

GENERAL AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS §
COUNTIES OF HAYS §
CITY OF SAN MARCOS §

We, the undersigned officers of the City, hereby certify as follows:

GENERAL

1. This certificate is executed for and on behalf of the City, for the benefit of the Attorney General of the State of Texas and for the benefit of the Purchaser in connection with the issuance of the Bonds. The capitalized terms not otherwise defined herein shall have the meanings whenever they are used given in Exhibit "A" attached hereto.

2. Any certificate signed by an official of the City delivered to the Purchasers or the Attorney General of the State of Texas shall be deemed a representation and warranty by the City as to the statement made therein. The Public Finance Division of the Office of the Attorney General of the State of Texas is hereby authorized to date this certificate as of the date of approval of the Bonds and is entitled to rely upon the accuracy of the information contained herein unless notified by telephone or fax to the contrary. The Comptroller of Public Accounts is further authorized to register the Bonds upon receipt of the Attorney General approval. After registration, the Bonds, opinions and registration papers shall be delivered to J. Bart Fowler at McCall, Parkhurst & Horton L.L.P.

MATTERS RELATING TO THE CITY

3. The City is a duly incorporated Home Rule City, having more than 50,000 inhabitants, operating and existing under the Constitution and laws of the State of Texas and the duly adopted Home Rule Charter of the City. The City's Charter has not changed since the issuance of the most recent securities of the City approved by the Attorney General.

4. Any Funds created for the payment, security and benefit of the Bonds contains the amount of money then required to be on deposit therein.

5. No litigation of any nature has ever been filed pertaining to, affecting or contesting: (a) the Ordinance; (b) the issuance, delivery, payment, security or validity of the Bonds; (c) the authority of the governing body and the officers of the City to issue, execute and deliver the Bonds; (d) the validity of the corporate existence of the City; (e) the current tax rolls of the City; and that no litigation is pending pertaining to, affecting, questioning or contesting the current boundaries of the City.

6. Neither the corporate existence nor boundaries of the City is being contested, no litigation has been filed or is now pending which would affect the authority of the officers of the City to issue, execute, sign and deliver the Bonds, and that no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded.

7. We officially executed and signed the Bonds with our manual signatures or by causing facsimiles of our manual signatures to be imprinted or copied on each of the Bonds, and, if appropriate, we hereby adopt such facsimile signatures as our own, respectively, and declare that such facsimile signatures constitute our signatures the same as if we had manually signed each of the Bonds.

8. The Bonds are substantially in the form and have been duly executed and signed in the manner prescribed in the Ordinance.

9. At the time we so executed and signed the Bonds 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 the same.

10. We have caused the official seal of the City to be impressed, or printed, or copied on the Bonds and such seal on the Bonds has been duly adopted as, and is hereby declared to be, the official seal of the City.

11. That none of the revenues or income of the City's System have been pledged or encumbered to the payment of any debt or obligation of the City or the System except as described on Exhibit "B" attached hereto.

12. A true and correct copy of the City's current water and wastewater rate charges are attached hereto as Exhibit "C" attached hereto.

13. The currently outstanding System debt and the proposed Bonds are set forth in Exhibit "D" attached hereto.

14. No default exists in connection with the payment of principal and interest on any of the City's outstanding obligations.

15. All meetings of the City have been open to the public and notice of the time, place and subject of each such meeting was given as required by Chapter 551, Government Code, as amended.

16. The following is a true, full and correct schedule of the beginning fund balance, operating income and operating expenses of the System for the past three years, to wit:

Fiscal Year Ended 9/30	Gross Revenues	Operating Expenses	Net Revenues
2022	\$ 92,015,891	\$ 77,569,311	\$ 14,446,580
2023	\$ 101,746,790	\$ 95,274,177	\$ 6,472,613
2024	\$ 110,223,945	\$ 106,895,100	\$ 3,328,845

17. That on the basis of the facts, estimates and circumstances in effect on the date of delivery of the Bonds, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage securities within the meaning of Section 148 of the Code.

18. The City has received all required disclosure filings under Section 2252.908 of the Texas Government Code in connection with the authorization and issuance of the Certificates and has acknowledged receipt of such filings with the Texas Ethics Commission ("TEC") in accordance with TEC's rules.

19. The City verifies that, pursuant to Section 2271.002 of the Texas Government Code, that all contracts with a company (as such term is defined in Section 808.001 of the Texas Government Code) within the transcript of proceedings for the Certificates, includes a written verification that such company (1) does not "Boycott Israel" (as such term is defined in Section 808.001 of the Texas Government Code) and (2) will not Boycott Israel during the term of the such respective contract.

20. With respect to the contracts contained within the transcript of proceedings that are subject to Section 2252.152, Texas Government Code, the City has verified, as of the date of execution, none of the counter parties to those contracts are listed as scrutinized companies with business operations in Sudan or Iran or that engage in scrutinized business operations with foreign terrorist organizations, or are companies known to have contracts with or provide supplies or services to a "foreign terrorist organization" or "designated foreign terrorist organization" on the lists prepared and maintained pursuant to Texas Government Code Sections 2270.0201 or 2252.153.

21. All Texas Water Development Board requirements have been or will be satisfied prior to Closing.

22. As of the date hereof, the members of the Council and certain other officers of the City are as follows:

Jane Hughson, Mayor
Matthew Mendoza, Councilmember
Saul Gonzales, Councilmember
Alyssa Garza, Councilmember
Shane Scott, Councilmember
Lorenzo Gonzalez, Councilmember
Amanda Rodriguez, Councilmember

Elizabeth Trevino, City Clerk

CLOSING MATTERS

23. To our best knowledge and belief:

(a) the descriptions and statements of or pertaining to the City contained in its Private Placement Memorandum dated _____, 2025 and any addenda, supplement or amendment thereto, for the Bonds, on the date of such Private Placement Memorandum, on the date of sale of

the Bonds, and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects;

(b) insofar as the City and its affairs, including its financial affairs, are concerned, such Private Placement Memorandum did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(c) insofar as the descriptions and statements, including financial data, of or pertaining to entities other than the City and their activities contained in such Private Placement Memorandum are concerned, such statements and data have been obtained from sources which the City believes to be reliable and that the City has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein made in light of the circumstances under which they are made not misleading; and

(d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statement of the City appearing in the Private Placement Memorandum.

SIGNED AND SEALED this _____, 2025.

City Clerk

Mayor

NOTARY ACKNOWLEDGMENT

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 _____, 2025.

Notary Public

(Notary Seal)

EXHIBIT A
DEFINITIONS

<i>Bonds</i>	City of San Marcos, Texas Waterworks and Wastewater System Revenue Bonds, Series 2025A.
<i>City</i>	City of San Marcos, Texas.
<i>City Council</i>	The City Council of the City.
<i>City Documents</i>	Collectively, the Ordinance, the Escrow Agreement and the Undertaking.
<i>Closing</i>	September 29, 2025 or at such other time as agreed upon between the City and the Purchaser.
<i>Escrow Agreement -</i>	As defined in the Ordinance.
<i>Ordinance -</i>	Collectively, the "Master Ordinance Establishing the City of San Marcos, Texas Waterworks and Wastewater System Revenue Financing Program" as supplemented by the "First Supplemental Ordinance to the Master Ordinance Establishing the City of San Marcos, Texas Waterworks and Wastewater System Revenue Financing Program and the "Second Supplemental Ordinance to the Master Ordinance Establishing the City of San Marcos, Texas Waterworks and Wastewater System Revenue Financing Program."
<i>Purchaser</i>	Texas Water Development Board
<i>Pledged Revenues</i>	As defined in the Ordinance.
<i>System</i>	As defined in the Ordinance.
<i>Undertaking</i>	The undertaking of the City which satisfies the requirements of section (b)(5)(i) of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended.

EXHIBIT B

OUTSTANDING SYSTEM REVENUE DEBT

Waterworks and Wastewater System Revenue Bonds, Series 2015.....	\$ 45,000
Waterworks and Wastewater System Revenue Bonds, Taxable Series 2017A.....	3,195,000
Waterworks and Wastewater System Revenue Bonds, Series 2017B.....	675,000
Waterworks and Wastewater System Revenue Bonds, Series 2025.....	\$30,025,000

Bonds in Process of Issuance

Waterworks and Wastewater System Revenue Bonds, Series 2025A.....	\$1,000,000
---	-------------

TOTAL\$34,940,000

EXHIBIT C

WATER AND WASTEWATER RATE CHARGES

WATER RATES: INSIDE CITY

Lifeline Rate	October 1, 2023 Rate	October 1, 2024 Rate
First 6,000 gallons to Minimum	26.82	28.16
6,001 to 9,000	7.86	8.25
9,001 to 12,000	9.00	9.45
12,001 to 20,000	10.12	10.63
20,001 to 50,000	11.24	11.80
Over 50,000	13.48	14.15

5/8 inch to 3/4 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
Minimum Charge	28.16	29.57
0 to 6,000	4.71	4.95
6,001 to 9,000	8.25	8.66
9,001 to 12,000	9.45	9.92
12,001 to 20,000	10.63	11.16
20,001 to 50,000	11.80	12.39
Over 50,000	14.15	14.86

1 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
Minimum Charge	70.38	73.90
0 - 4,000	3.05	3.20
4,001 - 10,000	3.66	3.84
10,001 - 25,000	9.12	9.58
Over 25,000	10.34	10.86

1 1/2 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
Minimum Charge	140.76	147.80
0 to 8,000	3.05	3.20
8,001 to 10,000	3.66	3.84
10,001 to 25,000	9.12	9.58
Over 25,000	10.34	10.86

2 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
Minimum Charge	225.21	236.47
0 to 13,000	3.05	3.20
13,000 to 25,000	9.12	9.58
Over 25,000	10.34	10.86

WATER RATES: OUTSIDE CITY

Lifeline Rate	October 1, 2023 Rate	October 1, 2024 Rate
First 6,000 gallons to Minimum	33.53	35.20
6,001 to 9,000	9.83	10.31
9,001 to 12,000	11.25	11.81
12,001 to 20,000	12.65	13.28
20,001 to 50,000	14.05	14.75
Over 50,000	16.85	17.68

5/8 inch to 3/4 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
Minimum Charge	35.21	36.96
0 to 6,000	5.89	6.18
6,001 to 9,000	10.32	10.82
9,001 to 12,000	11.81	12.40
12,001 to 20,000	13.28	13.95
20,001 to 50,000	14.75	15.48
Over 50,000	17.69	18.57

1 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
Minimum Charge	87.98	92.37
0 to 4,000	3.81	4.00
4,001 to 10,000	4.58	4.80
10,001 to 25,000	11.40	11.97
Over 25,000	12.93	13.57

1 1/2 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
Minimum Charge	175.96	184.75
0 to 8,000	3.81	4.00
8,001 to 10,000	4.58	4.80
10,001 to 25,000	11.40	11.97
Over 25,000	12.93	13.57

2 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
Minimum Charge	281.52	295.58
0 to 13,000	3.81	4.00
13,001 to 25,000	11.40	11.97
Over 25,000	12.93	13.57

WASTEWATER RATES

INSIDE CITY

Lifeline Rate	October 1, 2023 Rate	October 1, 2024 Rate
Maximum	27.88	29.27

5/8 inch - 3/4 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
First 2,000 - Minimum	29.27	30.74
Over 2,000	8.43	8.85

1 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
First 4,000 - Minimum	58.45	61.37
Over 4,000	8.43	8.85

1 1/2 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
First 8,000 - Minimum	116.88	122.72
Over 8,000	8.43	8.85

2 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
First 13,000 - Minimum	187.05	196.40
Over 13,000	8.43	8.85

OUTSIDE CITY

5/8 inch - 3/4 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
First 2,000 - Minimum	29.27	30.74
Over 2,000	8.43	8.85

1 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
First 4,000 - Minimum	58.45	61.37
Over 4,000	8.43	8.85

1 1/2 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
First 8,000 - Minimum	116.88	122.72
Over 8,000	8.43	8.85

2 inch Water Meter	October 1, 2023 Rate	October 1, 2024 Rate
First 13,000 - Minimum	187.05	196.40
Over 13,000	8.43	8.85

EXHIBIT D

WATERWORKS AND WASTEWATER SYSTEM DEBT SERVICE