

ORDINANCE NO. 2025-21

ORDINANCE AUTHORIZING THE ISSUANCE OF \$700,000 IN PRINCIPAL AMOUNT OF *CITY OF KERRVILLE, TEXAS TAX NOTE, SERIES 2025*; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; AND APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, A PURCHASE LETTER, AND ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO

DATE OF APPROVAL: SEPTEMBER 9, 2025

Ord No. 2025-21

TABLE OF CONTENTS

Recitals	1
Section 1. Amount and Purpose of the Note.....	2
Section 2. Designation, Date, Denominations, Numbers, and Maturity of Note.....	2
Section 3. Interest.....	2
Section 4. Characteristics of the Note.....	2
Section 5. Form of Note.....	4
Section 6. Interest and Sinking Fund; Tax Levy; Security Interest	10
Section 7. Construction Fund.....	10
Section 8. Investments	11
Section 9. Defeasance of Note	11
Section 10. Damaged, Mutilated, Lost, Stolen, or Destroyed Note.....	12
Section 11. Custody, Approval, and Registration of Note; Bond Counsel's Opinion, Insurance, and CUSIP Numbers	13
Section 12. Covenants Regarding Tax-Exemption of Interest on the Note	13
Section 13. Sale of Note; Use of Proceeds	16
Section 14. No Rule 15c2-12 Undertaking; Annual Financial Statements.....	16
Section 15. Further Procedures	17
Section 16. Ordinance a Contract; Amendments.....	17
Section 17. Defaults and Remedies	18
Section 18. Interested Parties.....	18
Section 19. Incorporation of Recitals.....	18
Section 20. Severability	18
Section 21. Effective Date	19
Signatures	
Exhibit A Form of Paying Agent/Registrar Agreement	
Exhibit B Written Procedures Relating to Continuing Compliance with Federal Tax Covenants	
Exhibit C Form of Purchase Letter	

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STATE OF TEXAS
COUNTY OF KERR
CITY OF KERRVILLE

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WHEREAS, the CITY OF KERRVILLE, TEXAS (the "*City*") in Kerr County, Texas, is a political subdivision of the State of Texas operating as a home rule municipality under the Constitution and laws of the State of Texas and its City Charter, which was initially approved by the qualified voters of the City on February 24, 1942, and was most recently amended by the qualified voters of the City on November 5, 2019; and

WHEREAS, the City Council of the City hereby determines that it is necessary and desirable to purchase vehicles and equipment for the police department (collectively, the "*Projects*"); and

WHEREAS, pursuant to Chapter 1431, Texas Government Code, as amended (the "*Act*"), the City Council of the City is authorized and empowered to issue anticipation notes to pay contractual obligations incurred or to be incurred (i) for the construction of any public work, and (ii) for the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way for the City's authorized needs and purposes; and

WHEREAS, in accordance with the provisions of the Act, the City Council hereby finds and determines that an anticipation note should be issued and sold at this time to finance the Projects; and

WHEREAS, the City Council of the City deems it appropriate to adopt this Ordinance and issue the Note herein authorized as permitted by the Act; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Ordinance was adopted was open to the public and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code;

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

ORD No. 2025-21

SECTION 1. AMOUNT AND PURPOSE OF THE NOTE. The Note of the City is hereby authorized to be issued and delivered in the aggregate principal amount of **\$700,000 FOR THE PURPOSE OF (I) ACQUIRING VEHICLES AND EQUIPMENT FOR THE CITY'S POLICE DEPARTMENT, AND (II) FUNDING CERTAIN EXPENSES AND COSTS OF ISSUANCE ASSOCIATED WITH THE NOTES.**

SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITY OF NOTE. (a) Each note issued pursuant to this Ordinance shall be designated **CITY OF KERRVILLE, TEXAS TAX NOTE, SERIES 2025**, and initially there shall be issued, sold, and delivered hereunder one fully registered note, without interest coupons, dated September 15, 2025, in the denomination and principal amount of **\$700,000**, numbered R-1, with any note issued in replacement thereof being in the denomination and principal amount hereinafter stated and numbered consecutively from R-2 upward, payable in installments to the registered owner thereof, or to the registered assignee of said note (in each case, the "**Registered Owner**").

(b) Principal of the Note shall mature and be payable in installments on the dates and in the principal installment amounts and shall bear interest at the per annum rate set forth in the following schedule:

PAYMENT DATE (AUGUST 15)	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)
2026	220,000	2.990
2027	235,000	2.990
2028	245,000	2.990

The term "**Note**" as used in this Ordinance shall mean and include collectively the note initially issued and delivered pursuant to this Ordinance, as well as all other substitute notes and replacement notes issued pursuant hereto.

SECTION 3. INTEREST. The Note shall bear interest from the dates specified in the FORM OF NOTE set forth in this Ordinance to date of maturity at the respective rate per annum for each principal installment set forth above. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF NOTE set forth in this Ordinance. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

SECTION 4. CHARACTERISTICS OF THE NOTE.

(a) Registration and Transfer; Authentication. The City shall keep or cause to be kept at the designated corporate trust or commercial banking office of **THE BANK & TRUST, SSB** (currently located in Kerrville, Texas) (the "**Paying Agent/Registrar**") books or records for the registration of the transfer of the Note (the "**Registration Books**"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations and

transfers as herein provided within three days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of the Note to which payments with respect to the Note shall be mailed, as herein provided; but it shall be the duty of the Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The City shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer and delivery of a substitute Note. Registration of assignment and transfer of the Note shall be made in the manner provided and with the effect stated in the FORM OF NOTE set forth in this Ordinance. Each substitute Note shall bear a letter and/or number to distinguish it from each other Note.

Except as provided in Section 5(c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Note, date and manually sign said Note, and no such Note shall be deemed to be issued or outstanding unless such Note is so executed. The Paying Agent/Registrar promptly shall cancel the paid Note or a Note surrendered for transfer. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Note in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of transfer of the Note as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Note, the transferred Note shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Note which initially was issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Note and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Note, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Note, and of all transfers of the Note, and all replacements of the Note, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "***Special Record Date***") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of the Registered Owner appearing on the Registration Books at the close of business on the fifteenth business day next preceding the date of mailing of such notice.

(c) In General. The Note (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Note to be payable only to the Registered Owner thereof, (ii) may be redeemed prior to its scheduled maturity (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least thirty (30) days prior to any such redemption date,

(iii) may be transferred and assigned, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Note shall be payable, and (vii) shall be administered, and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Note, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF NOTE set forth in this Ordinance. The Note initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Note issued in transfer or replacement for any Note issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF NOTE.

(d) Substitute Paying Agent/Registrar. The City covenants with the registered Owner of the Note that at all times while the Note is outstanding the City will provide a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Note under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 40 days written notice to the Paying Agent/Registrar, to be effective not later than 30 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Note, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to the Registered Owner of the Note, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to the Paying Agent/Registrar.

(e) On the closing date, one Initial Note representing the entire principal amount of the Note, payable in stated installments to the initial purchaser identified in Section 12 hereof, executed by manual or facsimile signature of the Mayor and City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial purchaser or its designee. The Paying Agent/Registrar shall insert the date of delivery and deliver the Note to the initial purchaser.

SECTION 5. FORM OF NOTE. The form of the Note, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Note initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

(a) Form of Note.

NO. R-__

PRINCIPAL AMOUNT
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF KERR
CITY OF KERRVILLE, TEXAS TAX NOTE, SERIES 2025

Interest Rate	Delivery Date	Maturity Date
As shown below	September 30, 2025	As shown below

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE CITY OF KERRVILLE, TEXAS (the "**City**"), being a political subdivision and a home-rule municipality of the State of Texas, for value received, hereby promises to pay, from the sources described herein, to the Registered Owner specified above, or registered assign (the "**Registered Owner**"), the principal amount from time to time unpaid and to pay interest thereon from the date of delivery of this Note as specified above, at the respective rates per annum set forth in the table below, calculated on the basis of a 360-day year of twelve 30-day months. The principal of this Note shall mature and be paid in installments on the dates and in the amounts set forth in the table below:

PAYMENT DATE (AUGUST 15)	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)
2026	220,000	2.99
2027	235,000	2.99
2028	245,000	2.99

THE PRINCIPAL OF AND INTEREST ON THIS NOTE are payable in lawful money of the United States of America, without exchange or collection charges. The City shall pay interest on the unpaid principal installments of this Note on February 15, 2026, and on each February 15 and August 15 thereafter to the date of maturity thereof. The last principal installment of this Note, together with accrued interest thereon to the maturity date thereof, shall be paid to the Registered Owner hereof upon presentation and surrender of this Note at maturity at the designated office of *The Bank and Trust, s.s.b., Del Rio, Texas*, which is the "**Paying Agent/Registrar**" for this Note. The payment of all other principal installments of and interest on this Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest

payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the ordinance authorizing the issuance of this Note (the "**Ordinance**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner.

ANY ACCRUED INTEREST due at maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Note for payment at the designated office of the Paying Agent/Registrar. The City covenants with the Registered Owner of this Note that on or before each principal payment date and interest payment date for this Note it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Note, when due.

IF THE DATE FOR THE PAYMENT of the principal of or interest on this Note shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the designated office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS NOTE, DATED AS OF SEPTEMBER 15, 2025, IS AUTHORIZED and issued in accordance with the Constitution and laws of the State of Texas in the principal amount of **\$700,000 FOR THE PURPOSE (I) ACQUIRING VEHICLES AND EQUIPMENT FOR THE CITY'S POLICE DEPARTMENT, AND (II) FUNDING CERTAIN EXPENSES AND COSTS OF ISSUANCE ASSOCIATED WITH THIS NOTE.**

ON AUGUST 15, 2027, OR ON ANY DATE THEREAFTER, THE UNPAID PRINCIPAL INSTALLMENTS OF THIS NOTE COMING DUE ON AND AFTER AUGUST 15, 2028 MAY BE REDEEMED PRIOR TO THEIR SCHEDULED PAYMENT DATES, AT THE OPTION OF THE CITY, WITH FUNDS DERIVED FROM ANY AVAILABLE AND LAWFUL SOURCE, AS A WHOLE, AT A REDEMPTION PRICE EQUAL TO THE PRINCIPAL AMOUNT TO BE REDEEMED, PLUS ACCRUED INTEREST THEREON TO THE DATE OF REDEMPTION. THE CITY SHALL GIVE WRITTEN NOTICE OF ITS DIRECTION TO REDEEM THE PRINCIPAL INSTALLMENTS OF THIS NOTE TO THE PAYING AGENT/REGISTRAR AND THE HOLDER OF THIS NOTE BY UNITED STATES MAIL, FIRST-CLASS POSTAGE PREPAID, NO LATER THAN 30 DAYS PRIOR TO THE REDEMPTION DATE.

UPON THE PAYMENT OF THE OUTSTANDING principal balance of this Note, the Paying Agent/Registrar shall note in the Registration Books the amount of such payment, the date said payment was made and the remaining unpaid principal balance of this Note.

THIS NOTE IS ISSUED AS A SINGLE, FULLY REGISTERED NOTE, without interest coupons, in the denomination of the principal amount thereof. As provided in the Ordinance, this Note may, at the request of the Registered Owner or the assignee hereof, be assigned or transferred for a like aggregate principal amount of a fully registered Note in the denomination of the principal amount hereof, without interest coupons, payable to the Registered Owner or assignees as the case may be, having the same denomination, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Note. The form of Assignment printed or endorsed on this Note may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Note by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring or exchanging any Note will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment or transfer, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

IN THE EVENT ANY PAYING AGENT/REGISTRAR FOR THE NOTE IS CHANGED by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owner of the Note.

IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED that this Note has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Note have been performed, existed, and been done in accordance with law; that this Note is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Note, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment within the limits provided by law.

THE CITY ALSO HAS RESERVED THE RIGHT to amend the Note Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owner of the Note.

BY BECOMING THE REGISTERED OWNER OF THIS NOTE, the Registered Owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the City, and agrees that the terms and provisions of this Note and the Ordinance constitute a contract between each Registered Owner hereof and the City.

IN WITNESS WHEREOF, the City has caused this Note to be signed with the facsimile signature of the Mayor of the City and countersigned with the facsimile signature of the City Secretary of the City, and has caused the official seal of the City Council of the City to be duly impressed, or placed in facsimile, on this Note.

(facsimile signature)
City Secretary
City of Kerrville, Texas

(facsimile signature)
Mayor
City of Kerrville, Texas

(CITY SEAL)

(b) Form of Paying Agent/Registrar's Authentication Certificate.

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Note is not accompanied by an executed Registration Certificate
of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Note has been issued under the provisions of the Ordinance described in the text of this Note; and that this Note has been issued in replacement of, or transferred for, a Note of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated:

THE BANK AND TRUST, S.S.B.
DEL RIO, TEXAS
Paying Agent/Registrar

By: _____
Authorized Representative

(c) Form of Assignment.

ASSIGNMENT
(Please print or type clearly)

For value received, the undersigned hereby sells, assigns and transfers _____

Transferee's Social Security or Taxpayer Identification
Number: _____

Transferee's name and address, including zip code: _____

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

_____, attorney, to register the transfer of
the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: Signature(s) must be guaranteed by an
eligible guarantor institution participating in a
securities transfer association recognized signature
guarantee program.

NOTICE: The signature above must correspond with
the name of the Registered Owner as it appears upon
the front of this Note in every particular, without
alteration or enlargement or any change whatsoever.

(d) Form of Registration Certificate of the Comptroller of Public Accounts:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that this Note has been examined, certified as to validity, and approved by
the Attorney General of the State of Texas, and that this Note has been registered by the
Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this _____.

Acting Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

SECTION 6. INTEREST AND SINKING FUND; TAX LEVY; SECURITY INTEREST. (a) Interest and Sinking Fund; Tax Levy. A special Interest and Sinking Fund (the "*Interest and Sinking Fund*") is hereby created solely for the benefit of the Note, and the Interest and Sinking Fund shall be established and maintained by the City at an official depository bank of the City for so long as the Note or interest thereon are outstanding and unpaid. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Note. Until expended for the purposes set forth in Section 1 hereof, the proceeds derived from the sale of the Note shall be held as further security for the timely payment of the principal and interest on the Note. All ad valorem taxes levied and collected for and on account of the Note and all accrued interest and premium on the Note received by the City from the initial purchaser of the Note, if any, shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while the Note or interest thereon are outstanding and unpaid, the City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient, together with other moneys deposited to the credit of the Interest and Sinking Fund, to raise and produce the money required to pay the interest on the Note as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal installment of the Note as such principal installment matures (but never less than 2% of the original principal amount of the Note as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while the Note or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said 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, are hereby pledged for such payment, within the limits provided by law.

(b) Security Interest. Chapter 1208, Texas Government Code, applies to the issuance of the Note and the pledge of the ad valorem taxes granted by the City under Section 6(a) of this Ordinance, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Note is outstanding and unpaid such that the pledge of the ad valorem taxes granted by the City under Section 6(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owner of the Note the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 7. CONSTRUCTION FUND. There is hereby created and established in the depository of the City, a fund to be called the *City of Kerrville, Texas Tax Note (Series 2025) Construction Fund* (herein called the "*Construction Fund*"). Proceeds from the sale and delivery of the Note (other than proceeds representing accrued interest on the Note and any premium on the Note that is not used by the City to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, which shall be deposited in the Interest and Sinking Fund) shall be deposited in the Construction Fund. Money in the Construction Fund shall be subject to disbursements by the City for payment of all costs incurred

in carrying out the purpose for which the Note is issued, including but not limited to costs for construction, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of the Note and the issuance of the Note. All funds remaining on deposit in the Construction Fund upon completion of the projects being financed with the proceeds from the Note, if any, shall be transferred to the Interest and Sinking Fund.

SECTION 8. INVESTMENTS. Funds on deposit in the Interest and Sinking Fund and the Construction Fund shall be secured by the depository bank of the City in the manner and to the extent required by law to secure other public funds of the City and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the City's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that investments purchased for and held in the Interest and Sinking Fund shall have a final maturity no later than the next principal or interest payment date for which such funds are required, and investments purchased for and held in the Construction Fund shall have a final maturity of not later than the date the City reasonably expects the funds from such investments will be required to pay costs of the projects for which the Note was issued. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by the City and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Note.

SECTION 9. DEFEASANCE OF NOTE. (a) The Note and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "*Defeased Note*") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Note, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "*Future Escrow Agreement*") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until the Defeased Note shall have become due and payable. Thereafter, the City will have no further responsibility with respect to amounts available to the Paying Agent/Registrar for the payment of such Defeased Note, including any insufficiency therein caused by the failure of the escrow agent under such Future Escrow Agreement to receive payment when due on the Defeasance Securities. At such time that the Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying

Agent/Registrar that is not required for the payment of the Note and interest thereon, with respect to which such money has been so deposited, shall be turned over to the City, or deposited as directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of the Defeased Note may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Note, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) The term "**Defeasance Securities**" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a City, municipality, or other political subdivision of a state that have been refunded and that, on the date on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Note.

(d) Until the Defeased Note shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for the Defeased Note the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

SECTION 10. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED NOTE.

(a) Replacement Note. In the event the Note is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Note of the same principal installment amounts, maturity dates and interest rates as the damaged, mutilated, lost, stolen, or destroyed Note, in replacement for such Note in the manner hereinafter provided.

(b) Application for Replacement Note. Application for replacement of a damaged, mutilated, lost, stolen, or destroyed Note shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Note, the Registered Owner applying for a replacement Note shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Note, the Registered Owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Note, as the case may be. In every case of

damage or mutilation of a Note, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Note so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Note shall have matured, and no default has occurred which is then continuing in the payment of the principal of or interest on the Note, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Note) instead of issuing a replacement Note, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Note. Prior to the issuance of any replacement Note, the Paying Agent/Registrar shall charge the Registered Owner of such Note with all legal, printing, and other expenses in connection therewith. Every replacement Note issued pursuant to the provisions of this Section by virtue of the fact that any Note is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen, or destroyed Note shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance.

(e) Authority for Issuing Replacement Note. In accordance with Chapter 1206, Texas Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement Note without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Note is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Note in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for a Note issued in exchange for another Note.

SECTION 11. CUSTODY, APPROVAL, AND REGISTRATION OF NOTE; BOND COUNSEL'S OPINION, INSURANCE, AND CUSIP NUMBERS. The Mayor of the City, on behalf of the City, is hereby authorized to have control of the Note initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Note pending its delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Note said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Note, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel and the assigned CUSIP numbers, if any, may, at the option of the City, be printed on the Note issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owner of the Note. In addition, if municipal bond insurance is obtained, the Note may bear an appropriate legend as provided by the insurer.

SECTION 12. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE NOTE. (a) Covenants. The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Note as an obligation described in section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"), the

interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Note or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Note, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Note or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Note (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Note being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Note being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Note, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Note, other than investment property acquired with --

(A) proceeds of the Note invested for a reasonable temporary period of three (3) years or less or, in the case of a refunding bond, for a period of 90 days or less, until such proceeds are needed for the purpose for which the Note is issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Note;

(7) to otherwise restrict the use of the proceeds of the Note or amounts treated as proceeds of the Note, as may be necessary, so that the Note does not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Note or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Note in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Note) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Note has been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(10) to establish reasonable expectations to prevent using the proceeds of the Bonds in contravention of the requirements of section 149(g) of the Code (relating to hedge bonds).

(b) Rebate Fund. In order to facilitate compliance with the above covenant (9), a "Rebate Fund" is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Note. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Note, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Note under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Note, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Note under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Manager, the Assistant City Manager and the Director of Finance of the City to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Note.

(d) Allocation of, and Limitation on, Expenditures for the Projects. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Ordinance (the "**Projects**") on its books and records in accordance with the requirements of the Internal Revenue Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Projects are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Note, or (2) the date the Note is retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Note. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Projects. The City covenants that the property constituting the Projects will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Note. For purpose of the foregoing, the City may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Note. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Written Procedures. Unless superseded by another action of the City, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the City Council hereby adopts and establishes the instructions attached hereto as Exhibit B as the City's written procedures.

(g) Reimbursement. This Ordinance is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

SECTION 13. SALE OF NOTE; USE OF PROCEEDS. The Note is hereby initially sold and shall be delivered to **THE BANK AND TRUST, S.S.B.** (the "**Purchaser**"), located in Kerrville, Texas, for cash for the par value thereof and no accrued interest, pursuant to a *Purchase Letter*, in substantially the form attached hereto as *Exhibit C*, which the Mayor and Mayor Pro-Tem are each hereby authorized to accept, approve all changes, and execute on behalf of the City. In satisfaction of Section 1201.022(a)(3), Texas Government Code the City Council hereby determines that the final terms of the Note as set forth in this Ordinance are in the City's best interests. The Note initially shall be registered in the name of **THE BANK AND TRUST, S.S.B.**

SECTION 14. NO RULE 15c2-12 UNDERTAKING; ANNUAL FINANCIAL STATEMENTS. The City has not made an undertaking in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "**Rule**") in connection with the issuance of the Note inasmuch as the Purchaser is not acting as an "underwriter in a primary offering of municipal securities" within the meaning of the Rule. The City is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the City or the Note; however, so long as the Purchaser or its assignee is the sole Registered Owner of the Note, unless waived by the Purchaser, the City shall provide the following to the Purchaser:

(a) Audited financial statements, to be provided within six months after the close of each City fiscal year ending on and after September 30, 2024, and

(b) Such other financial information regarding the City as the Purchaser shall reasonably request.

SECTION 15. FURTHER PROCEDURES. The Mayor, Mayor Pro-Tem, City Manager, Assistant City Manager, Director of Finance, and City Secretary of the City and all other officers, employees, and agents of the City and each of them, are each hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the Note. In addition, prior to the initial delivery of the Note, the Mayor, City Manager, Assistant City Manager, Director of Finance, City Secretary, and the City's Bond Counsel are hereby authorized and directed to approve any technical changes or correction to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance, (ii) obtain a rating from any of the national bond rating agencies, if any rating is obtained, or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Note by the Attorney General of the State of Texas. Bond Counsel is further authorized to institute any bond validation suit under Chapter 1205, as amended, Texas Government Code (or any successor statute thereto) related to the Note while the Note is outstanding and unpaid. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 16. ORDINANCE A CONTRACT; AMENDMENTS. This Ordinance shall constitute a contract with the Registered Owner of the Note, binding on the City and its successors and assigns, and shall not be amended or repealed by the City as long as any Note remains outstanding except as permitted in this Section. The City may, without the consent of or notice to the Registered Owner (other than the Purchaser as long as the Purchaser is a Registered Owner, in which case the City must receive the Purchaser's prior written consent to), amend, change, or modify this Ordinance as may be required (i) by the provisions hereof, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change which is not to the prejudice of the Registered Owner. The

City may, with the written consent of the Registered Owner of the Note, amend, change, modify, or rescind any provisions of this Ordinance not otherwise permitted to be amended in accordance with the preceding sentence. Whenever the City shall desire to make any amendment or addition to or rescission of this Ordinance requiring consent of the Registered Owner, the City shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the Registered Owner at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the City shall receive an instrument or instruments in writing executed by the Registered Owner of the Note requiring the consent of the Registered Owner, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

SECTION 17. DEFAULTS AND REMEDIES. In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payment of the principal, premium, if any, or interest on the Note, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance and the continuation thereof for 30 days after the City has received written notice of such defaults, the Registered Owner of the Note shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive.

SECTION 18. INTERESTED PARTIES. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City and the Registered Owner of the Note, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City and the Registered Owner of the Note.

SECTION 19. INCORPORATION OF RECITALS. The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.


SECTION 20. SEVERABILITY. The provisions of this Ordinance are severable and if any provision or the applicability thereof to any person or circumstance is ever held by a court of

competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Ordinance and the application of such provisions to other persons or circumstances shall not be affected thereby.

SECTION 21. EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, this Ordinance shall become effective immediately upon adoption by the City Council.

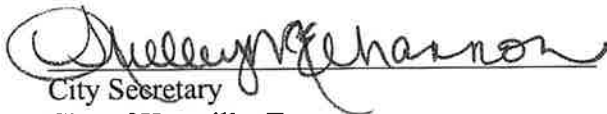
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**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
KERRVILLE, TEXAS AT A REGULAR MEETING ON THE 9th DAY OF SEPTEMBER,
2025, AT WHICH MEETING A QUORUM WAS PRESENT.**



Mayor
City of Kerrville, Texas

ATTEST:



City Secretary
City of Kerrville, Texas




** ** ** ** **

Signature Page to Ordinance Authorizing the Issuance of
City of Kerrville, Texas Tax Note, Series 2025

ORD No. 2025-21

*PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
KERRVILLE, TEXAS AT A REGULAR MEETING ON THE 9th DAY OF SEPTEMBER,
2025, AT WHICH MEETING A QUORUM WAS PRESENT.*



Mayor
City of Kerrville, Texas

ATTEST:



City Secretary
City of Kerrville, Texas

(Seal)



** **

Signature Page to Ordinance Authorizing the Issuance of
City of Kerrville, Texas Tax Note, Series 2025

ORD No. 2025-21

CERTIFICATE FOR ORDINANCE

**THE STATE OF TEXAS
COUNTY OF KERR
CITY OF KERRVILLE**

§
§
§

I, the undersigned City Secretary of the **CITY OF KERRVILLE, TEXAS** (the "**City**"), hereby certify as follows:

1. The City Council of the City (the "**City Council**") convened in Regular Meeting on September 9, 2025 (the "**Meeting**"), at the City Hall, and the roll was called of the duly constituted officers and members of the City Council, to wit:

Joe Herring, Jr., Mayor
Delayne Sigerman, Councilmember, Place One
Jeff Harris, Councilmember, Place Two
Kent Mckinney, Councilmember, Place Three
Brenda Hughes, Place Four

and all of the officers and members of the City Council were present, except the following absentees: None,
thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written Ordinance No. 2025-21 entitled

**ORDINANCE AUTHORIZING THE ISSUANCE OF \$700,000 IN
PRINCIPAL AMOUNT OF CITY OF KERRVILLE, TEXAS TAX NOTE,
SERIES 2025; SECURING THE PAYMENT THEREOF BY
AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; AND
APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING
AGENT/REGISTRAR AGREEMENT, A PURCHASE LETTER, AND ALL
OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO**

(the "**Ordinance**") was duly introduced for the consideration of the City Council. It was then duly moved and seconded that the Ordinance be adopted; and, after due discussion, said motion carrying with it the adoption of the Ordinance, prevailed and carried by the following vote:

AYES: 5 NOES: 0 ABSTENTIONS: 0

2. A true, full and correct copy of the Ordinance adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; the Ordinance has been duly recorded in the City Council's minutes of the Meeting; the above and foregoing paragraph is a true, full and correct excerpt from the City Council's minutes of the Meeting pertaining to the passage of the Ordinance; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the Meeting and that the Ordinance would be introduced and considered for passage at the Meeting; each of said officers and members consented, in advance, to the holding of the Meeting for such purpose; and the Meeting was open to the public and public notice of the time, place and purpose of the Meeting was given, all as required by Chapter 551, Texas Government Code.

ORD. No. 2025-21

SIGNED AND SEALED the September 9, 2025.


City Secretary, City of Kerrville, Texas

(City Seal)



Signature Page to the Certificate for Ordinance Relating to
City of Kerrville, Texas Tax Note, Series 2025

ORD No 2025-21

EXHIBIT A

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

The Paying Agent/Registrar Agreement is omitted at this point as it appears in executed form elsewhere in this Transcript of Proceedings.

ORD No. 2025-21

**THE BANK AND TRUST, S.S.B.
1200 VETERANS BOULEVARD
DEL RIO, TEXAS 78840-3972**

September 9, 2025

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: \$700,000 City of Kerrville, Texas Tax Note, Series 2025 (the "Note")

The undersigned (the "Bank"), as purchaser of \$700,000 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 September 30, 2025, 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 August 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>
2026	220,000	2.990
2027	235,000	2.990
2028	245,000	2.990

- C. Interest on the Note shall be payable on each February 15 and August 15, commencing on February 15, 2026, until stated maturity or prior redemption. The Note is subject to redemption

prior to stated maturity on February 15, 2027 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 The Bank and Trust, s.s.b. 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 represents that it is a "Privately Held Bidder" within the meaning of Section 2252.908, Texas Government Code. The Bank further represents that it has filed a disclosure of interested parties form to the Issuer in accordance with Section 2252.908, Texas Government Code, prior to entering into this letter agreement with the Issuer.
- 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, 2025.

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, 2024, the latest date as of which audited financial information is available.

(Execution Page Follows)


Very truly yours,

THE BANK AND TRUST, S.S.B

By: _____
Name: _____
Title: _____

AGREED TO AND ACCEPTED
this 9th day of September, 2025.

CITY OF KERRVILLE, TEXAS

By: 
Name: City of Kerrville Julie Behrens
Title: Director of Finance

SIG

Signature Page to the Purchase and Investment Letter Relating to
City of Kerrville, Texas Tax Note, Series 2025

ORD No. 2025-21

PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT entered into as of September 9, 2025 (this *Agreement*) is between the City of Kerrville, Texas (the *Issuer*) and The Bank and Trust, s.s.b., Del Rio, Texas (the *Bank*).

RECITALS OF THE ISSUER

The Issuer has duly authorized and provided for the issuance of its "CITY OF KERRVILLE, TEXAS TAX NOTE, SERIES 2025" (the *Obligations*), dated September 15, 2025 in the aggregate principal amount of \$700,000 to be issued as a single, fully registered note, without coupons;

All things necessary to make the Obligations the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof;

The Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, premium (if any) and interest on the Obligations, in accordance with the terms thereof, and that the Bank act as Registrar for the Obligations;

The Issuer has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment.

The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Obligations in order to pay, when due, the principal, premium (if any), and interest on all or any of the Obligations to the Holders of the Obligations, all in accordance with this Agreement (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Obligations.

The Bank hereby accepts its appointment, and agrees to act, as the Paying Agent and the Registrar.

Section 1.02 Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A hereto for so long as the principal of and interest on, or redemption price of, the Obligations is unpaid; provided, however, notwithstanding anything herein or in Annex A to the contrary, the aggregate value of this

Agreement shall not exceed the dollar limitation set forth in Sections 2271.002(a)(2), 2274.002(a)(2), and 2276.002(a)(2) of the Texas Government Code. The Issuer covenants to provide notice to the Bank upon any change in the Issuer's Fiscal Year within ten (10) business days of the governing body of the Issuer's decision to change the Fiscal Year of the Issuer.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms, whenever the same appears herein without qualifying language, are defined to mean as follows:

Acceleration Date of any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated, to the extent permitted by law, pursuant to the terms of the Security.

Bank Office means the corporate trust office of the Bank set forth on the signature page of this agreement. The Bank will notify the Issuer, in writing, of any change in location of the Bank Office.

Fiscal Year means the fiscal year of the Issuer, which currently begins on October 1 and ends on September 30 of each year.

Holder and *Security Holder* each means a Person in whose name a Security is registered in the Security Register.

Issuer Request and *Issuer Order* each means a written request or order signed in the name of the Authorized Official set forth in the Ordinance and delivered to the Bank.

Legal Holiday means a day on which the Bank is required or authorized to be closed.

Order means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Obligations are issued, certified by the City Secretary or any other officer of the Issuer, and delivered to the Bank.

Person means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

Predecessor Obligations of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purpose of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Order).

Record Date means the Record Date as defined in the Order.

Redemption Date when used with respect to any Security to be redeemed means the date fixed for such redemption pursuant to the terms of the Order.

Responsible Officer when used with respect to the Bank means the Senior Managing Director or Managing Director, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

Obligations means the securities defined in the recital paragraphs herein.

Security Register means a register maintained by the Bank on behalf of the Issuer providing for the registration of Obligations and of transfers of Obligations.

Stated Maturity means the date specified in the Order as the fixed date on which the principal of a Security is scheduled to be due and payable.

Section 2.02 Other Definitions.

The terms "Bank", "Issuer", and "Obligations" have the meanings assigned to them in the opening paragraph of this Agreement or in the recitals of the Issuer.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

Section 2.03 Construction of Terms.

If appropriate in the context of this Agreement, words of the singular shall be considered to include the plural, words of the plural shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due. The Bank shall compute the amount of interest to be paid each Holder, and shall prepare and send a check in the amount by United States mail (first class postage prepaid) on or prior to each interest payment date, to the Holder of each Security (or Predecessor Obligations) whose name appears in the Security Register on the Record Date. Such checks shall be mailed in such manner to such Holder at the address for each such Holder appearing on the Security Register, or shall be transmitted to such Holder on each interest payment date by such other method acceptable to the Bank, requested in writing by, and at the risk and expense of the Holder.

Section 3.02 Payment Dates.

The Issuer hereby instructs the Bank to pay the principal and interest on the Obligations at the dates specified in the Order. The Issuer agrees to transfer or to cause to be transferred, in immediately available funds, to the Bank to pay principal and/or interest, either or both, by no later than 4:00 p.m. on the business day immediately preceding the payment dates.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of and interest on each Security when due, by computing the amount of interest to be paid each Holder, preparing the checks and mailing the checks on the payment date, to the Holders of the Obligations on the Record Date, addressed to their address appearing on the Security Register.

ARTICLE FOUR REGISTRAR

Section 4.01 Transfer and Exchange.

The Issuer shall keep at the Bank Office a register (the *Security Register*) in which, subject to such reasonable written regulations as the Issuer may prescribe (which regulations shall be furnished to the Bank herewith or subsequent hereto by Issuer Request), the Issuer shall provide for the registration of the Obligations and for transfers of Obligations. The Bank is hereby appointed Registrar for the purpose of registering Obligations and transfers of Obligations as herein provided. The Bank agrees to maintain the Security Register while it is Registrar.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, in form satisfactory to the Bank, duly executed by the Holder thereof, or his agent, duly authorized in writing.

As a condition to effecting a re-registration, transfer or exchange of the Obligations, the Registrar may request any supporting documentation it feels necessary to effect a re-registration,

transfer or exchange of the Obligations. To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Obligations, the exchange or transfer by the Holders thereof shall be completed and new Obligations delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Obligations to be canceled and exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02 Certificates.

The Issuer shall provide the Registrar with an adequate inventory of Obligations certificates to facilitate transfers. The Bank covenants that it will maintain the Obligations certificates in safekeeping and will use reasonable care in maintaining such Obligations certificates in safekeeping, which shall not be less than the level of care it maintains for debt securities of other political subdivisions or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03 Form of Security Register.

The Bank as Registrar will maintain the records of the Security Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04 List of Security Holders.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of any required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the content of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena, court order, or as required by law. Upon receipt of a subpoena or court order the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order, provided such subpoena, court order or lawful request does not prevent the Bank from providing such notice.

Section 4.05 Return of Canceled Obligations.

The Bank will destroy all canceled Obligations pursuant to the Obligations Exchange Act of 1934.

Section 4.06 Mutilated, Destroyed, Lost or Stolen Obligations Certificates.

The Issuer hereby instructs the Bank to deliver and issue Obligations certificates in exchange for or in lieu of mutilated, destroyed, lost or stolen Obligations certificates as long as the same does not result in an over-issuance.

The Bank will issue and deliver a new Security certificate in exchange for a mutilated Security certificate surrendered to it. The Bank will issue a new Security certificate in lieu of a Security certificate for which it received written representation from the Holder that the certificate representing such Security is destroyed, lost, or stolen, without the surrender or production of the original certificate. The Bank will pay on behalf of the Issuer the unpaid principal and premium, if any, of a Security at the Stated Maturity or on the Redemption Date or Acceleration Date, for which it receives written representation that the certificate representing such Security is destroyed, lost, or stolen without the surrender or production of the original certificate.

The Bank will not issue a replacement Security certificate or pay such replacement Security certificate unless there is delivered to the Bank such security or indemnity as it may require (which may be by the Bank's Blanket Lost Original Instrument Bond or similar certifications that may be required by the Bank) to save both the Bank and the Issuer harmless.

On satisfaction of the Bank and the Issuer that a Security certificate has been mutilated, destroyed, lost or stolen, the certificate number on the mutilated, destroyed, lost or stolen Security certificate will be canceled with a notation that it has been mutilated, destroyed, lost or stolen and a new Security certificate will be issued of the same series and of like tenor and principal amount bearing a number (according to the Security Register) not contemporaneously outstanding.

The Bank may charge the Holder the Bank's fees and expenses in connection with issuing a new Security certificate in lieu of or exchange for a mutilated, destroyed, lost, or stolen Security certificate.

The Issuer hereby accepts the Bank's insurance policy, surety, or other form of security from time to time maintained thereby that secures lost, stolen, or destroyed certificates that the Bank may arrange; and agrees that the coverage under any such form of security is acceptable to it and meets the Issuer's requirements as to security or indemnity therefor. The Bank need not notify the Issuer of any changes in the security or other company giving such security or the terms of such form of security. At any time the Bank is customarily open for business, the applicable form of security then utilized for the purpose of lost, stolen, or destroyed certificates by the Bank shall be available for inspection by the Issuer on request. The Issuer hereby accepts the Bank's indemnity to replace the Security certificates destroyed or lost while in the possession or under the control of the Bank.

Section 4.07 Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Obligations it has paid pursuant to Section 3.01 and Obligations it has delivered upon the transfer or exchange of any Obligations pursuant to Section 4.01.

ARTICLE FIVE
THE BANK

Section 5.01 Duties of Bank.

The Bank undertakes to perform the duties set forth herein and in the Order and agrees to use reasonable care in the performance thereof.

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Obligations in the manner disclosed in the closing memorandum as prepared by the Issuer's financial advisor, bond counsel, or other agent. The Bank may act on a facsimile or email transmission of the closing memorandum acknowledged by the financial advisor, bond counsel, or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02 Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Obligations but is protected in acting upon receipt of Obligations containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by the Issuer. The Bank may act on any order, request, approval or other authority relating to the Obligations which is provided by the Issuer through a facsimile or e-mail transmission without the necessity of obtaining an original or executed copy of any such authority.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03 Recitals of Issuer.

The recitals contained herein and in the Obligations shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04 May Hold Obligations.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Obligations and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar or any other agent, provided that such dealings do not result in a breach of any duties or agreements imposed by this Agreement.

Section 5.05 Money Held by Bank.

A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of money received from the Issuer hereunder for the payment of the Obligations, and money deposited to the credit of such account until paid to the Holders of the Obligations shall be continuously collateralized by securities or obligations which qualify and are eligible under the laws of the State of Texas to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation.

The Bank shall be under no liability for interest on any money received by it hereunder.

Any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code (Unclaimed Property).

The Bank will comply with the reporting provisions of Chapter 74 of the Texas Property Code with respect to property that is presumed abandoned under Chapter 72 or Chapter 75 of the Texas Property Code or inactive under Chapter 73 of the Texas Property Code.

Section 5.06 Indemnification.

The Issuer agrees, to the extent it legally may, to indemnify the Bank (including its directors, officers and employees) for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense (including its

counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement. The foregoing indemnities in this paragraph shall survive the resignation or substitution of the Bank or the termination of this Agreement.

Section 5.07 Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demands or controversy over its persons as well as funds on deposit, in either a Federal or State District Court located in the State of Texas and County or Counties where either the Bank (Texas offices only) or the Issuer is located, waive personal service of any process, and agree that service of process by certified or registered mail, return receipt requested, shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming interest herein.

Section 5.08 Depository Trust Company.

It is hereby represented and warranted that, in the event the Obligations are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", promulgated from time to time by The Depository Trust Company, which establishes requirements for securities to be eligible for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX
MISCELLANEOUS PROVISIONS

Section 6.01 Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02 Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

Section 6.04 Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns: Merger, Conversion, Consolidation or Succession.

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto. In case any Security shall have been registered, but not delivered, by the Bank then in office, any successor by merger, conversion, or consolidation to such authenticating Bank may adopt such registration and deliver the Security so registered with the same effect as if such successor Bank had itself registered such Security.

Section 6.06 Severability.

In case any provision herein, or application thereof, shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions or applications shall not in any way be affected or impaired thereby.

Section 6.07 Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08 Entire Agreement.

This Agreement and the Order constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar for the Obligations, and if any conflict exists between this Agreement and the Order, the Order shall govern.

Section 6.09 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10 Termination.

This Agreement will terminate on the date of final payment by the Bank issuing its checks for the final payment of principal of, and premium, if any, and interest on the Obligations.

This Agreement may be earlier terminated upon 60 days written notice by either party; provided, however, that this Agreement may not be terminated (i) by the Bank until a successor Paying Agent/Registrar that is a national or state banking institution and a corporation or association organized and existing under the laws of the United States of America or of any state which possesses trust powers and is subject to supervision or examination by a federal or state regulatory agency has been appointed by the Issuer and has accepted such appointment, or (ii) at any time during which such termination might, in the judgment of the Issuer, disrupt, delay, or otherwise adversely affect the payment of the principal, premium, if any, or interest on the Obligations. Prior to terminating this Agreement, the Issuer may reasonably require the Bank to show that such termination will not occur during a period described in (ii) above.

The resigning Paying Agent/Registrar may petition any court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar if an instrument of acceptance by a successor Paying Agent/Registrar has not been delivered to the resigning Paying Agent/Registrar within sixty (60) days after the giving of such notice of resignation.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Obligations, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02, Article Five and Section 6.11 shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11 **Required Contracts Verification.**

The undersigned company, for purposes of sections 2252.152, 2271.002, 2274.002, and 2276.002, Texas Government Code, as amended, hereby verifies that the company and any parent company, wholly owned subsidiary, majority-owned subsidiary, and affiliate:

- 1) Do not boycott energy companies and will not boycott energy companies during the term of this Agreement. "Boycott energy company" has the meaning provided in section 809.001 of the Texas Government Code, as amended;
- 2) Do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association will not discriminate against a firearm entity or firearm trade association during the term of such Agreement. "Discriminate against a firearm entity or firearm trade association" has the meaning provided in section 2274.001(3) of the Texas Government Code, as amended. "Firearm entity" and "firearm trade association" have the meanings provided in section 2274.001(6) and (7) of the Texas Government Code, as amended;
- 3) Do not boycott Israel and will not boycott Israel during the term of such Agreement. "Boycott Israel" has the meaning provided in section 808.001 of the Texas Government Code, as amended; and

- 4) Unless affirmatively declared by the United States government to be excluded from its federal sanctions regime relating to Sudan, its federal sanctions regime relating to Iran, or any federal sanctions regime relating to a foreign terrorist organization, are not identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under section 2252.153 or section 2270.0201 of the Texas Government Code, as amended. "Affiliate" means any entity that controls, is controlled by, or is under common control with the company within the meaning of SEC Rule 405, 17. C.F.R. § 230.405 and exists to make a profit.

Notwithstanding anything contained herein, the representations and covenants contained in this Section 6.11 shall survive termination of the Agreement until the statute of limitations has run.

Section 6.12 **Governing Law.**

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas and the United States of America.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CITY OF KERRVILLE, TEXAS

By: _____
Title: Mayor
Address: 701 Main Street
Kerrville, Texas 78028

THE BANK AND TRUST, s.s.b., as Paying
Agent/Registrar

By: _____

Title: _____

Address: 1200 Veterans Boulevard
Del Rio, Texas 78840-3972


Annex A

Paying Agent/Registrar Fee

No fee will be charged in connection with the services provided by the Bank under this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CITY OF KERRVILLE, TEXAS

By: 
Title: Mayor
Address: 701 Main Street
Kerrville, Texas 78028

SIGN

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CITY OF KERRVILLE, TEXAS

By: *Jack Kerwin, Jr.*
Title: Mayor
Address: 701 Main Street
Kerrville, Texas 78028



EXHIBIT B

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Certificates, the City's chief financial officer (the "**Responsible Person**"), which is currently the Director of Finance will:

- (i) instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Note will be entered into within six (6) months of the date of delivery of the Note (the "**Issue Date**");
- (ii) monitor that at least 85% of the proceeds of the Note to be used for the construction, renovation or acquisition of any facilities are expended within three (3) years of the Issue Date;
- (iii) restrict the yield of the investments to the yield on the Note after three (3) years of the Issue Date;
- (iv) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Note does not exceed an amount equal to the debt service on the Note in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Note for the immediately preceding 12-month period;
- (v) ensure that no more than 50% of the proceeds of the Note are invested in an investment with a guaranteed yield for 4 years or more;
- (vi) maintain any official action of the District (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Note any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- (vii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (viii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the Issue Date and (B) within 30 days after the date the Note is retired.

ORD No. 2025-21

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Note the Responsible Person will:

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Note is outstanding, any person, other than the District, the employees of the District, the agents of the District or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Note is outstanding, any person, other than the District, the employees of the District, the agents of the District or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- (iv) monitor whether, at any time the Note is outstanding, any person, other than the District, the employees of the District, the agents of the District or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- (v) determine whether, at any time the Note is outstanding, any person, other than the District, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Note is outstanding, the facilities are sold or otherwise disposed of; and
- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Ordinance related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Note and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Note. If any portion of the Note is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the District's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Note. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

ORD No. 2025-21

EXHIBIT C

FORM OF PURCHASE LETTER

*The Purchase Letter is omitted at this point as it appears
in executed form elsewhere in this Transcript of Proceedings.*

ORD No. 2025-21

NO. R-1

PRINCIPAL AMOUNT
\$700,000

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF KERR
CITY OF KERRVILLE, TEXAS TAX NOTE, SERIES 2025

<u>Interest Rate</u>	<u>Delivery Date</u>	<u>Maturity Date</u>
As shown below	September 30, 2025	As shown below

REGISTERED OWNER: THE BANK AND TRUST, s.s.b.

PRINCIPAL AMOUNT: SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS

THE CITY OF KERRVILLE, TEXAS (the "**City**"), being a political subdivision and a home-rule municipality of the State of Texas, for value received, hereby promises to pay, from the sources described herein, to the Registered Owner specified above, or registered assign (the "**Registered Owner**"), the principal amount from time to time unpaid and to pay interest thereon from the date of delivery of this Note as specified above, at the respective rates per annum set forth in the table below, calculated on the basis of a 360-day year of twelve 30-day months. The principal of this Note shall mature and be paid in installments on the dates and in the amounts set forth in the table below:

PAYMENT DATE (AUGUST 15)	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)
2026	220,000	2.99
2027	235,000	2.99
2028	245,000	2.99

THE PRINCIPAL OF AND INTEREST ON THIS NOTE are payable in lawful money of the United States of America, without exchange or collection charges. The City shall pay interest on the unpaid principal installments of this Note on February 15, 2026, and on each February 15 and August 15 thereafter to the date of maturity thereof. The last principal installment of this Note, together with accrued interest thereon to the maturity date thereof, shall be paid to the Registered Owner hereof upon presentation and surrender of this Note at maturity at the designated office of *The Bank and Trust, s.s.b.*, which is the "**Paying Agent/Registrar**" for this Note. The payment of all other principal installments of and interest on this Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the ordinance authorizing the issuance of this Note (the "**Ordinance**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day

of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner.

ANY ACCRUED INTEREST due at maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Note for payment at the designated office of the Paying Agent/Registrar. The City covenants with the Registered Owner of this Note that on or before each principal payment date and interest payment date for this Note it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Note, when due.

IF THE DATE FOR THE PAYMENT of the principal of or interest on this Note shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the designated office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS NOTE, DATED AS OF SEPTEMBER 15, 2025, IS AUTHORIZED and issued in accordance with the Constitution and laws of the State of Texas in the principal amount of **\$700,000 FOR THE PURPOSE (I) ACQUIRING VEHICLES AND EQUIPMENT FOR THE CITY'S POLICE DEPARTMENT, AND (II) FUNDING CERTAIN EXPENSES AND COSTS OF ISSUANCE ASSOCIATED WITH THIS NOTE.**

ON AUGUST 15, 2027, OR ON ANY DATE THEREAFTER, THE UNPAID PRINCIPAL INSTALLMENTS OF THIS NOTE COMING DUE ON AND AFTER AUGUST 15, 2028 MAY BE REDEEMED PRIOR TO THEIR SCHEDULED PAYMENT DATES, AT THE OPTION OF THE CITY, WITH FUNDS DERIVED FROM ANY AVAILABLE AND LAWFUL SOURCE, AS A WHOLE, AT A REDEMPTION PRICE EQUAL TO THE PRINCIPAL AMOUNT TO BE REDEEMED, PLUS ACCRUED INTEREST THEREON TO THE DATE OF REDEMPTION. THE CITY SHALL GIVE WRITTEN NOTICE OF ITS DIRECTION TO REDEEM THE PRINCIPAL INSTALLMENTS OF THIS NOTE TO THE PAYING AGENT/REGISTRAR AND THE HOLDER OF THIS NOTE BY UNITED STATES MAIL, FIRST-CLASS POSTAGE PREPAID, NO LATER THAN 30 DAYS PRIOR TO THE REDEMPTION DATE.

UPON THE PAYMENT OF THE OUTSTANDING principal balance of this Note, the Paying Agent/Registrar shall note in the Registration Books the amount of such payment, the date said payment was made and the remaining unpaid principal balance of this Note.

THIS NOTE IS ISSUED AS A SINGLE, FULLY REGISTERED NOTE, without interest coupons, in the denomination of the principal amount thereof. As provided in the Ordinance, this Note may, at the request of the Registered Owner or the assignee hereof, be assigned or transferred for a like aggregate principal amount of a fully registered Note in the denomination of the principal amount hereof, without interest coupons, payable to the Registered

Owner or assignees as the case may be, having the same denomination, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Note. The form of Assignment printed or endorsed on this Note may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Note by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring or exchanging any Note will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment or transfer, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

IN THE EVENT ANY PAYING AGENT/REGISTRAR FOR THE NOTE IS CHANGED by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owner of the Note.

IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED that this Note has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Note have been performed, existed, and been done in accordance with law; that this Note is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Note, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment within the limits provided by law.

THE CITY ALSO HAS RESERVED THE RIGHT to amend the Note Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owner of the Note.

BY BECOMING THE REGISTERED OWNER OF THIS NOTE, the Registered Owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the City, and agrees that the terms and provisions of this Note and the Ordinance constitute a contract between each Registered Owner hereof and the City.

IN WITNESS WHEREOF, the City has caused this Note to be signed with the facsimile signature of the Mayor of the City and countersigned with the facsimile signature of the City Secretary of the City, and has caused the official seal of the City Council of the City to be duly impressed, or placed in facsimile, on this Note.

City Secretary
City of Kerrville, Texas

Mayor
City of Kerrville , Texas

(CITY SEAL)

[The remainder of this page intentionally left blank.]

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Note is not accompanied by an executed Registration Certificate
of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Note has been issued under the provisions of the Ordinance described in the text of this Note; and that this Note has been issued in replacement of, or transferred for, a Note of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated:

THE BANK AND TRUST, S.S.B.
Del Rio, Texas
Paying Agent/Registrar

By: _____
Authorized Representative

ASSIGNMENT

(Please print or type clearly)

For value received, the undersigned hereby sells, assigns and transfers _____

Transferee's Social Security or Taxpayer Identification
Number: _____

Transferee's name and address, including zip code: _____

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

_____, attorney, to register the transfer of
the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or any change whatsoever.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that this Note has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Note has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this _____.


Acting Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

IN WITNESS WHEREOF, the
signature of the Mayor of the City
Secretary of the City, and has
impressed, or placed in facsimile,

SIGN ALL

ote to be signed with the facsimile
in the facsimile signature of the City
of the City Council of the City to be duly


City Secretary
City of Kerrville, Texas


Mayor
City of Kerrville, Texas



SEAL ALL

[The remainder of this page intentionally left blank.]

GENERAL CERTIFICATE

THE STATE OF TEXAS
COUNTY OF KERR
CITY OF KERRVILLE

§
§
§

We, the undersigned, hereby officially certify that we are the Mayor and City Secretary, respectively, of the **CITY OF KERRVILLE, TEXAS** (the "**City**"), and we further certify as follows:

1. This Certificate is given for the benefit of the Attorney General of the State of Texas and all parties interested in the **CITY OF KERRVILLE, TEXAS TAX NOTE, SERIES 2025** (the "**Note**"), dated as of September 15, 2025, and authorized by an ordinance passed by the City Council of the City on September 9, 2025 (the "**Ordinance**").

2. The City is a duly incorporated Home Rule City, having more than 5,000 inhabitants, operating and existing under the Constitution and laws of the State of Texas and the duly adopted Home Rule Charter of the City, which Charter has not been changed or amended since the passage of the ordinance authorizing the issuance of the most recently dated, issued and outstanding obligations of the City.

3. No litigation of any nature has ever been filed pertaining to, affecting or contesting: (a) the issuance, delivery, payment, security or validity of the proposed Note; (b) the authority of the officers of the City to issue, execute and deliver the Note; or (c) the validity of the corporate existence or the current Tax Rolls of the City; and no litigation is pending pertaining to, affecting or contesting the boundaries of the City.

4. The currently effective ad valorem tax appraisal roll of the City (the "**Tax Roll**") is the Tax Roll prepared and approved during the calendar year 2024, being the most recently approved Tax Roll of the City; that the taxable property in the City has been appraised, assessed, and valued as required and provided by the Texas Constitution and Property Tax Code (collectively, "**Texas law**"); that the Tax Roll for said year has been submitted to the City Council of the City as required by Texas law, and has been approved and recorded by the City Council; and according to the Tax Roll for said year the net aggregate taxable value of taxable property in the City (after deducting the amount of all applicable exemptions required or authorized under Texas law), upon which the annual ad valorem tax of the City has been or will be imposed and levied, is \$ _____.

5. Attached hereto as Exhibit A is a true, full and correct schedule and statement of the aforesaid proposed Note, and all presently outstanding tax indebtedness of the City, and attached hereto as Exhibit B is a combined debt service schedule for all outstanding tax indebtedness of the City (including the proposed Note). The City is not in default as to any covenant, condition, or obligation in connection with any of such outstanding obligations or the ordinances authorizing same.

ORD No 2025-21

6. The following persons are the duly elected members of the City Council of the City as of the date hereof:

Joe Herring, Jr., Mayor
Delayne Sigerman, Councilmember, Place One
Jeff Harris, Councilmember, Place Two
Kent McKinney, Councilmember, Place Three
Brenda Hughes, Place Four

7. The following persons are the duly appointed City Manager, City Secretary and Director of Finance of the City as of the date hereof:

Dalton Rice	City Manager
Shelley McElhannon, TRMC	City Secretary
Julie Behrens	Director of Finance

8. The City received all required disclosure filings under Section 2252.908, Texas Government Code, in connection with the authorization and issuance of the Note and has notified, or will timely notify, the Texas Ethics Commission of its receipt of such filings by acknowledging such filings in accordance with the provisions of Section 2252.908, Texas Government Code, and 1 Tex. Admin. Code § 46.5(c).

9. With respect to the contracts contained within the transcript of proceedings relating to the Note submitted to the Attorney General of Texas that are subject to Subchapter F of Chapter 2252, Texas Government Code, the City has confirmed that none of such counter parties are identified on a list prepared and maintained under Sections 2270.0201 or 2252.153 of the Texas Government Code, to the extent such lists have been prepared and made available for public review as of the date of this Certificate by the appropriate state agency.

10. The City does not have a current intent to refund the Notes.

[The remainder of this page intentionally left blank.]

ORD No 2025-21

SIGNED AND SEALED THIS SEPTEMBER 9, 2025.

Mayor
City of Kerrville, Texas

City Secretary
City of Kerrville, Texas

(SEAL)

Signature Page to the General Certificate Relating to
City of Kerrville, Texas Tax Note, Series 2025

ORD No. 2025-21

EXHIBIT A

SCHEDULE OF ALL OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS OF THE CITY OF KERRVILLE, TEXAS

THE PROPOSED TAX NOTE

TAX NOTE, SERIES 2025, dated September 15, 2025, to be outstanding in the aggregate principal amount of \$700,000, bearing interest and maturing as set forth in the Ordinance authorizing such Note.

ALL PRESENTLY OUTSTANDING TAX INDEBTEDNESS:

TITLE OF OUTSTANDING OBLIGATIONS	DATED DATE	CURRENT OUTSTANDING PRINCIPAL AMOUNT (\$)
Combination Tax and Revenue Certificates of Obligation, Series 2015 ¹	06/01/2015	5,070,000
Combination Tax and Revenue Certificates of Obligation, Series 2016 ¹	01/01/2016	5,415,000
General Obligation Refunding Bonds, Series 2017	12/15/2017	5,470,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018A ¹	11/01/2018	7,125,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018B ¹	11/01/2018	4,305,000
Combination Tax and Revenue Certificates of Obligation, Series 2019 ¹	09/01/2019	7,745,000
General Obligation Refunding Bonds, Series 2019	12/15/2019	1,345,000
General Obligation Refunding Bonds, Series 2020	09/15/2020	7,570,000
General Obligation Bonds, Series 2022	09/01/2022	<u>43,100,000</u>
TOTAL PRINCIPAL AMOUNT CURRENTLY OUTSTANDING:	***	<u>\$87,145,000</u>

¹ Security: Limited tax and a lien on the "Surplus Revenues" of the City's Waterworks and Sewer System.


ORD No. 2025-21

EXHIBIT B


COMBINED DEBT SERVICE SCHEDULE

ORD.No. 2025-21

SIGNED AND SEALED THIS SEPTEMBER 9, 2025.



Mayor
City of Kerrville, Texas



City Secretary
City of Kerrville, Texas



Signature Page to the General Certificate Relating to
City of Kerrville, Texas Tax Note, Series 2025

ORD No 2025-21

SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

We, the undersigned Mayor and City Secretary, respectively, of **CITY OF KERRVILLE, TEXAS** (the "**City**"), hereby certify as follows:

(a) This Certificate is executed and delivered with reference to the **CITY OF KERRVILLE, TEXAS TAX NOTE, SERIES 2025**, dated September 15, 2025, authorized by an ordinance passed by the City Council of the City on September 9, 2025 (the "**Note**").

(b) Each of us signed the Note by manually executing or causing facsimiles of our manual signatures to be printed or lithographed on the Note, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed the Note.

(c) The Note is substantially in the form, and has been duly executed and signed in the manner, prescribed in the ordinance authorizing the issuance thereof.

(d) At the time we so executed and signed the Note we were, and at the time of executing this Certificate we are, the duly chosen, qualified, and acting officers indicated therein, and authorized to execute and sign the same.

(e) No litigation of any nature has been filed or is now pending or, to our knowledge, threatened, to restrain or enjoin the issuance or delivery of the Note, or which would affect the provision made for their payment or security, or in any manner questioning the proceedings or authority concerning the issuance of the Note, and that so far as we know and believe no such litigation is threatened.

(f) Neither the corporate existence nor boundaries of the City is being contested; no litigation has been filed or is now pending or, to our knowledge, threatened, which would affect the authority of the officers of the City to issue, execute, sign, and deliver the Note; and no authority or proceedings for the issuance of the Note have been repealed, revoked, or rescinded.

(g) We have caused the official seal of the City to be impressed, or printed, or lithographed on the Note; and said seal on the Note has been duly adopted as, and is hereby declared to be, the official seal of the City.

(h) This certificate is submitted pursuant to Title 1, Chapter 53, Texas Administrative Code. Upon the approval of the Note by the Attorney General of the State of Texas, he is authorized to date this certificate as of the date of such approval. If any litigation should develop, or if any other event should occur which should make this certificate inaccurate before the Attorney General's approval of the Note, we will notify the Attorney General at once by both telephone and facsimile transmission. With this assurance, the Attorney General is entitled to rely on the accuracy of this certificate at the time or approval of the Note unless we advise him otherwise.

ORD No 2025-21

EXECUTED and delivered this _____.

MANUAL SIGNATURES

OFFICIAL TITLES

Judy Eychner, Mayor

Shelley McElhannon, City Secretary

Before me, on this day personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this _____.

Notary Public

Typed Name _____

(My Commission Expires _____)

(Notary Seal)

Signature Page to the Signature Identification and No-Litigation Certificate Relating to
City of Kerrville, Texas Tax Note, Series 2025

ORD. No. 2025-21

DO NOT DATE

EXECUTED and delivered this _____.

MANUAL SIGNATURES

OFFICIAL TITLES

Joe Herring, Jr.

Joe Herring, Jr., Mayor

Shelley McElhannon

Shelley McElhannon, City Secretary

Before me, on this day personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this _____.

Notary Public

Typed Name _____

(My Commission Expires _____)

(Notary Seal)

Signature Page to the Signature Identification and No-Litigation Certificate Relating to
City of Kerrville, Texas Tax Note, Series 2025

ORD. No. 2025-21

September 9, 2025

Ms. Theresia Goetz
Cash and Securities Management Division
Bond Registration
Comptroller of Public Accounts
Thomas Jefferson Rusk Building
208 East 10th Street, 2nd Floor, Room 232
Austin, Texas 78701-2407

RE: CITY OF KERRVILLE, TEXAS TAX NOTE, SERIES 2025

Ladies and Gentlemen:

The Attorney General will deliver to you the above-described issues of obligations. At such time as you have registered such obligations, this will be your authority to deliver them to an authorized representative of McCall, Parkhurst & Horton L.L.P. who will deliver said obligations to the Paying Agent/Registrar named in the obligations for delivery to the purchasers thereof.

At the time you have registered the obligations, please deliver three copies of the Attorney General's opinion and the Comptroller's Signature Certificate covering said issue of obligations to a representative of McCall, Parkhurst & Horton L.L.P., or send such documents by overnight courier to Orlando "Jay" Juarez, Jr., McCall, Parkhurst & Horton L.L.P., 600 Congress Avenue, Suite 2150, Austin, Texas 78701.

Sincerely yours,

CITY OF KERRVILLE, TEXAS


Mayor

cc: Attorney General of Texas

ORD. No. 2025-21

September 9, 2025

The Attorney General of Texas
Public Finance Division
300 W. 15th Street, 7th Floor
Austin, Texas 78701

RE: CITY OF KERRVILLE, TEXAS TAX NOTE, SERIES 2025

Ladies and Gentlemen:

It is requested that you examine the above issues of obligations and the proceedings authorizing their issuance.

We enclose herewith one signed but undated copy of the Signature Identification and No-Litigation Certificate. Upon approval of the obligations, you are authorized to insert the date of approval in said Signature Certificate. If any litigation should develop before you have approved the obligations, we will notify you at once both by telephone and telecopy. With this assurance you can rely upon the absence of any such litigation at the time you approve the obligations unless we advise you otherwise.

After you have examined the obligations, kindly deliver them to the Office of the Comptroller of Public Accounts of the State of Texas. The Comptroller has received instructions as to disposition of such obligations following their registration.

Sincerely yours,

CITY OF KERRVILLE, TEXAS


Mayor

cc: Comptroller of Public Accounts

ORD. No. 2025-21

RECEIPT FOR PROCEEDS

The undersigned hereby certifies as follows:

(a) This Receipt is executed and delivered with reference to the **CITY OF KERRVILLE, TEXAS TAX NOTE, SERIES 2025** (the "**Note**"), dated September 15, 2025, in the aggregate principal amount of **\$700,000** and authorized by an ordinance passed by the City Council of the **CITY OF KERRVILLE, TEXAS** (the "**City**") on September 9, 2025.

(b) The undersigned is the duly chosen, qualified, and acting Director of Finance of the City.

(c) The Note has been duly delivered to the initial purchaser thereof, namely

THE BANK AND TRUST, S.S.B.

(d) The Note has been paid for in full by said purchaser concurrently with the delivery of this Receipt, and the City has received, and hereby acknowledges receipt of, the agreed purchase price for the Note, being \$700,000 (which amount is equal to par), and no accrued interest.

[The remainder of this page intentionally left blank.]

ORD. No. 2025-21

EXECUTED and delivered this _____.

CITY OF KERRVILLE, TEXAS



Director of Finance

ORD. No. 2025-21