

RESOLUTION NO. 36-2023

A RESOLUTION APPROVING A RESOLUTION OF THE CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION WITH RESPECT TO THE ISSUANCE OF UP TO \$20,000,000 IN PRINCIPAL AMOUNT OF ITS SALES TAX REVENUE BONDS, SERIES 2023, TO FINANCE COSTS OF CERTAIN PROJECTS BEING UNDERTAKEN BY THE CORPORATION AT THE REQUEST, AND FOR THE BENEFIT, OF THE CITY WHICH ARE AUTHORIZED TO BE FINANCED BY THE CORPORATION PURSUANT TO THE DEVELOPMENT CORPORATION ACT (PRIMARILY SECTION 505.152 OF THE TEXAS LOCAL GOVERNMENT CODE); AND APPROVING AN AMENDMENT TO THE SALES TAX REMITTANCE AGREEMENT BETWEEN THE CORPORATION AND THE CITY

WHEREAS, the City Council of the City of Kerrville, Texas (the "City") called an election for the purpose of receiving authority to levy a sales and use tax for the benefit of an industrial development corporation created under authority of the Development Corporation Act of 1979, Article 5190.6, V.A.T.C.S., as amended (the "Original Act"), all pursuant to the provisions of Section 4B of the Original Act; and

WHEREAS, at such election held on May 6, 1995, a majority of the citizens of the City voting at said election approved a Proposition (the "1995 Election Proposition") which authorized the City to levy a sales and use tax on the receipts at retail of taxable items within the City at a rate of one-half of one percent (1/2 of 1%) pursuant to the provisions of Section 4B of the Original Act (the "Sales Tax") *"to be used at the discretion of the board of directors of the non-profit corporation created by the City Council pursuant to Section 4B for purposes as permitted by Section 4B including financing the acquisition, construction and/or equipping, and/or the maintenance and operating costs of any "Project" (as defined in Section 4B), including specifically any of the following:*

- (1) *land, buildings, equipment, facilities, and improvements included in the definition of the term "Project" under Section 2 of Article 5190.6, Vernon's Texas Civil Statutes, as amended, including (a)¹ land, buildings, equipment, facilities, and improvements found by the board of*

¹The types of projects described in subclause (a) of this clause (1) from the 1995 Election Proposition are generally and currently described in Section 501.101 of the Texas Local Government Code ("Section 501.101"); however, there have been statutory changes since the 1995 election that differ from such projects authorized by the voters. (For example, Section 501.101 currently includes a requirement that the projects authorized thereunder must be *"for the creation or retention of primary jobs."* A requirement that projects must be *"for the creation or retention primary jobs"* was not in the predecessor to Section 501.101 when the 1995 Election Proposition was drafted and approved by the voters.) To the extent the types of projects described in Section 501.101 are more limited than the types of projects described in subclause (a) of this clause (1) from the 1995 Election Proposition, Section 501.101 will control.

directors to be required or suitable for the promotion of development and expansion of manufacturing and industrial facilities, transportation facilities (including but not limited to airports, ports, mass commuting facilities, and parking facilities), sewage or solid waste disposal facilities, recycling facilities, air or water pollution control facilities, facilities for the furnishing of water to the general public, distribution centers, small warehouse facilities capable of serving as decentralized storage and distribution centers, and facilities which are related to any of the foregoing, and (b)² in “blighted or economically depressed areas” or “development areas” of the City, land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for the promotion of commercial development and expansion or for use by commercial enterprises;

(2) land, buildings, equipment, facilities, and improvements found by the board of directors of the corporation to be required or suitable for use for professional and amateur (including children's) sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, learning centers, parks and park facilities, open space improvements, municipal buildings, museums, exhibition facilities, and related store, restaurant, concession, and automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of those items³; and

(3) land, building, equipment, facilities, and improvements found by the board of directors of the corporation to promote or develop new or expanded business enterprises, including a project to provide public safety facilities, streets and roads, drainage and related improvements, demolition of existing structures, general municipally owned improvements including improvements to the municipal water and sewer systems, as well as any improvements or facilities that are related to any of those projects and any other project that the board in its discretion determines promotes or develops new or expanded business enterprises.⁴

²The types of projects described in subclause (b) of this clause (1) from the 1995 Election Proposition no longer appear anywhere in the successor to the Original Act (i.e., Chapters 501 - 505, Texas Local Government Code - defined herein as the “Act”); accordingly, such projects currently are no longer permitted to be financed pursuant to the 1995 Election Proposition.

³The types of projects described in this clause (2) from the 1995 Election Proposition are generally and currently described in Section 505.152 of the Texas Local Government Code (“Section 505.152”); however, there have been statutory changes since the 1995 election that differ from such projects authorized by the voters. (For example, Section 505.152 currently does not include the term “learning centers” and the general term “municipal buildings” as types of projects that can be financed using proceeds of the Sales Tax.) To the extent the types of projects described in Section 505.152 are more limited than the types of projects described in clause (2) from the 1995 Election Proposition, Section 505.152 will control.

⁴The types of projects described in this clause (3) from the 1995 Election Proposition are generally and currently described in Section 505.155 of the of the Texas Local Government Code (“Section 505.155”); however, there have been statutory changes since the 1995 election that differ from such projects authorized by the voters. (For example, Section 505.155 currently includes a requirement that the projects authorized thereunder must “create or

WHEREAS, pursuant to the provisions of the Original Act, the City created the City of Kerrville, Texas Economic Improvement Corporation (the “Corporation”), a nonstock, nonprofit industrial development corporation created to act on behalf of the City to satisfy the public purposes set forth in Section 4B of the Original Act; and

WHEREAS, the City Council of the City levied the Sales Tax for the benefit of the Corporation, and such tax began to be collected in the City on October 1, 1995⁵; and

WHEREAS, subsequent to the creation of the Corporation, the Original Act was codified by the Legislature and is now found in Chapters 501 - 505 of the Texas Local Government Code (the “Act”); and

WHEREAS, Section 4B of the Original Act is now found primarily in Chapter 505, Texas Local Government Code, and Chapters 501, 502 and 505, Texas Local Government Code, are the primary provisions in Texas law under which the Corporation generally is governed; and

WHEREAS, Section 505.152 of the Act states that the term “project” includes

land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for use for professional and amateur sports, including children's sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, parks and park facilities, open space improvements, museums, exhibition facilities, and related store, restaurant, concession, and automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of the items described by this section

WHEREAS, the bonds authorized by the “Bond Resolution” (defined below) of the Corporation are being issued for the purpose of financing “costs” (as defined in Section 501.152 of the Act) of “projects” as described in Section 505.152 of the Act, including, in particular, but not limited to, Cailloux Theater roof and HVAC

retain primary jobs.” A requirement for projects to “create or retain primary jobs” was not in the predecessor to Section 505.155 when the 1995 Election Proposition was drafted and approved by the voters.) To the extent the types of projects described in Section 505.155 are more limited than the types of projects described in clause (3) from the 1995 Election Proposition, Section 505.155 will control.

⁵On April 20, 1999, the Corporation issued and delivered \$5,350,000 in principal amount of its *City of Kerrville, Texas Economic Improvement Corporation Sales Tax Revenue Bonds, Series 1999* to finance certain projects pursuant to the Original Act (the “Series 1999 Bonds”). The Series 1999 Bonds have been fully paid, are no longer outstanding, and are the only obligations issued or incurred by the Corporation prior to the approval of this Resolution which were secured, in whole or in part, with proceeds of the Sales Tax.

replacement and improvements, Olympic Pool facility renovations and improvements, golf course facility renovations and improvements, Granger MacDonald Park upgrades and improvements, and Heart of the Hills Heritage Center renovation, upgrades and improvements (collectively, the “Projects”); and

WHEREAS, Section 505.160 of the Act provides that “[a] Type B corporation may undertake a project under this chapter unless, not later than the 60th day after the date notice of the specific project or general type of project is first published, the governing body of the authorizing municipality receives a petition from more than 10 percent of the registered voters of the municipality requesting that an election be held before the specific project or general type of project is undertaken”; and

WHEREAS, the Corporation caused a notice of its intention to undertake the Projects to be published on August 31, 2023, in the *Kerrville Daily Times*, and neither the Corporation nor the City received a petition prior to the expiration of the 60th day after the date of publication of such notice from more than 10 percent of the registered voters of the City requesting that an election be held before the Projects are undertaken by the Corporation, all in compliance with Section 505.160 of the Act; and

WHEREAS, Section 505.159(a) of the Act provides that “a Type B corporation shall hold at least one public hearing on a proposed project before spending money to undertake the project”; and

WHEREAS, the Corporation held a public hearing on the Projects on November 13, 2023, which satisfied the requirement set forth in Section 505.159(a) of the Act; and

WHEREAS, in order to provide for the timely transfer by the City to the Corporation of the proceeds of the Sales Tax, as required by the Act (now found in Section 505.301 thereof), the City and the Corporation entered into a *Sales Tax Remittance Agreement*, dated as of March 1, 1999 (the “Sales Tax Remittance Agreement”); and

WHEREAS, upon recommendation of Bond Counsel to the Corporation and the City, the City Council of the City determines that it is necessary and appropriate to approve a “*First Amendment to Sales Tax Remittance Agreement*” to clarify that the terms of the Sales Tax Remittance Agreement are to apply to all bonds that may be issued by the Corporation (including the “Bonds” defined in the following recital), not just the Series 1999 Bonds that were being issued by the Corporation at the time the Sales Tax Remittance Agreement was initially approved, executed, and delivered; and

WHEREAS, on November 13, 2023, the Board of Directors of the Corporation adopted a “*Resolution Authorizing the Issuance of Up to \$20,000,000 in Aggregate Principal Amount of City of Kerrville, Texas Economic Improvement Corporation Sales Tax Revenue Bonds, Series 2023; Authorizing the Sale Thereof Pursuant to a*

Negotiated Underwriting; Delegating Authority to Certain Officials to Approve All Final Terms with Respect to the Sale of the Bonds and Other Related Matters; Approving and Authorizing the Execution of All Instruments and Procedures Related Thereto Including a Purchase Contract and a Paying Agent/Registrar Agreement; and Approving Other Matters in Connection with the Issuance of the Bonds,” in the form attached hereto as **Exhibit A** (the “Bond Resolution”), for the purpose of authorizing the issuance of up to \$20,000,000 in principal amount of the Corporation’s SALES TAX REVENUE BONDS, SERIES 2023 (the “Bonds”) to finance costs of the Projects, and authorizing other related matters; and

WHEREAS, Section 501.204 of the Act provides that the Corporation “*may not deliver bonds, including refunding bonds, unless the governing body of the corporation's authorizing unit adopts a resolution, not earlier than the 60th day before the date the bonds are delivered, specifically approving the corporation's resolution providing for the issuance of the bonds*”; and

WHEREAS, Article V of the Corporation’s Articles of Incorporation provides that “[t]he Corporation may not issue any bonds pursuant to the provisions of the Act without first receiving the written approval of the governing body of the City”; and

WHEREAS, it is deemed necessary and advisable that this Resolution be adopted by the City Council of the City in order to satisfy the requirements of Section 501.204 of the Act and Article V of the Corporation’s Articles of Incorporation; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution was passed 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 RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. APPROVAL OF PROJECTS. The Projects are hereby approved and authorized to be undertaken by the Corporation.

SECTION TWO. APPROVAL OF THE BOND RESOLUTION AND THE BONDS. The Bond Resolution, in substantially the form and substance as attached to this Resolution as **Exhibit A** and made a part hereof for all purposes, is hereby approved, and the Bonds may be issued by the Corporation pursuant thereto for the purpose of financing costs of the Projects.

SECTION THREE. APPROVAL OF FIRST AMENDMENT TO SALES TAX REMITTANCE AGREEMENT. The *First Amendment to Sales Tax Remittance Agreement* in substantially the form attached hereto as **Exhibit B** is hereby approved. The Mayor, the City Manager, and the Assistant City Manager of the City

are each hereby authorized to approve such First Amendment in final form and to execute such First Amendment on behalf of the City, and the City Secretary of the City is hereby authorized to attest such First Amendment, if required.

SECTION FOUR. EXECUTION OF DOCUMENTS; NO LIABILITY OF THE CITY.

The City Council of the City hereby authorizes the Mayor, the City Manager, the Assistant City Manager, the Director of Finance, and the City Secretary of the City to execute on behalf of the City all other documents deemed necessary in connection with the issuance of the Bonds and the *First Amendment to Sales Tax Remittance Agreement* approved by this Resolution. The City shall have no liability for the payment of the Bonds nor shall any of its assets be pledged to the payment of the Bonds.

SECTION FIVE. INCORPORATION OF RECITALS. The findings and preambles set forth in this Resolution are hereby incorporated into this Resolution and made a part hereof for all purposes.

SECTION SIX. EFFECTIVE DATE. This Resolution shall become effective immediately upon passage.

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PASSED AND APPROVED ON this the 14 day of November
A.D., 2023.

Judy Eychner
Judy Eychner, Mayor

APPROVED AS TO FORM:

MCH
Michael C. Hayes, City Attorney

(City Seal)

ATTEST:

Shelley McElhannon
Shelley McElhannon, City Secretary

CERTIFICATE FOR RESOLUTION

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 November 14, 2023 (the “*Meeting*”), at the City Hall, and the roll was called of the duly constituted officers and members of the City Council, to wit:

Judy Eychner, Mayor
Roman Garcia, Place 1
Jeff Harris, Place 2

Joe Herring, Jr., Place 3
Brenda Hughes, Place 4

and all of the officers and members of the City Council were present, except the following absentees: JEFF HARRIS, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written Resolution entitled

RESOLUTION APPROVING A RESOLUTION OF THE CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION WITH RESPECT TO THE ISSUANCE OF UP TO \$20,000,000 IN PRINCIPAL AMOUNT OF ITS SALES TAX REVENUE BONDS, SERIES 2023, TO FINANCE COSTS OF CERTAIN PROJECTS BEING UNDERTAKEN BY THE CORPORATION AT THE REQUEST, AND FOR THE BENEFIT, OF THE CITY WHICH ARE AUTHORIZED TO BE FINANCED BY THE CORPORATION PURSUANT TO THE DEVELOPMENT CORPORATION ACT (PRIMARILY SECTION 505.152 OF THE TEXAS LOCAL GOVERNMENT CODE); AND APPROVING AN AMENDMENT TO THE SALES TAX REMITTANCE AGREEMENT BETWEEN THE CORPORATION AND THE CITY

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

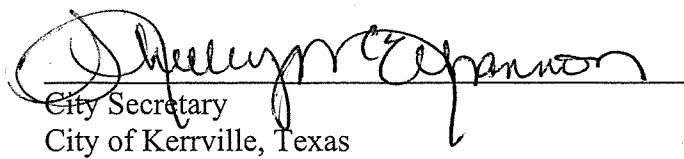
AYES: 3 NOES: 1 ABSTENTIONS: 0

2. A true, full and correct copy of the Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; the Resolution 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 Resolution; 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 Resolution would be introduced and considered for passage at the Meeting, and 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.

SIGNED AND SEALED the 14th day of November, 2023.

(SEALED)





City Secretary
City of Kerrville, Texas

Signature Page to City's Certificate for Resolution Relating to the Issuance of
City of Kerrville, Texas Economic Improvement Corporation Sales Tax Revenue Bonds, Series 2023

EXHIBIT A

RESOLUTION NO. 08-2023

RESOLUTION APPROVING A RESOLUTION OF THE **CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION** WITH RESPECT TO THE ISSUANCE OF UP TO \$20,000,000 IN PRINCIPAL AMOUNT OF ITS **SALES TAX REVENUE BONDS, SERIES 2023**, TO FINANCE COSTS OF CERTAIN PROJECTS BEING UNDERTAKEN BY THE CORPORATION AT THE REQUEST, AND FOR THE BENEFIT, OF THE CITY WHICH ARE AUTHORIZED TO BE FINANCED BY THE CORPORATION PURSUANT TO THE **DEVELOPMENT CORPORATION ACT** (PRIMARILY SECTION 505.152 OF THE TEXAS LOCAL GOVERNMENT CODE); AND APPROVING AN AMENDMENT TO THE **SALES TAX REMITTANCE AGREEMENT** BETWEEN THE CORPORATION AND THE CITY

STATE OF TEXAS
COUNTY OF KERR
CITY OF KERRVILLE

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WHEREAS, the City Council of the **CITY OF KERRVILLE, TEXAS** (the “*City*”) called an election for the purpose of receiving authority to levy a sales and use tax for the benefit of an industrial development corporation created under authority of the Development Corporation Act of 1979, Article 5190.6, V.A.T.C.S., as amended (the “*Original Act*”), all pursuant to the provisions of Section 4B of the Original Act; and

WHEREAS, at such election held on May 6, 1995, a majority of the citizens of the City voting at said election approved a Proposition (the “*1995 Election Proposition*”) which authorized the City to levy a sales and use tax on the receipts at retail of taxable items within the City at a rate of one-half of one percent ($\frac{1}{2}$ of 1%) pursuant to the provisions of Section 4B of the Original Act (the “*Sales Tax*”) “*to be used at the discretion of the board of directors of the non-profit corporation created by the City Council pursuant to Section 4B for purposes as permitted by Section 4B including financing the acquisition, construction and/or equipping, and/or the maintenance and operating costs of any “Project” (as defined in Section 4B), including specifically any of the following:*

(1) *land, buildings, equipment, facilities, and improvements included in the definition of the term “Project” under Section 2 of Article 5190.6, Vernon’s Texas Civil Statutes, as amended, including (a)¹ land, buildings, equipment, facilities,*

¹The types of projects described in subclause (a) of this clause (1) from the 1995 Election Proposition are generally and currently described in Section 501.101 of the Texas Local Government Code (“*Section 501.101*”); however, there have been statutory changes since the 1995 election that differ from such projects authorized by the voters. (For example, Section 501.101 currently includes a requirement that the projects authorized thereunder must be “*for the creation or retention of primary jobs*.” A requirement that projects must be “*for the creation or retention primary jobs*” was not in the predecessor to Section 501.101 when the 1995 Election Proposition was drafted and approved by the voters.) To the extent the types of projects described in Section 501.101 are more limited than the types of projects described in subclause (a) of this clause (1) from the 1995 Election Proposition, Section 501.101 will control.

and improvements found by the board of directors to be required or suitable for the promotion of development and expansion of manufacturing and industrial facilities, transportation facilities (including but not limited to airports, ports, mass commuting facilities, and parking facilities), sewage or solid waste disposal facilities, recycling facilities, air or water pollution control facilities, facilities for the furnishing of water to the general public, distribution centers, small warehouse facilities capable of serving as decentralized storage and distribution centers, and facilities which are related to any of the foregoing, and (b)² in "blighted or economically depressed areas" or "development areas" of the City, land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for the promotion of commercial development and expansion or for use by commercial enterprises;

(2) land, buildings, equipment, facilities, and improvements found by the board of directors of the corporation to be required or suitable for use for professional and amateur (including children's) sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, learning centers, parks and park facilities, open space improvements, municipal buildings, museums, exhibition facilities, and related store, restaurant, concession, and automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of those items³; and

(3) land, building, equipment, facilities, and improvements found by the board of directors of the corporation to promote or develop new or expanded business enterprises, including a project to provide public safety facilities, streets and roads, drainage and related improvements, demolition of existing structures, general municipally owned improvements including improvements to the municipal water and sewer systems, as well as any improvements or facilities that are related to any of those projects and any other project that the board in its discretion determines promotes or develops new or expanded business enterprises?⁴

²The types of projects described in subclause (b) of this clause (1) from the 1995 Election Proposition no longer appear anywhere in the successor to the Original Act (i.e., Chapters 501 - 505, Texas Local Government Code - defined herein as the "Act"); accordingly, such projects currently are no longer permitted to be financed pursuant to the 1995 Election Proposition.

³The types of projects described in this clause (2) from the 1995 Election Proposition are generally and currently described in Section 505.152 of the Texas Local Government Code ("**Section 505.152**"); however, there have been statutory changes since the 1995 election that differ from such projects authorized by the voters. (For example, Section 505.152 currently does not include the term "learning centers" and the general term "municipal buildings" as types of projects that can be financed using proceeds of the Sales Tax.) To the extent the types of projects described in Section 505.152 are more limited than the types of projects described in clause (2) from the 1995 Election Proposition, Section 505.152 will control.

⁴The types of projects described in this clause (3) from the 1995 Election Proposition are generally and currently described in Section 505.155 of the of the Texas Local Government Code ("**Section 505.155**"); however, there have been statutory changes since the 1995 election that differ from such projects authorized by the voters. (For example, Section 505.155 currently includes a requirement that the projects authorized thereunder must "create or retain primary jobs." A requirement for projects to "create or retain primary jobs" was not in the predecessor to Section 505.155 when the 1995 Election Proposition was drafted and approved by the voters.) To the extent the types of projects described in Section 505.155 are more limited than the types of projects described in clause (3) from the 1995 Election Proposition, Section 505.155 will control.

WHEREAS, pursuant to the provisions of the Original Act, the City created the **CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION** (the “**Corporation**”), a nonstock, nonprofit industrial development corporation created to act on behalf of the City to satisfy the public purposes set forth in Section 4B of the Original Act; and

WHEREAS, the City Council of the City levied the Sales Tax for the benefit of the Corporation, and such tax began to be collected in the City on October 1, 1995⁵; and

WHEREAS, subsequent to the creation of the Corporation, the Original Act was codified by the Legislature and is now found in Chapters 501 - 505 of the Texas Local Government Code (the “*Act*”); and

WHEREAS, Section 4B of the Original Act is now found primarily in Chapter 505, Texas Local Government Code, and Chapters 501, 502 and 505, Texas Local Government Code, are the primary provisions in Texas law under which the Corporation generally is governed; and

WHEREAS, Section 505.152 of the Act states that the term “project” includes

land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for use for professional and amateur sports, including children's sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, parks and park facilities, open space improvements, museums, exhibition facilities, and related store, restaurant, concession, and automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of the items described by this section

WHEREAS, the bonds authorized by the “Bond Resolution” (defined below) of the Corporation are being issued for the purpose of financing “costs” (as defined in Section 501.152 of the Act) of “projects” as described in Section 505.152 of the Act, including, in particular, but not limited to, Cailloux Theater roof and HVAC replacement and improvements, Olympic Pool facility renovations and improvements, golf course facility renovations and improvements, Granger MacDonald Park upgrades and improvements, and Heart of the Hills Heritage Center renovation, upgrades and improvements (collectively, the “**Projects**”); and

WHEREAS, Section 505.160 of the Act provides that “[a] Type B corporation may undertake a project under this chapter unless, not later than the 60th day after the date notice of the specific project or general type of project is first published, the governing body of the authorizing municipality receives a petition from more than 10 percent of the registered voters of

⁵On April 20, 1999, the Corporation issued and delivered \$5,350,000 in principal amount of its *City of Kerrville, Texas Economic Improvement Corporation Sales Tax Revenue Bonds, Series 1999* to finance certain projects pursuant to the Original Act (the “**Series 1999 Bonds**”). The Series 1999 Bonds have been fully paid, are no longer outstanding, and are the only obligations issued or incurred by the Corporation prior to the approval of this Resolution which were secured, in whole or in part, with proceeds of the Sales Tax.

the municipality requesting that an election be held before the specific project or general type of project is undertaken"; and

WHEREAS, the Corporation caused a notice of its intention to undertake the Projects to be published on August 31, 2023, in the *Kerrville Daily Times*, and neither the Corporation nor the City received a petition prior to the expiration of the 60th day after the date of publication of such notice from more than 10 percent of the registered voters of the City requesting that an election be held before the Projects are undertaken by the Corporation, all in compliance with Section 505.160 of the Act; and

WHEREAS, Section 505.159(a) of the Act provides that "*a Type B corporation shall hold at least one public hearing on a proposed project before spending money to undertake the project*"; and

WHEREAS, the Corporation held a public hearing on the Projects on November 13, 2023, which satisfied the requirement set forth in Section 505.159(a) of the Act; and

WHEREAS, in order to provide for the timely transfer by the City to the Corporation of the proceeds of the Sales Tax, as required by the Act (now found in Section 505.301 thereof), the City and the Corporation entered into a *Sales Tax Remittance Agreement*, dated as of March 1, 1999 (the "*Sales Tax Remittance Agreement*"); and

WHEREAS, upon recommendation of Bond Counsel to the Corporation and the City, the City Council of the City determines that it is necessary and appropriate to approve a "*First Amendment to Sales Tax Remittance Agreement*" to clarify that the terms of the Sales Tax Remittance Agreement are to apply to all bonds that may be issued by the Corporation (including the "*Bonds*" defined in the following recital), not just the Series 1999 Bonds that were being issued by the Corporation at the time the Sales Tax Remittance Agreement was initially approved, executed, and delivered; and

WHEREAS, on November 13, 2023, the Board of Directors of the Corporation adopted a "*Resolution Authorizing the Issuance of Up to \$20,000,000 in Aggregate Principal Amount of City of Kerrville, Texas Economic Improvement Corporation Sales Tax Revenue Bonds, Series 2023; Authorizing the Sale Thereof Pursuant to a Negotiated Underwriting; Delegating Authority to Certain Officials to Approve All Final Terms with Respect to the Sale of the Bonds and Other Related Matters; Approving and Authorizing the Execution of All Instruments and Procedures Related Thereto Including a Purchase Contract and a Paying Agent/Registrar Agreement; and Approving Other Matters in Connection with the Issuance of the Bonds*," in the form attached hereto as *Exhibit A* (the "***Bond Resolution***"), for the purpose of authorizing the issuance of up to \$20,000,000 in principal amount of the Corporation's **SALES TAX REVENUE BONDS, SERIES 2023** (the "***Bonds***") to finance costs of the Projects, and authorizing other related matters; and

WHEREAS, Section 501.204 of the Act provides that the Corporation "*may not deliver bonds, including refunding bonds, unless the governing body of the corporation's authorizing unit adopts a resolution, not earlier than the 60th day before the date the bonds are delivered, specifically approving the corporation's resolution providing for the issuance of the bonds*"; and

WHEREAS, Article V of the Corporation's Articles of Incorporation provides that “[t]he Corporation may not issue any bonds pursuant to the provisions of the Act without first receiving the written approval of the governing body of the City”; and

WHEREAS, it is deemed necessary and advisable that this Resolution be adopted by the City Council of the City in order to satisfy the requirements of Section 501.204 of the Act and Article V of the Corporation's Articles of Incorporation; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution was passed 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;

THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KERRVILLE, TEXAS THAT:

SECTION 1. APPROVAL OF PROJECTS. The Projects are hereby approved and authorized to be undertaken by the Corporation.

SECTION 2. APPROVAL OF THE BOND RESOLUTION AND THE BONDS. The Bond Resolution, in substantially the form and substance as attached to this Resolution as Exhibit A and made a part hereof for all purposes, is hereby approved, and the Bonds may be issued by the Corporation pursuant thereto for the purpose of financing costs of the Projects.

SECTION 3. APPROVAL OF FIRST AMENDMENT TO SALES TAX REMITTANCE AGREEMENT. The *First Amendment to Sales Tax Remittance Agreement* in substantially the form attached hereto as Exhibit B is hereby approved. The Mayor, the City Manager, and the Assistant City Manager of the City are each hereby authorized to approve such First Amendment in final form and to execute such First Amendment on behalf of the City, and the City Secretary of the City is hereby authorized to attest such First Amendment, if required.

SECTION 4. EXECUTION OF DOCUMENTS; NO LIABILITY OF THE CITY. The City Council of the City hereby authorizes the Mayor, the City Manager, the Assistant City Manager, the Director of Finance, and the City Secretary of the City to execute on behalf of the City all other documents deemed necessary in connection with the issuance of the Bonds and the *First Amendment to Sales Tax Remittance Agreement* approved by this Resolution. The City shall have no liability for the payment of the Bonds nor shall any of its assets be pledged to the payment of the Bonds.

SECTION 5. INCORPORATION OF RECITALS. The findings and preambles set forth in this Resolution are hereby incorporated into this Resolution and made a part hereof for all purposes.

SECTION 6. EFFECTIVE DATE. This Resolution shall become effective immediately upon passage.

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**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
KERRVILLE, TEXAS AT A REGULAR MEETING ON NOVEMBER 14, 2023, AT WHICH
MEETING A QUORUM WAS PRESENT.**

Judy Eckner

Mayor
City of Kerrville, Texas

ATTEST:

Deeleyne Eason

City Secretary
City of Kerrville, Texas



EXHIBIT A

*The Bond Resolution is omitted at this point
as it appears in executed form elsewhere in this Transcript of Proceedings*

EXHIBIT A

FORM OF APPROVAL CERTIFICATE

CERTIFICATE APPROVING THE FINAL TERMS OF THE BONDS

I, the _____ of the **CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION** (the "*Issuer*"), pursuant to authority granted by the Board of Directors of the Issuer in Section 1(b) of a resolution approved by the Board of Directors on November 13, 2023, relating to the issuance of the Bonds defined below (the "*Resolution*"), hereby certify as follows:

1. **GENERAL.** This Certificate is given in connection with the issuance by the Issuer of the **CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION SALES TAX REVENUE BONDS, SERIES 2023** (the "*Bonds*") which, pursuant to the Resolution, have been authorized by the Board of Directors.

2. **DEFINITIONS.** All capitalized terms used in this Certificate which are not otherwise defined herein shall have the same meanings as set forth in the Resolution.

3. **DATED DATE AND AGGREGATE PRINCIPAL AMOUNT.** The Bonds shall be dated November 15, 2023, and shall be issued in the aggregate principal amount of \$_____.

4. **PRINCIPAL AMOUNTS AND INTEREST RATES.** The Bonds shall (i) mature on **August 15** in each of the years and in the respective principal amounts, and (ii) bear interest from the date of initial delivery of the Bonds to the initial purchaser named in paragraph 8 hereof to their respective date of maturity or prior redemption at the respective interest rates, all as set forth below:

**CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION
SALES TAX REVENUE BONDS, SERIES 2023**

| MATURITY DATE (8/15) | PRINCIPAL AMOUNT (\$) | INTEREST RATE (%) | MATURITY DATE (8/15) | PRINCIPAL AMOUNT (\$) | INTEREST RATE (%) |
|---------------------------------|----------------------------------|------------------------------|---------------------------------|----------------------------------|------------------------------|
| 2024 | | | 2034 | | |
| 2025 | | | 2035 | | |
| 2026 | | | 2036 | | |
| 2027 | | | 2037 | | |
| 2028 | | | 2038 | | |
| 2029 | | | 2039 | | |
| 2030 | | | 2040 | | |
| 2031 | | | 2041 | | |
| 2032 | | | 2042 | | |
| 2033 | | | 2043 | | |

The true interest cost rate on the Bonds is equal to _____ %, which is less than the maximum true interest cost rate of _____ % approved by the Board of Directors in the Resolution.

5. **INTEREST ON BONDS.** As provided in Section 3 of the Resolution and in the FORM OF BOND contained in Section 5 of the Resolution, interest on the Bonds shall be payable on each February 15 and August 15, commencing on _____ 15, 2024, until stated maturity or prior redemption.

6. **OPTIONAL REDEMPTION.** The Bonds maturing on and after August 15, 20____, may be redeemed prior to their scheduled maturities, at the option of the Issuer on August 15, 20____, or on any date thereafter at the redemption price equal to par plus accrued interest to the date fixed for redemption.

7. **MANDATORY SINKING FUND REDEMPTION.** The Bonds maturing on August 15 in the years 20____ and 20____ (collectively, the "*Term Bonds*") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

| TERM BONDS MATURING AUGUST 15, 20____ | | TERM BONDS MATURING AUGUST 15, 20____ | |
|--|---------------------------|--|---------------------------|
| Mandatory Redemption Date | Redemption Amount (\$) | Mandatory Redemption Date | Redemption Amount (\$) |
| August 15, 20____ | | August 15, 20____ | |
| August 15, 20____ | | August 15, 20____ | |
| August 15, 20____ | | August 15, 20____ | |
| August 15, 20____ | | August 15, 20____ | |

8. **INITIAL PURCHASERS AND PURCHASE PRICE.** The following firms have been selected to serve as the Underwriters of the Bonds:

RAYMOND JAMES & ASSOCIATES, INC.
(the "Senior Managing Underwriter")

FHN FINANCIAL CAPITAL MARKETS

The Bonds shall be sold to the Underwriters as the initial purchasers thereof pursuant to a negotiated underwriting and shall be purchased at a price equal to \$_____ (which amount is equal to par, less Underwriters' discount of \$_____), and no accrued interest. The Initial Bond shall be registered in the name of **RAYMOND JAMES & ASSOCIATES, INC.**

9. **SELECTION OF PAYING AGENT/REGISTRAR.** **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, HOUSTON, TEXAS**, has been selected to serve as the initial Paying Agent/Registrar for the Bonds.

10. **DETERMINATION REQUIRED BY SECTION 1201.022(A)(3), TEXAS GOVERNMENT CODE.** In satisfaction of Section 1201.022(a)(3), Texas Government Code, as authorized by Section 1(c) of the Resolution, and upon consultation with the Issuer's Financial Advisor, the undersigned hereby determines that the final terms of the Bonds as set forth in this Certificate are in the Issuer's best interests.

[The remainder of this page intentionally left blank]

**APPROVED BY THE [PRESIDENT/VICE PRESIDENT] OF THE CITY OF
KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION ON THE DAY
OF , 2023 IN ACCORDANCE WITH SECTION 1(b) OF THE RESOLUTION.**

[President/Vice President]
City of Kerrville, Texas
Economic Improvement Corporation

Signature Page to Certificate Approving Final Terms of the
City of Kerrville, Texas Economic Improvement Corporation Sales Tax Revenue Bonds, Series
2023

EXHIBIT B

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

PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT, dated as of November 15, 2023 (this "*Agreement*"), by and between the **CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION** (the "*Issuer*"), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, HOUSTON, TEXAS** (the "*Bank*"), a national bank duly organized and operating under the laws of the United States of America.

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its **CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION SALES TAX REVENUE BONDS, SERIES 2023** (the "*Securities*") in the aggregate principal amount of \$_____, such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are expected to be delivered to the initial purchaser thereof or about on or about December 19, 2023; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

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 serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Resolution" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Resolution."

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

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 Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year. The Issuer and the Bank agree that in no event shall the aggregate fees paid to the Bank under this Agreement exceed \$100,000; therefore, this Agreement has a "value" to the Bank of less than \$100,000 for purposes of Sections 2271.002 and 2274.002, Texas Government Code.

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:

"Bank Office" means the principal corporate trust office of the Bank as indicated in Section 6.03 hereof. 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, ending September 30.

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

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

"Ordinance" means the resolutions, orders or ordinances of the governing body of the Issuer pursuant to which the Securities are issued, certified by the Secretary or any other officer of the Issuer and delivered to the Bank, together with any pricing certificate executed pursuant thereto.

"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 Securities" 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 purposes 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 Resolution).

"Record Date" means the last business day of the month next preceding payment.

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

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, 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.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Resolution the principal of a Security is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms "Bank," "Issuer" and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

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

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 principal of each

Security at its Stated Maturity, or Redemption Date to the Holder upon surrender of the Security to the Bank at the Bank Office.

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, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Resolution.

Section 3.03. Special Payment Provisions.

Notwithstanding the provisions of Sections 3.01 and 3.02 hereof, so long as the Holder of the Securities is the United States of America, the payment of principal of and interest on the Securities shall be made in accordance with the special provisions of the Resolution relating thereto.

ARTICLE FOUR

REGISTRAR

Section 4.01. Security Register - Transfers and Exchanges.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

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 National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be canceled in an 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.

At any time that the Securities are not subject to a book-entry-only system of registration and transfer, the Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. Form of Security Register.

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities 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 Security Register in any form other than those that 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 the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained 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 contents 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 court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. Cancellation of Certificates.

All certificates surrendered to the Bank, at the designated Payment/Transfer Office, for payment, redemption, transfer or replacement, shall be promptly canceled by the Bank. The Bank will provide to the Issuer, at reasonable intervals determined by it, a certificate evidencing the destruction of canceled certificates.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities.

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

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

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 Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

Section 4.08. Reporting Requirements.

To the extent required by the Internal Revenue Code of 1986, as amended, and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto, the Bank shall report or assure that a report is made to the Holder and the Internal Revenue Service the amount of interest paid or the amount treated as interest accrued on the Security which is required to be reported by a Holder on its returns of federal income tax.

ARTICLE FIVE

THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein 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 Securities 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 Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer executed in accordance with Section 4.01 hereof, 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 Issuer.

(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 with respect to the Issuer and in the Securities 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 Securities.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities 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.

Section 5.05. Moneys Held by Bank.

The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a agent capacity for the payment of the Securities, with such moneys in the account that exceed the deposit insurance available to the Issuer by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, 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 the final maturity of the Security has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Holder of such Security shall hereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

Section 5.06. Indemnification.

To the extent permitted by law, the Issuer agrees to indemnify the Bank, its directors, officers and employees, 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 against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State and County where the administrative offices of the Issuer are located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement 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 any interest herein.

Section 5.08. Reporting Requirements.

To the extent required by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the Bank shall report to the Holders and the Internal Revenue Service (i) the amount of "reportable payments", if any, subject to backup withholding during each year and the amount of tax withheld, if any, with respect to payments of the Securities, and (ii) the amount of interest or amount treated as interest on the Securities and required to be included in the gross income of the Holder thereof.

Section 5.09. Certificate of Interested Parties Form 1295. The Bank represents and warrants that it is exempt from the requirements of Section 2252.908 of the Texas Government Code, as amended, pursuant to subsection (c)(4) thereof, and, accordingly, the Bank is not required to file a Certificate of Interested Parties Form 1295 otherwise prescribed thereunder.

Section 5.10. Legislative Contracting Requirements.

Pursuant to Section 2252.152, Texas Government Code, neither the Bank nor any wholly-owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Bank is a company currently listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code.

This Agreement does not constitute a contract for goods or services with a value of \$100,000 or more that is to be paid wholly or partly from public funds of a governmental entity for which a written verification is required under Section 2271.002, Texas Government Code, or under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, and Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended.

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 hereto.

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 set forth below:

Issuer: City of Kerrville, Texas Economic Improvement Corporation
701 Main Street
Kerrville, Texas 78028

Bank: U.S. Bank Trust Company, National Association
8 Greenway Plaza, Suite 1100
Houston, Texas 77046

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.

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

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions 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 Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Resolution, the Resolution 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 (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

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 Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

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

Section 6.11 Contracts with Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations Prohibited (S.B. 252 85th Texas Legislature).

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, Texas Government Code, as amended, and posted on the following page of such officer's Internet website:

<https://comptroller.texas.gov/purchasing/publications/divestment.php>

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such Section does not contravene applicable Texas or federal law and 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. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 6.11. Governing Law.

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

(Execution Page Follows)

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

**CITY OF KERRVILLE, TEXAS ECONOMIC
IMPROVEMENT CORPORATION**

By: _____
President

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Paying Agent/Registrar**

By: _____
Title: _____

Signature Page to the Paying Agent/Registrar Agreement Relating to
City of Kerrville, Texas Economic Improvement Corporation
Sales Tax Revenue Bonds, Series 2023

EXHIBIT B

FIRST AMENDMENT TO SALES TAX REMITTANCE AGREEMENT

This **FIRST AMENDMENT TO SALES TAX REMITTANCE AGREEMENT** (this "*First Amendment*") is dated and effective as of November 13, 2023 (the "*Amendment Effective Date*"), by and between the **CITY OF KERRVILLE, TEXAS** (the "*City*") and the **CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION** (the "*Corporation*"). The City and the Corporation are sometimes hereafter referred to individually as a "Party" or collectively as the "Parties."

Reference is made to that certain **SALES TAX REMITTANCE AGREEMENT**, dated as of March 1, 1999, by and between the City and the Corporation (the "*Sales Tax Remittance Agreement*"). All capitalized terms used in this First Amendment that are not otherwise defined herein shall have the same meaning as set forth in the Sales Tax Remittance Agreement.

RECITALS

WHEREAS, in relation to the issuance of the Corporation's *Sales Tax Revenue Bonds, Series 1999* (the "*Series 2019 Bonds*"), the Parties previously entered into the Sales Tax Remittance Agreement to evidence the duties and responsibilities of the respective Parties with respect to the collection, remittance, and transfer of revenues derived from the Economic Development Sales Tax levied by the City for the benefit of the Corporation in accordance with the Act¹; and

WHEREAS, the Series 1999 Bonds (which are no longer outstanding) were issued pursuant to a resolution approved by the Board of Directors of the Corporation on March 9, 1999, which is defined in the Sales Tax Remittance Agreement as the "Bond Resolution"; and

WHEREAS, Section 2.3 of the Sales Tax Remittance Agreement currently provides that ". . . such [Economic Development Sales Tax] revenues shall be made available to the Corporation from time to time as hereinafter provided in this Agreement or as required by the Bond Resolution", and Section 2.4 of the Sales Tax Remittance Agreement provides that ". . . the moneys in deposit in the Revenue Fund are to be used in a manner consistent with the terms and conditions of the Bond Resolution"; and

WHEREAS, the Parties desire that the Sales Tax Remittance Agreement be amended in order to clarify that the terms of the Sales Tax Remittance Agreement are to apply to all bonds that may be issued by the Corporation pursuant to the Act, not just the Series 1999 Bonds that were being issued by the Corporation at the time the Sales Tax Remittance Agreement was initially approved, executed, and delivered;

¹The Act, as described and defined in the Sales Tax Remittance Agreement, has been amended several times by the Texas Legislature since the execution of such Agreement and is now found, as it relates to the Corporation, in Chapters 501, 502, and 505, Texas Local Government Code.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing, the mutual promises and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Amendment to Section 2.3 of the Sales Tax Remittance Agreement. Section 2.3 of the Sales Tax Remittance Agreement is hereby amended, effective as of the Amendment Effective Date, to read in its entirety as follows:

SECTION 2.3. Transfers to Revenue Fund. The revenues received by the City from the Comptroller from the charge and levy of the Economic Development Sales Tax and deposited with the Depository shall be immediately credited by the City to the Revenue Fund, and such revenues shall be made available to the Corporation from time to time as hereinafter provided in this Agreement or as required by resolutions of the Corporation authorizing the issuance of bonds by the Corporation which are then outstanding.

2. Amendment to Section 2.4 of the Sales Tax Remittance Agreement. Section 2.4 of the Sales Tax Remittance Agreement is hereby amended, effective as of the Amendment Effective Date, to read in its entirety as follows:

SECTION 2.4. Use of Moneys by Corporation. The Corporation agrees to use the moneys on deposit in the Revenue Fund in a manner consistent with authority granted in the Act and with the terms and conditions of all resolutions authorizing the issuance of bonds by the Corporation which are then outstanding.

3. Representations and Warranties. Each Party represents and warrants to the other Party that the execution and delivery of this First Amendment and each Party's performance of its obligations under the Sales Tax Remittance Agreement, as amended hereby, (i) are within such Party's power, (ii) have been duly authorized by all necessary action, (iii) have been approved by all necessary governmental authorities (if any such approval shall be required), and (iv) do not and will not contravene or conflict with (a) any applicable law, or (b) any agreement binding upon such Party; and

4. Binding Effect. This First Amendment is binding upon and will inure to the benefit of each of the Parties and its respective successors and permitted assigns.

5. Headings. Section headings in this First Amendment are included herein for convenience and reference only and shall not constitute a part of this First Amendment for any other purpose.

6. Effect of Prior Agreements; Sales Tax Remittance Agreement Remains in Force. The Sales Tax Remittance Agreement, as amended hereby, supersedes any arrangement or agreement between the Parties made prior to the Amendment Effective Date that concerned the provisions set forth herein. The Sales Tax Remittance Agreement, as amended hereby, contains the full and complete agreement of the Parties relating to the duties and responsibilities of the Parties with respect to the collection, remittance and transfer of such sales and use tax revenues as

set forth therein. Except as affected by this First Amendment, the Sales Tax Remittance Agreement is unchanged and continues in full force and effect.

7. Counterparts. This First Amendment may be executed in counterparts, with each counterpart being deemed to be an original instrument, but all such counterparts together constituting but one agreement. Execution of a copy of this First Amendment which has been telecopied, faxed or transmitted by other electronic transmission device, and/or following execution thereof returned by any such device, shall be deemed to be effective and constitute an original instrument.

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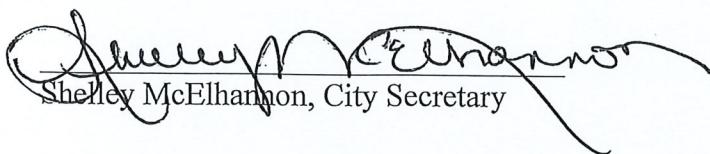
IN WITNESS WHEREOF, the City and Corporation have caused this First Amendment to be executed as of the 14th day of November, 2023.

CITY OF KERRVILLE, TEXAS

By: Judy Eychner

Judy Eychner, Mayor

ATTEST:



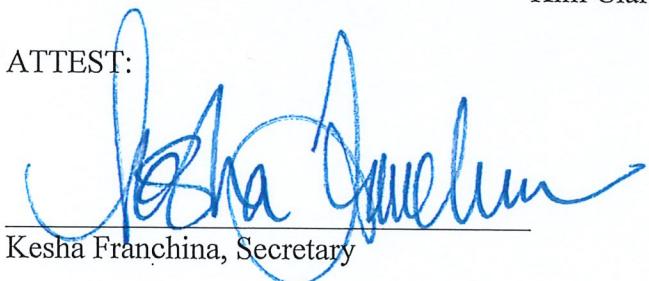
Shelley McElhamon, City Secretary

**CITY OF KERRVILLE, TEXAS
ECONOMIC IMPROVEMENT CORPORATION**

By: Kim Clarkson

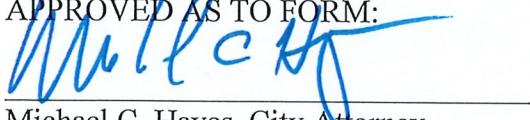
Kim Clarkson, President

ATTEST:



Kesha Franchina, Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney