MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns Aa2 rating to Hartford County MD, CT's GO Bonds; outlook is stable

25 Aug 2025

New York, August 25, 2025 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to the Hartford County Metropolitan District's (CT) (MDC, CT) General Obligation Bonds, Issue of 2025. The bonds have an expected value of $100 million. We have also affirmed the Aa2 rating on MDC's existing GO bonds and we maintain Aa2 rating on the outstanding revenue bonds. After the current sale, MDC's total debt will be approximately $1.5 billion. The outlook is stable.

RATINGS RATIONALE

The Aa2 rating assignment and affirmation of the existing GOULT debt reflects the fundamental quality of the eight member municipalities that comprise the revenue base for the payment of the GO bonds. This group is generally characterized by strong ratings, solid resident income that is approximately 113% of the US median, and moderately growing but sizeable and growing $31.5 billion tax base that we anticipate will remain stable. The weakest of this collective, the City of Hartford (Baa3, stable) has been on a recent trend of improvement and, like the entire cohort, has never failed to make its property tax payment to the MDC.

The rating also reflects the solid financial quality of the MDC's sewer and water funds. In fiscal 2024, the sewer system (general fund) generated a small $726,000 surplus, net of debt service as the system maintained its generally conservative budgeting practices that led to $13.2 million in operating expense savings (budget basis). Though smaller than last year's surplus, the MDC continues to benefit from strong sewer user charges and practices interest income and developer fees revenue.

The water fund also generated solid fiscal 2024 results evidenced by a robust $3.9 million positive variance from budgeted expectations. Most of these savings were derived from lower than budgeted water operating expenses. We anticipate stability across each of the system's funds in fiscal 2025.

The MDC's credit quality is also boosted by provisions of Public Act 17-1, which stipulates that in the event of non-payment by a member entity, the district can establish an emergency budget increasing the levy on other members to cover the short-fall. Public Act 17-1 also allows the state to redirect a member municipality's PILOT payments to the MDC if the city fails to pay its ad valorem taxes.

RATING OUTLOOK

The stable outlook reflects our expectation that there will be no material credit deterioration among the member cities, water and sewer operating performance will remain consistent and the clean water project fund will continue to produce strong coverage of the revenue bonds.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Improved credit quality of member cities

- Service area resident income above approximately 125%

- Further improvement in sewer and water funds' financial position, including increased liquidity and unrestricted reserves

- Substantially decreased debt burden

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Ineffective implementation of capital improvement plans

- Significant deterioration of member city credit quality

- Weakening of resident income below 100%

- Material reduction of MDC's cash reserves and financial flexibility

- Weakened liquidity resulting in need for cash flow borrowing

PROFILE

The district provides water supply, sewer collection, treatment and disposal services to its eight member communities including Bloomfield, East Hartford, Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, and Windsor. The district also has special agreements for water supply and sewage disposal facilities with 10 non-member towns and various state facilities.

METHODOLOGY

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

REGULATORY DISCLOSURES

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

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