

Rating Action: Moody's Assigns Aaa Rating To MA Clean Water Trust SRF Bonds, Series 19 (Green Bonds)

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New York, January 14, 2016 -- Issue: State Revolving Fund Bonds Series 19 (Green Bonds); Rating: Aaa; Sale Amount: \$205,970,000; Expected Sale Date: 01/26/2016; Rating Description: Revenue: Pool

Summary Rating Rationale

Moody's Investors Service has assigned a Aaa rating to the Massachusetts Clean Water Trust's (formerly known as Massachusetts Water Pollution Abatement Trust) proposed \$205.97 million State Revolving Fund Bonds, Series 19 (Green Bonds). The outlook on the rating is stable. Moody's is also affirming the Aaa ratings and maintaining stable outlooks on all outstanding Pool Program senior and subordinate lien bonds, all Massachusetts Water Resources Authority (MWRA) SRF senior and subordinate lien bonds, all New Bedford SRF bonds and all South Essex Sewerage District (SESD) SRF bonds.

The assignment of the Aaa ratings is based on the default tolerance of 42% for all of Massachusetts Clean Water Trust's indentures combined, additional security from the deficiency fund and equity fund, and a large, highly rated pool of borrowers.

Rating Outlook

The stable outlook on the bonds reflects Moody's expectation that the strong credit quality and diversity of the loan pool, cash flow projections and counterparty profile will remain relatively stable.

Factors that Could Lead to an Upgrade

N/A

Factors that Could Lead to a Downgrade

A decrease in the available reserves and default tolerance levels or a material change in the credit quality of the pool or the investment providers could put downward pressure on the rating.

Legal Security

The bonds are special obligations of the Trust, payable solely from the funds pledged pursuant to the MTA including borrower payments, contract assistance payments, loans and financing agreements, and other funds held under the MTA including the principal in the Equity Fund.

Use of Proceeds

The Series 19 bonds are being issued finance or refinance costs of certain wastewater and drinking water projects for governmental units or other eligible borrowers.

Obligor Profile

The obligor is the Master Trust Agreement originally created in 2015. The purpose of the obligor is to provide financial assistance to local governments and other eligible borrowers in the Commonwealth under its State Revolving Fund program.

Methodology

The principal methodology used in this rating was U.S. State Revolving Fund Debt published in March 2013. Please see the Credit Policy page on www.moody's.com for a copy of this methodology.

Regulatory Disclosures

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