MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns Baa3 to Pilot Knob MUD 2, TX's Ser. 2025 GO's

06 Nov 2025

New York, November 06, 2025 -- Moody's Ratings (Moody's) has assigned a Baa3 rating to Pilot Knob Municipal Utility District 2, TX's Unlimited Tax Bonds, Series 2025 with an anticipated par amount of $8.1 million. We maintain a Baa3 rating on the district's outstanding general obligation unlimited tax (GOULT) debt. Post sale, the district will have approximately $39.1 million of GOULT debt outstanding.

RATINGS RATIONALE

The Baa3 rating reflects the district's growing tax base of $360 million favorably located in the Austin metropolitan area. The district's financial position is likely to remain healthy given a projected operating surplus of nearly $700,000 in fiscal 2025 (Sept 30 year end), which will maintain reserves above 160% of operating revenue. The district budgeted a slight general fund deficit of $150,000 in fiscal 2026.

The debt burden of 10.9% will remain high given additional borrowing plans to reimburse the developer for additional water, wastewater, and drainage facility 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 8% of assessed value

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Trend of deficit operations leading to operating reserves falling below 100% of revenue

- Tax base contraction leading to sustained debt burden to above 14%

PROFILE

Pilot Knob MUD 2 encompasses 557 acres within Travis County, approximately 8 miles southeast of Austin and within Del Valle Independent School District. The rapidly growing district has an estimated population of about 2,500 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.moodys.com/rmc-documents/437940. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.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.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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