



Rating Action: Moody's assigns Aaa to MA Clean Water Trust SRF Bonds, Series 22 (Green Bonds); Outlook is stable

20 Sep 2019

New York, September 20, 2019 -- Moody's Investors Service has assigned Aaa rating to approximately \$205.68 million of Massachusetts Clean Water Trust State Revolving Fund Bonds, Series 22 (Green Bonds). Moody's maintains Aaa ratings and a stable outlook on all outstanding Master Trust Agreement (MTA), Pool Program senior and subordinate lien bonds, and all Massachusetts Water Resources Authority (MWRA) SRF senior and subordinate lien bonds.

RATINGS RATIONALE

The rating is based on the strong overall credit quality of the underlying loan portfolio and strong management of the program. The rating incorporates projected default tolerance of 50% for all of Massachusetts Clean Water Trust's indentures combined, as well as additional security from the deficiency fund and equity fund.

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

- Not applicable

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 Equity Fund.

USE OF PROCEEDS

The Series 22 bond proceeds will be used to finance or refinance costs of certain wastewater and drinking water projects for governmental units or other eligible borrowers and to pay costs of issuance of the bonds.

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 Rating Methodologies page on www.moody's.com for a copy of this methodology.

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