**OFFICIAL NOTICE OF SALE, OFFICIAL BID FORM**
**AND**
**PRELIMINARY OFFICIAL STATEMENT**

MT. PEAK
SPECIAL UTILITY DISTRICT
THE PEAK OF CUSTOMER SERVICE

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**
**(A political subdivision of the State of Texas, located in Ellis and Johnson Counties, Texas)**

**$46,605,000***
**UTILITY SYSTEM REVENUE BONDS, NEW SERIES 2026**
**(THE "BONDS")**

**Bids Due**
**Wednesday, September 30, 2026**
**at**
**10:00 A.M. Central Time**

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**Preliminary, subject to change based on bid structures. See "MATURITY SCHEDULE" and "THE BONDS – Adjustment of Principal Amount and Maturity Schedule for the Bonds" in the Official Notice of Sale.*

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This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the Bonds defined and described herein. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Official Bid Form and the Preliminary Official Statement.

## OFFICIAL NOTICE OF SALE

**$46,605,000***
**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**
**(A political subdivision of the State of Texas located in Ellis and Johnson Counties, Texas)**
**Utility System Revenue Bonds, New Series 2026**

**BONDS OFFERED FOR SALE AT COMPETITIVE BID:** The Board of Directors (the "Board") of the Mountain Peak Special Utility District (the "District" or the "Issuer") is offering for sale at competitive bid its $46,605,000* Utility System Revenue Bonds, New Series 2026 (the "Bonds").

**BIDS BY INTERNET**: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 10:00 A.M., Central Time, on Wednesday, September 30, 2026. Bidders submitting a bid by internet shall not be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System ("PARITY") and should, as a courtesy, register with PARITY by 9:00 A.M., Central Time, on Wednesday, September 30, 2026 indicating their intent to submit a bid by internet.

In the event of a malfunction in the electronic bidding process, bidders may submit their bids by email to afriedman@samcocapital.com. If there is a malfunction of the electronic bidding process and a bidder submits a bid via email, please call 210-832-9760 to notify the Financial Advisor (defined below) of the incoming bid. Any bid received after the scheduled time for their receipt will not be accepted.

The official time for the receipt of bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, Official Bid Form and the Preliminary Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact PARITY, c/o Ipreo Holdings LLC, 1359 Broadway, New York, New York 10018, 212-849-5021.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of PARITY, the use of such facilities being at the sole risk of the prospective bidder.

**OPENING OF BIDS:** Bids will be opened and publicly read at 10:00 A.M. Central Time, on Wednesday, September 30, 2026, following which the bids will be evaluated by SAMCO Capital Markets, Inc. (the "Financial Advisor") and the District shall provide final approval of the award after approval by an Authorized Official (defined below), as described in the section entitled "AWARD AND SALE OF THE BONDS" below.

**AWARD AND SALE OF THE BONDS:** In the order authorizing the Bonds adopted on September 9, 2026 (the "Order"), the Board has delegated authority to certain District officials (each, an "Authorized Official"), the authority to execute a pricing certificate (the "Approval Certificate") and to establish the final terms and effectuate the sale of the Bonds, which terms will be evidenced in the Approval Certificate. Upon the opening of the bids as described above, the Authorized Official shall award the Bonds by executing the Official Bid Form and the Approval Certificate. The District, acting through the Authorized Official, reserves the right to reject any and all bids and to waive any irregularities except time of submission. The final award is expected by 12:00 Noon P.M. Central Time, on September 30, 2026.

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**Preliminary, subject to change based on bid structures. See "THE BONDS – Adjustment of Principal Amount and Maturity Schedule for the Bonds" herein.*

## THE BONDS

**DESCRIPTION OF CERTAIN TERMS OF THE BONDS:** The Bonds will be dated October 1, 2026 (the "Dated Date") with interest to accrue from the Dated Date and be payable initially on June 1, 2027, and semiannually on each December 1 and June 1 thereafter until the earlier of stated maturity or prior redemption. The Bonds will be issued as fully registered Bonds in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Bonds will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of Bonds representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" in the Official Statement.) The Bonds will be stated to mature on December 1 in each of the following years in the following amounts:

**MATURITY SCHEDULE**
(Due December 1)

| Year of Stated Maturity | Principal Amount at Stated Maturity* | Year of Stated Maturity | Principal Amount at Stated Maturity* |
|---|---|---|---|
| 2027 | $ 685,000 | 2042 | $1,455,000 |
| 2028 | 720,000 | 2043 | 1,530,000 |
| 2029 | 760,000 | 2044 | 1,605,000 |
| 2030 | 795,000 | 2045 | 1,690,000 |
| 2031 | 840,000 | 2046 | 1,775,000 |
| 2032 | 880,000 | 2047 | 1,865,000 |
| 2033 | 925,000 | 2048 | 1,960,000 |
| 2034 | 975,000 | 2049 | 2,060,000 |
| 2035 | 1,025,000 | 2050 | 2,165,000 |
| 2036 | 1,075,000 | 2051 | 2,280,000 |
| 2037 | 1,130,000 | 2052 | 2,395,000 |
| 2038 | 1,190,000 | 2053 | 2,520,000 |
| 2039 | 1,250,000 | 2054 | 2,650,000 |
| 2040 | 1,315,000 | 2055 | 2,785,000 |
| 2041 | 1,380,000 | 2056 | 2,925,000 |

**ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS:** The District reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Bonds, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Bonds shall not exceed $46,605,000*. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the District to reflect such increase or decrease. The District will attempt to maintain total per bond underwriting spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

**SERIAL BONDS AND/OR TERM BONDS**: Bidders shall provide that all of the Bonds be issued as serial maturities or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds, not to exceed five term bonds (the "Term Bonds").

**MANDATORY SINKING FUND REDEMPTION:** If the successful bidder designates principal amounts of two or more consecutive maturities to be combined into one or more Term Bonds, each such Term Bond will be subject to mandatory sinking fund redemption commencing on December 1 of the first year which has been combined to form such Term Bond and continuing on December 1 in each year thereafter until the stated maturity date of that Term Bond. The amount redeemed in any year will be equal to the principal amount for such year set forth in the table under the caption "THE BONDS - Maturity Schedule" on page ii of the Notice of Sale. Bonds to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Bonds then subject to such mandatory sinking fund redemption.

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**Preliminary, subject to change*

The principal amount of the Term Bonds of a stated maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the District, by the principal amount of Term Bonds of like stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.

The Final Official Statement will incorporate the mandatory redemption provisions for the Bonds in the event the successful bidder elects to convert serial maturities into one or more Term Bonds.

**OPTIONAL REDEMPTION:** The District reserves the right, at its option, to redeem the Bonds maturing on or after December 1, 2037, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on December 1, 2036, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption as further described in the Official Statement.

**SECURITY FOR PAYMENT:** The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including Chapters 49 and 65, as amended, Texas Water Code, Chapter 1371, as amended, Texas Government Code (collectively, the "Act"), and an Order (the "Order") adopted by the Board on September 9, 2026. The Bonds are special obligations of the District payable solely from and secured by and payable from a first and prior lien on and pledge of the Net Revenues derived from the operation of the District's waterworks system. (See "THE BONDS - Security for Payment" in the Preliminary Official Statement.)

**OTHER TERMS AND COVENANTS:** Other terms of the Order and the various covenants of the District contained in the Order are described in the Official Statement, to which reference is made for all purposes.

**SUCCESSOR PAYING AGENT/REGISTRAR:** The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Order, the District covenants to provide a Paying Agent/Registrar at all times while the Bonds are outstanding, and any Paying Agent/Registrar selected by the District shall be a commercial bank or trust company organized under the laws of the United States and any state and duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Bonds.

In the Order, the District retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the District, shall be qualified as described in the Preliminary Official Statement. Upon a change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class, postage prepaid.

## CONDITIONS OF SALE

**TYPES OF BIDS AND INTEREST RATES:** The Bonds will be sold in one block on an "All or None" basis, and at a price of not less than their par value, plus accrued interest on the Bonds from the Dated Date of the Bonds to the date of Initial Delivery (defined herein) of the Bonds. **No bid producing a dollar price less than 98% of their par value will be considered; provided, however, that any bid is subject to adjustment as described under the caption "THE BONDS - ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS".** Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest for the Bonds (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. **The highest rate bid may not exceed the lowest rate bid by more than 300 basis points (or 3% in rate). No limitation is imposed upon bidders as to the number of rates or changes which may be used.** All Bonds of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

**BASIS OF AWARD:** The sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein (the "Winning Bidder" or "Purchaser") and which produces the lowest Net Effective Interest Cost (defined herein) rate to the District. The "Net Effective Interest Cost" rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Bonds on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Bonds plus the premium bid, (but not interest accrued from the Dated Date to the date of their initial delivery to the Purchaser). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), relating to the excludability of interest on the Bonds from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the District (on or before the date of initial delivery of the Bonds) a certification as to their initial offering prices of the Bonds (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Official Notice of Sale. (See "CONDITIONS OF SALE - ESTABLISHMENT OF ISSUE PRICE" herein.)

**ESTABLISHMENT OF ISSUE PRICE:**

(a) The Winning Bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District by the Delivery Date an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public, together with the supporting pricing wires or equivalent communications, such issue price certificate substantially in the form attached hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Winning Bidder, the District, and Norton Rose Fulbright US LLP, the District's Bond Counsel (but not to the extent that would preclude the establishment of issue price of the Bonds under applicable federal regulations). All actions to be taken by the District under this Official Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's Financial Advisor and any notice or report to be provided to the District may be provided to the District's Financial Advisor.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

(1) the District shall disseminate this Official Notice of Sale to potential underwriters (defined below) in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the District shall so advise the Winning Bidder. In such event, the District intends to treat the initial offering price to the public (defined below) as of the sale date (defined below) of each maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"). The District shall promptly advise the Winning Bidder, at or before the time of award of the Bonds, if the competitive sale requirements were not satisfied, in which case the hold-the-offering-price rule shall apply to the Bonds. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied and the hold-the-offering-price rule applies. In the event that the competitive sale requirements are not satisfied, resulting in the application of the hold-the-price rule, the issue price certificate shall be modified as necessary in the reasonable judgment of Bond Counsel and the District.

(d) By submitting a bid, the Winning Bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the Winning Bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Winning Bidder will advise the District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) The District acknowledges that, in making the representations set forth above, the Winning Bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a retail or other third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail or other third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(f) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail or other third-party distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Winning Bidder and as set forth in the related pricing wires, (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a retail or other third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Winning Bidder or the underwriter and as set forth in the related pricing wires.

(g) Sales of any Bonds to any person that is a related party (defined below) to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this section of the Official Notice of Sale entitled “ESTABLISHMENT OF ISSUE PRICE”:

(1) “public” means any person other than an underwriter or a related party,

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Bonds to the public),

(3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) “sale date” means the date that the Bonds are awarded by the District to the Winning Bidder.

**ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS:** See “THE BONDS – Adjustment of Principal Amounts and Maturity Schedule for the Bonds” for a description of the District’s reservation of the right to increase or decrease the principal (maturity) amount of any maturity of the Bonds, including the elimination of a maturity or maturities.

**GOOD FAITH DEPOSIT:** A bank cashier's check payable to the order of "Mountain Peak Special Utility District” in the amount of $932,100.00 which is 2% of the par value of the Bonds (the "Good Faith Deposit"), is required. The Good Faith Deposit will be retained uncashed by the District until the Bonds are delivered, and at that time it will be returned to the Purchaser uncashed on the date of delivery of the Bonds; however, should the Purchaser fail or refuse to take up and pay for the Bonds, said Good Faith Deposit is to be cashed by the District and the proceeds accepted as full and complete liquidated damages, except as provided under the caption “ADDITIONAL CONDITIONS OF AWARD – Statutory Representations and Covenants”. The above mentioned Good Faith Deposit may accompany the bid, or it may be submitted separately; however, if submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which will authorize its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. No interest will be paid or allowed on any Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Bonds has been made.

**ADDITIONAL CONDITIONS OF AWARD:**

Disclosure of Interested Party Form. It is the obligation of the District to receive information from Winning Bidder if bidder is not a publicly traded business entity (a “Privately Held Bidder”). Pursuant to Texas Government Code Section 2252.908 (the “Interested Party Disclosure Act”), the District may not award the Bonds to a Winning Bidder which is a Privately Held Bidder unless such party submits a Certificate of Interested Parties Form 1295 (the “Disclosure Form”) to the District as prescribed by the Texas Ethics Commission (“TEC”). In the event that a Privately Held Bidder’s bid for the Bonds is the best bid received, the District, acting through its financial advisor, will promptly notify the winning Privately Held Bidder. That notification will serve as the District’s conditional verbal acceptance of the bid, and will obligate the winning Privately Held Bidder to establish (unless such winning Privately Held Bidder has previously so established) an account with the TEC, and promptly file a completed Disclosure Form, as described below, in order to allow the District to complete the award.

*Process for completing the Disclosure Form*. For purposes of illustration, the Disclosure Form is attached hereto, and reference should be made to such form for the following information needed to complete it: (a) item 2 - name of the governmental entity (Mountain Peak Special Utility District) and (b) item 3 - the identification number assigned to this contract by the District (MTPEAKSUD USRB 2026 – Bid Form) and description of the goods or services (Purchase of the Mountain Peak Special Utility District Utility System Revenue Bonds, New Series 2026). The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the “Disclosure Rules”) require a non-publicly traded business entity contracting with the District to complete the Disclosure Form electronically at https://www.ethics.state.tx.us/filinginfo/1295, print, sign, and deliver, in physical form, the certified Disclosure Form that is generated by the TEC’s “electronic portal” to the District. The executed Disclosure Form must be sent by email to the District’s financial advisor at afriedman@samcocapital.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award. Upon receipt of the final written award, the Disclosure Form with original signatures must be submitted by mail to Stephanie Leibe, c/o Norton Rose Fulbright US LLP, 98 San Jacinto Blvd., Suite 1100, Austin, Texas 78701, along with a PDF executed version sent to stephanie.leibe@nortonrosefulbright.com.

*Preparations for completion, and the significance of, the reported information*. In accordance with the Interested Party Disclosure Act, the information reported by the winning Privately Held Bidder must be declared by an authorized agent of the Privately Held Winning Bidder. No exceptions may be made to that requirement. The Interested Party Disclosure Act and the Disclosure Form provides that such acknowledgment is made "under penalty of perjury." Consequently, a winning Privately Held Bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the District, and no final award will be made by the District regarding the sale of the Bonds until a completed Disclosure Form is received. If applicable, the District reserves the right to reject any bid that does not satisfy the requirement of a completed.

Disclosure Form, as described herein. Neither the District nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to (1) the bidder's obligation to submit the Disclosure Form or (2) the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form, if required, promptly upon notification from the District that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/filinginfo/1295.

Statutory Representations and Covenants. By submitting a bid, each bidder makes the following representations and, if its bid is accepted, covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"). As used in therein, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. If a bidder's bid is accepted, then liability for breach of any such representation or covenant during the term of the contract for purchase and sale of the Bonds created thereby shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the bid or this Official Notice of Sale, notwithstanding anything herein or therein to the contrary.

*Not a Sanctioned Company.* Each bidder represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes each bidder 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.

*No Boycott of Israel*. Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, if its bid is accepted, will not boycott Israel during the term of the Purchase Contract. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

*No Discrimination Against Firearm Entities.* Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and, if its bid is accepted, will not discriminate against a firearm entity or firearm trade association during the term of the Purchase Contract. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

*No Boycott of Energy Companies.* Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, if its bid is accepted, will not boycott energy companies during the term of the Purchase Contract. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

*Texas Attorney General Standing Letter.* The winning bidder represents that it has, as of the date bids are due on the Bonds and as of Closing, on file with the Texas Attorney General a standing letter addressing the representations and verifications hereinbefore described in this Notice of Sale in the form attached as Exhibit B to the Updated Recommendations for Compliance with the Texas BPA Verification and Representation Requirements (December 1, 2023) of the Municipal Advisory Council of Texas or any other form accepted by the Texas Attorney General (a "Standing Letter"). In addition, if subsequent to the filing of its Standing Letter, the winning bidder or the parent company, a wholly- or majority-owned subsidiary or another affiliate of such winning bidder receives or has received a letter from the Texas Comptroller of Public Accounts or the Texas Attorney General seeking (a) confirmation or verification of the these representations and verifications or (b) written verification that such bidder is a member of the Net Zero Banking Alliance, Net Zero Insurance Alliance, Net Zero Asset Owner Alliance, or Net Zero Asset Managers or of the representations and certifications contained in the winning bidder's Standing Letter (each a "Request Letter"), the winning bidder shall promptly notify the District and Bond Counsel (if it has not already done so) and provide to the District or Bond Counsel, two business days prior to Closing and additionally upon request by the District or Bond Counsel, written verification to the effect that its Standing Letter described in the preceding sentence remains in effect and may be relied upon by the District and the Texas Attorney General (the "Bringdown Verification"). The Bringdown Verification shall also confirm that the winning bidder (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the winning bidder that received the Request Letter) intends to timely respond or has timely responded to the Request Letter. The Bringdown Verification may be in the form of an e-mail. The District reserves the right, in its sole discretion, to reject any bid from a bidder that does not satisfy the foregoing requirements as of the deadline for bids for the Bonds. Liability for breach of any such verification during the term of this contract for purchase shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this contract for purchase, notwithstanding anything in this contract for purchase to the contrary.

**IMPACT OF BIDDING SYNDICATE ON AWARD:** For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

## OFFICIAL STATEMENT

To assist the Purchaser in complying with Rule 15c2-12, as amended (the "Rule"), of the United States Securities and Exchange Commission ("SEC"), the District and the Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows:

**COMPLIANCE WITH RULE:** The District has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the District deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of the Rule, except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Purchaser shall be responsible for promptly informing the District of the initial offering yields of the Bonds.

The District agrees to provide, or cause to be provided, to the Purchaser, the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the Municipal Securities Rulemaking Board ("MSRB"). The District consents to the distribution of such documents in a "designated electronic format." Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the applicable MSRB rules.

The District will complete and authorize distribution of the Official Statement identifying the Purchaser and containing information omitted from the Preliminary Official Statement. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Purchaser on or after the sale date, the District intends the same to be final as of such date, within the meaning of Section 15c2-12(b)(3) of the Rule. Notwithstanding the foregoing, the District makes no representation concerning the absence of material misstatements or omissions from the Official Statement, except only as and to the extent under "CERTIFICATION OF THE OFFICIAL STATEMENT" as described below. To the best knowledge and belief of the District, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds.

**FINAL OFFICIAL STATEMENT:** In addition to delivering the Official Statement in a "designated electronic format", the District will furnish to the Purchaser, within seven (7) days after the sale date, an aggregate maximum of fifty (50) copies of the Official Statement, together with information regarding interest rates and other terms relating to the reoffering of the Bonds, in accordance with Section 15c2-12(b)(3) of the Rule. The Purchaser may arrange, at its own expense, to have the Official Statement reproduced and printed if it requires more than 50 copies and may also arrange, at its own expense and responsibility, for completion and perfection of the first or cover page of the Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Bonds. The Purchaser will be responsible for providing information concerning the District and the Bonds to subsequent purchasers of the Bonds, and the District will undertake no responsibility for providing such information other than to make the Official Statement available to the Purchaser as provided herein. The District agrees to provide, or cause to be provided, to the Purchaser the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the MSRB. The District consents to the distribution of such documents in a "designated electronic format". Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the MSRB Rule G-32.The District's obligation to supplement the Official Statement to correct key representations determined to be materially misleading, after the date of the Official Statement, shall terminate upon initial delivery of the Bonds to the Purchaser, unless the Purchaser notifies, in writing, the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation will extend for an additional period of time (but not more than 90 days after the sale date) until all of the Bonds have been sold to ultimate customers.

**CHANGES TO OFFICIAL STATEMENT:** If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Purchaser of any adverse event which causes the Official Statement to be materially misleading, and unless the Purchaser elects to terminate its obligation to purchase the Bonds, as described below under "DELIVERY AND ACCOMPANYING DOCUMENTS - Conditions to Delivery", the District will promptly prepare and supply to the Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Purchaser and in a "designated electronic format"; provided, however, that the obligation of the District to do so will terminate when the District delivers the Bonds to the Purchaser, unless the Purchaser notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

**CERTIFICATION OF THE OFFICIAL STATEMENT:** At the time of payment for and delivery of the herein after defined Initial Bonds (anticipated to occur on or about October 21, 2026, the "Delivery Date"), the Purchaser will be furnished a certificate, executed by proper officials of the District, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Bonds, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the initial delivery thereof, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, such Official Statement 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 the 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 District, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the District since the date of the last financial statements of the District appearing in the Official Statement. The Official Statement and Official Notice of Sale will be approved as to form and content and the use thereof in the offering of the Bonds will be authorized, ratified and approved by the Board of the District on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Bonds, a certified copy of such approval, duly executed by the proper officials of the District.

**CONTINUING DISCLOSURE AGREEMENT:** The District will agree in the Order to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION". The Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Order containing the agreement described under such heading.

**COMPLIANCE WITH PRIOR UNDERTAKINGS:** The District has not previously entered into a continuing disclosure undertaking under Rule 15c2-12.

## DELIVERY AND ACCOMPANYING DOCUMENTS

**INITIAL DELIVERY OF INITIAL BOND:** The initial delivery of the Bonds to the Purchasers on the Delivery Date, will be accomplished by the issuance of either (i) a single fully registered Bond in the total principal amount of $46,605,000 (preliminary, subject to change) payable in stated installments to the Purchaser and numbered T-1, or (ii) as one (1) fully registered Bond for each year of stated maturity in the applicable principal amount and denomination, to be numbered consecutively from R-1 and upward (in either case, the "Initial Bond(s)"), signed by manual or facsimile signature of the Board President and Board Secretary approved by the Attorney General of Texas, and registered and manually signed by an authorized representative of the Comptroller of Public Accounts of the State of Texas. Initial Delivery (defined below) of the Bonds will be at the corporate trust office of the Paying Agent/Registrar. Upon delivery of the Initial Bond(s), they shall be immediately canceled and one Bond for each stated maturity will be registered in the name of Cede & Co. and deposited with DTC in connection with DTC's Book-Entry-Only System. Payment for the Initial Bond(s) must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Purchaser will be given six (6) business days' notice of the time fixed for delivery of the Bonds. It is anticipated that Initial Delivery of the Initial Bonds can be made on or about October 21, 2026, but if for any reason the District is unable to make delivery by October 21, 2026, then the District shall immediately contact the Purchaser and offer to allow the Purchaser to extend for an additional thirty (30) days its obligation to take up and pay for the Bonds. If the Purchaser does not so elect within six (6) business days thereafter, then the Good Faith Deposit will be returned, and both the District and the Purchaser shall be relieved of further obligation. In no event shall the District be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances beyond the District's reasonable control.

**EXCHANGE OF INITIAL BONDS FOR DEFINITIVE BONDS:** Upon payment for the Initial Bond(s) at the time of such delivery, the Initial Bond(s) are to be canceled by the Paying Agent/Registrar and registered definitive Bonds delivered in lieu thereof, in multiples of $5,000 for each stated maturity, in accordance with written instructions received from the Purchaser and/or members of the Purchaser's syndicate. Such Bonds shall be registered by the Paying Agent/Registrar. It shall be the duty of the Purchaser and/or members of the Purchaser's syndicate to furnish to the Paying Agent/Registrar, at least five days prior to the delivery of the Initial Bond(s), final written instructions identifying the names and addresses of the registered owners, the stated maturities, interest rates, and denominations. The Paying Agent/Registrar will not be required to accept changes in such written instructions after the five day period, and if such written instructions are not received by the Paying Agent/Registrar five days prior to the delivery, the cancellation of the Initial Bond(s) and delivery of registered definitive Bonds may be delayed until the fifth day next following the receipt of such written instructions by the Paying Agent/Registrar.

**CUSIP NUMBERS:** It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the Official Bid Form and this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the District; however, the CUSIP Service Bureau's charge for the assignment of the numbers shall be paid by the Purchaser.

**CONDITIONS TO DELIVERY:** The obligation to take up and pay for the Bonds is subject to the following conditions: the issuance of an approving opinion of the Attorney General of Texas, the Purchaser's acknowledgment of the receipt of the Initial Bond, the Purchaser's receipt of the legal opinions of Bond Counsel and the no-litigation certificate, and the non-occurrence of the events described below under the caption "No Material Adverse Change", all as described below. In addition, if the District fails to comply with its obligations described under "OFFICIAL STATEMENT" above, the Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

**NO MATERIAL ADVERSE CHANGE:** The obligation of the Purchaser to take up and pay for the Bonds, and of the District to deliver the Initial Bond(s), are subject to the condition that, up to the time of delivery of and receipt of payment for the Initial Bond(s), there shall have been no material adverse change in the affairs of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of delivery.

**LEGAL OPINIONS:** The Bonds are offered when, as and if issued, subject to the approval of certain legal matters by the Attorney General of the State of Texas and Bond Counsel (see discussion "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" in the Preliminary Official Statement).

**CHANGE IN TAX-EXEMPT STATUS:** At any time before the Bonds are tendered for initial delivery to the Purchaser, the Purchaser may withdraw its bid if the interest on obligations such as the Bonds shall be declared to be includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, either by U.S. Treasury regulations, by ruling or administrative guidance of the Internal Revenue Service, by a decision of any federal court, or by the terms of any federal income tax legislation enacted subsequent to the date of this Official Notice of Sale.

## GENERAL CONSIDERATIONS

**FUTURE REGISTRATION:** The Bonds may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bonds being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar or sent by United States registered mail to the new registered owner at the registered owner's request, risk, and expense. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or its duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and interest rate as the Bonds surrendered for exchange or transfer.

**RECORD DATE:** The record date ("Record Date") for determining the party to whom the semiannual interest on the Bonds is payable on any interest payment date is the fifteenth day of the month next preceding such interest payment date.

**RATING:** A municipal bond rating application has been made to Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of such rating may be obtained from the rating agency. A rating by a rating agency reflects only the view of such company at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that such a rating will continue for any given period of time, or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

**BOND INSURANCE:** The District has applied to municipal bond insurance companies. In the event the Bonds are qualified for municipal bond insurance, and the Purchaser desires to purchase such insurance, the cost therefor will be paid by the Purchaser. Any fees to be paid to the rating agencies as a result of said insurance will be paid by the District. Any downgrade by a rating agency of the bond insurance provider shall not relieve the Purchaser of its obligation.

**SALE OF ADDITIONAL BONDS:** The Issuer does not anticipate the issuance of additional debt secured by and payable from revenues derived from its System (as defined in the Preliminary Official Statement) in the next twelve months.

**REGISTRATION AND QUALIFICATION OF BONDS FOR SALE:** No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended (the "Act"), in reliance upon exemptions provided in such Act. The Bonds have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. Any representation to the contrary is a criminal offense. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Purchaser to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Purchaser's written request and expense and within reasonable limits, in registering or qualifying the Bonds, or in obtaining an exemption from registration or qualification in any state where such action is necessary, but will in no instance execute a general consent to service of process in any state that the Bonds are offered for sale.

**ADDITIONAL COPIES:** Subject to the limitations described herein, an electronic copy of this Official Notice of Sale, the Official Bid Form, and the Official Statement may be obtained from www.samcocapital.com.

In the Order, the Board delegated to the Authorized Official the authority to approve the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and the Board authorized its further use in the reoffering of the Bonds by the Purchaser.

/s/

Board President,
Mountain Peak Special Utility District

ATTEST:

/s/

Board Secretary,
Mountain Peak Special Utility District

September 30, 2026

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**OFFICIAL BID FORM**

Honorable Board President and Board Members
Mountain Peak Special Utility District
5671 Waterworks Road
Midlothian, Texas 76065

September 30, 2026

Dear Ladies and Gentlemen:

Subject to the terms of your Official Notice of Sale and Preliminary Official Statement dated September 16, 2026, which terms are incorporated by reference to this proposal, we hereby submit the following bid for $46,605,000* (preliminary, subject to change) MOUNTAIN PEAK SPECIAL UTILITY DISTRICT UTILITY SYSTEM REVENUE BONDS, NEW SERIES 2026, dated October 1, 2026 (the "Bonds").

For said legally issued Bonds, we will pay you $___________ (a dollar price not less than 98% of par value) plus accrued interest from their date to the date of delivery to us for Bonds maturing on December 1, in each of the following years, and bearing interest per annum as follows:

| Year of Stated Maturity | Principal Amount at Stated Maturity | Coupon % | Year of Stated Maturity | Principal Amount at Stated Maturity | Coupon % |
|---|---|---|---|---|---|
| 2027 | $ 685,000 | ______ | 2042* | $1,455,000 | ______ |
| 2028 | 720,000 | ______ | 2043* | 1,530,000 | ______ |
| 2029 | 760,000 | ______ | 2044* | 1,605,000 | ______ |
| 2030 | 795,000 | ______ | 2045* | 1,690,000 | ______ |
| 2031 | 840,000 | ______ | 2046* | 1,775,000 | ______ |
| 2032 | 880,000 | ______ | 2047* | 1,865,000 | ______ |
| 2033 | 925,000 | ______ | 2048* | 1,190,000 | ______ |
| 2034 | 975,000 | ______ | 2049* | 2,060,000 | ______ |
| 2035 | 1,025,000 | ______ | 2050* | 2,165,000 | ______ |
| 2036 | 1,075,000 | ______ | 2051* | 2,280,000 | ______ |
| 2037* | 1,130,000 | ______ | 2052* | 2,395,000 | ______ |
| 2038* | 1,190,000 | ______ | 2053* | 2,520,000 | ______ |
| 2039* | 1,250,000 | ______ | 2054* | 2,650,000 | ______ |
| 2040* | 1,315,000 | ______ | 2055* | 2,785,000 | ______ |
| 2041* | 1,380,000 | ______ | 2056* | 2,925,000 | ______ |

**Maturities available for Term Bonds.*

Our calculation (which is not part of this bid) of the Net Effective Interest Cost from the above is: _______%

We are (are not) having the Bonds of the following maturities __________________ insured by __________________ at a premium of $__________________. The premium will be paid by the Winning Bidder. Any fees due to Rating Agencies, other than Moody's Ratings ("Moody's"), as a result of said insurance will be paid by the Winning Bidder. The District will pay the fee due to Moody's.

**ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS:** As a condition to our submittal of this bid for the Bonds, we acknowledge the following: The District reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Bonds, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Bonds shall not exceed $46,605,000*. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Official Notice of Sale may be amended at the sole discretion of the District to reflect such increase or decrease. The District will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

*Preliminary, subject to change.

Of the principal maturities set forth in the table above, we have created term bonds as indicated in the following table (which may include multiple term bonds, one term bond or no term bonds if none is indicated). For those years which have been combined into a term bond, the principal amount shown in the table above will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term bond maturity date will mature in such year. The term bonds created are as follows:

| **Term Bond Maturity Date December 1** | **Year of First Mandatory Redemption** | **Principal Amount of Term Bond** | **Interest Rate** |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

The Initial Bond(s) shall be registered in the name of __________________________________, which will, upon payment for the Bonds, be cancelled by the Paying Agent/Registrar. The Bonds will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

Cashier's Check of the ___________ Bank, __________, Texas, in the amount of $932,100, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this Bid) and is submitted in accordance with the terms as set forth in the Official Notice of Sale, said check is to be returned to the Purchaser.

We agree to accept delivery of the Bonds utilizing the Book-Entry-Only System through DTC and make payment for the Initial Bonds in immediately available funds at the Corporate Trust Division, BOKF, NA, Dallas, Texas, not later than 10:00 A.M., Central Time, on Wednesday, October 21, 2026, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale. It will be the obligation of the Purchaser of the Bonds to complete and file the DTC Eligibility Questionnaire. The undersigned agrees to the provisions of the Official Notice of Sale under the heading "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" and, as evidence thereof, agrees to complete, execute, and deliver to the District, by the Delivery Date, a certificate relating to the "issue price" of the Bonds in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to Bond Counsel for the District. (See "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" in the Official Notice of Sale.)

Through submittal of this executed Official Bid Form, the undersigned verifies that, except to the extent otherwise required by applicable Texas or Federal law, it (1) does not and will not "boycott Israel", (2) is not a company on the Texas Comptroller's list concerning "foreign terrorist organizations" prepared and maintained thereby under applicable Texas law, (3) does not and will not "discriminate against a firearm entity or firearm trade association", (4) does not and will not "boycott energy companies", and (5) it has, as of the date of this official bid form and as of Closing on file with the Texas Attorney General a standing letter addressing the representations and verifications in (1) through (4), all as more fully provided in the Official Notice of Sale under the heading "ADDITIONAL CONDITIONS OF AWARD", which are included in Exhibit A to this Official Bid Form and incorporated herein for all purposes.

For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

Upon notification of conditional verbal acceptance, the undersigned will, if required by applicable Texas law as described in the Official Notice of Sale under the heading "ADDITIONAL CONDITION OF AWARD – Disclosure of Interested Party Form", complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed, and sent by email to the District's financial advisor at afriedman@samcocapital.com and Bond Counsel at stephanie.leibe@nortonrosefulbright.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the District from providing final written award of the enclosed bid.

By: ________________________________
Authorized Representative

________________________________
Telephone Number

________________________________
E-mail Address

**ACCEPTANCE CLAUSE**

The above and foregoing bid is hereby in all things accepted by the Mountain Peak Special Utility District, subject to and in accordance with the Official Notice of Sale and Official Bid Form, this 30th day of September 2026.

/s/ ________________________________

Authorized Official,

Mountain Peak Special Utility District

**EXHIBIT A**

**Statutory Representations and Covenants and Texas Attorney General Standing Letter**

Statutory Representations and Covenants. Through submitting of this executed Official Bid Form, the undersigned makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"). As used therein, "affiliate" means an entity that controls, is controlled by, or is under common control with the winning bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such representation or covenant during the term of the contract for purchase and sale of the Bonds created by the Official Bid Form (the "Purchase Contract") shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or the Official Notice of Sale, notwithstanding anything herein or therein to the contrary.

*Not a Sanctioned Company*. The undersigned represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the undersigned 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.

*No Boycott of Israel*. The undersigned hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the Purchase Contract. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

*No Discrimination Against Firearm Entities.* The undersigned hereby verifies that it and its parent company, wholly- or majority owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the Purchase Contract. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

*No Boycott of Energy Companies.* The undersigned hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the Purchase Contract. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

Texas Attorney General Standing Letter*.* The undersigned represents that it has, as of the date of this Official Bid Form and as of Closing will have, on file with the Texas Attorney General a standing letter addressing the representations and verifications hereinbefore described in the Notice of Sale and in this Official Bid Form in the form attached as Exhibit B to the Updated Recommendations for Compliance with the Texas BPA Verification and Representation Requirements (December 1, 2023) of the Municipal Advisory Council of Texas or any other form accepted by the Texas Attorney General (a "Standing Letter"). In addition, if subsequent to the filing of its Standing Letter, the winning bidder or the parent company, a wholly- or majority-owned subsidiary or another affiliate of such winning bidder receives or has received a letter from the Texas Comptroller of Public Accounts or the Texas Attorney General seeking (a) confirmation or verification of the these representations and verifications or (b) written verification that such winning bidder is a member of the Net Zero Banking Alliance, Net Zero Insurance Alliance, Net Zero Asset Owner Alliance, or Net Zero Asset Managers or of the representations and certifications contained in the winning bidder's Standing Letter (each a "Request Letter"), the winning bidder shall promptly notify the District and Bond Counsel (if it has not already done so) and provide to the District or Bond Counsel, two business days prior to Closing and additionally upon request by the District or Bond Counsel, written verification to the effect that its Standing Letter described in the preceding sentence remains in effect and may be relied upon by the District and the Texas Attorney General (the "Bringdown Verification"). The Bringdown Verification shall also confirm that the winning bidder (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the winning bidder that received the Request Letter) intends to timely respond or has timely responded to the Request Letter. The Bringdown Verification may be in the form of an e-mail. The District reserves the right, in its sole discretion, to reject any bid from a bidder that does not satisfy the foregoing requirements as of the deadline for bids for the Bonds. Liability for breach of any such verification during the term of this contract for purchase shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this contract for purchase, notwithstanding anything in this contract for purchase to the contrary.

**$46,650,000***
**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**
**UTILITY SYSTEM REVENUE BONDS, NEW SERIES 2026**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of ____________________, _______________, _____________ ("_______________"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Obligations") of the Mountain Peak Special Utility District (the "Issuer").

1. **Reasonably Expected Initial Offering Price.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by ____________________ are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Obligations used by ________________________ in formulating its bid to purchase the Obligations. Attached as Schedule B is a true and correct copy of the bid provided by ______________________ to purchase the Obligations.

(b) ______________________ was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by ______________________ constituted a firm offer to purchase the Obligations.

2. **Defined Terms.**

(a) Maturity means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is September 30, 2026.

(d) Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents ____________________ interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Obligations and with respect to compliance with the federal income tax rules affecting the Obligations, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations.

____________________________

By: ________________________________

Name: ________________________________

Title: ________________________________

Dated: _____________________

*Preliminary, subject to change.

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SCHEDULE A

EXPECTED OFFERING PRICES

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SCHEDULE B

COPY OF UNDERWRITER'S BID

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**NEW ISSUE - BOOK-ENTRY-ONLY**

**Ratings: Moody's: "Applied for" (Underlying)**
**"Applied for" (Insured)**
**(See "BOND INSURANCE", "BOND INSURANCE GENERAL RISKS" and "Ratings" herein)**

# PRELIMINARY OFFICIAL STATEMENT

## DATED SEPTEMBER 23, 2026

*In the opinion of Bond Counsel (identified below), assuming continuing compliance by the Issuer (defined below) after the date of initial delivery of the Bonds (defined below) with certain covenants contained in the Order (defined below) and subject to the matters described under "TAX MATTERS" herein, interest on the Bonds under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. (See "TAX MATTERS" herein.)*

**$46,605,000***
**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**
**(A political subdivision of the State of Texas located in Ellis and Johnson Counties, Texas)**
**UTILITY SYSTEM REVENUE BONDS, NEW SERIES 2026**

**DATED DATE: OCTOBER 1, 2026** **DUE: DECEMBER 1, AS SHOWN ON THE FOLLOWING PAGE**

The Mountain Peak Special Utility District Utility System Revenue Bonds, New Series 2026 (the "Bonds") are being issued pursuant to the laws of the State of Texas, particularly, Chapters 49 and 65, as amended, Texas Water Code, Chapter 1371, as amended, Texas Government Code (collectively, the "Act"), and an order (the "Order") adopted on September 9, 2026 by the Board of Directors (the "Board") of the Mountain Peak Special Utility District (the "District" or "Issuer"). As permitted by the Act, the Board, in the Order, delegated the authority to certain District officials (each an "Authorized Official") to execute an approval certificate (the "Approval Certificate") establishing the final sale terms for the Bonds. See "THE BONDS - Authority for Issuance" herein.

The Bonds are special obligations of the Issuer payable from and equally and ratably secured solely from a first and prior lien on and pledge of the Net Revenues (defined herein) derived from the operation of the Issuer's waterworks system (the "System"). In the Order, the District has reserved the right to issue Additional Parity Obligations, Junior Lien Obligations, and Subordinate Lien Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise and has prohibited the issuance of prospective obligations with a lien on and pledge of Net Revenues prior to the lien on and pledge thereof securing the payment of the Bonds and any Bonds Similarly Secured. Additionally, in the Order, the District has also reserved the right to issue Special Project Bonds, which will be payable from and secured by the proceeds of a contract or contracts with persons, corporations, municipal corporations, political subdivisions or other entities. (See "THE BONDS – Security for Payment" herein.) Capitalized, but undefined, terms used herein have the meanings described thereto in the Order.

The Bonds shall not be a charge upon any other income or revenues of the Issuer and shall never constitute an indebtedness or pledge of the general credit or taxing power of the Issuer. The Order does not create any lien or mortgage on the System and any judgment against the Issuer may not be enforced by levy and execution against the property owned by the Issuer. The Order does not create or constitute a legal or equitable pledge, charge, lien, mortgage or encumbrance upon any property of the Issuer or the System, except the Net Revenues. As additional security, there has been established a Reserve Fund which shall be funded in an amount at least equal to the Average Annual Debt Service Requirements (as defined in the Order) of the Bonds Similarly Secured and any Additional Parity Obligations hereinafter issued by the Issuer. See "THE BONDS – Security for Payment" herein.

Interest on the Bonds will accrue from the Dated Date as shown above and will be payable on June 1 and December 1 of each year, commencing June 1, 2027 and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository ("Securities Depository") for the Bonds. Book-entry interests in the Bonds will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. The purchaser of the Bonds ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Bonds will be used for (i) acquiring, purchasing, constructing, improving, extending, renovating, enlarging, equipping, or repairing the District's System, and (ii) paying costs of issuance and expenses relating to the Bonds. (See "THE BONDS – Purpose" herein.)

The District has made application to municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy and will consider the purchase of such insurance after an analysis of the bids from such companies has been made. In the event the Bonds are qualified for bond insurance, and the Purchaser desires to purchase such insurance, the cost therefor will be paid by the Purchaser. See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.

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SEE INSIDE FRONT COVER HEREOF FOR MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE BONDS

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The Bonds are offered for delivery, when, as and if issued and received by the initial purchaser thereof at a competitive sale (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas, Bond Counsel. The legal opinion of Bond Counsel will be printed on, or attached to, the Bonds. (See "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" and "APPENDIX C – Form of Legal Opinion of Bond Counsel" herein). It is expected that the Bonds will be available for initial delivery through DTC on or about October 21, 2026.

**BIDS DUE WEDNESDAY, SEPTEMBER 30, 2026 BY 10:00 A.M. CENTRAL TIME**

**Preliminary, subject to change.*

**$46,605,000***
**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**
**(A political subdivision of the State of Texas located in Ellis and Johnson Counties, Texas)**
**UTILITY SYSTEM REVENUE BONDS, NEW SERIES 2026**

**STATED MATURITY SCHEDULE***
**(Due December 1)**

**Cusip No. Prefix[(1)] 624254**

| Stated Maturity | Principal Amount* | Interest Rate (%) | Initial Yield (%) | Cusip No. Suffix[(1)] | Stated Maturity | Principal Amount* | Interest Rate (%) | Initial Yield (%) | Cusip No. Suffix[(1)] |
|---|---|---|---|---|---|---|---|---|---|
| 2027 | $ 685,000 | | | | 2042 | 1,455,000 | | | |
| 2028 | 720,000 | | | | 2043 | 1,530,000 | | | |
| 2029 | 760,000 | | | | 2044 | 1,605,000 | | | |
| 2030 | 795,000 | | | | 2045 | 1,690,000 | | | |
| 2031 | 840,000 | | | | 2046 | 1,775,000 | | | |
| 2032 | 880,000 | | | | 2047 | 1,865,000 | | | |
| 2033 | 925,000 | | | | 2048 | 1,960,000 | | | |
| 2034 | 975,000 | | | | 2049 | 2,060,000 | | | |
| 2035 | 1,025,000 | | | | 2050 | 2,165,000 | | | |
| 2036 | 1,075,000 | | | | 2051 | 2,280,000 | | | |
| 2037 | 1,130,000 | | | | 2052 | 2,395,000 | | | |
| 2038 | 1,190,000 | | | | 2053 | 2,520,000 | | | |
| 2039 | 1,250,000 | | | | 2054 | 2,650,000 | | | |
| 2040 | 1,315,000 | | | | 2055 | 2,785,000 | | | |
| 2041 | 1,380,000 | | | | 2056 | 2,925,000 | | | |

(Accrued Interest from Dated Date to be added)

The Issuer reserves the right to redeem the Bonds maturing on or after December 1, 2037 in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on December 1, 2036, or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption as further described herein. Additionally, the Purchaser may select certain consecutive maturities of the Bonds to be grouped together as one or more “Term Bonds” and such “Term Bonds” would be subject to mandatory sinking fund redemption. (See “THE BONDS - Redemption Provisions of the Bonds” herein.)

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(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc.  CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Financial Advisor nor the Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

**Preliminary, subject to change.*

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**
**5671 Waterworks Road**
**Midlothian, Texas 76065**
**(972) 775-3765 (Telephone)**

**BOARD OF DIRECTORS:**

| Name | Time Served | Term Expires |
|---|---|---|
| Dale Knott, President | 8 years | April, 2029 |
| Steve Whitworth, Vice President | 2 years | April, 2028 |
| Donna Mullins, Secretary/Treasurer | 16 years | April, 2027 |
| John Foster, Director | 2 years | April, 2028 |
| Hud Hartson, Director | 1 year | April, 2028 |
| Kent Bush, Director | 4 months | April, 2029 |
| Steve Massey, Director | 1 year | April, 2027 |

**ADMINISTRATIVE OFFICIALS**

| Name | Position | Length of Service (Years) |
|---|---|---|
| Ruben Garza | General Manager | 25 |
| Paul Newcomb | Field Supervisor | 11 |
| Tammi Baxter | Office Manager | 24 |

**CONSULTANTS AND ADVISORS**

**Bond Counsel** ........................................................................ Norton Rose Fulbright US LLP
Austin, Texas

**Certified Public Accountants** ........................................................................ YWRD, P.C.
Ennis|Waxachacie, Texas

**Financial Advisor** ........................................................................ SAMCO Capital Markets, Inc.
San Antonio, Texas

***For Additional Information Please Contact:***

Mr. Ruben Garza
General Manager
**Mountain Peak Special Utility District**
5671 Waterworks Road
Midlothian, Texas 76065
rubengarza@mtpeakwater.com
972-775-3765 (Phone)

Mr. Andrew Friedman
Mr. Ryan Cunningham
**SAMCO Capital Markets, Inc.**
1020 NE Loop 410, Suite 640
San Antonio, Texas 78209
afriedman@samcocapital.com
rcunningham@samcocapital.com
210-832-9760 (Phone)

## USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"), this document constitutes an "official statement" of the Issuer with respect to the Bonds that has been "deemed final" by the Issuer as of its date except for the omission of no more than the information permitted by the Rule.

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

The Purchaser has reviewed the information in this Official Statement in accordance with its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Purchaser does not guarantee the accuracy or completeness of such information.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE DISTRICT, THE PURCHASER OR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM AND, AS SUCH INFORMATION WAS PROVIDED BY DTC, OR ANY POTENTIAL BOND INSURER OR ITS MUNICIPAL BOND GUARANTY POLICY AS DESCRIBED HEREIN (OR INCORPORATED BY REFERENCE) UNDER THE CAPTIONS "BOND INSURANCE" AND "BOND INSURANCE GENERAL RISKS", AS SUCH INFORMATION WAS PROVIDED BY DTC AND THE BOND INSURER, RESPECTIVELY.

The agreements of the District and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the Purchaser of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE BONDS.

**TABLE OF CONTENTS**



*The cover page, subsequent pages hereof, and appendices attached hereto, are part of this Official Statement.*

## SELECTED DATA FROM THE OFFICIAL STATEMENT

*The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this page from this Official Statement or to otherwise use it without the entire Official Statement.*

| | |
|---|---|
| **The Issuer** | Mountain Peak Special Utility District (the "District") is a subdivision of the State of Texas established under Chapters 49 and 65 of the Texas Water Code. Regulated by the Texas Commission on Environmental Quality (TCEQ) and the Texas Public Utilities Commission (TPUC), which set the minimum standards and rules that all water systems in the State of Texas must comply with and we have achieved the status of being designated as a "Superior System". The District's sole purpose is to serve safe quality drinking water to the customers that reside within the legal boundaries of the District as approved by the TCEQ. The District was created as a water supply corporation in 1969 and converted into a Special Utility District in 2003. The elected Board of Directors (the "Board") consists of 7 Directors that each serve three-year terms. |
| **The Bonds** | The District's Utility System Revenue Bonds, New Series, 2026 (the "Bonds") are being issued in the principal amount of $46,605,000 (preliminary subject to change) pursuant to the Constitution and laws of the State of Texas, particularly, Chapters 49 and 65, as amended, Texas Water Code, Chapter 1371, as amended, Texas Government Code (collectively, the "Act"), and an Order (the "Order") adopted on September 9, 2026 by the Board. As permitted by the Act, the Board, in the Order, delegated the authority to certain District officials (each, an "Authorized Official") to execute an approval certificate (the "Approval Certificate") establishing the final sales terms for the Bonds. (See "THE BONDS – Authority for Issuance" herein.) |
| **Security for Payment** | The Bonds are special obligations of the Issuer payable from and equally and ratably secured solely from a first and prior lien on and pledge of the Net Revenues (defined herein) of the System. In the Order, the Issuer has reserved the right to issue Additional Parity Obligations, Junior Lien Obligations, and Subordinate Lien Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. The Order does not create a lien or mortgage on the System, except the Net Revenues, and any judgement against the District may not be enforced by levy and execution against any property owned by the District. The District has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation. As additional security, there has been established a Reserve Fund which shall be funded in an amount at least equal to the Average Annual Debt Service Requirements of the Bonds Similarly Secured and any Additional Parity Obligations (all as defined in the Order) hereinafter issued by the District. (See "THE BONDS – Security for Payment" herein). |
| **Paying Agent/Registrar** | The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. |
| **Redemption Provision of the Bonds** | The Issuer reserves the right to redeem the Bonds maturing on or after December 1, 2037 in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on December 1, 2036, or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption as further described herein. Additionally, the Purchaser may select certain consecutive maturities of the Bonds to be grouped together as one or more "Term Bonds" and such "Term Bonds" would be subject to mandatory sinking fund redemption. See "THE BONDS - Redemption Provisions of the Bonds" herein. |
| **Tax Matters** | In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income of the owners thereof for purposes of federal income taxation under existing statutes, regulations, published rulings and court decisions, subject to matters discussed herein under "TAX MATTERS". (See "TAX MATTERS" and "APPENDIX C – Form of Opinion of Bond Counsel" herein). |

| | |
|---|---|
| **Use of Bond Proceeds** | Proceeds from the sale of the Bonds will be used for (i) acquiring, purchasing, constructing, improving, extending, renovating, enlarging, equipping, or repairing the District's utility system, and (ii) paying costs of issuance and expenses relating to the Bonds. (See "THE BONDS – Purpose" herein.) |
| **Bond Insurance** | The District has made application to municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy. In the event the Bonds are qualified for bond insurance, and the Purchaser desires to purchase such insurance, the cost therefor will be paid by the Purchaser. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.) |
| **Ratings** | A municipal bond rating application has been made to Moody's Investors Service Inc. ("Moody's"). The outcome of the results will be made available as soon as possible. (See "RATING" herein.) No representation is hereby made that the District will use municipal bond insurance in connection with the issuance of the Bonds. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.) |
| **Book-Entry-Only System** | The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York, relating to the method and timing of payment and the method and transfer relating to the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.) |
| **Payment Record** | The Issuer has never defaulted on the payment of its bonded indebtedness. |
| **Future Bond Issues** | The Issuer does not anticipate the issuance of additional debt secured by and payable from its System in the next twelve months. |
| **Delivery** | When issued, anticipated on or about October 21, 2026. |
| **Legality** | Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by Norton Rose Fulbright US LLP, Bond Counsel, Austin, Texas. |

*(The remainder of this page was intentionally left blank)*

**PRELIMINARY OFFICIAL STATEMENT**

**relating to**
**$46,605,000***
**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**
**(A Political Subdivision of the State of Texas located in Ellis and Johnson Counties, Texas)**
**UTILITY SYSTEM REVENUE BONDS, NEW SERIES 2026**

## INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the Mountain Peak Special Utility District (the "District" or "Issuer") of its $46,605,000* Utility System Revenue Bonds, New Series 2026 (the "Bonds") identified on the cover page hereof.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order. Included in this Official Statement are descriptions of the Bonds, the System and certain information about the Issuer and its finances. **ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT**. Copies of such documents may be obtained from the Issuer or the Financial Advisor, SAMCO Capital Markets, Inc., 1020 Northeast Loop 410, Suite 640, San Antonio, Texas 78209, via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

All financial and other information presented in this Official Statement has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from System revenues and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in financial position or other affairs of the District. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Final Official Statement pertaining to the Bonds will be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the District's undertaking to provide certain information on a continuing basis.

## THE BONDS

### Purpose

Proceeds from the sale of the Bonds will be used for (i) acquiring, purchasing, constructing, improving, extending, renovating, enlarging, equipping, or repairing the District's System, and (ii) paying costs of issuance and expenses relating to the Bonds.

### General Description

The Bonds will be dated October 1, 2026 ("Dated Date"), will mature on the dates and in the principal amounts and will bear interest from the Dated Date at the rates set forth on page 2 of this Official Statement. Principal of and interest on the Bonds are payable in the manner described herein under "BOOK-ENTRY-ONLY SYSTEM". In the event the Book-Entry-Only System is discontinued, the interest on the Bonds will be payable to the registered owner as shown on the security register maintained by BOKF, NA, Dallas, Texas, as the initial Paying Agent/Registrar, as of the Record Date (defined herein), by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Bonds will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

If the date for the payment of the principal of or interest on the Bonds will be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment must be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date will have the same force and effect as if made on the original date payment was due.

**Preliminary, subject to change.*

**Authority for Issuance**

The Bonds are being issued pursuant to the Constitution and laws of the State of Texas, particularly, Chapters 49 and 65, as amended, Texas Water Code, Chapter 1371, as amended, Texas Government Code (collectively, the "Act"), and an Order (the "Order") adopted on September 9, 2026 by the Board. As permitted by the Act, the Board, in the Order, delegated the authority to certain District officials (each, an "Authorized Official") to execute an approval certificate (the "Approval Certificate") establishing the final sales terms for the Bonds.

**Security for Payment**

The Bonds are special obligations of the Issuer payable from and equally and ratably secured solely from a first and prior lien on and pledge of the Net Revenues (defined herein) derived from the operation of the Issuer's waterworks system (the "System").

In the Order, the District has reserved the right to issue Additional Parity Obligations, Junior Lien Obligations, and Subordinate Lien Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise and has prohibited the issuance of prospective obligations with a lien on and pledge of Net Revenues prior to the lien on and pledge thereof securing the payment of the Bonds and any Bonds Similarly Secured. Additionally, in the Order, the District has also reserved the right to issue Special Project Bonds, which will be payable from and secured by the proceeds of a contract or contracts with persons, corporations, municipal corporations, political subdivisions or other entities.

The Bonds shall not be a charge upon any other income or revenues of the Issuer and shall never constitute an indebtedness or pledge of the general credit or taxing power of the Issuer. The Order does not create any lien or mortgage on the System and any judgment against the Issuer may not be enforced by levy and execution against the property owned by the Issuer. The Order does not create or constitute a legal or equitable pledge, charge, lien, mortgage or encumbrance upon any property of the Issuer or the System, except the Net Revenues. As additional security, there has been established a Reserve Fund which shall be funded in an amount at least equal to the Average Annual Debt Service Requirements (as defined in the Order) of the Bonds Similarly Secured and any Additional Parity Obligations hereinafter issued by the Issuer.

**Perfection of Security for the Bonds**

Chapter 1208, Texas Government Code, as amended, applies to the issuance of the Bonds and the pledge of the Net Revenues to secure the Bonds, and such pledge is therefore, valid, effective and perfected. Should Texas law be amended while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Net Revenues is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the District has agreed in the Order to take such measures as it determines reasonable and necessary to enable a filing of a security interest in said pledge to occur.

**Flow of Funds**

As included in "Selected Provisions of the Order" attached hereto as Appendix A, the following represents a substantive description of the flow of funds with respect to the Gross Revenues (as defined in the Order) of the System. All Gross Revenues deposited into the System Fund (as defined in the Order) shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

- FIRST**:** to the payment of all necessary and reasonable Maintenance and Operating Expenses as defined in the Order or required by statute to be a first charge on and claim against the Gross Revenues of the System.

- SECOND**:** to the payment of the amounts required to be deposited into the funds created and established for the payment, security, and benefit of the Bonds and any Additional Parity Obligations hereafter issued by the District as the same become due and payable.

- THIRD**:** to the payment of the amounts required to be deposited into the funds created and established for the payment, security, and benefit of any Junior Lien Obligations hereafter issued as the same become due and payable.

- FOURTH**:** to the payment of the amounts required to be deposited into the funds created and established for the payment, security, and benefit of any Subordinate Lien Obligations hereafter issued as the same become due and payable.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other District purpose now or hereafter permitted by law.

**Reserve Fund**

To accumulate and maintain a reserve for the payment of the Bonds Similarly Secured (the *Required Reserve Amount*) equal to the (i) Average Annual Debt Service Requirements (calculated on a Fiscal Year basis and determined as of the date of issuance of the Bonds Similarly Secured or the most recently issued series of Bond Similarly Secured then Outstanding) for the Bonds Similarly Secured or (ii) the maximum amount in a reasonably required reserve fund for the Revenue Bonds from time to time that can be invested without restriction as to yield pursuant to section 148 of the Internal Revenue Code, the District agrees to create, establish, and maintain a separate and special fund or account known as the "Mountain Peak Special Utility District Utility System Revenue Bond Reserve Fund, New Series 2026" (the *Reserve Fund*), which fund or account shall be maintained at the Depository. All funds deposited into the Reserve Fund (excluding earnings and income derived or received from deposits or investments which will be transferred to the System Fund established in the Order during such period as there is on deposit in the Reserve Fund the Required Reserve Amount) shall be used solely for the payment of the principal of and interest on the Bonds Similarly Secured, when and to the extent other funds available for such purposes are insufficient, and, in addition, may be used to retire the last stated maturity or interest on the Bonds Similarly Secured.

Until the issuance of any Additional Parity Obligations, the Required Reserve Amount shall be $[________] ($[________] is already on deposit in the Reserve Fund) and the District will transfer $[________] to the Reserve Fund from lawfully available funds on a monthly basis as described below, which shall be accumulated, if necessary, in the following manner. Beginning on or before the tenth day of the month next following the delivery of the Bonds to the Purchaser and on or before the tenth day of each following month until the Required Reserve Amount has been accumulated in the Reserve Fund, the District covenants and agrees to deposit to the Reserve Fund from the Net Revenues of the System, or any other lawfully available funds, an amount not less than $[________] being the Required Reserve Fund Deposits.

As and when Additional Parity Obligations are delivered or incurred, the Required Reserve Amount shall be increased, if required, to an amount calculated in the manner provided in the Order. Any additional amount required to be maintained in the Reserve Fund shall be so accumulated by the deposit of the necessary amount of the proceeds of the issue or other lawfully available funds in the Reserve Fund immediately after the delivery of the then proposed Additional Parity Obligations, or, at the option of the District, by the deposit of monthly installments, made on or before the tenth day of each month following the month of delivery of the then proposed Additional Parity Obligations, of not less than 1/60th of the additional amount to be maintained in the Reserve Fund by reason of the issuance of the Additional Parity Obligations then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash), such monthly deposits defined as the "Required Reserve Fund Deposits", thereby ensuring the accumulation of the appropriate Required Reserve Amount.

When and so long as the cash and investments in the Reserve Fund equal the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount (other than as the result of the issuance of Additional Parity Obligations as provided in the preceding paragraph), the District covenants and agrees to cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to said fund or account from the Net Revenues of the System, or any other lawfully available funds, such monthly deposits to be in amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the District to be maintained in the Reserve Fund with any such deficiency payments being made on or before the tenth day of each month until the Required Reserve Amount has been fully restored. The District further covenants and agrees that, subject only to the prior payments to be made to the Bond Fund and as required by the orders authorizing the issuance of any Additional Parity Obligations hereafter issued by the District, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Order and any other order pertaining to the issuance of any Additional Parity Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the District may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund.

To the extent permitted by law, the District expressly reserves the right to fund the Reserve Fund at the Required Reserve Amount by purchasing a Credit Facility that will unconditionally obligate the insurance company or other entity to pay all, or any part thereof, of the Required Reserve Amount in the event funds on deposit in the Bond Fund are not sufficient to pay the debt service requirements on the Bonds. All orders adopted after the date hereof authorizing the issuance of Additional Parity Obligations shall contain a provision to this effect.

In the event a Credit Facility issued to satisfy all or part of the District's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount, the District may transfer such excess amount to any fund or account established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to Chapter 1207, as amended, Texas Government Code) or use such excess amount for any lawful purpose now or hereafter provided by law; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund.

Notwithstanding anything to the contrary contained in the Order, the requirements set forth above to fund the Reserve Fund in the amount of the Required Reserve Amount shall be suspended for such time as the Pledged Revenues for each Fiscal Year are equal to at least 120% of the Average Annual Debt Service Requirements. In the event that the Pledged Revenues for any two consecutive Fiscal Years are less than 120% (unless such percentage is below 100% in any Fiscal Year, in which case the hereinafter–specified requirements will commence after such Fiscal Year) of the Average Annual Debt Service Requirements, the District will be required to commence making the deposits to the Reserve Fund, as provided above, and to continue making such deposits until the earlier of (i) such time as the Reserve Fund contains the Required Reserve Amount or (ii) the Pledged Revenues for a Fiscal Year have been equal to not less than 120% of the Average Annual Debt Service Requirements.

**Rate Covenant**

Pursuant to the Order, the District has agreed to establish and maintain rates and charges for facilities and services afforded by the System, along with satisfying each of the contractual covenants contained in the orders authorizing the issuance of each series of Bonds Similarly Secured, that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient: (i) to pay all Maintenance and Operating Expenses, depreciation, replacement and betterment expenses and other costs of the System, together with any other lawfully available funds, or any expenses required by statute to be a first claim on and charge against the Gross Revenues of the System; (ii) to produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest and the amounts required to be deposited in any reserve or contingency fund or account created for the payment and security of the Bonds and any Additional Parity Obligations hereafter issued by the District as the same become due and payable and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of the Bonds and any Additional Parity Obligations hereafter issued by the District; (iii) to produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest and the amounts required to be deposited in any reserve or contingency fund or account created for the payment and security of any Junior Lien Obligations hereafter issued by the District as the same become due and payable, and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of any Junior Lien Obligations hereafter issued by the District; (iv) to produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest and the amounts required to be deposited in any reserve or contingency fund or account created for the payment and security of any Subordinate Lien Obligations hereafter issued by the District as the same become due and payable, and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of any Subordinate Lien Obligations hereafter issued by the District; and (v) to pay, together with any other lawfully available funds, any other legally incurred indebtedness payable from the Net Revenues and/or secured by a lien on the System.

The District shall also fix and maintain rates and collect charges for the facilities and services afforded by the System, which will produce Net Revenues equal to at least 1.10 times the Debt Service Requirements due and payable on the outstanding Bonds Similarly Secured. (See "APPENDIX A - Selected Provisions of the Order" herein).

The District shall also determine within thirty (30) days after the end of each Fiscal Year whether it is in compliance with the requirements of the preceding paragraph. If it is not in such compliance, then the District will instruct its engineer to deliver recommendations to the District within thirty (30) days thereafter regarding recommended rates and charges which will permit it to be in such compliance, and the District shall implement the recommendations of its engineers within sixty (60) days thereafter. Within thirty (30) days after the implementation of such recommendations, the District shall direct its engineer to certify that the actions taken by the District at the direction of its engineer will be sufficient to permit the District to be in compliance within such Fiscal Year with the requirements of the preceding paragraph.

**Additional Parity Obligations**

The District reserves the right to issue "Additional Parity Obligations" on a parity with the Parity Obligations in that (i) the District is not then in default as to any covenant, condition or obligation prescribed by the orders or resolutions authorizing the issuance of the Bonds Similarly Secured, (ii) each of the funds created solely for the payment of principal of and interest on the Bonds Similarly Secured contains the amounts of money then required to be on deposit therein and (iii) the District obtains a certificate from the General Manager to the effect that, according to the books and records of the District, the Net Revenues of the System, for the preceding Fiscal Year or for any 12 consecutive months out of the 18 months immediately preceding the month the order authorizing the Additional Parity Obligations is adopted, are at least equal to one and one-fourth (1.25) times the Average Annual Debt Service Requirements for the payment of principal of and interest on all outstanding Bonds Similarly Secured after giving effect to the issuance of the Additional Parity Obligations then proposed. (See "APPENDIX A - Selected Provisions of the Order" herein).

**Redemption Provisions of the Bonds.**

*Optional Redemption*. The Issuer reserves the right, at its sole option, to redeem Bonds stated to mature, on or after December 1, 2037, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on December 1, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. In addition, two or more consecutive maturities of the Bonds may be grouped together as a "Term Bond" by the Purchaser, and such "Term Bonds" would also be subject to mandatory sinking fund redemption. If less than all of the Bonds within a stated maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

*Selection of Bonds to be Redeemed*. The Bonds of a denomination larger than $5,000 may be redeemed in part (in increments of $5,000 or any integral multiple thereof). The Bonds to be partially redeemed must be surrendered in exchange for one or more new Bonds for the unredeemed portion of the principal. If less than all of the Bonds are to be redeemed, the District will determine the amounts to be redeemed and will direct the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) to select, at random and by lot, the particular Bonds, or portion thereof, to be redeemed. If a Bond (or any portion of the principal sum thereof) will have been called for redemption and notice of such redemption will have been given, such Bond (or the principal amount thereof to be redeemed), will become due and payable on such redemption date and interest thereon will cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

*Notice of Redemption of the Bonds*. Not less than 30 days prior to a redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the designated corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the registered owner. If a Bond is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as provided in the Order, such Bonds (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and on the redemption date designated in such notice, interest on said Bonds (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and on the redemption date designated in such notice, interest on said Bonds (or principal amount thereof to be redeemed) called for redemption shall cease to accrue and such Bonds shall not be deemed to be outstanding.

The Paying Agent/Registrar and the District, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption of any Bond, notice of proposed amendment to the Order or other notices with respect to the Bonds only to DTC (defined herein). Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised or any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the beneficial owners. Any such selection of Bonds to be redeemed will not be governed by the Order and will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption. (See "THE BONDS - Book-Entry-Only System" herein).

**Payment Record**

The Issuer has not defaulted on the payment of its bonded indebtedness.

**Sources and Uses**

| Sources of Funds | The Bonds |
|---|---|
| Par Amount | $ |
| Accrued Interest | |
| [Net] Reoffering Premium/Discount on the Bonds | |
| | |
| Total Sources of Funds | $ |
| | |
| Uses of Funds | |
| Deposit to Project Fund | $ |
| Deposit to Bond Fund | |
| Purchasers' Discount (including insurance premium, if any) | |
| Costs of Issuance | |
| Total Uses of Funds | $ |

**Defeasance**

The Order provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment, (2) Government Obligations (defined below) that mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds, or (3) a combination of money and Government Obligations together so certified sufficient to make such payment. The District has additionally reserved the right in the Order, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Obligations for the Government Obligations originally deposited, to reinvest the uninvested money on deposit for such defeasance and to withdraw for the benefit of the District money in excess of the amount required for such defeasance. The Order provides that "Government Obligations" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the District adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, or (d) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Bonds. In connection with the sale of the Bonds the District may restrict such eligible securities as deemed appropriate. There is no assurance that the ratings for United States Treasury securities acquired to defease any Bonds, or those for any other Government Obligations, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of those securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Bonds ("Defeasance Proceeds"), though the District has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Order does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the District to use lawfully available Defeasance Proceeds to defease all or any portion of the Bonds, registered owners of Bonds are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, the District has the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption at an earlier date those Bonds which have been defeased to their maturity date, if the District (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

### Amendments

The Issuer may amend the Order without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the Issuer may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order; except that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the place or places at or the coin or currency in which any Bond or interest thereon is payable, change the redemption price or amount, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required for consent to any amendment, addition, or waiver.

### Default and Remedies

If the District defaults in the payment of the principal of or interest on the Bonds when due, or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Order, any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Order and the District's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, subject to the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the District to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, as amended, Texas Government Code ("Chapter 1371") which pertains to the issuance of public securities by issuers such as the District, permits the District to waive sovereign immunity in the proceedings authorizing the issuance of the Bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds, the District has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages outside of Chapter 1371, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Special districts, such as the District, must obtain the approval of the Texas Commission on Environmental Quality ("TCEQ") as a condition of seeking relief under Chapter 9. TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under Chapter 9 only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, if the District is permitted to such Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The District may not be placed into bankruptcy involuntarily. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

## REGISTRATION, TRANSFER AND EXCHANGE

### Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Order, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a national or state banking institution, shall be an association or a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and shall be authorized by law to serve as a Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Bonds, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class, postage prepaid.

The Bonds will be issued in fully registered form in multiples of $5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal of the Bonds will be paid to the registered owner at stated maturity or upon prior redemption upon presentation to the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/ Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

**Record Date**

The record date ("Record Date") for determining the registered owner entitled to receive the interest payable on a Bond on any interest payment date means the fifteenth day of the month next preceding each interest payment date. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment will be established by the Paying Agent/Registrar.

**Special Record Date for Interest Payment**

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

**Future Registration**

The Bonds are initially to be issued utilizing the Book-Entry-Only System of DTC. In the event such Book-Entry-Only System should be discontinued, printed Bond certificates will be issued to the owners of the Bonds and thereafter, the Bonds may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bond or Bonds being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Bond or Bonds surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be initially utilized in regard to ownership and transferability of the Bonds.)

**Limitation on Transfer of Bonds**

Neither the District nor the Paying Agent/Registrar shall be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business of any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, that such limitation shall not apply to uncalled portions of a Bond redeemed in part.

### Replacement Bonds

The Issuer has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement. The person requesting the authentication of and delivery of a replacement Bond must comply with such other reasonable regulations as the Paying Agent/Registrar may prescribe and pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

## BOND INSURANCE

The Issuer has made application to municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy. The decision to purchase a municipal bond insurance policy may be at the sole discretion of the Initial Purchaser in connection with the Initial Purchaser's winning bid for the purchase of the Bonds. If the Initial Purchaser elects to have the Bonds guaranteed by a municipal bond insurance policy, the Initial Purchaser shall be responsible for the payment of the premium for such policy. The final Official Statement shall disclose, to the extent necessary, any relevant information relating to any such municipal bond insurance policy.

## BOND INSURANCE GENERAL RISKS

### General

If a Policy is purchased as a result of the District accepting a bid for the Bonds that incorporate the acquisition of such a policy, the following are risk factors relating to the bond insurance.

In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered from the Beneficial Owners as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the District (unless the Insurer chooses to pay such amounts at an earlier date). Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see “THE BONDS - Default and Remedies”). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Beneficial Owners.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable from Net Revenues as further described under “THE BONDS – Security for Payment”. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

If a Policy is acquired, the enhanced long-term rating on the Bonds will be dependent on the financial strength of the Insurer and its claims paying ability. The Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the rating on the Bonds, whether or not subject to the Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds. See the disclosure described in “OTHER PERTINENT INFORMATION – Ratings” herein.

The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the District, the Purchaser, or the District’s Financial Advisor have made an independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given.

*Claims-Paying Ability and Financial Strength of Municipal Bond Insurers*

Moody’s Investor Services, Inc., S&P Global Ratings and Fitch Ratings, Inc. (collectively, the “Rating Agencies”) have, in recent years, downgraded and/or placed on negative watch the claims-paying and financial strength of many providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers are possible. In addition, events in the credit markets over the past ten years have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Bonds. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims-paying ability of any such bond insurer, particularly over the life of the investment.

## BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by the Depository Trust Company, New York, New York ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor, and the Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District, the Financial Advisor, and the Purchaser cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or any notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the applicable series of Bonds), or any notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificated securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are jointly referred to as "Participants". DTC has a S&P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of Bonds ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC or Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered to DTC Participants or the Beneficial Owners, as the case may be.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the Purchaser believe to be reliable, but the Issuer, the Financial Advisor and the Purchaser take no responsibility for the accuracy thereof.

**Use of Certain Terms in Other Sections of this Official Statement**

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

**Effect of Termination of Book-Entry-Only System**

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed certificates representing the Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "REGISTRATION, TRANSFER AND EXCHANGE – Future Registration".

## THE SYSTEM

**Regulation**

The District's water supply and distribution (the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. The District operates and maintains the water system. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in connection with any permit for the wastewater treatment plant in which the District owns capacity beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future.

**Water Facilities**

The District owns and operates a retail water supply and distribution system serving portions of Ellis and Johnson Counties. The District's water supply is derived from a combination of groundwater produced from District-owned wells and treated water purchased pursuant to wholesale water supply agreements. The District's groundwater facilities consist of nine deep water wells, including six wells completed in the Trinity Aquifer and three wells completed in the Woodbine Aquifer, with an aggregate estimated production capacity of approximately 2,870 gallons per minute ("gpm"), or approximately 4.13 million gallons per day ("MGD"). The wells are located at or associated with the District's Plant Nos. 1, 2, 3, 4, 8 and 9.

The District supplements its groundwater supply with treated water purchased from the City of Midlothian, Johnson County Special Utility District ("JCSUD") and the City of Mansfield. The District's wholesale water supply agreements provide for up to 5.73 MGD from the City of Midlothian, consisting of an existing 1.0 MGD supply agreement and additional agreements providing 0.95 MGD and 3.78 MGD, respectively; up to 1.5 MGD from JCSUD; and up to 10.0 MGD from the City of Mansfield, in each case subject to the terms, conditions and delivery requirements of the applicable agreement. Collectively, these agreements provide for up to approximately 17.23 MGD of purchased water capacity.

The District's water distribution system includes more than 225 miles of water mains and more than 1,000 fire hydrants. The existing system includes 12 booster/service pumps having an aggregate pumping capacity of approximately 4,850 gpm, approximately 1.6 million gallons of elevated storage capacity and a 7,500-gallon pressure tank serving the Maypearl portion of the District. The engineering report's capacity table reports approximately 4.105 million gallons of existing total water storage capacity. Groundwater produced by the District is disinfected with gaseous chlorine, and the District utilizes computerized monitoring, control and automation throughout its production, treatment and pumping facilities.

As part of its current capital improvement program, the District proposes to construct a 30-inch transmission line associated with the Mansfield water supply, a 10.0 MGD Pump Station No. 10, a 20-inch water line along County Roads 501 and 502, water metering system upgrades, a 2.0-million-gallon elevated storage tank known as Heirloom Elevated Tank No. 1, and improvements to Pump Station No. 8 to increase its capacity to approximately 4.3 MGD. Upon completion of the proposed improvements, the engineering report projects approximately 3.6 million gallons of elevated storage capacity and aggregate booster pumping capacity of approximately 10,405 gpm. Based upon booster pump capacity and applicable TCEQ design criteria, the engineering report estimates that the improved system will have capacity to serve approximately 17,341 equivalent single-family connections.

**Wastewater Facilities**

The District does not provide wastewater collection or treatment service and does not own or operate wastewater treatment facilities. No wastewater treatment facilities are included among the projects proposed to be financed with the Bonds.

## ENVIRONMENTAL REGULATION

Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

1. Requiring permits for construction and operation of water supply wells and wastewater treatment facilities;

2. Restricting the manner in which wastes are released into the air, water, or soils;

3. Restricting or regulating the use of wetlands or other property;

4. Requiring remedial action to prevent or mitigate pollution; and

5. Imposing substantial liabilities for pollution resulting from facility operations.

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a water district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements, and issuance of injunctions as to future compliance of and the ability to operate the District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to the District. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

*Water Supply & Discharge Issues*. Water supply and discharge regulations that utility and special water districts, including the District, may be required to comply with involve: (1) public water supply systems, (2) wastewater discharges from treatment facilities, (3) storm water discharges, and (4) wetlands dredge and fill activities. Each of these is addressed below.

Pursuant to the federal Safe Drinking Water Act ("SDWA") and EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, municipal utility and special district's provision of water for human consumption is subject to extensive regulation as a public water system.

Municipal utilities and special districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. It has a 5-year permit term and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility and special district must comply may have an impact on a municipal utility or special district's ability to obtain and maintain compliance with TPDES permits.

## INVESTMENT POLICIES

The District invests its investable funds in investments authorized by State law, including Chapter 2256, as amended, Texas Government Code (the "Texas Public Funds Investment Act"), and in accordance with investment policies approved by the Board. Both State law and the District's investment policies are subject to change.

### Legal Investment

Under State law and subject to certain limitations, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P20 1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The District may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the District may not invest more than 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

Except as stated above or inconsistent with its investment policy, the District may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the District is not required to liquidate the investment unless it no longer carries a required rating, in which case the District is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

**Investment Policies**

Under State law, the District is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis.

The District is required to adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the District's investments be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." The District is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

**Current Investments** [1] **TABLE 1**

As of August 15, 2026, the District held investments as follows:

| Investment Type | Amount | Percentage |
|---|---|---|
| Certificates of Deposit, Money Markets | $19,565,786.51 | 83.23% |
| Cash | 1,569,702.36 | 6.68% |
| TEXSTAR | 2,373,163.83 | 10.09% |
| Total | 23,508,652.70 | 100.00% |

As of such date, the market value of such investments (as determined by the Issuer by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the Issuer are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

(1) Unaudited.

## TAX MATTERS

**Tax Exemption**

The delivery of the Bonds is subject to an opinion of Norton Rose Fulbright US LLP, Bond Counsel to the District ("Bond Counsel"), to the effect that interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. The statute, regulations, rulings and court decisions on which such opinion will be based are subject to change. A form of Bond Counsel's opinion appears in APPENDIX D attached hereto.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate of even date with the initial delivery of the Bonds pertaining to the use, expenditure and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Order by the District subsequent to the issuance of the Bonds. The Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any arbitrage "profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owner thereof for federal income taxes from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the District as the “taxpayer,” and the owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

**Tax Changes**

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

**Ancillary Tax Consequences**

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, corporations subject to the alternative minimum tax on adjusted financial statement income, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust (“FASIT”), individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer’s applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

**Tax Accounting Treatment of Discount Bonds**

The initial public offering price to be paid for certain Bonds may be less than the amount payable on such Bonds at maturity (the “Discount Bonds”). An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion of such original issue discount, allocable to the holding period of a Discount Bond by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Bonds. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such accrued interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

In the event of the sale or other taxable disposition of a Discount Bond prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

**Tax Accounting Treatment of Premium Bonds**

The initial public offering price to be paid for certain Bonds may be greater than the stated redemption price on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and its stated redemption price at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium with respect to the Premium Bonds. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond.

The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

## CONTINUING DISCLOSURE OF INFORMATION

In the Order, the District has made the following agreement for the benefit of the holders and Beneficial Owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system, where it will be available to the general public, free of charge at www.emma.msrb.com.

**Annual Reports**

The District will file certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in Table 1 herein and Tables 1 through 9 in Appendix B. The District will update and provide this information within six months after the end of each fiscal year ending in or after 2026.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's EMMA Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available.

Any such financial statements will be prepared in accordance with the accounting principles described in Appendix D or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation.

The District's current fiscal year end is December 31. Accordingly, it must provide updated information by June 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will file notice of the change with the MSRB.

**Notices of Certain Events**

The District will also provide timely notices of certain events to the MSRB. The District will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds, as the case may be; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material (15) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such Financial Obligation of the District, any of which reflect financial difficulties. In the Order, the District adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under "Annual Reports." Neither the Bonds nor the Order make provision for credit enhancement (although the District has applied for bond insurance), or liquidity enhancement.

For these purposes, (a) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District, and (b) the District intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

**Availability of Information**

All information and documentation filing required to be made by the District in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

**Limitations and Amendments**

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the District so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

**Compliance with Prior Undertakings**

The District has not previously entered into a continuing disclosure undertaking under Rule 15c2-12.

## LEGAL MATTERS

### Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Purchaser with a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Initial Bond is a valid and legally binding obligation of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Bonds, issued in compliance with the provisions of the Order, are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Bonds is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. Though it represents the Financial Advisor from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel was engaged by, and only represents, the District in connection with the issuance of the Bonds. In its capacity as Bond Counsel, Norton Rose Fulbright US LLP, Austin, Texas has reviewed the information under the captions "THE BONDS" (except under the subcaptions "Sources and Uses", "Payment Record", and "Default and Remedies", as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE", "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (except under the subheading "Compliance with Prior Undertakings", as to which no opinion is expressed), "LEGAL MATTERS – Legal Opinion and No-Litigation Certificate", "LEGAL MATTERS—Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER PERTINENT INFORMATION—Registration and Qualification of Bonds for Sale" in the Official Statement and such firm is of the opinion that the information relating to the Bonds and the Order contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Bonds will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of Bonds are contingent on the sale and initial delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### Litigation

In the opinion of various officials of the Issuer, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the Issuer in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the Issuer.

### Legal Investments and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186, Texas Water Code and Chapter 1201, Texas Government Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for public funds of cities, counties, school districts and other political subdivisions or public agencies of the State. The Bonds are also eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State or any political subdivision or public agency of the State and are lawful and sufficient security for those deposits to the extent of their market value. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose other, more stringent, requirements in order for the Bonds to be legal investments of such entity's funds or to be eligible to serve as collateral for their funds.

The District makes no representation that the Bonds will be acceptable to banks, savings and loans associations, or public entities for investment purposes or to secure deposits of public funds. The District has not reviewed the laws in other states to determine whether the Bonds are legal investments for various institutions in those states or eligible to serve as collateral for public funds in those states. The District has made no investigation of any other laws, rules, regulations or investment criteria that might affect the legality or suitability of the Bonds for any of the above purposes or limit the authority of any of the above persons or entities to purchase or invest in the Bonds.

## FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. It is important to note that the District's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

## OTHER PERTINENT INFORMATION

### Registration and Qualification of Bonds for Sale

The sale of the Bonds has not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act; the Bonds have not been qualified under the Securities Act of Texas in reliance upon exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which they may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

### Ratings

A municipal bond rating application for the Bonds has been made to Moody's Investors Service, Inc. ("Moody's"). The outcome of the results will be made available as soon as possible. An explanation of the significance of such rating may be obtained from Moody's. The rating of the Bonds by Moody's reflect only the views of Moody's at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by Moody's, if, in the judgment of Moody's, circumstances so warrant. Any such downward revisions or withdrawals of the rating may have an adverse effect on the market price of the Bonds.

### Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the Issuer's records, audited financial statements and other sources which are believed to be reliable. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

### Financial Advisor

SAMCO Capital Markets, Inc. is employed as a Financial Advisor to the Issuer in connection with the issuance of the Bonds. In this capacity, the Financial Advisor has compiled certain data relating to the Bonds and has assisted in drafting this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for the Financial Advisor are contingent upon the issuance, sale and delivery of the Bonds.

The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the Issuer and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

**Winning Bidder**

After requesting competitive bids for the Bonds, the District accepted the bid of ____________ (the "Purchaser") to purchase the Bonds at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a [net] reoffering premium of $___________, plus accrued interest on the Bonds from their Dated Date to their date of initial delivery. The District can give no assurance that any trading market will be developed for the Bonds after their sale by the District to the Purchaser. The District has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

**Certification of the Official Statement**

At the time of payment for and delivery of the Bonds, the Purchaser will be furnished a certificate, executed by proper officers of the District, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of the Bonds and the receipt of the bids therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, such Official Statement 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 the 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 District, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the District since the date of the last audited financial statements of the District.

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**Concluding Statement**

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer of solicitation.

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which the District considers to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and the Order contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Order. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

The Order authorizing the issuance of the Bonds approved the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized its further use in the re-offering of the Bonds by the Purchaser.

This Official Statement has been approved by the Board of Directors for distribution in accordance with the provisions of the SEC's rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**

/s/

President, Board of Directors
Mountain Peak Special Utility District

ATTEST:

/s/

Secretary, Board of Directors
Mountain Peak Special Utility District

# APPENDIX A

## SELECTED PROVISIONS OF THE ORDER

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# APPENDIX A

## SELECTED PROVISIONS OF THE ORDER

The following contains certain selected provisions of the Order. This document should be qualified by reference to other provisions of the Order referred to elsewhere in this Official Statement, and all references and summaries pertaining to the Order in the Official Statement are, separately and in whole, qualified by reference to the exact terms of the Order, a copy of which may be obtained from the District.

SECTION 9: Definitions. For all purposes of this Order (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 35 and 50 of this Order have the meanings assigned to them in such Section, and all such terms include the plural as well as the singular; (ii) all references in this Order to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this Order as originally adopted; and (iii) the words "herein", "hereof", and "hereunder" and other words of similar import refer to this Order as a whole and not to any particular Section or other subdivision.

A. The term *Additional Parity Obligations* shall mean (i) any bonds, notes, warrants, or other evidences of indebtedness which the District reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in Section 18 of this Order and which are equally and ratably secured solely by a first and prior lien on and pledge of the Net Revenues of the System and (ii) any obligations hereafter issued to refund any of the foregoing if issued in a manner so as to be payable from and equally ratably secured by a first and prior lien on and pledge of the Net Revenues as determined by the Board of Directors in accordance with applicable law.

B. The term *Authorized Officials* shall mean the President, Vice President, Secretary, or the General Manager of the District.

C. The term *Average Annual Debt Service Requirements* shall mean that average amount which, at the time of computation, will be required to pay the Debt Service Requirements on all outstanding Bonds Similarly Secured when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total amount of such Debt Service Requirements by the number of Fiscal Years then remaining before Stated Maturity of such Bonds Similarly Secured. For purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from bond proceeds and accrued interest on any Bonds Similarly Secured shall be excluded in making the aforementioned computation.

D. The term *Bond Fund* shall mean the special Fund or account created and established by the provisions of Section 13 of this Order.

E. The term *Bonds* shall mean the "Mountain Peak Special Utility District Utility System Revenue Bonds, New Series 2026", dated October 1, 2026, authorized by this Order.

F. The term *Bonds Similarly Secured* shall mean the Bonds and any Additional Parity Obligations hereafter issued by the District or bonds issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a first and prior lien on parity with then outstanding Parity Bonds.

G. The term *Closing Date* shall mean the date of physical delivery of the Initial Bonds for the payment in full by the Purchaser.

H. The term *Credit Agreement* shall mean a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase debt, purchase or sale agreements, interest rate swap agreements, or commitments or other contracts or agreements authorized, recognized, and approved by the District as a Credit Agreement in connection with the authorization, issuance, security, or payment of any obligation authorized by Chapter 1371, as amended, Texas Government Code or other similar law.

I. The term *Credit Facility* shall mean (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a national rating agency having an outstanding rating on any Bond would rate such Bond fully insured by a standard policy issued by the insurer in its highest generic rating category for such obligations, or (ii) a letter or line of credit issued by any financial institution, provided that a national rating agency having an outstanding rating on any Bond would rate such Bond in one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of such Bond and the interest thereon.

J. The term *Credit Provider* shall mean any bank, financial institution, insurance company, surety bond provider, or other institution which provides, executes, issues, or otherwise is a party to or provider of a Credit Facility.

K. The term *Debt Service Requirements* shall mean as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the District as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on or other payments due under such obligation, assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest or other payment obligations calculated by assuming (1) that such non-fixed interest rate for every future 12-month period is equal to the rate of interest reported in the most recently published edition of The Bond Buyer (or its successor) at the time of calculation as the "Revenue Bond Index" or, if such Revenue Bond Index is no longer being maintained by The Bond Buyer (or its successor) at the time of calculation, such interest rate shall be assumed to be 80% of the most recently reported yield, as of the time of calculation, at which United States Treasury obligations of like maturity have been sold and (2) that, in the case of bonds not subject to fixed scheduled mandatory sinking fund redemptions, that the principal of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds, and in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity according to a fixed schedule, the principal amounts thereof will be redeemed prior to stated maturity in accordance with the mandatory redemption provisions applicable thereto (in each case notwithstanding any contingent obligation to redeem bonds more rapidly). For the term of any interest rate hedge agreement entered into in connection with any such obligations, Debt Service Requirements shall be computed by netting the amounts payable to the District under such hedge agreement from the amounts payable by the District under such hedge agreement and such obligations.

L. The term *Depository* shall mean an official depository bank of the District.

M. The term *District* shall mean the Mountain Peak Special Utility District located in the Counties of Ellis and Johnson, Texas and, where appropriate, the Board of Directors of the District.

N. The term *Fiscal Year* shall mean the twelve month accounting period used by the District in connection with the operation of the System, currently ending on December 31st of each year, which may be any twelve consecutive month period established by the District, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

O. The term *Government Securities* shall mean (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Bonds.

P. The term *Gross Revenues* shall mean all income, receipts and revenues of every nature derived or received by the District from the operation and ownership (excluding borrowed funds, refundable meter deposits, restricted gifts and grants in aid of construction) of the System, including earnings and income derived from the investment or deposit of moneys in any special funds or accounts created and established for the payment and security of the Bonds Similarly Secured and the Bonds.

Q. The term *Holder* or *Holders* shall mean the registered owner, whose name appears in the Security Register, for any Bond.

R. [The term *Insured Obligations* shall mean the Bonds.]

S. [The term *Insurance Policy* shall mean the municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal and interest of on the Bonds as provided therein.]

T. [The term *Insurance Premium* shall mean the premium paid by the Purchasers for the Insurance Policy.]

U. [The term *Insurer* shall mean [___________________] or any successor thereto or assignee.]

V. The term *Interest Payment Date* shall mean the date semiannual interest is payable on the Bonds, being June 1 and December 1 of each year, commencing June 1, 2027, while any of the Bonds remain Outstanding.

W. The term *Junior Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation or other obligations hereafter issued by the District payable wholly or in part from and equally and ratably secured by a junior and inferior lien and pledge of the Net Revenues of the System, that is junior and inferior to the lien on and pledge thereof securing the payment of the Bonds Similarly Secured hereafter issued by the District, all as further provided in Section 18 of this Order, and (ii) any obligations issued to refund the foregoing that are payable from and secured by a junior and inferior lien on and pledge of the Net Revenues of the System as determined by the Board of Directors in accordance with any applicable law.

X. The term *Maintenance and Operating Expenses* shall mean costs of operation, maintenance and necessary replacements to the System, the cost of insurance, the cost of supplies, costs incurred in providing water, and the payment of salaries and all other expenses properly incurred in operating and maintaining the System and keeping the same in good repair and operating condition, including any contract payments for the acquisition of water or other contract payments now or hereafter defined as operating expenses by the Texas Legislature. Depreciation shall never be considered as a Maintenance and Operating Expense.

Y. The term *Net Revenues* shall mean Gross Revenues of the System, with respect to any period, after deducting the System's Maintenance and Operating Expenses during such period.

Z. The term *Order* shall mean this Order adopted by the Board of Directors on September 9, 2026.

AA. The term *Outstanding* shall mean when used in this Order with respect to Bonds means, as of the date of determination, all Bonds theretofore issued and delivered under this Order, except:

(1) those Bonds cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds for which payment has been duly provided by the District in accordance with the provisions of Section 37 of this Order by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Order or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

(3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 31 hereof.

BB. The term *Pledged Revenues* shall mean (1) the Net Revenues, plus (2) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, for the benefit of the System which hereafter are pledged by the District to the payment of the Bonds, or any Additional Parity Obligations hereafter issued by the District, and excluding those revenues excluded from Gross Revenues.

CC. The term *Purchaser* shall mean the initial purchaser or purchasers of the Bonds named in Section 32 of this Order.

DD. The term *Required Reserve Amount* shall mean the amount required to be deposited and maintained in the Reserve Fund under the provisions of Section 14 of this Order.

EE. The term *Required Reserve Fund Deposits* shall mean the monthly deposit required to be deposited and maintained in the Reserve Fund under the provisions of Section 14 of this Order.

FF. The term *Special Project Bonds* shall mean bonds which the District expressly reserves the right to issue in Section 21 of this Order.

GG. The term *Stated Maturity* shall mean the annual principal payments of the Bonds payable on December 1 of each year, as set forth in Section 2 of this Order.

HH. The term *Subordinate Lien Obligations* shall mean (i) obligations of the District hereafter issued that are payable from and equally and ratably secured by a subordinate and inferior lien on and pledge of the Net Revenues of the System, such obligations being subordinate and inferior to the Bonds and any Additional Parity Obligations or Junior Lien Obligations hereafter issued by the District; and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and secured by a subordinate and inferior lien on and pledge of the Net Revenues of the System as determined by the Board of Directors in accordance with any applicable law.

II. The term *System* shall mean the works, improvements, facilities, plants, equipments, appliances, property, easements, leaseholds, licenses, privileges, rights of use or enjoyment, contract rights or other interests in property comprising the waterworks system of the District now owned or to be hereafter purchased, constructed or otherwise acquired whether by deed, contract or otherwise, together with any additions or extensions thereto or improvements and replacements thereof, or the waterworks system of any other entity to which the District has contractual rights of use, except the water facilities which the District may purchase or acquire with the proceeds of the sale of Special Project Bonds, so long as such Special Project Bonds are outstanding, notwithstanding that such facilities may be physically connected with the System.

SECTION 10: Pledge of Net Revenues.

A. The District hereby covenants and agrees that the Net Revenues of the System are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established for the payment and security thereof, all as hereinafter provided; and it is hereby ordered that the Bonds Similarly Secured, and the interest thereon, shall constitute a first and prior lien on and pledge of the Net Revenues of the System and be valid and binding without any physical delivery thereof or further act by the District.

B. Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds and the pledge of Net Revenues granted by the District under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Net Revenues granted by the District is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in this pledge, the Board of Directors agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

SECTION 11: Rates and Charges. For the benefit of the Holders of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State of Texas and in this Order, the District hereby expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, to establish and maintain rates and charges for facilities and services afforded by the System, along with satisfying each of the contractual covenants contained in the orders authorizing the issuance of each series of Bonds Similarly Secured, that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient:

A. to pay all Maintenance and Operating Expenses, depreciation, replacement and betterment expenses and other costs of the System, together with any other lawfully available funds, or any expenses required by statute to be a first claim on and charge against the Gross Revenues of the System;

B. to produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest and the amounts required to be deposited in any reserve or contingency fund or account created for the payment and security of the Bonds and any Additional Parity Obligations hereafter issued by the District as the same become due and payable and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of the Bonds and any Additional Parity Obligations hereafter issued by the District;

C. to produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest and the amounts required to be deposited in any reserve or contingency fund or account created for the payment and security of any Junior Lien Obligations hereafter issued by the District as the same become due and payable, and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of the any Junior Lien Obligations hereafter issued by the District;

D. to produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest and the amounts required to be deposited in any reserve or contingency fund or account created for the payment and security of any Subordinate Lien Obligations hereafter issued by the District as the same become due and payable, and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of any Subordinate Lien Obligations hereafter issued by the District; and

E. to pay, together with any other lawfully available funds, any other legally incurred indebtedness payable from the Net Revenues and/or secured by a lien on the System.

The District shall also fix and maintain rates and collect charges for the facilities and services afforded by the System, which will produce Net Revenues equal to at least 1.10 times the Debt Service Requirements due and payable on the outstanding Bonds Similarly Secured.

The District shall also determine within thirty (30) days after the end of each Fiscal Year whether it is in compliance with the requirements of the preceding paragraph. If it is not in such compliance, then the District will instruct its engineer to deliver recommendations to the District within thirty (30) days thereafter regarding recommended rates and charges which will permit it to be in such compliance, and the District shall implement the recommendations of its engineers within sixty (60) days thereafter. Within thirty (30) days after the implementation of such recommendations, the District shall direct its engineer to certify that the actions taken by the District at the direction of its engineer will be sufficient to permit the District to be in compliance within such Fiscal Year with the requirements of the preceding paragraph.

SECTION 12: System Fund. The District hereby covenants, agrees, and reaffirms that the Gross Revenues of the System shall be deposited, as collected and received, into a separate fund or account to be created, established, and maintained with the Depository known as the "Mountain Peak Special Utility District Utility System Revenue Fund" (the *System Fund*) and that the Gross Revenues of the System shall be kept separate and apart from all other funds of the District. All

Gross Revenues deposited into the System Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

A. FIRST: to the payment of all necessary and reasonable Maintenance and Operating Expenses as defined herein or required by statute to be a first charge on and claim against the Gross Revenues of the System; provided, however, that the District reserves the right to levy and collect a maintenance and operations ad valorem tax to be utilized to pay Maintenance and Operating Expenses if this maintenance and operations ad valorem tax is approved by the qualified voters of the District at an election held and conducted in accordance with the provisions of the Texas Water Code and other applicable law.

B. SECOND: to the payment of the amounts required to be deposited into the funds created and established for the payment, security, and benefit of the Bonds and any Additional Parity Obligations hereafter issued by the District as the same become due and payable.

C. THIRD: to the payment of the amounts required to be deposited into the funds created and established for the payment, security, and benefit of any Junior Lien Obligations hereafter issued by the District as the same become due and payable.

D. FOURTH: to the payment of the amounts required to be deposited into the funds created and established for the payment, security, and benefit of any Subordinate Lien Obligations hereafter issued by the District as the same become due and payable.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other District purpose now or hereafter permitted by law.

SECTION 13: <u>Bond Fund; Excess Bond Proceeds</u>. For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable, the District agrees to maintain, at the Depository, a separate and special fund or account to be created and known as the "Mountain Peak Special Utility District Utility System Revenue Bonds, New Series 2026 Interest and Sinking Fund" (the *Bond Fund*). The District covenants that there shall be deposited into the Bond Fund prior to each principal and interest payment date from the available Net Revenues an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and the principal of the Bonds Similarly Secured then falling due and payable, such deposits to pay maturing principal and accrued interest on the Bonds Similarly Secured to be made in substantially equal monthly installments on or before the tenth day of each month, beginning on or before the tenth day of the month next following the delivery of the Bonds Similarly Secured to the Purchaser. If the Net Revenues in any month are insufficient to make the required payments into the Bond Fund, then the amount of any deficiency in such payment shall be added to the amount otherwise required to be paid into the Bond Fund in the next month.

The required monthly deposits to the Bond Fund for the payment of principal of and interest on the Bonds shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Bond Fund and Reserve Fund is equal to the amount required to fully pay and discharge all outstanding Bonds Similarly Secured (principal and interest) or, (ii) the Bonds Similarly Secured are no longer Outstanding.

Accrued interest and premium, if any, received from the Purchaser shall be taken into consideration and reduce the amount of the monthly deposits hereinabove required to be deposited into the Bond Fund from the Net Revenues of the System. Additionally, any proceeds of the Bonds Similarly Secured, and investment income thereon, not expended for authorized purposes shall be deposited into the Bond Fund and shall be taken into consideration and reduce the amount of monthly deposits required to be deposited into the Bond Fund from the Net Revenues of the System.

SECTION 14: Reserve Fund. To accumulate and maintain a reserve for the payment of the Bonds Similarly Secured (the *Required Reserve Amount*) equal to the (i) Average Annual Debt Service Requirements (calculated on a Fiscal Year basis and determined as of the date of issuance of the Bonds Similarly Secured or the most recently issued series of Bond Similarly Secured then Outstanding) for the Bonds Similarly Secured or (ii) the maximum amount in a reasonably required reserve fund for the Revenue Bonds from time to time that can be invested without restriction as to yield pursuant to section 148 of the Code (as defined in Section 35), the District agrees to create, establish, and maintain a separate and special fund or account known as the "Mountain Peak Special Utility District Utility System Revenue Bond Reserve Fund, New Series 2026" (the *Reserve Fund*), which fund or account shall be maintained at the Depository. All funds deposited into the Reserve Fund (excluding earnings and income derived or received from deposits or investments which will be transferred to the System Fund established in Section 12 of this Order during such period as there is on deposit in the Reserve Fund the Required Reserve Amount) shall be used solely for the payment of the principal of and interest on the Bonds Similarly Secured, when and to the extent other funds available for such purposes are insufficient, and, in addition, may be used to retire the last stated maturity or interest on the Bonds Similarly Secured.

Until the issuance of any Additional Parity Obligations, the Required Reserve Amount shall be $[________] ($[________] is already on deposit in the Reserve Fund) and the District will transfer $[________] to the Reserve Fund from lawfully available funds on a monthly basis as described below, which shall be accumulated, if necessary, in the following manner. Beginning on or before the tenth day of the month next following the delivery of the Bonds to the Purchaser and on or before the tenth day of each following month until the Required Reserve Amount has been accumulated in the Reserve Fund, the District covenants and agrees to deposit to the Reserve Fund from the Net Revenues of the System, or any other lawfully available funds, an amount not less than $[________] being the Required Reserve Fund Deposits.

As and when Additional Parity Obligations are delivered or incurred, the Required Reserve Amount shall be increased, if required, to an amount calculated in the manner provided in the first paragraph of this Section. Any additional amount required to be maintained in the Reserve Fund shall be so accumulated by the deposit of the necessary amount of the proceeds of the issue or other lawfully available funds in the Reserve Fund immediately after the delivery of the then proposed Additional Parity Obligations, or, at the option of the District, by the deposit of monthly installments, made on or before the tenth day of each month following the month of delivery of the then proposed Additional Parity Obligations, of not less than 1/60th of the additional amount to be maintained in the Reserve Fund by reason of the issuance of the Additional Parity Obligations then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash), such monthly deposits defined as the "Required Reserve Fund Deposits", thereby ensuring the accumulation of the appropriate Required Reserve Amount.

When and so long as the cash and investments in the Reserve Fund equal the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount (other than as the result of the issuance of Additional Parity Obligations as provided in the preceding paragraph), the District covenants and agrees to cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to said fund or account from the Net Revenues of the System, or any other lawfully available funds, such monthly deposits to be in amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the District to be maintained in the Reserve Fund with any such deficiency payments being made on or before the tenth day of each month until the Required Reserve Amount has been fully restored. The District further covenants and agrees that, subject only to the prior payments to be made to the Bond Fund and as required by the orders authorizing the issuance of any Additional Parity Obligations hereafter issued by the District, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Order and any other order pertaining to the issuance of any Additional Parity Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the District may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund.

To the extent permitted by law, the District expressly reserves the right to fund the Reserve Fund at the Required Reserve Amount by purchasing a Credit Facility that will unconditionally obligate the insurance company or other entity to pay all, or any part thereof, of the Required Reserve Amount in the event funds on deposit in the Bond Fund are not sufficient to pay the debt service requirements on the Bonds. All orders adopted after the date hereof authorizing the issuance of Additional Parity Obligations shall contain a provision to this effect.

In the event a Credit Facility issued to satisfy all or part of the District's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount, the District may transfer such excess amount to any fund or account established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to Chapter 1207, as amended, Texas Government Code) or use such excess amount for any lawful purpose now or hereafter provided by law; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund.

Notwithstanding anything to the contrary contained in this Section, the requirements set forth above to fund the Reserve Fund in the amount of the Required Reserve Amount shall be suspended for such time as the Pledged Revenues for each Fiscal Year are equal to at least 120% of the Average Annual Debt Service Requirements. In the event that the Pledged Revenues for any two consecutive Fiscal Years are less than 120% (unless such percentage is below 100% in any Fiscal Year, in which case the hereinafter–specified requirements will commence after such Fiscal Year) of the Average Annual Debt Service Requirements, the District will be required to commence making the deposits to the Reserve Fund, as provided above, and to continue making such deposits until the earlier of (i) such time as the Reserve Fund contains the Required Reserve Amount or (ii) the Pledged Revenues for a Fiscal Year have been equal to not less than 120% of the Average Annual Debt Service Requirements.

SECTION 15: Deficiencies - Excess Net Revenues.

A. If on any occasion there shall not be sufficient Net Revenues of the System to make the required deposits into (i) the funds and accounts required to be established, funded and maintained in accordance with the orders authorizing the issuance of the then-outstanding Bonds Similarly Secured and (ii) the Bond Fund and the Reserve Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Net Revenues of the System, or from any other sources available for such purpose, and such payments shall be in addition to the amounts required to be paid into these funds or accounts during such month or months.

B. Subject to making the required deposits set forth above and to the Bond Fund and the Reserve Fund when and as required by this Order, or any order authorizing the issuance of the Bonds Similarly Secured, or the payments required by the provisions of the orders authorizing the issuance of any Junior Lien Obligations or Subordinate Lien Obligations hereafter issued by the District, the excess Net Revenues of the System may be used by the District for any lawful purpose.

SECTION 16: Payment of Bonds Similarly Secured. While any of the Bonds Similarly Secured are Outstanding, any Authorized Official, shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund, and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds Similarly Secured as such installment accrues or matures; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds Similarly Secured at the close of the business day next preceding the date a debt service payment is due on the Bonds Similarly Secured.

SECTION 17: Investments. Funds held in any fund or account created, established, or maintained pursuant to this Order, at the option of the District, may be placed in time deposits, certificates of deposit, guaranteed investment contracts, or similar contractual agreements, as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, or any other law, and secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, including investments held in book-entry form, in securities including, but not limited to, direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from any fund or account will be available at the proper time or times. Such investments (except State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value within 45 days of the close of each Fiscal Year and, with respect to investments held for the account of the Reserve Fund, within 30 days of the date of passage of each order authorizing the issuance of the Bonds Similarly Secured. All interest and income derived from deposits and investments in the Bond Fund immediately shall be credited to, and any losses debited to, the Bond Fund. All interest and interest income derived from deposits in and investments of the Reserve Fund shall, subject to the limitations provided in Section 14, be credited to and deposited in the System Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

SECTION 18: Issuance of Additional Parity Obligations. The District reserves the right hereafter to issue Additional Parity Obligations when issued in compliance with the terms and conditions hereinafter prescribed, shall be payable from and equally and ratably secured by a first and prior lien on and pledge of the Net Revenues of the System. The Additional Parity Obligations may be issued in one or more installments, provided, however, that none shall be issued unless and until the following conditions have been met:

A. except for a refunding to cure a default, or the deposit of a portion of the proceeds of any Additional Parity Obligations to satisfy the District's obligations under this Order, the District is not then in default as to any covenant, condition, or obligation prescribed in this Order or in the orders authorizing the issuance of the then-outstanding Bonds Similarly Secured;

B. the laws of the State of Texas in force at such time provide for the issuance of the Additional Parity Obligations;

C. the District has secured from its chief financial officer or General Manager a certificate or opinion to the effect that, the Net Revenues of the System, for the preceding Fiscal Year or for any 12 consecutive calendar month period out of the 18 months immediately preceding the month the order authorizing the Additional Parity Obligations is adopted, are at least equal to one and one-fourth (1.25) times the Average Annual Debt Service Requirements for the payment of principal of and interest on all outstanding Bonds Similarly Secured after giving effect to the issuance of the Additional Parity Obligations then proposed. In making a determination of the Net Revenues, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective less than ninety (90) days prior to adoption of the order authorizing the issuance of the Additional Parity Obligations and, for purposes of satisfying the Net Revenues test, make a pro forma determination of the Net Revenues for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion;

D. the order authorizing the issuance of the Additional Parity Obligations provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Parity Obligations as the same mature; and

E. the order authorizing the issuance of the Additional Parity Obligations provides that the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the Required Reserve Amount after giving effect to the issuance of the proposed Additional Parity Obligations, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Additional Parity Obligations are delivered.

All such Additional Parity Obligations provided for in this Section, when issued in accordance with the above provisions, shall be payable from and equally and ratably secured by a first and prior lien on and pledge of the Net Revenues, and the provisions of this Order relating to the use of Net Revenues shall be applicable to such Additional Parity Obligations as though the same were a part of such original authorization.

The right to issue such other and further Additional Parity Obligations shall exist as often as the need therefor shall arise and so long as such Additional Parity Obligations are issued in compliance with law and the terms and conditions contained in this Order.

SECTION 19: Refunding Bonds. The District reserves the right to issue refunding bonds to refund all or any part of the Bonds Similarly Secured, pursuant to any law then available, upon such terms and conditions as the Board of Directors may deem to be in the best interest of the District and its inhabitants, and if less than all such outstanding Bonds Similarly Secured are refunded, the conditions precedent prescribed, for the issuance of Additional Parity Obligations, set forth in Section 18 of this Order shall be satisfied and the District official's certificate required in subparagraph C shall give effect to the Debt Service Requirements of the proposed refunding bonds (but shall not give effect to the Debt Service Requirements of the bonds being refunded following their cancellation or provision being made for their payment).

SECTION 20: Additional Revenue Obligations. The District hereby reserves the right to issue, at any time, obligations including, but not limited to, inferior lien obligations payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Net Revenues, subordinate and inferior in rank and dignity to the lien on and pledge of such Net Revenues securing the payment of the Bonds Similarly Secured as may be authorized by the laws of the State of Texas upon satisfying any conditions precedent contained in the orders authorizing the issuance of the Bonds Similarly Secured, including any Junior Lien Obligations or Subordinate Lien Obligations.

SECTION 21: Special Project Bonds. The District further reserves the right to issue bonds in one or more installments for the purchase, construction, improvement, extension, replacement, enlargement or repair of water, sewer and/or drainage facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or other entities, such bonds to be payable from and secured by the proceeds of such contract or contracts. The District further reserves the right to refund such bonds and secure the payment of the debt service requirements on the refunding bonds in the same manner.

SECTION 22: Maintenance of System - Insurance. The District covenants, agrees, and affirms its covenants that while the Bonds Similarly Secured remain outstanding it will maintain and operate the System with all possible efficiency and maintain casualty and other insurance on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type of business (which may include an adequate program of self-insurance); and that it will faithfully and punctually perform all duties with reference to the System required by the laws of the State of Texas, but in no event shall the amount of insurance maintained on the projects financed with the proceeds of the Bonds be less than the amount necessary to protect the Purchaser's interest. All money received from losses under such insurance policies, other than public liability policies, shall be retained for the benefit of the holders of the Bonds Similarly Secured until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operating Expenses. Nothing in this Order shall be construed as requiring the District to expend any funds which are derived from sources other than the operation of the System but nothing herein shall be construed as preventing the District from doing so.

SECTION 23: Records and Accounts – Annual Audit. The District covenants, agrees, and affirms its covenants that so long as any of the Bonds Similarly Secured remain outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto, as provided by Chapters 49 and 65, as amended, Texas Water Code, or other applicable law. The Holders of the Bonds or any duly authorized agent or agents of such Holders shall have the right to inspect the System and all properties comprising the same. The District further agrees that following (and in no event later than 180 days) the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of certified public accountants. Expenses incurred in making the annual audit of the operations of the System are to be regarded as Maintenance and Operating Expenses.

SECTION 24: Special Covenants. The District further covenants and agrees by and through this Order as follows:

A. It has the lawful power to pledge the Net Revenues supporting the Bonds and has lawfully exercised this power under the laws of the State of Texas, including the power existing under Chapters 49 and 65, as amended, Texas Water Code;

B. The Bonds Similarly Secured shall be equally and ratably secured by a first and prior lien on and pledge of the Net Revenues of the System in a manner that one bond shall have no preference over any other bond;

C. Other than for the payment of the Bonds Similarly Secured, the Net Revenues of the System have not in any manner been pledged to the payment of any debt or obligation of the District or of the System;

D. As long as any Bonds, or any interest thereon, remain Outstanding, the District will not sell, lease, or encumber the System or any substantial part thereof (except as provided in Sections 18, 19, 20, and 21 of this Order) provided that this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System;

E. No free service of the System (except water provided to the District for municipal fire-fighting purposes) shall be allowed, and, should the District or any of its agents or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the District out of funds from sources other than the revenues and income of the System;

F. It will pay and discharge from time to time and before the same become delinquent all lawful debts and liabilities of the District and all lawful claims for rents, royalties, labor, materials or supplies which if unpaid might by law become a lien or charge upon any part of the System the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein; and the District will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such debts, liabilities or claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the District; and

G. To the extent that it legally may, the District further covenants and agrees that, so long as any of the Bonds, or any interest thereon, are Outstanding, no franchise shall be granted for the installation or operation of any competing utility systems other than those owned by the District, and the operation of any such systems by anyone other than the District is hereby prohibited.

SECTION 25: <u>Limited Obligations of the District</u>. The Bonds are limited, special obligations of the District payable from and equally and ratably secured solely by a first and prior lien on and pledge of the Net Revenues of the System, and the Holders thereof shall never have the right to demand payment of the principal or interest on the Bonds Similarly Secured from any funds raised or to be raised through taxation by the District.

SECTION 26: <u>Security of Funds</u>. All money on deposit in the funds or accounts for which this Order makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and money on deposit in such funds or accounts shall be used only for the purposes permitted by this Order.

SECTION 27: <u>Remedies in Event of Default</u>. In addition to all the rights and remedies provided by the laws of the State of Texas and specifically to confirm that the Purchaser have all rights and remedies available under Texas law hereunder, the District also covenants and agrees particularly that in the event the District (a) defaults in the payments to be made to the Bond Fund or Reserve Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Order, the Holders of any of the Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the District and other officers of the District to observe and perform any covenant, condition, or obligation prescribed in this Order.

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

SECTION 28: Notices to Holders Waiver. Wherever this Order provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first-class postage prepaid, to the address of each Holder as it appears in the Security Register.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Holders. Where this Order provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 29: Bonds Are Negotiable Instruments. Each of the Bonds authorized herein shall be deemed and construed to be a "security" and as such a negotiable instrument with the meaning of the Chapter 8 of the Texas Uniform Commercial Code.

SECTION 30: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the District, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The District may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the District may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the District.

SECTION 31: Mutilated, Destroyed, Lost, and Stolen Bonds. If any mutilated Bond is surrendered to the Paying Agent/Registrar, or the District and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and there is delivered to the District and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the District or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the District shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Stated Maturity and interest rate and of like tenor and principal amount, bearing a number not contemporaneously outstanding. In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the District in its discretion may, instead of issuing a new Bond, pay such Bond. Upon the issuance of any new Bond or payment in lieu thereof, under this Section, the District may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses (including attorney's fees and the fees and expenses of the Paying Agent/Registrar) connected therewith. Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the District, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Order equally and ratably with all other Outstanding Bonds. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Bonds.

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**APPENDIX B**

**FINANCIAL INFORMATION – MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**

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## FINANCIAL INFORMATION OF THE ISSUER

### UTILITY SYSTEM DEBT DATA — TABLE 1

*(As of September 1, 2026)*

| | | | |
|---|---|---|---|
| Utility System Revenue Refunding Bonds, Series 2008 | $ | - | * |
| Utility System Revenue Bonds, Series 2009A | | - | * |
| Utility System Revenue Bonds, Series 2019 | | - | * |
| Utility System Revenue Bonds, Series 2026 (The "Bonds") | | 46,605,000 | ** |
| | $ | 46,605,000 | |

** The bonds denoted in the table above were defeased on September 18, 2026 utilizing lawfully available funds on hand, pursuant to a resolution approved by the District's Board of Directors on September 9, 2026.*

*** Preliminary, subject to change.*

### OTHER OBLIGATIONS — TABLE 2

*(As of December 31, 2025)*

The District entered into a note agreement with Citizens National Bank for $1,330,000 to fund water system improvements. The note will be repaid in 492 monthly installments. Interest payments will be the Wall Street Journal U.S. Prime rate plus 0.5%. The balance due at December 31, 2025 was $1,264,596. Further details may be found in the District's 2025 audited financial statements.

### WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT — TABLE 3

*The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, bad debt, debt service payments and expenditures identified as capital.*

| | Fiscal Year Ended | | | |
|---|---|---|---|---|
| | **12/31/2025** | **12/31/2024** | **12/31/2023** | **12/31/2022** |
| Total Revenue | $ 12,196,941 | $ 11,118,509 | $ 12,494,009 | $ 8,886,404 |
| Operating Expenses (less: Depreciation) | 7,090,192 | 5,516,153 | 4,965,001 | 3,795,464 |
| Net Available for Debt Service | $ 5,106,749 | $ 5,602,356 | $ 7,529,008 | $ 5,090,940 |
| Annual Debt Service | $ 390,438 | $ 390,214 | $ 394,639 | $ 388,678 |
| Annual Debt Service Coverage | 13.08X | 14.36X | 19.08X | 13.10X |
| Water Connections | 8,398 | 8,003 | 7,764 | 7,525 |
| Gallons Billed to Customers (1,000s) | 904,268 | 902,206 | 912,789 | 896,235 |

*Source: The District’s Annual Financial Reports and information provided by the District.*

**FUND BALANCES**

*(As of August 15, 2026)*

| | |
|---|---|
| Operating Fund | $ 5,923,535 |
| Interesting and Sinking Fund * | 237,003 |
| Reserve Fund * | 33,027 |
| Capital Improvement Fund | 14,621,926 |
| **Total** | $ 20,815,491 |

** On September 18, 2026, the District defeased their outstanding Series 2008, Series 2009A and Series 2019 bonds using existing I&S fund and Debt Service Reserve Fund balances. Balances shown above are net of defeasance.*
*Source: The District's Annual Financial Reports and information provided by the District.*

**UTILITY SYSTEM REVENUE DEBT** **TABLE 4**

| Fiscal Year 31-Dec | Current Total Debt Service* | The Bonds** Principal | Interest [1] | Total Debt Service |
|---|---|---|---|---|
| 2026 | $ - | $ - | $ - | $ - |
| 2027 | - | 685,000 | 2,313,125 | 2,998,125 |
| 2028 | - | 720,000 | 2,278,000 | 2,998,000 |
| 2029 | - | 760,000 | 2,241,000 | 3,001,000 |
| 2030 | - | 795,000 | 2,202,125 | 2,997,125 |
| 2031 | - | 840,000 | 2,161,250 | 3,001,250 |
| 2032 | - | 880,000 | 2,118,250 | 2,998,250 |
| 2033 | - | 925,000 | 2,073,125 | 2,998,125 |
| 2034 | - | 975,000 | 2,025,625 | 3,000,625 |
| 2035 | - | 1,025,000 | 1,975,625 | 3,000,625 |
| 2036 | - | 1,075,000 | 1,923,125 | 2,998,125 |
| 2037 | - | 1,130,000 | 1,868,000 | 2,998,000 |
| 2038 | - | 1,190,000 | 1,810,000 | 3,000,000 |
| 2039 | - | 1,250,000 | 1,749,000 | 2,999,000 |
| 2040 | - | 1,315,000 | 1,684,875 | 2,999,875 |
| 2041 | - | 1,380,000 | 1,617,500 | 2,997,500 |
| 2042 | - | 1,455,000 | 1,546,625 | 3,001,625 |
| 2043 | - | 1,530,000 | 1,472,000 | 3,002,000 |
| 2044 | - | 1,605,000 | 1,393,625 | 2,998,625 |
| 2045 | - | 1,690,000 | 1,311,250 | 3,001,250 |
| 2046 | - | 1,775,000 | 1,224,625 | 2,999,625 |
| 2047 | - | 1,865,000 | 1,133,625 | 2,998,625 |
| 2048 | - | 1,960,000 | 1,038,000 | 2,998,000 |
| 2049 | - | 2,060,000 | 937,500 | 2,997,500 |
| 2050 | - | 2,165,000 | 831,875 | 2,996,875 |
| 2051 | - | 2,280,000 | 720,750 | 3,000,750 |
| 2052 | - | 2,395,000 | 603,875 | 2,998,875 |
| 2053 | - | 2,520,000 | 481,000 | 3,001,000 |
| 2054 | - | 2,650,000 | 351,750 | 3,001,750 |
| 2055 | - | 2,785,000 | 215,875 | 3,000,875 |
| 2066 | - | 2,925,000 | 73,125 | 2,998,125 |
| | $ - | $ 46,605,000 | $ 43,376,125 | $ 89,981,125 |

** The bonds denoted in the table above were defeased on September 18, 2026 utilizing lawfully available funds on hand, pursuant to a resolution approved by the District's Board of Directors on September 9,*
*** Preliminary; subject to change.*
*[1] Interest calculated at an assumed rate for purpose of illustration.*

**PRINCIPAL REPAYMENT SCHEDULE**

| Fiscal Year Ending 31 Decmeber | Principal Repayment Schedule* Outstanding Bonds** | The Bonds | Total | Bonds Unpaid at End of Year* | Percent of Principal Retired (%)* |
|---|---|---|---|---|---|
| 2026 | $ - | $ - | $ - | $ 46,605,000 | 0.00% |
| 2027 | - | 685,000 | 685,000 | 45,920,000 | 1.47% |
| 2028 | - | 720,000 | 720,000 | 45,200,000 | 3.01% |
| 2029 | - | 760,000 | 760,000 | 44,440,000 | 4.65% |
| 2030 | - | 795,000 | 795,000 | 43,645,000 | 6.35% |
| 2031 | - | 840,000 | 840,000 | 42,805,000 | 8.15% |
| 2032 | - | 880,000 | 880,000 | 41,925,000 | 10.04% |
| 2033 | - | 925,000 | 925,000 | 41,000,000 | 12.03% |
| 2034 | - | 975,000 | 975,000 | 40,025,000 | 14.12% |
| 2035 | - | 1,025,000 | 1,025,000 | 39,000,000 | 16.32% |
| 2036 | - | 1,075,000 | 1,075,000 | 37,925,000 | 18.62% |
| 2037 | - | 1,130,000 | 1,130,000 | 36,795,000 | 21.05% |
| 2038 | - | 1,190,000 | 1,190,000 | 35,605,000 | 23.60% |
| 2039 | - | 1,250,000 | 1,250,000 | 34,355,000 | 26.28% |
| 2040 | - | 1,315,000 | 1,315,000 | 33,040,000 | 29.11% |
| 2041 | - | 1,380,000 | 1,380,000 | 31,660,000 | 32.07% |
| 2042 | - | 1,455,000 | 1,455,000 | 30,205,000 | 35.19% |
| 2043 | - | 1,530,000 | 1,530,000 | 28,675,000 | 38.47% |
| 2044 | - | 1,605,000 | 1,605,000 | 27,070,000 | 41.92% |
| 2045 | - | 1,690,000 | 1,690,000 | 25,380,000 | 45.54% |
| 2046 | - | 1,775,000 | 1,775,000 | 23,605,000 | 49.35% |
| 2047 | - | 1,865,000 | 1,865,000 | 21,740,000 | 53.35% |
| 2048 | - | 1,960,000 | 1,960,000 | 19,780,000 | 57.56% |
| 2049 | - | 2,060,000 | 2,060,000 | 17,720,000 | 61.98% |
| 2050 | - | 2,165,000 | 2,165,000 | 15,555,000 | 66.62% |
| 2051 | - | 2,280,000 | 2,280,000 | 13,275,000 | 71.52% |
| 2052 | - | 2,395,000 | 2,395,000 | 10,880,000 | 76.65% |
| 2053 | - | 2,520,000 | 2,520,000 | 8,360,000 | 82.06% |
| 2054 | - | 2,650,000 | 2,650,000 | 5,710,000 | 87.75% |
| 2055 | - | 2,785,000 | 2,785,000 | 2,925,000 | 93.72% |
| 2056 | - | 2,925,000 | 2,925,000 | - | 100.00% |
| | $ - | $ 46,605,000 | $ 46,605,000 | | |

**   Preliminary; subject to change.*
*** The bonds denoted in the table above were defeased on September 18, 2026 utilizing lawfully available funds on hand, pursuant to a resolution approved by the District's Board of Directors on September 9, 2026.*

## CAPITAL ASSETS TABLE 5

*Capital asset activity for the year ended December 31, 2025 (Audited) was as follows:*

| | Beginning Balance 1/1/2025 | Increases | Decreases | Ending Balance 12/31/2025 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $1,333,613 | $162,132 | - | $1,495,745 |
| Construction in progress | $6,200,287 | $4,208,545 | ($1,623,915) | $8,784,917 |
| Total capital assets not being depreciated | $7,533,900 | $4,370,677 | ($1,623,915) | $10,280,662 |
| Capital assets being depreciated: | | | | |
| Buildings and building improvements | $449,253 | - | - | $449,253 |
| System improvements | $32,051,866 | $2,170,206 | - | $34,222,072 |
| Machinery and equipment | $1,031,264 | $250,138 | ($98,135) | $1,183,267 |
| Total capital assets being depreciated | $33,532,383 | $2,420,344 | ($98,135) | $35,854,592 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | ($355,407) | ($20,020) | - | ($375,427) |
| System improvements | ($11,480,047) | ($1,089,941) | - | ($12,569,988) |
| Machinery and equipment | ($820,192) | ($101,332) | $98,135 | ($823,389) |
| Total accumulated depreciation | ($12,655,646) | ($1,211,293) | $98,135 | ($13,768,804) |
| Total capital assets being depreciated, net | $20,876,737 | $1,209,051 | - | $22,085,788 |
| Capital Assets, Net | $28,410,637 | $5,579,728 | ($1,623,915) | $32,366,450 |

*Source: The District's audited financial statements.*

## HISTORICAL PRODUCTION AND CONSUMPTION DATA TABLE 6

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Production: | | | | | |
| Gallons pumped into System | 1,143,571,000 | 1,089,792,000 | 1,128,864,000 | 1,226,436,000 | 1,111,462,000 |
| Usage: | | | | | |
| Total Water Connections | 8,398 | 8,003 | 7,764 | 7,525 | 6,985 |
| Total Gallons Billed | 904,268,000 | 902,206,000 | 912,789,000 | 896,235,000 | 748,270,000 |
| Average Monthly Usage Per User | 8,973 | 9,394 | 9,797 | 9,925 | 13,260 |
| Percentage Water Loss in System | 20.93% | 17.21% | 19.14% | 26.92% | 32.68% |

*Source: The District’s Annual Financial Reports and information provided by the District.*

[Based on Monthly Billing]

***District's Current Rates (as of July 1, 2026)***

| | | | |
|---|---|---|---|
| ***General*** | | ***Senior Rate — 1" Meter*** | |
| ***Minimum Charge (by Meter Size)*** | | ***Minimum Charge (by Meter Size)*** | |
| 3/4" Meter | $29.55 | 1" Meter | $50.70 |
| 1" Meter | $50.70 | | |
| 1 1/2" Meter | $63.70 | ***Volumetric Charge (Rate per 1,000 Gallons)*** | |
| 2" Meter | $89.70 | 0 - 1,000 gallons | $0.00 |
| 3" Meter | $154.71 | 1,001 - 6,000 gallons | $5.20 |
| 6" Meter | $201.51 | 6,001 - 11,000 gallons | $5.98 |
| | | 11,001 - 21,000 gallons | $7.02 |
| ***Volumetric Charge (Rate per 1,000 Gallons)*** | | 21,001 - 31,000 gallons | $7.80 |
| 0 - 5,000 gallons | $5.20 | 31,001 - 41,000 gallons | $9.88 |
| 5,001 - 10,000 gallons | $5.98 | 41,001 - 51,000 gallons | $10.92 |
| 10,001 - 20,000 gallons | $7.02 | 51,001+ gallons | $13.78 |
| 20,001 - 30,000 gallons | $7.80 | | |
| 30,001 - 40,000 gallons | $9.88 | ***Senior Rate — 3/4" Meter*** | |
| 40,001 - 50,000 gallons | $10.92 | ***Minimum Charge (by Meter Size)*** | |
| 50,001+ gallons | $13.78 | 3/4" Meter | $29.55 |
| ***D/H (Duplex/House)*** | | ***Volumetric Charge (Rate per 1,000 Gallons)*** | |
| ***Minimum Charge (by Meter Size)*** | | 0 - 1,000 gallons | $0.00 |
| 3/4" Meter | $41.60 | 1,001 - 5,000 gallons | $5.20 |
| 3/4" +1 Meter | $50.70 | 5,001 - 10,000 gallons | $5.98 |
| | | 10,001 - 20,000 gallons | $7.02 |
| ***Volumetric Charge (Rate per 1,000 Gallons)*** | | 20,001 - 30,000 gallons | $7.80 |
| 0 - 5,000 gallons | $5.20 | 30,001 - 40,000 gallons | $9.88 |
| 5,001 - 10,000 gallons | $5.98 | 40,001 - 50,000 gallons | $10.92 |
| 10,001 - 20,000 gallons | $7.02 | 50,001+ gallons | $13.78 |
| 20,001 - 30,000 gallons | $7.80 | | |
| 30,001 - 40,000 gallons | $9.88 | ***Wholesale*** | |
| 40,001 - 50,000 gallons | $10.92 | ***Minimum Charge (by Meter Size)*** | |
| 50,001+ gallons | $13.78 | All Meters | $0.00 |
| ***Portable Meter*** | | ***Volumetric Charge (Rate per 1,000 Gallons)*** | |
| ***Minimum Charge (by Meter Size)*** | | 0 - 150,000 gallons | $4.50 |
| All Meters | $97.50 | 150,001 - 199,900 gallons | $5.00 |
| | | 199,901+ gallons | $5.50 |
| ***Volumetric Charge (Rate per 1,000 Gallons)*** | | | |
| All Usage | $13.00 | | |
| ***Sardis Water*** | | | |
| ***Minimum Charge (by Meter Size)*** | | | |
| All Meters | $0.00 | | |
| ***Volumetric Charge (Rate per 1,000 Gallons)*** | | | |
| All Usage | $4.94 | | |

*Source: The District.*

**TOP 10 USERS - 2025** **TABLE 8**

| Account Name | Per 1,000 Gallons | % of Total |
|---|---|---|
| Salvation Army | 51,639 | 20.88% |
| Titan Ready Mix | 33,724 | 13.63% |
| Salvation Army | 32,126 | 12.99% |
| Lawson Farms H.O.A. | 25,763 | 10.42% |
| Midlo Younger, LLC | 22,751 | 9.20% |
| Chilis Midlothian #1605 | 17,374 | 7.02% |
| Midlo Younger, LLC | 17,218 | 6.96% |
| Midlo Younger, LLC | 15,985 | 6.46% |
| Midlo Municipal Mgmt. District 3 | 15,840 | 6.40% |
| Dove Creek H.O.A. | 14,938 | 6.04% |
| | 247,358 | 100.00% |

*Source: Information provided by the District.*

**EMPLOYEE'S PENSION PLAN** **TABLE 9**

The District does not participate in the Texas County & District Retirement System (TCDRS). Instead, the District maintains a 457(b) deferred compensation retirement plan covering full-time employees who are at least 18 years old and have completed at least three months of service.

Information regarding the District's pension plan can be found within their audit "NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES, Section G - Retirement Plan," page 19.

## APPENDIX C

## FORM OF LEGAL OPINION OF BOND COUNSEL

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October 14, 2026

NORTON ROSE FULBRIGHT

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**DRAFT**

IN REGARD to the authorization and issuance of the "Mountain Peak Special Utility District Utility System Revenue Bonds, New Series 2026" (the *Bonds*), dated October 1, 2026, in the aggregate principal amount of $__,___,___ we have reviewed the legality and validity of the issuance thereof by the Board of Directors of the Mountain Peak Special Utility District (the *Issuer*). The Bonds are issuable in fully registered form only, in denominations of $5,000 or any integral multiple thereof (within a Stated Maturity). The Bonds have Stated Maturities of December 1 in each of the years 20__ through 20__, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Bonds. Interest on the Bonds accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the order (the *Order*) authorizing the issuance of the Bonds. Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Order.

WE HAVE SERVED AS BOND COUNSEL for the Issuer solely to pass upon the legality and validity of the issuance of the Bonds under the laws of the State of Texas and with respect to the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer or the Issuer's combined utility system (the *System*). We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the Board of Directors of the Issuer in connection with the issuance of the Bonds, including the Order; (2) customary certifications and opinions of officials of the Issuer; (3) certificates executed by officers of the Issuer relating to the expected use and investment of proceeds of the Bonds and certain other funds of the Issuer and to certain other facts solely within the knowledge and control of the Issuer; and (4) such other documentation, including an examination of the Bonds executed and delivered initially by the Issuer, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

**Legal Opinion of Norton Rose Fulbright US LLP, San Antonio, Texas in connection with the authorization and issuance of MOUNTAIN PEAK SPECIAL UTILITY DISTRICT UTILITY SYSTEM REVENUE BONDS, NEW SERIES 2026**

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that the Bonds have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Bonds are valid and legally binding special obligations of the Issuer enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Bonds are payable from and equally and ratably secured solely, together with the currently outstanding Previously Issued Parity Bonds, by a first and prior lien on and pledge of the Net Revenues derived from the operation of the System. In the Order, the Issuer retains the right to issue Additional Parity Obligations, Junior Lien Obligations, and Subordinate Lien Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Issuer, except with respect to the Net Revenues. The holder of the Bonds shall never have the right to demand payment of the Bonds out of any funds raised or to be raised by taxation. The pledge of Net Revenues is subject to the right of a city, under existing Texas law, to annex all of the territory within the Issuer; to take over all properties and assets of the Issuer; to assume all debts, liabilities, and obligations of the Issuer, including the Bonds; and to abolish the Issuer.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that, assuming continuing compliance after the date hereof by the Issuer with the provisions of the Order and in reliance upon the representations and certifications of the Issuer made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Bonds will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the Code), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code, (2) interest on the Bonds will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals[, and (3) the Bonds are not "private activity bonds" within the meaning of section 141 of the Code].

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue

Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Norton Rose Fulbright US LLP

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**APPENDIX D**

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT'S**
**AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED**
**DECEMBER 31, 2025**

(Independent Auditor's Report, General Financial Statements and Notes to the Financial Statements - not intended to be a complete statement of the Issuer's financial condition. Reference is made to the complete Annual Financial Report for further information.)

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2025

TABLE OF CONTENTS

YWRD, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
Tracie Wood, CPA | Joyce Reeve, CPA | Bryan Thomas, CPA | Taylor Strona, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mountain Peak Special Utility District
Midlothian, Texas

***Opinion***

We have audited the accompanying basic financial statements of the Mountain Peak Special Utility District as of and for the year ended December 31, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mountain Peak Special Utility District, as of December 31, 2025, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mountain Peak Special Utility District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mountain Peak Special Utility District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.


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***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mountain Peak Special Utility District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mountain Peak Special Utility District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit .

Board of Directors
Mountain Peak Special Utility District
Page Three

***Required Supplementary Information***

Accounting principles generally accepted in the Unites States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the supplementary financial data but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

YWRD, P.C.

YWRD, P.C.
*Certified Public Accountants*

Ennis, Texas
May 4, 2026

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Mountain Peak Special Utility District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the District exceeded its liabilities at the close of the most recent fiscal year by $48,589,862 (net position). Of this amount, $17,190,727 (unrestricted net position) may be used to meet the government's ongoing obligations to customers and creditors.

- The District's total net position increased by $3,776,093.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's financial statements are comprised of two components: 1) fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains one type of proprietary fund. The enterprise fund is used to report the functions that are intended to recover all of their costs through user fees and charges. The District uses the enterprise fund to account for its operations.

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources and liabilities, with the difference between the three reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Change in Net Position shows the revenue sources and expenses and reflects the net change in position for the fiscal year. This statement can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges.

The Statement of Cash Flows provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities.

The fund financial statements can be found on pages 8-10 of this report.

**Notes to Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found on pages 11-22 of this report.

**FINANCIAL ANALYSIS OF THE DISTRICT**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by $48,589,862 as of December 31, 2025.

A large portion of the District's net position (62%) reflects its investments in capital assets (e.g., land, construction in progress, buildings, system improvements, and machinery and equipment). The District uses these capital assets to provide service to customers; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**MOUNTAIN PEAK SPECIAL UTILITY DISTRICT'S NET POSITION**

| | 2025 | 2024 |
|---|---|---|
| Current and other assets | $ 22,145,150 | $ 21,468,396 |
| Capital assets | 32,366,450 | 28,410,637 |
| Total assets | 54,511,600 | 49,879,033 |
| Deferred Outflows of Resources | 23,043 | 34,565 |
| Long term liabilities | 2,330,111 | 2,744,673 |
| Other liabilities | 3,614,670 | 2,355,156 |
| Total liabilities | 5,944,781 | 5,099,829 |
| Net position: | | |
| Net investment in capital assets | 30,074,897 | 25,752,293 |
| Restricted | 1,324,238 | 1,393,729 |
| Unrestricted | 17,190,727 | 17,667,747 |
| Total net position | $ 48,589,862 | $ 44,813,769 |

An additional portion of the District's net position (3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, $17,190,727, may be used to meet the District's ongoing obligation to customers and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position.

The following table provides a summary of the District's operations. The District's operations increased net position by $3,776,093 in the current year.

## MOUNTAIN PEAK SPECIAL UTILITY DISTRICT'S CHANGE IN NET POSITION

| | 2025 | 2024 |
|---|---|---|
| Revenues: | | |
| Operating | $ 7,437,200 | $ 7,351,619 |
| Nonoperating | 460,710 | 613,942 |
| Total revenues | 7,897,910 | 7,965,561 |
| Expenses: | | |
| Depreciation and amortization | 1,211,293 | 1,010,918 |
| Other operating | 7,090,192 | 5,516,153 |
| Nonoperating | 119,363 | 132,993 |
| Total expenses | 8,420,848 | 6,660,064 |
| Income (loss) before capital contributions | (522,938) | 1,305,497 |
| Capital contributions | 4,299,031 | 3,152,948 |
| Changes in net position | 3,776,093 | 4,458,445 |
| Net position - beginning | 44,813,769 | 40,355,324 |
| Net position - ending | $ 48,589,862 | $ 44,813,769 |

## CAPITAL ASSETS

The District's investment in capital assets as of December 31, 2025 amounts to $32,366,450 (net of accumulated depreciation).

Major capital asset events during the current fiscal year included the following:

- Approximately $162,000 of land was added.
- Approximately $4,209,000 of construction in progress was incurred.
- Approximately $1,624,000 of construction in progress was completed.
- Approximately $546,000 of system improvements were added.
- Approximately $250,000 of machinery and equipment were added.

### Capital Assets at Year-End
### Net of Accumulated Depreciation

| | 2025 | 2024 |
|---|---|---|
| Land | $ 1,495,745 | $ 1,333,613 |
| Construction in progress | 8,784,917 | 6,200,287 |
| Buildings and building improvements | 73,826 | 93,846 |
| System improvements | 21,652,084 | 20,571,819 |
| Machinery and equipment | 359,878 | 211,072 |
| Total | $ 32,366,450 | $ 28,410,637 |

Additional information on the District's capital assets can be found in note 3.D of this report.

## LONG TERM DEBT

At the end of the current fiscal year, the District had a total bonded debt of $1,050,000. The District's bond's are secured solely by the revenues of the District.

**Outstanding Debt at Year End**
**Bonds and Note Payable**

| | 2025 | 2024 |
|---|---|---|
| Revenue bonds | $ 1,050,000 | $ 1,405,000 |
| Note payable | 1,264,596 | 1,287,904 |
| | $ 2,314,596 | $ 2,692,904 |

Additional information on the District's long term-debt can be found in note 3.I of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2026 Budget, operating revenues are budgeted to increase by 2% from the 2025 budget year with water sales making up about 93% of budgeted revenues. The District's water rates are reviewed by staff and the Board of Directors on an annual basis and were last adjusted in July of 2022.

## REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mountain Peak Special Utility District, 5671 Waterworks Road, Midlothian, Texas 76065.

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***
STATEMENT OF NET POSITION
December 31, 2025

| | |
|---|---|
| **ASSETS** | |
| Current assets: | |
| Cash and cash equivalents | $ 14,817,297 |
| Restricted cash and cash equivalents | 28,341 |
| Investments | 3,946,451 |
| Receivables (net of allowance for uncollectibles) | 726,203 |
| Due from developer | 919,573 |
| Inventory | 354,899 |
| Prepaid items | 54,398 |
| Total current assets | 20,847,162 |
| | |
| Noncurrent assets: | |
| Restricted cash and cash equivalents | 1,297,988 |
| Capital assets: | |
| Non-depreciable | 10,280,662 |
| Depreciable (net of accumulated depreciation) | 22,085,788 |
| Total noncurrent assets | 33,664,438 |
| Total assets | 54,511,600 |
| | |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred amount on refunding | 23,043 |
| Total deferred outflows of resources | 23,043 |
| | |
| **LIABILITIES** | |
| Current liabilities: | |
| Accounts payable | 2,728,867 |
| Accrued payroll payable | 15,012 |
| Compensated absences | 15,515 |
| Customer deposits payable | 810,400 |
| Due to other governments | 58,300 |
| Current portion of long-term debt | 345,977 |
| Current liabilities payable from restricted assets: | |
| Accrued interest payable | 2,091 |
| Current portion of long-term debt | 26,250 |
| Total current liabilities payable from restricted assets | 28,341 |
| Total current liabilities | 4,002,412 |
| | |
| Long-term debt | 1,942,369 |
| Total liabilities | 5,944,781 |
| | |
| **NET POSITION** | |
| Net investment in capital assets | 30,074,897 |
| Restricted for debt service | 1,324,238 |
| Unrestricted | 17,190,727 |
| Total net position | $ 48,589,862 |

The notes to financial statements are an integral part of this statement.

*MOUNTAIN PEAK SPECIAL UTILITY DISTRICT*
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the Year Ended December 31, 2025

| | |
|---|---|
| **OPERATING REVENUES** | |
| Water sales | $ 6,918,953 |
| Connection fees | 95,161 |
| Miscellaneous | 296,102 |
| Late charges | 126,984 |
| Total operating revenues | 7,437,200 |
| **OPERATING EXPENSES** | |
| Contract services | 521,932 |
| Dues and subscriptions | 34,164 |
| Insurance-employee | 349,018 |
| Fuel/auto/equipment | 149,248 |
| Repairs and maintenance - system | 861,493 |
| Repairs and maintenance - office | 56,191 |
| Uniforms | 10,388 |
| Water samples | 14,960 |
| Insurance-liability/property | 79,020 |
| Miscellaneous | 193,254 |
| Postage | 48,316 |
| Legal | 220,200 |
| Accounting | 59,144 |
| Office | 12,423 |
| Telephone | 25,386 |
| Payroll | 1,215,652 |
| Employee retirement plan | 73,879 |
| Payroll taxes | 100,101 |
| Seminars, meetings and training | 11,130 |
| Water purchases | 2,348,277 |
| Utilities | 530,513 |
| Prairieland GCD fees | 175,503 |
| Depreciation | 1,211,293 |
| Total operating expenses | 8,301,485 |
| OPERATING LOSS | (864,285) |
| **NONOPERATING REVENUES (EXPENSES)** | |
| Interest | 459,209 |
| Gain on disposal of asset | 1,501 |
| Interest and fiscal charges | (119,363) |
| Total nonoperating revenue | 341,347 |
| LOSS BEFORE CONTRIBUTIONS | (522,938) |
| Capital contributions | 4,299,031 |
| CHANGE IN NET POSITION | 3,776,093 |
| TOTAL NET POSITION, BEGINNING | 44,813,769 |
| TOTAL NET POSITION, ENDING | $ 48,589,862 |

The notes to financial statements are an integral part of this statement.

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Receipts from customers | $ 7,422,186 |
| Payments to suppliers | (5,437,983) |
| Payments to employees | (1,247,079) |
| Net cash provided by operating activities | 737,124 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Acquisition and construction of capital assets | (3,636,895) |
| Proceeds from sale of capital assets | 1,501 |
| Contributed capital from customers | 2,550,642 |
| Principal paid on capital debt | (378,308) |
| Interest and fiscal charges paid on capital debt | (131,331) |
| Net cash used for capital and related financing activities | (1,594,391) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest on cash and cash equivalents | 459,209 |
| Proceeds from maturity of investments | 3,835,636 |
| Purchase of investments | (3,946,451) |
| Net cash provided by investing activities | 348,394 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (508,873) |
| Cash and cash equivalents January 1 (including $1,396,650 reported in restricted accounts) | 16,652,499 |
| Cash and cash equivalents December 31 (including $1,326,329 reported in restricted accounts) | $ 16,143,626 |
| **Reconciliation of operating loss to net cash provided by (used for) operating activities:** | |
| Operating loss | $ (864,285) |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: | |
| Depreciation and amortization | 1,211,293 |
| (Increase) decrease in accounts receivable | (36,114) |
| (Increase) decrease in inventory | (115,153) |
| (Increase) decrease in prepaid items | (3,972) |
| Increase (decrease) in accounts payable and accrued expenses | 560,081 |
| Increase (decrease) in accounts payroll payable | 4,827 |
| Increase (decrease) in due to other governments | (4,399) |
| Increase (decrease) in compensated absences | (36,254) |
| Net increase in customer deposits | 21,100 |
| Total adjustments | 1,601,409 |
| Net cash provided by operating activities | $ 737,124 |
| **NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES** | |
| Capital assets purchased on account | $ 1,026,246 |
| Capital assets contributed from developers | $ 546,291 |

The notes to financial statements are an integral part of this statement.

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting entity

Pursuant to a petition filed, Mountain Peak Special Utility District (the "District') was created by order of the Texas Water Commission, dated December 18, 2002, pursuant to, and operating under, the provisions of Chapter 65, Texas Water Code. Creation of the District was confirmed at an election held within the boundaries of the District on November 4, 2003.

The District is a political sub-division organized for the purpose of furnishing a water supply for the District CCN number 10908. The authorized service area lies primarily in the northern part of Ellis County, with a portion extending into the eastern part of Johnson County.

The financial statements are prepared on the basis of Governmental Accounting Standards Board (GASB) Statement Number 34, Financial Statements, Management Discussion and Analysis for State and Local Governments and related standards. This statement provides significant changes in terminology, a presentation of net position, as well as an inclusion of a management discussion and analysis.

Accounting principles generally accepted in the United States of America require that this financial statement present the District (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both the following criteria; the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The District does not have any component units that meet these criteria.

### B. Measurement focus, basis of accounting, and basis of presentation

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, deferred outflows of resources, liabilities, net position, revenues and expenses. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees charged from the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation and debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation and debt service).

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### B. Measurement focus, basis of accounting, and basis of presentation (continued)

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into net investment in capital assets; restricted for debt service; and unrestricted components.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operation. The principal operating revenues are charges to customers for sales and services and connection fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

### C. Assets, deferred outflows of resources, liabilities, and net position

#### 1. *Cash and cash equivalents*

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

#### 2. *Investments*

Investments maturing more than three months from the date acquired are classified as investments held to maturity. Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in TexSTAR.

TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund is rated AAAm by Standard and Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas PFIA for local government investment pools.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. Assets, deferred outflows of resources, liabilities, and net position (continued)

J.P. Morgan Investment Management Inc. ("JPMIM" or the "investment manager") and Hilltop Securities Inc. ("HTS") serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors (the "Board"). JPMIM provides investment management services, and First Southwest, A Division of HTS, provides participant services and marketing. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc. ("BFDS" or the "Transfer Agent"). Each of JPMIM, HTS, BFDS, and JPMorgan Chase Bank, N.A. may provide certain services, including those described herein, through the use of subcontractors or delegates.

#### 3. *Restricted assets*

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

#### 4. *Receivables*

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of sixty days comprise the trade accounts receivable allowance for uncollectibles.

#### 5. *Inventory and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. Assets, deferred outflows of resources, liabilities, and net position (continued)

#### 6. *Capital assets*

Capital assets are defined by the District as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment are depreciated using the straight line method over the following estimated useful lives:

| Capital asset classes | Lives |
|---|---|
| Buildings and building improvements | 20 |
| System improvements | 10-50 |
| Machinery and equipment | 3-7 |

#### 7. *Deferred outflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

#### 8. *Compensated absences*

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. All sick pay is accrued when incurred.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. Assets, deferred outflows of resources, liabilities, and net position (continued)

#### 9. *Long-term liabilities*

Bonds payable are reported at face value, net of applicable discounts and deferred loss on refunding. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Losses occurring from advance refunding of debt are deferred and amortized as interest expense over the remaining life of the refunded bonds, or the life of the new bonds, whichever is shorter.

#### 10. *Net position*

Net position comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position are classified in the following three components:

*Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted* – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* – This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

## NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary information

#### 1. *Budgetary basis of accounting*

The District's annual budget is adopted on a budgetary basis of accounting. The legal level of budgetary control is the fund level.

## NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

### A. Budgetary information (continued)

#### 2. *Compliance with finance related legal and contractual provisions.*

The District has no material violations of finance related legal and contractual provisions, including the Texas Public Funds Investment Act.

## NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES

### A. Deposits and investments

#### 1. *Deposits*

*Custodial credit risk-deposits*. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. At year end, the District's bank balance was $17,836,187, of which $2,095,837 was covered by federal depository insurance and the remaining balance was covered by collateral pledged in the District's name. The collateral was held in the District's name by the safekeeping department of the pledging bank's agent and had a fair value of approximately $17,633,000.

#### 2. *Investments*

Public funds of the District may be invested in obligations of the United States of America, its agencies and instrumentalities; direct obligations of the State of Texas and agencies thereof; other obligations, the principal of and interest on which are unconditionally guaranteed by the State of Texas or the United States of America; obligations of the States, agencies thereof, Counties, Cities, Districts and other political subdivisions; repurchase agreements; certificates of deposit; and joint pools of political subdivisions in the State of Texas or other investments authorized by the covenants contained in the proceedings authorizing the issuance of bonds, notes or other obligations.

TexSTAR operates in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. The pool seeks to maintain a $1 value per share as required by the Texas Public Funds Investment Act. The Pool has a credit rating of AAAm from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The Pool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)**

**A. Deposits and investments (continued)**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the Public Funds Investment Act, and the actual rating as of year end.

| Investment Type | Fair Value | Minimum Legal Rating | Rating as of Year End |
|---|---|---|---|
| TexSTAR | $ 2,323,533 | N/A | AAAm |
| Certificates of deposit | 3,946,451 | N/A | N/A |
| | $ 6,269,984 | | |

*Concentration of credit risk.* The City's investment policy contains no limitations on the amount that can be invested in any one issuer.

TexSTAR is considered a cash equivalent on the Statement of Net Position.

**B. Restricted assets**

The balances of the restricted asset accounts are as follows:

| | |
|---|---|
| Revenue bond debt service account | $ 879,905 |
| Revenue bond reserve account | 446,424 |
| | $ 1,326,329 |

**C. Receivables**

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

| Receivables: | |
|---|---|
| Accounts | $ 910,361 |
| Less: allowance for uncollectibles | (184,158) |
| Net total receivables | $ 726,203 |

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)**

### D. Capital assets

Capital asset activity for the year ended December 31, 2025, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 1,333,613 | $ 162,132 | $ - | $ 1,495,745 |
| Construction in progress | 6,200,287 | 4,208,545 | (1,623,915) | 8,784,917 |
| Total capital assets not being depreciated | 7,533,900 | 4,370,677 | (1,623,915) | 10,280,662 |
| Capital assets being depreciated: | | | | |
| Buildings and building improvements | 449,253 | - | - | 449,253 |
| System improvements | 32,051,866 | 2,170,206 | - | 34,222,072 |
| Machinery and equipment | 1,031,264 | 250,138 | (98,135) | 1,183,267 |
| Total capital assets being depreciated | 33,532,383 | 2,420,344 | (98,135) | 35,854,592 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (355,407) | (20,020) | - | (375,427) |
| System improvements | (11,480,047) | (1,089,941) | - | (12,569,988) |
| Machinery and equipment | (820,192) | (101,332) | 98,135 | (823,389) |
| Total accumulated depreciation | (12,655,646) | (1,211,293) | 98,135 | (13,768,804) |
| Total capital assets being depreciated, net | 20,876,737 | 1,209,051 | - | 22,085,788 |
| Capital assets, net | $ 28,410,637 | $ 5,579,728 | $ (1,623,915) | $ 32,366,450 |

The construction in progress consists of system improvements.

### E. Construction commitments

The District has construction projects outstanding as of December 31, 2025. These projects consist of system improvements and are evidenced by contractual commitments with $6,601,422 spent to date and $3,310,343 of commitment remaining.

### F. Other significant commitments

The District has renewed a contract with City of Midlothian whereby the City agrees to sell treated water to the District. The contract requires the District to purchase a minimum amount of water on an annualized basis whether or not the District actually takes and utilizes said water amount. The contract is for a period of twenty years ending in 2036.

## NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)

### F. Other significant commitments (continued)

A schedule of future minimum payments due under the contract at the current rate is shown below:

| Year Ending December 31 | Annual Payment |
|---|---|
| 2026 | $ 459,243 |
| 2027 | 459,243 |
| 2028 | 459,243 |
| 2029 | 459,243 |
| 2030 | 459,243 |
| Thereafter | 2,755,458 |
| | $ 5,051,673 |

Actual payments for the year ended December 31, 2025 were $1,702,603.

### G. Retirement plan

The District has a 457(b) deferred compensation retirement plan that covers full time employees over 18 years old having at least three months of service. The plan is administered by a written trust agreement. Plan provisions were established and may be amended by the plan's Trustees. Monthly contributions to the Plan are up to 100% of compensation by employees, and the District matching percent is 100% of each participant's contribution up to 8% of participant compensation. Participants are 100% vested in the District's contribution after five years.

The District's total payroll for 2025 was $1,245,183, and the District's contributions were based on a payroll of $1,245,183. Both the District and the covered employees made the required contributions. The total amount contributed was $73,379 by the District and $74,648 by employees.

### H. Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not materially exceeded this commercial coverage in any of the past three fiscal years.

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)**

**I. Long-term liabilities**

*Note payable*

The District entered into a note agreement with Citizens National Bank for $1,330,000 to fund water system improvements. The note will be repaid in 492 monthly installments. Interest payments will be the Wall Street Journal U.S. Prime rate plus 0.5%. The balance due at December 31, 2025 was $1,264,596.

Note payable debt service requirements to maturity are as follows:

| Year Ending December 31 | Principal | Interest |
|---|---|---|
| 2026 | $ 7,227 | $ 94,600 |
| 2027 | 7,788 | 94,039 |
| 2028 | 8,392 | 93,434 |
| 2029 | 9,044 | 92,783 |
| 2030 | 9,746 | 92,080 |
| 2031 to 2035 | 61,323 | 447,809 |
| 2036 to 2040 | 89,121 | 420,009 |
| 2041 to 2045 | 129,519 | 379,612 |
| 2046 to 2050 | 188,230 | 320,903 |
| 2051 to 2055 | 273,554 | 235,579 |
| 2056 to 2060 | 397,553 | 111,577 |
| 2061 | 83,099 | 2,923 |
| | $ 1,264,596 | $ 2,385,348 |

*Revenue Bonds*

The District issues bonds where the District pledges income derived from the acquired or constructed assets to pay debt service. The bonds were issued to finance the acquisition and construction of major capital facilities and to provide funds for the refunding of prior revenue bonds. Revenue bonds outstanding at year end are as follows:

| Series | Issue Amount | Maturity Date | Interest Rate | Year-end Balances |
|---|---|---|---|---|
| 2008 - Refunding | $ 2,555,000 | 12/1/2027 | 3.95%-5.14% | $ 435,000 |
| 2009A | 1,000,000 | 12/1/2029 | 0.00% | 200,000 |
| 2019 - Refunding | 985,000 | 12/1/2029 | 1.97% | 415,000 |
| | | | | $ 1,050,000 |

## NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)

### I. Long-term liabilities (continued)

The debt service requirements for the District's bonds are as follows:

| Year Ending December 31 | Principal | Interest |
|---|---|---|
| 2026 | $ 365,000 | $ 25,367 |
| 2027 | 370,000 | 14,899 |
| 2028 | 155,000 | 4,236 |
| 2029 | 160,000 | 2,167 |
| | $ 1,050,000 | $ 46,669 |

Long-term liability activity for the year ended December 31, 2025, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Bonds payable: | | | | | |
| Revenue bonds | $ 1,405,000 | $ - | $ (355,000) | $ 1,050,000 | $ 365,000 |
| Total bonds payable | 1,405,000 | - | (355,000) | 1,050,000 | 365,000 |
| Note payable | 1,287,904 | - | (23,308) | 1,264,596 | 7,227 |
| Compensated absences | 51,769 | - | (36,254) | 15,515 | 15,515 |
| | $ 2,744,673 | $ - | $ (414,562) | $ 2,330,111 | $ 387,742 |

The resolutions authorizing issuance of the District's bonds provided certain requirements as follows:

*Debt service account.* This section requires monthly transfers from the system account to the debt service account in the amount equal to 1/6 of next maturing interest plus 1/12 of next maturing principal for debt service payments, per the resolutions authorizing issuance of the District's bonds.

*Reserve account.* A reserve account is required by the resolution authorizing issuance of the bonds issued by the District.

Total amounts required to be on deposit in the debt service and reserve accounts compared to actual amounts on deposit are as follows:

## NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)

### I. Long-term liabilities (continued)

| | Debt Service Account |
|---|---|
| Required Present Balance | $ 28,341 |
| Actual Present Balance | $ 879,905 |

| Issue | Reserve Required Ultimate Balance | Reserve Required Present Balance | Reserve Actual Present Balance |
|---|---|---|---|
| 2009A | $ 50,000 | $ 50,000 | $ 50,000 |
| Other | 301,437 | 301,437 | 396,424 |
| | $ 351,437 | $ 351,437 | $ 446,424 |

*Additional bonds.* This section required, among other things, that net revenues of the water system amount to 1.25 times average annual principal and interest requirements on all revenue bonds, present and proposed, in order to issue additional revenue bonds.

*Pledge and source of payment.* The District's outstanding bonds are payable solely from, and are secured by a lien on, the District's gross revenues.

### J. Subsequent event

Subsequent to year end, the District approved an engineering contract in the amount of approximately $615,000.

Supplementary Financial Data

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***
SCHEDULE OF SERVICES AND RATES
December 31, 2025

**1. Services Provided by the District during the Fiscal Year:**

Retail Water
Wholesale Water

**2. Retail Service Providers**

**a. Retail Rates for a 3/4" Meter:**

| | Minimum Charge | Minimum Usage | Flat Rate Y/N | Rate per 1,000 Gallons Over Minimum Usage | Usage Levels |
|---|---|---|---|---|---|
| Water | $ 22.84 | 1,000 | Y | $ 4.00 | 1 to 5,000 |
| | | | | 4.60 | 5,001 to 10,000 |
| | | | | 5.40 | 10,001 to 20,000 |
| | | | | 6.00 | 20,001 to 30,000 |
| | | | | 7.60 | 30,001 to 40,000 |
| | | | | 8.40 | 40,001 to 50,000 |
| | | | | 10.60 | 50,001 and above |

Total charges for 10,000 gallons usage: $65.84

**b. Water Retail Connections:**

| Meter Size | Total Connections | Active Connections | ESFC Factor | Active ESFCs |
|---|---|---|---|---|
| Unmetered | - | - | x 1.0 | - |
| 5/8" x 3/4" | - | - | x 1.0 | - |
| 3/4" | 8,215 | 8,215 | x 1.5 | 12,323 |
| 1" | 121 | 121 | x 2.5 | 303 |
| 1 1/2" | 23 | 23 | x 5.0 | 115 |
| 2" | 36 | 36 | x 8.0 | 288 |
| 3" | 1 | 1 | x 17.5 | 18 |
| 4" | - | - | x 30.0 | - |
| 6" | 2 | 2 | x 62.5 | 125 |
| Total | 8,398 | 8,398 | | 13,172 |

**3. Total Water Consumption during the Fiscal Year** (rounded to the nearest thousand):

| | | |
|---|---|---|
| Gallons pumped into system: | 1,143,571 | Water Accountability Ratio (Gallons billed / Gallons pumped) |
| Gallons billed to customers: | 904,268 | 79.1% |

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***
SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

| | Original and Final Budgeted Amounts | Actual GAAP Basis | Adjustments Budget Basis | Actual Budget Basis | Actual - Over (Under) Budget |
|---|---|---|---|---|---|
| **OPERATING REVENUES** | | | | | |
| Water sales | $ 6,727,526 | $ 6,918,953 | $ 71 | $ 6,919,024 | $ 191,498 |
| Connection fees | 147,865 | 95,161 | - | 95,161 | (52,704) |
| Miscellaneous | 291,116 | 296,102 | (5,961) | 290,141 | (975) |
| Late charges | 112,320 | 126,984 | - | 126,984 | 14,664 |
| Total operating revenues | 7,278,827 | 7,437,200 | (5,890) | 7,431,310 | 152,483 |
| **OPERATING EXPENSES** | | | | | |
| Bad debt | 12,000 | - | 2,724 | 2,724 | (9,276) |
| Contract services | 231,000 | 521,932 | (171,449) | 350,483 | 119,483 |
| Dues and subscriptions | 11,584 | 34,164 | - | 34,164 | 22,580 |
| Insurance-employee | 343,915 | 349,018 | - | 349,018 | 5,103 |
| Fuel/auto/equipment | 132,700 | 149,248 | (9,325) | 139,923 | 7,223 |
| Repairs and maintenance - system | 1,330,000 | 861,493 | 114,135 | 975,628 | (354,372) |
| Repairs and maintenance - office | 93,600 | 56,191 | 1,957 | 58,148 | (35,452) |
| Uniforms | 14,400 | 10,388 | - | 10,388 | (4,012) |
| Water samples | 100,000 | 14,960 | 9,327 | 24,287 | (75,713) |
| Insurance-liability/property | 66,634 | 79,020 | (3,445) | 75,575 | 8,941 |
| Miscellaneous | 125,097 | 193,254 | (214) | 193,040 | 67,943 |
| Postage | 32,700 | 48,316 | 121 | 48,437 | 15,737 |
| Legal | 200,000 | 220,200 | (9,092) | 211,108 | 11,108 |
| Accounting | 48,895 | 59,144 | (5,611) | 53,533 | 4,638 |
| Office | 77,000 | 12,423 | - | 12,423 | (64,577) |
| Telephone | 15,840 | 25,386 | (285) | 25,101 | 9,261 |
| Payroll | 1,352,192 | 1,215,652 | 102,911 | 1,318,563 | (33,629) |
| Employee retirement plan | 63,392 | 73,879 | (73,379) | 500 | (62,892) |
| Payroll taxes | 116,480 | 100,101 | 1,895 | 101,996 | (14,484) |
| Seminars, meetings and training | 13,200 | 11,130 | (516) | 10,614 | (2,586) |
| Water purchases | 2,700,000 | 2,348,277 | (655,924) | 1,692,353 | (1,007,647) |
| Utilities | 550,000 | 530,513 | (90,841) | 439,672 | (110,328) |
| Prairieland GCD fees | 150,000 | 175,503 | - | 175,503 | 25,503 |
| Depreciation | - | 1,211,293 | (1,211,293) | - | - |
| Contingencies | 9,462 | - | - | - | (9,462) |
| Total operating expenses | 7,790,091 | 8,301,485 | (1,998,304) | 6,303,181 | (1,486,910) |
| OPERATING INCOME | (511,264) | (864,285) | 1,992,414 | 1,128,129 | 1,639,393 |
| **NONOPERATING REVENUES (EXPENSES)** | | | | | |
| Interest | 487,500 | 459,209 | - | 459,209 | (28,291) |
| Interest and fiscal charges | (87,059) | (119,363) | 51,372 | (67,991) | 19,068 |
| Principal payments | (736,679) | - | (378,308) | (378,308) | 358,371 |
| Capital outlay: | | | | | |
| Land and easement acquisition | - | - | (162,132) | (162,132) | (162,132) |
| Buildings | - | - | (110,033) | (110,033) | (110,033) |
| Furniture and fixtures | - | - | (11,587) | (11,587) | (11,587) |
| Vehicles | (120,000) | - | (207,699) | (207,699) | (87,699) |
| Equipment | (700,000) | - | (30,852) | (30,852) | 669,148 |
| System Improvements | (16,950,000) | - | (3,400,614) | (3,400,614) | 13,549,386 |
| Total nonoperating revenue (expenses) | (18,106,238) | 341,347 | (4,249,853) | (3,908,506) | 14,197,732 |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS | (18,617,502) | (522,938) | (2,257,439) | (2,780,377) | 15,837,125 |
| Capital contributions | 2,880,823 | 4,299,031 | (1,973,289) | 2,325,742 | (555,081) |
| CHANGE IN NET POSITION | $ (15,736,679) | $ 3,776,093 | $ (4,230,728) | $ (454,635) | $ 15,282,044 |

| | |
|---|---|
| Number of persons employed by the District: | |
| Full-Time | 18 |

*MOUNTAIN PEAK SPECIAL UTILITY DISTRICT*
SCHEDULE OF CASH AND TEMPORARY INVESTMENTS
December 31, 2025

| | Identification or Certificate Number | Interest Rate | Maturity Date | Balance at End of Year |
|---|---|---|---|---|
| **OPERATING:** | | | | |
| Cash on hand | N/A | N/A | N/A | $ 498 |
| Citizens National Bank - Checking | 1695690 | 0.15% | On Demand | 1,527,732 |
| Citizens National Bank - Checking | 10568089 | N/A | On Demand | 995 |
| Citizens National Bank - Money Market | 50222075 | 1.35% | On Demand | 8,854,410 |
| Citizens National Bank - Money Market | 50101766 | 1.35% | On Demand | 238,617 |
| First Financial Bank - CD | 9935 | 2.40% | 10/16/26 | 2,188,691 |
| The Cowboy Bank of Texas - CD | 11664 | 4.25% | 02/19/26 | 39,335 |
| The Cowboy Bank of Texas - CD | 11665 | 4.25% | 02/19/26 | 39,335 |
| The Cowboy Bank of Texas - CD | 11806 | 3.50% | 01/04/26 | 55,204 |
| The Cowboy Bank of Texas - CD | 12642 | 4.25% | 09/29/26 | 141,868 |
| The Cowboy Bank of Texas - CD | 12653 | 4.25% | 10/20/26 | 142,972 |
| The Cowboy Bank of Texas - CD | 15041 | 3.85% | 10/27/26 | 1,109,752 |
| The Cowboy Bank of Texas - Money Market | 4000238 | 2.10% | On Demand | 443,985 |
| InterBank - CD | 55000621 | 0.35% | 10/30/26 | 100,000 |
| InterBank - CD | 55001597 | 0.35% | 06/29/26 | 129,294 |
| Pinnacle Bank - Money Market | 4409352897 | 1.26% | On Demand | 260,738 |
| Wells Fargo - Savings | 3000840354816 | 0.10% | On Demand | 116,544 |
| TexSTAR | 700811110 | 3.82% | N/A | 2,323,533 |
| TexasTrust | 175218 | N/A | On Demand | 250,000 |
| First Financial Bank - Heirloom | 3728 | 3.00% | On Demand | 550,245 |
| First Financial Bank - Heirloom | 3868 | N/A | On Demand | 250,000 |
| TOTAL OPERATING | | | | 18,763,748 |
| **DEBT SERVICE:** | | | | |
| Citizens National Bank - Money Market - Bonds | 50103226 | 1.35% | On Demand | 879,905 |
| TOTAL DEBT SERVICE | | | | 879,905 |
| **RESERVE:** | | | | |
| Citizens National Bank - Money Market - Bonds | 50102517 | 1.35% | On Demand | 446,424 |
| TOTAL RESERVE | | | | 446,424 |
| TOTAL | | | | $ 20,090,077 |

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***
DEBT SERVICE REQUIREMENTS - BY YEARS
December 31, 2025

| Due During Fiscal Years Ending | Utility System Revenue Refunding Bonds, Series 2008 | | |
|---|---|---|---|
| | **Principal Due 12/1** | **Interest Due 6/1, 12/1** | **Total** |
| 2026 | $ 215,000 | $ 17,191 | $ 232,191 |
| 2027 | 220,000 | 8,694 | 228,694 |
| | $ 435,000 | $ 25,885 | $ 460,885 |

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***
DEBT SERVICE REQUIREMENTS - BY YEARS
December 31, 2025

| | Utility System Revenue Bonds, Series 2009A | | |
|---|---|---|---|
| **Due During Fiscal Years Ending** | **Principal Due 12/1** | **Interest Due** | **Total** |
| 2026 | $ 50,000 | $ - | $ 50,000 |
| 2027 | 50,000 | - | 50,000 |
| 2028 | 50,000 | - | 50,000 |
| 2029 | 50,000 | - | 50,000 |
| | $ 200,000 | $ - | $ 200,000 |

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***
DEBT SERVICE REQUIREMENTS - BY YEARS
December 31, 2025

| | Utility System Revenue Refunding Bonds, Series 2019 | | |
|---|---|---|---|
| **Due During Fiscal Years Ending** | **Principal Due 12/1** | **Interest Due 6/1, 12/1** | **Total** |
| 2026 | $ 100,000 | $ 8,176 | $ 108,176 |
| 2027 | 100,000 | 6,205 | 106,205 |
| 2028 | 105,000 | 4,236 | 109,236 |
| 2029 | 110,000 | 2,167 | 112,167 |
| | $ 415,000 | $ 20,784 | $ 435,784 |

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***
DEBT SERVICE REQUIREMENTS - BY YEARS
December 31, 2025

| | Note Payable | | |
|---|---|---|---|
| **Due During Fiscal Years Ending** | **Principal Due Monthly** | **Interest Due Monthly** | **Total** |
| 2026 | $ 7,227 | $ 94,600 | $ 101,827 |
| 2027 | 7,788 | 94,039 | 101,827 |
| 2028 | 8,392 | 93,434 | 101,826 |
| 2029 | 9,044 | 92,783 | 101,827 |
| 2030 | 9,746 | 92,080 | 101,826 |
| 2031 | 10,502 | 91,324 | 101,826 |
| 2032 | 11,318 | 90,509 | 101,827 |
| 2033 | 12,196 | 89,630 | 101,826 |
| 2034 | 13,143 | 88,683 | 101,826 |
| 2035 | 14,164 | 87,663 | 101,827 |
| 2036 | 15,263 | 86,563 | 101,826 |
| 2037 | 16,448 | 85,378 | 101,826 |
| 2038 | 17,725 | 84,101 | 101,826 |
| 2039 | 19,101 | 82,725 | 101,826 |
| 2040 | 20,584 | 81,242 | 101,826 |
| 2041 | 22,182 | 79,644 | 101,826 |
| 2042 | 23,904 | 77,922 | 101,826 |
| 2043 | 25,760 | 76,067 | 101,827 |
| 2044 | 27,759 | 74,067 | 101,826 |
| 2045 | 29,914 | 71,912 | 101,826 |
| 2046 | 32,237 | 69,590 | 101,827 |
| 2047 | 34,739 | 67,087 | 101,826 |
| 2048 | 37,436 | 64,390 | 101,826 |
| 2049 | 40,343 | 61,484 | 101,827 |
| 2050 | 43,475 | 58,352 | 101,827 |
| 2051 | 46,850 | 54,977 | 101,827 |
| 2052 | 50,487 | 51,340 | 101,827 |
| 2053 | 54,406 | 47,420 | 101,826 |
| 2054 | 58,630 | 43,197 | 101,827 |
| 2055 | 63,181 | 38,645 | 101,826 |
| 2056 | 68,086 | 33,740 | 101,826 |
| 2057 | 73,372 | 28,454 | 101,826 |
| 2058 | 79,068 | 22,758 | 101,826 |
| 2059 | 85,206 | 16,620 | 101,826 |
| 2060 | 91,821 | 10,005 | 101,826 |
| 2061 | 83,099 | 2,923 | 86,022 |
| | $ 1,264,596 | $ 2,385,348 | $ 3,649,944 |

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***

DEBT SERVICE REQUIREMENTS - BY YEARS

December 31, 2025

| Due During Fiscal Years Ending | Annual Requirements for All Debt Principal Due | Interest Due | Total |
|---|---|---|---|
| 2026 | $ 372,227 | $ 119,967 | $ 492,194 |
| 2027 | 377,788 | 108,938 | 486,726 |
| 2028 | 163,392 | 97,670 | 261,062 |
| 2029 | 169,044 | 94,950 | 263,994 |
| 2030 | 9,746 | 92,080 | 101,826 |
| 2031 | 10,502 | 91,324 | 101,826 |
| 2032 | 11,318 | 90,509 | 101,827 |
| 2033 | 12,196 | 89,630 | 101,826 |
| 2034 | 13,143 | 88,683 | 101,826 |
| 2035 | 14,164 | 87,663 | 101,827 |
| 2036 | 15,263 | 86,563 | 101,826 |
| 2037 | 16,448 | 85,378 | 101,826 |
| 2038 | 17,725 | 84,101 | 101,826 |
| 2039 | 19,101 | 82,725 | 101,826 |
| 2040 | 20,584 | 81,242 | 101,826 |
| 2041 | 22,182 | 79,644 | 101,826 |
| 2042 | 23,904 | 77,922 | 101,826 |
| 2043 | 25,760 | 76,067 | 101,827 |
| 2044 | 27,759 | 74,067 | 101,826 |
| 2045 | 29,914 | 71,912 | 101,826 |
| 2046 | 32,237 | 69,590 | 101,827 |
| 2047 | 34,739 | 67,087 | 101,826 |
| 2048 | 37,436 | 64,390 | 101,826 |
| 2049 | 40,343 | 61,484 | 101,827 |
| 2050 | 43,475 | 58,352 | 101,827 |
| 2051 | 46,850 | 54,977 | 101,827 |
| 2052 | 50,487 | 51,340 | 101,827 |
| 2053 | 54,406 | 47,420 | 101,826 |
| 2054 | 58,630 | 43,197 | 101,827 |
| 2055 | 63,181 | 38,645 | 101,826 |
| 2056 | 68,086 | 33,740 | 101,826 |
| 2057 | 73,372 | 28,454 | 101,826 |
| 2058 | 79,068 | 22,758 | 101,826 |
| 2059 | 85,206 | 16,620 | 101,826 |
| 2060 | 91,821 | 10,005 | 101,826 |
| 2061 | 83,099 | 2,923 | 86,022 |
| | $ 2,314,596 | $ 2,432,017 | $ 4,746,613 |

## *MOUNTAIN PEAK SPECIAL UTILITY DISTRICT*

ANALYSIS OF CHANGES IN LONG-TERM DEBT

December 31, 2025

| | **Utility System Revenue Refunding Series 2008** | **Utility System Revenue Series 2009A** | **Utility System Revenue Refunding Series 2019** | **Note Payable** | **Totals** |
|---|---|---|---|---|---|
| Interest Rate | 3.95 -5.14% | N/A | 1.97% | 5.50% | |
| Dates Interest Payable | 6/1; 12/1 | N/A | 6/1; 12/1 | Monthly | |
| Maturity Dates | 12/1/2027 | 12/1/2029 | 12/1/2029 | 10/21/2062 | |
| Beginning Debt Outstanding | $ 640,000 | $ 250,000 | $ 515,000 | $ 1,287,904 | $ 2,692,904 |
| Debt Sold During the Current Year | - | - | - | - | - |
| Debt Retired During the Current Year | (205,000) | (50,000) | (100,000) | (23,308) | (378,308) |
| Ending Debt Outstanding | $ 435,000 | $ 200,000 | $ 415,000 | $ 1,264,596 | $ 2,314,596 |
| Interest Paid During the Current Year | $ 25,293 | $ - | $ 10,146 | $ 73,233 | $ 108,672 |

Paying Agent's Name and City:

| | |
|---|---|
| Series 2008 | Bank of America, N.A., Dallas, Texas |
| Series 2009A | Wells Fargo Bank, N.A., Austin, Texas |
| Series 2019 | Zions Bancorporation, N.A., Dallas, Texas |

Note Holder Name and City:

| | |
|---|---|
| Note payable | Citizens National Bank of Texas, Waxahachie, Texas |

| Bond Authority: | Revenue Bonds |
|---|---|
| Amount Authorized By Board of Directors | $ 4,540,000 |
| Amount Issued | $ 4,540,000 |
| Remaining To Be Issued | $ - |

| | |
|---|---|
| Restricted debt service cash and temporary investments as of December 31, 2025: | $ 879,905 |
| Average annual debt service payment (Principal and Interest) for remaining term of all debt: | $ 128,287 |

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
Five Years Ended December 31, 2025

| | Amounts | | | | | Percent of Fund Total Revenues | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2025 | 2024 | 2023 | 2022 | 2021 |
| Operating Revenues: | | | | | | | | | | |
| Water sales | $ 6,918,953 | $ 6,823,683 | $ 6,858,672 | $ 6,841,540 | $ 5,676,548 | 93.0% | 92.8% | 92.2% | 93.4% | 89.8% |
| Connection fees | 95,161 | 114,253 | 194,630 | 122,050 | 201,111 | 1.3% | 1.6% | 2.6% | 1.7% | 3.2% |
| Miscellaneous | 296,102 | 290,206 | 269,099 | 244,826 | 336,715 | 4.0% | 3.9% | 3.6% | 3.3% | 5.3% |
| Late charges | 126,984 | 123,477 | 116,455 | 117,334 | 109,929 | 1.7% | 1.7% | 1.6% | 1.6% | 1.7% |
| Total Operating Revenues | 7,437,200 | 7,351,619 | 7,438,856 | 7,325,750 | 6,324,303 | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Expenses: | | | | | | | | | | |
| Operation | 7,090,192 | 5,516,153 | 4,965,001 | 4,650,371 | 3,693,616 | 95.3% | 75.0% | 66.7% | 63.5% | 58.4% |
| Depreciation and amortization | 1,211,293 | 1,010,918 | 977,876 | 973,097 | 883,565 | 16.3% | 13.8% | 13.1% | 13.3% | 14.0% |
| Total Operating Expenses | 8,301,485 | 6,527,071 | 5,942,877 | 5,623,468 | 4,577,181 | 111.6% | 88.8% | 79.9% | 76.8% | 72.4% |
| Operating Income | (864,285) | 824,548 | 1,495,979 | 1,702,282 | 1,747,122 | -11.6% | 11.2% | 20.1% | 23.2% | 27.6% |
| Nonoperating Expenses | | | | | | | | | | |
| Interest income | 459,209 | 613,942 | 316,585 | 56,696 | 36,645 | 6.2% | 8.4% | 4.3% | 0.8% | 0.6% |
| Interest and fiscal charges | (119,363) | (132,993) | (88,694) | (76,802) | (83,369) | -1.6% | -1.8% | -1.2% | -1.0% | -1.3% |
| Bond issue costs | - | - | - | - | (17,353) | 0.0% | 0.0% | 0.0% | 0.0% | -0.3% |
| Total Nonoperating Expenses | 341,347 | 480,949 | 227,891 | (20,106) | (64,077) | 4.6% | 6.5% | 3.1% | -0.3% | -1.0% |
| Income before contributions | (522,938) | 1,305,497 | 1,723,870 | 1,682,176 | 1,683,045 | -7.0% | 17.8% | 23.2% | 23.0% | 26.6% |
| Capital contributions | 4,299,031 | 3,152,948 | 4,738,568 | 1,503,958 | 3,885,668 | 57.8% | 42.9% | 63.7% | 20.5% | 61.4% |
| Change in net position | $ 3,776,093 | $ 4,458,445 | $ 6,462,438 | $ 3,186,134 | $ 5,568,713 | 50.8% | 60.6% | 86.9% | 43.5% | 88.1% |
| TOTAL ACTIVE RETAIL WATER CONNECTIONS | 8,398 | 8,003 | 7,764 | 7,525 | 6,985 | | | | | |

***MOUNTAIN PEAK SPECIAL UTILITY DISTRICT***
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
December 31, 2025

Complete District Mailing Address: 5671 Waterworks Road, Midlothian, Texas 76065

District Business Telephone Number: (972) 775-3765

Submission Date of the most recent District Registration Form: May 15, 2025

Limit on Fees of Office that a Director may received during a fiscal year: $0

| Name | Term of Office (Elected or Appointed) or Date Hired | Fees of Office Paid* 12/31/2025 | Expense Reimbursements 12/31/2025 | Title at Year End |
|---|---|---|---|---|
| **Board Members:** | | | | |
| Dale Knott | 5/26 | $ - | $ - | President |
| Fred Major | 5/26 | - | - | Vice-President |
| Donna Mullins | 5/27 | - | - | Secretary/Treasurer |
| Hud Hartson | 5/28 | - | - | Director |
| John Foster | 5/28 | - | - | Director |
| Steve Whitworth | 5/28 | - | - | Director |
| Steve Massey | 5/27 | - | - | Director |
| **Key Administrative Personnel** | | | | |
| Ruben Graza | 11/25 | | - | Interim General Manager |
| **Consultants:** | | | | |
| Jackson Walker, L.L.P. | 2015 | | 86,765 | Attorney |
| Miller, Mentzer, P.C. | 1991 | | 53,898 | Attorney |
| YWRD, P.C. | 2001 | | 53,533 | Auditor |
| Childress Engineers | 1991 | | 3,401,351 | Engineer |
| Samco Capital Markets, Inc. | 2019 | | - | Financial Advisor |
| NewGen Strategies and Solutions | 2022 | | 40,562 | Rate Advisor |

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.

Financial Advisory Services
Provided By:

SAMCO Capital