This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

Munistat

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 3, 2026

NEW ISSUE – Book-Entry Only

Ratings: Moody's: "Aa2" S&P: "AA"
See "RATINGS" herein

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the 2026 Bonds (as defined herein) is excluded from gross income for federal income tax purposes, and is not treated as a tax preference item for purposes of computing the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income on certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code. In the opinion of Bond Counsel, based on existing statutes, interest on the 2026 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. See Appendix A herein for a description of certain other federal income tax consequences of ownership of the 2026 Bonds.

THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT
$70,000,000* Clean Water Project Revenue Bonds, Series 2026

Dated: Date of Delivery **Due October 1, as shown on inside cover page**

Electronic bids via PARITY® for the $70,000,000* Clean Water Project Revenue Bonds, Series 2026 (the "2026 Bonds") will be received until 12:00 Noon (Eastern Time) on Tuesday, November 10, 2026 at The Metropolitan District, 555 Main Street, 2nd Floor CFO Conference Room, Hartford, Connecticut 06103 as described in the Notice of Sale for the 2026 Bonds (see Appendix F herein).

The $70,000,000* Clean Water Project Revenue Bonds, Series 2026 (the "2026 Bonds") are special obligations of The Metropolitan District, Hartford County, Connecticut (the "MDC" or the "District"), a body politic and corporate created by the Connecticut General Assembly in 1929 under Act No. 511 of the Special Acts of 1929 as amended, (the "MDC Charter"), and are issued pursuant to the MDC Charter and Chapter 103 of the Connecticut General Statutes, as amended (the "Act" and together with the MDC Charter, the "Authorizing Acts"), the Special Obligation Indenture of Trust by and between the MDC and U.S. Bank Trust Company, National Association (the "Trustee"), dated as of June 1, 2013 (the "Special Obligation Indenture"), as supplemented by the Seventh Supplemental Indenture dated as of November 24, 2026 (the "Seventh Supplemental Indenture" and together with the Special Obligation Indenture, the "Indenture"), for the purpose of providing funds for the Clean Water Project described in this Official Statement (the "Clean Water Project"). The 2026 Bonds are secured by a pledge of and payable from the Trust Estate, and are on a parity with the District's Clean Water Project Revenue Bonds, 2020 Series A currently outstanding in the aggregate principal amount of $34,785,000 (the "2020 Series A Bonds"), Clean Water Project Revenue Bonds, 2020 Series B (Federally Taxable) currently outstanding in the aggregate principal amount of $70,030,000 (the "2020 Series B Bonds"), Clean Water Project Revenue Bonds, 2021 Series A currently outstanding in the aggregate principal amount of $42,260,000 (the "2021 Series A Bonds"), Clean Water Project Revenue Bonds, 2021 Series B (Federally Taxable) currently outstanding in the aggregate principal amount of $107,930,000 (the "2021 Series B Bonds"), Clean Water Project Revenue Bonds, Series 2024 currently outstanding in the aggregate principal amount of $34,940,000 (the "2024 Bonds"), and Clean Water Project Revenue Bonds, Series 2025 currently outstanding in the aggregate principal amount of $45,370,000 (the "2025 Bonds"), and all outstanding Additional Bonds hereafter issued under the Indenture (the 2020 Series A Bonds, the 2020 Series B Bonds, the 2021 Series A Bonds, the 2021 Series B Bonds, the 2024 Bonds, and the 2025 Bonds, and any such Additional Bonds are collectively the "Bonds"). The Trust Estate includes Pledged Revenues, which are special revenues to be received by the MDC from a Clean Water Project Charge, together with the revenues or other receipts, funds or moneys held in or set aside in the Trust Estate. Capitalized terms not otherwise defined herein have the meanings given to them in this Official Statement, including Appendix C hereto.

(See inside front cover page for maturities, interest rates and prices or yields.)

The 2026 Bonds are not a general obligation of the MDC. The 2026 Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof other than the MDC or a pledge of the full faith and credit of the State or of any such political subdivision, including the MDC, and shall be payable solely from the Trust Estate. Neither the State nor any political subdivision thereof other than the MDC shall be obligated to pay the same or the interest thereon except from the Trust Estate, and neither the full faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the 2026 Bonds.

The 2026 Bonds are issuable only as fully-registered bonds, without coupons, and when issued will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2026 Bonds. Purchases of the 2026 Bonds will be made in book-entry form. 2026 Bonds will be in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the 2026 Bonds. So long as Cede & Co. is the bondowner, as nominee of DTC, reference herein to the bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the 2026 Bonds. See "BOOK-ENTRY-ONLY TRANSFER SYSTEM" herein.

Principal of and semiannual interest on the 2026 Bonds will be paid directly to DTC by U.S. Bank Trust Company, National Association, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the bondowner. Interest on the 2026 Bonds will be payable semiannually on April 1 and October 1, in each year, commencing April 1, 2027. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

The 2026 Bonds are subject to optional redemption prior to maturity, as more fully described herein.

The 2026 Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Shipman & Goodwin LLP, Bond Counsel of Hartford, Connecticut. It is expected that the 2026 Bonds in definitive form will be available for delivery at The Depository Trust Company in New York, New York on or about November 24, 2026.

* Preliminary, subject to change.

THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT
$70,000,000* Clean Water Project Revenue Bonds, Series 2026

Dated: Date of delivery **Due: October 1, as shown below**

MATURITY SCHEULE

Due 1-Oct	Principal Amount*	Coupon	Yield	CUSIP[1]	Due 1-Oct	Principal Amount*	Coupon	Yield	CUSIP[1]
2027	$2,595,000	%	%	416498---	2037	$3,425,000	%	%	416498---
2028	2,205,000			416498---	2038	3,595,000			416498---
2029	2,315,000			416498---	2039	3,775,000			416498---
2030	2,435,000			416498---	2040	3,965,000			416498---
2031	2,555,000			416498---	2041	4,160,000			416498---
2032	2,685,000			416498---	2042	4,370,000			416498---
2033	2,815,000			416498---	2043	4,590,000			416498---
2034	2,960,000			416498---	2044	4,820,000			416498---
2035	3,105,000			416498---	2045	5,060,000			416498---
2036	3,260,000			416498---	2046	5,310,000			416498---

The 2026 Bonds are subject to optional redemption as described more fully herein. See "Optional Redemption" herein.

*Preliminary, subject to change.

[1] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. which is not affiliated with the MDC and are included solely for the convenience of the holders of the 2026 Bonds. Neither the MDC, nor the Trustee are responsible for the selection or use of these CUSIP numbers, in addition, the MDC and the Trustee do not undertake any responsibility for the accuracy of these CUSIP numbers, and do not make any representation as to their correctness on the 2026 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2026 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2026 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the 2026 Bonds.

No dealer, broker, salesperson or other person has been authorized by the MDC to give any information or to make any representations other than as 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 MDC. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the MDC and other sources which are believed to be reliable but is not guaranteed as to its accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstance, create any implication that there has been no change in the affairs of the MDC since the date hereof.

In making an investment decision, investors must rely on their own examination of the security for the 2026 Bonds and terms of this offering, including the merits and risks involved. These securities have not been recommended by any Federal or state securities commissioners or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

The Municipal Advisor to the MDC has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to the MDC and, as applicable, to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Official Statement includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Without limiting the foregoing, the words "may," "believe," "may," "could," "might," "possible," "potential," "project," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate," "approximate," "contemplate," "continue," "target," "goal" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the MDC up to, and including, the date of this document, and the MDC assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including those contained in this Official Statement, including the cautionary statements under the caption "CONSIDERATIONS FOR BONDHOLDERS." Investors should carefully review those factors.

TABLE OF CONTENTS

Page

INTRODUCTORY STATEMENT 1
DESCRIPTION OF THE 2026 BONDS 2
BOOK-ENTRY-ONLY TRANSFER SYSTEM 3
SOURCES AND USES OF PROCEEDS OF THE 2026 BONDS 6
DEBT SERVICE REQUIREMENTS 7
SECURITY FOR THE 2026 BONDS 7
CLEAN WATER PROJECT 12
CLEAN WATER FUND PROGRAM 14
CLEAN WATER PROJECT PLAN OF FINANCE 14
THE METROPOLITAN DISTRICT 20
SEWER AND WATER OPERATIONS 26
CONSIDERATIONS FOR BONDHOLDERS 30
LITIGATION 35
CONTINUING DISCLOSURE AGREEMENT 35
APPROVAL OF LEGAL PROCEEDINGS 36
RATINGS 36
MUNICIPAL ADVISOR 36
FINANCIAL STATEMENTS OF THE MDC 37
ADDITIONAL INFORMATION 37

APPENDIX A – FORM OF LEGAL OPINION OF BOND COUNSEL A-1
APPENDIX B – MDC AUDITED FINANCIAL STATEMENTS DECEMBER 31, 2025 ..... B-1
APPENDIX C – DEFINITIONS OF CERTAIN TERMS IN THE SPECIAL OBLIGATION INDENTURE OF TRUST C-1
APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL OBLIGATION INDENTURE OF TRUST D-1
APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT E-1
APPENDIX F – NOTICE OF SALE F-1

THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT

DISTRICT CHAIRS AND DISTRICT OFFICIALS

Function	Chair
District Board	Donald M. Currey
Water Bureau	Dominic Pane
Bureau of Public Works	Calixto Torres
Personnel, Pension & Insurance	Maureen Magnan
Board of Finance	Pasquale J. Salemi

Position	District Officials
Chief Executive Officer	Scott W. Jellison
Chief Operating Officer	Christopher J. Levesque
Chief Administrative Officer	Kelly J. Shane
District Clerk	Victoria S. Escoriza
District Counsel	John S. Mirtle
Chief Financial Officer/Treasurer	Jonathan M. Perugini
Director of Engineering	Susan Negrelli
Controller	Janet Murphy
Director of Facilities	Thomas A. Tyler
Director of Information Technology	Robert B. Schwarm
Director of Procurement	Seth Koos
Director of Human Resources	Jamie Harlow

Municipal Advisor
Munistat Services, Inc.

Independent Accountants
CliftonLarsonAllen LLP

Bond Counsel
Shipman & Goodwin LLP

Trustee
U.S. Bank Trust Company, National Association

2026 BOND ISSUE SUMMARY

The information in this 2026 Bond Issue Summary, the front cover page and the inside cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, November 10, 2026, 12:00 Noon (Eastern Time).
Location of Sale:	The Metropolitan District, 55 Main Street, 2nd Floor CFO Conference Room, Hartford, Connecticut 06103.
The Issuer:	The Metropolitan District, Hartford County, Connecticut (the "MDC" or the "District").
Issue:	$70,000,000* Clean Water Project Revenue Bonds, Series 2026 (the "2026 Bonds").
Dated Date:	Date of Delivery.
Interest Due:	Each April 1 and October 1, commencing April 1, 2027.
Principal Due:	Annually, each October 1, from 2027 to 2046.
Authorized Denominations:	$5,000 or any integral multiple thereof.
Authorization:	The 2026 Bonds are authorized pursuant to Act No. 511 of the Special Acts of 1929, as amended (the "MDC Charter") and Chapter 103 of the Connecticut General Statutes, as amended (the "Act" and together with the MDC Charter, the "Authorizing Acts"), and are authorized, issued and secured under the provisions of a Special Obligation Indenture of Trust dated as of June 1, 2013 (the "Special Obligation Indenture") and a Seventh Supplemental Indenture dated as of November 24, 2026 (the "Seventh Supplemental Indenture" and together with the Special Obligation Indenture, the "Indenture"), by and between the MDC and U.S. Bank Trust Company, National Association, acting as trustee (the "Trustee").
Use of Proceeds:	The proceeds of the 2026 Bonds will be used to (i) finance the District's Clean Water Project, including reimbursing the District for prior expenditures relating to the Clean Water Project, and (ii) pay costs of issuance related to the 2026 Bonds. See "INTRODUCTORY STATEMENT – Use of 2026 Bond Proceeds;" "CLEAN WATER PROJECT" and "DESCRIPTION OF THE 2026 BONDS" herein.
Redemption:	Certain maturities of the 2026 Bonds are subject to optional redemption prior to maturity. See "DESCRIPTION OF THE 2026 BONDS – Redemption" herein.
Security:	The 2026 Bonds will be special obligations of the District payable solely from the Trust Estate. See "SECURITY FOR THE 2026 BONDS" herein.
Credit Ratings:	The District has received credit ratings of "Aa2" from Moody's Investors Service, Inc. ("Moody's") and "AA" from S&P Global Ratings ("S&P") on the 2026 Bonds. See "RATINGS" herein.
Tax Matters:	See Appendix A "Form of Legal Opinion of Bond Counsel", herein.
Continuing Disclosure:	MDC will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), substantially in the form of Appendix E to this Official Statement, with respect to the 2026 Bonds in which it will agree to provide, or cause to be provided, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, (i) annual financial information and operating data, (ii) notice of the occurrence of certain events within ten (10) business days of the occurrence of such events and (iii) timely notice of the failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement.
Registrar, Transfer Agent, and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Shipman & Goodwin LLP, Hartford, Connecticut, will serve as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the 2026 Bonds in book-entry-only form will be made to The Depository Trust Company on or about November 24, 2026.
Issuer Official:	Questions concerning the District and the 2026 Bonds should be addressed to: Jonathan M. Perugini, Chief Financial Officer/Treasurer, Telephone: 860-513-3345, The Metropolitan District, Hartford County, 555 Main Street, First Floor, Hartford, Connecticut 06103.
Municipal Advisor:	Munistat Services, Inc. is serving as Municipal Advisor to the MDC.

*Preliminary, subject to change.

$70,000,000*

THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT
Clean Water Project Revenue Bonds, Series 2026

INTRODUCTORY STATEMENT

This Official Statement and the appendices attached hereto, are provided for the purpose of presenting certain information in connection with the offering and sale of $70,000,000* Clean Water Project Revenue Bonds, Series 2026 (the "2026 Bonds") of The Metropolitan District, Hartford County, Connecticut (the "MDC" or the "District"). The 2026 Bonds are authorized pursuant to the MDC Charter (as defined herein) and Chapter 103 of the Connecticut General Statutes, as amended (the "Act" and together with the MDC Charter, the "Authorizing Acts"), and are authorized, issued and secured under the provisions of a Special Obligation Indenture of Trust dated as of June 1, 2013 (the "Special Obligation Indenture"), as amended and supplemented by a Seventh Supplemental Indenture dated as of November 24, 2026 (the "Seventh Supplemental Indenture" and together with the Special Obligation Indenture, the "Indenture"), by and between the MDC and U.S. Bank Trust Company, National Association, acting as trustee (the "Trustee"), for the benefit of holders of the 2026 Bonds (as defined below) issued under the Indenture.

The Authorizing Acts establish the MDC as a body politic and corporate of the State of Connecticut (the "State").

All references herein to the Authorizing Acts, the Indenture and the 2026 Bonds are qualified in their entirety by reference to the definitive documents. Capitalized terms used herein have the meanings given to them in this Official Statement, including Appendix C hereto.

The 2026 Bonds are issued on a parity with (1) the District's Clean Water Project Revenue Bonds, 2020 Series A currently outstanding in the aggregate principal amount of $34,785,000 (the "2020 Series A Bonds"), the District's Clean Water Project Revenue Bonds, 2020 Series B (Federally Taxable), currently outstanding in the aggregate principal amount of $70,030,000 (the "2020 Series B Bonds"), the District's Clean Water Project Revenue Bonds, 2021 Series A, currently outstanding in the aggregate principal amount of $42,260,000 (the "2021 Series A Bonds"), the District's Clean Water Project Revenue Bonds, 2021 Series B (Federally Taxable), currently outstanding in the aggregate principal amount of $107,930,000 (the "2021 Series B Bonds"), the District's Clean Water Project Revenue Bonds, Series 2024 currently outstanding in the aggregate principal amount of $34,940,000 (the "2024 Bonds"), and the District's Clean Water Project Revenue Bonds, Series 2025 currently outstanding in the aggregate principal amount of $45,370,000 (the "2025 Bonds"), issued and outstanding under the Indenture and (2) any Additional Bonds hereafter issued and outstanding under the Indenture. The District expects to use the proceeds of the 2026 Bonds to (i) finance the District's Clean Water Project, including reimbursing the District for prior expenditures relating to the Clean Water Project, and (ii) pay costs of issuance related to the 2026 Bonds. The 2020 Series A Bonds, the 2020 Series B Bonds, the 2021 Series A Bonds, the 2021 Series B Bonds, the 2024 Bonds, the 2025 Bonds, the 2026 Bonds and any such Additional Bonds collectively are referred to herein as the "Bonds." The District expects to issue Additional Bonds pursuant to the Indenture, all such Additional Bonds to be secured on a parity basis with the then outstanding the 2020 Series A Bonds, the 2020 Series B Bonds, the 2021 Series A Bonds, the 2021 Series B Bonds, the

*Preliminary, subject to change.

2024 Bonds, the 2025 Bonds and the 2026 Bonds. See "SECURITY FOR THE 2026 BONDS" and "CLEAN WATER PROJECT PLAN OF FINANCE." Currently, the District also has outstanding other bonds not issued pursuant to the Indenture and not secured by the Trust Estate. In addition, the District expressly reserves the right to adopt amendments to the Indenture to issue subordinated bonds, and to adopt additional indentures, to issue indebtedness thereunder, and to pledge other assets not in the Trust Estate to the payment of such indebtedness.

The District

The District was created by the Connecticut General Assembly in 1929 as a specially chartered municipal corporation of the State of Connecticut under Act No. 511 of the 1929 Special Acts of the State of Connecticut, as amended (the "MDC Charter" or the "District's Charter"). The District's purpose is to provide, as authorized, a complete, adequate and modern system of water supply, sewage collection and sewage disposal facilities for its Member Municipalities (as defined herein). Additionally, as a result of an amendment to the MDC Charter approved by the Connecticut General Assembly in 1979, the District is also empowered to construct, maintain, and operate hydroelectric dams. The member municipalities incorporated in the District are the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor (collectively, the "Member Municipalities"). The District also provides sewage disposal facilities and supplies water, under special agreements, to all or a portions of non-member municipalities as well as various State facilities. These municipalities currently include Berlin, Canton, Cromwell, East Granby, Farmington, Glastonbury, Manchester, New Britain, Portland, South Windsor and Windsor Locks.

Use of 2026 Bond Proceeds

The proceeds of the 2026 Bonds will be used to (i) finance the District's Clean Water Project (as described under "CLEAN WATER PROJECT" herein), including reimbursing the District for prior expenditures relating to the Clean Water Project, and (ii) pay costs of issuance related to the 2026 Bonds. See "DESCRIPTION OF THE 2026 BONDS" herein.

DESCRIPTION OF THE 2026 BONDS

General

The 2026 Bonds are issuable only as fully registered bonds, in book-entry-only form (as described herein). The 2026 Bonds will be in the denomination of $5,000 or any integral multiple thereof.

The 2026 Bonds will be dated the date of delivery, and will bear interest payable semiannually on April 1 and October 1, in each year, commencing April 1, 2027, at the rates per annum set forth on the inside cover page of this Official Statement. The 2026 Bonds will mature on October 1 in each case in each of the years and the amounts set forth on the inside cover page of this Official Statement.

Principal of and interest on the 2026 Bonds will be paid directly to The Depository Trust Company ("DTC") by U.S. Bank Trust Company, National Association, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the bondowner. See "BOOK-ENTRY-ONLY TRANSFER SYSTEM" herein.

Redemption

Optional Redemption – 2026 Bonds. The 2026 Bonds maturing on and after October 1, 2035 will be subject to redemption prior to their maturity, at the election of the District in whole or in part at any time on or after October 1, 2034 (each herein a "Redemption Date") from time to time, at the election of the

District, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued and unpaid interest thereon to the Redemption Date.

If less than all of the 2026 Bonds are to be so redeemed, the 2026 Bonds (or portions thereof) to be redeemed shall be selected by the Trustee in accordance with DTC procedures (so long as DTC or its nominee is the bondowner) or by lot or in any customary manner of selection as determined by the Trustee.

Notice of Redemption. Notice of redemption shall be mailed not less than twenty (20) nor more than forty-five (45) days prior to the respective Redemption Date (or such greater period of time as may be required by any Securities Depository), by first-class mail, to the registered owner of such bond at such bondowner's address as it appears on the books of registry or at such address as may have been filed with the registrar for that purpose.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

Unless otherwise noted, the description which follows of the procedures and record-keeping with respect to beneficial ownership interests in the 2026 Bonds, payment of interest and other payments on the 2026 Bonds to DTC Participants or Beneficial Owners of the 2026 Bonds, confirmation and transfer of beneficial ownership interests in the 2026 Bonds and other bond-related transactions between DTC, the DTC Participants and Beneficial Owners of the 2026 Bonds is based solely on information provided on the DTC's website and presumed to be reliable. Accordingly, the MDC and the Trustee do not and cannot make any representations concerning these matters.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2026 Bonds. The 2026 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 Bond certificate will be issued for each series and maturity of the 2026 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities 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 securities certificates. 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, the 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"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect 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 Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2026 Bonds, except in the event that use of the book-entry system for the 2026 Bonds is discontinued.

To facilitate subsequent transfers, all 2026 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 2026 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 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect 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.

Redemption notices shall be sent to DTC. If less than all of the 2026 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the MDC as soon as possible after the Record Date (as defined herein). The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2026 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments and redemption payments on the 2026 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 MDC or the Paying Agent on 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, the Trustee, the Paying Agent, or the MDC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest and redemption proceeds on the 2026 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the MDC or the Paying Agent and 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 Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2026 Bonds at any time by giving reasonable notice to the MDC or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The MDC may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC. THE MDC, AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, INTEREST ON OR PURCHASE PRICE OF THE 2026 BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURE; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2026 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

Effect of Discontinuance of Book-Entry System

The following procedures shall apply if the book-entry transfer system is discontinued with respect to the 2026 Bonds.

Principal and Interest Payments. Principal of the 2026 Bonds will be payable at the corporate trust office of the Trustee in Hartford, Connecticut, and interest on the 2026 Bonds will be payable to the registered owner thereof as of each Record Date (as defined herein) on each interest payment date by check mailed to such registered owner at the address shown on the bond register maintained by the Trustee. However, registered owners of $1,000,000 or more in aggregate principal amount of the 2026 Bonds may be paid interest by wire transfer upon written request filed with the Trustee on or before the close of business on the 15th day of the calendar month preceding the Interest Payment Date (or the preceding Business Day if such 15th day is not a Business Day), (the "Record Date") for the applicable interest payment date.

Registration and Transfer. The Trustee will keep or cause to be kept, at its corporate trust office in Hartford, Connecticut, sufficient books for the registration and transfer of the 2026 Bonds, and, upon presentation of the 2026 Bonds for each such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on such books such 2026 Bonds. Any 2026 Bond may, in accordance with its terms, be transferred upon such books by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such registered 2026 Bonds for cancellation, accompanied by delivery of a written instrument of transfer executed in a form approved by the Trustee. Whenever any 2026 Bond shall be surrendered for transfer, the MDC shall execute and the Trustee shall authenticate and deliver a new Bond of the same maturity and for a like aggregate principal amount. The Trustee is not required to transfer or exchange any 2026 Bond during the period twenty (20) days before the mailing of a notice of redemption. The Trustee shall require the Bondholder requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange and may require the payment of any reasonable sum to cover expenses incurred by the Trustee or MDC in connection with such exchange.

SOURCES AND USES OF PROCEEDS OF THE 2026 BONDS

The MDC expects to apply the proceeds from the sale of the 2026 Bonds as follows:

	The 2026 Bonds	
Sources of Funds		
Par Amount of the 2026 Bonds……	$ 70,000,000.00	*
Original Issue Premium……...……	-	
Total Sources …….	$ -	
Uses of Funds		
Fund Deposits:		
Project Fund Deposit……	$ -	
Delivery Date Expenses:		
Cost of Issuance [1]…….	$ -	
Underwriter's Discount……..	-	
	$ -	
Total Uses ……	$ -	

[1] Costs of issuance include legal fees and other costs incurred in connection with the issuance of the 2026 Bonds.
*Preliminary, subject to change.

Amounts in the Bond Proceeds Account will be applied to reimburse the District for prior expenditures relating to the Clean Water Project. Amounts in the Bond Proceeds Account and Costs of Issuance Account under the Indenture will be invested by the Trustee at the direction of an Authorized Officer of the MDC in such Investment Obligations as are permitted by the Indenture.

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DEBT SERVICE REQUIREMENTS

The following table shows the estimated future debt service requirements on outstanding Bonds and the 2026 Bonds.

Estimated Annual Debt Service on Outstanding Bonds [1]
Pro Forma as of November 24, 2026

Fiscal Year Ending 12/31	Outstanding Principal	Interest	Total	This Issue of Bonds Principal	This Issue of Bonds Interest	Cumulative Percent Retired
2026	$ -	$ -	$ -	$ -	$ -	0.00%
2027	18,955,000	11,470,806	30,425,806	2,595,000 *	-	5.32%
2028	19,420,000	10,780,374	30,200,374	2,205,000 *	-	10.65%
2029	20,090,000	10,053,381	30,143,381	2,315,000 *	-	16.18%
2030	20,740,000	9,286,279	30,026,279	2,435,000 *	-	21.90%
2031	23,420,000	8,467,891	31,887,891	2,555,000 *	-	28.31%
2032	24,845,000	7,585,852	32,430,852	2,685,000 *	-	35.10%
2033	17,440,000	6,757,916	24,197,916	2,815,000 *	-	40.10%
2034	22,285,000	6,102,051	28,387,051	2,960,000 *	-	46.32%
2035	21,425,000	5,440,742	26,865,742	3,105,000 *	-	52.38%
2036	21,530,000	4,792,098	26,322,098	3,260,000 *	-	58.49%
2037	20,770,000	4,151,738	24,921,738	3,425,000 *	-	64.46%
2038	21,090,000	3,501,582	24,591,582	3,595,000 *	-	70.55%
2039	21,430,000	2,838,372	24,268,372	3,775,000 *	-	76.77%
2040	14,410,000	2,234,453	16,644,453	3,965,000 *	-	81.30%
2041	14,900,000	1,747,741	16,647,741	4,160,000 *	-	86.01%
2042	14,585,000	1,242,814	15,827,814	4,370,000 *	-	90.68%
2043	6,640,000	748,800	7,388,800	4,590,000 *	-	93.45%
2044	6,910,000	473,800	7,383,800	4,820,000 *	-	96.35%
2045	4,430,000	187,550	4,617,550	5,060,000 *	-	98.69%
2046	-	-	0	5,310,000 *	-	100.00%
Totals	**$ 335,315,000**	**$ 97,864,239**	**$ 433,179,239**	**$70,000,000 ***	**$ -**	

[1] Excludes principals and interest payments made in Fiscal Year 2026 prior to November 24, 2026.
*Preliminary, subject to change.

SECURITY FOR THE 2026 BONDS

The 2026 Bonds are secured by a pledge of, and are payable from, the Trust Estate, including Pledged Revenues, which are special revenues to be received by the MDC from its "Clean Water Project Charge" (previously referred to as the "Special Sewer Service Surcharge") (described below), together with the revenues or other receipts, funds or moneys held in or set aside in the Trust Estate on a parity with the 2020 Series A Bonds, the 2020 Series B Bonds, the 2021 Series A Bonds, the 2021 Series B Bonds, the 2024 Bonds, the 2025 Bonds and all other outstanding Additional Bonds hereafter issued under the Indenture.

The Clean Water Project Charge is a charge applied to the water bill of residential and commercial customers of MDC who utilize MDC's sewer system and are furnished water directly by MDC.

The Authorizing Acts provide that the foregoing pledge made in the Indenture shall be valid and binding from the date of the Special Obligation Indenture; the revenues, receipts, funds or moneys so pledged and

thereafter received by the MDC shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and the lien of any pledge made under the Indenture shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the MDC, irrespective of whether such parties have notice thereof. In furtherance of the pledge, the Indenture requires the MDC to promptly turn over to the Trustee for deposit in the Revenue Fund all Pledged Revenues received by it.

The Bonds, which include the 2026 Bonds, are not a general obligation of the MDC. The Bonds shall be payable solely from the Trust Estate and shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof other than the MDC or a pledge of the full faith and credit of the State or of any such political subdivision other than the MDC. Neither the State nor any political subdivision thereof other than the MDC shall be obligated to pay the same or the interest thereon except from the Trust Estate, and neither the full faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds.

The Clean Water Project Charge by ordinance may be used only to pay principal and interest on indebtedness issued for the purpose of financing the Clean Water Project and to pay capital expenses incurred for the Clean Water Project. As such, it is available only to pay debt service on the Bonds, any subordinate revenue bonds, and any general obligation bonds or Clean Water Fund borrowings by the District from the State to finance the Clean Water Project (see "CLEAN WATER FUND PROGRAM" herein). It is not available to pay operating expenses of the District. The Indenture permits Clean Water Project Charge revenues in the Rate Stabilization Fund to be withdrawn to pay capital expenditures of the Clean Water Project.

Flow of Funds in the Indenture

The MDC is to turn over Pledged Revenues promptly (at least monthly) to the Trustee for deposit into the Revenue Fund.

On the fifth day of each month or, if not a "Business Day" (which shall mean any day other than: (1) a Saturday or Sunday, (2) a day on which banking institutions located in the State of Connecticut or in any of the cities in which the principal corporate trust office of the Trustee, or the principal office of any Paying Agent or remarketing agent is located, are required or are authorized by law or executive order to close, or (3) a day on which the New York Stock Exchange is closed), on the next succeeding Business Day, the Trustee will withdraw from the Revenue Fund the amounts on deposit in the Revenue Fund to deposit or credit the following accounts and funds:

FIRST, unless otherwise provided in any "Supplemental Indenture" (see Appendix C for definition) with respect to Bonds,

-- Into the "Interest Account" (see Appendix C for definition) the amount accrued for the prior month as interest on the Bonds or Swaps (see Appendix C for definition), if any, for each Series of Bonds or Swap Payments on Swaps accrued for the prior month less any Swap Receipts accrued for the prior month, provided that the deposit immediately preceding any Interest Payment Date shall be the balance necessary to make such payment, as well as all amounts accrued for the prior month as Term-Out Payments in respect of a Swap.

-- Into the Principal Installment Account, the amount accrued for the prior month as principal due on each Series of Bonds, whether at maturity or pursuant to mandatory sinking fund redemption on the next scheduled Principal Installment Date, provided that the deposit

immediately preceding any Principal Installment Date shall be the balance necessary to make such payment.

SECOND – pro rata, to each debt service reserve fund created pursuant to the terms of any Supplemental Indenture for the benefit of any Series of Bonds to cause any debt service reserve fund requirement established under such Supplemental Indenture to be satisfied.

THIRD – to any other trustee or paying agent for indebtedness of the MDC (this is intended to allow for the issuance of revenue bonds structurally subordinated to the Bonds).

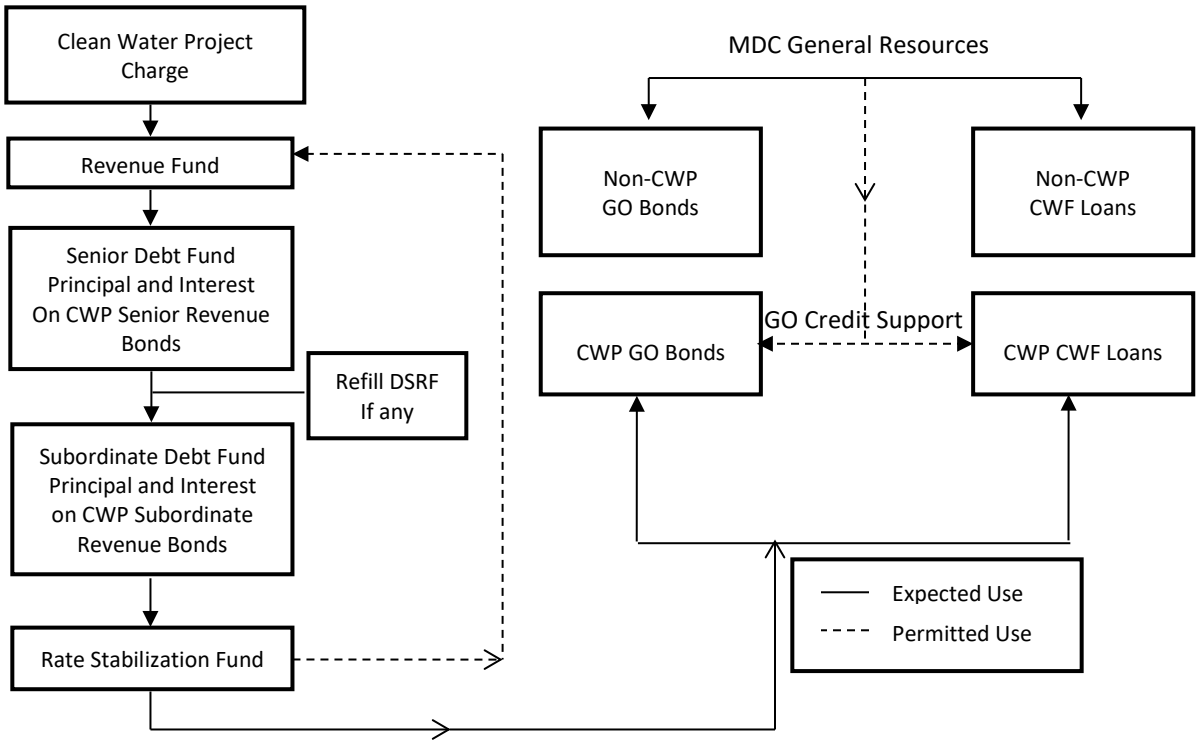
FOURTH – into the Redemption Fund, the amount, if any specified in writing by the MDC to the Trustee.

FIFTH – into the Rate Stabilization Fund, the balance. Potential uses of the balances in the Rate Stabilization Fund are discussed in detail below in "The Rate Stabilization Fund."

The 2026 Bonds are not secured by a debt service reserve fund under the Indenture.

The fact that the MDC has not received sufficient Pledged Revenues with which to make the deposits or credits each month as prescribed above is not, by the fact itself, to be construed as an "Event of Default" under the Indenture.

The following diagram illustrates the overall fund flows.



The Rate Stabilization Fund

The Rate Stabilization Fund is intended to allow the MDC to manage the impact of the Clean Water Project Charge upon ratepayers by allowing moneys to accumulate in the fund prior to the years of peak debt service on Clean Water Project borrowings and to be used to offset year to year increases in the Clean Water Project Charge that otherwise would be required if it were to match the year to year increases in debt service. The Rate Stabilization Fund also cushions the MDC against shortfalls in collections. For purposes of the Coverage Covenant (defined below) and the Additional Bonds test, the amount of such deposits that can be included as Revenues Available for Debt Service in any Fiscal Year is limited to 35% of Debt Service Requirements for such Fiscal Year.

The MDC may also withdraw amounts in the Rate Stabilization Fund for purposes constituting a permitted use of the Clean Water Project Charge as set out in the ordinance establishing such surcharge. The ordinance only permits the Clean Water Project Charge to be used for payment of principal and interest for indebtedness incurred to finance the Clean Water Project (whether Bonds, subordinate revenue bonds, Clean Water Fund loans, or general obligation bonds) or to capital expenditures for purposes of the Clean Water Project, or debt service on indebtedness incurred for purposes of the Clean Water Project. As of September 30, 2026, there was a net balance of $59.0 million in the Rate Stabilization Fund.

Rate Covenant

The Indenture includes a rate covenant (the "Coverage Covenant") providing that the MDC will establish, fix, and revise from time to time, prior to and during each Fiscal Year, and shall collect in each Fiscal Year, rates, fees and charges representing Pledged Revenues so that the amount of Revenues Available for Debt Service for such Fiscal Year, as certified by an Authorized Officer based on the MDC's audited financial statements for such Fiscal Year, is equal to no less than an amount equal to 1.20 times the Debt Service Requirements in such Fiscal Year. In calculating Revenues Available for Debt Service, the MDC may withdraw moneys from the Rate Stabilization Fund and deposit them in the Revenue Fund, provided that the amount of such deposit that may be included as Revenues Available for Debt Service in a Fiscal Year is limited to 35% of Debt Service Requirements in such Fiscal Year.

Additional Bonds and Refunding Bonds

Pursuant to the Indenture, Bonds of the MDC are authorized to be issued without limitation as to amount except as provided in the Indenture or as may be limited by law.

The Indenture provides that no Additional Series of Bonds may be authorized and issued under the Indenture unless a certificate of an Authorized Officer of the MDC shall have been delivered to the Trustee stating that (i) the Revenues Available for Debt Service, based on the most recent Audited Financial Statements preceding the date of issuance of such Additional Bonds has been, with respect to either of the two prior Fiscal Years, equal to an amount at least 1.20 times the Debt Service Requirement on all Outstanding Bonds for such Fiscal Year, or (ii) the Revenues Available for Debt Service for either of the last two Fiscal Years, adjusted for any adopted increases in the Clean Water Project Charge as if such increases had been in effect from the beginning of such Fiscal Year, were equal to an amount at least 1.20 times the Debt Service Requirement on all Outstanding Bonds for such Fiscal Year.

No Refunding Bonds may be authorized and issued under the Indenture unless a certificate of an Authorized Officer of the MDC shall have been delivered to the Trustee stating that: (i) estimated average annual Debt Service Requirements on such Series of Refunding Bonds shall not exceed the average annual Debt Service on the Bonds to be refunded and (ii) the maximum Debt Service Requirement in any Fiscal Year on such

Series of Refunding Bonds shall not exceed the maximum Debt Service in any Fiscal Year on the Bonds to be refunded.

No Debt Service Reserve Fund

The Indenture does not create a debt service reserve fund, but such accounts may be established in the future by a Supplemental Indenture to the Indenture. The 2026 Bonds will not be secured by a debt service reserve fund.

Remedies Do Not Include Acceleration

The Indenture provides for Events of Default, including (i) failure to pay principal and interest on any Bonds and (ii) failure to comply with the Indenture or default in the performance or observance of any covenant or agreement contained in the Indenture, any supplemental indenture or any Bond, upon written notice given by the Trustee or the holders of not less than one-third in principal amount of the Bonds. Upon the occurrence and continuance of an Event of Default, the Trustee may proceed to protect and enforce the rights of the bond holders by, among other things, mandamus or other suit, action or proceeding at law or in equity.

No property other than the Trust Estate is pledged or mortgaged to secure the Bonds, and remedies available do not include acceleration of the principal of the Bonds.

Covenant of the State

The 2026 Bonds are issued subject to the covenant of the State of Connecticut included in Section 11 of Special Act No. 14-21, which reads as follows:

> The state of Connecticut does hereby pledge to and agree with the holders of any bonds, notes and other obligations issued by the Metropolitan District in Hartford County created pursuant to number 511 of the special acts of 1929, as amended, under the authority of chapter 103 of the general statutes or under section 4 of special act 90-27, as amended by section 6 of public act 93-380 and section 10 of this act, which are payable solely from the income and revenue of a particular facility, system or program or the revenues to be derived from sewerage system use charges, and with those parties who may enter into contracts with the district in respect of the same, that the state will not limit or alter the rights vested in the authority to charge and collect such income, revenues, or sewerage system use charges, or in the holders of any bonds, notes or other obligations of the district until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the district, provided nothing contained herein shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds, notes and other obligations of the district or those entering into contracts with the district. The district is authorized to include this pledge and undertaking for the state in such bonds, notes and other obligations or contracts.

The Bonds are issued pursuant to the authorizations referred to in Section 11 of Special Act No. 14-21, and accordingly the MDC has included the foregoing pledge in the Seventh Supplemental Indenture.

CLEAN WATER PROJECT [1]

The Clean Water Project addresses approximately one billion gallons of combined wastewater and storm water released each year to area waterways prior to the commencement of the Clean Water Project. The project is in response to an Environmental Protection Agency ("EPA") Sanitary Sewer Overflows ("SSO") federal consent decree and a Connecticut Department of Energy and Environmental Protection ("DEEP") Combined Sewer Overflows ("CSO") consent order to achieve Federal Clean Water Act goals. The project is set forth in a Long-Term Control Plan (the "LTCP"), which is periodically revised and is subject to approval by DEEP. The District's goal is to achieve compliance through efficient improvements to its system, maximizing funding of the project with State and Federal grants and the use of State and Federal low-interest loans, with the remainder funded with issuance of its own bonds. Project financing is expected to be repaid with the Clean Water Project Charge added to the water bills of customers in Member Municipalities who have sewage and water service from the District.

Evolution of the Clean Water Project

As originally conceived in 2005, and as set forth in the initial LTCP, the Clean Water Project was estimated to cost approximately $2.1 billion and be completed in 2021, based on assumptions about, among other things, the design as originally conceived and the pace of design, construction and regulatory review and approval. The original concept relied on sewer separation projects, control of inflow and infiltration, and capacity increases and other improvements to the District's treatment plants.

An updated LTCP was submitted to DEEP in 2012 and revised through December 2014. The revised plan de-emphasized sewer separation projects, which proved expensive and unduly disruptive in downtown areas, and added a large storage and conveyance tunnel in south Hartford (the "South Tunnel"). It also featured a large storage and conveyance tunnel to the northern part of Hartford (the "North Tunnel") that connected to the South Tunnel, which was intended to both capture overflows in the northern and central part of Hartford and also to eliminate overflows into the North Branch of the Park River. This resubmittal as approved in 2015 set out a completion of the project by 2029.

The LTCP was revised and resubmitted to Connecticut DEEP in December 2018. Through meetings and negotiations with DEEP an agreement was reached, and a new consent order was signed in September 2022. Although no formal approval was issued, the new consent order, which will replace the existing consent order, incorporates a Phase I Implementation Plan for years 2023-2029. The resubmitted LTCP introduced the concept of an "Integrated Plan". The Integrated Plan or the "Plan", coordinates the District's ongoing capital improvement and maintenance program with projects reasonably necessary to comply with the CSO consent order. The Plan includes remedies such as replacing aged and damaged pipes and other system components, cleaning and other maintenance and rehabilitation activities, thereby increasing pipe capacity to reduce overflows. The concept and guidelines for Integrated Planning were introduced and accepted by the EPA in 2012 for communities dealing with CSO compliance issues coupled with ongoing obligations to maintain its existing aging infrastructure in an affordable manner. Managing this program balances new capital expenditures with maintenance expenditures, with priorities addressed to reduce, insofar as practical, costly emergency repairs of sewer collapses and other problems. The resubmitted LTCP retains the South Tunnel projects (which are in the final stage of construction) and related improvements. However, the resubmitted LTCP replaces the North Tunnel concept with a shortened downtown area tunnel and incorporates separation projects in conjunction with capacity improvements in the northern part of Hartford. The Plan contemplates a compliance effort over a longer term (i.e. 40 years) and integrated ongoing maintenance and a rehabilitation program. The Plan combines the Clean Water Project with other capital

[1] *The Clean Water Project, so called, should not be confused with references herein to the "Clean Water Fund," a program of the State of Connecticut to provide loans and grants to municipal entities for funding sewerage projects generally, and a source of funding for the Clean Water Project. See "CLEAN WATER FUND PROGRAM" herein.*

improvements that had not been previously considered part of the Clean Water Project, and continues to finance the combined effort with the Clean Water Project Charge. The Plan has a view to achieve compliance with the Governmental Orders (see Appendix C for definition) efficiently within the context of the District's other capital improvements while implementing a more affordable economic model for the rate payers.

Integrated Plan projects were initiated in 2023. More refinements to the consent order were contemplated and incorporated through a consent order modification in July 2023. These refinements include faster implementation and more projects in North Hartford to address private property issues. An approved list of projects in the modified consent order includes new projects, existing projects that require more prompt attention and projects from Phase I that were not completed. Minor consent order modifications were signed in January 2025 which incorporate additional project schedule updates.

Cost Estimates

The resubmitted LTCP incorporates an Integrated Plan, thus the nature of the Clean Water Project and its overall cost is not directly comparable to the LTCP as currently approved. Current estimates to complete the LTCP and integrated plan project that the Clean Water Project Charge would remain flat through 2040 and then increase incrementally to approximately $7.40 per hundred cubic feet ("ccf") and remain at least at that level for a considerable period as the ongoing capital maintenance and rehabilitation program continues. The District Board sets the Clean Water Project Charge without the need for other approvals. The primary reasons for the increase in the Clean Water Project Charge are due to inflation of costs to complete the LTCP on a longer schedule and the inclusion of asset management projects, such as sewer lining, which previously were contemplated to be paid for through ad valorem taxes. As a result, the future increases to ad valorem taxes will be mitigated while the estimated total cost to the rate payers for both the Clean Water Project Charge and ad valorem taxes remain on average about the same. This assumes a continued level of Federal and State support in the form of grants and low-cost loans consistent with the support provided to date. Other options would increase the surcharge, particularly those options that accelerate work or change the sequencing, as would a change in the level of Federal and State funding support. The District remains mindful of maintaining an overall level of affordability for the rate payers of the District, and in particular, the residents of Hartford, which may lead to future adjustment in the nature of the Clean Water Project and its cost and financing. No assurance can be given as to the final cost of the Clean Water Project and its cost and financing. No assurance can be given as to the final cost of the Clean Water Project or the precise composition of its funding.

Referendum Requirements

Generally speaking, appropriations for the cost of large projects must be approved by referendum vote of the electors of the Member Municipalities. Effective October 1, 2015, Public Act No.15-114 excludes from the referendum requirement that portion of any appropriations funded by Federal or State grants. An $800 million appropriation for the Clean Water Project was approved at referendum on November 7, 2006. An appropriation for an additional $800 million for the Clean Water Project was approved at referendum on November 6, 2012. An appropriation of $140 million for a grant, not requiring a referendum, was approved by the District Board on October 5, 2016. Appropriations of $18.8 million and $67.4 million for grants not requiring a referendum were approved by the District board on September 2, 2020 and April 26, 2023, respectively. The District expects to appropriate further funds for the Clean Water Project without a referendum for portions paid for by State grants.

The District expects that the South Tunnel and related improvements will be completed within existing appropriations, assuming the ongoing South Tunnel work proceeds within contemplated cost estimates and that expected grants are received. Some portion of the Integrated Plan work in the resubmitted LTCP may

be undertaken within existing appropriations if future grants are received for eligible projects. Full compliance with the resubmitted LTCP may require submission of one or more further appropriations for approval by electors at referendum. The District has made no determination as to if and when an additional referendum will be held.

The District cannot give any assurances as to when the Clean Water Project will be completed or its total cost as it is highly dependent on the availability of grants and loans from the State.

CLEAN WATER FUND PROGRAM

The Metropolitan District is a participant in the State's Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at the rate of 2% per annum. All participating municipalities receive funding for eligible expenses of 20% grant and 80% loan, except for combined sewer overflow projects (50% grant and 50% loan) and denitrification projects (30% grant and 70% loan). Loans are made pursuant to a Project Loan and Grant Agreement (the "Loan Agreement"). During construction the municipality enters into a short-term borrowing agreement with the State called an Interim Funding Obligation ("IFO") from which it pays project costs as needed. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Upon project completion, or, in the case of certain larger projects, annually, a 20-year debt obligation called a Project Loan Obligation ("PLO") is issued to the State. The municipal obligations issued to the State are secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date, or, in the case of certain larger projects, the earlier of such date or annually commencing one year after the date of the agreement. The final maturity of each loan is the earlier of twenty years from the scheduled completion date or twenty years from the date of the PLO. Principal and interest payments are made (1) in monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Monthly installments may be in level debt service or amortized with level principal. If permitted under the Loan Agreement, borrowers may prepay their loans at any time prior to maturity without penalty.

The District's Clean Water Fund Project Loan Obligations are secured by the District's full faith and credit and constitute a general obligation of the District. The District has refinanced certain State Clean Water Fund Project Loan Obligations for the purpose of both realizing net present value savings and reducing the amount of debt subject to the District's general obligation debt limit. The State and the District have discussed further exploration of a revenue-only pledge on future State Clean Water Fund Interim Funding Obligations and Project Loan Obligations.

CLEAN WATER PROJECT PLAN OF FINANCE

Section 12 of the District's Sewer Ordinances was amended on October 1, 2007 by the District Board to allow the implementation of a Clean Water Project Charge to fund the debt issued for the Clean Water Project. The Clean Water Project Charge was implemented in January 2008 and by ordinance may be used only to pay principal and interest on indebtedness issued for the purpose of financing the Clean Water Project or to pay capital expenses for the Clean Water Project. The Clean Water Project Charge is not available to pay District operating expenses.

The District's goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are solely supported by the Clean Water Project Charge will not be included in the calculation of overlapping debt of the Member Municipalities and are not general obligations of the District.

The District's goal is to fund approximately 25% to 30% of the Clean Water Project with revenue bonds or general obligation debt supported by the Clean Water Project Charge and to fund approximately 40% to 45% of the cost with State and Federal low-cost State Revolving Fund loans from the State of Connecticut Clean Water Revolving Fund Program ("Clean Water Fund") also supported by the Clean Water Project Charge. Finally, it is expected that 25% to 30% of the entire project will be funded with State and Federal grants which require no repayment from the MDC.

The additional revenue bonds to fund the Clean Water Project are expected to be issued under the Indenture. Other Clean Water Project debt service will include Clean Water Fund loans and general obligation borrowings that will be issued only to finance the Clean Water Project and are expected to be paid from the Clean Water Project Charge. These Clean Water Fund loans and general obligation borrowings also can be supported by the MDC's general resources as needed (see "SECURITY FOR THE 2026 BONDS - Flow of Funds in the Indenture" for more information).

As of October 30, 2026, the MDC's Clean Water Project has received $519,890,650 in Grants and $810,227,712 in Loans under the State's Clean Water Fund. As previously stated, the Grants require no repayment and the Loans bear a 2% interest per year. Additionally, as of October 30, 2026, the State has committed $98,190,957 in Interim Funding Obligations and $83,923,078 in Grants associated with the Clean Water Project.

As of October 30, 2026, the MDC has issued $71.23 million in general obligation bonds to finance the Clean Water Project, and expects further bonds issued to finance the Clean Water Project to be Bonds issued pursuant to the Indenture. The District has issued $416,710,000 million in Clean Water Project Revenue Bonds, of which $335,315,000 remains outstanding as of November 24, 2026 (not including the 2026 Bonds). The Bonds are being repaid from the Clean Water Project Charge.

Further, the MDC's general obligation borrowings, whether for the Clean Water Project or its other capital purposes, are subject to an overall debt limit set out in the MDC Charter. The MDC could not borrow sufficient funds on a general obligation basis to finance all of the costs of the Clean Water Project without exceeding this debt limit. By statute, however, sewer indebtedness payable solely from sewer charges is not counted against the debt limit. Accordingly, all Bonds issued under the Indenture to finance the Clean Water Project do not count against its debt limit and do not limit the MDC's ability to borrow for its other capital purposes.

The Clean Water Project Charge is established annually as part of the MDC's budget process. It therefore cannot be pre-established for future periods, and while it is expected to be comparatively stable in terms of collectability, it is nevertheless subject to collection risk. The MDC believes it is good business practice to escalate the Clean Water Project Charge smoothly in the future as it borrows for the purpose of the Clean Water Project. Accordingly, it utilizes the Rate Stabilization Fund to allow the MDC to hold Pledged Revenues not theretofore used for debt service on borrowings for the Clean Water Project for the purposes of paying debt service on Clean Water Project indebtedness, including the Bonds, in future periods and to guard against shortfalls in collections. See "SECURITY FOR THE 2026 BONDS – Rate Stabilization Fund" herein.

The overall plan of finance for the Clean Water Project thus contemplates the issuance of revenue bonds under the Indenture, subject to an Additional Bonds test, which would be outside the MDC's debt limit

contained in the MDC Charter. Such Bonds are secured by a gross pledge of revenues from the Clean Water Project Charge. Such revenues not required for payment of principal and interest on the Bonds could be released from the pledge of the Indenture to pay subordinate revenue bonds issued for the Clean Water Project, for Clean Water Fund borrowings for purposes of the Clean Water Project, for general obligation borrowings for purposes of the Clean Water Project or retained within the Rate Stabilization Fund to pay future principal and interest on the Bonds, or to acquire capital assets related to the Clean Water Project.

The MDC believes this plan of finance will allow it to fulfill the aims of the Clean Water Project, comply with its debt limit under the MDC Charter, fund its other capital requirements, and maintain good business practices with respect to its customers.

The following table shows the breakdown of expected expenditures of the MDC in the next four years for the Clean Water Project.

Projected Clean Water Project Expenditures: 2026-2029
(millions)

	2026	2027	2028	2029
Project Spend.....	$126	$113	$101	$121

Historical and Projected Project Funding

The following tables shows historical and projected funding sources for the Clean Water Project.

Historical Clean Water Project Debt Funding
(millions)

	Prior Years	2022	2023	2024	2025	Total
Revenue Bonds....	$ 253.6	$ -	$ -	$ 37.4	$ 46.8	$ 337.8
CWF Grants.....	371.5	15.6	24.2	23.8	32.3	467.4
CWF Loans [1].....	624.3	25.0	0.7	24.8	22.3	697.1
GO Bonds.....	71.2	-	-	-	-	71.2
Total Debt	**$ 1,320.6**	**$ 40.6**	**$ 24.9**	**$ 86.0**	**$ 101.4**	**$ 1,573.5**

[1] Clean Water Fund loans become permanently financed and begin principal payments six months after the scheduled completion date of the project financed.

Projected Clean Water Project Debt Funding [1]
(millions)

	2026	2027	2028	2029	2030	Total
Revenue Bonds....	$ 70.0	$ 50.4	$ 55.1	$ 57.3	$ 59.6	$ 292.3
CWF Grants.....	77.4	14.1	18.2	25.5	49.8	185.0
CWF Loans [2].....	-	-	-	-	-	-
GO Bonds.....	-	-	-	-	-	-
Total Debt	**$ 147.4**	**$ 64.5**	**$ 73.3**	**$ 82.8**	**$ 109.4**	**$ 477.3**

[1] Projections based on expected construction spending for the Clean Water Project.

[2] Clean Water Fund loans become permanently financed, and principal payments begin, within six months after the financed project is scheduled to be completed. See "Clean Water Fund Program" herein.

The MDC believes that expected customer billings, including the Clean Water Project Charge, will continue to be affordable, as set out in the following table.

Projected MDC Rate Burden

	2027	2028	2029
Base Water Rate per CCF.....	$4.68	$4.80	$4.92
Clean Water Project Charge Rates per CCF.....	$5.20	$5.60	$5.90
Representative Annual Water Bill based on 80 CCF Usage [1].....	$889.60	$936.14	$973.95

[1] Excludes other revenue sources, such as the component of the MDC's charges contained in property taxes.

The District follows a formalized enforcement and collection process. Customers are notified of delinquency through the District's automated billing process. Penalties escalate as the receivable ages. Penalties include the shutoff of service, placement of a lien on the subject property, and ultimately having the account referred to a more formal legal process. The District offers flexible payment plans to avoid penalties and the more formal legal process. The District has historically suspended shutoff activities during the winter months.

The MDC has a diversified base of rate payers. The table below shows the top payers of the Clean Water Project Charge and the percentage of collections represented by each.

Top Clean Water Project Charge Rate Payers Fiscal 2025

	Hundreds of Cubic Feet Usage	Clean Water Project Charge Revenue (Millions)	% of Total Clean Water Project Charge Revenues	Cumulative Total %
Niagara Water	401,965	$1.44	2.2%	2.2%
Hartford Hospital	294,541	1.34	2.0	4.2
Coca-Cola Bottling Co. of NE Inc	231,089	1.05	1.6	5.8
City of Hartford	108,144	0.49	0.7	6.6
State of Connecticut	95,455	0.43	0.7	7.2
Housing Authority of the City of Hartford	92,504	0.42	0.6	7.9
Saint Francis Hospital	67,442	0.31	0.5	8.3
Pratt & Whitney Aircraft	66,848	0.30	0.5	8.8
Kohler Mix Specialties of CT	65,830	0.30	0.5	9.3
Town of West Hartford	63,698	0.29	0.4	9.7
University of Hartford	61,170	0.28	0.4	10.1
Town of East Hartford	58,007	0.26	0.4	10.5
Trustees of Trinity Collage	57,794	0.26	0.4	10.9
Hartford Steam Company	54,067	0.25	0.4	11.3
Cellu Tissue Corp	42,000	0.19	0.3	11.6

Historical Collections

The Clean Water Project Charge ("CWPC") has been assessed and collected since January 1, 2008. As of September 30, 2026, and in total, the MDC has collected $858.5 million since 2008. The CWPC collection rate since its inception is 94.5%. The following table shows historical collections and amounts used to fund Clean Water Project associated debt service. Remaining collections will be transferred to the Rate Stabilization Fund.

	2021	2022	2023	2024	2025
Clean Water Project Charge	$4.10	$4.10	$4.25	$4.33	$4.57
		(in millions)			
Revenue Bond Debt Service	$18.92	$25.34	$22.50	$22.26	$24.81
General Bond Debt Service	4.09	2.38	2.38	2.38	2.38
Clean Water Fund Loan Debt Service	34.66	31.62	31.89	32.56	33.62
Total Clean Water Project Associated Debt Service	$57.67	$59.34	$56.77	$57.20	$60.80
Senior Debt Service Coverage [1]	3.15x	2.38x	2.68x	2.79x	2.65x

[1] Total Clean Water Project Charge revenues divided by senior debt service (revenue bonds).

Projected Clean Water Project Charge Rates,
Revenues and Debt Service Coverage
(in millions unless noted)

	2026	2027	2028	2029
Clean Water Project Charge Rate [1] (per ccf).....	$4.87	$5.20	$5.60	$5.90
Consumption Projection (million ccf).....	15.5	15.5	15.5	15.5
Total Pledged Revenues.....	$71.7	$76.4	$82.5	$86.9
Outstanding Senior Bond Debt Service	$30.5	$30.4	$30.2	$30.1
Projected Senior Bond Debt Services [2].....	0.0	3.8	9.6	14.6
Total Senior Bond Debt Service.....	$30.5	$34.2	$39.8	$44.7
Projected Debt Service Coverage.....	2.4x	2.2x	2.1x	1.9x
35% Available from Rate Stabilization Fund [3].....	10.7	12	13.9	15.6
Coverage with use of Rate Stabilization fund [4]....	2.7x	2.6x	2.4x	2.3x
General Obligation Bond Debt Service [5].....	2.4	2.4	2.4	2.4
Clean Water Fund Loan Debt Service.....	42.6	38.8	44.4	45.9
Pay-go/Other Financing.....	0	0	0	0
Total Other Uses.....	$45.0	$41.2	$46.8	$48.3
Expected Rate Stabilization Fund Balances at Fiscal Year End [1,2,4,5].....	$63.7	$66.7	$64.5	$60.1

[1] Rates for 2026 and later are projected and will be determined through the MDC's annual budgeting process.

[2] Based on revenue bond issuances of $75.0 in 2026, $50.0 million in 2027, $55 million in 2028, and $57 million in 2029.

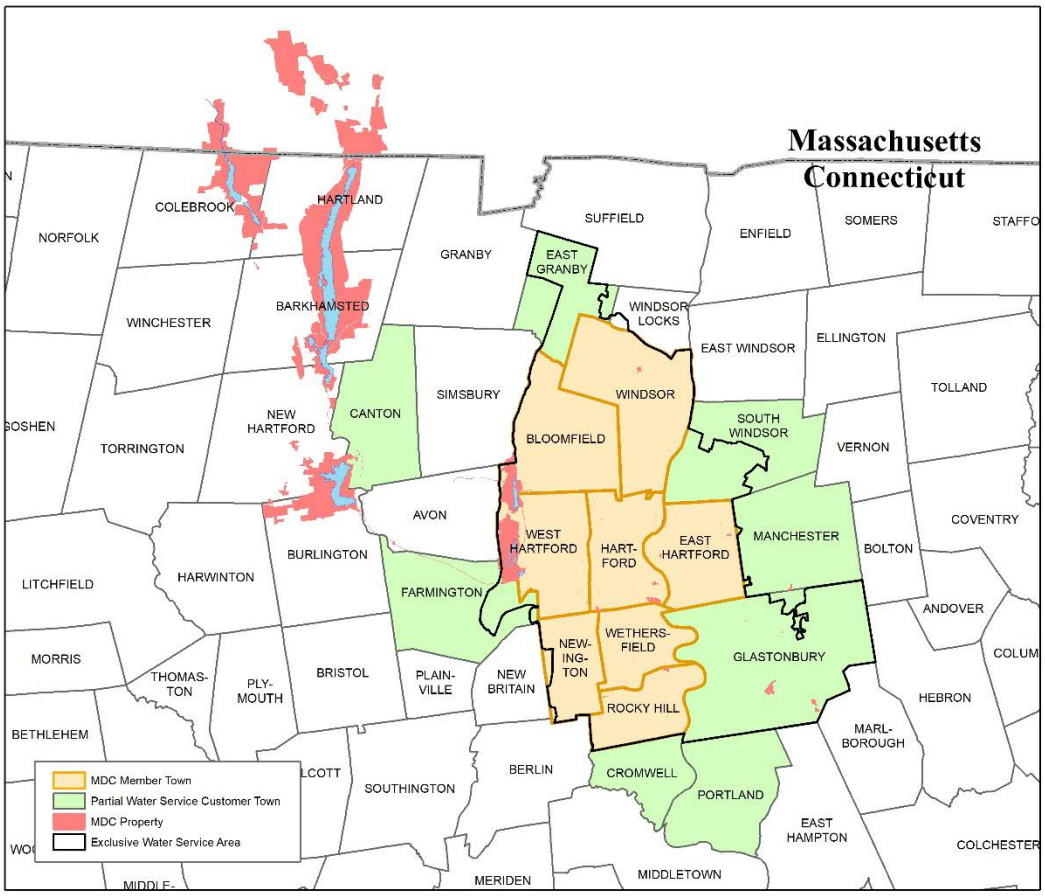
[3] Includes balances anticipated to be in the Rate Stabilization Fund and available to be transferred to Pledged Revenues by the MDC, to the extent not transferred in earlier years or used to pay debt service on other indebtedness incurred for purposes of the Clean Water Project, and subject to an overall maximum of 35% of debt service on total senior revenue bonds.

[4] The Special Obligation Indenture allows for the issuance of revenue bonds, that would be structurally subordinated by the flow of funds established in the Special Obligation Indenture.

[5] Subordinate general obligation bonds are general obligation bonds of the MDC incurred for purposes of the Clean Water Project. 2019 general obligations bonds and loans under the State's Clean Water Fund for purposes of the Clean Water Project are not contractually subordinated but are structurally subordinated by the flow of funds established in the Special Obligation Indenture.

Note: Totals may not add due to rounding.

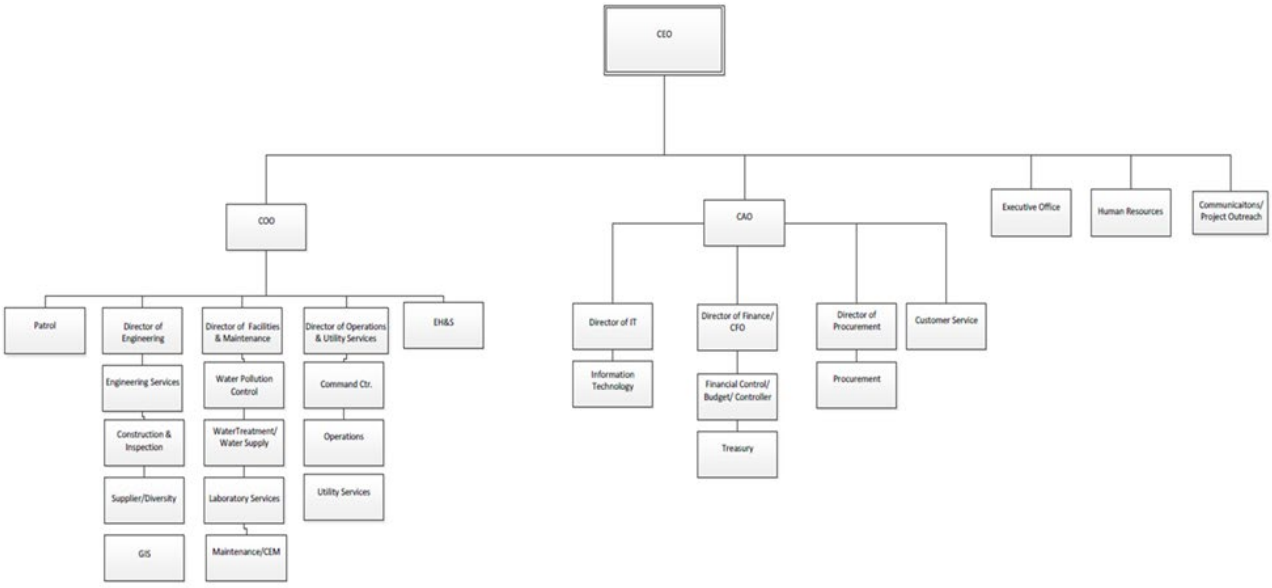
THE METROPOLITAN DISTRICT



Description of The District

The District was created by the Connecticut General Assembly in 1929 and operates as a specially chartered municipal corporation of the State under Act No. 511 of the 1929 Special Acts of the State of Connecticut, as amended (the "MDC Charter" or the "District's Charter"). The Member Municipalities incorporated in the District are the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor (collectively, the "Member Municipalities"). The District's purpose is to provide a complete, adequate and modern system of water supply and sewage collection, treatment and disposal for its Member Municipalities. Additionally, because of a Charter amendment approved by the Connecticut General Assembly in 1979, the District is also empowered to construct, maintain, and operate hydroelectric dams. The District also provides sewage disposal facilities and supplies water, under special agreements, to all or portions of several non-member municipalities as well as various State facilities. These non-member municipalities currently include Berlin, Canton, Cromwell, East Granby, Farmington, Glastonbury, Manchester, Portland, South Windsor and Windsor Locks and the City of New Britain, Connecticut.

Organizational Chart



The District Board

A 29-member Board of Commissioners, referred to as the District Board, governs the District. The Member Municipalities appoint seventeen of the commissioners, eight commissioners are appointed by the Governor of the State of Connecticut, and four commissioners are appointed by the leadership of the Connecticut State Legislature. Additionally, there are four ex-officio, non-voting commissioners appointed from non-member municipalities, one each from the Towns of Glastonbury, South Windsor, East Granby and Farmington. Appointments made by municipalities having three or more members are subject to the minority representation provisions of Section 9-167a of the Connecticut General Statutes ("CGS"), Revision of 1958, as amended. All commissioners serve without remuneration for a term of six years.

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Distribution of District Board Membership

			Appointed By:			
	Commissioners		Member Municipality	Non-Member Municipality	Governor	Connecticut State Legislature
Bloomfield	1		1	0	0	0
East Hartford	4		3	0	1	0
Hartford	9		6	0	3	0
Newington	2		1	0	1	0
Rocky Hill	1		1	0	0	0
West Hartford	4		3	0	1	0
Wethersfield	2		1	0	1	0
Windsor	2		1	0	1	0
District at Large	3		0	0	0	3
Farmington	1	*	0	1	0	0
Glastonbury	1	*	0	1	0	0
South Windsor	1	*	0	1	0	0
East Granby [1]	0	*	0	0	0	0
Total	**31**		**17**	**3**	**8**	**3**

[1] A position is vacant at this time.
*Non-voting.

Powers and Responsibilities of the District Board

The District Board is authorized to establish ordinances or bylaws; organize committees and bureaus; define the powers and duties of such bodies; fix salaries and define the duties of all officers and employees; appoint deputies to any officers or agents of the District; and issue negotiable bonds, notes or other certificates of debt to meet the cost of public improvements or to raise funds in anticipation of taxes or water revenue, which debt shall be an obligation of the District and its inhabitants. The District Board has the power to levy a tax upon the Member Municipalities to finance the operational and capital budget of the General Fund.

The District Board refers a proposed budget of revenues and expenditures to the Board of Finance annually. The Board of Finance reviews the proposed budget, makes adjustments, if desired, and refers it back to the District Board for final review, changes as necessary, and enactment.

Capital project appropriations to be financed by the issuance of bonds, notes and other obligations of the District are subject to approval of the District Board upon recommendation of the Board of Finance.

Consumer Advocate

Public Act No. 17-1 established an Independent Consumer Advocate to act as an independent advocate for consumer interest in all matters which may affect District consumers, including, but not limited to, rates, water quality, water supply, and wastewater service quality. The Independent Consumer Advocate may appear and participate in District matters or any other federal or state regulatory or judicial proceeding in which consumers of the District are or may be involved. The Independent Consumer Advocate submits quarterly reports of its activities to the District, the Member Municipalities and the State Consumer Counsel. Such reports are available on the District's website and the Consumer Counsel's website.

Administration

Responsibility for the overall administration and management of District policy, operations and services rests with the Chief Executive Officer. The Chief Executive Officer has direct responsibility for the Executive Office, Human Resources, communications functions and manages the remaining functions through the Chief Operating Officer ("COO") and Chief Administrative Officer ("CAO"). The COO has responsibility for design and construction of the District's Clean Water Project, asset management and capital planning programs, engineering, maintenance, operations, water pollution control, water treatment and supply, patrol and environment, and health and safety functions of the District. The CAO has responsibility for the District's procurement, accounting, budgeting, treasury, risk management functions, information technology and customer service.

District Chairs and District Officials

Function	Chair	Date Term Ends
District Board	Donald M. Currey	December 2030
Water Bureau	Dominic Pane	December 2028
Bureau of Public Works	Calixto Torres	December 2028
Personnel, Pension & Insurance	Maureen Magnan	December 2026
Board of Finance	Pasquale J. Salemi	December 2028

Position	District Officials
Chief Executive Officer	Scott W. Jellison
Chief Operating Officer	Christopher J. Levesque
Chief Administrative Officer	Kelly J. Shane
District Clerk	Victoria S. Escoriza
District Counsel	John S. Mirtle
Chief Financial Officer/Treasurer	Jonathan M. Perugini
Director of Engineering	Susan Negrelli
Controller	Janet Murphy
Director of Facilities	Thomas A. Tyler
Director of Information Technology	Robert B. Schwarm
Director of Procurement	Seth Koos
Director of Human Resources	Jamie Harlow

Source: District Officials.

Biographical Information

Scott W. Jellison – Chief Executive Officer: In 2015, the MDC appointed Scott W. Jellison as the District's Chief Executive Officer. Mr. Jellison previously served as the Deputy CEO of Engineering & Operations for the District for 9 years. Prior to joining the MDC, Mr. Jellison served as Director of Project Management for the Department of Public Works, State of Connecticut. In addition, Mr. Jellison served as the Project Director for the Capital City Economic Development Authority ("CCEDA") Projects. Mr. Jellison

graduated from the University of Hartford with a Bachelor of Science degree in Mechanical Engineering in 1987.

Christopher J. Levesque – Chief Operating Officer: In April 2019, the MDC appointed Christopher J. Levesque as the District's Chief Operating Officer. Mr. Levesque previously served 2 years as the Director of Operations and 11 years as the Assistant Manager of Water Treatment for the MDC. Mr. Levesque earned his Bachelor's degree from Rensselaer Polytechnic Institute in 2004 and a Master degree in Environmental Engineering from the University of Hartford in 2015.

Kelly J. Shane – Chief Administrative Officer: In April 2019, the MDC appointed Kelly J. Shane as the District's Chief Administrative Officer. Previously Ms. Shane served as the Director of Procurement for 5 years for the District. Prior to joining the MDC, Ms. Shane served as the Associate Director of Reporting for the Connecticut Health Insurance Exchange. Ms. Shane earned her Master of Business Administration from Salve Regina University in 1997 and a Bachelor of Science degree in 1991 from Bryant College.

John S. Mirtle – District Counsel: In August 2026, the MDC appointed John S. Mirtle as District Counsel. Previously Attorney Mirtle served for 14 years as Assistant District Counsel to the District, and additionally as District Clerk for 13 years. Mr. Mirtle received his Juris Doctorate from the University of Connecticut in 2010 and his Bachelor of Arts degree from Bucknell University in 2006.

Jonathan M. Perugini – Chief Financial Officer/Treasurer: In July 2025, the MDC appointed Jonathan M. Perugini as the District's Chief Financial Officer/Treasurer. Prior to joining the MDC, Mr. Perugini served the City of New Britian for 17 years, the last 3 as the Director of Finance. Mr. Perugini earned his MBA and BSBA from the University of Connecticut.

District Employees

The following table illustrates the full-time budgeted District employees for the 2022-2026 Fiscal Years:

Fiscal Year	2026	2025	2024	2023	2022
Total Employees.....	490	471	447	438	438

District Employees Bargaining Units

Bargaining Groups	Positions Covered	Contract Expiration Date
Clerks, Technicians and Non-Supervisory Engineers - Local 3713...	82	December 31, 2027
Supervisors - Local 1026.....	58	December 31, 2026 [1]
Operational - Local 184.....	182	December 31, 2026 [1]
Total Union Employees.....	**322**	

[1] In negotiations.
Source: District Officials.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of an affected municipality may reject an arbitration panel's decision by a two thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected

issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer.

District Functions

Principal functions of the District are the development and maintenance of sewer and water systems within the boundaries of its Member Municipalities. Additionally, as a result of the MDC Charter amendments approved by the Connecticut General Assembly, the District is also empowered to construct, maintain and operate hydroelectric dams.

Bureau of Public Works. The District's Bureau of Public Works is responsible for the sanitary sewer system, which includes collection, transmission and treatment of sewage from within the boundaries of the Member Municipalities and treatment of sewage received from non-member municipalities per special agreement. The Bureau of Public Works is empowered to authorize the layout and construction of additions and improvements to the sewer system, assess the betterments to property abutting the sanitary sewer line, defer assessments as authorized by ordinance and act on such other matters that by District Charter, Ordinances or By-Laws, must first be voted upon by the Bureau of Public Works and then referred to the District Board for final authorization. Public hearings are held as needed. The Bureau of Public Works acts as a court for the assessment of betterments and appraisal of damages. Any party claiming to be aggrieved may take an appeal to the Superior Court of the Judicial District of Hartford.

Water Bureau. The District's Water Bureau is responsible for the water system that includes storage, transmission, treatment and distribution of water to customers. In addition, the Water Bureau is responsible for acquisition, construction and operation of hydroelectric plants. The Water Bureau is empowered to make such bylaws or regulations for the preservation, protection and management of the water operations as may be deemed advisable. These bylaws and regulations include the power to establish rates for the use of water, and adopt rates for the assessment of benefits upon lands and buildings resulting from installation of water mains and service pipes.

Several other committees are created by the Charter or established by the District Board to carry out various other District functions.

Additionally, the General Assembly of the State of Connecticut passed special legislation enabling the District to maintain a series of parks (developed by Riverfront Recapture) along the Connecticut River. Although the District no longer maintains any of the Riverfront Recapture's parks, the District provides some funding to Riverfront Recapture through it's water budget and water rates.

The District also engages in surveying and mapping for its own operations and as a service to its Member Municipalities.

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SEWER AND WATER OPERATIONS

Water Pollution Control

Facilities for Sewer Service
As of December 31

Facilities for Sewer Service	2025	2024	2023	2022	2021
Total General Fixed Assets[1]	$2,437,174,112	$2,316,337,896	$2,157,592,545	$2,091,607,357	$2,037,295,563
Miles of Sewers:					
Sanitary	1,097	1,097	1,097	1,097	1,096
Combined	149	149	149	149	149
Storm	105	105	105	105	105
Estimated Sewer Connections	92,120	92,071	91,970	91,843	91,506
Estimated Sewer					
Population Units:					
Estimated Population	364,504	364,058	365,075	363,988	364,263
Estimated Family Units Sewered	140,194	140,022	140,413	139,995	143,561
Present Sewage Plant Capacity:					
Design Population	513,900	513,900	513,900	513,900	513,900
Design Flow (million gallons daily)	85	85	85	85	85
Average Daily Flow (million gallons)	68	81	88	68	80

[1] *Includes all physical facilities and capital projects except infrastructure, which is excluded under GAAP.*

Source: District Officials.

Treatment: Water pollution control operations include the primary and secondary treatment of wastewater that flows into the facilities, septic tank loads received at the Hartford facility, and sludge delivered from regional towns. The District operates four water pollution control treatment facilities with one in East Hartford (12.5 million gallons per day), one in Rocky Hill (7.5 million gallons per day), one in Poquonock (5.0 million gallons per day) and one in Hartford (90 million gallons per day plus 110 million gallons per day through wet weather, for a total capacity of 200 million gallons per day). All treatment processes are in compliance with the District's National Pollution Discharge Elimination permits issued by the State's Department of Energy and Environmental Protection ("DEEP").

Regulatory Compliance: The District entered into a consent order and a consent decree with the DEEP, the U.S. Department of Justice, and the U.S. Environmental Protection Agency to address sanitary sewer overflow, nitrogen reduction, and combined sewer overflow issues. To date, the District has appropriated $1.826 billion for the cost of compliance. See "CLEAN WATER PROJECT" herein.

Maintenance/Replacement: The District's maintenance of its sewer system is part of the annual sewer operational budget. The District's replacement program is funded through appropriations under the District's Capital Improvement Budget.

Revenue: Effective January 1, 1982, the District formally adopted the Adjusted Ad Valorem sewer user charge method of funding its sewer operations. This method of funding allocates the estimated cost of providing sewer services to customers based on actual use of the sewer system. More specifically, the Adjusted Ad Valorem sewer user charge method recovers sewer system costs from three separate user classifications: (1) low flow users (less than 25,000 gallons of discharge per day); (2) high flow users (more than 25,000 gallons per day); and (3) non-municipal tax-exempt users.

Revenue from low flow users is derived from the tax levied on the District's Member Municipalities.

Revenue from high flow users is based on actual sewer flow discharges from those users. A surcharge is levied on high flow users whose share of costs, based on flow, exceeds the portion of their annual property tax payments rendered in support of the District's sewer system. Conversely, high flow users are eligible for year-end rebates if their user charge, based on flow, is less than the portion of the property tax they pay in support of sewer services.

Revenue from non-municipal tax-exempt properties is based on sewer flows from those properties. In addition, sewer user charge revenues from non-member municipalities, per written agreement, are based on actual sewer flows.

Cost Recovery: The District's ability to recover costs associated with the operations of the sewer system is defined in the MDC Charter and Ordinances. Authority to levy a tax on the Member Municipalities and to bill a Sewer User Charge is defined in the MDC Charter. Specific ordinances relating to the District's Adjusted Ad Valorem Sewer User Charge are found in the District's General Sewer Ordinances.

Sewer User Charge
As of January 1
(Per Hundred Cubic Feet)

2026	2025	2024	2023	2022
$5.90	$5.90	$5.90	$5.90	$5.90

Source: District Officials.

Section 12 of the District's Sewer Ordinances was amended on October 1, 2007 by the District Board to allow the implementation of a Clean Water Project Charge (previously the Special Sewer Service Surcharge) to fund the debt issued for the Clean Water Project. The Clean Water Project Charge was implemented in January 2008 and is used exclusively for the payment of debt service on bonds and loans issued to finance the Clean Water Project and for capital expenditures for the Clean Water Project. The District's goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are solely supported by the Clean Water Project Charge will not be included in the calculation of overlapping debt of the Member Municipalities. As of November 24, 2026, the District has issued $863,644,174 as Interim Funding Obligations (the "IFO's") and Project Loan Obligations (the "PLO's") under the State's Clean Water Fund Program associated with the Clean Water Project. See "CLEAN WATER FUND PROGRAM" herein. The District has issued $416,710,000 in Clean Water Project Revenue Bonds, of which $340,905,000 remains outstanding (not including the 2026 Bonds). The outstanding bonds are being repaid from a portion of the Clean Water Project Charge and are not general obligations of the District. See "CLEAN WATER PROJECT" herein.

Clean Water Project Charge
(Previously the Special Sewer Service Surcharge)
As of January 1
(Per Hundred Cubic Feet)

2026	2025	2024	2023	2022
$4.87	$4.57	$4.33	$4.25	$4.10

Source: District Officials.

Water Operations

Shortly after the District was created in 1929, approval was obtained from the Connecticut General Assembly and the Member Municipalities' electorates to construct the Barkhamsted Reservoir located on the east branch of the Farmington River in the towns of Barkhamsted and Hartland. The Barkhamsted Reservoir is the largest single water supply reservoir in Connecticut and has a capacity of 30.3 billion gallons of water. The District also operates a water treatment plant facility in Bloomfield (35 million gallons per day) and West Hartford (70 million gallons per day).

The District has sought and received legislative and voter approval for various water programs, all with the basic objective of providing a water supply and water distribution system sufficient in size to meet current and anticipated future needs. The District's average level of water production for 2025 was 46.8 million gallons per day.

Facilities for Water Service
As of December 31

	2025	2024	2023	2022	2021
Total Utility Plant	$827,920,608	$776,815,248	$729,741,072	$704,430,969	$680,083,154
Net Addition to Plant	51,105,360	47,074,176	25,310,103	24,347,815	31,181,302
Miles of Water Mains	1,577	1,577	1,578	1,579	1,579
Gross Miles Added During Year	15	5	(1)	1	1
Number of Hydrants	10,257	10,243	10,225	10,203	10,189
Number of Services	102,759	102,135	102,018	101,879	101,816
Number of Meters	101,166	100,984	100,929	100,814	100,608
Estimated Population Served	443,451	443,451	443,451	443,451	443,451

Source: District Officials.

Number of Water Customers
As of December 31 [1]

	2025	2024	2023	2022	2021
Domestic	95,586	95,258	95,183	94,904	94,552
Commercial	5,477	5,246	5,218	5,351	5,807
Industrial	504	488	483	502	513
Public & Other	1,192	1,143	1,135	1,121	1,323
Total	**102,759**	**102,135**	**102,018**	**101,878**	**102,195**

[1] *Total may not add due to rounding*

Source: District Officials.

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Average Daily Consumption
As of December 31
(Million Gallons Per Day)

	2025	2024	2023	2022	2021
Domestic…….....……	23.23	22.91	22.87	23.93	23.51
Commercial…….....….	8.24	8.77	8.69	8.69	7.47
Industrial……	1.94	1.65	1.64	1.65	2.01
Municipal & Other……..……	2.75	2.68	2.65	2.87	3.04
Total Million Gallons Per Day [1,2].	**36.16**	**36.02**	**35.86**	**37.14**	**36.03**
Production - Maximum Day……	65.80	64.78	57.74	65.30	65.46
Production - Minimum Day……	38.96	36.81	36.73	37.45	38.62

[1] *Represents net consumption billed.*

[2] *Total may not add due to rounding.*

Source: District Officials.

Water Utility Unit Charge
As of January 1
(Per Hundred Cubic Feet)

2026	2025	2024	2023	2022
$3.91	$3.91	$3.80	$3.80	$4.09

Source: District Officials.

Treatment: Standards for the quality of drinking water supplied to District customers are maintained in conformity with the public health code of the Connecticut Department of Public Health and as promulgated under Federal water quality standards, under the Safe Drinking Water Act.

The District is in compliance with the U.S. Environmental Protection Agency's Safe Drinking Water Act of 1974, State public drinking water laws, and related State and federal regulations, including Public Health Code Regulation 19-13-B102, as amended. The District has consistently pursued a policy to provide its customers a safe, potable water supply.

Maintenance/Replacement: The District's maintenance of its water system is part of the annual water operational budget. Its replacement program is funded through appropriations under the District's Capital Improvement Budget.

Revenue: The Public Utilities Regulatory Authority does not have jurisdiction to establish rates for the use of water. Setting of rates for the use of water is vested in the Water Bureau, and as required by District Charter, rates must be uniform throughout the District.

Billing Cycles: The District bills its approximately 103,000 customers on a monthly basis.

Cost Recovery: The District's ability to recover costs associated with the operation of the water system is defined in its Charter and Ordinances. Specific ordinances relating to the above are found in Section W-I of the District's Water Supply Ordinances.

Economic Development Rate: In March 2020, the District Board approved an Economic Development Rate that is meant to incentivize large consumption customers to utilize more water. This economic Development Rate provides a discounted water rate for users above 600,000 gallons per day (gpd) over a monthly billing cycle. Once consumption reaches 600,000 gpd, there is a reduction of the Clean Water Project Charge based on actual volume discharged.

CONSIDERATIONS FOR BONDHOLDERS

In making an investment decision with respect to the 2026 Bonds, investors should consider carefully the information in this Official Statement and, in addition to those investment characteristics of fixed-rate municipal debt obligations, consider the following factors.

The Bonds, including the 2026 Bonds, are special obligations of the District, and are not backed by the full faith and credit of the District or its taxing power. If the Pledged Revenues and the Trust Estate are insufficient to pay principal and interest on the Bonds, including the 2026 Bonds, Bondholders will not have recourse to the other assets of the District or its ad valorem taxing power.

The Bonds, including the 2026 Bonds, are backed by revenues from the District's Clean Water Project Charge, which will be an increasing part of customer water bills. Customers may resist expected increases in the surcharge. The District's plan of finance for the Clean Water Project projects increases in the Clean Water Project Charge to reflect increases in debt service as the Clean Water Project proceeds and Additional Bonds are issued. The plan of finance also contemplates increases in the Clean Water Project Charge in advance of such increases, in order to build resources that can be used to limit increases in the surcharge in the peak years of debt service. Because the Clean Water Project Charge is established annually, there may be pressure on the District to delay or limit these increases, which will hinder completion of the Clean Water Project and may result in decreased debt service coverage ratios.

The District's Clean Water Project is currently projected to exceed the approved $1.826 billion in expenditures appropriated to date. Current estimates of the cost of the Clean Water Project may increase or decrease as it is carried out, and the design specifications may change as it is carried out. However, currently completion of the Clean Water Project may require the District to seek additional expenditure authority through one or more additional referenda. While the first two referenda for the costs of the Clean Water Project were approved by electors by considerable margins, there is no assurance that this support will continue. A failure to authorize necessary expenditures for completion of the Clean Water Project could endanger the ability of the District to complete the Clean Water Project. Because the Clean Water Project consists of improvements to the District's existing system, the District does not believe that there is a significant risk that Pledged Revenues would be impaired if the Clean Water Project is not completed as currently envisioned, although certain portions of the Clean Water Project, such as the South Tunnel, need to be completed to achieve their intended purpose. A failure to complete the Clean Water Project could endanger the ability of the District to comply with the terms of the Governmental Orders (see Appendix C for definition) with the EPA and DEEP.

It is important to note that the District's obligations under the Governmental Orders are not contingent upon its ability to finance and fund the Clean Water Project. Should a future referendum fail, for whatever reason, the possibility exists that the regulatory agencies will seek, and quite possibly obtain, a court order to compel the District to complete the project. Any such court order would take precedence over the referendum requirements set forth in the District's Charter.

If the District fails to comply with the terms of the Governmental Orders, it could be subject to penalties or restrictions on its operations that would impair its financial performance. If the District were unable to comply with the terms of the Federal and State orders referred to under "CLEAN WATER PROJECT,"

herein, regulators could take action to force the District to comply. This could include monetary penalties, injunctive proceedings, and amendments to the Governmental Orders. These amendments could impose a requirement to proceed more swiftly in the District's efforts, and this may increase the cost of compliance. In addition, regulators could impose additional and more burdensome conditions in the District's permits, require redesign of certain aspects of the Clean Water Project or seek to prevent new connections until compliance is achieved. These steps could increase the costs of compliance and therefore increase the District's rates, adversely affect economic development, and otherwise materially adversely affect the District and its customers.

A significant portion of the District's Clean Water Project is expected to be funded through Federal and State loans and grants. The District currently expects that grants and low interest loans from the State Clean Water Fund will fund between 60% of the costs of the Clean Water Project. If the Clean Water Fund has insufficient resources to fund the Clean Water Project at this level, the District may revise or delay the Clean Water Project, or be required to issue more debt than it expects or seek other financing, which will put the District's finances under greater pressure. The Clean Water Fund receives significant funding from the State and federal government, and a failure of the State or federal government to continue necessary support could lead to these consequences. The current federal administrations could implement a change in approach from the prior administration.

Current coverage ratios are not expected to continue. Because this offering is the seventh offering of Bonds under the Indenture, projected coverage ratios contained in this Official Statement are a reflection of the commencement of this financing program, rather than a reflection of future coverage ratios. As Additional Bonds are issued and the Clean Water Project continues, the debt service coverage ratios can be expected to fall.

The Rate Stabilization Fund is intended to operate such that current revenues from the Clean Water Project Charge will be less than projected debt service or debt service coverage requirements in certain years of the financing plan. Up to 35% of debt service on Bonds in any year can be withdrawn by the District from the Rate Stabilization Fund and deposited in the Revenue Fund to count towards Revenues Available for Debt Service for purposes of the Coverage Covenant. This could allow the District to have Pledged Revenues from the Clean Water Project Charge that are less than 1.2 times debt service in any year.

The District could seek protection from its creditors under the Federal Bankruptcy Act. Under current State law, the District is prohibited from filing for bankruptcy without the consent of the Governor of the State of Connecticut. The operations of the District as a whole, or the ability of the Clean Water Project Charge to service principal and interest on the Bonds, including the 2026 Bonds, could force it to seek such protection, as have other municipal bodies in other states.

The Clean Water Project Charge is collected from a large number of customers and is dependent on efficient billing and collection practices. Unlike ad valorem taxes that are levied by the District, which are levied on its Member Municipalities themselves (and not the residents of those municipalities), the Clean Water Project Charge is a charge on water bills, which requires such bills to be issued and collected, and if necessary, collected through foreclosure of service charge liens and other collection actions. Public health and public policy considerations could prevent the MDC from pursuing its rights in every instance, such as turning off water service or foreclosing its liens on certain customers, such as hospitals.

The Clean Water Project Charge is based on water usage, and declines in water usage could adversely affect revenues from the surcharge. The Clean Water Project Charge is not limited in rate, and declines in water usage could be offset by larger than anticipated increases, just as increases in water usage could be offset by smaller than anticipated increases. Declines in water usage through decreased consumer demand,

decreased population, decreased economic activity, alternative sourcing and other factors could impact Clean Water Project Charge revenues and result in increases in the Clean Water Project Charge that further decrease water usage and may be unsustainable.

The City of Hartford's financial condition may impact the District. The City of Hartford is the most populous Member Municipality and has recently been responsible for approximately one quarter of the District's annual tax revenues. The City has paid, on time and in full, all of its tax obligations to the District to date. The District has a number of tools available to it to manage a default by the City in meeting its future tax obligations, but it could be adversely affected by such a default. In December 2017, the City began operating under the supervision of the State's Municipal Accountability Review Board (the "MARB"), and on May 3, 2018 adopted a five-year recovery plan which includes full payment of estimated future *ad valorem* taxes to the District. The State has also agreed to pay to the City contract assistance payments each year equal to the general obligation debt service (which does not include the City's payment obligation to the District) of the City, other than with respect to certain stadium bonds. On October 17, 2023, MARB voted to move the City from Tier III to Tier II oversight due to meeting the conditions necessary to remove the City from the Tier III level.

In March 2026, the City's Board of Education announced that it expected to end fiscal year 2025-26 with an estimated $27 million operating deficit. The Board also projected that, absent expenditure reductions, additional grant funding or other corrective actions, fiscal year 2026-27 could have an operating deficit of as much as $52.5 million

The Board of Education's projected fiscal year 2025-26 deficit has been addressed through a combination of State, City and Board of Education actions. These actions include $5.0 million from a Supplemental Education Equalization Grant, $11.5 million from various municipal grants, $8.0 million from assigned City fund balance, and $2.5 million from supplemental grants-in-aid, for a total of $27.0 million.

For fiscal year 2026-27, the City expects to receive approximately $15.5 million in additional State Supplemental Education Equalization Grant funding and the City expects to provide an additional $10.0 million in City Funding to the Board of Education. The additional City funding is conditioned upon the Board of Education's participation in the State fiscal intervention and oversight process created as part of the State budget for Fiscal Year 2026-27. On August 21, 2026, the Hartford Board of Education voted to enter state financial oversight under the MARB unlocking funding from the State and City of Hartford. Together, these sources provide approximately $25.5 million toward the projected fiscal year 2026-27 Board of Education budget gap, leaving approximately $27.0 million to be addressed through efficiencies, additional grant funding, expenditure reductions or other measures. The State, the City and the Board of Education are working collaboratively to address the remaining fiscal year 2026-27 gap to develop a longer-term plan to improve the Board of Education's structural budget balance.

General obligation debt of a Member Municipality could be made structurally senior to its tax obligations to the MDC. Public Act No.22-118, effective July 1, 2022, authorizes a city or town in Connecticut to refund its outstanding indebtedness through July 1, 2027 by issuing 30 year refunding bonds, and allows the issuer by resolution to grant a statutory lien on its revenues from tax levy and collection to secure the refunding bonds. Chapter 117 of the General Statutes also authorizes a Member Municipality to establish a property tax intercept procedure to secure its general obligation debt. Both provisions could have the effect of causing holders of such general obligation debt of the Member Municipality to have a prior claim on property tax revenues of the Member Municipality. No Member Municipality has yet granted such a lien or established such an intercept procedure. The ability of the District to collect on its tax warrants against the Member Municipality or to execute on the goods and estate of its inhabitants is not affected. While the holders of such general obligation debt having a claim on the property tax revenues of a Member

Municipality prior to that of the District is not likely to have any effect on the Pledged Revenues, it could have an effect on the overall financial well-being of the District.

The District has a significant claim against the State for disputed contaminated discharges. The State discharges groundwater from the Hartford Landfill into the District's sewers. In 2016, the District began imposing a longstanding groundwater discharge fee upon the State, through its Department of Energy and Environmental Protection ("DEEP"). Fees billed to DEEP are partially paid but there remains an unpaid, current outstanding balance of $34.4 million as of September 30, 2026. There is another outstanding groundwater discharge fee of approximately $5.1 million as of September 30, 2026 owed by the State relating to discharges from its Buckingham Street Garage in Hartford.

Pursuant to the procedure outlined by statute for bringing claims against the State, all such claims have been filed with the Office of the State Claims Commissioner, with the requested relief being permission to sue the State. In May 2022, the MDC was granted permission to sue the State on part of its Hartford Landfill claim, and suit is pending in Superior Court. In October, 2024, the MDC was granted permission to sue the State in the remaining claims. A suit was filed, and the cases have been consolidated. The trial has been scheduled for the Fall of 2027. As to the larger Hartford Landfill claims, the District has reserved for the dispute, and such amount is reflected in its *ad valorem* levies on its Member Municipalities.

The District's ability to collect taxes from a Member Municipality would be impaired if the Member Municipality filed for bankruptcy under the Federal Bankruptcy Code. If a Member Municipality were to seek protection from its creditors under the Federal Bankruptcy Code, the ability of the District to collect tax payments from the Member Municipality would be impaired. Under current State law, a municipality is prohibited from filing for bankruptcy without the express prior written consent of the Governor of the State of Connecticut. If such consent were granted, a bankruptcy filing would likely act as a stay of the ability of the District to enforce its right to payment, including its right to execute on the goods and estates of the inhabitants of the Member Municipality. Under such circumstances, the District might not be able to collect from the Member Municipality the full amount of taxes owed to it by the Member Municipality when due. In such event, and while a proceeding was pending, the District would have tools, including, for example, levying additional taxes on the other Member Municipalities to generate additional revenue. In the event that a Member Municipality is permitted to seek relief under the Federal Bankruptcy Code, it is difficult to predict whether the claim would prevail and what remedies, if any, a bankruptcy judge would permit the District to exercise. The bankruptcy case law is not fully developed in areas where a court has to consider and apply state law to determine appropriate remedies in connection with the delivery of essential services. The same is true if the District were permitted to seek relief under the Federal Bankruptcy Act.

The District's infrastructure may be vulnerable to terrorism, natural disasters such as floods, and other threats that may require expensive repairs. The District's infrastructure of reservoirs, dams, pipes and treatment plants has a large footprint. Some aspects of its infrastructure are not redundant. As a result, the infrastructure could be vulnerable to failures caused by terrorism or natural disasters, such as floods. In particular, the District's Hartford wastewater treatment plant lies in a flood zone protected by levees. The Army Corps of Engineers has identified vulnerabilities in these levees, which are maintained by other governmental entities and not by the District. If the levees were to fail during a flood event, the Hartford wastewater treatment plant could be damaged and require extensive emergency repairs, the cost of which could substantially exceed available insurance proceeds. This could have an adverse financial impact on the District, its service area and its ratepayers. The Clean Water Fund Memorandum (2017-001) Storm Resiliency of Municipal Wastewater Infrastructure, dated November 14, 2017 from the Connecticut Department of Energy and Environmental Protection identifies the need to consider the impact of climate change on sea level rise and flood protection of wastewater facilities. Sea level rise poses minimal risk for the District's wastewater collection system and typical CSO operation. While the Connecticut River in the

City of Hartford is subject to tidal fluctuation during low river conditions, the existing City of Hartford Flood Control System protects the City from flooding for river conditions up to a 500-year stage.

Climate change may increase the magnitude of extreme river flows, impacting the performance of the flood control system and possibly result in more frequent operation of the flood control pumps and flood storage facilities.

Cyber Security. The District remains highly proactive in its cybersecurity readiness and risk mitigation efforts. Since establishing its Cybersecurity Program in 2016 in alignment with the NIST Cybersecurity Framework ("CSF"), the District has continued to evolve its capabilities, with a zero-trust architecture mindset, and a focus on advanced threat detection, rapid response, and employee awareness. District personnel remain embedded in state, federal, and local cybersecurity intelligence communities to stay ahead of emerging risks.

The District updated its Emergency Response Plan ("ERP") in September 2025. A Supervisory Control and Data Acquisition ("SCADA")-specific cybersecurity audit, evaluating the resilience of operational technology systems and resulting in a prioritized action plan to further strengthen critical infrastructure defenses was completed in August 2025. A follow up physical security walkthrough was completed in September 2025. As a result of those audits, significant improvements were made over the Summer and Fall of 2026 with SCADA security experts to further enhance the security of the operational technology network.

In December 2025, the District conducted a two-day Emergency Response exercise that included a simulated cybersecurity breach resulting from a water contamination event. This event fostered strong cross-departmental collaboration across Operations, Cybersecurity and IT, Engineering, and Communications, reinforcing coordinated incident response capabilities. Three IT team members participated in the ninth annual Cyber Yankee exercise in May 2026, joining the National Guard, U.S. military branches, international partners, and critical infrastructure organizations to conduct advanced cybersecurity incident response exercises simulating attacks against water, electric, and gas systems.

To build on employee phishing awareness and detection capabilities, a phishing email reporting tool was established, enabling employees to quickly report suspicious messages while automating analysis and remediation to reduce the impact of malicious emails across the organization.

Cybersecurity Awareness Training continues to yield measurable improvements in employee engagement and threat recognition. High-risk roles continue to receive targeted training modules customized to the threats specific to their responsibilities.

As a recognized cybersecurity leader in the region, the District's Director of IT represents the utility sector on Connecticut's Cybersecurity Grants Committee and serves as a long-standing member of the State's Cybersecurity Committee, shaping strategy and guiding resources for critical infrastructure protection statewide. In March of 2026, he was also elected as the Co-Chair of the WaterISAC Membership and Partnership Advisory Committee (MPAC).

The District continually adapts its cybersecurity strategy based on real-time threat intelligence and federal, state, and industry guidance assuring strong defenses and operational resilience against evolving cyber risks.

LITIGATION

There is no litigation of any nature pending or to the best of its knowledge threatened against the MDC restraining or enjoining the issue, sale, execution or delivery of the 2026 Bonds, or in any way contesting or affecting the validity of the 2026 Bonds or any proceedings of the MDC taken with respect to the issuance or sale thereof, the application of the proceeds of the 2026 Bonds or the existence or powers of the MDC.

The Metropolitan District is engaged in the advancement of an ambitious capital improvement project known as the Clean Water Project ("CWP"). A component of the CWP is the construction of the South Hartford Conveyance and Storage Tunnel ("SHCST"), a 4.1-mile long tunnel which begins at the MDC plant located in the South Meadows of Hartford and ends in West Hartford. The contractor constructing the project on behalf of the MDC is Kenny/Obayashi, A Joint Venture ("KOJV"), and the cost of the project is $279,400,000, funded by the MDC and the State of Connecticut. In the course of constructing the tunnel, KOJV alleged that it encountered "differing site conditions" and, as a result, alleges that it incurred additional costs beyond those costs identified in its contract with the MDC.

KOJV filed a lawsuit in federal district court claiming damages for the alleged differing site conditions. The MDC defended the lawsuit, and brought a counterclaim against KOJV for delays. After three mediation sessions, the parties resolved their disagreement through a series of project change orders, which, per the contract, were approved by DEEP and determined to be eligible for grant/loan funding from the State's Clean Water Fund. The damage total proffered by KOJV was approximately $120M, which included change order requests and interest on the unpaid amount. The agreed upon change orders necessary to resolve the litigation totaled $51M.The agreed upon resolution and requisite payment through approved change orders have been finalized, the tunnel project has been closed out, and the tunnel has been accepted by the MDC.

The balance of the work associated with the tunnel, including the completion of a pump station to take the sewage collected from a tunnel depth of approximately 200 feet to the surface for conveyance to and treatment by the MDC's water pollution control facility, is ongoing and proceeding on-time and within budget.

CONTINUING DISCLOSURE AGREEMENT

The Authorizing Acts give the MDC the specific authority to enter into continuing disclosure agreements in accordance with the requirements of Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (the "Rule"). The MDC will execute an agreement with respect to the 2026 Bonds (the "Continuing Disclosure Agreement"), substantially in the form attached as Appendix E hereto, which agreement shall constitute the MDC's written undertaking for the benefit of the beneficial owners of the 2026 Bonds. Under the Continuing Disclosure Agreement, the MDC agrees to provide or cause to be provided, in accordance with the requirements of the Rule, (1) annual financial information and operating data with respect to the 2026 Bonds, (2) timely notice, but not in excess of ten (10) business days, of the occurrence of certain events and (3) timely notice of a failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement.

The intent of such undertaking is to provide on a continuing basis the information described in the Rule. Accordingly, there is reserved the right to modify the disclosure thereunder or format thereof so long as any such modification is made in a manner consistent with the Rule. Furthermore, to the extent that the Rule no longer requires the issuers of municipal securities to provide all or any portion of such information to be provided under such undertaking, the obligation pursuant to the Rule to provide such information also shall cease immediately.

The purpose of such undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights other than the remedy of specific performance in the event of any actual failure by the MDC to comply with its written undertaking. Furthermore, the Continuing Disclosure Agreement shall provide that any failure by the MDC to comply with any provisions of such undertaking shall not constitute an Event of Default with respect to the 2026 Bonds under the Indenture.

The District has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide annual financial information and event notices pursuant to the Rule. In the last five years, to the best of its knowledge, the District has not failed to comply with its obligations under its continuing disclosure agreements in all material respects except for the inadvertent failure to associate one CUSIP number from the 2015 issuance on the annual filing of the annual financial statement and related report for the Fiscal Year ending December 31, 2020. On August 16, 2022, a filing was made to correct the effected CUSIP. The District has implemented procedures to ensure future compliance with its continuing disclosure obligations, this includes working with its municipal advisor to ensure requirements are followed.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance and sale of the 2026 Bonds are subject to the approval of Shipman & Goodwin LLP, Hartford, Connecticut, Bond Counsel to the MDC. Bond Counsel proposes to deliver its approving opinion with respect to the 2026 Bonds substantially in the form set forth in Appendix A hereto.

RATINGS

The 2026 Bonds have been rated "Aa2" by Moody's Ratings ("Moody's") and "AA" by S&P Global Ratings ("S&P"). The ratings assigned by Moody's and S&P express only the view of such rating agencies. The explanation and significance of the ratings can be obtained from Moody's and S&P, respectively. Such ratings are not intended as a recommendation to buy or own the 2026 Bonds. There is no assurance that any ratings will continue for any period of time or that they will not be revised or withdrawn. Any revision or withdrawal of any of such ratings on the 2026 Bonds may have an adverse effect on the market price thereof.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor") is acting as Municipal Advisor to the District in connection with the 2026 Bonds described in this Official Statement. Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the successful issuance and delivery of the Bonds. The Municipal Advisor is also the advisor to the member municipalities of Hartford, West Hartford, East Hartford, Windsor and Rocky Hill. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. In addition, the Municipal Advisor has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the 2026 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies. The Municipal Advisor's fee for services rendered with respect to the sale of the 2026 Bonds is contingent upon the issuance and delivery of the 2026 Bonds, and receipt by the District of payment therefor. The participation of Munistat should not be seen as

a recommendation to buy or sell the 2026 Bonds and investors should seek the advice of their accountants, lawyers and registered representatives for advice as appropriate.

FINANCIAL STATEMENTS OF THE MDC

The audited financial statements of the MDC contained in Appendix B have been included herein in reliance upon the report of CliftonLarsonAllen LLP, the MDC's Independent Auditors.

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the MDC and its various operations are prepared by officers of the MDC and provided to the Board of Directors at its regular monthly meetings.

Additional information concerning the MDC may be obtained upon request of Jonathan M. Perugini, Chief Financial Officer/Treasurer, 555 Main St. Second Floor, Hartford, Connecticut 06103, (860) 513-3345.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the MDC and the purchasers or holders of any of the 2026 Bonds.

This Official Statement is submitted only in connection with the issuance and sale of the 2026 Bonds by the MDC and may not be reproduced or used in whole or in part for any other purpose.

Dated: November ____, 2026

THE METROPOLITAN DISTRICT,
HARTFORD COUNTY, CONNECTICUT

By: _____
Jonathan M. Perugini
Chief Financial Officer/Treasurer

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APPENDIX A

FORM OF LEGAL OPINION OF BOND COUNSEL

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APPENDIX A

FORM OF LEGAL OPINION OF BOND COUNSEL

The legal opinion of the firm of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful purchaser when the Bonds (as defined below) are delivered, and a copy of the legal opinion will be included in the record of proceedings of the District authorizing the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful purchaser.

The opinion of Shipman & Goodwin LLP will be in substantially the following form:

The Metropolitan District,
Hartford County, Connecticut
555 Main Street
Hartford, Connecticut 06103

Re: The Metropolitan District, Hartford County, Connecticut
$70,000,000* Clean Water Project Revenue Bonds, Series 2026
Dated November 24, 2026

Ladies and Gentlemen:

In connection with our representation of The Metropolitan District, Hartford County, Connecticut (the "MDC") as bond counsel we have examined certified copies of the proceedings of the MDC and other proofs submitted to us relating to the issuance of $70,000,000* aggregate principal amount of The Metropolitan District, Hartford County, Connecticut Clean Water Project Revenue Bonds, Series 2026, dated November 24, 2026 (the "Bonds").

The Bonds are authorized pursuant to Special Act No. 511 of the 1929 Session of the Connecticut General Assembly, as amended (the "Charter") and Chapter 103 of the Connecticut General Statutes, as amended (the "Municipal Act" and, together with the Charter, the "Authorizing Acts"), the Special Obligation Indenture of Trust, dated as of June 1, 2013 (the "Special Obligation Indenture"), as amended and supplemented by the Seventh Supplemental Indenture, dated as of November 24, 2026 (the "Seventh Supplemental Indenture", and together with the Special Obligation Indenture, the "Indenture"), each by and between the MDC and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Indenture.

The Bonds are dated, will mature on the dates, will bear interest at the rates, and are subject to redemption prior to maturity, all as set forth in the Indenture.

The Bonds are limited recourse special obligations of the MDC and do not constitute a general obligation of the MDC nor are they guaranteed by the MDC.

* Preliminary, subject to change.

We note that the MDC is authorized to issue additional bonds in addition to the Bonds ("Additional Bonds"), upon the terms and conditions set forth in the Authorizing Acts and the Special Obligation Indenture, and such Additional Bonds would, if and when issued and except as might be provided by a supplemental indenture, be entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Special Obligation Indenture with the Bonds, with bonds heretofore issued under the Special Obligation Indenture and with all other such Additional Bonds hereafter issued. The Special Obligation Indenture contains provisions which permit it to be amended or supplemented in accordance with its terms, which amendments or supplements may be applicable to the Bonds.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Certificate be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The opinion set forth below is subject to the condition that the MDC complies with all such requirements. The MDC has covenanted in the Tax Certificate that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excludable from gross income for federal income tax purposes under the Code. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and on certain representations, certifications of fact, and statements of reasonable expectations made by the MDC, the State, the MDC's underwriters and municipal advisors and others furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion herein relating thereto.

Subject to the foregoing, we are of the opinion that:

1. The MDC exists as a body politic and corporate, performing an essential public function with good right and lawful authority to carry out its obligations with respect to the Project, and to provide funds therefor by the execution of the Indenture and the issuance and sale of the Bonds, and to perform its obligations under the Indenture, including collecting and enforcing the collection of Pledged Revenues as covenanted in the Indenture.

2. The Indenture has been duly executed by the MDC and is valid and binding upon the MDC and enforceable in accordance with its terms.

3. The Bonds are valid and legally binding special obligations of the MDC payable solely from revenues, funds and assets pledged therefor under the Indenture and are entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Indenture.

4. The Indenture creates a valid pledge of and a valid lien upon the Trust Estate, including the monies and securities held or set aside or to be set aside and held in the Debt Service Fund, established

thereunder, which the Indenture purports to create, subject only to the provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

5. Under existing statutes and court decisions, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code and such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

6. Under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

Except as stated in paragraphs 5 and 6, we express no opinion regarding any Federal or state tax consequences with respect to the Bonds. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds or under state and local tax law.

Very truly yours,

Shipman & Goodwin LLP

CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.

The following is a brief discussion of certain federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Changes in Federal and State Tax Law. The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law or the interpretation thereof that may occur after the date of its opinion.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Alternative Minimum Tax. The Code imposes an alternative minimum tax. The alternative minimum tax is imposed on alternative minimum taxable income, which includes items of tax preference. The interest on certain tax-exempt "private activity bonds" is treated as an item of tax preference. The MDC's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not "private activity bonds" so that interest on the Bonds will not be treated as an item of tax preference for purposes of calculating the federal alternative minimum tax. However, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds **shall not** be designated by the MDC as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Other. Ownership of the Bonds may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering prices of certain maturities of the Bonds (the "OID Bonds") may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount such maturity of the OID Bonds is sold will constitute original issue discount ("OID"). The offering prices relating to the yields set forth in this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law, OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

ORIGINAL ISSUE PREMIUM.

The initial public offering prices of certain maturities of the Bonds (the "OIP Bonds") may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the OIP Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

* * * * * * * * * * *

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

APPENDIX B

MDC AUDITED FINANCIAL STATEMENTS DECEMBER 31, 2025

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Finance
The Metropolitan District
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Metropolitan District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise The Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Metropolitan District, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Metropolitan 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Metropolitan 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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Auditors' 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 auditors' report that includes our opinions. 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 GAAS and *Government 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 GAAS and *Government 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 Metropolitan 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 Metropolitan 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Metropolitan District's basic financial statements. The combining financial statements and schedules and the schedule of changes in assessments receivable are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

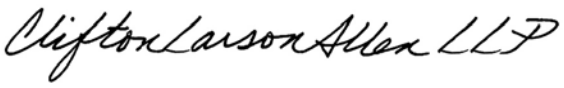
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2026, on our consideration of The Metropolitan District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Metropolitan District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Metropolitan District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
June 17, 2026

This discussion and analysis of the Metropolitan District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2025. Please read it in conjunction with the transmittal letter (beginning on page i-vi), basic financial statements (beginning on page 23), and notes to the financial statements (beginning on page 35).

FINANCIAL HIGHLIGHTS

Government-wide financials

- Total net position of the District at the close of fiscal year 2025 is $1.554 billion. Of this amount, $32.9 million is unrestricted.

- Total net position increased $135.8 million or 9.6% over the prior fiscal year, $112.4 million in governmental activities and $23.4 million in business-type activities.

    - Capital assets increased $171.9 million overall, $120.8 million in governmental activities and $51.1 million in business-type activities. These increases are due to investments in the MDC infrastructure, as follows:

        - The governmental activities' increase is driven primarily by Clean Water projects.
        - The business-type activities' increase is driven primarily by large water main replacement projects.

    - Cash, receivables and other assets increased by $7.3 million overall, comprised of a $6.1 million increase in governmental activities and $1.2 million increase in business-type activities.

    - Current and long-term liabilities increased by $35.2 million overall.

        - Governmental activities increased its liabilities by a net $11.0 million. This increase was driven by an increase of $70.9 million in long-term liabilities offset by a $59.9 million decrease in current liabilities. The current liabilities decrease is driven primarily by the payment of a $51.2 million change order under the South Hartford Conveyance and Storage Tunnel contract at project completion. Long term liabilities increase is primarily driven by a year over year increase in IFO net debt activity of $50.6 million, a $32.6 million year over year increase of revenue bond net debt activity, and a $7.7 million increase in net bond activity, offset by decreases of $10.5 million in net pension obligations, $7.9 million in PLO net debt activity and $2.1 million other long-term liabilities.

        - Business-type activities increased its liabilities by a net $24.2 million. This increase was driven by an increase of $27.0 million in long-term offset by a $2.8 million decrease in current liabilities. Long term liabilities increase is primarily driven by a year over year increases of $41.1 million in net bond activity and an increase of $6.3 million in IFO net debt activity, offset by decreases of $14.4 million in net pension obligations, $3.6 million in PLO net debt activity and $2.4 million other long-term liabilities.

- Net deferrals increased by $8.2 million, driven primarily by pension and OPEB, as follows:
  - Pension net deferral increased by $23.1 million, comprised of a $12.6 million decrease in deferred outflows, offset by a $10.5 million increase in deferred inflows (GASB 67/68).
  - OPEB net deferral decreased by $14.6 million, comprised of a $1.9 million decrease in deferred outflows, offset by a $16.5 million increase in deferred inflows (GASB 74/75).
  - Change of refunding net deferral decreased by $0.3 million, comprised of a $0.3 million decrease in deferred outflows, offset by a $0.6 million decrease in deferred inflows.

Fund financials

- The total fund balance for Governmental Funds at the close of fiscal year 2025 is $143.8 million. Of this amount $73.8 million is Committed for Capital Projects, $28.4 million is Restricted for Capital Projects, $1.0 million is Committed for Debt Service and the General Fund has a $6.5 million Nonspendable (inventory and pre-paid items), $1.0 million Assigned Fund Balance for the purposes of Sewer Ad Valorem Tax Levy Stabilization, and $33.1 million Unassigned Fund Balance.
- The General Fund's $33.1 million Unassigned Fund Balance is 34.5% of the $96.0 million total General Fund revenues. The District's fund balance policy targets this ratio's range to be between 30-35%. While not a surplus reserve as in prior years, this remains a healthy unassigned fund balance ratio.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three major components along with other supplementary information.

Government-Wide Financial Statements *(pages 23-24).* The government-wide financial statements present the financial picture of the District from the economic resources measurement focus, using the accrual basis of accounting, which is similar to that used by private-sector companies.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two 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 Activities* presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation leave).

These two statements report the District's net position and the change in net position. Net position is the residual of assets and deferred outflows less liabilities and deferred inflows. Net position is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. These statements separate District activities as follows:

Governmental activities - Include general government, operations, plants and maintenance, and interest on long-term debt, and in particular include its wastewater operations which are principally supported by taxes, charges for services, operating grants and contributions, capital grants and contributions.

Business-type activities - Include Water and Hydroelectricity facilities and are intended to recover all or a significant portion of their costs through user fees and charges and capital grants and contributions.

Fund Financial Statements *(pages 25-34) 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. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds -- The District maintains four individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, the Clean Water Project Fund and the Capital Project Fund, which are designated major funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements. Therefore, long-term liabilities, capital assets and deferred inflows and outflows are not presented.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds -- The District maintains three proprietary type funds, major and non-major enterprise funds and an internal service fund. The District uses enterprise funds to account for its water and hydroelectricity operations. Proprietary funds provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water operations considered a major fund of the District, and hydroelectricity operations, which is nonmajor.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets held on behalf of participants in its pension and other post-employment benefits plans. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District maintains fiduciary funds for its Pension and OPEB Trusts.

Notes to the Financial Statements *(pages 35-81).* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements, an Annual Comprehensive Financial Report requires inclusion of three other sections with specific requirements.

Required supplementary information (RSI) (pages 83-91). The required supplementary information presents the District's progress in funding its obligation to provide pension and other post-employment benefits to its employees. This information can be found on pages 86-91 of this report. Also included in the required supplementary information is the General Fund Schedule of Revenues, Expenditures and changes in Fund Balance budget to actual This information can be found on pages 83-85 of this report.

Combining and Individual Fund Statements and Schedules (pages 93-96). This section includes information on the Assessable Sewer Construction capital projects fund along with combining statements of fiduciary net position for pension and OPEB trust funds.

Statistical Section (pages 99-111). This section includes financial trends; revenue and debt capacity analysis; demographic, economic and operating information.

FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE
Government-Wide Financial Analysis

The following paragraphs provide an analysis of the District's overall financial position and results of operations.

Financial Position

Net position, over time, is a useful indicator of a government's financial position and an important determinant of its ability to provide services in the future. In 2025 the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by a total $1.554 billion, $1.216 billion from Governmental Activities and $338 million from Business-Type Activities.

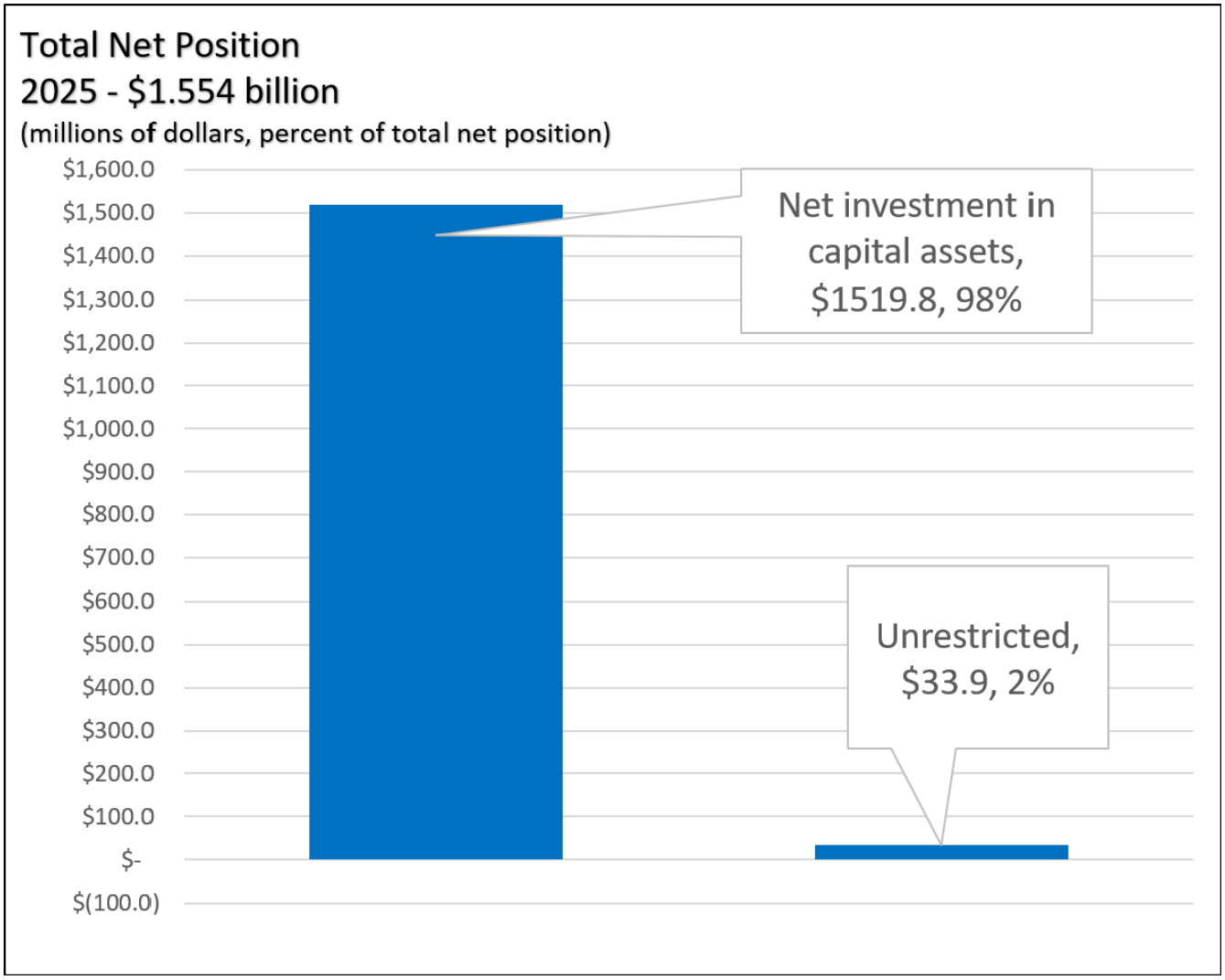
The following table shows a summary of the Statement of Net Position for the past two years. The District's net position increased by $135.8 million overall during the fiscal year or 9.6%.

Statement of Net Position
December 31, 2025 and 2024

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets:						
Current and Other Assets	$ 189,407,861	$ 166,851,605	$ 356,259,466	$ 183,332,623	$ 165,613,605	$ 348,946,228
Capital Assets, Net of Accumulated Depreciation	2,437,174,112	827,920,608	3,265,094,720	2,316,337,896	776,815,248	3,093,153,144
Total Assets	2,626,581,973	994,772,213	3,621,354,186	2,499,670,519	942,428,853	3,442,099,372
Deferred Outflows of Resources	9,581,109	12,014,540	21,595,649	15,861,558	20,492,334	36,353,892
Liabilities:						
Current Liabilities	42,822,512	21,261,049	64,083,561	102,740,301	24,033,623	126,773,924
Long-Term Liabilities Outstanding	1,354,432,223	619,090,902	1,973,523,125	1,283,556,778	592,092,928	1,875,649,706
Total Liabilities	1,397,254,735	640,351,951	2,037,606,686	1,386,297,079	616,126,551	2,002,423,630
Deferred Inflows of Resources	23,364,757	28,313,802	51,678,559	26,099,134	32,081,858	58,180,992
Net Position:						
Net Investment in Capital Assets	1,168,025,129	351,738,120	1,519,763,249	1,059,734,668	332,526,794	1,392,261,462
Restricted	-	-	-	784,196	-	784,196
Unrestricted	47,518,461	(13,617,120)	33,901,341	42,617,000	(17,814,016)	24,802,984
Total Net Position	$ 1,215,543,590	$ 338,121,000	$ 1,553,664,590	$ 1,103,135,864	$ 314,712,778	$ 1,417,848,642

See the Statement of Net Position (page 23) for more detailed information.

By far, the largest portion of the District's assets in 2025 is its $3.3 billion investment in capital assets (land, infrastructure, plants, machinery and equipment). Resources required to repay debt must be provided from other than the District's investment in capital assets, since the capital assets themselves cannot be used to liquidate these liabilities.



Governmental Activities. The net position of governmental activities increased $112.4 million or 10.2% from the prior year. The Statement of Net Position shows an increase of $120.8 million in capital assets, an increase of $6.0 million in cash and receivables, a $3.5 million increase in net deferrals, and a net increase of $10.9 million in current and long-term liabilities.

Business-Type Activities. The net position of business-type activities increased $23.4 million or 7.4% from the prior year. The Statement of Net Position shows an increase of $51.1 million in capital assets, $1.0 million decrease in cash and receivables, $2.2 million combined increase in internal balances, supplies, other assets and prepaids, $4.7 million increase in net deferrals, and a net increase of $24.2 million in current and long-term liabilities.

Unrestricted Net Position. The unrestricted net position balance measures the well-being of the District and its governmental and business-type activities. It is the residual amount of the net position not included in the net investment in capital assets or the restricted net position.

Results of Operations

In addition to the analysis of net position provided earlier, it is important to analyze the financial operations that took place during the year. The following table provides a summary of the Statement of Activities, which also presents the changes in net position.

Statement of Activities
Years Ended December 31, 2025 and 2024

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES						
Program Revenues:						
Charges for Services	$ 103,420,672	$ 103,150,809	$ 206,571,481	$ 91,753,508	$ 99,481,420	$ 191,234,928
Operating Grants and Contributions	10,725,206	-	10,725,206	20,879,786	-	20,879,786
Capital Grants and Contributions	62,228,866	9,957,960	72,186,826	23,926,160	13,065,709	36,991,869
General Revenues:						
Sewer Taxation - Member Municipalities	53,076,600	-	53,076,600	53,076,600	-	53,076,600
Unrestricted Investment Earnings	4,057,082	4,236,889	8,293,971	7,144,069	5,430,922	12,574,991
Miscellaneous Income	294,003	3,030,593	3,324,596	-	2,911,592	2,911,592
Total Revenues	233,802,429	120,376,251	354,178,680	196,780,123	120,889,643	317,669,766
EXPENSES						
General Government	12,308,712	-	12,308,712	5,825,761	-	5,825,761
Operations	20,833,707	-	20,833,707	27,073,673	-	27,073,673
Plants and Maintenance	61,915,322	-	61,915,322	43,345,066	-	43,345,066
Interest on Long-Term Debt	27,919,835	-	27,919,835	26,928,528	-	26,928,528
Water	-	95,070,450	95,070,450	-	71,870,996	71,870,996
Hydroelectricity	-	314,706	314,706	-	354,244	354,244
Total Expenses	122,977,576	95,385,156	218,362,732	103,173,028	72,225,240	175,398,268
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	110,824,853	24,991,095	135,815,948	93,607,095	48,664,403	142,271,498
TRANSFERS	1,582,873	(1,582,873)	-	790,178	(790,178)	-
NET CHANGE IN NET POSITION	112,407,726	23,408,222	135,815,948	94,397,273	47,874,225	142,271,498
Net Position - Beginning, Originally Reported	1,103,135,864	314,712,778	1,417,848,642	1,011,074,464	269,690,799	1,280,765,263
Restatement				(2,335,873)	(2,852,246)	(5,188,119)
Net Position, Beginning, As Restated				1,008,738,591	266,838,553	1,275,577,144
NET POSITION - END OF YEAR	$ 1,215,543,590	$ 338,121,000	$ 1,553,664,590	$ 1,103,135,864	$ 314,712,778	$ 1,417,848,642

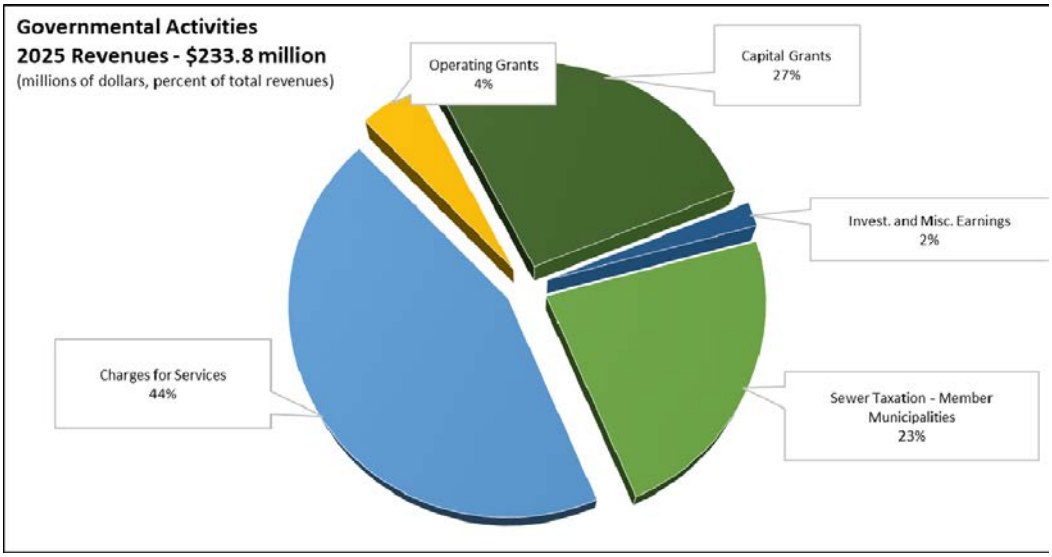
See the Statement of Activities (page 23) for more detailed information.

Governmental Activities

Revenues – increased by $37.0 million or 18.8% from $196.8 million to $233.8 million:

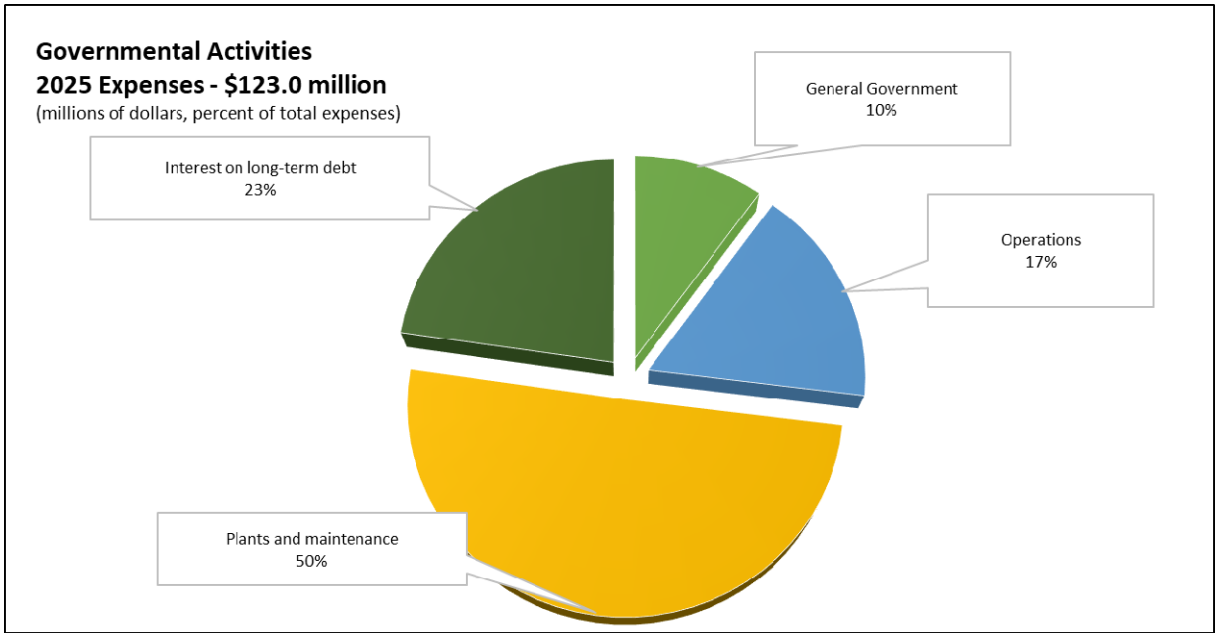
- An increase of $38.3 million in capital grants in the Clean Water Project Funds from four new Integrated Plan projects in Hartford for the North Hartford Pilot Project area on Durham, Woodstock, Branford, Westland and Garden Streets and in North Meadows and North Branch Park River/Gully Brook areas for which $20.1 million in grant revenue was received, an increase of $22.8 million in grant revenue received for the South Hartford Conveyance Storage Tunnel, offset by a decrease in year over year funding of $4.6 million for the Blue Hills-Granby Drainage Study and the South Hartford Conveyance and Storage Tunnel.

- An increase of $11.7 million for Charges for Services due to a $3.6 million increase in the Clean Water Project charge primarily due to a rate increase from $4.33 in 2024 to $4.57 in 2025, a $1.7 million increase in High Strength charges caused by higher collections primarily attributable to two large customers located in the Town of East Hartford, a $0.9 million increase in high flow user charges due to year-over-year cubic volume increase of 22K, a $0.5 million increase in sewer user charges due to year-over-year cubic volume increase of 32K, and a $5.5 million increase in Liquid Waste Discharge primarily attributable to items previously reported in operating revenue that are now included within Charges for Services offset by a $ 0.5 million decrease in miscellaneous other sewer user charges.
- A decrease of $10.2 million in Operating Grants and Contributions is made up of two things. The first is a decrease of $5.4 million in operating revenue due primarily to an auditor grouping change for Liquid Waste Discharge for which $6.0 million was included in this category in 2024 and for 2025 is included within Charges for Services offset by an increase of $0.9 million in sludge services and a $0.3 million decrease in liquid waste discharge write-offs. The second is a decrease of $4.8 million in capital grants in the Capital Project Fund based on the decrease in year over year grant funding of $5.8 million due to the near completion of the treatment plant upgrades in the City of East Hartford, the Large Diameter Rehabilitation Program Phase II, and the Hartford Water Pollution Control Facility dissolved air flotation thickening process upgrade offset by a $1.0 million increase in funding for Rocky Hill WPCF Headworks and Electrical Upgrade.
- A combined decrease of $2.8 million in unrestricted investment earnings and miscellaneous income. Lower interest rates and average daily balances drove the lower investment earnings from the prior year. The 2025 average daily interest rate of 4.28% was lower than the 2024 average daily interest rate of 5.34%. Additionally, average daily balances were driven primarily by a $51.2 million change order payment in March 2025 for which reimbursement was not received until the next fiscal year in January 2026.



Expenses – increased $19.8 million or 19.2% from $103.2 million to $123.0 million:

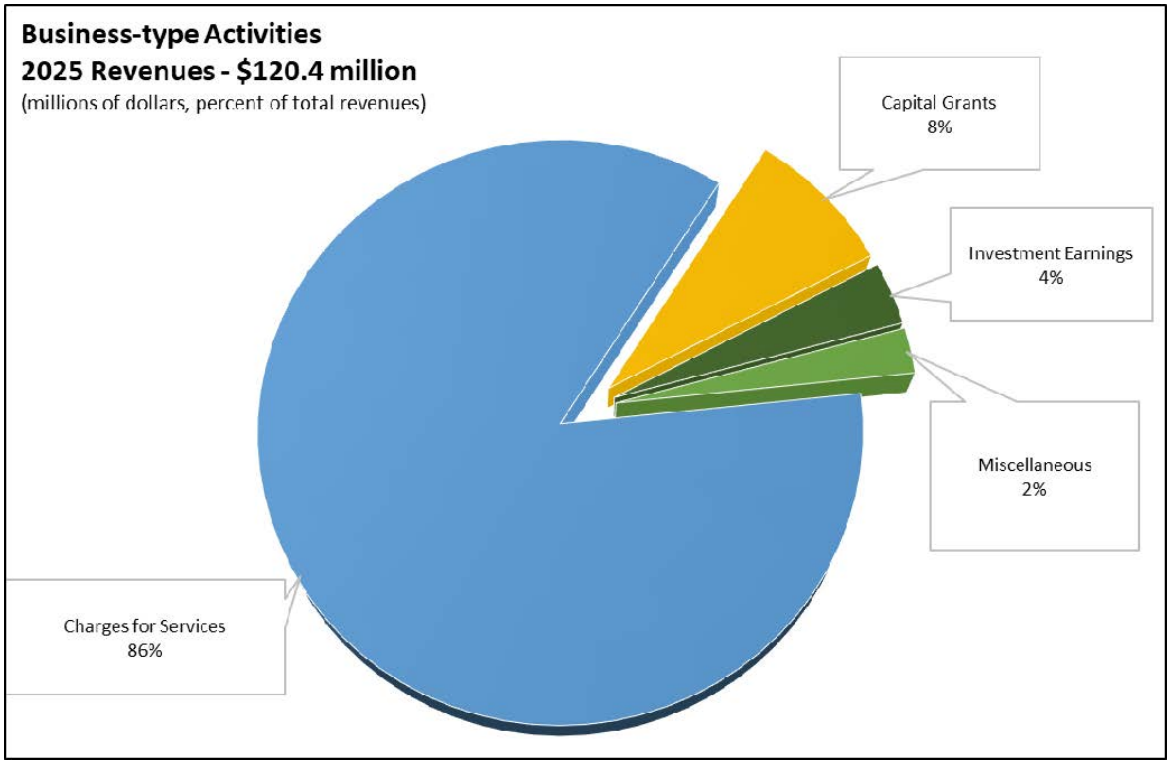
- An increase of $18.2 million in OPEB expenses due primarily to the full amortization in 2024 of the District's Deferred Inflow benefit relating to the Board adopting an OPEB Trust agreement in 2020.
- An increase of $5.4 million in payroll and payroll related expenses consisting of a $1.4 million increase in District OPEB and Pension contributions and a $4.0 million increase in payroll due primarily to wage increases and an increase in full-time equivalent employees.
- An increase of $1.0 million in debt service interest and related expenses due to higher carrying amounts on debt year over year. A large portion of newly acquired debt relates to the Integrated Plan described in further detail in Note 6 in the Notes to the Financial Statements.
- An increase of $2.5 million in contributions to the Internal Service Fund to fund payroll related benefit expenses consisting of medical, group term life, HSA contributions and other wellness and retirement incentives.
- A decrease of $5.3 million in material, supplies and chemicals.
- A decrease of $4.4 million transfer from the Internal Service Fund to the General Fund; in 2024 this transfer decreased overall expenses in the General Fund.
- A decrease of $4.0 million in the allocation of the MDC's Internal Service Fund (ISF). The ISF, which contains the MDC's self-insurance programs for Medical, General Liability, Workers Compensation, Auto and Property allocates its annual surplus or deficit to Governmental and Business-Type operating funds. In 2025 and 2024, ISF deficit increased expenditures in the Governmental Funds. The allocated deficits in 2025 and 2024, respectively, were $1.2 million and $5.1 million accounting for the year-over-year variance.
- A decrease of $2.4 million in pension expenses according to updated actuarial disclosure reports.



Business-Type Activities

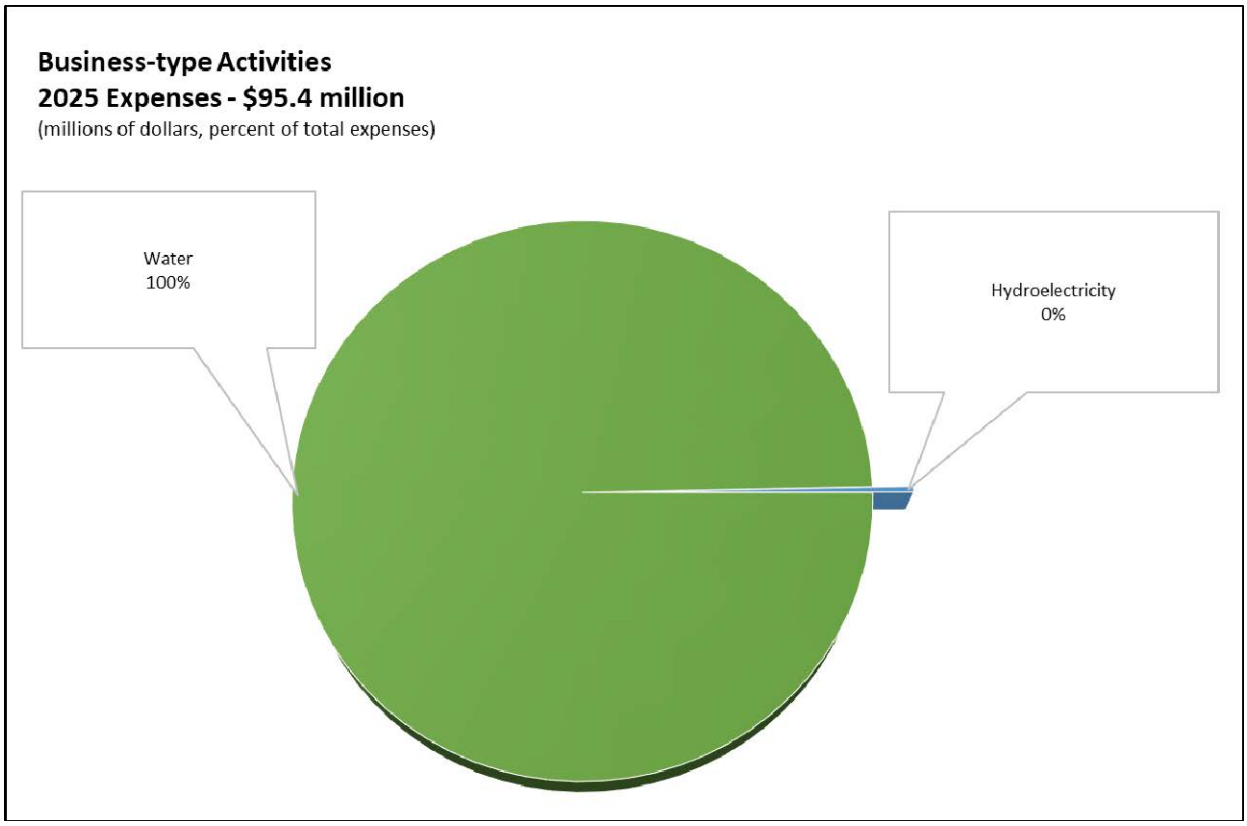
Revenues – decreased by $0.5 million or 0.4% from $120.9 million to $120.4 million:

- An increase of $3.7 million in charges for services due to a $2.1 million increase in domestic water sales, $0.5 million increase in commercial water sales, $0.5 million increase in property change of ownership administration fees, and a $0.2 million increase in domestic customer service charges. Additionally, $0.4 million miscellaneous revenues consist of fees and services such as fire protection services, public hydrant maintenance, and resale of treated water.
- An increase of $2.9 million in the recognition of the secondary labor and equipment expenses being charged to water capital improvement projects as primary revenue in the Water Utility Fund.
- A decrease of $3.7 million in federal grants consists of $3 million in 2025 grant revenue including the Water Main Replacements in Hartford-East Hartford (Chadwick Ave and Deerfield Ave in Hartford, CT and Hammer Street in East Hartford), and the Hartford-Sherman, Marshall & Laurel Area, this is in comparison to $6.7 million received in 2024 grants, which include Water Main Replacements for the Capital Ave Area in Hartford, Wickham Hill Area in East Hartford, Hartford Hospital Area, and Hubbard Road in Hartford. Additional 2024 grants include the Orchard ST Pump Station Improvements in Glastonbury, and Water Service Line Inventory (Identification of service lines within the MDC water service area).
- A decrease of $2.3 million in developer installed hydrants, water mains, and service pipes. These donated assets fluctuate yearly, closely correlating with the real estate market.
- A decrease of $1.2 million in investment earnings due to reduction in average interest rates from 5.26% in 2024 to 4.32% in 2025. Additionally, average daily balances decreased during the year due to increased activity on multiple projects in 2025.



Expenses – increased by $23.2 million or 32.1% from $72.2 million to $95.4 million:

- An increase of $22.4 million in OPEB expenses due primarily to the full amortization in 2024 of the District's Deferred Inflow benefit relating to the Board adopting an OPEB Trust agreement in 2020.
- An increase of $5.4 million in payroll and payroll related expenses OPEB expenses due primarily to the expiration of the amortization of the District's benefit of switching to a funded plan in 2020 and the expiration of the benefit of the amortization in 2024.
- An increase of $1.9 million in contributions to the Internal Service Fund to fund payroll related benefit expenses consisting of medical, group term life, HSA contributions and other wellness and retirement incentives.
- An increase of $1.4 million in operating expenses due to the termination of a 50-year agreement with the Army Corps of Engineers.
- An increase of $1.1 million in debt related expenses due to higher interest expense and bond issuance costs offset by lower amortization on bond premiums and refunding costs.
- A decrease of $5.0 million in the allocation of the MDC's Internal Service Fund (ISF). The ISF, which contains the MDC's self-insurance programs for Medical, General Liability, Workers Compensation, Auto and Property allocates its annual surplus or deficit to Governmental and Business-Type operating funds. In 2025 and 2024, ISF deficit increased expenditures in the Business-Type Activities Funds. The allocated deficits in 2025 and 2024, respectively, were $1.2 million and $6.2 million accounting for the year-over-year variance.
- A decrease of $4.0 million in pension expenses due to updated actuarial disclosure reports.


Business-type Activities
2025 Expenses - $95.4 million
(millions of dollars, percent of total expenses)
Water
100%
Hydroelectricity
0%

Fund Financial Statement Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is an analysis of the District's major governmental and proprietary funds. The financial statements of governmental funds show more detail than governmental activities in the government-wide statements, and focus on near-term inflows, outflows, and ending balances of spendable resources. Such information is useful in assessing the District's financing requirements. Unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year. The statements of proprietary funds show detail for each enterprise included in business-type activities, with the same focus used in government-wide reporting.

Governmental Funds

At of the end of 2025, the District's governmental funds reported a combined ending fund balance of $143.8 million. Of this amount $73.8 million is Committed for Capital Projects, $28.4 million is Restricted for Capital Projects, $1.0 million is Committed for Debt Service and the General Fund has a $6.5 million Nonspendable (inventory and pre-paid items), $1.0 million is Assigned Fund Balance for the purposes of Sewer Ad Valorem Tax Levy Stabilization and $33.1 million is Unassigned Fund Balance.

The General Fund is the wastewater (sewer) operating fund for the District. At the end of 2025, the General Fund total fund balance was $40.6 million, of which $33.1 million is Unassigned, $6.5 million is Nonspendable inventory and prepaid assets, and $1.0 million is Assigned for the purpose of Sewer Ad Valorem Tax Levy Stabilization. This represents a Fund Balance decrease of $4.0 million over the prior year, resulting in a fund balance ratio within the District's fund balance policy.

The Debt Service Fund's Committed fund balance at the end of 2025 is $1.0 million, which is a $0.2 million increase from the prior year.

The Clean Water Project Fund's fund balance of $61.1 million increased by $63.8 million over the prior year primarily attributable to a $64.2 million increase in receivables. Much of the receivable balance increase, $51.1 million, was received by the Department of Energy and Environmental Protection, $23 million in grants and the remainder of $28.1 million in loans in January 2026 for the South Hartford Conveyance and Storage Tunnel project.

The Capital Project Fund Restricted fund balance of $24.0 million represents unspent bonded funds for current and future projects, leaving a Committed fund balance of $17.0 million.

Proprietary Funds

The total net position for the Water Utility and Hydroelectric Development Fund at the end of 2025 was $338.1 million, a $23.4 million or 7.4% increase over the prior year. This increase was driven by:

- $53.9 million increase in assets

Offset by a

- $24.6 million increase in liabilities
- $4.7 million decrease in net deferrals
- $2.2 million decrease due to share of Internal Service fund net position

General Fund Budgetary Highlights

During the 2025 budget year, revenues exceeded expenditures by $1.6 million. Total revenues and other financing sources were below budget by $3.9 million or 3.6% and expenditures were $5.5 million or 5.1% below budget.

The General Fund received $1.6 million Contributions from Other Funds, specifically: $1.2 million was transferred in from the Hydroelectric Development Fund and $0.4 million was transferred in from the Internal Service Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the District had invested $3.3 billion in capital assets, as summarized in the following table. This represents a net increase (including additions, deductions, and depreciation) of $171.9 million or 5.6%, from the prior year.

Governmental capital assets increased $120.8 million, due to a $79.0 million increase in Construction in Progress (CIP) and a $54.7 million increase in Infrastructure offset by a $12.9 million decrease in Buildings.

Business-type capital assets increased $51.1 million due to an $11.8 million increase in Infrastructure and $44.5 million increase in Construction in Progress (CIP), these increases were offset by a $1.0 million decrease in Machinery and Equipment and a $4.2 million decrease in Buildings.

Capital Assets (net of depreciation)
Years Ended December 31, 2025 and 2024

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	$ 14,487,430	$ 10,847,885	$ 25,335,315	$ 14,487,430	$ 10,847,885	$ 25,335,315
Buildings	238,466,608	94,114,769	332,581,377	251,352,791	98,299,949	349,652,740
Machinery and Equipment	50,415,998	35,410,144	85,826,142	50,294,143	36,404,807	86,698,950
Infrastructure	959,023,366	473,580,960	1,432,604,326	904,357,078	461,825,004	1,366,182,082
Construction in Progress	1,174,780,710	213,966,850	1,388,747,560	1,095,846,454	169,437,603	1,265,284,057
Total	$ 2,437,174,112	$ 827,920,608	$ 3,265,094,720	$ 2,316,337,896	$ 776,815,248	$ 3,093,153,144

Additional information on the District's capital assets can be found in Note 3D on pages 50-53 of this report.

Long-Term Debt

At the end of 2025, the District had approximately $2.0 billion in outstanding debt driven primarily by $1.2 billion in general obligation and revenue bonded debt. The general obligation bonds are backed by a full faith and credit pledge of the District's member towns and the revenue bonds are backed by a special sewer service surcharge (a.k.a. Clean Water Project Charge). An additional $0.6 billion of Clean Water and Drinking Water loans and $0.2 billion of other miscellaneous debt driven primarily by pension and OPEB net liability make up the balance of the outstanding debt.

Long-Term Outstanding Debt
Years Ended December 31, 2025 and 2024

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Obligation/ Revenue bonds	$ 783,724,452	$ 436,798,639	$ 1,220,523,091	$ 746,699,243	$ 397,578,782	$ 1,144,278,025
Clean/Drinking Water Loans	485,419,032	64,743,831	550,162,863	442,720,205	61,931,979	504,652,184
Compensated absences	7,696,640	8,022,613	15,719,253	7,172,000	8,762,617	15,934,617
Claims and Judgments		6,995,700	6,995,700	-	7,417,323	7,417,323
Net Pension Liability	21,870,731	28,899,961	50,770,692	32,361,493	43,315,535	75,677,028
Net OPEB Liability	55,721,368	73,630,158	129,351,526	54,603,837	73,086,692	127,690,529
Total	$ 1,354,432,223	$ 619,090,902	$ 1,973,523,125	$ 1,283,556,778	$ 592,092,928	$ 1,875,649,706

In August of 2025 S&P Global Ratings assigned its 'AA' rating to the general obligation bond issuance of 2025. At the same time, S&P Global Ratings affirmed its rating on MDC's outstanding GO and clean water project (CWP) revenue bonds. The outlook is stable. Also, in August of 2025 assigned a Aa2 rating to the general obligation bond issuance of 2025. Moody's also affirmed the Aa2 rating on the MDC's existing GO bonds maintained the Aa2rating on the outstanding revenue bonds. The outlook is stable.

The District Charter limits the amount of general obligation debt it may issue to 5.0% of the combined Grand List of its member towns. The current debt limitation for the District is $1.7 billion of which the District has $0.9 billion outstanding leaving an available balance of $0.8 billion.

Additional information on the District's long-term debt can be found in Note 3E on pages 54-61 of this report.

Economic Factors

- The District strives to minimize the increases in Ad Valorem taxes that it levies on its member municipalities by identifying structural efficiencies and pursuing cost reduction activities within its organization to minimize expenditures.

- Inflationary trends in the region have had a negative budgetary impact on General Fund expenditures, particularly in energy and supply expenditures.

- Water consumption has remained steady at approximately 18 million CCFs per year.

All of these factors were considered in preparing the District's 2026 year budget.

Requests 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 the Chief Financial Officer, The Metropolitan District.

BASIC FINANCIAL STATEMENTS

THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 86,233,105	$ 141,722,510	$ 227,955,615
Receivables, Net of Allowance for Uncollectibles	93,390,820	18,593,100	111,983,920
Internal Balances	3,278,145	(3,278,145)	-
Supplies	5,790,000	5,623,689	11,413,689
Other Assets	-	3,000,000	3,000,000
Prepaid Items	715,791	1,190,451	1,906,242
Capital Assets, Nondepreciable	1,189,268,140	224,814,735	1,414,082,875
Capital Assets, Net of Accumulated Depreciation	1,247,905,972	603,105,873	1,851,011,845
Total Assets	2,626,581,973	994,772,213	3,621,354,186
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	7,128,298	9,419,326	16,547,624
Deferred Outflows - OPEB	1,770,646	2,339,729	4,110,375
Deferred Charge on Refunding	682,165	255,485	937,650
Total Deferred Outflows of Resources	9,581,109	12,014,540	21,595,649
LIABILITIES			
Accounts Payable and Accrued Items	40,521,207	19,357,328	59,878,535
Customer Advances for Construction	2,301,305	1,903,721	4,205,026
Noncurrent Liabilities:			
Due Within One Year	175,566,385	49,110,164	224,676,549
Due in More Than One Year	1,178,865,838	569,980,738	1,748,846,576
Total Liabilities	1,397,254,735	640,351,951	2,037,606,686
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	14,597,473	19,289,085	33,886,558
Deferred Inflows - OPEB	5,298,963	7,002,045	12,301,008
Deferred Charge on Refunding	3,468,321	2,022,672	5,490,993
Total Deferred Inflows of Resources	23,364,757	28,313,802	51,678,559
NET POSITION			
Net Investment in Capital Assets	1,168,025,129	351,738,120	1,519,763,249
Unrestricted	47,518,461	(13,617,120)	33,901,341
Total Net Position	$ 1,215,543,590	$ 338,121,000	$ 1,553,664,590

See accompanying Notes to Financial Statements.

EXHIBIT II

THE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities	Net Revenue (Expense) and Changes in Net Position: Business-Type Activities	Net Revenue (Expense) and Changes in Net Position: Total
GOVERNMENTAL ACTIVITIES							
General Government	$ 12,308,712	$ -	$ 7,898,414	$ -	$ (4,410,298)	$ -	$ (4,410,298)
Operations	20,833,707	99,019,171	-	-	78,185,464	-	78,185,464
Plants and Maintenance	61,915,322	4,401,501	2,826,792	62,228,866	7,541,837	-	7,541,837
Interest on Long-Term Debt	27,919,835	-	-	-	(27,919,835)	-	(27,919,835)
Total Governmental Activities	122,977,576	103,420,672	10,725,206	62,228,866	53,397,168	-	53,397,168
BUSINESS-TYPE ACTIVITIES							
Water	95,070,450	102,692,728	-	9,957,960	-	17,580,238	17,580,238
Hydroelectricity	314,706	458,081	-	-	-	143,375	143,375
Total Business-Type Activities	95,385,156	103,150,809	-	9,957,960	-	17,723,613	17,723,613
Total	$ 218,362,732	$ 206,571,481	$ 10,725,206	$ 72,186,826	53,397,168	17,723,613	71,120,781
	GENERAL REVENUES						
	Sewer Taxation - Member Municipalities				53,076,600	-	53,076,600
	Miscellaneous				294,003	3,030,593	3,324,596
	Unrestricted Investment Earnings				4,057,082	4,236,889	8,293,971
	Transfers				1,582,873	(1,582,873)	-
	Total General Revenues and Transfers				59,010,558	5,684,609	64,695,167
	CHANGES IN NET POSITION				112,407,726	23,408,222	135,815,948
	Net Position - Beginning of Year				1,103,135,864	314,712,778	1,417,848,642
	NET POSITION - END OF YEAR				$ 1,215,543,590	$ 338,121,000	$ 1,553,664,590

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Clean Water Project	Capital Project Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 33,472,603	$ 1,052,262	$ 6,588,843	$ 45,119,397	$ 86,233,105
Receivables, Net of Allowance for Uncollectibles	8,866,787	-	81,567,638	2,956,395	93,390,820
Supplies	5,790,000	-	-	-	5,790,000
Prepaid Items	715,791	-	-	-	715,791
Total Assets	$ 48,845,181	$ 1,052,262	$ 88,156,481	$ 48,075,792	$ 186,129,716
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Items	$ 2,008,674	$ 3,807	$ 20,908,222	$ 4,954,812	$ 27,875,515
Customer Advances for Construction	2,301,305	-	-	-	2,301,305
Total Liabilities	4,309,979	3,807	20,908,222	4,954,812	30,176,820
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Special Assessments	110,402	-	-	2,074,716	2,185,118
Unavailable Revenue - Sewer User Fees	3,780,177	-	5,665,657	-	9,445,834
Unavailable Revenue - Grants	-	-	467,008	-	467,008
Total Deferred Inflows of Resources	3,890,579	-	6,132,665	2,074,716	12,097,960
FUND BALANCES					
Nonspendable	6,505,791	-	-	-	6,505,791
Restricted	-	-	4,359,822	24,016,680	28,376,502
Committed	-	1,048,455	56,755,772	17,029,584	74,833,811
Assigned	1,000,000	-	-	-	1,000,000
Unassigned	33,138,832	-	-	-	33,138,832
Total Fund Balances	40,644,623	1,048,455	61,115,594	41,046,264	143,854,936
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 48,845,181	$ 1,052,262	$ 88,156,481	$ 48,075,792	$ 186,129,716

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III)	$ 143,854,936
Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental Capital Assets	3,009,265,381
Less: Accumulated Depreciation	(572,091,269)
Net Capital Assets	2,437,174,112
The internal service fund is used by management to charge costs of risk management to individual funds. An allocation of the internal service fund is reported with governmental activities in the statement of net position.	3,278,145
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds:	
Sewer Assessment Receivables	2,185,118
Sewer Use Receivables	9,912,842
Deferred Outflows Related to Refunding	682,165
Deferred Outflows Related to Pension	7,128,298
Deferred Outflows Related to OPEB	1,770,646
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Payable	(723,816,817)
Premiums	(59,907,635)
Notes Payable	(485,419,032)
Interest Payable on Long-Term Debt	(12,645,692)
Compensated Absences	(7,696,640)
Net Pension Liability	(21,870,731)
Deferred Inflows Related to Pension	(14,597,473)
Deferred Inflows Related to OPEB	(5,298,963)
Deferred Inflows Related to Refunding	(3,468,321)
Net OPEB Liability	(55,721,368)
Net Position of Governmental Activities as Reported on the Statement of Net Position (Exhibit I)	$ 1,215,543,590

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Clean Water Project	Capital Project Fund	Total Governmental Funds
REVENUES					
Taxation - Member Municipalities	$ 53,076,600	$ -	$ -	$ -	$ 53,076,600
Assessments	-	-	-	2,902,176	2,902,176
User Fees	32,322,140	-	66,697,033	-	99,019,173
Intergovernmental Revenues	7,898,414	-	62,228,866	2,826,792	72,954,072
Investment Income	537,885	-	3,519,197	-	4,057,082
Other Local Revenues	2,123,753	-	-	293,999	2,417,752
Total Revenues	95,958,792	-	132,445,096	6,022,967	234,426,855
EXPENDITURES					
Current:					
General Government	11,705,364	-	-	-	11,705,364
Operations	11,289,113	-	-	-	11,289,113
Plants and Maintenance	36,455,269	-	-	-	36,455,269
Debt Service:					
Principal Retirement	-	68,123,618	-	-	68,123,618
Interest	23,900	34,516,668	223,824	-	34,764,392
Capital Outlay	-	-	125,136,459	35,293,045	160,429,504
Total Expenditures	59,473,646	102,640,286	125,360,283	35,293,045	322,767,260
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	36,485,146	(102,640,286)	7,084,813	(29,270,078)	(88,340,405)
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	-	-	46,815,000	31,587,800	78,402,800
Premiums on Issuance of Bonds	-	465,854	3,185,000	1,261,080	4,911,934
Clean Water Fund Loans Issued	-	-	67,070,442	5,640,194	72,710,636
Transfers In	1,582,873	102,438,691	473,900	-	104,495,464
Transfers Out	(42,110,808)	-	(60,801,783)	-	(102,912,591)
Total Other Financing Sources (Uses)	(40,527,935)	102,904,545	56,742,559	38,489,074	157,608,243
NET CHANGE IN FUND BALANCES	(4,042,789)	264,259	63,827,372	9,218,996	69,267,838
Fund Balances - Beginning of Year	44,687,412	784,196	(2,711,778)	31,827,268	74,587,098
FUND BALANCES - END OF YEAR	$ 40,644,623	$ 1,048,455	$ 61,115,594	$ 41,046,264	$ 143,854,936

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV)	$	69,267,838
Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital Outlays, Net		158,140,407
Depreciation Expense		(37,228,763)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.		(75,428)
Internal service funds are used by management to charge costs to individual funds. A portion of the net revenue of certain activities of internal service funds is reported with governmental activities.		(1,122,037)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Sewer Assessment Revenue		122,553
Sewer Use Revenue		(746,977)
Change in Deferred Outflows Related to Pension		(5,345,263)
Change in Deferred Outflows Related to OPEB		(793,153)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Proceeds from Clean Water Fund Loan Obligations		(72,710,636)
Proceeds from Issuance of Bonds		(78,402,800)
Premiums on Issuance of Bonds		(4,911,934)
Bond Payments		38,111,808
Amortization of Bond Premium		8,177,717
Amortization of Deferred Charge on Refunding		195,188
Clean Water Fund Loan Payments		30,011,809
Change in Accrued Interest		(1,528,350)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in Compensated Absences		(524,640)
Change in Net Pension Liability		10,490,762
Change in Deferred Inflows Related to Pension		(4,614,578)
Change in Deferred Inflows Related to OPEB		7,011,734
Change in Net OPEB Liability		(1,117,531)
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II)	$	112,407,726

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Business-Type Activities - Enterprise Funds			
	Major	Nonmajor		Business-Type Activities - Internal Service Fund
	Water Utility	Hydroelectric Development Project	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 125,734,139	$ 957,970	$ 126,692,109	$ 15,030,401
Accounts Receivable, Net of Allowance for Uncollectibles	18,582,409	10,691	18,593,100	-
Supplies	5,380,973	242,716	5,623,689	-
Other Assets	3,000,000	-	3,000,000	-
Prepaid Items	1,190,451	-	1,190,451	-
Total Current Assets	153,887,972	1,211,377	155,099,349	15,030,401
Noncurrent Assets:				
Capital Assets, Nondepreciable	224,497,276	317,459	224,814,735	-
Capital Assets, Net of Accumulated Depreciation	599,230,625	3,875,248	603,105,873	-
Total Noncurrent Assets	823,727,901	4,192,707	827,920,608	-
Total Assets	977,615,873	5,404,084	983,019,957	15,030,401
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	9,419,326	-	9,419,326	-
Deferred Outflows - OPEB	2,339,729	-	2,339,729	-
Deferred Charge on Refunding	255,485	-	255,485	-
Total Deferred Outflows of Resources	12,014,540	-	12,014,540	-
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	19,127,755	6,768	19,134,523	222,805
Customer Advances for Construction	1,903,721	-	1,903,721	-
Current Portion of Claims Incurred but Not Reported	-	-	-	1,302,788
Compensated Absences	3,183,080	-	3,183,080	-
Current Portion of Bonds and Loans Payable	44,624,296	-	44,624,296	-
Total Current Liabilities	68,838,852	6,768	68,845,620	1,525,593
Noncurrent Liabilities:				
Compensated Absences	4,839,533	-	4,839,533	-
Bonds and Loans Payable After One Year	456,918,174	-	456,918,174	-
Claims Incurred but Not Reported	-	-	-	5,692,912
Net Pension Liability	28,899,961	-	28,899,961	-
Net OPEB Liability	73,630,158	-	73,630,158	-
Total Noncurrent Liabilities	564,287,826	-	564,287,826	5,692,912
Total Liabilities	633,126,678	6,768	633,133,446	7,218,505
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	19,289,085	-	19,289,085	-
Deferred Inflows - OPEB	7,002,045	-	7,002,045	-
Deferred Charge on Refunding	2,022,672	-	2,022,672	-
Total Deferred Inflows of Resources	28,313,802	-	28,313,802	-
NET POSITION				
Net Investment in Capital Assets	347,545,413	4,192,707	351,738,120	-
Unrestricted	(19,355,480)	1,204,609	(18,150,871)	7,811,896
Total Net Position	$ 328,189,933	$ 5,397,316	333,587,249	$ 7,811,896
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			4,533,751	
Net Position of Business-Type Activities			$ 338,121,000	

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities - Enterprise Funds			
	Major	Nonmajor		Business-Type Activities
	Water Utility	Hydroelectric Development Project	Total	Internal Service Fund
OPERATING REVENUES				
Water Sales	$ 93,961,523	$ -	$ 93,961,523	$ -
Energy Sales	-	458,081	458,081	-
Operating Contributions	-	-	-	13,760,142
Other Operating	8,731,205	-	8,731,205	-
Total Operating Revenues	102,692,728	458,081	103,150,809	13,760,142
OPERATING EXPENSES				
General Government	11,790,492	-	11,790,492	-
Operations	17,344,131	-	17,344,131	14,646,266
Plants and Maintenance	19,593,109	-	19,593,109	-
Employee Benefits and Other	12,722,635	-	12,722,635	-
Source of Supply	-	181,774	181,774	-
Depreciation Expense	20,709,120	132,932	20,842,052	-
Total Operating Expenses	82,159,487	314,706	82,474,193	14,646,266
OPERATING INCOME (LOSS)	20,533,241	143,375	20,676,616	(886,124)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	4,236,889	-	4,236,889	-
Miscellaneous Revenue	3,030,593	-	3,030,593	-
Gain (Loss) on Disposal of Assets	(165,398)	-	(165,398)	-
Interest and Fiscal Charges	(12,981,478)	-	(12,981,478)	-
Net Nonoperating Revenues (Expenses)	(5,879,394)	-	(5,879,394)	-
INCOME (LOSS) BEFORE CAPITAL GRANTS, CAPITAL CONTRIBUTIONS, AND TRANSFERS	14,653,847	143,375	14,797,222	(886,124)
Capital Grants	2,999,999	-	2,999,999	-
Capital Contributions	6,957,961	-	6,957,961	-
Transfers In	1,004,748	-	1,004,748	-
Transfers Out	-	(1,178,547)	(1,178,547)	(1,409,074)
CHANGE IN NET POSITION	25,616,555	(1,035,172)	24,581,383	(2,295,198)
Net Position - Beginning	302,573,378	6,432,488	309,005,866	10,107,094
NET POSITION - END OF YEAR	$ 328,189,933	$ 5,397,316	$ 333,587,249	$ 7,811,896
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			(1,173,161)	
Change in Net Position of Business-Type Activities			$ 23,408,222	

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities - Enterprise Funds			
	Major	Nonmajor		Business-Type Activities - Internal Service Fund
	Water Utility	Hydroelectric Development Project	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers, Users, and Others	$ 102,120,460	$ 530,197	$ 102,650,657	$ 13,817,022
Payments to Suppliers	(40,301,809)	(230,666)	(40,532,475)	(15,065,033)
Payments to Employees	(22,515,064)	-	(22,515,064)	-
Net Cash Provided (Used) by Operating Activities	39,303,587	299,531	39,603,118	(1,248,011)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments for Interfund Services Provided	-	(1,178,547)	(1,178,547)	(1,409,074)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets - Utility Plant	(75,585,162)	(29,556)	(75,614,718)	-
Proceeds from Bonds	64,572,200	-	64,572,200	-
Proceeds from Bond Premiums	2,915,807	-	2,915,807	-
Proceeds from Drinking Water Loans	6,973,801	-	6,973,801	-
Proceeds from Capital Grant	2,999,999	-	2,999,999	-
Principal Payments on Bonds	(23,568,192)	-	(23,568,192)	-
Principal Payments on Drinking Water Loans	(4,161,949)	-	(4,161,949)	-
Interest Payments on Bonds and Notes	(17,791,381)	-	(17,791,381)	-
Proceeds from General Fund	1,004,748	-	1,004,748	-
Proceeds on Sale of Assets	865,780	-	865,780	-
Net Cash Used by Capital and Related Financing Activities	(41,774,349)	(29,556)	(41,803,905)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	4,236,889	-	4,236,889	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,766,127	(908,572)	857,555	(2,657,085)
Cash and Cash Equivalents - Beginning of Year	123,968,012	1,866,542	125,834,554	17,687,486
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 125,734,139	$ 957,970	$ 126,692,109	$ 15,030,401

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities - Enterprise Funds			
	Major	Nonmajor		Business-Type Activities - Internal Service Fund
	Water Utility	Hydroelectric Development Project	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 20,533,241	$ 143,375	$ 20,676,616	$ (886,124)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	20,709,120	132,932	20,842,052	-
Miscellaneous Nonoperating Revenue (Expense)	3,030,593	-	3,030,593	-
Changes in Assets, Deferred Outflows of Resources, and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	(966,950)	72,116	(894,834)	56,880
Supplies	(193,092)	-	(193,092)	-
Other Assets	(1,000,000)	-	(1,000,000)	-
Prepaid Items	115,553	-	115,553	-
Deferred Outflows of Resources Related to Pensions	7,276,410	-	7,276,410	-
Deferred Outflows of Resources Related to OPEB	1,091,891	-	1,091,891	-
Increase (Decrease) in:				
Accounts Payable and Accrued Expenses	6,472,869	(48,892)	6,423,977	2,856
Due to Other Funds	-	-	-	-
Customer Advances for Construction	394,682	-	394,682	-
Compensated Absences	(740,004)	-	(740,004)	-
Net OPEB Liability	543,466	-	543,466	-
Net Pension Liability	(14,415,574)	-	(14,415,574)	-
Claims Payable	-	-	-	(421,623)
Deferred Inflows of Resources Related to Pensions	5,927,080	-	5,927,080	-
Deferred Inflows of Resources Related to OPEB	(9,475,698)	-	(9,475,698)	-
Total Adjustments	18,770,346	156,156	18,926,502	(361,887)
Net Cash Provided (Used) by Operating Activities	$ 39,303,587	$ 299,531	$ 39,603,118	$ (1,248,011)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Purchase of Capital Assets on Account	$ 9,594,089	$ -	$ 9,594,089	$ -
Capital Assets Contributed by Developers	$ 6,957,961	$ -	$ 6,957,961	$ -

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

	Pension and Other Employee Benefit Trust Funds
ASSETS	
Cash and Cash Equivalents	$ 2,812,200
Accounts Receivable	163,954
Investments, at Fair Value:	
Mutual Funds	150,574,442
Guaranteed Investment Contracts	18,463,630
Commingled Collective Trusts	114,035,304
Real Estate	28,365,563
Total Assets	314,415,093
NET POSITION	
Restricted for Pension Benefits	299,784,120
Restricted for OPEB Benefits	14,630,973
Total Net Position	$ 314,415,093

See accompanying Notes to Financial Statements.

THE METROPOLITAN DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Pension and Other Employee Benefit Trust Funds
ADDITIONS:	
Contributions:	
Employer	$ 19,272,207
Plan Members	3,165,804
Total Contributions	22,438,011
Investment Income:	
Net Change in Fair Value of Investments	42,263,036
Interest and Dividends	2,970,471
Total Investment Income	45,233,507
Less Investment Expenses:	
Investment Management Fees	1,118,839
Net Investment Income	44,114,668
Total Additions	66,552,679
DEDUCTIONS:	
Benefits	33,315,328
Administrative Expense	89,356
Total Deductions	33,404,684
CHANGE IN NET POSITION	33,147,995
Net Position - Beginning of Year	281,267,098
NET POSITION - END OF YEAR	$ 314,415,093

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The Metropolitan District (the District) was empowered in 1929 by the General Assembly of Connecticut. The District provides the following services as authorized by its Charter: design, construction and maintenance of sewage, hydroelectric and water systems and plants, stream and watercourse controls, the sale and delivery of water and hydroelectric power, and resources recovery.

Accounting principles generally accepted in the United States of America (GAAP) require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Pension and Other Postemployment Benefits (OPEB) plans were established to provide retirement benefits and postretirement health care benefits primarily to employees and their beneficiaries.

The financial statements of the fiduciary component units are presented using the accrual basis of accounting and are reported as Pension and OPEB Trust Funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with the requirements of statements issued by the Governmental Accounting Standards Board. The more significant of the District's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District's primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or benefit directly from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, including fiduciary component units, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sewer taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues, including sewer assessments, to be available if they are collected within 60 days after the end of the current fiscal period.

Taxes on member municipalities, sewer assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

General Fund

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those resources required to be accounted for in another fund.

Debt Service

The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Clean Water Project Fund

The Clean Water Project Fund accounts for financial resources to be used for the Clean Water Project. The appropriations for the cost of the Clean Water Project were approved by referendum votes which were held on November 7, 2006 and November 6, 2012. The first phase of the Clean Water Project features projects to control inflow and infiltration, sewer separation projects, projects to increase interceptors, and upgrades to the two treatment plants. The second phase of the Clean Water Project features wet weather capacity improvements at the District's treatment plants and construction of a large storage and conveyance tunnel in the south of the District to hold wastewater for ultimate release and treatment at the Hartford water pollution control facility. The Clean Water Project, has evolved through multiple Long-Term Control Plan (LTCP) updates to incorporate a more flexible and affordable Integrated Plan approach, extending the timeline to at least 40 years. This Integrated Plan, launched under a new consent order in 2022, aligns capital improvements with regulatory compliance, replaces the North Tunnel with modified solutions, and balances capital and the District maintenance priorities while continuing to utilize the Clean Water Project Charge for funding.

Capital Project Fund

The Capital Project Fund is used for projects of greater than one year's duration. Most of the capital outlays are financed by the issuance of general obligation bonds and current tax revenues.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District reports the following major proprietary fund:

Water Utility Fund

The Water Utility Fund is the District's fund used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the District reports the following fund types:

Internal Service Fund

The Internal Service Fund is used to account for the District's self-insurance program for property casualty, workers compensation, and health insurance coverage of employees as well as natural disaster and liability claims for the District.

Pension and Other Employee Benefit Trust Funds

The Pension and Other Employee Benefit Trust Funds are used to account for the activities of the District's defined benefit plan, which accumulates resources for pension benefit payments to qualified employees, and to account for the activities of the District's postemployment welfare benefits (including retiree medical, dental, and life insurance benefits) to the current and former eligible employees of the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Pension and Other Employee Benefit Trust Funds (Continued)

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. Unrestricted resources are used in the following order: committed, assigned, then unassigned.

C. Cash Equivalents

For purposes of reporting cash flows, all savings, checking, money market accounts, (including the State Treasurer's sponsored pooled investment, STIF) and certificates of deposit with an original maturity of less than 90 days from the date of acquisition are considered to be cash equivalents.

D. Investments

Investments are stated at fair value.

E. Supplies, Prepaid Items, and Other Assets

All supplies are valued at cost. Supplies in the governmental and enterprise funds is recorded as an expenditure when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Other assets represent funds set aside for rate stabilization.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are presented net of an allowance for uncollectibles.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that have matured, for example, as a result of employee resignations and retirements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets such as water and sewer mains, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recognized at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their lives are expensed currently.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 to 75 Years
Machinery and Equipment	6 to 20 Years
Infrastructure	50 to 150 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources expenditure until then. The District reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position and statement of net position - proprietary funds. 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. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs, contributions made to the plan after the measurement date, and differences between projected and actual earnings on pension and OPEB plan investments. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees) except for differences between projected and actual earnings which is over a closed five-year period. No deferred outflows of resources affect the governmental fund financial statements in the current year.

J. Deferred Inflows of Resources

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources until that time. The District reports a deferred charge on refunding and deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position and statement of net position - proprietary funds. 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. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience and differences between projected and actual earnings on pension and OPEB plan investments. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees) except for differences between projected and actual earnings which is over a closed five-year period. The District reports unavailable revenue for governmental funds which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums, discounts, and losses on bond refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and unamortized losses on bond refundings. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

M. Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance

The classifications of fund balances are described as follows:

Nonspendable Fund Balance – This balance represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance – This balance represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance – This balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (District Board). Amounts remain committed until action is taken by the District Board (resolution) to remove or revise the limitations.

Assigned Fund Balance – This balance includes amounts constrained for the intent to be used for a specific purpose by the District Board that has been delegated authority to assign amounts by the Charter.

Unassigned Fund Balance – This balance represents fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in the component of net position.

Restricted Net Position – Is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws or regulations of other governments.

Unrestricted Net Position – Is the amount of net position that does not meet the definition of the two preceding categories.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

During the last quarter of the year, the ensuing year's proposed operating budget, including proposed expenditures/expenses and the means of financing them, is compiled by the Finance Department based upon estimates submitted by the various departments.

The proposed operating budget is then published in line-item format in one or more local newspapers servicing the District for a period of three consecutive days, excluding holidays and Sundays. Prior to January 1 of the new year, the published budget is submitted to the District Board for acceptance and adoption.

Annual operating budgets are legally adopted for the General Fund and the Water Utility Enterprise Fund, which includes Hydroelectric Development. Formal budgetary integration is employed as a management control device for these funds. The unencumbered balance of appropriations in the General Fund lapses at year-end. Except for encumbrance accounting, the General Fund budget is prepared on a modified accrual basis. Budgetary and actual data in this report have been presented on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, the reconciliation of resultant basis, timing and perspective differences appear at the bottom of the actual vs. budget schedule. The legal level of budgetary control is at the functional level. Any revisions that alter total appropriations at the level of control must have the prior approval of the Board of Finance and the District Board. The amendments were made in the legally permissible manner described above. During the fiscal year ended December 31, 2025, there were no supplemental budgetary appropriations.

Capital Projects Funds are budgeted at the total estimated cost to complete the design and construction related to a specific improvement. These budgets cross multiple fiscal years and appropriations do not lapse at year-end. Formal budgetary integration is not employed for the Debt Service Fund.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents, and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. The investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

1. Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposit will not be returned. The District does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its principal place of business in the state of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, $9,228,391 of the District's bank balance of $9,707,377 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$ 8,280,552
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Name	947,839
Total Amount Subject to Custodial Credit Risk	$ 9,228,391

2. Cash Equivalents

At December 31, 2025, the District's cash equivalents amounted to $226,882,273. The following table provides a summary of the District's cash equivalents as rated by nationally recognized statistical rating organizations. The pool has maturities of less than one year.

	Standard and Poor's
State Short-Term Investment Fund (STIF)	AAA
U.S. Bank	*
Wilmington Trust	*

* Not Rated

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

3. Investments

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The District has the following recurring fair value measurements as of December 31, 2025:

	December 31, 2025	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments at Fair Value Level:				
Mutual Funds	$ 150,574,442	$ 150,574,442	$ -	$ -
Guaranteed Investment Contracts	18,463,630	4,401,846	-	14,061,784
Total Investments at Fair Value Level	169,038,072	$ 154,976,288	$ -	$ 14,061,784
Investments Measured at Net Asset Value (NAV):				
Commingled Collective Trusts	114,035,304			
Timberland Investments	12,029,496			
Madison Realty	5,127,081			
Intercontinental U.S. REIF	11,208,986			
Total Investments Measured at NAV	142,400,867			
Total Investments Measured at Fair Value	$ 311,438,939			

The above investments have no rating or maturity.

Mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Guaranteed investment contracts classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

3. Investments (Continued)

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Collective Trusts	$ 114,035,304	$ -	Up to Monthly	Up to 10 Days
Timberland Investments	12,029,496	549,776	Hold to Maturity	Hold to Maturity (15 to 18 Years Total)
Madison Realty	5,127,081	1,192,547	Hold to Maturity	Hold to Maturity (6 to 9 Years Total)
Intercontinental U.S. REIF	11,208,986	-	Quarterly	30-60 days
Total Investments Measured at NAV	$ 142,400,867			

Fixed Income Commingled Funds: The Conning-Goodwin Capital Core Plus Bond CIF invests mostly investment grade corporate bonds and agency MBS. The fund has an average maturity of 8.1 years and average duration of 6.1 years, as of December 31, 2025. This fund does not have a commitment period.

Equity Commingled Funds: Wellington Research Equity and Small Cap 2000 funds are invested in U.S. publicly traded stocks. Research Equity invests in large capitalization companies, while Small Cap 2000 invests in a broad swath of small capitalization companies. Rhumbline S&P 400 Pooled Index mirrors the S&P 400 Index, which are mid-capitalization U.S. publicly traded stocks. Lazard and Johnston are invested in international developed markets stocks. All the above have no commitment period.

Real Estate Funds: The Intercontinental U.S. REIF is an open-ended real estate fund that invests in mostly office, industrial and multifamily properties situated primarily in the Western and Eastern U.S., but also with representation in the South and Mid-West. Since the fund is open-ended, there is no commitment period. Cornerstone is a closed-end private REIT with a value-add strategy. Investments are in multifamily, industrial, office, and retail. Madison Realty operates closed-end real estate debt funds that focus on commercial real estate loans in the Eastern U.S. Both Fund III and Fund V have initial terms of six years, with the option to extend each by up to three additional years upon Advisory Committee approval.

Timberland Funds: FIA is a closed-end fund that invests in forestland in the Pacific Northwest, the South, and the East U.S. Income is produced through timber sales. This fund must be held to maturity, which could be about 15 years.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

3. Investments (Continued)

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. To the extent possible, the District attempts to match its investments with anticipated cash flow requirements.

Credit Risk – Investments

As indicated above, State Statutes limit the investment options of the District. The District has no investment policy that would limit its investment choices due to credit risk.

Concentration of Credit Risk

The District has no policy limiting an investment in any one issuer that is in excess of 5% of the District's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2025, the District did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the District's name.

The following represents the investments in the Plan that represents more than 5% of the Plan's net position as of December 31, 2025:

	Amount
Pension Fund:	
Aetna Guaranteed Investment Contracts - Fixed Income	$ 18,463,630
RhumbLine Mid-Cap Index Fund Pooled Trust	33,220,262
Hardman Johnston International Equity Group Trust	43,445,922
Conning Goodwin Capital Core Plus	37,369,120

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Receivables as of year-end for the District's individual major funds, nonmajor business-type activities, internal service fund, and trust funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	General	Clean Water Project	Capital Projects Funds	Water Utility	Hydroelectric Development Project	Trust Funds	Total
Sewer Use Charges	$ 14,749,742	$ 12,291,807	$ -	$ 3,153,563	$ 10,691	$ -	$ 30,205,803
Customers and Employees	27,409,849	406,873	-	12,222,946	-	-	40,039,668
Assessments	109,031	-	1,813,248	780,138	-	-	2,702,417
Accrued Interest	1,371	-	314,759	142,064	-	-	458,194
Intergovernmental	-	70,382,926	828,388	4,058,364	-	-	75,269,678
Other	1,157,400	-	-	-	-	163,954	1,321,354
Gross Receivables	43,427,393	83,081,606	2,956,395	20,357,075	10,691	163,954	149,997,114
Less: Allowance for Uncollectibles	34,560,606	1,513,968	-	1,774,666	-	-	37,849,240
Net Total Receivables	$ 8,866,787	$ 81,567,638	$ 2,956,395	$ 18,582,409	$ 10,691	$ 163,954	$ 112,147,874

C. Interfund Transfers

Interfund transfers are generally used to supplement revenues of other funds. Interfund transfers for the year ended December 31, 2025, were as follows:

	Transfers In				Total
	General Fund	Debt Service Fund	Clean Water Project	Water Fund	Transfers Out
Transfers Out:					
General Fund	$ -	$ 41,636,908	$ 473,900	$ -	$ 42,110,808
Clean Water Fund		60,801,783	-	-	60,801,783
Hydroelectric Development Plan	1,178,547	-	-	-	1,178,547
Internal Service Fund	404,326	-	-	1,004,748	1,409,074
Total Transfers In	$ 1,582,873	$ 102,438,691	$ 473,900	$ 1,004,748	$ 105,500,212

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 14,487,430	$ -	$ -	$ 14,487,430
Construction in Progress	1,095,846,454	157,973,634	79,039,378	1,174,780,710
Total Capital Assets Not Being Depreciated	1,110,333,884	157,973,634	79,039,378	1,189,268,140
Capital Assets Being Depreciated:				
Buildings	496,434,092	2,496,562	-	498,930,654
Machinery and Equipment	86,144,817	5,395,068	846,674	90,693,211
Infrastructure	1,159,087,152	71,314,521	28,297	1,230,373,376
Total Capital Assets Being Depreciated	1,741,666,061	79,206,151	874,971	1,819,997,241
Less Accumulated Depreciation for:				
Buildings	245,081,301	15,382,745	-	260,464,046
Machinery and Equipment	35,850,674	5,219,676	793,137	40,277,213
Infrastructure	254,730,074	16,626,342	6,406	271,350,010
Total Accumulated Depreciation	535,662,049	37,228,763	799,543	572,091,269
Total Capital Assets Being Depreciated, Net	1,206,004,012	41,977,388	75,428	1,247,905,972
Governmental Activities Capital Assets, Net	$ 2,316,337,896	$ 199,951,022	$ 79,114,806	$ 2,437,174,112

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 10,847,885	$ -	$ -	$ 10,847,885
Construction in Progress	169,437,603	73,863,031	29,333,784	213,966,850
Total Capital Assets Not Being Depreciated	180,285,488	73,863,031	29,333,784	224,814,735
Capital Assets Being Depreciated:				
Buildings	179,585,269	11,781	-	179,597,050
Machinery and Equipment	57,657,164	2,795,950	672,103	59,781,011
Infrastructure	649,571,239	25,641,612	1,225,416	673,987,435
Total Capital Assets Being Depreciated	886,813,672	28,449,343	1,897,519	913,365,496
Less Accumulated Depreciation for:				
Buildings	81,285,320	4,196,961	-	85,482,281
Machinery and Equipment	21,252,357	3,736,421	617,911	24,370,867
Infrastructure	187,746,235	12,908,670	248,430	200,406,475
Total Accumulated Depreciation	290,283,912	20,842,052	866,341	310,259,623
Total Capital Assets Being Depreciated, Net	596,529,760	7,607,291	1,031,178	603,105,873
Business-Type Activities Capital Assets, Net	$ 776,815,248	$ 81,470,322	$ 30,364,962	$ 827,920,608

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	$ 2,048,046
Operations	13,062,839
Plant and Maintenance	22,117,878
Total Depreciation Expense - Governmental Activities	$ 37,228,763
Business-Type Activities:	
Water	$ 20,709,120
Hydroelectricity	132,932
Total Depreciation Expense - Business-Type Activities	$ 20,842,052

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Construction Commitments

The District has active construction projects as of December 31, 2025. At year-end, the District's commitments with contractors for governmental activities are as follows:

Project Name	Remaining Commitment
2018 WPC Plant Infrastructure Renewal and Replacement	$ 349,804
2018 General Purpose Sewer	98,882
2020 Levee Protection System, East Hartford and Hartford	180,252
2022 Hartford Hospital Area Water Main Replacement – Sewer Work	94,592
2023 General Purpose Sewer	748,771
WPC Facilities Infrastructure Rehab	475,666
Rocky Hill WPC Facility Pre & Elec. Upgrades	8,380,648
HWPCF - CEMS Room/Incenerator Upgrades	1,110,296
FY24 - Paving Program	331,251
Sanitary Sewer Easement Program	1,401,871
FY25 - Paving Program & Restoration	1,517,382
Chadwick Goodwin, Deerfield Hammer and F	2,090,466
General Purpose Sewer	1,909,136
WW Pump Station & Force Main Improvement	655,521
Sanitary Sewer Easement Improvements Program	2,350,000
2015 SHCST Pump Station - Clean Water II	10,322,518
West Hartford SSES	20,682,994
2023 Various Sewer Pipe Replacements/Rehabilitation	95,704
2023 Large Diameter Sewer Rehabilitation	3,865,295
SLR - N Branch Park River Drainage Area	1,821,026
SLR - Gully Brook Drainage Area	17,243,691
SLR - N Meadows Drainage Area (NM 5/6/7)	11,767,233
2023 Sewer and Lateral Rehabilitation in North Meadows Drainage Area (NM2/3/4)	150,230
2023 Expedited Sewer Separation in North Hartford	2,760,055
2023 Backwater Valve Program and Private Property Inflow Disconnections in North Hartford	981,798
Lateral Rpr/Replace/Rehab- District Wide	314,643
SHCSP - District-wide	117,853
SHCSP - North Hartford	122,295
Various Sewer Pipe Replacement/Rehabilitation	105,541
North Hartford Expedited Separation Program	91,242
Various Sewer Pipe Replacement/Rehabilitation	5,097,189
Sewer Backup Prevention Program - District Wide	456,965
I-4 (N-30)	160,017
Sanitary Sewer Easement Improvements Program	1,324,250
Total	$ 99,175,077

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Construction Commitments (Continued)

The District's commitments with contractors for construction in process for business-type activities are as follows:

Project Name	Remaining Commitment
2015 Water Supply Improvements	$ 135,702
2019 Water Treatment Facilities Infrastructure Rehabilitation, Upgrades & Replacel	95,365
WTP Infrastructure Rehab, Upgrades, Rep	91,720
Farmington 11 / Sisson Ave. Area WMR	1,807,999
Capitol Ave. Area Water Main Replacement	933,768
2022 Hartford Hospital Area Water Main Replacement	400,367
WTP Infrastructure Rehababilitation	357,171
East Hartford Water Main Replacements	891,931
Levee Penetration Improvement	90,577
Farmington 11/Sisson Area Water Main Rep	2,360,707
Districtwide - Water Main Replacement Program	297,509
Hartford Water Main Replacements	2,453,268
Water Supply Infrastructure Rehab. & Replacements	222,471
Paving Program & Restoration	464,544
FY25 - Paving Program & Restoration	3,145,965
General Purpose Water	1,051,069
District Wide Water Main Replacement Program	2,591,289
Glastonbury Water Main Replacements	302,490
Silas Deane Highway Water Main Replacement	3,691,793
Total	$ 21,385,704

The commitments are being financed with general obligation bonds and state and federal grants.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt

Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 362,245,825	$ 31,587,800	$ 23,861,808	$ 369,971,817	$ 25,196,310
Revenue Bonds	321,280,000	46,815,000	14,250,000	353,845,000	18,530,000
Premiums	63,173,418	4,911,934	8,177,717	59,907,635	-
Total Bonds Payable	746,699,243	83,314,734	46,289,525	783,724,452	43,726,310
Clean Water Fund Loans	442,720,205	72,710,636	30,011,809	485,419,032	129,188,970
Compensated Absences, Net Change	7,172,000	524,640	-	7,696,640	2,651,105
Net Pension Liability	32,361,493	-	10,490,762	21,870,731	-
Net OPEB Liability	54,603,837	1,117,531	-	55,721,368	-
Total Governmental Activities Long-Term Liabilities	$ 1,283,556,778	$ 157,667,541	$ 86,792,096	$ 1,354,432,223	$ 175,566,385
Business-Type Activities:					
General Obligation Bonds	$ 359,429,175	$ 64,572,200	$ 23,568,192	$ 400,433,183	$ 25,843,090
Premiums	38,149,607	2,915,807	4,699,958	36,365,456	-
Total Bonds Payable	397,578,782	67,488,007	28,268,150	436,798,639	25,843,090
Drinking Water Fund Loans	61,931,979	6,973,801	4,161,949	64,743,831	18,781,206
Compensated Absences, Net Change	8,762,617	-	740,004	8,022,613	3,183,080
Claims and Judgments	7,417,323	16,055,340	16,476,963	6,995,700	1,302,788
Net Pension Liability	43,315,535	-	14,415,574	28,899,961	-
Net OPEB Liability	73,086,692	543,466	-	73,630,158	-
Total Business-Type Activities Long-Term Liabilities	$ 592,092,928	$ 91,060,614	$ 64,062,640	$ 619,090,902	$ 49,110,164

For the governmental activities, pension liability, OPEB liability, and compensated absences are generally liquidated by the General Fund.

General Obligation Bonds

General obligation bonds are direct obligations of the District for which full faith and credit are pledged and are payable from taxes levied on member towns and other operating revenues. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental Activities	Various	$ 369,971,817
Business-Type Activities	Various	400,433,183
Total		$ 770,405,000

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

Governmental Activities

Description	Date of Issue	Original Amount	Interest Rate	Date of Maturity	Principal Outstanding 12/31/2025
2015 GO Series A Sewer	3/19/2015	33,973,310	2.85	2035	$ 17,029,924
2015 GO Series B Sewer	11/3/2015	5,097,470	2.66	2035	2,548,000
2016 GO Series A Sewer	2/18/2016	17,431,020	2.30	2036	9,589,250
2016 Refunding B Sewer	4/28/2016	18,301,300	1.64	2028	4,329,430
2016 GO Series C Sewer	12/1/2016	67,900,630	3.86	2034	35,954,100
2018 GO Series A Sewer	7/31/2018	62,591,950	3.31	2038	40,684,485
2019 GO Series A Sewer	8/8/2019	38,395,250	2.55	2039	26,874,560
2019 Refunding B Sewer	8/8/2019	26,533,410	2.05	2035	15,851,540
2019 Refunding C Sewer	8/8/2019	32,070,000	2.74	2040	25,830,000
2021 GO Series A Sewer	8/31/2021	74,356,690	2.00	2041	64,155,200
2021 Refunding B Sewer	8/31/2021	6,183,180	1.24	2033	4,218,420
2022 GO Series A Sewer	8/30/2022	43,118,950	5.00	2042	38,860,550
2023 GO Series A Sewer	8/10/2023	35,306,400	3.39	2043	33,075,720
2024 GO Series A Sewer	8/22/2024	11,780,170	3.39	2044	11,385,440
2024 Refunding B Sewer	8/22/2024	8,883,913	2.52	2034	7,997,398
2025 GO Series A Sewer	9/18/2025	31,587,800	3.82	2045	31,587,800
Total General Obligation Bonds					369,971,817
2020 Revenue Refunding A Sewer	8/25/2020	55,010,000	2.48	2045	38,335,000
2020 Revenue Refunding B Sewer	8/25/2020	76,065,000	2.37	2039	71,910,000
2021 Revenue Bond B Sewer	11/3/2021	66,030,000	1.55	2041	47,090,000
2021 Revenue Refunding B Sewer	11/3/2021	135,410,000	2.61	2042	113,520,000
2024 Revenue Bonds A Sewer	10/8/2024	37,380,000	3.35	2044	36,175,000
2025 Revenue Bonds A Sewer	11/6/2025	46,815,000	3.43	2045	46,815,000
Total Revenue Bonds					353,845,000
Total					$ 723,816,817

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Business-Type Activities

Description	Date of Issue	Original Amount	Interest Rate	Date of Maturity	Principal Outstanding 12/31/2025
2015 GO Series A Water	3/19/2015	32,766,691	2.85	2035	$ 16,425,077
2015 GO Series B Water	11/3/2015	31,117,530	2.66	2035	15,552,000
2016 GO Series A Water	2/18/2016	15,593,980	2.30	2036	8,560,750
2016 Refunding B Water	4/28/2016	29,733,700	1.64	2028	7,035,570
2016 GO Series C Water	12/1/2016	40,414,370	3.86	2034	21,375,900
2018 GO Series A Water	7/31/2018	48,178,050	3.31	2038	31,315,514
2019 GO Series A Water	8/8/2019	38,104,750	2.55	2039	26,675,440
2019 Refunding B Water	8/8/2019	22,771,590	2.05	2035	13,603,460
2021 GO Series A Water	8/31/2021	56,453,310	2.00	2041	48,709,800
2021 Refunding B Water	8/31/2021	9,051,820	1.24	2033	6,176,580
2022 GO Series A Water	8/30/2022	31,261,050	5.00	2042	28,174,450
2023 GO Series A Water	8/10/2023	40,423,600	3.39	2043	37,869,280
2024 GO Series A Water	8/22/2024	65,404,830	3.39	2044	63,214,560
2024 Refunding B Water	8/22/2024	12,411,087	2.52	2034	11,172,602
2025 GO Series A Water	9/18/2025	64,572,200	3.82	2045	64,572,200
Total					$ 400,433,183

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	Governmental Activities		Business-Type Activities	
December 31,	Principal	Interest	Principal	Interest
2026	$ 25,196,310	$ 16,420,320	$ 25,843,090	$ 17,387,952
2027	25,464,773	15,327,245	26,095,227	16,339,886
2028	25,826,866	14,155,681	26,483,134	15,192,900
2029	24,893,999	12,983,524	24,701,001	14,035,501
2030	25,304,945	11,862,562	25,170,055	12,937,676
2031-2035	121,584,235	41,773,278	123,335,765	47,357,344
2036-2040	88,534,019	18,015,710	92,000,981	23,210,796
2040-2044	33,166,670	3,002,755	56,803,930	5,810,989
Total	$ 369,971,817	$ 133,541,075	$ 400,433,183	$ 152,273,044

Authorized but Unissued Bonds

The total of authorized but unissued bonds at December 31, 2025, is $663,644,520. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Unspent Bond Proceeds

As of December 31, 2025, the District reported unspent bond proceeds of $24,016,680 and $42,984,802 in governmental and business-type activities, respectively. These amounts were included as a component of net investment in capital assets in the statement of net position.

Revenue Bonds

Revenue bonds are special obligations of the District and are issued pursuant to the District's Charter and Chapter 103 of the Connecticut General Statutes as amended, the Special Obligation Indenture of Trust by and between the District and U.S. Bank National Association (the Trustee) for the purpose of providing funds for the Clean Water Project. The revenue bonds are secured by a pledge of and payable from the Trust Estate which includes pledged revenues, which are special revenues to be received by the District from a Special Sewer Service Surcharge (aka: Clean Water Project Charge), together with the revenues or other receipts, funds, or monies held in or set aside in the Trust Estate. The revenue bonds are not a general obligation of the District. Revenue bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental Activities	Various	$ 353,845,000

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Revenue Bonds (Continued)

Annual debt service requirements to maturity for revenue bonds are as follows:

	Governmental Activities	
Year Ending December 31,	Principal	Interest
2026	$ 18,530,000	$ 11,928,466
2027	18,955,000	11,470,806
2028	19,420,000	10,780,374
2029	20,090,000	10,053,381
2030	20,740,000	9,286,279
2031-2035	109,415,000	34,354,452
2036-2040	99,230,000	17,518,243
2041-2045	47,465,000	4,400,705
Total	$ 353,845,000	$ 109,792,706

Clean and Drinking Water Fund Loans

The District participates in the state of Connecticut's Clean and Drinking Water programs, which provide low-interest loans bearing 2% interest for eligible wastewater and 2% interest for eligible drinking water projects. Projects are financed by interim loan obligations until project completion, at which time interim loan obligations are replaced by permanent loan obligations. In the case of certain large projects, permanent loan obligations may be issued annually.

Clean Water Fund loans finance the sewer infrastructure and facility improvements (governmental activities) and will be repaid from future taxation, special sewer service surcharge, and user fees.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Clean and Drinking Water Fund Loans (Continued)

Governmental Activities				
Description	Date of Issue	Original Amount	Interest Rate	Principal Outstanding 12/31/2025
CSL142	9/4/08	$ 6,200,000	2.00 %	$ 671,667
CSL149	3/31/09	12,710,000	2.00	1,747,625
CWF160C	12/27/07	1,888,557	2.00	141,641
166-CSL1	3/31/12	21,907,709	2.00	5,624,952
214-CSL	12/30/15	14,198,442	2.00	6,744,260
CWF508C	4/30/08	1,232,078	2.00	112,940
CWF520C	3/31/09	4,547,580	2.00	625,292
CWF521C	9/30/08	4,240,340	2.00	477,038
CWF578C	12/19/08	2,042,741	2.00	157,345
578-CD1	1/31/11	2,619,263	2.00	654,816
619-D1	3/31/12	12,600,000	2.00	3,235,135
626-C	1/29/13	22,160,848	2.00	6,740,592
652-C	1/31/16	25,528,771	2.00	12,870,755
652-C1	1/31/17	27,234,976	2.00	15,092,715
657-C	7/31/16	33,352,916	2.00	17,649,251
657-C1	7/31/17	40,852,371	2.00	23,660,332
692-C	1/31/18	46,785,354	2.00	28,266,151
657-C2	7/31/18	52,655,657	2.00	33,129,185
CWF 215-C	11/30/18	10,306,693	2.00	6,656,406
CWF 692-C1	1/31/19	31,761,844	2.00	20,777,539
CWF 652-C2	4/30/19	21,862,088	2.00	13,875,937
CWF 657-C3	6/30/19	17,782,244	2.00	11,558,459
CWF 697-DC (CIP)	2/28/20	15,019,750	2.00	9,825,420
CWF 692-C2	4/30/20	33,394,334	2.00	23,198,719
CWF 691-C	5/31/20	190,810	2.00	136,176
CWF 221-CSL	7/31/20	2,091,106	2.00	1,510,243
CWF 692-C3	1/31/21	17,875,420	2.00	13,481,046
CWF 657-C4	6/30/21	5,408,501	2.00	3,783,578
CWF 219-CSL	6/30/21	27,333,273	2.00	21,025,595
CWF 692-C4	5/31/22	24,949,781	2.00	20,479,611
CWF 683-D	3/31/23	730,606	2.00	627,571
CWF 719-C1	4/30/24	11,782,455	2.00	10,775,408
CWF 728-C	4/30/24	24,779,366	2.00	22,714,419
CWF 728-C1	4/30/25	21,220,940	2.00	20,513,576
CWF 4001-C	10/31/25	903,276	2.00	895,557
Total Permanent Loan Obligations				359,436,952
CWF #692-C	Various	12,777,943		46,759,481
CWF #729-C	Various	25,832,376		24,539,750
CWF 4001-C	Various	903,276		-
CWF 764-C	Various	3,405,627		4,016,928
CWF 4002-C	Various	25,686,051		9,146,833
CWF #746-C	Various	3,976,254		6,113,796
CWF 4003-C	Various	7,727,466		5,638,683
CWF 4004-C	Various	8,011,543		2,280,958
CWF #698-C	Various	11,356,982		12,737,313
CWF #728-C	Various	18,543,867		14,748,338
Total Interim Loan Obligations				125,982,080
Total				$ 485,419,032

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Clean and Drinking Water Fund Loans (Continued)

Drinking Water Fund loans finance the water infrastructure and facility improvements (business-type activities) and will be financed by user charges.

	Business-Type Activities			
Description	Date of Issue	Original Amount	Interest Rate	Principal Outstanding 12/31/2025
DWSRF 2010 8008	8/31/11	$ 2,579,412	2.00 %	$ 601,862
DWSRF 2010 8009	2/29/12	772,079	2.00	180,151
DWSRF 2010 8009-1	1/29/13	193,644	2.00	51,394
DWSRF 2013-7012	7/15/14	2,780,620	2.00	1,054,318
DWSRF 2013-7013	6/1/15	2,713,243	2.00	1,125,995
DWSRF 2013-7014	9/30/15	4,691,464	2.00	2,169,802
DWSRF 2013-7015	5/31/16	5,635,824	2.00	2,583,704
DWSRF 2013-7017	6/30/15	2,013,468	2.00	872,503
DWSRF 2013-7018	9/30/14	398,083	2.00	154,257
DWSRF 2013-7019	6/30/15	1,539,774	2.00	654,405
DWSRF 2014-7021	4/30/16	3,809,525	2.00	1,682,540
DWSRF 2014-7026	3/31/15	1,691,379	2.00	739,978
DWSRF 2014-7029	3/31/16	3,173,899	2.00	1,415,513
DWSRF 2014-7030	7/31/16	1,892,813	2.00	906,973
DWSRF 2014-7031	5/31/16	3,626,881	2.00	1,662,718
DWSRF 2014-7032	12/31/16	3,162,716	2.00	1,703,001
DWSRF 2014-7033	8/31/16	1,501,320	2.00	763,829
DWSRF 2016-7035	8/31/16	2,203,262	2.00	1,120,958
DWSRF 2016-7042	8/31/16	825,335	2.00	419,908
DWSRF 2016-7043	2/28/17	1,129,379	2.00	615,151
DWSRF 2016-7044	4/30/17	2,754,227	2.00	1,491,873
DWSRF 2016-7045	7/31/17	2,445,859	2.00	1,355,413
DWSRF 2016-7047	2/28/17	3,004,951	2.00	1,636,739
DWSRF 2016-7046	6/29/18	3,051,182	2.00	1,830,709
DWSRF 2018-7061	3/30/19	1,892,634	2.00	1,237,491
DWSRF 2017-7055	4/30/19	1,691,022	2.00	1,112,895
DWSRF 2018-7062	7/31/19	1,814,906	2.00	1,217,693
DWSRF 2019-7074	8/31/20	2,046,805	2.00	1,486,995
DWSRF 2020-7086	1/31/21	1,334,309	2.00	1,003,535
DWSRF 2020-7088	1/31/22	2,274,924	2.00	1,817,995
DWSRF 2021-7092	3/31/23	3,071,879	2.00	2,638,665
DWSRF 2021-7093	4/30/23	5,642,975	2.00	4,871,286
DWSRF 2023-7110	5/31/24	903,276	2.00	1,651,225
DWSRF 2023-5001	9/30/24	340,134	2.00	318,330
DWSRF 2022-7102	10/31/24	2,433,215	2.00	2,287,636
DWSRF 2023-7121	2/28/25	605,154	2.00	579,293
Total Permanent Loan Obligations				47,016,733
DWSRF#2023-7118	Various	3,642,485		5,314,392
DWSRF#2023-7123	Various	1,740,299		2,893,330
DWSRF#2023-7120	Various	3,556,937		4,047,429
DWSRF#2023-7121	Various	574,057		-
DWSRF#2024-7131	Various	211,453		2,358,939
DWSRF#2024-7137	Various	1,999,149		819,471
DWSRF#2024-7138	Various	6,541,868		2,293,537
Total Interim Loan Obligations				17,727,098
Total				$ 64,743,831

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Clean and Drinking Water Fund Loans (Continued)

Permanent loan obligations mature as follows:

	Governmental Activities	
Year Ending December 31,	Principal	Interest
2026	$ 30,404,093	$ 6,910,035
2027	30,294,162	6,302,377
2028	29,510,098	5,701,819
2029	28,758,268	5,120,955
2030	28,291,947	4,546,566
2031-2035	129,115,321	14,806,680
2036-2040	70,515,265	3,913,536
2040-2044	12,547,798	430,811
Total	$ 359,436,952	$ 47,732,779

	Business-Type Activities	
Year Ending December 31,	Principal	Interest
2026	$ 4,167,120	$ 902,727
2027	4,167,120	819,476
2028	4,167,120	736,226
2029	4,167,120	652,975
2030	4,107,591	569,878
2031-2035	18,024,288	1,672,715
2036-2040	6,486,892	453,078
2040-2044	1,729,482	44,109
Total	$ 47,016,733	$ 5,851,184

Interim loan obligations mature and convert to permanent loan obligations as follows:

	Governmental Activities	
Year Ending December 31,	Principal	Interest
2026	$ 98,784,877	$ 3,279,500
2027	6,113,797	117,203
2028	21,083,406	71,298
Total	$ 125,982,080	$ 3,468,001

	Business-Type Activities	
Year Ending December 31,	Principal	Interest
2026	$ 14,614,086	$ 244,232
2027	819,471	1,423
2028	2,293,541	1,043
Total	$ 17,727,098	$ 246,698

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Clean and Drinking Water Fund Loans (Continued)

The state may terminate the obligation to make the Project Loan, with 60 days written notice, if the state determines that such termination is in the best interest of the state and the Municipality fails to perform its obligations under the agreement. After giving notice, the state has discretion not to terminate the Project Loan if the Municipality performs its obligations to the satisfaction of the state.

General Obligation Bonds – New Issuances

On September 18, 2025, the District issued $96,160,000 in General Obligation Bonds, Issue of 2025, with a True Interest Cost (TIC) of 3.82%. The net proceeds were $100,279,303 (after payment of the Underwriter's Discount of $222,320).

Revenue Bonds – New Issuances

On November 6, 2025, the District issued $46,815,000 in Clean Water Project Revenue Bonds, Series 2025 with a True Interest Cost (TIC) of 3.43%. The net proceeds were $50,216,452 (after payment of the Underwriter's Discount of $84,666).

Debt Limitation

The District's debt indebtedness does not exceed the debt limitations required by its Charter as reflected in the following schedule:

Debt Limit	Net Indebtedness	Balance
$ 1,669,728,004	$ 897,171,967	$ 772,556,037

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Fund Balance

The components of fund balance for the governmental funds at December 31, 2025, are as follows:

	General Fund	Debt Service	Clean Water Project	Capital Projects	Total
Fund Balances:					
Nonspendable:					
Prepaids	$ 715,791	$ -	$ -	$ -	$ 715,791
Supplies	5,790,000	-	-	-	5,790,000
Restricted for:					
Capital Projects	-	-	4,359,822	24,016,680	28,376,502
Committed to:					
Capital Projects	-	-	56,755,772	17,029,584	73,785,356
Debt Service		1,048,455			1,048,455
Assigned to:					
Sewer Ad Valorem Tax Levy Stabilization	1,000,000	-	-		1,000,000
Unassigned	33,138,832	-	-	-	33,138,832
Total Fund Balances	$ 40,644,623	$ 1,048,455	$ 61,115,594	$ 41,046,264	$ 143,854,936

There were no outstanding encumbrances at December 31, 2025.

NOTE 4 EMPLOYEE RETIREMENT PLAN

A. Plan Description and Benefits Provided

The District has an employee retirement system with a pension plan that was adopted January 1, 1944, and amended January 1, 1997. The Aetna Insurance Company is the administrator of the Metropolitan District Employees' Retirement System (MDERS), which is a defined benefit, single-employer retirement system. The MDERS provides retirement, disability, and death benefits to plan members and beneficiaries.

Management of the plan rests with the Personnel, Pension, and Insurance Committee (PPI), which consists of twelve members.

The pension plan is included in the District's financial reporting entity and accounted for in the pension trust fund. The MDERS does not issue a stand-alone financial report.

At January 1, 2025, membership consisted of:

Retirees, Disabled, and Beneficiaries Currently Receiving Benefits	633
Terminated Members Entitled to But Not Yet Receiving Benefits	73
Current Active Members	430
Total Members	1,136

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

A. Plan Description and Benefits Provided (Continued)

Participation in the plan is immediate upon employment for all full-time employees. Vesting in benefits occurs after ten years of service. Termination of employment before that time results in forfeiture of the District's portion of the accrued benefit.

The District's Personnel, Pension, and Insurance Committee, as provided by the District's general ordinances, establishes the benefit provisions and the employer's and employees' obligations. Any bargaining or nonbargaining unit employee who becomes totally and permanently disabled and has completed ten years of service will receive 100% of the pension that the employee would have been entitled to. Annual pension payments are determined at 2% times years of service times final average earnings subject to a maximum of 32 years.

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Pension Trust Fund's financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with plan provisions. Administrative costs of the plan are financed through investment earnings.

Valuation of Investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price.

C. Funding Policy

Employees hired prior to October 4, 2015, are required to contribute 5% of their annual covered salary, employees hired between October 4, 2015, and June 5, 2018, are required to contribute 7% of their annual covered salary, and employees hired after June 5, 2018, are required to contribute 7.5% of their annual covered salary.

D. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Personnel, Pension, and Insurance Committee by a majority vote of its members. It is the policy of the Personnel, Pension, and Insurance Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short-time spans.

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

D. Investments (Continued)

Investment Policy (Continued)

The following was the Board's adopted asset allocation policy as of December 31, 2025.

Asset Class	Target Allocation
US Equity - Large Cap	30.00 %
US Equity - Small/Mid Cap	20.00
Non-US Equity - Developed	12.50
US Corporate Bonds - Core	22.50
Real Estate (REITS)	10.00
Commodities	5.00

Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the District

The components of the net pension liability of the District at December 31, 2025 were as follows:

Total Pension Liability	$ 350,554,812
Plan Fiduciary Net Position	299,784,120
Net Pension Liability	$ 50,770,692
Plan Fiduciary Net Position as a Percentage Percentage of the Total Pension Liability	85.52%

The net pension liability is recorded in the Water Utility Fund (Proprietary Fund), and the Governmental Activities of the District.

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

E. Net Pension Liability of the District (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.41%
Salary Increases	3.50%, average, including inflation
Investment Rate of Return	6.625%, net of pension plan investment expense, including inflation
Mortality Rates	Pub-2010 Mortality (using a 75%/25% blend of Public Safety and General Rates) with generational projections per MP-2021 Ultimate Scale
Actuarial Cost Method	Entry Age Normal

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2025, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
US Equity - Large Cap	5.74 %
US Equity - Small/Mid Cap	6.78
Non-US Equity - Developed	6.40
US Corporate Bonds - Core	2.80
Real Estate (REITS)	5.06
Commodities	3.87

Discount Rate

The discount rate used to measure the total pension liability was 6.625%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

E. Net Pension Liability of the District (Continued)

Changes in the Net Pension Liability

	Metropolitan District Employees' Retirement System		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - January 1, 2025	$ 343,348,829	$ 267,671,801	$ 75,677,028
Changes for the Year:			
Service Cost	5,724,335	-	5,724,335
Interest on Total Pension Liability	22,382,387	-	22,382,387
Differences Between Expected and Actual Experience	1,916,773	-	1,916,773
Changes in Assumptions	-	-	-
Employer Contributions	-	9,841,197	(9,841,197)
Member Contributions	-	3,165,804	(3,165,804)
Net Investment Gain (Loss)	-	41,994,674	(41,994,674)
Benefit Payments, Including Refund of Employee Contributions	(22,817,512)	(22,817,512)	-
Administrative Expenses	-	(71,844)	71,844
Net Changes	7,205,983	32,112,319	(24,906,336)
Balances - December 31, 2025	$ 350,554,812	$ 299,784,120	$ 50,770,692

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate of 6.625%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.625%)	Current Discount Rate (6.625%)	1% Increase (7.625%)
District's Net Pension Liability	$ 89,245,833	$ 50,770,692	$ 18,112,337

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

E. Net Pension Liability of the District (Continued)

Pension Expense and Deferred Outflows of Resource and Deferred Inflows of Resource Related to Pensions

For the year ended December 31, 2025, the District recognized pension expense of $8,098,192, which is recorded within the Water Utility Fund and the Governmental Activities of the District in the amounts of $4,609,696 and $3,488,496, respectively. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Metropolitan District Employees' Retirement System	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 5,087,077
Changes of Assumptions	132,556	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	33,754,002	11,460,547
Total	$ 33,886,558	$ 16,547,624

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2026	$ 3,083,761
2027	(8,700,121)
2028	(7,094,810)
2029	(4,627,764)
2030	-
Total	$ (17,338,934)

F. 457(b) and 457(f) Deferred Compensation Plan

The District The District offers a 457(b) Deferred Compensation Plan to its employees as a voluntary savings plan, with no employer match. Participants decide how much to invest, and the District deducts payments on their behalf and sends them directly to Empower, who acts as the Record Keeper and Administrator. District employees currently have in excess of $80 million in assets which grow on a tax-deferred basis. The 457(b) plan allows employees to defer a portion of their salary into either a traditional (pre-tax) or Roth (after-tax) account. Participants can diversify their investments in more than twelve investment vehicles across a range of investment alternatives. Dahab Associates of Bayshore, New York serves as a 3(21) fiduciary investment advisor on the Plan.

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

F. 457(b) and 457(f) Deferred Compensation Plan (Continued)

The District also has a Non-Voluntary 457(f) Deferred Compensation Plan for the purpose of complying with certain limitations of the Internal Revenue Code (IRC) of 1986. The purpose of the Plan is to provide certain senior District employees with retirement benefits that they are unable to receive under the employers qualified defined pension plan due to limitations. of the IRC. As of December 31, 2025, there were two employees eligible to participate in the Plan. The Plan is unfunded; the District pays any benefits due in a given year under the terms of the Plan directly from District operating funds.

G. Combining Statement of Net Position

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash and Cash Equivalents	$ 2,631,750	$ 180,450	$ 2,812,200
Accounts Receivable	63,138	100,816	163,954
Investments, at Fair Value:			
Mutual Funds	136,224,735	14,349,707	150,574,442
Guaranteed Investment Contracts	18,463,630	-	18,463,630
Commingled Collective Trusts	114,035,304	-	114,035,304
Real Estate	28,365,563	-	28,365,563
Total Assets	299,784,120	14,630,973	314,415,093
NET POSITION			
Restricted for Pension and OPEB Benefits	$ 299,784,120	$ 14,630,973	$ 314,415,093

NOTE 4 EMPLOYEE RETIREMENT PLAN (CONTINUED)

H. Combining Statement of Revenue, Expenses, and Changes in Net Position

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	$ 9,841,197	$ 9,431,010	$ 19,272,207
Plan Members	3,165,804	-	3,165,804
Total Contributions	13,007,001	9,431,010	22,438,011
Investment Earnings:			
Net Change in Fair Value of Investments	40,395,609	1,867,427	42,263,036
Interest and Dividends	2,712,357	258,114	2,970,471
Total Investment Earnings	43,107,966	2,125,541	45,233,507
Less Investment Expenses:			
Investment Management Fees	1,113,292	5,547	1,118,839
Net Investment Earnings	41,994,674	2,119,994	44,114,668
Total Additions	55,001,675	11,551,004	66,552,679
DEDUCTIONS			
Benefits	22,817,512	10,497,816	33,315,328
Administrative Expense	71,844	17,512	89,356
Total Deductions	22,889,356	10,515,328	33,404,684
CHANGE IN NET POSITION	32,112,319	1,035,676	33,147,995
Net Position - Beginning of Year	267,671,801	13,595,297	281,267,098
NET POSITION - END OF YEAR	$ 299,784,120	$ 14,630,973	$ 314,415,093

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN

Plan Description

The Retiree Health Plan (RHP) is a single-employer defined benefit healthcare plan and provides medical, dental and life insurance benefits to eligible retirees and their spouses. Spouses and eligible dependents are covered on medical and dental insurance only if the retiree declares at least a 90% pension annuity. District employees eligible to participate in the plan are as follows: 65 years old or 55 years old with ten years of service or the sum of age and service is 85. Benefit provisions are established through negotiations between the District and the various unions representing the employees.

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN (CONTINUED)

Plan Description (Continued)

Management of the postemployment benefits plan rests with the Personnel, Pension and Insurance Committee (PPI), which consists of twelve members.

Expenses for postemployment benefits were paid out of the OPEB trust fund during the fiscal year ended December 31, 2025. The plan does not issue a stand-alone financial report.

At January 1, 2025, plan membership consisted of the following:

	Retiree Health Plan
Retired Members	331
Spouses of Retired Members	338
Active Plan Members	409
Total Participants	1,078

Funding Policy

The Retirement Plan is funded from various sources, including:

(a) Employee mandatory contribution (employees hired before October 4, 2015, contribute 5% of regular compensation, employees hired between October 4, 2015, and June 5, 2018, contribute 7% of regular compensation and new employees hired after June 5, 2018, contribute 7.5% of regular compensation);
(b) Actuarially determined employer contribution as based upon different presumptions;
(c) Investment returns from discretionary funds including equity, lumber and real estate assets;
(d) Interest paid by Aetna for use of monies in financial and insurance business.

The district funds OPEB (Other Postretirement Benefits) without requiring employee contributions. An OPEB Trust was established in March of 2021, and the OPEB full actuarially determined employer contribution has been made each year. Since the early 1990s, the District has embraced “self-insurance.”

Prior to June 5, 2018, the District also offered postretirement life insurance to new bargaining unit retirees. The coverage was partially funded by retiree monthly contributions and primarily by the District. Since 2015, the nonunionized group was not provided any postretirement life insurance.

Finally, the District has reimbursed the cost of Medicare Part B through the retiree’s monthly pension distribution. Effective for new employees hired after June 5, 2018, the District will not reimburse this cost when the new employee ultimately retires. Reimbursement costs are covered by OPEB funds.

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN (CONTINUED)

Funding Policy (Continued)

For bargaining unit retirees after June 5, 2018, the District has agreements to "buy-out" the base amount ($5,000) and the new retiree has the option of continuing any optional life insurance but at the full group rate annually adjusted. The buy-out of the base coverage is supported by operating funds.

Finally, the District has reimbursed the cost of Medicare Part B through the retiree's monthly pension distribution. Effective for new employees hired after June 5, 2018, the District will not reimburse this cost when the new employee ultimately retires. The reimbursement cost is covered through operating funds.

Basis of Accounting

The OPEB Trust Fund's financial statements are prepared on the accrual basis of accounting. Employer contributions are recognized in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with plan provisions. Administrative costs of the plan are expensed. Investments are reported at fair value.

Investments

Investment Policy

The OPEB investment policy is the responsibility of the Personnel, Pension and Insurance Committee (PPI). It is expected that as the Trust becomes funded PP&I will adopt an investment policy. The investment strategy is based upon the liquidity needs of the plan and thereby determines the distinct asset classes to be invested therein. The investment strategy reduces risk through prudent selection of investments and diversification of the portfolio, which can be changed over time based upon forecasted liquidity needs.

Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 12.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability was measured as of December 31, 2025. The components of the net OPEB liability of the District at December 31, 2025 were as follows:

Total OPEB Liability	$ 143,982,499
Plan Fiduciary Net Position	14,630,973
Net OPEB Liability	$ 129,351,526
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.16%

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN (CONTINUED)

Investments (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	3.50%, including inflation
Investment Rate of Return	6.625%, net of OPEB plan investment expense
Healthcare Cost Trend Rates	6.30% (6.00% for Post-65) – 4.30% over 66 years

The plan has not had a formal actuarial experience study performed.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of December 31, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Core Fixed Income	25 %	2.13 %
Large Cap U.S. Equities	40	4.09
US Mid Cap Equity	10	3.94
US Small Cap Equity	5	4.67
Foreign Developed Equity	10	5.15
US REITs	10	4.50

Discount Rate

The discount rate used to measure the total OPEB liability was 6.625%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN (CONTINUED)

Investments (Continued)

Changes in Net OPEB Liability

	Metropolitan District Employees' Retirement System		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances - January 1, 2025	$ 141,285,826	$ 13,595,297	$ 127,690,529
Changes for the Year:			
Service Cost	1,867,130	-	1,867,130
Interest on Total OPEB Liability	9,141,720	-	9,141,720
Differences Between Expected and Actual Experience	2,185,639	1,219,306	966,333
Employer Contributions	-	9,431,010	(9,431,010)
Net Investment Gain (Loss)	-	900,688	(900,688)
Benefit Payments, Including Refund of Employee Contributions	(10,497,816)	(10,497,816)	-
Administrative Expenses	-	(17,512)	17,512
Net Changes	2,696,673	1,035,676	1,660,997
Balances - December 31, 2025	$ 143,982,499	$ 14,630,973	$ 129,351,526

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.625%)	Current Discount Rate (6.625%)	1% Increase (7.625%)
Net OPEB Liability	$ 147,667,162	$ 129,351,526	$ 114,202,860

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates of 6.30% - 4.30% over 66 years:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 109,559,868	$ 129,351,526	$ 153,621,196

NOTE 5 POSTEMPLOYMENT HEALTHCARE PLAN – RETIREE HEALTH PLAN (CONTINUED)

Investments (Continued)

OPEB Expense and Deferred Outflows of Resource and Deferred Inflows of Resource Related to OPEB

For the year ended December 31, 2025, the District recognized OPEB revenue of $3,510,382, which is recorded within the Water Utility Fund and the Governmental Activities of the District in the amounts of $1,998,198 and $1,512,184, respectively. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Retirement System	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Changes of Assumptions	$ 10,238,245	$ 3,855,665
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	2,062,763	254,710
Total	$ 12,301,008	$ 4,110,375

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Amount
2026	$ (8,181,155)
2027	(28,131)
2028	41,496
2029	(22,843)
Total	$ (8,190,633)

NOTE 6 OTHER INFORMATION

A. Clean Water Project

The Clean Water Project addresses approximately one billion gallons of combined wastewater and storm water released each year to area waterways prior to execution of the Clean Water Project. The project is in response to an Environmental Protection Agency (EPA) Sanitary Sewer Overflows (SSO) federal consent decree and a Connecticut DEEP Combined Sewer Overflows (CSO) consent order to achieve Federal Clean Water Act goals. The project is set forth in a Long-Term Control Plan (the LTCP), which is periodically revised and is subject to approval by DEEP. The District's goal is to achieve compliance through efficient improvements to its system, maximizing funding of the project with State and Federal grants and the use of State and Federal low-cost loans, with the remainder funded with issuance of its own bonds. Project financing is expected to be repaid with the Clean Water Project Charge added to the water bills of customers in Member Municipalities who have sewage and water services from the District.

1. Evolution of the Clean Water Project

As originally conceived in 2005, and as set forth in the initial LTCP, the Clean Water Project was estimated to cost approximately $2.1 billion, and assumed to be completed in 2021, based on assumptions about, among other things, the design as originally conceived and the pace of design and construction and regulatory review and approval. The original concept relied on sewer separation projects, control of inflow and infiltration, and capacity increases and other improvements to the District’s treatment plants.

An updated LTCP was submitted to DEEP in 2012 and revised through December 2014. The revised plan de-emphasized sewer separation projects, which proved expensive in downtown areas, and added a large storage and conveyance tunnel in south Hartford (the South Tunnel). It also featured a large storage and conveyance tunnel to the northern part of Hartford (the North Tunnel) and connecting to the South Tunnel which was intended to both capture overflows in the northern and central part of Hartford and also to eliminate overflows into the North Branch of the Park River. This resubmittal as approved in 2015 set out a completion of the project by 2029.

NOTE 6 OTHER INFORMATION (CONTINUED)

A. Clean Water Project (Continued)

1. Evolution of the Clean Water Project (Continued)

The LTCP was most recently revised and resubmitted to Connecticut DEEP in December 2018. Through meetings and negotiations with CT DEEP an agreement was reached and a new consent order was signed in September 2022. Although no formal approval was issued, the new consent order, which replaces the original consent order, incorporates a Phase I Implementation Plan for the years 2023-2029. The resubmitted LTCP introduced the concept of an "Integrated Plan". The Integrated Plan or the "Plan", coordinates the District's ongoing capital improvement and maintenance program with projects reasonably necessary to comply with the CSO consent order. The Plan included remedies such as replacing aged and damaged pipes and other system components, cleaning and other maintenance and rehabilitation activities, thereby increasing pipe capacity to reduce overflows. The concept and guidelines for Integrated Planning were introduced and accepted by the EPA in 2012 for communities dealing with CSO compliance issues coupled with the ongoing obligation to maintain its existing aging infrastructure in an affordable manner. Managing this program balances new capital expenditures with maintenance expenditures, with priorities addressed to reduce, insofar as practical, costly emergency repairs of sewer collapses and other problems. The resubmitted LTCP retains the South Tunnel projects (which are in construction) and related improvements. However, the resubmitted LTCP replaces the North Tunnel concept with a shortened downtown area tunnel and incorporates separation projects in conjunction with capacity improvements in the northern part of Hartford. The Plan contemplates a compliance effort over a longer term (i.e. 40 years) and integrated ongoing maintenance and a rehabilitation program. The Plan combines the Clean Water Project with other capital improvements that had not been considered part of Clean Water Project, and continues to finance the combined effort with the Clean Water Project Charge. The Plan has a view to achieve compliance with the governmental orders efficiently within the context of the District's other capital improvements while implementing a more affordable economic model for the rate payers.

Integrated Plan projects were initiated in 2023. More refinements to the consent order were contemplated and incorporated through a Consent Order modification in July 2023. These refinements included faster implementation and more projects in North Hartford to address private property issues. A new approved list of projects in the modified Consent Order included some new projects, some existing projects that need to be scheduled sooner and some projects that fell completely out of Phase I. Minor consent order modifications were signed in January 2025 which incorporated additional project schedule updates.

NOTE 6 OTHER INFORMATION (CONTINUED)

A. Clean Water Project (Continued)

2. Cost Estimates

Because the resubmitted LTCP incorporates an Integrated Plan, the nature of the Clean Water Project and its overall cost is not directly comparable to the LTCP as currently approved. Current estimates to complete the LTCP projected that the Clean Water Project Charge would remain flat through 2023 and then increase incrementally to approximately $7.40 per hundred cubic feet (ccf) and remain at least at that level for a considerable period as the ongoing capital maintenance and rehabilitation program continues. The District Board sets the Clean Water Project Charge without the need for other outside approvals. The primary reasons for the increase in the Clean Water Project Charge are inflation of costs to complete the LTCP on a longer schedule and the inclusion of asset management projects, such as sewer lining, which previously were contemplated to be paid for through ad valorem taxes. As a result, the future increases to ad valorem taxes will be mitigated while the estimated total cost to the rate payers for both the Clean Water Project Charge and ad valorem taxes remain about the same on average. This assumes a continued level of Federal and State support in the form of grants and low-cost loans consistent with the support provided to date. Other options would increase the surcharge, particularly those options that accelerate work or change the sequencing, as would a change in the level of Federal and State funding support. The District remains mindful of maintaining an overall level of affordability for rate payers of the District, and in particular the residents of Hartford, which may lead to future adjustment in the nature of the Clean Water Project and its cost and financing. No assurance can be given as to the final cost of the Clean Water Project or the precise composition of its funding.

3. Referendum Requirements

Generally speaking, appropriations for the cost of large projects must be approved by referendum vote of the electors of the Member Municipalities. Effective October 1, 2015, Public Act No.15-114 excludes from the referendum requirement appropriations funded by Federal or State grants. An $800 million appropriation for the Clean Water Project was approved at referendum on November 7, 2006. An appropriation for an additional $800 million for the Clean Water Project was approved at referendum on November 6, 2012. An appropriation of $140 million for a grant, not requiring a referendum, was approved by the District Board on October 5, 2016. Appropriations of $18.8 million and $67.4 million for grants not requiring a referendum were approved by the District Board on September 2, 2020 and April 26, 2023, respectively. The District expects to appropriate further funds for the Clean Water Project without a referendum for portions paid for by State grants.

NOTE 6 OTHER INFORMATION (CONTINUED)

A. Clean Water Project (Continued)

3. Referendum Requirements (Continued)

The District expects that the South Tunnel and related improvements will be completed within existing appropriations assuming the ongoing South Tunnel work proceeds withing the contemplated cost estimates and that expect grants are received. Some portion of the Integrated Plan work in the resubmitted LTCP may be undertaken within existing appropriations if future grants are received for eligible projects. Full compliance with the resubmitted LTCP may require submission of one or more further appropriations for approval by electors at referendum. The District has made no determination as to when an additional referendum will be held.

The District cannot give any assurances as to when the Clean Water Project will be completed or its total cost as it is highly dependent on the availability of grants and loans from the State.

The District has issued, to date, $416,710,000 in Clean Water Project Revenue Bonds, $353,845,000 of which were outstanding as of December 31, 2025. The Clean Water Project Revenue Bonds are being repaid from a portion of the Clean Water Project Charge (previously the Special Sewer Service Surcharge) and are not general obligations of the District.

B. Risk Management

The District is exposed to various risks of loss including torts; officers' and employees' liabilities; theft of, damage to, and destruction of assets; errors, and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for all risks of loss except those risks described in the next paragraph. The District established an internal service fund, the self-insurance fund, to account for and finance the retained risk of loss.

NOTE 6 OTHER INFORMATION (CONTINUED)

B. Risk Management (Continued)

The District is self-insured for healthcare, workers' compensation claims up to $1,000,000 for each accident, deductibles for property damage up to $100,000 for each location, and general and automobile liability up to $250,000 for each incident. Additionally, the District has provided for $1 million of excess coverage for liability coverage with no limits for workers' compensation excess coverage. The District holds cyber liability insurance for claims made up to $1,000,000. The self-insurance fund is primarily supported by contributions from the General Fund and the Water Utility Enterprise Fund. Workers' Compensation Trust administers the District's workers compensation program for which the District pays a fee. General and auto liability claims are performed in-house and through third-party administrators whose administrative fees are paid by the self-insurance fund. Anthem Blue Cross and Blue Shield administers the District's medical insurance plan for which the District pays a fee. The medical insurance plan provides coverage for most District employees. The District has purchased a stop loss policy for total medical claims in any one year exceeding an aggregate of 110% of expected claims. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no reduction in any coverage during the year from that of the prior year.

The claims liability of $6,995,700 for the self-insurance fund reported at December 31, 2025, is based on the requirements of GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. The District's policy is to have an actuarial study performed annually.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. Changes in the claims liability for the past two years are as follows:

	Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Accrued Liability End of Fiscal Year
2024	$ 6,694,214	$ 20,758,860	$ 20,035,751	$ 7,417,323
2025	7,417,323	16,055,340	16,476,963	6,995,700

NOTE 6 OTHER INFORMATION (CONTINUED)

C. Contingent Liabilities

1. Arbitrage

The District may be subject to rebate penalties to the federal government relating to various bond and note issues. The District expects such amounts, if any, to be immaterial.

2. Other

The District is a defendant in various lawsuits arising in the normal course of operations. These lawsuits include, but are not limited to, personal injury claims, contract disputes, and employment-related matters. While the outcome of these matters cannot be determined at this time, it is the opinion of management, based upon consultation with legal counsel, that the resolution of these matters will not have a material adverse effect on the financial statements of the District, except as noted below.

A subrogation claim, that valued at approximately $620,000 stems from an incident on November 15, 2022, involving a ruptured fire service line during site work by a subcontractor or OR&L Construction at 339 Main Street, East Hartford. Water damage affected the Carriage Park condominium complex. MDC is a defendant name in Travelers v MDC, OR&L Construction, Inc. and Mizzy Construction, Inc. and in a complaint filed by Mizzy. MDC denies liability.

A lawsuit involving an employee, that valued at approximately $758,000 stems from an incident where the employee suffered an unknown medical emergency and rear-ended a parked vehicle. The injured individual in the parked vehicle incurred $285k in medical expenses and $78k in indemnity payments from State of CT workers compensation fund, which has a lien that it will not compromise. We recently received plaintiffs' disclosure of a life care plan with estimated lifetime medical expenses of $758,000. The District's self-insured retention is $250,000 and we have put our excess insurance carrier on notice.

A lawsuit involving a water main break at 55 Talcott Ave, West Hartford. Initial damage claim does not exceed $1.1M, but a recent offer to compromise of $900K was offered, so the final claim for damage may have a material adverse effect on the financials. MDC is vigorously defending the matter, and the trial is scheduled for later in 2026.

REQUIRED SUPPLEMENTARY INFORMATION

THE METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxation:				
Hartford	$ 13,817,887	$ 13,817,887	$ 13,817,887	$ -
East Hartford	6,130,552	6,130,552	6,130,552	-
Newington	4,791,089	4,791,089	4,791,089	-
Wethersfield	4,239,858	4,239,858	4,239,858	-
Windsor	4,795,922	4,795,922	4,795,922	-
Bloomfield	3,750,383	3,750,383	3,750,383	-
Rocky Hill	3,373,184	3,373,184	3,373,184	-
West Hartford	12,177,725	12,177,725	12,177,725	-
Total Taxation	53,076,600	53,076,600	53,076,600	-
Sewer User Fees:				
Bradley Airport - Hamilton - East Granby	1,900,000	1,900,000	1,768,235	(131,765)
Customer Service Charge	10,494,700	10,494,700	9,925,811	(568,889)
Nonmunicipal - Tax Exempt	6,364,158	6,364,158	7,128,129	763,971
Hi-Flow Charges	3,900,000	3,900,000	4,711,350	811,350
Hi-Strength	770,000	770,000	2,402,096	1,632,096
Manchester	180,000	180,000	170,491	(9,509)
South Windsor	17,700	17,700	20,558	2,858
Farmington	184,700	184,700	159,669	(25,031)
Cromwell	11,700	11,700	11,519	(181)
Total Sewer User Fees	23,822,958	23,822,958	26,297,858	2,474,900
Intergovernmental:				
Sludge Handling	16,461,350	16,461,350	15,538,485	(922,865)
Household Hazardous Waste	31,000	31,000	37,499	6,499
Total Intergovernmental	16,492,350	16,492,350	15,575,984	(916,366)
Investment Income	856,000	856,000	537,885	(318,115)

THE METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES (CONTINUED)				
Other Revenues:				
Bill Jobs	$ 20,000	$ 20,000	$ 26,758	$ 6,758
FOG Charges	253,500	253,500	235,497	(18,003)
Developers	-	-	45,703	45,703
Payroll Additives and Indirect Costs	96,500	96,500	254,704	158,204
Late Payment Charges	1,253,500	1,253,500	3,538,735	2,285,235
Labor Additives and Overhead	21,100	21,100	59,522	38,422
Property Rents	153,800	153,800	158,917	5,117
Sale of Materials/Equipment	175,000	175,000	133,464	(41,536)
Septage/Glycol Discharge Fees	1,400,000	1,400,000	1,364,688	(35,312)
Rebates and Reimbursements	150,000	150,000	111,550	(38,450)
Vendor Discount Revenue	250	250	150	(100)
Miscellaneous	150,000	150,000	160,260	10,260
Total Other Revenues	3,673,650	3,673,650	6,089,948	2,416,298
Total Revenues	97,921,558	97,921,558	101,578,275	3,656,717
OTHER FINANCING SOURCES				
Transfers In	9,101,585	9,101,585	1,582,873	(7,518,712)
Total Other Financing Sources	9,101,585	9,101,585	1,582,873	(7,518,712)
Total Revenues and Other Financing Sources	107,023,143	107,023,143	103,161,148	(3,861,995)
EXPENDITURES				
General Government:				
District Board	316,540	316,540	254,660	61,880
Executive Office	1,591,863	1,591,863	1,433,031	158,832
Legal	784,478	784,478	699,185	85,293
Customer Service	1,090,417	1,090,417	1,026,803	63,614
Information Systems	3,497,734	3,464,734	3,275,575	189,159
Finance	2,630,873	2,581,873	2,345,564	236,309
Total General Government	9,911,905	9,829,905	9,034,818	795,087
Engineering and Planning	185,710	185,710	72,413	113,297
Operations:				
Environmental Health and Safety	639,033	634,020	478,484	155,536
Command Center	2,258,378	2,258,378	2,150,218	108,160
Chief Operating Office	261,837	266,850	262,946	3,904
Operations	3,988,392	3,988,392	3,970,060	18,332
Total Operations	7,147,640	7,147,640	6,861,708	285,932

THE METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
EXPENDITURES (CONTINUED)				
Plants and Maintenance:				
Water Pollution Control	$ 21,963,385	$ 21,922,745	$ 20,521,121	$ 1,401,624
Laboratory Services	815,408	822,848	803,208	19,640
Maintenance	6,713,549	6,713,549	6,114,377	599,172
Special Agreements and Programs	1,985,866	1,907,066	1,735,631	171,435
Total Plants and Maintenance	31,478,208	31,366,208	29,174,337	2,191,871
Employee Benefits and Other:				
Employee Benefits	13,243,647	13,358,847	13,278,525	80,322
General Insurance	946,077	968,877	959,586	9,291
Total Employee Benefits and Other	14,189,724	14,327,724	14,238,111	89,613
Contingency	1,980,000	1,980,000	-	1,980,000
Debt Service:				
Principal	26,085,194	26,085,194	26,085,194	-
Interest	15,551,714	15,551,714	15,551,714	-
Interest Expense IFO/PLO	418,048	498,278	497,800	478
Legal Services	75,000	50,770	50,770	-
Total Debt Service	42,129,956	42,185,956	42,185,478	478
Total Expenditures	107,023,143	107,023,143	101,566,865	5,456,278
Net Change in Fund Balance	$ -	$ -	1,594,283	$ 1,594,283
Budgetary Expenditures are Different than GAAP Expenditures Because:				
Expenditures not Included in the Budget, Consisting Primarily of:				
The District does not Budget for Sales Accruals			170,431	
The District does not Budget for Certain Miscellaneous Revenue			(2,975,583)	
The District does not Budget for Billable or Developer Payroll			(73,097)	
The District does not Budget for Certain Nonfunded Payroll			(72,844)	
The District does not Budget for Year-End Payroll Accruals			323,332	
The District does not Budget for Bad Debts			(1,106,616)	
The District does not Budget for Year-End Expense Accruals			(368,017)	
The District does not Budget for Deferred Inflow of Resources			296,686	
The District does not Budget for the Lateral Installation Program			(14,271)	
The District does not Budget for Liquid Waste Discharge Accruals			(1,817,093)	
Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds			$ (4,042,789)	

THE METROPOLITAN DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MDERS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	$ 5,724,335	$ 5,030,010	$ 4,859,913	$ 4,845,109	$ 4,684,449	$ 4,679,208	$ 4,201,054	$ 4,088,615	$ 3,989,674	$ 4,121,036
Interest	22,382,387	21,704,156	21,372,867	21,353,126	21,004,988	19,624,655	19,227,865	18,306,742	18,000,653	17,634,276
Changes of Benefit Terms	-	-	-	-	-	21,260	350	-	258,130	-
Differences Between Expected and Actual Experience	1,916,773	5,352,933	782,358	2,677,228	1,429,146	1,826,376	2,768,238	8,180,799	(605,374)	159,570
Changes of Assumptions	-	-	-	(1,016,260)	4,123,207	18,425,798	6,966,524	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(22,817,512)	(22,279,052)	(22,093,261)	(21,130,550)	(20,055,043)	(18,776,033)	(18,226,458)	(17,748,776)	(17,299,291)	(15,950,213)
Net Change in Total Pension Liability	7,205,983	9,808,047	4,921,877	6,728,653	11,186,747	25,801,264	14,937,573	12,827,380	4,343,792	5,964,669
Total Pension Liability - Beginning	343,348,829	333,540,782	328,618,905	321,890,252	310,703,505	284,902,241	269,964,668	257,137,288	252,793,496	246,828,827
Total Pension Liability - Ending	350,554,812	343,348,829	333,540,782	328,618,905	321,890,252	310,703,505	284,902,241	269,964,668	257,137,288	252,793,496
Plan Fiduciary Net Position:										
Contributions - Employer	9,841,197	9,038,228	8,664,627	9,141,064	9,133,600	8,650,763	5,688,000	6,500,000	6,300,000	6,361,424
Contributions - Member	3,165,804	2,881,763	2,645,173	2,447,478	2,453,012	2,385,458	2,430,709	2,280,859	2,343,416	2,247,072
Net Investment Income (Loss)	41,994,674	31,921,585	26,222,522	(38,787,017)	34,407,695	34,378,938	35,293,532	(9,180,721)	36,679,882	13,824,703
Other Income	-	-	-	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(22,817,512)	(22,279,052)	(22,093,261)	(21,130,550)	(20,055,043)	(18,776,033)	(18,226,458)	(17,748,776)	(17,299,291)	(15,950,213)
Administrative Expense	(71,844)	(75,869)	(67,430)	(61,011)	(82,006)	(79,174)	(103,926)	(67,530)	(119,313)	(109,687)
Special Item	-	-	-	-	-	-	-	-	(9,271,439)	-
Net Change in Plan Fiduciary Net Position	32,112,319	21,486,655	15,371,631	(48,390,036)	25,857,258	26,559,952	25,081,857	(18,216,168)	18,633,255	6,373,299
Plan Fiduciary Net Position - Beginning	267,671,801	246,185,146	230,813,515	279,203,551	253,346,293	226,786,341	201,704,484	219,920,652	201,287,397	194,914,098
Plan Fiduciary Net Position - Ending	299,784,120	267,671,801	246,185,146	230,813,515	279,203,551	253,346,293	226,786,341	201,704,484	219,920,652	201,287,397
District's Net Pension Liability - Ending	$ 50,770,692	$ 75,677,028	$ 87,355,636	$ 97,805,390	$ 42,686,701	$ 57,357,212	$ 58,115,900	$ 68,260,184	$ 37,216,636	$ 51,506,099
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.52%	77.96%	73.81%	70.24%	86.74%	81.54%	79.60%	74.72%	85.53%	79.63%
Covered Payroll	$ 47,280,910	$ 43,894,742	$ 44,206,618	$ 44,109,088	$ 47,184,831	$ 44,912,213	$ 44,912,213	$ 42,779,907	$ 42,096,151	$ 43,972,101
Net Pension Liability as a Percentage of Covered Payroll	107.38%	172.41%	197.61%	221.74%	90.47%	127.71%	129.40%	159.56%	88.41%	117.13%

Notes to Schedule:

No changes to significant methods and assumptions.

THE METROPOLITAN DISTRICT
SCHEDULE OF CONTRIBUTIONS
MDERS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	$ 9,841,197	$ 9,038,228	$ 8,664,627	$ 9,141,064	$ 9,133,515	$ 6,756,345	$ 6,756,345	$ 5,647,479	$ 5,376,378	$ 6,361,424
Contributions in Relation to the Actuarially Determined Contribution	9,841,197	9,038,228	8,664,627	9,141,064	9,133,600	8,650,763	5,688,000	6,500,000	6,300,000	6,361,424
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ (85)	$ (1,894,418)	$ 1,068,345	$ (852,521)	$ (923,622)	$ -
Covered Payroll	$ 47,280,910	$ 43,894,742	$ 44,206,618	$ 44,109,088	$ 47,184,831	$ 44,912,213	$ 44,912,213	$ 42,779,907	$ 42,096,151	$ 43,972,101
Contributions as a Percentage of Covered Payroll	20.81%	20.59%	19.60%	20.72%	19.36%	19.26%	12.66%	15.19%	14.97%	14.47%

Notes to Schedule

Valuation Date: January 1, 2025
Measurement Date: December 31, 2025
Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Closed; 3.50% growth rate
Remaining Amortization Period	15 years
Asset Valuation Method	5-Years, Nonasymptotic
Inflation	2.41%
Salary Increases	3.50%
Investment Rate of Return	6.625%
Retirement Age	Aged Based Rates
Turnover	Aged Based Rates
Mortality	Pub-2010 Mortality (using a 75%/25% blend of Public Safety and General rates) with generational projection per MP-2021 Ultimate Scale

THE METROPOLITAN DISTRICT
SCHEDULE OF INVESTMENT RETURNS
MDERS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expense	15.69%	13.00%	11.45%	(13.95%)	13.72%	15.43%	17.79%	(4.22%)	13.80%	7.48%

THE METROPOLITAN DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH PLAN
LAST EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:									
Service Cost	$ 1,867,130	$ 1,803,990	$ 2,179,800	$ 1,831,765	$ 2,842,666	$ 8,810,535	$ 6,698,208	$ 8,531,854	$ 7,730,316
Interest	9,141,720	9,019,811	8,887,860	13,169,283	12,595,575	10,444,711	12,024,959	11,015,391	10,961,483
Changes of Benefit Terms	-	-	-	-	-	(41,393)	-	-	-
Differences Between Expected and Actual Experience	2,185,639	578,080	-	(78,493,217)	-	(72,440,991)	-	14,146,966	-
Changes of Assumptions	-	-	-	14,033,945	-	(134,145,298)	72,422,368	(53,399,384)	16,177,425
Benefit Payments	(10,497,816)	(8,873,649)	(8,437,996)	(8,135,353)	(4,096,791)	(5,226,394)	(5,465,311)	(5,313,360)	(5,564,433)
Net Change in Total OPEB Liability	2,696,673	2,528,232	2,629,664	(57,593,577)	11,341,450	(192,598,830)	85,680,224	(25,018,533)	29,304,791
Total OPEB Liability - Beginning	141,285,826	138,757,594	136,127,930	193,721,507	182,380,057	374,978,887	289,298,663	314,317,196	285,012,405
Total OPEB Liability - Ending	143,982,499	141,285,826	138,757,594	136,127,930	193,721,507	182,380,057	374,978,887	289,298,663	314,317,196
Plan Fiduciary Net Position:									
Contributions - Employer	9,431,010	8,506,895	7,867,406	10,701,005	10,448,800	10,349,000	9,146,000	5,000,000	5,000,000
Contributions - Member	-	-	5,336	441,693	443,518	1,477,112	1,155,677	869,481	804,712
Net Investment Income (Loss)	2,119,994	2,228,671	1,272,706	(328,525)	102,507	2,531	-	-	-
Reimbursements	-	-	-	-	-	-	179,878	241,355	451,135
Benefit Payments	(10,497,816)	(8,873,649)	(8,437,996)	(8,135,353)	(4,096,791)	(6,244,093)	(6,341,967)	(6,185,680)	(6,595,450)
Administrative Expense	(17,512)	(91,414)	(136,005)	(94,305)	(83,120)	-	(5,589)	-	-
Reallocation of Healthcare Costs	-	-	-	(7,264,235)	-	-	-	-	-
Special Item	-	-	-	-	-	-	-	-	(26,346,000)
Net Change in Plan Fiduciary Net Position	1,035,676	1,770,503	571,447	(4,679,720)	6,814,914	5,584,550	4,133,999	(74,844)	(26,685,603)
Plan Fiduciary Net Position - Beginning	13,595,297	11,824,794	11,253,347	15,933,067	9,118,153	3,533,603	(600,396)	(525,552)	26,160,051
Plan Fiduciary Net Position - Ending	14,630,973	13,595,297	11,824,794	11,253,347	15,933,067	9,118,153	3,533,603	(600,396)	(525,552)
Net OPEB Liability - Ending	$ 129,351,526	$ 127,690,529	$ 126,932,800	$ 124,874,583	$ 177,788,440	$ 173,261,904	$ 371,445,284	$ 289,899,059	$ 314,842,748
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.16%	9.62%	8.52%	8.27%	8.22%	5.00%	0.94%	-0.21%	-0.17%
Covered Payroll	$ 48,907,051	$ 47,253,189	$ 43,388,927	$ 46,502,237	$ 46,502,237	$ 43,143,678	$ 43,143,678	$ 43,535,483	$ 43,535,483
Net OPEB Liability as a Percentage of Covered Payroll	264.48%	270.23%	292.55%	268.53%	382.32%	401.59%	860.95%	665.89%	723.19%

*Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

THE METROPOLITAN DISTRICT
SCHEDULE OF CONTRIBUTIONS
RETIREE HEALTH PLAN
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution (1)	$ 9,431,010	$ 8,506,895	$ 7,453,960	$ 12,003,097	$ 11,673,290	$ 13,846,000	$ -	$ -	$ 18,458,692	$ 15,855,000
Contributions in Relation to the Actuarially Determined Contribution	9,431,010	8,506,895	7,867,406	10,701,005	10,448,800	10,349,000	9,146,000	5,000,000	5,000,000	5,000,000
Contribution Deficiency (Excess)	$ -	$ -	$ (413,446)	$ 1,302,092	$ 1,224,490	$ 3,497,000	$ (9,146,000)	$ (5,000,000)	$ 13,458,692	$ 10,855,000
Covered Payroll	$ 48,907,051	$ 47,253,189	$ 43,388,927	$ 46,502,237	$ 46,502,237	$ 43,143,578	$ 43,143,678	$ 43,535,483	$ 43,535,483	$ 41,000,000
Contributions as a Percentage of Covered Payroll	19.28%	18.00%	18.13%	23.01%	22.47%	23.99%	21.20%	11.48%	11.48%	12.20%

(1) Actuarially determined contributions prior to fiscal year ended December 31, 2017, is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45.

Notes to Schedule

Valuation Date: January 1, 2024

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Closed
Asset Valuation Method	Fair Value
Inflation	2.75%
Healthcare Cost Trend Rates	6.30% (6.00% for Post-65) - 4.30% Over 66 Years
Salary Increases	3.5%, Average, Including Inflation
Investment Rate of Return	6.625%
Retirement Age	Expected retirement rates for employees begin at 2% for employees aged 50-61, up to 100% at age 70.
Mortality	Pub-2010 mortality table (using a 75%/25% blend of the Public Safety and General rates) with generational projection per the Ultimate MP-2021 ultimate scale.

Other Information:

The Healthcare Cost Trend Rates decreased from 6.80% (6.00% for Post-65) - 4.20% over 66 years to 6.30% (6.00% for Post-65) - 4.30% over 66 years

THE METROPOLITAN DISTRICT
SCHEDULE OF INVESTMENT RETURNS
RETIREE HEALTH PLAN
LAST EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.44%	14.49%	8.91%	(1.82%)	0.98%	0.08%	0.00%	0.00%	0.00%

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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APPENDIX C

DEFINITIONS OF CERTAIN TERMS IN THE SPECIAL OBLIGATION INDENTURE OF TRUST

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APPENDIX C

DEFINITIONS OF CERTAIN TERMS OF

THE SPECIAL OBLIGATION INDENTURE

In addition to terms defined elsewhere in this Official Statement, the following definitions shall apply to the description of the Special Obligation Indenture in Appendix D hereto.

"**Additional Bonds**" means all Bonds, other than the Initial Bonds, issued under the Special Obligation Indenture pursuant to a Supplemental Indenture adopted by the MDC pursuant to Sections 2.4 and 9.8 of the Special Obligation Indenture and Refunding Bonds pursuant to Section 2.5 of the Special Obligation Indenture.

"**Authorized Officer**" means, in the case of the MDC, the Chair or Vice-Chair of the Board of Commissioners, the Chief Executive Officer or any other person duly authorized by the District Charter or resolution of the MDC to perform the act or sign the document in question.

"**Balloon Indebtedness**" means (i) Bonds, twenty-five percent (25%) or more of the initial principal amount of which matures (or is payable at the option of the holder) in any twelve-month period, if such twenty-five percent (25%) or more is not to be amortized to below twenty-five percent (25%) by mandatory redemption prior to such twelve month period; or (ii) any portion of an issue of Bonds which, if treated as a separate issue of Bonds, would meet the test set forth in clause (i) of this definition and which Bonds are designated as Balloon Indebtedness in an Officer's Certificate stating that such portion shall be deemed to constitute a separate issue of Balloon Indebtedness.

"**Board of Commissioners**" means the board of commissioners of the MDC.

"**Bond**", "**Bonds**" or "**Special Obligation Bonds**" means the Initial Bonds, together with any Additional Bonds.

"**Bond Depository**" means a place or institution that holds securities certificates for safekeeping and maintains a recordkeeping system such that all or a portion of such Bonds held can be sold and transferred without the physical movement of their responding certificates.

"**Bond Facility**" or "**Credit Facility**" means an insurance policy, surety bond or agreement, standby purchase agreement, line of credit, letter of credit or other credit enhancement, or liquidity facility entered into for the purpose of assuring the timely payment of the Principal and Redemption Price, if any, of and interest on the Bonds.

"**Bond Index**" means (i) for tax-exempt Bonds, the 30-year Revenue Bond Index published most recently by The Bond Buyer, or a comparable index determined to be the Bond Index by the MDC if such Revenue Bond Index is not so published; or (ii) for taxable Bonds, the interest rate or interest index as may be certified to the MDC and the Trustee as appropriate to the situation by a firm of nationally recognized investment bankers or a financial advisory firm experienced in such field.

"**Bondholders**" or "**Holder of Bonds**" or "**Holder**" or "**Owner**", when used with reference to Bonds, or any similar term, means any person or party who shall be the registered owner of any Outstanding Bond.

"**Calendar Year**" means a twelve-month period commencing January 1 and ending December 31 of any year.

"**Code**" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"**Cost**", as applied to the Mandate and the Project, includes, but is not limited to: the cost of planning, designing, constructing, building, alteration, enlargement, reconstruction, renovation, improvement, equipping and remodeling; the cost of all labor, materials, building systems, machinery and equipment; the cost of all lands, structures, real or personal property, rights, easements and franchises acquired; the cost of all utility extensions, access roads, site development, financing charges, premiums for insurance, interest prior to and during construction and for six months thereafter; the cost of working capital related thereto; the cost of plans and specifications, surveys and estimates of cost and of revenues; the cost of accountants, audits, engineering, feasibility studies, legal and other professional consulting or technical services; the cost of reserves for payment of future debt service related to the financing transaction proceedings and for future repairs, renewals, replacements, additions and improvements; the cost of all other expenses necessary or incident to determining the feasibility or practicability of such construction; and administrative and operating expenses and such other expenses as may be necessity or incident to the financing authorized.

"**Costs of Issuance**" means all costs related to the proceedings under which Bonds are issued under the Special Obligation Indenture, including but not limited to administrative expenses, insurance premiums, fees, expenses or other similar charges payable to providers of a Bond Facility or a Swap Facility, including without limitation a Swap Provider, including a Term-Out Payment on a Swap, other than Reimbursement Obligations or Swap Payments or other termination payments, auditing and legal expenses and fees and expenses incurred for professional consultants, financial advisors and fiduciaries, fees and expenses of the Trustee, fees for issuing and paying agents, fees and expenses of remarketing agents and dealers, fees and expenses of the underwriters if payable other than as a result of a discount on the purchase price of Bonds or Notes, fees and expenses of rating agencies, transfer or information agents, the publication of advertisements and notices, printers' fees or charges incurred by the MDC to comply with applicable federal and State securities or tax laws; and with respect to Bonds the interest on which is excludable from gross income of the recipient under the Code means only the costs of issuance of a Series of Bonds which may be paid with Bond proceeds as shall be consistent with Section 9.10 of the Special Obligation Indenture.

"**Counsel's Opinion**" means an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the MDC (who may be the General Counsel of or other counsel to the MDC); provided, however, that for the purposes of Article Il and Article IX of the Special Obligation Indenture such term shall mean an opinion signed by Shipman & Goodwin LLP or another attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds.

"**Debt Service**" means for any period, and with respect to the Bonds, subject to the Special Obligation Indenture and any Supplemental Indenture authorizing the issuance of the Bonds, the sum, without duplication, of (A) the Principal Installments, Sinking Fund Installments and Interest Requirement accruing and coming due during such period, (B) Swap Payments, (C) Term-Out Payments, and (D) Reimbursement Obligations.

"**Debt Service Fund**" means the Principal Installment Account and Interest Account established pursuant to Section 6.2 of the Special Obligation Indenture and governed by Section 6.6 of the Special Obligation Indenture.

"**Debt Service Requirement**" means, for any period, the sum of the Principal Installment and Interest Requirement; provided that for this purpose only: (i) interest on Variable Interest Rate Bonds or Notes or Swaps shall be calculated in accordance with the Variable Interest Rate Calculation Rate; (ii) if the MDC shall have entered into one or more Swaps (that is not a Subordinated Swap) with respect to a Variable Interest Rate Bond or Note, then the Bonds or Notes of such series in a principal amount equal to the

Notional Amount shall be treated for purposes of this definition as bearing interest for such period at the fixed rate payable by the MDC under such Swap; (iii) Balloon Indebtedness shall be deemed to be indebtedness which, at the later of the date of its original incurrence or the date of calculation, is amortized, on a level debt service basis, over twenty five (25) years: with level annual debt service, at a rate of interest equal to the Bond Index, as determined by an Officer's Certificate; (iv) Discount Indebtedness shall, at the election of the MDC, be deemed to be the accreted value of such Discount Indebtedness computed on the basis of a constant yield to maturity; and (v) in the case of a Principal Installment which is a Refundable Principal Installment, only the portion of such Principal Installment shall be included which is determined as if each such Refundable Principal Installment has been payable over a period extending from the due date of such Refundable Principal Installment through the last date on which such Series of Bonds could have been stated to mature under the Act as in effect on the date of issuance of such Series, in installments which would have required equal annual payments of Principal Installments and interest over such period, with such interest calculated at the actual interest cost payable on the Bonds of such Series (using the actuarial method of calculation).

"**Discount Indebtedness**" means Bonds sold to the original purchaser thereof (other than any underwriter or other similar intermediary) at a discount from the par amount of such Indebtedness.

"**Fiscal Year**" means such twelve-month period adopted by the MDC as its fiscal year, currently a Calendar Year.

"**GAAP**" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

"**Government Orders**" means a consent decree of the United States District Court of the District of Connecticut, by and between the District, the United States Department of Justice, the U.S. Attorney's Office, the United States Environmental Protection Agency and the State of Connecticut Attorney General (the "U.S. Consent Decree"), and a consent order and a general permit for nitrogen discharges, and existing municipal national pollutant discharge elimination system permits of the State of Connecticut Department of Energy and Environmental Protection, formerly the State of Connecticut Department of Environmental Protection ("CDEP") entered into by and between the District and the Commissioner of the CDEP (the "Connecticut Consent Order").

"**Initial Bonds**" means the 2013 Series A Bonds issued under the Special Obligation Indenture.

"**Interest Requirement**" means, as of the date of computation with respect to any period, an amount equivalent to the aggregate maximum amount coming due during such period on any Interest Payment Date, of (l) interest which may be payable on Outstanding Bonds (including interest payable at a higher rate during any period held by the provider of a Bond Facility), less any Swap Receipt and (2) Swap Payments.

"**Mandate**" means measures necessary to comply with the Government Orders, as in effect from time to time.

"**MDC**" means the Metropolitan District Commission, Hartford County, Connecticut, a body politic and corporate created under Act No. 511 of the 1929 Special Acts of the State of Connecticut, as amended, or any body, agency, or instrumentality which shall hereafter succeed to the powers, duties and functions of the MDC hereunder.

"**Municipal Act**" means Chapter 103 of the Connecticut General Statutes, as amended from time to time.

"**Notes**" means any obligations of the MDC, other than Bonds, Reimbursement Obligations or Swaps, issued for the purposes of the Authorizing Acts to provide funds for deposit in the Bond Proceeds Fund and issued in anticipation of the issuance of Bonds.

"**Officer's Certificate**" means a certificate signed by an Authorized Officer of the MDC.

"**Outstanding Bond**" means, as of any date, a Bond or portion of any Bond of such Series theretofore or thereupon being authenticated and delivered under the Special Obligation Indenture, except any:

(1) Bond cancelled by the Trustee and Paying Agent or the MDC at or prior to such date;

(2) Bond for the payment or redemption of which cash, equal to the principal amount or Redemption Price, shall be held in trust under the Special Obligation Indenture for such purpose (whether at or prior to the maturity or Redemption Date), provided that if such Bond is to be redeemed, notice of such redemption shall have been given as provided in Article IV of the Special Obligation Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(3) Bond referred to in Section 11.5 of the Special Obligation Indenture;

(4) Bond issued in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to Article IV, Section 4.6 and Section 11.6 of the Special Obligation Indenture; and

(5) Bond deemed to have been paid as provided in Section 14.1 of the Special Obligation Indenture.

"**Paying Agent**" for the Bonds of any Series means the bank or trust company located within or without the State and its successor or assigns, appointed by the MDC pursuant to the provisions of the Special Obligation Indenture and any successor or assign so appointed and approved.

"**Pledged Revenues**" means all revenues to be received by the MDC from the Special Sewer Surcharge together with (l) such other legally available revenues as the Board of Directors may determine to pledge under the Special Obligation Indenture by or pursuant to a Supplemental Indenture and (2) any interest earned or gains realized by the investment of moneys held by the Trustee in the Funds and Accounts created under Section 6.2 of the Special Obligation Indenture, which are treated under the Special Obligation Indenture as Pledged Revenues and which constitute a part of the Trust Estate.

"**Principal**" means the principal amount of the Bonds of a Series as due on a certain future date.

"**Principal Installment**" for any period, means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding:

(1) the principal amount of Bonds of said Series which mature in such period, reduced by the aggregate principal amount of such Bonds which would before such period be retired by reason of the payment when due and application in accordance with the Special Obligation Indenture or Sinking Fund Installments payable before such period for the retirement of such Bonds, plus

(2) the unsatisfied balance (determined as provided in Section 6.6 of the Special Obligation Indenture) of the Sinking Fund Installments, if any, due during such period for the Bonds of such Series.

"**Project**" means the MDC's obligations under the Government Orders, including, but not limited to, the obligation to provide for (i) the rehabilitation and reconstruction of portions of the District's sanitary sewer systems, (ii) the renovation of the combined sewer system, (iii) improvements to water pollution control facilities, (iv) development of a nitrogen removal program, (v) the separation of sewerage and storm water drainage collection systems, and (vi) the construction of additional storage, conveyance and treatment facilities.

"**Rate Stabilization Fund**" means the fund established pursuant to Section of the Special Obligation Indenture and governed by Section 6.9 of the Special Obligation Indenture.

"**Record Date**" with respect to any Series of Bonds shall have the meaning given such term in the Supplemental Indenture setting forth the terms of such Series of Bonds.

"**Redemption Price**" means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Special Obligation Indenture.

"**Refundable Principal Installment**" means any Principal Installment for any Series of Bonds which the MDC intends to pay with moneys which are not Pledged Revenues, provided that such intent shall have been expressed in the Supplemental Resolution authorizing such Series of Bonds and provided further that such Principal Installment shall be a Refundable Principal Installment only through the date of the annual budget of the MDC adopted during the Fiscal Year immediately preceding the Fiscal Year in which such Principal Installment comes due unless the MDC has delivered to the Trustee a certificate of an Authorized Representative that it has made provision for the payment of such Principal Installment from a source other than Pledged Revenues. Such provisions may be established by a firm commitment, subject to customary conditions, from one or more commercial banks or investment banking firms to purchase Bonds sufficient to refund such Principal Installment.

"**Refunding Bonds**" means all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance pursuant to Sections 2.2 and 2.5 of the Special Obligation Indenture.

"**Reimbursement Obligation**" means any obligation of the MDC to make payments to a provider of a Bond Facility in reimbursement of or as interest on (which interest may be higher than the interest rate on the related Bonds) an advance or other payment made by such provider for the purpose of paying,

(1) the Principal, Sinking Fund Installment, if any, Redemption Price of, or Interest Requirement on, any Bonds, or

(2) the purchase price, plus accrued interest, if any, of any Bonds tendered pursuant to the provisions of an applicable Supplemental Indenture, but only to the extent the principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Bonds, without acceleration. Reimbursement Obligations shall not include (l) any payments of any fees, expenses, or other similar obligations to any such provider, or (2) any payments pursuant to term-loan or other Principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Bonds., Reimbursement Obligations may be evidenced by Bonds designated as "Bank Bonds," which may bear a higher interest rate than the rate borne by the Bonds to which they relate.

"**Revenues Available for Debt Service**" shall mean, with respect to any period, Pledged Revenues deposited in the Revenue Fund in such period plus amounts transferred from the Rate Stabilization Fund to the Revenue Fund during such period, provided, however, for purposes of calculating Revenues Available

for Debt Service, the amounts transferred from the Rate Stabilization Fund included for this purpose shall not exceed 35% of Debt Service Requirements for such period.

"**Revenue Fund**" means such fund of the MDC established by Section 6.2 of the Special Obligation Indenture and governed by Sections 6.1 and 6.5 of the Special Obligation Indenture.

"**Series of Bonds**" or "**Bonds of a Series**" or words of similar meaning, means the designated series of Bonds authorized by the Special Obligation Indenture with respect to Initial Bonds or by the Special Obligation Indenture and a Supplemental Indenture with respect to any Additional Bonds.

"**Sinking Fund Installment**" means, for any period as of any date of calculation and with respect to any Outstanding Series of Bonds, the amount of money required by the Special Obligation Indenture or the Supplemental Indenture authorizing the issuance of such Series of Bonds to be paid on a single future fixed date for the retirement of any Outstanding Bonds of said Series that mature after said future date, but does not include any amount payable by the MDC by reason only of the maturity of a Bond, and said fixed future date is deemed to be the date when such Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment.

"**Special Sewer Surcharge**" means that by ordinance dated October l, 2007 adopted as Section S12x of the MDC's Ordinances Relating to Sewers, which provides for a Special Sewer Service Charge for customers of the MDC who utilize the MDC's sewer system and are furnished water directly by the MDC.

"**Subordinated Swap**" or "**Subordinated Swap Payments**" means either a financial arrangement that meets the definition of Swap or a net amount to be paid by the MDC under such financial arrangement that meets the definition of Swap Payment but does not qualify as a Swap or Swap Payment, respectively, and is expressly payable (including any termination payment thereunder) only from a subordinated account or is otherwise subordinated pursuant to the Special Obligation Indenture.

"**Supplemental Indenture**" means any supplemental indenture entered into by the Trustee and the MDC pursuant to and in compliance with the provisions of Article X of the Special Obligation Indenture providing for the issuance of Initial Bonds, Additional Bonds or Refunding Bonds, and shall also mean any other indenture between the same parties entered into pursuant to and in compliance with the provisions of Article X of the Special Obligation Indenture amending or supplementing the provisions of the Special Obligation Indenture as originally executed or as theretofore amended or supplemented.

"**Swap**" means any financial arrangement:

(1) that is entered into by the MDC with an entity that is a Swap Provider at the time the arrangement is entered into;

(2) which:

(a) provides that the MDC shall pay to such entity an amount based on the interest accruing at a fixed rate on the Notional Amount equal to all or part of the outstanding Principal amount of a Series of Bonds issued under the Special Obligation Indenture, and that such entity shall pay to the MDC an amount based on the interest accruing on the Notional Amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Series of Bonds) or that one (after adjustment for any cap, floor, collar or other financial arrangement referred to in subsection (2)(b) of this definition, with respect

thereto) shall pay to the other the net amount (Swap Payment or Swap Receipt) due under such arrangement; or

(b) is included as part of or covered by the financial transaction described in subsection (2)(a) of this definition or is separately executed and which is a cap, floor or collar, forward rate, future rate, asset, swap or index, price or market linked transaction or agreement, other exchange or rate protection transaction agreement, other similar transaction (however designated) or any combination thereof or any option with respect thereto executed by the MDC for the purpose of moderating interest rate fluctuations or otherwise pursuant to the Act; or

(c) is another similar transaction which has the effect of reversing or unwinding in whole or in part any transaction previously entered into and described in subsections 2(a) and (b) of this definition if the net effect of such transactions is to moderate interest rate fluctuations with respect to interest paid on any Bonds; and

(3) which has been designated in writing to the Trustee by an Authorized Officer of the MD C as a Swap with respect to a Series of Bonds or Notes.

"Swap" shall also include any option on a Swap and any such financial arrangement described in subsections (2) and (3) of this definition entered into by the MDC with a Swap Provider, as a replacement of a Swap that has been terminated and which has been so designated in writing to the Trustee by an Authorized Officer of the MDC with respect to a Series of Bonds or Notes.

"**Swap Facility**" means an insurance policy, surety bond, letter of credit or other credit enhancement with respect to a Swap or any similar facility entered into for the same or similar purposes and may include Investment Obligations properly pledged to the MDC pursuant to the Swap Facility or by the Swap Provider, in each case sufficient to maintain any existing rating of the MDC's Bonds. Payments by the MDC under a Swap Facility related to a Swap shall be deemed Swap Payments and shall not be deemed Reimbursement Obligations and payments to the MDC under a Swap Facility related to a Swap shall be deemed Swap Receipts. Payment by the MDC under a Swap Facility applicable to any fees, expenses or similar other charges or obligations thereunder shall be a Cost of Issuance or payable from funds of the MDC, as applicable.

"**Swap Payment**" means the net amount required to be paid by the MDC under a Swap (that is not a Subordinated Swap Payment) that is applicable to the interest rate exchange effected thereunder, and Term-Out Payments under the Swap but not any fees, expenses or similar other charges or obligations thereunder (which shall be Costs of Issuance or payable from funds of the MDC, as applicable).

"**Swap Provider**" means a financial institution whose long-term debt obligations, or whose obligations under a Swap are fully covered by a Swap Facility whose long-term debt obligations are (1) rated either of the three highest ratings (without regard to the addition of a number or a plus (+) or a minus (-) to any rating) by S&P and if Fitch is then rating such financial institution, then Fitch; or (2) secured by a pledge of Investment Obligations in amounts sufficient to achieve the ratings described in subsection (1) of this definition.

"**Swap Receipt**" means the net amount required to be paid to the MDC under a Swap, but shall not include any Termination Receipt.

"**Termination Receipt**" means with respect to a Swap an amount required to be paid to the MDC by the Swap Provider or related Swap Facility as a result of the termination of the Swap.

"**Term-Out Payment**" means one or more payments payable under a Swap after Swap payments or Swap Receipts are no longer required under the Swap.

"**Trust Estate**" means all of the funds, securities, property, rights, privileges and interest conveyed, pledged and assigned as provided in the Granting Clause of the Special Obligation Indenture.

"**Trustee**" means U.S. Bank Trust Company, National Association, and any successor trust company or bank having the powers of a trust company within or without the State succeeding a prior trust company or bank as trustee, appointed pursuant to Section 8.10 of the Special Obligation Indenture.

"**Variable Interest Base Rate**" means with respect to any Variable Rate Bonds, Notes or Swap Payments, the average interest rate borne by such series of Variable Interest Rate Bonds, Notes or Swap Payments for the twelve full calendar months (or such lesser period as such Series of Variable Rate Bonds, Notes or Swap Payments shall be Outstanding) preceding the date of calculation.

"**Variable Interest Rate**" means a variable interest rate to be borne by any Bond or Note within a Series of Bonds or Notes or by any Swap (whether a Swap Payment or Swap Receipt). The method of computing such variable interest rate shall be specified in a Supplemental Indenture authorizing such Series of Bonds or Notes or the Swap relating thereto. Such Supplemental Indenture or Swap shall also specify either (1) the particular period or periods of time for which such variable interest rate shall remain in effect, or (2) the time or times upon which any change in such variable interest rate shall become effective.

"**Variable Interest Rate Bonds**" or "**Variable Interest Rate Notes**" means Bonds or Notes which bear a Variable Interest Rate.

"**Variable Interest Rate Calculation Rate**" means with respect to each Calendar Year:

(1) with respect to Variable Interest Rate Bonds or Notes, with respect to which the MDC has not designated a Swap or a Swap Facility, and/or is for a period or periods of time ending prior to the next immediate Interest Payment Date, the interest rate thereon in effect (pursuant to the Variable Interest Rate Bonds or Notes applicable thereto) until the next date of change (being the date of calculation referred to in the definition of Variable Interest Base Rate) and thereafter for the balance of such Calendar Year the Variable Interest Base Rate plus an adjustment factor (herein "Adjustment Factor") of 200 basis points (subject to the proviso below); or

(2) with respect to Variable Interest Rate Bonds or Notes with respect to which the MDC has designated a Swap or Swap Facility, the net interest rate on such Variable Interest Rate Bonds or Notes after taking into account all Swaps designated by the MDC with respect to such Variable Interest Rate Bonds or Notes, if less than the rate calculated in subsection (1) of this definition.

provided, however, that in the event that an Authorized Officer of the MDC determines either as the consequence of a Swap or to meet the further assurance provisions of Section 9.5 that an Adjustment Factor greater than provided for under subsection (1) of this definition is required, then such additional Adjustment Factor for interest, as an Authorized Officer of the MDC shall determine is so required and is consistent and in compliance with Section 9.5 of the Special Obligation indenture shall be utilized in subsection (1) of this definition.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL OBLIGATION INDENTURE OF TRUST

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF

THE SPECIAL OBLIGATION INDENTURE

This section is a brief summary of the Special Obligation Indenture. The summary does not purport to be complete. Reference is made to the Special Obligation Indenture for a full and complete statement of the provisions thereof. See the defined terms set forth in Appendix C hereto and to the terms otherwise defined in the Official Statement.

Authority for the Special Obligation Indenture. [Section 2.1]. The Special Obligation Indenture is made and entered into by virtue of and pursuant to the provisions of the Authorizing Acts.

Authorization for Issuance of Bonds and Obligations of the MDC. [Section 2.2]. In order to provide a portion of the funds for the Mandate and the Project, Special Obligation Bonds of the MDC are authorized to be issued without limitation as to amount except as therein provided or as may be limited by law and such Bonds shall be issued subject to the terms, conditions and limitations established in the Special Obligation Indenture.

The Bonds, Notes, swaps, Subordinated Swaps, obligations of the MDC under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Term-Out Payments or other similar obligations of or payments by the MDC issued or incurred under and pursuant to the Special Obligation Indenture, shall be special obligations of the MDC, the Principal and Redemption Price (if any) of, interest on, and other amounts due in respect of which, shall be payable solely from the Trust Estate, and shall not be payable from nor charged upon any funds other than the Trust Estate pledged therefor as provided under the Special Obligation Indenture pursuant to the Act. The Bonds shall be entitled to the benefit of the continuing pledge of and lien on the Trust Estate created by the Special Obligation Indenture and, with respect to any Additional Bonds, the Supplemental Indenture authorizing the issuance thereof, to secure the full and final payment of the Principal, or Redemption Price, if applicable, thereof and the interest thereon.

The Bonds, Notes, Swaps, Subordinated Swaps, obligations of the MDC under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Term-Out Payments or other similar obligations of or payments by the MDC issued or incurred under and pursuant to the Special Obligation Indenture shall not constitute a general obligation of the MDC or a pledge of the faith and credit of the State, the MDC or of any other political subdivision of the State but shall be payable solely from the resources of the MDC described in the Special Obligation Indenture as the Trust Estate; the Bonds, Notes, Swaps, Subordinated Swaps, obligations of the MDC under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Term-Out Payments or other similar obligations of or payments by the MDC issued or incurred under and pursuant to the Special Obligation Indenture constitute a special obligation of the MDC payable solely from, and are secured solely by a pledge of, the Trust Estate, including Pledged Revenues.

All Bonds shall contain on the face thereof a statement to the effect that:

> NEITHER THE STATE OF CONNECTICUT NOR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE MDC, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE MDC IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS SOLELY FROM THE TRUST ESTATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CONNECTICUT OR OF ANY POLITICAL SUBDIVISION THEREOF,

INCLUDING THE MDC, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

Pledge Effected by Indenture. [Section 6.1]. The Trust Estate is pledged to secure the payment of the Principal or Redemption Price, if any, and the interest on the Bonds (including the Sinking Fund Installments for the retirement thereof) in accordance with their terms and the provisions of the Special Obligation Indenture permitting the application or release thereof for or to the purposes and on the terms and conditions therein set forth.

Establishment Funds and Accounts Therein. [Section 6.2]. The MDC establishes and creates the following funds and accounts to be held by the Trustee: the Bond Proceeds Fund (consisting of the Costs of Issuance Series Accounts and the Series Accounts); the Revenue Fund; the Debt Service Fund (consisting of the Interest Account and the Principal Installment Account); the Redemption Fund; the Rebate Fund; and the Rate Stabilization Fund. The MDC has reserved the right to establish additional funds, accounts and subaccounts.

Costs of Issuance Account. [Section 6.3]. A separate sub-account within the Costs of Issuance Account designated "Special Obligation Bonds Costs of Issuance Sub-account" may be established for the Bonds of each Series Outstanding. There shall be deposited in the applicable sub-account of the Costs of Issuance Account from time to time the amount of moneys necessary to pay the Costs of Issuance of each Series of Bonds. Such proceeds and moneys shall be used to pay only the Costs of Issuance of the Series of Bonds for which such proceeds and moneys were deposited. Upon payment of all Costs of Issuance of a Series of Bonds for which a separate subaccount has been established in the Costs of Issuance Account, an Authorized Officer of the MDC shall direct the Trustee to transfer any moneys remaining in said sub-account to the same Series Sub-account of the Bond Proceeds Fund or to other Costs of Issuance accounts or to the MDC on account of payment of Costs of Issuance.

Bond Proceeds Accounts. [Section 6.4]. Within the Bond Proceeds Fund a separate sub-account designated the "Special Obligation Indenture Special Obligation Bond Proceeds Sub-account" may be established for the Bonds of each Series Outstanding. There shall be deposited into the applicable Series Sub-account of the Bond Proceeds Fund only the amount of the proceeds of the Bonds of any Series required to be deposited therein as shall be specified and determined by the Supplemental Indenture authorizing such Series of Bonds. Moneys in the Bond Proceeds Fund shall be expended only for the costs of the Mandate and the Project, and for Costs of Issuance subject to the provisions and restrictions of Section 6.3 and Section 6.4 of the Special Obligation indenture.

The MDC is further authorized and directed to order each disbursement from the Bond Proceeds Fund upon a certification filed with Trustee, signed by an Authorized Officer the MDC, but not more frequently than monthly. Such certification shall be in substantially the form set forth in Exhibit A to the Special Obligation Indenture, and shall (i) state the requisition number, (ii) the nature of each item or category of cost and certify the same to be correct and proper under this Section 6.4 and that such item or category of cost has been properly paid or incurred as a cost of the Mandate and the Project and, pursuant to Section 9.10 of the Special Obligation Indenture, is consistent with the covenant of the MDC respecting tax exempt obligations in any tax regulatory agreement with respect thereto, (iii) certify that none of the items or categories for which the certification is made has formed the basis for any disbursement theretofore made from the Bond Proceeds sub-account, (iv) certify that the payee and amount stated with respect to each item in the certification are correct and that such item is due and owing, (v) specify the name and address of the person to whom payment shall be made by the Trustee, which may be to the MDC itself for purposes of making such payment or reimbursing itself for any payments theretofore made, and (vi) include any other requirements set forth in the Supplemental Indenture authorizing the applicable Series of Bonds.

Flow of Pledged Revenues; Revenue Fund. [Section 6.5]. The MDC shall cause all moneys received as Swap Receipts to be deposited promptly in the Interest Account and unless otherwise specified in any Supplemental Indenture, received as Termination Receipts to be deposited promptly in the Redemption Fund if any Bonds shall be outstanding. If no Bonds shall at the time be outstanding, any Termination Receipts shall be paid to the MDC.

The Trustee shall deposit in the Revenue Fund all Pledged Revenues received from the MDC.

Beginning with the first month after the commencement of the operation of the Project, on the fifth day of each month (or, if not a Business Day, on the next succeeding Business Day) the Trustee shall withdraw from the Revenue Fund the amounts on deposit in the Revenue Fund to deposit or credit the following accounts and funds:

FIRST, unless otherwise provided in any Supplemental Indenture with respect to Bonds,

-- Into the Interest Account, the amount accrued for the prior month as interest on the Bonds or Swaps for each Series of Bonds or Swap Payments on Swaps accrued for the prior month less any Swap Receipts accrued for the prior month, provided that the deposit immediately preceding any Interest Payment Date shall be the balance necessary to make such payment, as well as all amounts accrued for the prior month as Term-Out Payments in respect of a Swap.

-- Into the Principal Installment Account, the amount accrued for the prior month as principal due on each Series of Bonds, whether at maturity or pursuant to mandatory sinking fund redemption on the next scheduled Principal Installment Date, provided that the deposit immediately preceding any Principal Installment Date shall be the balance necessary to make such payment.

SECOND - pro rata, to each debt service reserve fund created pursuant to the terms of any Supplemental Indenture for the benefit of any Series of Bonds to cause any debt service reserve fund requirement established under such Supplemental Indenture to be satisfied.

THIRD - to any other trustee or paying agent for indebtedness of the MDC identified in writing to the Trustee by the MDC, in amounts set forth in a Certificate of an Authorized Officer of the MDC, which may be stated by the MDC in advance as being irrevocable without the consent of such trustee or paying agent.

FOURTH - into the Redemption Fund, the amount, if any, set forth in a Certificate of an Authorized Officer of the MDC.

FIFTH - into the Rate Stabilization Fund, the amount, if any, set forth ill a Certificate of an Authorized Officer of the MDC.

PROVIDED THAT, the fact that the MDC shall not have received sufficient Pledged Revenues with which to make the deposits or credits each month as prescribed above to meet any of the requirements thereof shall not, by the fact itself, be construed as an "Event of Default" under the Special Obligation Indenture.

For the purpose of calculating the interest accruing for any month with respect to any Series of Bonds bearing interest at a fixed rate, interest shall be treated as accruing from and including the month in which the next preceding Interest Payment Date on such Bonds occurs to and excluding the month in which the next Interest Payment Date on such Bonds occurs, ratably over the number of months from one Interest Payment Date to the next Interest Payment Date. For the purpose of calculating the interest accruing for any month with respect to any Series of Variable Interest Rate Bonds, interest due on the next Interest Payment Date shall be treated as accruing from and including the month in which the next preceding Interest Payment Date on such Bonds occurs, to and excluding the month in which the next Interest Payment Date on such Bonds occurs, ratably over the number of months from the next preceding Interest Payment Date

to the next Interest Payment Date at the Variable Interest Rate Calculation Rate, except that such accrual shall be adjusted for any amounts by which the Variable Interest Rate Calculation Rate differs from the actual net interest rate on such Variable Interest Rate Bonds, after taking into account all Swaps designated by the MDC with respect to such Variable Interest Rate Bonds. For purposes of calculating the amount of any Term-Out Payment in respect of a Swap, such amount shall be treated as accruing from and including each month in which the prior Term-Out Payment was made to and excluding the month in which the next Term Out Payment is required to be made, ratably over the number of months from the date of the prior Term-Out Payment to the date of the next Term-Out Payment. For the purpose of calculating the principal accruing for any month with respect to any Series of Bonds, principal due on the next Principal Installment Date shall be treated as accruing from and including each month in which the next preceding Principal Installment Date on such Bonds occurs, to and excluding the month in which the next Principal Installment Date occurs, ratably over the number of months from the next preceding Principal Installment Date to the next Principal Installment Date. Deposits made by the Trustee into the Interest Account and Principal Installment Account may be made into sub-accounts as directed by the MDC with respect to each series of Bonds and each Swap in accordance with such accruals, or if the deposits are not made in full, then ratably according to such accruals.

Debt Service Fund. [Section 6.6]. The Trustee shall pay out of the Interest Account of the Debt Service Fund and out of the Principal Installment Account of the Debt Service Fund to the respective Paying Agents the amounts required for the payment when due of Interest and Principal on Outstanding Bonds and such amounts shall be applied by the Paying Agents to such payments. The Trustee shall also pay out of the Interest Account Swap Payments and Term-Out Payments on any Swap when due.

Redemption Fund. [Section 6.7]. Amounts in the Redemption Fund may be applied as directed by the MDC in a certificate of an Authorized Officer of the MDC filed with the Trustee to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the next redemption date plus accrued interest to such next redemption date (such redemption date shall be the earliest date upon which Bonds are subject to redemption from such amounts) or to the redemption of Bonds. Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established other than by application of Sinking Fund Installments, an amount equal to the applicable Redemption Prices thereof shall be credited toward a part of all or any one or more of such Sinking Fund Installments, as directed by an Authorized Officer of the MDC, or, failing such direction by June 30 of each year, toward such sinking Fund Installment in inverse order of their due dates.

Rate Stabilization Fund. [Section 6.9]. There should be deposited in the Rate Stabilization Fund amounts required to be deposited therein in accordance with Section 6.5 of the Special Obligation Indenture. Upon receipt of instructions from an Authorized Officer, the Trustee shall transfer from amounts on deposit in the Rate Stabilization Fund, any portion of such amounts, to the Revenue Fund. Upon receipt of instructions from an Authorized Officer, the Trustee shall transfer from amounts on deposit in the Rate Stabilization Fund, any portion of such amounts, to the MDC to be used in accordance with Section 9.13 of the Special Obligation Indenture.

Payment of Bonds. [Section 9.1]. The MDC shall duly and punctually pay or cause to be paid, but only from the Trust Estate as provided herein, the Principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Installments, if any, becoming with respect to any Series of Bonds.

Coverage Covenant. [Section 9.3]. The MDC will establish, fix, and revise from time to time, prior to and during each Fiscal Year, and shall collect in each Fiscal Year beginning with the first complete Fiscal Year after issuance of the Initial Bonds, rates, fees and charges representing Pledged Revenues so that the

amount of Revenues Available for Debt Service for such Fiscal Year, as certified by an Authorized Officer based on the MDC's audited financial statements for such Fiscal Year, is equal to no less than an amount equal to 1.20 times the Debt Service Requirements in such Fiscal Year.

Power to Issue Bonds and Make Pledges. [Section 9.6]. The Pledged Revenues, or other receipts, funds and moneys pledged pursuant to the Special Obligation Indenture are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto. The MDC shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the revenues, or other receipts, funds and moneys pledged under the Special Obligation Indenture and al] the rights of the Bondholders under the Special Obligation Indenture against all claims and demands of all persons whomsoever including defending, preserving and protecting such pledges as statutory liens as set forth in the Act.

Indebtedness and Liens. [Section 9.7]. The MDC (l) shall not issue any securities or other evidences of indebtedness secured by a prior pledge of particular revenues, receipts, funds or moneys constituting Pledged Revenues, and (2) shall not create or cause to be created any lien, pledge, or charge (other than the lien and pledge created or permitted by the Special Obligation Indenture) on the Bond Proceeds Fund, the Debt Service Fund, and the Redemption Fund and (3) shall not hereafter mortgage any of its property for which any of the Pledged Revenues are applicable and, in any event, shall not mortgage the system. Except as provided below, the MDC shall not issue any securities or other evidence of indebtedness secured by a parity pledge of the Pledged Revenues, other than Additional Bonds or Refunding Bonds or otherwise permitted with respect to Notes pursuant to the provisions of the Special Obligation Indenture.

Nothing in the Special Obligation Indenture shall prevent the MDC from issuing indebtedness payable out of, or secured by a pledge, assignment or other encumbrances of, the Pledged Revenues to be derived on and after the date the Special Obligation Indenture shall be discharged and satisfied as provided in the Special Obligation Indenture, or payable from amounts transferred from the Revenue Fund under clause Third of Section 6.5C

Issuance of Additional Bonds; Execution of Swaps. [Section 9.8]. No Additional Bonds, other than Refunding Bonds, may be authorized and issued under the Special Obligation Indenture unless a certificate signed by an Authorized Officer of the MDC is delivered to the Trustee stating that either (i) the Revenues Available for Debt Service, for either of the last two full Fiscal Years, based on the most recent audited financial statements of the MDC preceding the date of issuance of such Additional Bonds, was equal to an amount at least 1.20 times the Debt Service Requirement on all Outstanding Bonds for such Fiscal Year or (ii) the Revenues Available for Debt Service, for either of the last two full Fiscal Years, adjusted for any adopted increases in the Special Sewer Surcharge as if such increases had been in effect from the beginning of such Fiscal Year, was equal to an amount 1.20 times the Debt Service Requirement on all Outstanding Bonds for such Fiscal Year.

No Refunding Bonds may be authorized and issued under the Special Obligation Indenture unless a certificate signed by an Authorized Officer of the MDC is delivered to the Trustee stating that (i) estimated average annual Debt Service Requirements on such Series of Refunding Bonds shall not exceed the average annual Debt Service on the Bonds to be refunded and (ii) the maximum Debt Service Requirement in any Fiscal Year on such Series of Refunding Bonds shall not exceed the maximum Debt Service in any Fiscal Year on the Bonds to be refunded.

No Swap shall be entered into by the MDC unless, with respect to such Swap, written confirmation affirming the existing ratings on the Bonds is filed thereupon with the Trustee.

System. [Section 9.9]. The MDC shall use and apply the proceeds of the Bonds for the Project and shall do all such acts and things appropriate or necessary to receive and collect Pledged Revenues.

The MDC shall operate, or cause to be operated, its water and sewer systems properly and in a sound, efficient and economical manner, and shall maintain, preserve, and keep the same or cause the same to be maintained, preserved, and kept in good repair and operating condition, and shall from time to time, make, or cause to be made, all necessary and proper repairs, replacements and renewals, so that the operation of its water and sewer systems may be properly and advantageously conducted, and, if any useful part of its water and sewer systems is damaged or destroyed or taken by exercise of eminent domain, the MDC shall, as expeditiously as practicable, commence and diligently prosecute the replacement or reconstruction of such damaged or destroyed part so as to restore the same to use, and the replacement of such part so taken; provided, however, that nothing in the Special Obligation Indenture shall require the MDC to operate, maintain, preserve, repair, replace, renew or reconstruct any part of its water and sewer systems if there shall have been filed with the Trustee (l) a certificate of an authorized representative stating that in the opinion of the signer (a) abandonment, or operation of such part is economically justified, and (b) failure to operate, maintain, preserve, repair, replace, renew or reconstruct such part will not impair the ability of the MDC to satisfy the covenants in the Special Obligation Indenture in the current or any future Fiscal Year, and (2) a certificate of a consulting engineer, concurring in such opinion of the authorized representative if the book value of such part of its water and sewer systems exceeds 1% of the book value of its water and sewer systems.

The MDC shall establish and enforce reasonable rules and regulations governing the operation, use, and services of the system.

The MDC covenants that it will at all times maintain, to the extent reasonably obtainable, insurance with respect to its water and sewer systems with such variations as shall reasonably be required to conform to applicable standard customary insurance practice and subject to such exceptions and permissible deductions as are ordinarily required. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing, qualified to do business in the State, and shall be payable to the MDC.

Tax Exemption. [Section 9.10]. In the event Bonds are sold under the Special Obligation Indenture or any Supplemental Indenture thereto as federally tax-exempt bonds, the MDC covenants that it will not take any action or fail to take any action that, solely as a result of such action or failure to act, would result in loss of the exclusion from federal income taxation pursuant to Section 103(a) of the Code of interest paid on such Bonds.

Use of Pledged Revenues. [Section 9.13]. Any funds withdrawn from the Rate Stabilization Fund pursuant to Section 6.9(c) of the Special Obligation Indenture or withdrawn from the Revenue Fund pursuant to clause THIRD of Section 6.5C of the Special Obligation Indenture shall be used by the MDC only for such purposes as may be a permitted use for the Special Sewer Surcharge under its ordinances as from time to time in effect and (ii) limited to the payment of capital expenditures in connection with the Project or payment of debt service or on indebtedness of the MDC incurred for purposes of funding capital expenditures in connection with the Mandate and the Project (and including, for this purpose, any item of debt service if it would be Debt Service hereunder if incurred with respect to Bonds).

State Pledge. [Section 9.15]. As authorized under section 11 of S.A. 14-21, the District includes the following pledge and undertaking for the State, in the Special Obligation Indenture and in the Bonds issued thereunder:

The State of Connecticut does hereby pledge to and agree with the holders of any bonds, notes and other obligations issued by the Metropolitan District in Hartford County created pursuant to number 511 of the special acts of 1929, as amended, under the authority of chapter 103 of the general statutes or under section 4 of special act 90-27, as amended by section 6 of public act 93-380 and section 10 of this act, which

are payable solely from the income and revenue of a particular facility, system or program or the revenues to be derived from sewerage system use charges, and with those parties who may enter into contracts with the District in respect of the same, that the State will not limit or alter the rights vested in the authority to charge and collect such income, revenues, or sewerage system use charges, or in the holders of any bonds, notes or other obligations of the District until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the District, provided nothing contained herein shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds, notes and other obligations of the District or those entering into contracts with the District. The District is authorized to include this pledge and undertaking for the State in such bonds, notes and other obligations or contracts.

Modification and Amendment Without Consent. [Section 10.1]. The MDC may, at any time or from time to time, enter into Supplemental Indentures without consent of the Bondholders or the provider of either a Bond Facility, a Swap Facility or Swap, for any one or more of the following purposes: (l) to provide for the issuance of a Series of Bonds or Notes or Swaps pursuant to the provisions of the Special Obligation Indenture and to prescribe the terms and conditions pursuant to which such Bonds or Notes or Swaps may be issued, paid or redeemed; (2) to add additional covenants and agreements of the MDC for the purpose of further securing the payment of the Bonds or Notes or Swaps, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the MDC contained in the Special Obligation Indenture; (3) to prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the MDC which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (4) to surrender any right, power or privilege reserved to or conferred upon the MDC by the terms of the Special Obligation Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the MDC contained in the Special Obligation Indenture; (5) to confirm as further assurance any pledge under the Special Obligation Indenture subject to any lien, claim or pledge created or to be created by the provisions of the Special Obligation Indenture, of the moneys, securities or funds; (6) to modify any of the provisions of the Special Obligation Indenture or any previously adopted Supplemental Indenture in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Indenture shall cease to be Outstanding, and ail Bonds issued under such subsequent Supplemental Indenture shall contain a specific reference to the modifications contained in such subsequent Supplemental Indenture; (7) to cure any ambiguity, or defect or inconsistent provision in the Special Obligation Indenture or to insert such provisions clarifying matters or questions arising under the Special Obligation Indenture as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Special Obligation Indenture as theretofore in effect; (8) consistent with Section 9.10 of the Special Obligation Indenture, to ensure the exclusion of interest on the Bonds from gross income of the Bondholders for federal income tax purposes; (9) to grant or to confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted or conferred and which are not contrary to or inconsistent with the Special Obligation Indenture as theretofore in effect; (10) to grant such rights and remedies and make such other covenants subject to the Special Obligation Indenture (including any prior Supplemental Indenture) as may be necessary for issuance of a Bond Facility, a Swap or a Swap Facility so long as such rights, remedies and covenants are not contrary to or inconsistent with the Special Obligation Indenture as theretofore in effect; or (11) to provide for the issuance of indebtedness of the MDC secured by payments to be made pursuant to Clause Third of Section 6.5C of the Special Obligation Indenture.

Amendments and Supplemental Indentures Effective With Consent of Bondholders. [Section 10.2]. Subject to the provisions of any Supplemental Indenture granting rights to the provider of any Bond Facility or otherwise, the provisions of the Special Obligation Indenture may also be modified or amended, at any time or from time to time, by any Supplemental Indenture, subject to the consent of Bondholders in

accordance with and subject to the provisions of Article XI of the Special Obligation Indenture, to become effective upon the execution thereof by the MDC and the Trustee, and the filing with the Trustee of a copy thereof certified by an Authorized Officer of the MDC.

Powers of Amendment. [Section 11.1]. Except as provided in Section 10.1 of the Special Obligation Indenture, any modification or amendment of the Special Obligation Indenture and of the rights and obligations of the MDC and of the Holders of the Bonds thereunder, in any particular, may be made by any Supplemental Indenture, with the written consent of the Holders of not less than a majority in principal amount of the Outstanding Bonds of all Series affected by such amendment or amendments or Supplemental Indenture or Indentures, voting as a single series; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of Outstanding Bonds. No such modification or amendment shall permit (1) a change in the terms of redemption or maturity of the Principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or (2) shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

Consent of Bondholders. [Section 11.2]. The MDC and the Trustee may at any time enter into any Supplemental Indenture making a modification or amendment permitted by the Special Obligation Indenture. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the MDC) together with a request to Bondholders for their consent thereto in form satisfactory to the MDC, shall promptly after adoption be mailed by the MDC to Bondholders. Such Supplemental Indenture shall not be effective unless and until (l) there shall have been filed with the Trustee (a) the written consents of the Holders of the percentages of Outstanding Bonds specified in Section 11.1 of the Special Obligation Indenture, and (b) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered into in accordance with the provisions of the Special Obligation Indenture, is authorized or permitted by the Special Obligation Indenture, and is valid and binding upon the MDC and enforceable in accordance with its terms, and (2) a notice shall have been published as provided in Section 11.2 of the Special Obligation Indenture.

Exclusion of Bonds. [Section 11.5]. Bonds owned or held by or for the account of the MDC shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Special Obligation Indenture, and the MDC shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in the Special Obligation Indenture. At the time of any consent or other action taken under the Special Obligation Indenture, the MDC shall furnish the Trustee a certificate of an Authorized Officer of the MDC, upon which the Trustee may rely, describing all Bonds so to be excluded.

Events of Default. [Section 12.1]. Each of the following events is hereby declared an "Event of Default" if:

(1) The MDC shall default in the payment of the Principal of or Redemption Price, it any, or interest on any Bond after the same shall become due, whether at maturity or upon call for redemption or otherwise; or

(2) Except as provided in Subsection (l) above, the MDC shall fail or refuse to comply with the provisions of the Special Obligation Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained therein or in any Supplemental Indenture or in any Bonds, and such failure, refusal or default shall continue for a period of forty-five

(45) days after written notice thereof by the Trustee or the Holders of not less than one-third in principal amount of the Outstanding Bonds, or in the Event of Default arising from the failure of the MDC to duly and punctually perform the covenant contained in Section 9.10 of the Special Obligation Indenture which results in the interest on the Bonds of the Series to which such covenant applies being no longer excluded from gross income under Section 103(a) of the Code, one-third in principal amount of the Outstanding Bonds of such Series affected thereby; provided, however, any failure by the MDC comply with the provisions of Section 9.3 of the Special Obligation Indenture shall not constitute an Event of Default if the MDC shall adopt rates, fees and charges within 150 days after the end of a Fiscal Year which, had they been in effect from the beginning of such Fiscal Year would have been sufficient to comply with such Section 9.3, as demonstrated by an Officer's Certificate; or

(3) The MDC (i) admits in writing its inability to pay its debts generally as they become due, (ii) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment Of a receiver of the whole or any substantial part of its water and sewer systems, or (v) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the MDC, or of the whole or any substantial part of the System.

Remedies. [Section 12.2]. Upon the happening and continuance of any Event of Default after the conditions specified in the Special Obligation Indenture have been satisfied, the Trustee may:

(1) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the MDC to receive and collect revenues, including Pledged Revenues adequate to carry out the covenants and agreements as to, and the pledge of, such Pledged Revenues and to require the MDC to carry out any other covenants or agreements with Bondholders and to perform its duties under the Authorizing Acts;

(2) bring suit upon the Bonds;

(3) by action or suit in equity, require the MDC to account as if it were the trustee of an express trust for the Holders of the Bonds; and

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds.

In the enforcement of any rights and remedies under the Special Obligation Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the MDC for Principal, Redemption Price, interest or otherwise, under any provision of the Special Obligation Indenture or any Supplemental Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the MDC for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable. All remedies conferred upon or reserved to the Holders of Bonds may also be conferred upon and reserved to the provider of a related Bond Facility, a Swap Provider or the provider of a Swap Facility authorized by any Supplemental Indenture and may be cumulative.

Priority of Payments After Default. [Section 12.3]. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and Principal or Redemption Price then

due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Special Obligation Indenture, shall be applied as follows: first, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably (after application of the funds securing particular bonds as set forth in Section 12.3 of the Special Obligation Indenture), according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; second, to the payment to the persons entitled thereto of the unpaid Principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably (after application of the funds securing particular bonds as set forth in Section 12.3 of the Special Obligation Indenture), according to the amounts of Principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and third, to the payment to other persons entitled to payment under the Special Obligation Indenture or any applicable Supplemental Indenture.

Defeasance. [Section 14.1]. If the MDC shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the Principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Special Obligation Indenture, then, at the option of the MDC, expressed in an instrument in writing signed by an Authorized Officer of the MDC and delivered to the Trustee, the covenants, agreements and other obligations of the MDC to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the MDC, execute and deliver to the MDC all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the MDC all moneys, securities and funds held by them pursuant to the Special Obligation Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the MDC of funds for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with effect expressed in the foregoing paragraph. Any Outstanding Bonds of any Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in the foregoing paragraph if, (l) in case any of said Bonds are to be redeemed on any date prior to their maturity, the MDC shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption as provided in ARTICLE IV of the Special Obligation Indenture on said date of such Bonds, (2) there shall have been deposited with the Trustee either (a) moneys in an amount which shall be sufficient, (b) Government Obligations or (c) certificates that evidence ownership of the right to payments of principal or interest on obligations described in clause (b), provided that such obligations shall be held in trust by the Trustee or a bank or trust company or national banking association meeting the requirements for a successor Trustee under Section 8.10 of the Special Obligation Indenture, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee, or other bank or trust company, at the same time, are certified by an independent public accounting firm or verification firm of national reputation to be sufficient, to pay, when due, the Principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the MDC shall have given the Trustee in form satisfactory to it irrevocable instructions to the Holders of such Bonds, as soon as practicable, that the deposit required by clause (2) above has been made with the

Trustee and that said Bonds are deemed to have been paid in accordance with Section 14.1 of the Special Obligation Indenture and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Principal or Redemption Price, if applicable, on said Bonds. Government Obligations and moneys deposited with the Trustee pursuant to Section 14.1 of the Special Obligation Indenture and principal or interest payments on any such securities shall be held in trust for the payment of the Principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such direct obligations of the United States of America deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in non-callable direct obligations of the United States of America maturing at times and in amounts sufficient to pay when due the Principal or Redemption Price, if applicable, and interest to become due on said Bonds and prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the MDC, as received by the Trustee, free and clear of any trust, lien or pledge and (4) a Counsel's Opinion has been delivered to the Trustee to the effect that the discharge of such Bonds will not result in the interest on any Bonds becoming includable in the gross income of Holders thereof for federal income tax purposes (to the extent those Bonds were issued on the basis that the interest thereon was excluded from gross income of the Holders for federal income tax purposes).

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds (as defined below), and (iii) timely notice of a failure by the District to provide the required annual financial information on or before a specified date, all pursuant to a Continuing Disclosure Agreement for the Bonds in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is made as of the 24th day of November, 2026 by The Metropolitan District, Hartford County, Connecticut (the "District") acting by its undersigned officers, duly authorized, in connection with the issuance of the District's $70,000,000* Clean Water Project Revenue Bonds, Series 2026 (the "Bonds"), dated November 24, 2026 for the benefit of the beneficial owners from time to time of the Bonds.

SECTION 1. Definitions. In addition to the definitions above, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the District pursuant to and as described in and consistent with Sections 2 and 3 of this Agreement.

"Annual Filing Date" means the date, set in Section 2(a) by which the Annual Report is to be filed with the Repository.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Agreement.

"Audited Financial Statements" means the financial statements (if any) of the District and/or its members for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Agreement.

"Listed Events" shall mean any of the events listed in Section 4(a) of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 5B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System ("EMMA") (http://emma.msrb.org) to receive submissions of continuing disclosure documents that are described in the Rule.

"Repository" shall mean the Electronic Municipal Market Access system of the MSRB as described in 1934 Act Release No. 57577 for purposes of the Rule or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for the purposes of the Rule.

"Rule" shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

* Preliminary, subject to change.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

SECTION 2. Provision of Annual Reports.

(a) The District shall provide, annually, an electronic copy of the Annual Report to the Repository not later than eight (8) months after the end of each fiscal year of the District, commencing with the fiscal year ending December 31, 2026. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Agreement.

If Audited Financial Statements of the District are prepared but not available prior to the Annual Filing Date, the District shall submit unaudited financial statements by the Annual Filing Date and, when the Audited Financial Statements are available, shall file the Audited Financial Statements in a timely manner with the Repository.

(b) If the District is unable to provide an Annual Report to the Repository by the Annual Filing Date, it shall send a notice in electronic format to the Repository of its failure to provide such Annual Report.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the District as follows: (i) commencing with information and data for the fiscal year ending December 31, 2026, the Audited Financial Statements of the District, which statements shall be prepared in accordance with generally accepted accounting principles accepted in the United States, as promulgated by the Government Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and (ii) to the extent not included in the financial statements described in (i) above:

(1) under the heading "CLEAN WATER PROJECT PLAN OF FINANCE", information concerning historical funding for the Clean Water Project, collections of the special sewer service surcharge (the Clean Water Project Charge), collections for the top Clean Water Project Charge rate payers and debt service coverage; and

(2) under the heading "SEWER AND WATER OPERATIONS", information concerning the District's facilities for sewer service and the sewer user charges, the Clean Water Project Charge, facilities for water service, water consumption and water utility unit charges.

(b) Audited Financial Statements prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. If the District is no longer required by applicable law, regulations or other legally binding obligation to prepare such audited financial statements, the District reserves the right to provide only financial statements which are not audited. Audited Financial Statements (if any) will be provided pursuant to Section 2 hereof.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the District is an "obligated person" (as defined by the Rule), which have been previously filed with the Repository or the MSRB. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District will clearly identify each such document so incorporated by reference.

SECTION 4. Reporting of Listed Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events which shall be referred to herein as "Listed Events":

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;

7. Modifications to rights of the 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 other similar event of any obligated person;

13. The consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement related to such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of a name of a trustee, if material;

15. The incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the District, any of which affects security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

For the purposes of events 15 and 16 above, the term "financial obligation" is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with the MSRB pursuant to the Rule.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, provide or cause to be provided a notice of such occurrence to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB.

SECTION 5. Termination of Reporting Obligation. The District's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 6. Dissemination Agent. The District may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement and may discharge any such agent with or without appointing a successor agent.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the District may amend this Agreement (and any provision of this Agreement may be waived), provided that the following conditions are satisfied:

(a) It may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the District or of the type of business conducted by the District;

(b) This Agreement, as so amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The District receives an opinion of counsel expert in federal securities laws to the effect that the amendment or waiver does not materially impair the interests of the holders of the Bonds.

A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following the adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

SECTION 8. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Statement, Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the District chooses to include any information in any Annual Financial Statement, Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Statement, Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Enforceability. The District agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event of a failure of the District to comply with any provision of this Agreement, the District shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the District does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to specific performance to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default of the District with respect to the Bonds. No person or entity shall have any right to any monetary damages for any default under this Agreement.

SECTION 10. Indemnification. The District agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding loss, expense or liability due any such person's willful misconduct. The obligations of the District under this Section shall survive payment of the Bonds.

[signature page follows]

IN WITNESS WHEREOF, the District has caused this Continuing Disclosure Agreement to be executed in its name by the undersigned officers, duly authorized, all as of the date first written above.

THE METROPOLITAN DISTRICT,
HARTFORD COUNTY, CONNECTICUT

By:_____
Donald M. Currey
Chairman

By:_____
Jonathan M. Perugini
Chief Financial Officer/Treasurer

APPENDIX F

NOTICE OF SALE

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APPENDIX F

NOTICE OF SALE

$70,000,000*

THE METROPOLITAN DISTRICT
HARTFORD COUNTY, CONNECTICUT

CLEAN WATER PROJECT REVENUE BONDS, SERIES 2026

ELECTRONIC PROPOSALS via PARITY® Competitive Bidding System ("PARITY") will be received by The Metropolitan District, Hartford County, Connecticut (the "District"), at The Metropolitan District, Hartford County, Connecticut, 555 Main Street, 2nd Floor CFO Conference Room, Hartford, Connecticut 06103 until **12:00 Noon (Eastern Time) on TUESDAY**

November 10, 2026

for the purchase, when issued, of the whole of the District's $70,000,000* Clean Water Project Revenue Bonds, Series 2026, dated November 24, 2026, bearing interest payable semiannually on April 1 and October 1 in each year until maturity, commencing April 1, 2027, and maturing on October 1 in each year as follows:

2027	$2,595,000*	2037	$3,425,000*
2028	$2,205,000*	2038	$3,595,000*
2029	$2,315,000*	2039	$3,775,000*
2030	$2,435,000*	2040	$3,965,000*
2031	$2,555,000*	2041	$4,160,000*
2032	$2,685,000*	2042	$4,370,000*
2033	$2,815,000*	2043	$4,590,000*
2034	$2,960,000*	2044	$4,820,000*
2035	$3,105,000*	2045	$5,060,000*
2036	$3,260,000*	2046	$5,310,000*

(the "Bonds"). The Bonds will be delivered against payment in Federal funds in New York, New York on or about November 24, 2026. The Bonds **shall not** be designated by the District as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

The Bonds are secured by a pledge of and are payable solely from the Trust Estate (as such term is defined in the District's Preliminary Official Statement dated November 3, 2026). The Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof other than the District or a pledge of the full faith and credit of the State or of any such political subdivision, including the District. Neither the State nor any political subdivision thereof other than the District shall be obligated to pay the same or the interest thereon except from the Trust Estate, and neither the full faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds.

* Preliminary, subject to change.

The Bonds maturing on and after October 1, 2035 will be subject to redemption prior to their maturity, at the election of the District in whole or in part at any time after October 1, 2034 (each herein a "Redemption Date") from time to time, at the election of the District, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued and unpaid interest thereon to the Redemption Date.

Proposals. All proposals for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of 1/20 or 1/8 of 1% the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than 3%. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to any interest on the Bonds accrued to the date of delivery. **No proposal for less than the entire $70,000,000[*] Bonds, or for less than par and accrued interest, will be considered.**

Basis of Award. As between proposals which comply with this Notice of Sale, the Bonds will be sold to the responsible bidder or bidders offering to purchase the Bonds at the lowest true interest cost to the District. For the purpose of determining the successful bidder, the true interest cost to the District will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to November 24, 2026, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the District by lot from among all such proposals.

The District reserves the right to reject any and all proposals, to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Adjustment of Maturity Schedule. The District reserves the right to change the maturity schedule of the Bonds after the determination of the winning bidder by decreasing the principal amount of each maturity by such amount as may be necessary and in $5,000 increments. In such event, the final aggregate principal amount of the Bonds will be decreased by the net amount of such change or changes in the principal amount of one or more maturities, which net change in aggregate principal amount of the Bonds will not exceed 20 percent of the original aggregate par amount. The District anticipates that the final maturity schedule will be communicated to the successful bidder by 1:30 p.m. local time on the day of the sale provided the District has received the reoffering prices and yield for the Bonds from the successful bidder by 12:30 p.m. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and reoffering prices required to be delivered to the District as stated herein. The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices as a result of any changes made to the principal amounts within these limits.

[*] Preliminary, subject to change.

Electronic Proposals Bidding Procedure. Electronic proposals for the purchase of the Bonds must be submitted through the facilities of PARITY by **12:00 Noon (Eastern Time), on TUESDAY NOVEMBER 10, 2026.** Any prospective bidder must be a subscriber of Bidcomp's competitive bidding system. Further information about Bidcomp/ PARITY, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The District will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic proposal made through the facilities of PARITY is communicated to the District, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed proposal delivered to the District. By submitting a proposal for the Bonds via PARITY, the bidder represents and warrants to the District that such bidder's proposal for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such proposal by the District will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

Disclaimer **-** Each PARITY prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY for the purposes of submitting its proposal in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the District nor PARITY shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the District nor PARITY shall be responsible for a bidder's failure to make a proposal or for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, PARITY. The District is using PARITY as a communication mechanism, and not as the District's agent, to conduct the electronic bidding for the Bonds. The District is not bound by any advice and determination of PARITY to the effect that any particular proposal complies with the terms of this Notice of Sale and in particular the proposal requirements set forth herein. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of proposals via PARITY are the sole responsibility of the bidders, and the District is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a proposal for the Bonds, the prospective bidder should telephone PARITY at (212) 849-5021. If any provision of this Notice of Sale conflicts with information provided by PARITY, this Notice of Sale shall control.

For the purpose of the bidding process, the time as maintained on PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their proposals the true interest cost to the District, as described under "Basis of Award" above, represented by the rate or rates of interest and the premium, if any, specified in their respective proposals. All electronic proposals shall be deemed to incorporate the provisions of this Notice of Sale.

Bond Counsel Opinion. The legal opinion of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished without charge and will be placed on file with the certifying bank for the Bonds. A copy of the opinion will be delivered to each purchaser of the Bonds. The opinion of Bond Counsel will be substantially in the same form contained in Appendix A of the District's Preliminary Official Statement dated November 3, 2026.

Obligation to Deliver Issue Price Certificate. Pursuant to the Code and applicable Treasury Regulations, the District must establish the "issue price" of the Bonds. **In order to assist the District, the winning bidder is obligated to deliver to the District a certificate (an "Issue Price Certificate") and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds.** The District will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Mr. Bill Lindsay, Managing Director, Munistat Services, Inc., Email: bill.lindsay@munistat.com, Telephone: (203) 421-2880 municipal advisor to the District (the "Municipal Advisor").

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Rule").

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of November 10, 2026 (the "Sale Date").

Competitive Sale Rule <u>Not</u> Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. Eastern Time on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the District with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the District information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the District with reasonable supporting documentation or certifications of such sales prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of each maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5^{th}) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a "maturity" refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the "public" does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any "derivative products" (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Preliminary Official Statement and Official Statement. The District has prepared a Preliminary Official Statement dated November 3, 2026 for this Bond issue. The District deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision or amendment. The District will make available to the winning purchaser a reasonable number of copies of the final Official Statement at the District's expense by the delivery of the Bonds or, if earlier, by the seventh business day after the day proposals on the Bonds are received. The purchaser shall arrange with the

Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file the final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

DTC Book-Entry. The Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to the Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. Ownership of the Bonds will be evidenced in principal amounts of $5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the District or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The District will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

Certifying, Transfer and Paying Agent; Registrar. The Bonds will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the District's Municipal Advisor, Munistat Services, Inc., to apply for CUSIP numbers for the Bonds by no later than one business day after dissemination of this Notice of Sale. Munistat Services, Inc. will provide CUSIP Global Services with the final details of the sale of the Bonds in accordance with Rule G-34 of the Municipal Securities Rulemaking Board, including the identity of the winning purchaser. The District will not be responsible for any delay caused by the inability to deposit the Bonds with DTC due to the failure of Munistat Services, Inc. to obtain such numbers and provide them to the District in a timely manner. The District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Continuing Disclosure Agreement. The District will agree, in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, to provide, or cause to be provided, (i) certain annual financial information and operating data; (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Additional Information. For more information regarding this Bond issue and the District, reference is made to the Preliminary Official Statement dated November 3, 2026. The Preliminary Official Statement may be accessed via the Internet at www.i-dealprospectus.com. Electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the

Preliminary Official Statement is the printed version for physical delivery. Copies of the Preliminary Official Statement and Official Statement may be obtained from Mr. Bill Lindsay, Managing Director, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, telephone (203) 421-2880.

November 3, 2026

Donald M. Currey	Jonathan M. Perugini
Chairman	Chief Financial Officer/Treasurer

ISSUE PRICE RULE SELECTION CERTIFICATE

The Metropolitan District, Hartford County, Connecticut
$70,000,000* Clean Water Project Revenue Bonds, Series 2026

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (the "Representative"), on behalf of itself and [OTHER UNDERWRITERS] (together, the "Underwriting Group"), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the "Bonds"), as described in the Notice of Sale for the Bonds, dated November 3, 2026 (the "Notice of Sale"). For a description of the requirements of each rule, please refer to the section "Obligation to Deliver Issue Price Certificate" in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

			10% Sale Rule (Underwriter has or will comply with 10% Sale Rule for this Maturity)		**Hold the Offering Price Rule** (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
Date of Maturity	**Principal Amount**	**Interest Rate**	**Check Box**	**Sales Price**	**Check Box**	**Initial Offering Price**
10/01/2027	$2,595,000*	_____%	☐	$_____	☐	$_____
10/01/2028	2,205,000*	_____%	☐	$_____	☐	$_____
10/01/2029	2,315,000*	_____%	☐	$_____	☐	$_____
10/01/2030	2,435,000*	_____%	☐	$_____	☐	$_____
10/01/2031	2,555,000*	_____%	☐	$_____	☐	$_____
10/01/2032	2,685,000*	_____%	☐	$_____	☐	$_____
10/01/2033	2,815,000*	_____%	☐	$_____	☐	$_____
10/01/2034	2,960,000*	_____%	☐	$_____	☐	$_____
10/01/2035	3,105,000*	_____%	☐	$_____	☐	$_____
10/01/2036	3,260,000*	_____%	☐	$_____	☐	$_____
10/01/2037	3,425,000*	_____%	☐	$_____	☐	$_____
10/01/2038	3,595,000*	_____%	☐	$_____	☐	$_____
10/01/2039	3,775,000*	_____%	☐	$_____	☐	$_____
10/01/2040	3,965,000*	_____%	☐	$_____	☐	$_____
10/01/2041	4,160,000*	_____%	☐	$_____	☐	$_____
10/01/2042	4,370,000*	_____%	☐	$_____	☐	$_____
10/01/2043	4,590,000*	_____%	☐	$_____	☐	$_____
10/01/2044	4,820,000*	_____%	☐	$_____	☐	$_____
10/01/2045	5,060,000*	_____%	☐	$_____	☐	$_____
10/01/2046	5,310,000*	_____%	☐	$_____	☐	$_____

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Bonds.)

[NAME OF UNDERWRITER/ REPRESENTATIVE]

By: _____
Name:
Title:

Email this completed and executed certificate to the following by 5:00 P.M. (Eastern Time) on November 11, 2026:

Bond Counsel: dbraun@goodwin.com **Municipal Advisor:** bill.lindsay@munistat.com

* Preliminary, subject to change.

THE METROPOLITAN DISTRICT HARTFORD COUNTY, CONNECTICUT • CLEAN WATER PROJECT REVENUE BONDS, SERIES 2026

MDC



Mixed Sources
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