

WEBSTER BANK, NATIONAL ASSOCIATION

PURCHASE AND INVESTMENT LETTER

January 23, 2024

City of Kerrville, Texas
701 Main Street
Kerrville, Texas 78028

McCall, Parkhurst & Horton L.L.P.
112 E. Pecan Street, Suite 1310
San Antonio, Texas 78205

Re: \$2,000,000 City of Kerrville, Texas Tax Note, Series 2024 (the "Note")

The undersigned (the "Bank"), as purchaser of \$2,000,000 in principal amount of the captioned obligation (the "Note"), hereby acknowledges and confirms that it has been furnished such financial, statistical and other information with respect to the City of Kerrville, Texas (the "Issuer") and the Note, including a certified copy of the ordinance of the City Council of the Issuer which authorized the issuance of the Note (the "Ordinance"), as the Bank deems necessary to enable it to make an informed decision with respect to the purchase of the Note. All terms not otherwise defined herein shall have the meaning assigned to such term in the Ordinance.

The Bank understands that the Note is a general obligation of the Issuer, issued on the full faith and credit thereof; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Note, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the Issuer, and will be pledged for such payment, within limits provided by law, all as provided in the Ordinance. All terms not otherwise defined herein shall have the meaning assigned to such term in the Ordinance.

In connection with its purchase of the Note, the Bank agrees as follows:

- A. Delivery of the Note to the Bank (the "Closing") shall be made at the Bank on February 21, 2024, it being understood that this delivery date may be extended by mutual consent of the Bank and the Issuer.
- B. Principal installments of the Note shall (i) be payable on February 15 in each of the years and in the respective principal amounts, and (ii) bear interest from Closing to their respective date of payment at the respective interest rates, all as set forth below:

<u>Payment Year</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
2025	220,000	4.050
2026	270,000	4.050
2027	280,000	4.050
2028	290,000	4.050
2029	300,000	4.050
2030	315,000	4.050
2031	325,000	4.050

- C. Interest on the Note shall be payable on each February 15 and August 15, commencing on February 15, 2025, until stated maturity or prior redemption. The Note is subject to redemption prior to stated maturity on February 15, 2028 and any business day thereafter at par, with thirty (30) day's written notice to the registered owner.
- D. The Note will be fully registered as to principal and interest, and Webster Bank, National Association shall serve as the initial paying agent and registrar for the Note at no cost.
- E. In regard to its purchase of the Note, the Bank acknowledges that no prospectus or other offering document has been prepared; however, the Issuer has furnished the Bank with a term sheet and all information requested by the Bank to permit the Bank to make an informed decision concerning its purchase of the Note, and the Bank has made such inspections and investigations as it has deemed necessary to determine the credit quality of the Note and to assess all risk factors associated with the purchase and ownership of the Note. The Bank hereby acknowledges and represents that it is familiar with the financial condition of the Issuer and the ability of the Issuer to timely pay the principal of and interest on the Note. The Bank has been furnished with such financial information relating to the Issuer as it has requested for the purposes of making its assessment of the purchase of the Note. The Bank has had a reasonable opportunity to request and review such other information as it needs from the Issuer in order to enable it to make its purchase decision. The Bank is not relying on McCall, Parkhurst & Horton L.L.P., the Issuer's Bond Counsel, as to the completeness or accuracy of any financial information provided to the Bank by the Issuer in connection with its determination to purchase the Note. In connection with the purchase of the Note, the Bank is not acting in a fiduciary capacity to the Issuer or in the capacity of a broker, dealer, municipal securities underwriter, financial advisor or municipal advisor.
- F. The Note is being purchased by the Bank for the account of the Bank as evidence of a loan (and not on behalf of another), and the Bank has no present intention of reselling such Note or dividing its interest therein (other than to a wholly-owned affiliate of the Bank), either currently or after the passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; provided, however, that the Bank reserves the right to sell, pledge, transfer, convey, hypothecate, participate interests in or dispose of the Note at some future date.
- G. The Bank acknowledges that the Note will not be listed on any securities exchange. Further, no trading market now exists for the Note, and none may exist in the future. Accordingly, the Bank understands that it may need to bear the risks of the purchase for an indefinite time, since any sale prior to the maturity for the Note may not be possible or may be at a price below that which the Bank is paying for the Note.
- H. It is understood and agreed that the Bank is buying the Note in a private placement by the Issuer to the Bank. The Issuer has not undertaken to make any on-going disclosures for the benefit of the registered owner of the Note in accordance with Rule 15c2-12 of the Securities and Exchange Commission.
- I. The Bank hereby represents and warrants that it is exempt from the requirements of Section 2252.908 of the Texas Government Code, as amended, pursuant to subsection (c)(4) thereof. Accordingly, it is not required to file a Certificate of Interested Party Form 1295.
- J. The Bank makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this agreement. As used in such verifications, "affiliate" means an entity that

controls, is controlled by, or is under common control with the Bank within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this agreement, notwithstanding anything in this agreement to the contrary.

- i. Not a Sanctioned Company. The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- ii. No Boycott of Israel. The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.
- iii. No Discrimination Against Firearm Entities. The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.
- iv. No Boycott of Energy Companies. The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

K. The Bank represents that it has on file with the Attorney General of the State (the “Attorney General”) a standing letter in substantially the form included as Exhibit A in the All Bond Counsel Letter of the Attorney General dated November 1, 2023. The Bank will provide such other representations, certifications, or assurances required by the Issuer or the Attorney General to evidence compliance with State law.

L. The Issuer covenants that it will deliver to the Bank its audited financial statements within six months after each fiscal year end, commencing with the fiscal year ending on September 30, 2022.

The Bank’s obligation to purchase the Note is conditioned on the Bank’s receipt of following items:

- (i) an opinion of McCall, Parkhurst & Horton L.L.P, as Bond Counsel to the Issuer, as to the validity and enforceability of the Note and the excludability of interest on the Note from federal income taxation;
- (ii) an unqualified opinion of the Attorney General of the State, relating to the legality and validity of the Note and approving the Note as required by law;

- (iii) evidence reflecting the registration of the Note by the Comptroller of Public Accounts of the State of Texas as required by law; and
- (iv) a certificate or certificates, dated the date of closing, of appropriate officials of the Issuer, to the effect that (a) the Issuer is not a party to any litigation or other proceeding pending or, to such official's knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer, and (b) there has not been any materially adverse change in the financial condition of the Issuer since September 30, 2022, the latest date as of which audited financial information is available.

(Execution Page Follows)

Very truly yours,

WEBSTER BANK, NATIONAL ASSOCIATION

By: Kevin C King
Name: Kevin C. King
Title: Senior Managing Director

AGREED TO AND ACCEPTED
this _____ day of _____, 2024.

CITY OF KERRVILLE, TEXAS

By: _____
Name: _____
Title: _____

Very truly yours,

WEBSTER BANK, NATIONAL ASSOCIATION

By: _____
Name: Kevin C. King
Title: Senior Managing Director

AGREED TO AND ACCEPTED
this 23rd day of January, 2024.

CITY OF KERRVILLE, TEXAS

By: Judy Eichner
Name: Judy Eichner
Title: Mayor