

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aaa to MA Clean Water Trust SRF Bonds Ser 26A, 26B and 2025; outlook is stable

07 Jan 2025

New York, January 07, 2025 -- Moody's Ratings (Moody's) has assigned a Aaa rating to the proposed approximately \$260 million of Massachusetts Clean Water Trust State Revolving Fund Bonds, Series 26A (Green Bonds), approximately \$145 million State Revolving Fund Bonds, Series 26B (Sustainability Bonds), and approximately \$132 million State Revolving Fund Refunding Bonds, Series 2025 (Green Bonds). We also maintain the Aaa rating on all outstanding Master Trust Agreement (MTA) bonds, and Pool Program bonds (Prior Bonds). The outlook is stable.

RATINGS RATIONALE

The rating is based on the continued strong overall credit quality of the underlying loan portfolio and a projected default tolerance of 57% for the Massachusetts Clean Water Trust's programs, as well as very strong credit characteristics of the combined loan pools.

RATING OUTLOOK

The outlook is stable. The high level of default tolerance and the diversified pool of borrowers support strong credit quality in the near to medium term.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Not applicable.

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- A decrease in the available reserves and default tolerance levels below 25% coupled with material change in the credit quality of the pool participants.

LEGAL SECURITY

The bonds are special obligations of the Trust, payable solely from the funds pledged pursuant to the MTA including borrower payments, Commonwealth contract assistance payments, and other funds held under the MTA including the Equity Funds.

USE OF PROCEEDS

The Series 26A (Green Bonds) and Series 26B (Sustainability Bonds) are expected to be used to finance wastewater and drinking water projects for governmental units or other eligible borrowers and, together with other funds of the Trust, to pay costs of issuance. The Series 2025 (Green Bonds) will be used to refund certain MTA Bonds and, together with other funds of the Trust, to pay costs of issuance.

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 programs.

METHODOLOGY

The principal methodology used in these ratings was Public Sector Pool Programs and Financings published in August 2024 and available at <https://ratings.moodys.com/rmc-documents/426425>. 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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