes at the time the Zone generates sufficient tax increment revenues to pay principal and interest on such obligations. However, the City may elect to pay for Project Costs directly from tax increment proceeds as they become available, without the sale of bonds or notes.

E. Methods of Financing and Sources of Revenue

Tax increment revenues will be derived from the development of the La Cascata mixed-use project, development in the Killeen Industrial Park, and increase in property values in downtown Killeen. Development is projected to increase taxable property values in the Killeen TIRZ to approximately \$292 million during the life of the TIRZ.

Table A depicts the build-out projection and the annual captured appraised value for the mixed-use development proposed in the TIRZ; improvements in the industrial park; and improvements in the downtown area. Table B depicts the projected revenue schedule for the TIRZ.

To ensure timely construction of public improvements, both “pay-as-you-go” and/or bond financing may be utilized. Potential financing methods may include:

- 1. Tax Increment Bonds or Notes:** As allowed by annual incremental increases in Zone assessed value, tax-exempt tax increment bonds or notes may be issued to fund improvements.
- 2. Bond Anticipation Notes:** Notes issued in anticipation of tax increment or bond revenue may be issued to facilitate implementation of particular projects as warranted.
- 3. Other Private Financing:** The project will be developed using traditional bank financing subject to future TIRZ fund reimbursement provided to the Developer.
- 4. Tax Increment Contract Revenue Bonds:** The City may elect to create a Redevelopment Authority with the authority to issue all or part of the debt contemplated in the Plan. The Board may elect to enter into Development Agreements with the developer to provide for public projects

in furtherance of the provisions of the Plan. In such situations, development agreements may be subject to the developer's ability to generate sufficient increment to fund the agreement.

5. Percentage of Increment Dedicated to the Zone:

The percentage of tax value increment anticipated to be dedicated to the Zone follows.

| Taxing Unit | Dedicated Tax Rate | % of Total Participation |
|--------------------|---------------------------------|---------------------------------|
| City of Killeen | \$.695 | 100% |
| Bell County | \$.4074 | 100% |
| College District | \$.142 | 100% |
| TOTAL | \$1.2165/\$100 valuation | 100% |

F. Tax Increment Fund:

The City of Killeen will establish and maintain the Zone's tax increment fund. The City will deposit an amount of money into the tax increment fund equal to the City's ad valorem tax revenues collected from the taxable property in the project, less the tax increment base revenue. The City will deposit revenues derived from all taxing jurisdictions participating in the TIRZ into the tax increment fund, in accordance with the conditions of an agreement with each jurisdiction's participation.

G. Economic Feasibility Study

The feasibility study is Exhibit E.

H. Duration of the Zone

The duration of the TIRZ is proposed to be twenty (20) years, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of any bonds, notes or other obligations that all project costs, bonds, notes or other obligations have been paid in full.

III. Exhibits

| | |
|-----------|---------------------------------------|
| Exhibit A | Killeen TIRZ Boundary |
| Exhibit B | Written Boundary Description for TIRZ |
| Exhibit C | Current Land Use Map of TIRZ |
| Exhibit D | Future Land Use Maps of TIRZ |
| Exhibit E | Market (Economic) Feasibility Study |

IV. Tables

| | |
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| Table A | Schedule of Zone Estimated Captured Appraised Value |
| Table B | Proposed Zone Revenue Schedule |

KILLEEN TIRZ NUMBER TWO

Boundary Description – Exhibit B

Beginning at a point in the south east corner of Canyon Point II Subdivision as recorded in Cabinet C, Slide 69-A, Plat Records of Bell County, Texas.

Following the Southeast line of Canyon Point:

N 43 9 22 E Approximate Distance: 136.877

to a point in the North East corner of said subdivision.

Thence N 34 55 10 E Approximate Distance: 573.961 to a point in the north margin of SH190.

Thence S 62 56 58 E Approximate Distance: 211.19 to a southeast point in the Southern Cross Subdivision.

Thence N 69 14 34 E Approximate Distance: 515.66 to the most southeasterly point in the Southern Cross Subdivision.

Thence N 20 28 34 E Approximate Distance: 29.338 to a point in most easterly corner of said subdivision.

Travelling N 60 44 19 E Approximate Distance: 148.949 to a point in the east margin of FM 2410.

Following the east right of way margin of FM 2410:

1. N 24 50 00 W 120.24
2. N 22 03 30 W 277.43
3. N 18 26 50 W 85.52
4. N 16 31 40 W 99.90
5. N 11 20 20 W 203.56
6. N 05 24 40 W 189.60
7. N 00 25 40 W 299.78
8. N 08 24 10 E 192.26
9. N 08 43 50 E 246.03
10. N 12 37 00 E 151.50
11. N 15 39 30 E 147.05
12. N 18 19 20 E 144.76
13. N 30 19 00 E 105.91
14. N 19 17 36 E 114.41
15. N 19 22 03 E 179.90
16. N 19 14 42 E 143.64
17. N 19 27 46 W 59.95
18. N 08 16 01 W 103.07
19. N 16 20 09 E 1584.51
20. N 00 38 50 W 236.17
21. N 05 12 48 W 433.15
22. N 02 00 12 W 722.27
23. N 28 42 56 E 260.67

KILLEEN TIRZ NUMBER TWO

Thence N 47 28 3 W Approximate Distance: 162.633
to a point in the South right of way of US Bus Hwy 190.

Following the South Right of Way of US Bus Hwy 190.

| | |
|------------------|----------|
| 1. N 58 29 26 W | 645.765 |
| 2. N 58 08 37 W | 1163.516 |
| 3. N 58 46 02 W | 606.273 |
| 4. N 60 19 23 W | 765.863 |
| 5. N 61 20 11 W | 118.311 |
| 6. N 65 34 43 W | 56.553 |
| 7. N 64 04 13 W | 315.385 |
| 8. N 62 35 30 W | 44.232 |
| 9. N 60 26 55 W | 573.07 |
| 10. N 59 34 15 W | 52.59 |
| 11. N 61 44 47 W | 124.931 |
| 12. S 82 37 56 W | 127.91 |
| 13. N 60 58 08 W | 100 |
| 14. N 34 25 51 W | 111.819 |
| 15. N 61 00 27 W | 41.461 |
| 16. N 58 50 27 W | 55.532 |
| 17. N 60 54 37 W | 851.357 |
| 18. N 66 02 06 W | 50.332 |
| 19. N 61 24 20 W | 1058.195 |
| 20. N 40 15 27 W | 56.294 |
| 21. N 60 48 43 W | 397.323 |
| 22. N 59 22 59 W | 86.97 |
| 23. N 59 56 56 W | 565.246 |
| 24. N 61 22 52 W | 729.598 |
| 25. S 89 37 33 W | 83.737 |
| 26. N 59 10 00 W | 338.825 |
| 27. N 27 18 30 W | 85.702 |
| 28. N 36 23 31 W | 68.923 |
| 29. N 47 45 00 W | 1239.077 |
| 30. N 31 18 14 W | 64.067 |
| 31. N 43 55 48 W | 425.472 |
| 32. N 45 57 21 W | 185.071 |
| 33. N 59 37 22 W | 956.692 |
| 34. N 67 19 35 W | 50.19 |
| 38. N 73 25 35 W | 288.244 |
| 39. N 81 31 44 W | 70.34 |
| 40. N 76 01 10 W | 298.072 |
| 41. N 75 09 21 W | 80.005 |
| 42. N 75 52 59 W | 670.956 |
| 43. N 75 53 00 W | 75.884 |
| 44. N 75 53 00 W | 461.884 |
| 45. N 75 53 00 W | 48.884 |
| 46. N 76 03 40 W | 791.597 |
| 47. N 72 43 23 W | 53.002 |
| 48. N 74 31 35 W | 757.824 |
| 49. N 74 35 15 W | 50.001 |

KILLEEN TIRZ NUMBER TWO

50. N 74 35 15 W 461.884
51. N 74 39 54 W 1052.403
52. S 64 17 31 W 134.882

Thence N 78 14 59 W Approximate Distance: 124.02
crossing SH 195 to a point in the west margin.

Thence N 16 37 45 E Approximate Distance: 467.307
Following the west margin of SH 195.

Thence S 80 14 17 E Approximate Distance: 120.785
crossing SH 195 to a point in the east margin.

Following the North right of way of W Ave E.

1. S 84 22 01 E 214.273
2. S 84 22 01 E 57.83
3. S 84 21 59 E 214.603
4. S 84 21 59 E 214.603
5. S 58 07 42 E 64.021
6. S 84 22 08 E 60.849
7. S 84 22 01 E 209.329
8. S 87 18 47 E 51.622
9. S 83 49 10 E 499.085
10. S 86 27 22 E 100.934
11. S 82 31 00 E 1270.046

Thence N 14 48 51 E Approximate Distance: 375.802
to a point in the west margin of Root Ave

Following the west margin of Root Ave.

1. N 16 54 05 E 30.003
2. N 16 50 48 E 363.304
3. N 23 12 52 E 48.021
4. N 16 45 41 E 316.463
5. N 14 45 41 E 57.209
6. N 17 53 43 E 186.564
7. N 12 53 38 E 50.062
8. N 16 34 37 E 231.935
9. N 20 05 59 E 66.612
10. N 16 47 11 E 149.715
11. N 03 01 21 W 26.023
12. N 13 14 27 E 56.966
13. N 22 59 44 E 119.249
14. N 16 38 55 E 462.179

Crossing the intersection of Root Ave and FM 439 to
a point in the Peeler Addition Subdivision recorded in
Vol. 611 and Pg. 108

KILLEEN TIRZ NUMBER TWO

Continue following the North Margin of FM 439

1. N 51 45 22 E 87.542
2. S 73 36 40 E 212.681
3. S 78 28 50 E 54.227
4. S 73 55 19 E 300.099
5. S 76 37 34 E 60.231
6. S 72 59 40 E 309.712
7. S 71 05 48 E 90.472
8. S 72 51 06 E 294.151
9. S 74 28 53 E 80.169
10. S 73 47 01 E 306.107
11. S 80 02 35 E 81.65
12. S 73 53 56 E 307.841
13. S 73 00 29 E 78.605
14. S 73 06 21 E 403.636
15. S 74 58 21 E 57.132
16. S 72 18 29 E 289.494
17. S 73 46 51 E 35.541
18. S 73 16 19 E 716.519
19. S 69 03 24 E 56.618
20. S 73 08 59 E 617.814
21. N 74 11 56 E 36.261
22. S 72 31 21 E 156.809
23. S 17 48 41 W 20.00
24. S 72 52 24 E 272.583
25. S 77 50 14 E 86.328
26. S 72 46 37 E 220.239
27. S 76 26 00 E 85.915
28. S 72 46 46 E 244.953
29. S 72 35 11 E 49.545
30. S 73 13 37 E 1407.095
31. S 72 55 01 E 55.133
32. S 73 51 53 E 243.984
33. S 75 12 43 E 58.105
34. S 73 03 11 E 1096.135
35. S 73 32 06 E 54.036
36. S 72 45 48 E 246.293
37. S 79 36 04 E 55.837
38. S 72 30 25 E 378.985
39. S 72 30 25 E 71.168
40. S 72 30 26 E 52.294
41. S 86 20 07 E 332.14
42. S 73 38 41 E 762.357
43. S 71 25 12 E 49.727
44. S 77 08 06 E 197.82
45. S 85 08 41 E 94.38
46. S 76 35 02 E 278.995

Thence S 73 34 40 E 1445.166 to a point
in the City of Killen Long Branch Park
Rec. Vol. 1035 Pg. 310-314

KILLEEN TIRZ NUMBER TWO

Thence N 18 3 25 E Approximate Distance: 831.752
to a point in the City of Killen Long Branch Park
Rec. Vol. 1035 Pg. 310-314

1. S 74 32 36 E 229.19
2. N 17 21 08 E 52.393

Thence S 72 42 11 E 467.168 to a Southeast point
in Memorial Addition. Cabinet C Slide 391-A

Thence N 17 1 59 E Approximate Distance: 1169.154 to a
Northeast point in said subdivision Memorial Addition.

Following the South Right of Way of Lake Road.

1. S 72 15 57 E 159.873
2. S 77 14 22 E 54.876
3. S 73 04 44 E 989.948

Thence S 9 12 31 E Approximate Distance: 308.114
to a point in the Southwest corner of Koala Park Subdivision.
Cabinet 1387 Pg. 579

Thence S 73 45 47 E Approximate Distance: 291.096 to the
most southeasterly point in said Koala Park Subdivision.

Thence S 0 14 44 E Approximate Distance: 1352.432 to a
point in the north margin of FM 439.

Thence N 88 57 46 E Approximate Distance: 315.178 to a
point in the most southwestern point of Rancier Plaza Cabinet C,
Slide 295-D.

Thence S 12 10 49 W Approximate Distance: 119.92 to a
point in the South right of way of FM 439

Following the South margin of FM 439.

1. S 89 10 20 W 299.999
2. S 89 32 13 W 638.935
3. N 86 24 23 W 1019.123
4. N 79 05 07 W 409.93
5. N 07 03 22 E 28.883
6. N 75 12 12 W 301.498
7. N 73 09 37 W 72.938
8. N 73 32 34 W 1825.877
9. N 76 38 00 W 394.428

Following the West margin of N. 38th St.

1. S 32 46 05 E 338.547
2. S 07 53 12 W 360.581

KILLEEN TIRZ NUMBER TWO

3. S 79 40 58 W 84.959
4. S 02 57 57 W 235.535

Thence N 73 39 59 W Approximate Distance: 880.849 to the Southwesterly most point of Northside Theatre Subdivision.
Cabinet B Slide 216-A

Thence N 16 48 24 E Approximate Distance: 803.597 to the most Northwest point of said subdivision Northside Theatre Subdivision.

Continue following the South Margin of FM 439

1. N 76 46 15 W 599.539
2. S 16 04 07 W 7.168
3. N 72 59 51 W 1470.392
4. N 86 37 01 W 71.64
5. N 73 28 29 W 508.077
6. N 69 47 40 W 103.227
7. N 73 30 40 W 298.039
8. S 16 56 20 W 19.953
9. N 72 59 51 W 193.06
10. N 17 13 34 E 20.057
11. N 73 09 20 W 458.852
12. N 73 20 27 W 46.308
13. N 73 16 20 W 201.428
14. N 73 20 27 W 46.308
15. N 73 16 20 W 737.428
16. N 73 37 03 W 51.289
17. N 72 38 30 W 388.028
18. N 69 48 26 W 49.403
19. N 72 44 00 W 1307.867
20. N 81 10 08 W 59.966
21. N 73 19 09 W 691.731

Following the East margin of North 10th St.

1. S 17 21 04 W 429.397
2. S 13 51 22 W 47.947
3. S 17 12 11 W 172.36
4. S 05 40 38 W 45.649
5. S 17 08 03 W 297.134
6. S 07 32 27 W 54.045
7. S 18 44 58 W 250.982
8. S 10 42 49 W 55.36
9. S 17 08 03 W 169.13
10. S 17 08 03 W 50
11. S 17 08 03 W 169.945
12. S 18 21 11 W 53.913
13. S 17 02 39 W 449.781

KILLEEN TIRZ NUMBER TWO

14. S 18 11 40 W 171.742

Following the North margin of BNSF
R&R Right of Way.

1. S 72 54 20 E 695.822
2. S 74 18 18 E 50.027
3. S 70 25 45 E 452.482
4. S 73 43 16 E 50
5. S 71 45 30 E 397.132
6. S 73 22 04 E 474.575
7. S 70 45 01 E 389.02
8. S 58 25 06 E 41.513
9. S 14 02 47 W 15.762
10. S 71 12 33 E 318.517
11. S 69 26 49 E 64.694
12. S 70 54 42 E 748.469
13. S 70 54 42 E 303.025
14. S 70 54 42 E 575.976
15. S 72 28 14 E 80.599
16. S 71 02 15 E 2984.699
17. S 71 34 37 E 166.097
18. S 70 47 20 E 598.034
19. S 63 20 41 E 109.871
20. S 71 15 31 E 2222.132
21. S 70 47 37 E 50.212
22. S 70 47 37 E 787.329 to a
point in most Southwest corner of
KILLEEN BUSINESS PARK SUB-DIVISION 2
Cabinet A, Slide 70-C

Thence N 16 27 30 E Approximate Distance: 2362.95
Thence S 74 0 33 E Approximate Distance: 1494.16 to a
point in the West Right of Way of Twin Creek Drive.

Thence S 76 21 32 E Approximate Distance: 133.504 to a
point in the East Right of Way of Twin Creek Drive.

Thence S 74 41 47 E Approximate Distance: 592.203 to a
point in the said subdivision of KILLEEN BUSINESS PARK
SUB-DIVISION 2 Cabinet A, Slide 70-C.

Thence N 16 59 31 E Approximate Distance: 349.218 to a
point in the said subdivision of KILLEEN BUSINESS PARK
SUB-DIVISION 2 Cabinet A, Slide 70-C.

Thence S 72 24 16 E Approximate Distance: 424.706 to a
point in Southwest Corner the Affiliated Addition
Subdivision. Cabinet C, Slide 36-C. Continue N 16 36 55 E 251.362,
S 72 59 33 E 341.091, S 16 41 23 W 251.372

KILLEEN TIRZ NUMBER TWO

to a point in Southeast Corner of said
Affiliated Addition Subdivision.

Thence S 73 4 01 E 1100.818, S 16 46 16 W 119.118,
S 31 48 17 E 1455.133 to the most Northeastern point in
KILLEEN BUSINESS PARK PHASE II Cabinet C, Slide 116-C.

Thence S 85 22 47 E 719.268,
Thence S 15 22 22 E 930.024 to a point
in KILLEEN BUSINESS PARK PHASE IV Cabinet D, Slide 87-A.

Thence S 73 36 25 E Approximate Distance: 316.31 to a
point in the West margin of North Roy Reynolds Drive.

Thence S 17 18 58 W Approximate Distance: 4625.138 to a
point in the North margin of Bus US Hwy 190.

1. N 79 49 52 W 1250.938
2. N 75 53 48 W 841.03
3. N 86 38 07 W 120.951
4. N 77 14 15 W 394.48
5. N 84 02 28 W 109.975
6. N 76 43 40 W 403.287
7. N 76 34 12 W 523.749

Thence N 15 34 4 E Approximate Distance: 469.895 to a point
in Southwest corner of a 49.79 acre tract described in a deed to
OHNNURI COMMUNITY CHURCH, recorded in Vol.6288 Page 275.

Thence N 71 21 10 W Approximate Distance: 754.308 to a
most Northwest point in Bell Glass Addition Vol. 3879 Pg. 149.

Thence S 15 08 34 W Approximate Distance: 16.135 to a
point in the Southeast corner of D. JACOB WAREHOUSE ADDITION
Cabinet C, Slide 202-B.

Thence N 73 22 33 W Approximate Distance: 299.245 to a
point in the Northwest corner of D. JACOB WAREHOUSE ADDITION
Cabinet C, Slide 202-B.

Thence N 15 23 26 E Approximate Distance: 21.475 to a point
in Northeast corner of a 1.999AC acre tract described in a deed to
WELLS, JACK JR & AMANDA A, recorded in Inst. #200700043435

Thence N 74 14 4 W Approximate Distance: 211.184 to a
point in the Northeast corner of LAMPHERE ADDITION
Cabinet D 33A.

Thence N 75 27 32 W Approximate Distance: 219.761 to a

KILLEEN TIRZ NUMBER TWO

point in the Northwest corner of LAMPHERE ADDITION
Cabinet D 33A.

Thence N 79 2 26 W Approximate Distance: 386.267 to a point
in Northeast corner of a 2.567AC acre tract described in a deed to
LAMPHERE, GEORGE E JR ETUX HYON O, Vol. 5449 Pg. 236

Thence N 16 42 41 E Approximate Distance: 425.671 to a
point in the southwest corner of TWIN CREEK ADDITION SECTION FIVE
Cabinet D, Slide 24B

Following south line of said subdivision TWIN CREEK
ADDITION SECTION FIVE Thence S 78 12 31 E Approximate Distance:
275.337

Thence N 77 17 53 E Approximate Distance: 114.004 to a point
in the southwest corner of TWIN CREEK
ADDITION SECTION FIVE Cabinet D, Slide 24B

Thence N 9 56 36 E Approximate Distance: 85.159 to a point
in the southwest corner of TWIN CREEK
ADDITION SECTION 2 Cabinet A, Slide 92-A

Thence N 64 21 0 E Approximate Distance: 354.204 continuing to
following the south line:
1.N 81 42 17 E Approximate Distance: 215.184
2.N 55 58 21 E Approximate Distance: 268.597
3.Thence S 58 47 19 E Approximate Distance: 252.448
to a point in the southeast corner of TWIN CREEK
ADDITION SECTION 2 Cabinet A, Slide 92-A.

Thence N 75 8 51 E Approximate Distance: 507.81 to a point
in the southwest corner of TWIN CREEK
ADDITION SECTION 3 Cabinet A, Slide 334-C

Thence S 86 55 31 E Approximate Distance: 478.791
following the southeast line to a point
in the southwest corner of TWIN CREEK
ADDITION SECTION 3 Cabinet A, Slide 334-C

Following the west boundary line of a 172.93 acre tract (172A-0912 J S WILDER Survey, 24 & 25)

1. S 85 08 04 E 425.654
2. S 74 06 33 E 105.976
3. S 77 19 51 E 44.505
4. S 70 41 13 E 92.727
5. S 62 12 10 E 83.761
6. S 84 16 58 E 80.444
7. S 07 24 41 W 28.021
8. N 85 03 54 E 410.218
9. S 04 43 06 W 95.545

KILLEEN TIRZ NUMBER TWO

10. S 81 36 14 E 163.83
11. N 67 00 32 E 113.318
12. N 43 14 14 W 122.866
13. N 85 37 26 E 616.626
14. N 22 42 01 E 108.079
15. N 02 00 32 E 143.056
16. N 52 20 17 E 181.64
17. S 87 39 46 E 89.051
18. N 58 19 58 E 354.039
19. N 69 03 20 E 236.212
20. N 43 27 22 E 228.528
21. N 77 26 06 W 251.645
22. S 58 24 05 W 179.246
23. N 79 42 50 W 180.679
24. N 20 17 01 E 138.235
25. N 51 31 40 W 210.846
26. S 57 05 08 W 258.496
27. S 73 42 27 W 219.246
28. S 37 35 39 W 36.412
29. N 89 51 27 W 431.996
30. S 55 37 44 W 175.317
31. S 07 37 32 W 44.301
32. S 66 51 12 W 191.941
33. N 87 03 09 W 84.967
34. S 83 39 32 W 69.079
35. S 07 31 54 W 24.187
36. N 82 18 29 W 709.729
37. S 10 59 59 W 224.623
38. N 56 15 02 W 77.348
39. N 17 43 24 E 183.501
40. N 78 01 36 W 101.328
41. S 02 07 33 W 156.202
42. N 53 49 12 W 215.389
43. N 82 48 23 W 234.896
44. N 13 19 23 E 86.842
45. N 84 26 02 W 40.112
46. N 54 53 49 W 116.765
47. S 22 39 48 W 129.026
48. N 69 09 10 W 72.112
49. N 18 24 26 E 152.764
50. N 52 20 20 W 70.803
51. N 66 38 10 W 148.93
52. N 69 26 00 W 42.379
53. N 48 50 53 W 316.635
54. N 81 19 04 W 380.171
55. N 00 15 08 E 65.765
57. N 55 47 54 E 420.121
58. N 69 17 29 E 214.98
59. N 42 03 38 E 412.928
60. N 38 38 13 E 163.659 to a
point in the South margin of BNSF

KILLEEN TIRZ NUMBER TWO

R&R Right of Way.

Thence N 70 10 34 W Approximate Distance: 198.475 crossing Twin Creek Dr to the Northeast point of Twin Creek Addition Section 4, recorded in Cabinet A, Slide 380-B

Thence N 70 50 6 W Approximate Distance: 206.891 following the South margin of BNSF R&R Right of Way.

1. N 17 36 57 E 23.678
2. N 71 05 32 W 4780.227
3. N 71 54 44 W 255.393
4. N 70 56 12 W 2079.613
5. N 70 55 54 W 1636.744
6. N 63 05 14 W 80.909
7. N 70 46 54 W 1629.538
8. N 68 39 22 W 48.417
9. N 71 29 04 W 325.069
10. S 17 55 50 W 21.87
11. N 72 13 24 W 1310.012
12. N 70 11 08 W 51.204
13. N 64 11 29 W 51.836
14. S 23 56 24 W 22.119
15. N 70 44 51 W 391.474
16. N 45 02 35 W 56.671
17. N 72 42 47 W 711.291

Thence S 13 46 55 W Approximate Distance: 215.748 to point in the East margin of South 10th St.

Following the east margin of South 10th St

1.S 22 0 58 W Approximate Distance: 67.926

2.S 16 50 0 W Approximate Distance: 283.269 to a point in the north margin of BUS HWY 190.

Following the North margin of BUS HWY 190:

1. S 56 03 25 E 1271.61
2. S 47 56 49 E 69.449
3. S 44 43 25 E 175.067
4. S 56 06 18 E 101.348
5. S 46 22 03 E 1300.422
6. N 80 24 57 E 91.301
7. S 58 23 23 E 398.583
8. S 40 09 41 E 104.646
9. S 61 11 25 E 147.163
10. S 61 11 26 E 64.234
11. S 61 11 28 E 142.009
12. S 52 54 49 E 189.575
13. S 60 34 31 E 272.19
14. S 60 34 31 E 48
15. S 60 34 31 E 373.077
16. S 73 13 51 E 113.575

KILLEEN TIRZ NUMBER TWO

17. S 60 13 51 E 375.526
18. S 83 06 06 E 65.012
19. S 61 22 26 E 1123.136
20. S 86 22 50 E 113.781
21. S 67 00 49 E 123.51
22. S 38 10 33 E 217.564
23. S 61 40 13 E 297.502
24. S 84 59 20 E 164.023
25. S 60 32 17 E 154.755
26. S 42 28 13 E 204.331
27. S 60 49 42 E 472.348
28. N 77 22 43 E 60.838
29. S 54 46 44 E 199.629
30. S 23 01 05 E 31.36
31. S 60 45 11 E 121.347
32. S 82 09 11 E 109.492
33. S 53 46 39 E 208.234
34. S 47 06 10 E 28.755
35. S 53 56 35 E 185.531
36. S 53 02 17 E 44.333
37. S 59 24 32 E 449.678
39. S 59 48 28 E 47.756
40. S 58 36 33 E 563.721
41. S 57 52 31 E 45.305
42. S 59 06 02 E 120.515
43. S 58 37 49 E 48.265
44. S 58 37 50 E 576.281
45. S 58 37 50 E 52.155
46. S 58 37 49 E 137.114
47. S 58 37 49 E 50.525
48. S 58 51 26 E 299.949
49. S 71 49 39 E 55.302
50. S 58 50 06 E 277.569
51. S 58 23 26 E 43.754
52. S 59 15 08 E 328.545
53. S 57 52 35 E 80.168
54. S 58 04 34 E 275.652
55. S 66 32 31 E 606.263
56. S 25 22 56 E 121.574
57. S 60 36 33 E 449.479
58. S 77 27 10 E 134.067
59. S 60 32 48 E 222.712
60. S 53 27 52 E 173.735
61. N 09 41 18 E 14.741
62. S 71 43 22 E 541.22
63. S 77 46 44 E 363.543
64. S 27 6 14 W 189.651 to a point in the South margin
of BUS HWY 190.

Following the South margin of BUS HWY 190

1. S 68 45 12 E 48.501

KILLEEN TIRZ NUMBER TWO

2.S 80 14 58 E 1170.959
3.S 73 42 7 E 373.62 to a
point in KISD CENTRAL RECEIVING SUBDIVISION.

Following the west line of KISD CENTRAL RECEIVING SUBDIVISION
S 15 16 22 W Approximate Distance: 1284.1 to a point
STILLFOREST SUBDIVISION 2ND EXT. Cab. C, Slide 374-D
Following the North boundary line of STILLFOREST SUBDIVISION 2ND EXT.

1. S 74 20 22 E 356.12
2. S 87 22 48 E 58.26
3. N 79 40 21 E 251.22
4. N 67 20 56 E 256.597
5. N 89 23 46 E 68.407
6. N 31 32 15 W 101.588
7. N 53 42 11 E 56.928
8. S 77 23 29 E 268.224
9. S 77 23 29 E 70
10. S 75 35 53 E 196.188
11. S 23 20 03 E 147.511
12. S 19 10 58 E 218.328
13. S 03 00 36 W 74.986
14. S 05 38 35 W 224.182 to a point in the
northwest corner of the Killeen
Municipal Golf Course Tract owned by the City of Killeen.

Following the boundary of the Killeen
Municipal Golf Course Tract owned by the City of Killeen.

1. N 64 38 56 E 787.19
2. S 49 45 15 E 293.466
3. S 35 56 40 E 278.026
4. S 10 59 23 W 294.646
5. S 16 27 23 W 735.969
6. S 17 59 33 W 171.774
7. N 46 34 52 W 223.86
8. N 74 21 00 W 452.255
9. S 17 10 47 W 1074.962
10. S 70 36 50 E 155.53
11. S 88 44 23 E 504.527
12. N 66 59 00 E 25.991
13. S 62 33 13 E 147.123 to a point
in the west margin of S Roy Reynolds Dr.

Following the west margin of S. Roy Reynolds Dr.
Thence S 42 1 21 W Approximate Distance: 351.827
Thence S 78 40 49 W Approximate Distance: 1561.05 to the east margin
of Willows Way.

Thence following the east margin of Willows Way to
a point in the Willows Subdivision Plat Book 945, Page 546.
1. N 07 53 57 W 180.31

KILLEEN TIRZ NUMBER TWO

2. N 02 38 03 E 510.06
3. N 11 47 18 E 112.21
4. S 68 51 09 E 623.82
5. N 24 48 57 E 571.81
6. N 40 23 37 E 65.74
7. N 06 37 46 E 355.76
8. N 52 32 55 W 353.68
9. N 65 49 33 W 370.58
10. S 47 33 00 W 920.13
11. S 11 44 51 E 339.37
12. S 68 51 09 E 285.88
13. S 14 47 18 W 112.21
14. S 02 38 03 W 510.06
15. S 07 53 57 E 215.31

Following the west margin of S. Roy Reynolds Dr.

1. S 69 32 37 W 484.52
2. S 57 57 32 W 370.758
3. S 37 33 32 W 406.544
4. S 13 30 57 W 789.844 to a point in the North margin of FM 2410.

Thence N 73 55 54 W Approximate Distance: 299.181 to a point in the North margin of FM 2410.

Thence S 19 45 34 E Approximate Distance: 113.067 to a point south margin of FM 2410.

Thence following the Existing City Limits of the City of Killeen established in Ord. 70-27.

S 21 14 23 E Approximate Distance: 467.431 crossing US HWY 190

Thence S 19 36 28 E Approximate Distance: 551.796

Following the Existing City Limits of the City of Killeen established in Ord. 72-59. Thence S 21 41 41 E

Approximate Distance: 1545.857 to a point in the Southeast corner of Rosewood Addition. Cab. C, Slide 92C

Thence S 69 43 20 W Approximate Distance: 2589.323 to a point in the east boundary of HEATHER GLEN ADDITION SECTION THREE-PHASE TWO. Cab B, Slide 180B

Thence N 26 46 8 W Approximate Distance: 1606.887 to a point in HEATHER GLEN SECTION II Cab. B, Slide 3B.

Thence N 1 31 33 E Approximate Distance: 497.007 to a point in the Morning Glen Subdivision. Cab. B, Slide 24-A

1. N 76 46 4 E 257.819

KILLEEN TIRZ NUMBER TWO

2.N 19 14 17 E 937.132
3.N 4 18 46 E 114.84 to a
point in the South margin of US HWY 190.

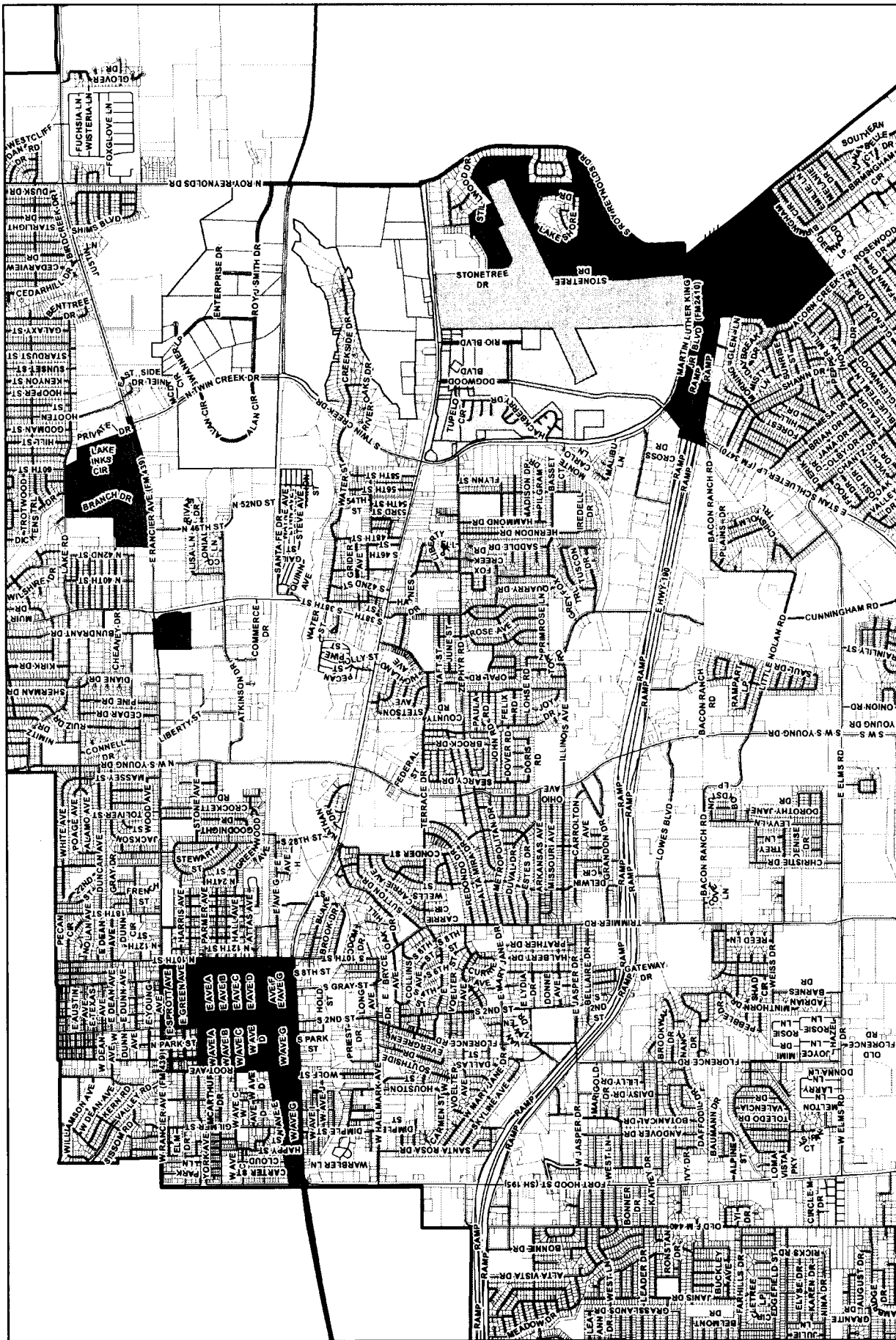
Following the South margin of US HWY 190:

1. N 77 34 39 W 170.342
2. N 63 27 42 W 449.255
3. N 62 57 20 W 68.886
4. N 63 23 39 W 1140.014
5. N 63 27 13 W 58.63
6. N 64 13 46 W 800.945
7. N 87 50 20 W 205.955

Thence N 75 37 38 W Approximate Distance: 233.314
Crossing FM 3470 to the point of beginning.

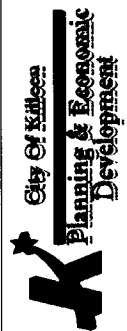
Yielding a net approximate acreage of 2125.795 acres.

Note: "This description has been generated solely to establish the boundaries of a Tax Increment Reinvestment Zone and complies with the requirements of Texas Tax Code, Chapter 311; however, this document does not reflect the result of an on-the-ground survey and is not to be used to convey tracts of land or for any other purpose."

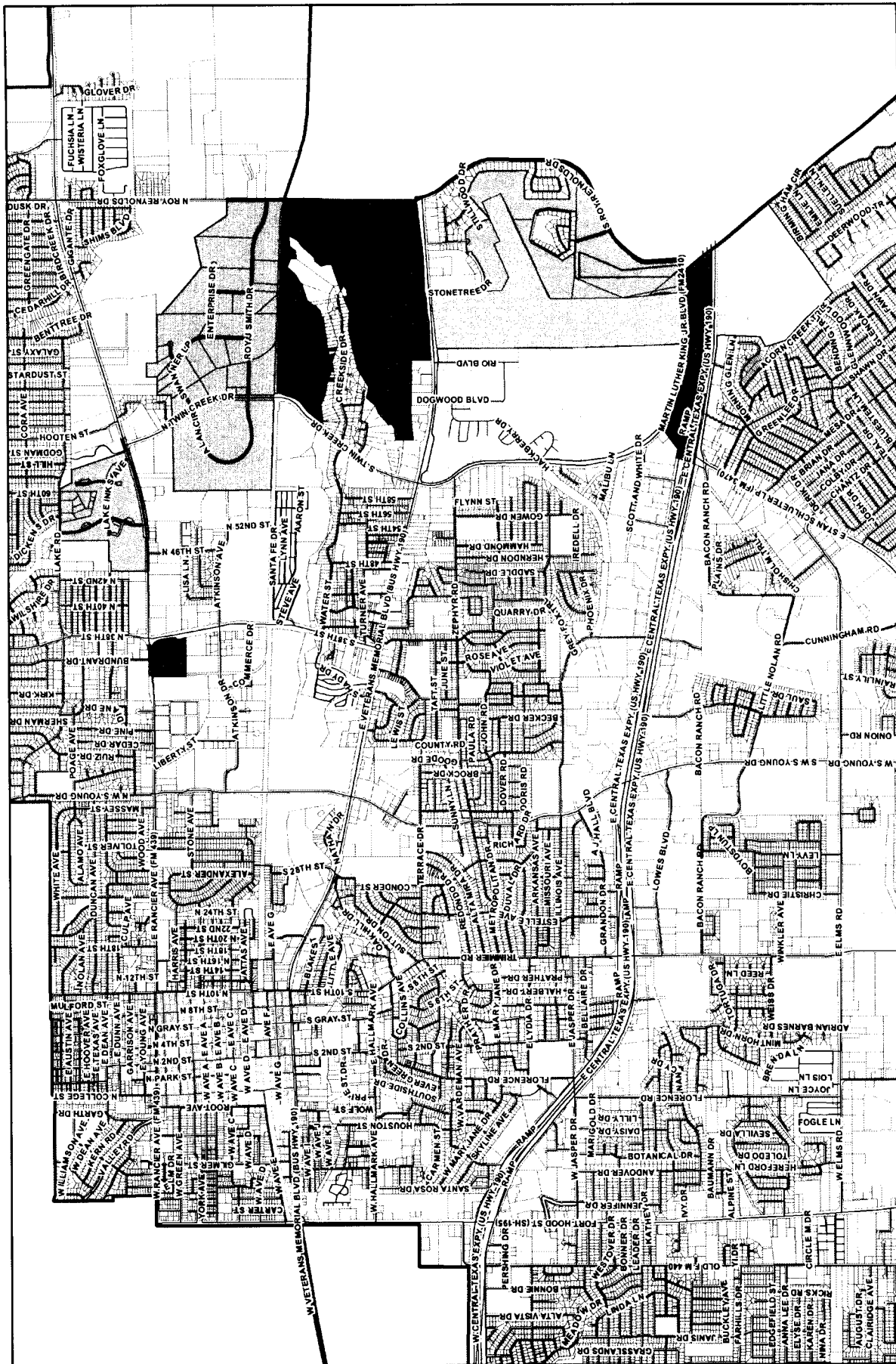


- Institutional
- Residential
- Commercial
- Industrial
- Park
- Citylimits

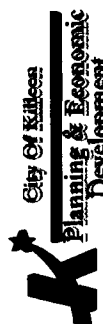
Current Land Use



Tax Increment Reinvestment Zone #2:Exhibit C



Future Land Use



MARKET FEASIBILITY MULTI-USE DEVELOPMENT KILLEEN, TEXAS

I. Growth of the Killeen Market

a. Population

The U.S. Census Bureau's population estimate for Killeen, in the year 2000, was 86,911. In July 2008, the U.S. Census Bureau estimated Killeen's population to be 112,434. The Census Bureau estimated an increase of 6,830 residents in Killeen during the past 12 months and ranked Killeen as the sixth fastest-growing city in the United States over the past year. This makes Killeen the 222nd largest city in the country. A growth rate of 6.5 percent placed Killeen as the second-fastest growing city, with a population of over 100,000, in Texas. In April 2008, the Bureau reported that the Killeen-Temple-Fort Hood MSA ranked No. 14 in the fastest growing metropolitan areas in the nation. The Bureau has forecasted Killeen's population, in the year 2030, to be 250,000.

b. Sales Taxes

Sales tax are a good indicator of retail vibrancy. Sales taxes retained by the City of Killeen is 1 ½ % of every dollar in sales tax revenue. Generally, sales tax collections have doubled over the past ten years. Sales tax collections for recent years are listed below:

| <i>Year</i> | <i>City's Sales Tax Revenue</i> |
|--------------------|--|
| 2008 | \$11,448,474 as of July |
| 2007 | \$18,622,823 |
| 2006 | \$17,379,426 |
| 2005 | \$16,533,782 |
| 2004 | \$14,733,940 |

c. Additional Growth Indicators

i. Policom.com

In June 2008, Policom Corporation, an independent economic research firm that specializes in analyzing local and state economies, ranked the

Killeen-Temple-Fort Hood Metropolitan Statistical Area (MSA) as the fifth strongest economy in the State of Texas.

ii. Housing

In October 2007, the Coldwell Banker® Home Price Comparison Index ranked Killeen as the most affordable housing market in the nation. Killeen has ranked in the Top Five since the mid-1990's. In January 2008, Entrepreneur.com identified Killeen as having the lowest average home price in any market in the nation while still maintaining quality.

iii. Apartments

In September 2005, Killeen ranked first in Texas in a renter livability and satisfaction survey conducted by ApartmentRatings.com, an Austin-based firm that ranks apartments nationwide.

iv. Job Market

In October 2005, Bizjournals.com ranked the Killeen-Temple-Fort Hood MSA as the 39th Hottest Job Market in cities with 100,000 - 250,000 jobs.

v. Quality of Life

In July 2006, The Expansion Management Magazine, a publication that marries the informational needs of qualified site location executives with the marketing ambitions of economic development organizations, ranked the Killeen-Temple-Fort Hood MSA in the Top 75, 4-Star Quality of Life metropolitan areas in the nation.

II. Retail Leakage

a. Trade Area

A Retail Leakage Study was conducted by The Retail Coach in July 2007. The study identified the retail trade area to be approximately 226,000 persons. The trade area boundaries extend from Lampasas which is to the west, to Temple on the east, Fort Hoods most northern section and as far south as Florence.

b. Retail Leakage

According to the analysis, Killeen is leaking approximately \$1,120,572,000 of retail sales to neighboring communities. Of the 52 retail sectors studied, Killeen shows only four with sales surpluses: Mobile Home Dealers, Motorcycle Dealers, Hobby, Toy and Game Shops and Miscellaneous Retail

Stores. The chart below reflects some of the retail sectors experiencing major leakages.

| Retail Sector | Estimated Actual Sales | Potential Sales | Leakage | % |
|--------------------------------|-------------------------------|------------------------|-----------------|----------|
| General Merchandise | \$ 87,600,000 | \$255,571,102 | (\$167,971,102) | -66% |
| Grocery Stores | \$176,600,000 | \$323,609,795 | (\$147,009,795) | -45% |
| Radio, TV, and Computer Stores | \$ 44,500,000 | \$184,667,863 | (\$140,167,863) | -76% |
| Eating Places | \$189,200,000 | \$292,151,215 | (\$102,951,215) | -35% |
| Drug Stores and Proprietary | \$ 4,500,000 | \$ 48,889,510 | (\$44,389,510) | -91% |
| Gasoline Service Stations | \$ 13,000,000 | \$ 54,965,100 | (\$41,965,100) | -76% |
| Home Furniture and Furnishings | \$ 33,800,000 | \$ 74,755,859 | (\$40,955,859) | -55% |
| Auto and Home Supply Stores | \$ 51,100,000 | \$ 81,152,632 | (\$30,052,632) | -37% |

Note: Additional details from the Leakage Study available upon request.

III. La Cascata Development:

La Cascata is a master-planned, multi-use development being planned in Killeen. The development will consist of seven (7) different land uses on approximately 215 acres owned by an investment partnership affiliate of First Advisors, Inc. of Austin, Texas. A conceptual master plan for the entire development has been prepared by the architectural and engineering firm Levinson Alcoser Associates, L.P. of Houston.

a. Land Uses

- Health Care (Hospital and Medical Office Buildings)
- Multi-family Apartment Homes and Assisted Living Residential for Seniors
- Class-A Office Buildings for Defense Contractor Industry serving Fort Hood
- Lifestyle Retail Center
- Civic Office Building for Bell County and City of Killeen
- Full Service Hotel and upper-end, Extended Stay Hotel
- Multiple Free-Standing Restaurants and Retail Buildings on Pad Sites

b. Project Identity

- The project design will include multiple water ponds featuring waterfalls between the ponds. Waterscape features in the form of aerators will be located throughout the ponds.

- The project will have an extensive walking/jogging trail network around the pond areas.

c. Land Use Status

- **Health Care (Hospital and Medical Office Buildings)**

Location will be approximately 1,100 feet of direct frontage on FM 2410/MLK which is a five-lane road. There will be two traffic signals on each side of the property. Located at the main entrance of the project. A proposal is outstanding.

- **Multi-family Apartment Homes**

There will be 656 Class-A apartment homes. The Villas will be built in three phases. A builder has agreed to commence construction in the Spring 2009.

- ***Lifestyle* Retail Center**

Planning and discussions with prospective tenants is underway. The project will consist of a mix of popular chain stores, *lifestyle* retail tenants and boutiques, as well as dominant regional and local retailers, eateries and full service restaurants.

- **Class-A Office Buildings**

A very limited supply of Class A office space exists in the market. Approximately 240 defense contracting firms are located in the area to serve Fort Hood, the largest U.S. Army installation in the world. Because of the growth of the post, these firms are being forced to seek space off post. The buildings will be three- to four-story structures of 46,000 to 86,000 square feet each.

- **Civic Office Building**

The building would be jointly occupied by Bell County and City of Killeen departments. Discussions are underway with both political subdivisions.

- **Full Service Hotel and upper-end, Extended Stay Hotel**

Two separate hospitality companies are participating in the development of their respective sites.

- **Multiple Free-standing Restaurants and Retail Buildings on Pad Sites:** Discussions have commenced with a number of popular chain restaurants who do not have a presence in the Killeen market. Additional

interest has been shown by multiple retailers desiring a free-standing location.

d. Utilities

The City of Killeen, Oncor Electric and Atmos Energy will provide water, sewer, electricity and gas service to the project. Embarq and Time Warner Cable will provide telephone and cable TV services.

e. Streets

All streets will be public and will be under the control and supervision of the City of Killeen. Street construction in most areas will include landscaping, islands, floral and monumental art sculptures.

f. Location

The project be accessible from all three major highways: Central Texas Expressway (via Stan Schlueter Loop), FM 2410 and Business Highway 190 (via Dogwood). The traffic count on Central Texas Expressway is over 95,000 vehicles per day.

IV. Conclusion

Killeen is the largest and fastest growing city in the Killeen-Temple-Fort Hood MSA. It is the hub of economic activity in the region. The economy of the community and of the region continues to expand despite weakening of the U.S. economy. Recent leakage studies conclude that there continues to be pent-up demand in the community and in the region. The La Cascata development is being planned to capture that demand. The developer of the project has a tract record of completing successful projects. All factors indicate that this project will be a resounding success.

Table A

KILLEEN TIRZ
Buildout Schedule

| | YEAR 1 | | YEAR 2 | | YEAR 3 | | YEAR 4 | | YEAR 5 | | YEAR 6 | | YEAR 7 | |
|----------------------------|--------|---------------|--------|---------------|--------|---------------|--------|---------------|--------|---------------|--------|---------------|----------------|----------------|
| | Units | Value | Units | Value | Units | Value | Units | Value | Units | Value | Units | Value | Units | Value |
| Residential Development | | | | \$ 3,000,000 | | | | \$ 3,000,000 | | \$ 3,000,000 | | \$ 3,000,000 | 0 | \$ 3,000,000 |
| Industrial Park | | | | \$ 39,511,700 | | \$ 39,511,700 | | \$ 39,511,700 | | \$ 39,511,700 | | \$ 39,511,700 | | \$ 39,511,700 |
| Mixed-Use Project - 200 ac | | \$ 39,511,700 | | \$ 39,511,700 | | \$ 39,511,700 | | \$ 39,511,700 | | \$ 39,511,700 | | \$ 39,511,700 | | \$ 39,511,700 |
| Downtown | | | | \$ 250,000 | | \$ 250,000 | | \$ 250,000 | | \$ 250,000 | | | | |
| Total | | | | | | | | | | | | | Total Units | Total Value |
| Total Captured Value | | \$39,511,700 | | \$42,761,700 | | \$39,761,700 | | \$42,761,700 | | \$42,761,700 | | \$42,511,700 | | \$ 292,581,900 |

\$39,511,714

TABLE A

KILLEEN

TIRZ Revenue Schedule

| Year | Cumulative Incremental Value of Development | TIRZ Collection City = .695 | TIRZ Collection County = .4074 | TIRZ Collection Coll. Dist. = .142 | TIRZ Collection Totals | Cumulative TIRZ Revenue Available for Projects |
|------|--|-----------------------------------|--------------------------------------|--|------------------------------|---|
| | | \$ 0.69500 | \$ 0.40740 | \$ 0.14200 | | |
| 1 | \$ 39,511,700 | \$ 266,368 | \$ 156,142 | \$ 54,423 | \$ 476,933 | \$ 476,933 |
| 2 | \$ 82,273,400 | \$ 554,646 | \$ 325,126 | \$ 113,323 | \$ 993,096 | \$ 1,470,029 |
| 3 | \$ 122,035,100 | \$ 822,700 | \$ 482,256 | \$ 168,091 | \$ 1,473,047 | \$ 2,943,076 |
| 4 | \$ 164,796,800 | \$ 1,110,978 | \$ 651,241 | \$ 226,991 | \$ 1,989,209 | \$ 4,932,285 |
| 5 | \$ 207,558,500 | \$ 1,399,256 | \$ 820,226 | \$ 285,891 | \$ 2,505,372 | \$ 7,437,657 |
| 6 | \$ 250,070,200 | \$ 1,685,848 | \$ 988,222 | \$ 344,447 | \$ 3,018,517 | \$ 10,456,175 |
| 7 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 13,987,837 |
| 8 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 17,519,500 |
| 9 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 21,051,162 |
| 10 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 24,582,825 |
| 11 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 28,114,487 |
| 12 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 31,646,150 |
| 13 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 35,177,812 |
| 14 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 38,709,475 |
| 15 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 42,241,137 |
| 16 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 45,772,800 |
| 17 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 49,304,462 |
| 18 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 52,836,125 |
| 19 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 56,367,787 |
| 20 | \$ 292,581,900 | \$ 1,972,441 | \$ 1,156,219 | \$ 403,002 | \$ 3,531,662 | \$ 59,899,449 |
| | | \$ 33,453,968 | \$ 19,610,283 | \$ 6,835,199 | \$ 59,899,449 | |

1. Assumes a tax collection rate of 97%
2. All numbers are preliminary and subject to change
3. Assumes full participation by Killeen, Bell County and Central Texas College District

TABLE B

CITY COUNCIL MEMORANDUM

AGENDA ITEM

HOLD A PUBLIC HEARING AND CONSIDER AN ORDINANCE CREATING TAX INCREMENT REINVESTMENT ZONE NUMBER TWO

ORIGINATING DEPARTMENT PLANNING AND DEVELOPMENT SERVICES

Background

The State of Texas has created funding mechanisms that have been designed to help municipalities remain competitive in their efforts to provide water, sewer, drainage, streets, parks, trails and other improvements that benefit the public.

A Tax Increment Reinvestment Zone (TIRZ) is a development tool used to finance public improvements in a specifically designated zone using tax increments. The purpose of a TIRZ is to facilitate development or redevelopment of an area that would not likely occur without city involvement. Increment financing refers to the amount of tax generated by the increased property value that results from new development projects. The tax revenue on the incremental or increased property value is dedicated back to the TIRZ to finance public improvements in the zone.

Discussion/Conclusion

On August 26, 2008, City Council approved a Memorandum/Resolution setting a public hearing for November 4, 2008 for the creation of Tax Increment Reinvestment Zone Number Two and authorizing staff to notify all taxing jurisdictions that levy taxes within the proposed zone of the City's intention to create the zone. In accordance with Chapter 311 of the Texas Tax Code, staff has prepared a preliminary reinvestment zone financing plan (attached for your review) and has notified the other taxing jurisdictions of the City's intention to create the reinvestment zone. Additionally, and in accordance with the requirements of Chapter 311, staff has provided formal presentations to the Central Texas College District (10/16/08) and Bell County (09/29/08), both of whom have agreed to full participation in the reinvestment zone and have appointed representatives to the anticipated TIRZ Board of Directors.

Fiscal Impact

The projected bonding capacity of the TIRZ will be \$35,450,000 over the next twenty (20) years.

Recommendation

Staff recommends that City Council approve the attached ordinance designating the Killeen Tax Increment Reinvestment Zone Number Two.

Attachments:

A – Preliminary Reinvestment Zone Financing Plan