



Rating Action: Moody's Ratings assigns A3 to Pilot Knob MUD 3, TX's Ser. 2025 GO Road Bonds

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New York, November 06, 2025 -- Moody's Ratings (Moody's) has assigned an A3 rating to Pilot Knob Municipal Utility District 3, TX's Unlimited Tax Road Bonds, Series 2025 with an anticipated par amount of about \$16.2 million. We maintain the A3 rating assigned to the district's outstanding general obligation unlimited tax (GOULT) bonds. Post sale the district will have roughly \$101 million in debt outstanding.

RATINGS RATIONALE

The A3 rating reflects the district's large tax base of about \$850 million favorably located in the Austin metropolitan area. The district's tax base growth, which has been a robust 47% on average over the past five years, will slow materially as the it approaches build out. The district's financial position is likely to remain healthy given a sizable projected operating surplus in fiscal 2025 (Sept 30 year end), which is anticipated to maintain operating reserves above 150% of operating revenue. The district budgeted a general fund surplus of about \$500,000 for fiscal 2026.

The debt burden of 11.8% will remain high given additional borrowing plans to reimburse the developer for additional road construction. The rating further reflects the below average median family income of 91% in the area and moderate taxpayer concentration.

RATING OUTLOOK

We do not assign outlooks to local government issuers with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Continued strong tax base growth or slower pace of issuance resulting in moderation of the debt burden to below 3.5% of assessed value

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Tax base contraction or additional issuance leading to sustained debt burden to above 14%
- Trend of deficit operations leading to operating reserves falling below 125% of revenue

PROFILE

Pilot Knob MUD 3 encompasses 678 acres within Travis County, approximately 8 miles southeast of Austin and within Del Valle Independent School District. The district has an estimated population of nearly 5,000 residents. Utility operations are provided by the City of Austin.

METHODOLOGY

The principal methodology used in this rating was US Special Purpose District General Obligation Debt published in February 2025 and available at <https://ratings.moodyys.com/rmc-documents/437940>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodyys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moody.com/rating-definitions>.

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