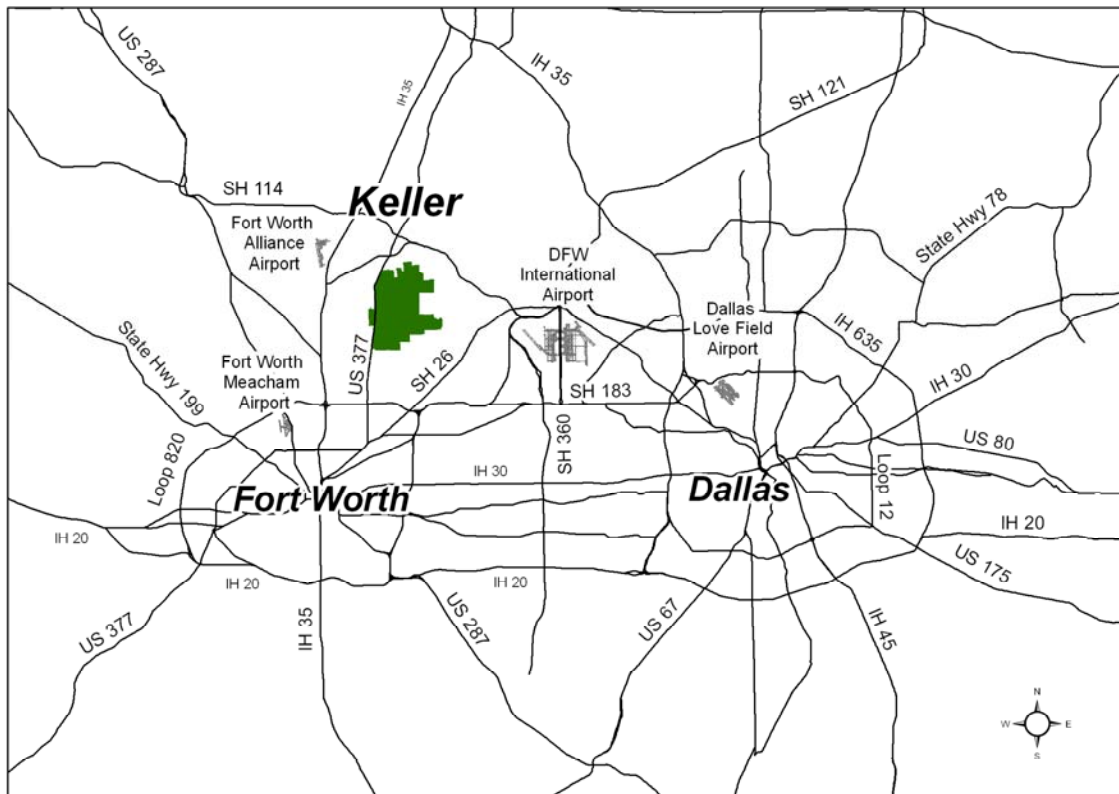


GENERAL INFORMATION

The City of Keller (the City) is located in northeast Tarrant County, Texas, approximately 10 miles north of Fort Worth on U.S. Highway 377, and 25 miles northwest of downtown Dallas. Keller is part of the "Metroplex" of North Central Texas, which includes the cities of Dallas and Fort Worth, with an estimated population exceeding 4.5 million. The City of Keller encompasses an area of approximately 19 square miles.



Keller History. Located near Bear Creek, the "Village" of Keller began with the news that the Texas Pacific Railroad would extend north of Fort Worth. Keller was settled in the early 1850's, and received its name at the urging of a Texas Pacific Railroad official, after the site became a stop on the railroad line. By 1882, the settlement, formerly known as Athol, became present day Keller. The wooded region around Keller attracted settlers because of the close proximity to the Trinity River, a supply of plentiful game and water, and the abundance of land for cattle raising and farming.

Keller Local Government. The City was incorporated in 1955 under the general laws of the State of Texas. In 1982, the voters elected to become a Home Rule City, adopted the City's Charter pursuant to State Law and subsequently operated under the Council-Manager form of government. The City Council is comprised of a Mayor and five Council Members, elected at-large. The Council Members are elected for two-year staggered terms and elections are held annually in May.

Establishing City policy is the sole responsibility of, and is vested in, the City Council. The City Council is required by the City Charter to appoint a City Manager to serve as the Chief Administrative and Executive Officer of the City. The duties of the City Manager include the appointment of City all department managers, administering the daily affairs of the City and ensuring City policies are enforced.

GENERAL INFORMATION

(Continued)

OPERATIONS

The City of Keller provides a full level of public services to its citizens, including administrative services; police, fire and emergency medical services; municipal courts service; parks and recreation facilities; a municipal library; community planning and building inspection; economic development; public works and engineering; street maintenance; water, wastewater and drainage utility services; and solid waste collection.

The FY 2005 annual budget of \$49,687,570 includes a budgeted staffing level of approximately 307 full-time equivalent employees, including 70.5 in the police department and 46.5 in the fire department needed to provide City services and programs.

A 2.5 million gallon water distribution elevated water storage facility was completed in September 2002, and has significantly improved the City's water storage and pressure necessary to meet the growing water supply demand from mostly residential development. The water storage project is a joint project with the neighboring Town of Westlake, whereby the Town of Westlake is contributing forty percent of the cost of the facility and will receive the proportionate share (1 million gallons) of storage. A third water supply (intake) station has been constructed through negotiation and financial participation with the City of Fort Worth (contractor for the City's water supply), resulting in approximately 5 million gallons per day of additional water supply capacity. Additional supply improvements include a 1 million gallon elevated water storage facility, a 10 million gallon ground storage facility, and miscellaneous distribution improvements will be constructed in FY2005, which will be satisfactory to meet the water supply demand of the City to build out. A water conservation plan has been enacted to guide water users in ways to conserve water in an effort to reduce the need for additional utility infrastructure in the future and to conserve the regional water supply.

POPULATION AND ECONOMICS

The City has experienced significant population growth since 1970. The following table presents Keller's official Census population since 1970, as well as the current year estimated population.

	Population	Increase (Decrease)	Pct Increase (Decrease)
1970 Census	1,474	NA	NA
1980 Census	4,156	2,682	182.0%
1990 Census	13,683	9,527	229.2%
2000 Census	27,345	13,662	99.8%
2004 Estimate	33,112	5,767	21.1%

Since 1970, the total population increase is over 31,630. This increasing population trend is anticipated to continue for several years. The City's estimated population by 2010 is 39,240. Tarrant County has experienced similar growth during the last 30 years, increasing from 715,587 in 1970 to 1,446,219 in 2000, an increase of over 100%. The 2004 Tarrant County estimated population is 1,589,200.

The City is located midway between the Dallas/Fort Worth International Airport and Alliance Airport – one of few intermodal corridors in the World that is anchored by two major airports. As a part of the D/FW Metroplex, Keller has benefited from the strong DFW economy, and has consistently been ranked as one of the fastest growing cities in the Metroplex. A favorable personal and corporate tax climate, favorable right-to-work laws and a strong pro-business commitment make Keller, the Metroplex and the State positive areas in which to do business.

POPULATION AND ECONOMICS*(Continued)*

There are currently 14 local banks serving the City. These banks include, The American Bank, Bank of America, Bank One (2), First Financial Bank, Frost National Bank, Northwest Bank, Regions Bank, Washington Mutual, Wells Fargo Bank (2), and Woodforest National Bank (2).

In order to keep pace with the rapid residential growth and expanding commercial areas, infrastructure improvements have continued to be a high priority. Rufe Snow Drive, a primary arterial roadway extending from IH-820 in North Richland Hills northward to the center of Keller at Farm Market (FM) Road 1709 (Keller Parkway), has been reconstructed by completing a new 4-lane roadway with landscaped medians, turn lanes, traffic signals, and sidewalks. With the completion of this improvement, a new neighborhood commercial intersection was created at the intersection of North Tarrant Parkway and Rufe Snow Drive, and has resulted in the opening of Lowe's Home Improvement Center, McDonald's, a Kroger Signature Store, CVS Pharmacy, Wal-Mart Neighborhood Market, Woodforest National Bank, and approximately 50,000 square feet of additional retail/commercial space. The final segment of the expansion and improvement of U.S. Highway 377 beginning at the terminus of the completed southern phase and extending north to State Highway 170 is anticipated to be under construction in early 2005. Completion of this highway segment will provide a new 6-lane divided highway along Keller's western boundary that will extend from the southern city limits of Keller to the north city limits, thus completing a major north/south arterial roadway from IH-820 to SH 170 and SH 114. In addition, the new portion of U.S. Highway 377 will provide improved access to several miles of commercial frontage totaling approximately 170 acres. Continued improvements in the commercial corridors have resulted in an increase in commercial and industrial market values between 2003 and 2004 of 9%.

In December 1998 the City of Keller created the Keller Tax Increment Reinvestment Zone No. 1, that includes 583,000 square feet of retail/commercial and restaurant development; 600,000 square feet of office space; high density residential (town home) development; upscale multi-family residential development; and adult or assisted living development. The TIRZ also included a municipal and parks/open space component. Development continues to increase in the Town Center, where 67 upscale patio homes are nearing completion and sold, 245 upscale apartments are completed, a Frost Bank facility opened, medical and profession office park completed, is the location of El Paseo Mexican restaurant, with numerous restaurants in the planning stages, a 188-unit over 55 adult living center under construction, and a limited stay hospital and medical facility in the pre-leasing phase. To add to the existing amenities of lakes and trails, The Keller Pointe, a new 87,940 square foot recreation and aquatic center (including outdoor leisure waters) financed by the Keller Development Corporation half-cent sales tax, was opened in May 2004. The City's continued involvement in the development of the remaining mixed use acreage in the Town Center is intended to generate over \$300 million in taxable real value at buildout.

Keller Town Hall and Town Hall Plaza were dedicated on April 19, 2002. The new 53,000 square foot facility houses the City Council chambers and approximately 65 employees of the administration, economic development, finance, utility billing and collections, parks and recreation administration, community development, public works administration and engineering, human resources, and training departments. The facility is intended to have the capacity for approximately 110 employees at build out of the City. Most importantly, the Town Hall and Plaza anchor the Keller Town Center and its Tax Increment Reinvestment Zone No. 1. Keller Independent School District constructed a 600-seat, 50-meter Natatorium (opening in March 2003), serving the educational purposes of the District, and accommodating local swim clubs/organizations, as well as the general public.

POPULATION AND ECONOMICS

(Continued)

The City is approximately 45% undeveloped and continues to develop primarily as a residential community, whose residents are employed by major companies located within a 5-mile radius of the City limits. Several manufacturing firms are located in the Keller area, as well as a variety of commercial establishments, restaurants, shops and food stores. The City recognizes the value of commercial development to its economic base and continues to encourage commercial growth, which will benefit the entire community. An estimated 382,813 square feet of commercial construction valued at approximately \$23.4 million is currently under construction (as of September 2004) that will be included in the 2005 taxable values. New residential construction values and size of houses continue to increase even though the total volume of residential construction activity is down due to the decrease of land available for development. The average new single-family residential building increased from 4,208 square feet to 4,429 square feet, and the average construction value increased from \$286,189 to \$314,280.

Area Employers. There are many employers in the Dallas/Fort Worth Metroplex area, as well as Tarrant County. The largest area employers are shown in the following table:

<u>Alliance Airport Area Employers</u>	<u>Number of Employees</u>	<u>Major Local Employers</u>	<u>Number of Employees</u>
Burlington Northern Santa Fe Railroad	2,800	Keller Independent School District	2,103
AMR Corporation	2,380	Southstar Logistics	311
Nokia	1,300	City of Keller	307
Fidelity Investments	1,089	Corning Cable	300
Texas Aero Engine Services	600	Kroger	190
Fed-Ex (Alliance)	600	Home Depot	143
J.C. Penney	465	Kohl's Department Store	140
Perlos, Inc.	400	Lowe's	110
Texas Instruments	256	Tom Thumb Grocery	100
Motorola	215	Foam Fabricators	30

CENSUS AND DEMOGRAPHICS

The following information for Keller is taken from the 2000 Census, unless indicated otherwise:

Population Characteristics:

	<u>Population</u>	<u>Pct of Total</u>
Male	13,597	49.7%
Female	13,748	50.3

Age Distribution:

<u>Age</u>	<u>Pct of Total</u>
0 - 19 years	35.8%
20 - 59	57.3
60+	6.9

Race:

	<u>Population</u>	<u>Pct of Total</u>
White	25,634	93.7%
Hispanic	730	2.7
Asian	483	1.8
Black	392	1.4
Am. Indian	106	0.4

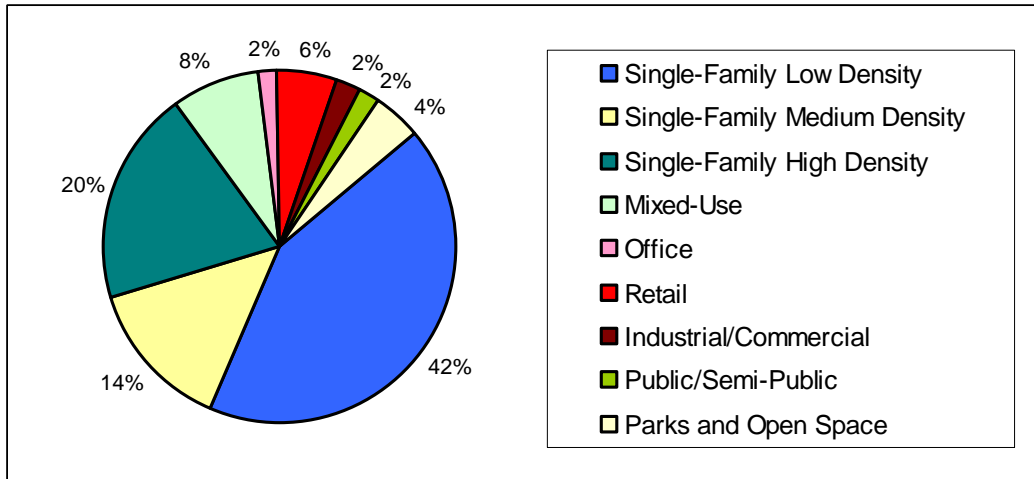
Median age: 35.0

Income:

Median household income	\$86,232
Per capita income	\$31,986
Average household income	\$99,986

January 1, 2004 total estimated population – 33,112

PROPOSED LAND USE



The above chart indicates the current proposed land use mix of Keller at build-out. Single family residential property will comprise approximately 76% of the total land area of Keller. This percentage approximates the current mix of property as certified by the Tarrant Appraisal District.

EDUCATION

Education for the community is provided by the Keller Independent School District (KISD), which encompasses an area of approximately 43 square miles. The KISD conducts programs for K-12, and employs approximately 700 teachers in addition to administrative personnel and support staff. The KISD has an average teacher-to-pupil ratio of 18.2:1 as of January 2004. In addition to administrative personnel and support staff, KISD has 25 school campuses, with an approximate enrollment of 23,663 for the 2004-2005 school year, and an alternate education center. In addition, there are several private or parochial schools in the area.

Educational opportunities beyond high school are readily available. The Northeast campus of the Tarrant County College District is within short driving distance. In addition, within a 40-mile radius, there are a number of colleges and universities, including Southern Methodist University, Texas Christian University, Texas Women's University, the University of North Texas, the University of Dallas, and the University of Texas at Arlington. In addition, there are several trade, industrial and technical schools located throughout the area.

TRANSPORTATION

The City is served by major highways both on a north/south and east/west axis. North/south highways are U.S. Highway 377, SH 121, SH 26, and FM 1938. The east/west highways are IH-820, SH 170, FM 1709, and SH 183. These major highways provide easy access to Dallas, Fort Worth and the surrounding Metroplex area.

TRANSPORTATION*(continued)*

Air service is provided by nearby Dallas/Fort Worth International Airport, the nation's fourth busiest airport, providing service to national and international destinations. Meacham Field, approximately 5 miles away in northern Fort Worth is a fixed base operation for private and commercial service and provides sophisticated instrument approach facilities, lighted runways, terminal facilities and fuel and maintenance services. Alliance Airport, located northwest of Keller, began limited operations in 1989, and is the first newly constructed industrial airport in the United States. The Airport is home to a new FedEx hub, BNSF Intermodal Terminal, DEA, and numerous distribution company facilities.

Daily rail service is provided by the Union Pacific Railroad system. This system connects with other major rail systems and provides rail service nationwide. Bus service is provided by Greyhound/Trailways Bus Lines with daily arrivals and departures. Connections are available in Dallas and Fort Worth for national destinations.

MEDICAL

Excellent health care facilities are located within minutes of the City, including four of the largest hospitals in Tarrant County. The Metroplex area is served by more than 70 hospitals offering specialized services such as organ transplantation, major trauma care, cancer treatment, kidney dialysis and chemical dependency treatment.

QUALITY OF LIFE

Parks and Recreation. The City has three developed parks: Johnson Road Park (15 acres); Bear Creek Park (30 acres); and a linear park, which includes a 3.5 mile concrete hiking and biking trail. Parks provide fishing areas, hike and bike trails, basketball and volleyball courts, playground areas, picnic tables, and pavilions. In addition, the City operates a Multi-Use Arena, and the Keller Sports Park, initially opened in 1998, that provides soccer and multi-use fields, and two 4-plex fields (baseball and softball). The Keller Parks and Recreation Department offers a variety of recreational programs, special events, exercise classes, sports leagues, youth camps and workshops. Discount tickets to area amusements and events are also available through the Parks and Recreation Department. The Recreation Division also administers the activities of the Keller Senior Citizen Center, coordinating activities of the City's senior citizens. There are both private and public tennis courts available in Keller. In May 2004, The Keller Pointe, a new recreation and aquatic center opened.

Keller Public Library. The Keller Public Library provides programs to citizens of all ages within the community. Special programs conducted by the library include story time, school-age programs, adult programs, and a summer reading club program.

Area Recreation and Leisure. There are several 18-hole championship golf courses located within minutes of the City. The Sky Creek Ranch course, located in Keller, opened in 1998. The City offers a suburban lifestyle with varied neighborhoods. There are approximately 20 lakes located in the 11-county Dallas/Fort Worth area, offering boating, fishing, camping and picnicking facilities. The Cities of Fort Worth and Dallas with their varied cultural opportunities of theaters, museums, zoos, botanical gardens and professional sports teams are less than a 30 minute drive from the City. Major tourism attractions in the area include: Fort Worth Botanical Gardens, Fort Worth Zoo, Fort Worth Stockyards, Hurricane Harbor, Six Flags over Texas, Texas Motor Speedway, NRH₂O family water park, and The Keller Pointe recreation and aquatic center. Professional ball club franchises in the area include the Dallas Cowboys, Texas Rangers, Dallas Stars, Dallas Sidekicks, and Dallas Mavericks professional clubs. There are also numerous minor and independent league franchises for baseball, and hockey available in the area.

* - Sources: City of Keller Official Statement, dated June 15, 2004; Profile Facts, Economic Development Department of the City of Keller, September 2004.

2004 (FY2005) Tax Rates of Neighboring Northeast Tarrant County Cities
 (Rates per \$100 of Taxable Value)

