



## RATING ACTION COMMENTARY

# Fitch Rates Massachusetts Clean Water Trust's SRF Bonds 'AAA'; Outlook Stable

Wed 07 Jan, 2026 - 3:55 PM ET

Fitch Ratings - New York - 07 Jan 2026: Fitch Ratings has assigned a 'AAA' rating to the following bonds issued by the Massachusetts Clean Water Trust (MCWT) under its Master Trust Agreement (MTA):

--Approximately \$705.595 million state revolving fund (SRF) bonds, series 27 (Green Bonds).

In addition, Fitch has affirmed the 'AAA' rating on the following obligations (pre-refunding):

--Approximately \$2.071 billion in outstanding parity MTA bonds;

--Approximately \$252.1 million in outstanding prior pool-program bonds.

The Rating Outlook is Stable.

## RATING ACTIONS

ENTITY / DEBT ♦	RATING ♦	PRIOR ♦
Massachusetts Clean Water Trust (MA) [State Revolving Fund]		

Massachusetts Clean Water Trust (MA) /Revolving Fund Revenues/1 LT	LT	AAA Rating Outlook Stable	Affirmed	AAA Rating Outlook Stable
--	----	---------------------------	----------	---------------------------

## [VIEW ADDITIONAL RATING DETAILS](#)

The 'AAA' rating reflects the ability of the combined Massachusetts Clean Water Trust (MCWT) programs' (together, the program) financial structures to absorb hypothetical pool defaults more than Fitch's 'AAA' liability rating stress hurdle without causing an interruption in bond payments. Aggregate pool credit risk is measured using Fitch's Portfolio Stress Model (PSM), and the strength of the program's financial structure is measured using Fitch's Cash Flow Model.

## SECURITY

Bonds are secured by pledged loan repayments, the commonwealth contract assistance payments, rights and interest of the master trust agreement (MTA), and certain other pledged funds, including the equity fund.

## KEY RATING DRIVERS

### Portfolio Credit Risk

The pool is large with nearly 250 obligors; the top 10 obligors account for about 43% of the total loan portfolio. The Massachusetts Water Resources Authority (MWRA) is the largest obligor and represents 16% of the total pool. MWRA is rated 'AA+'/'AA' (senior/subordinate) by Fitch; its payments to the MCWT constitute a subordinate obligation. The remaining top 10 obligors range from just under 2% to about 6.5% of the total pool.

Obligor security is solid, with 73% of the pool backed by general obligation pledges and about 27% backed by water and/or sewer revenue pledges. The program's underlying obligor credit quality is very strong with over 98% of obligors exhibiting investment-grade credit characteristics. These pool characteristics translate to implied pool credit quality of a very high 'AA-'.

### Financial Structure

Fitch's cash flow modeling demonstrates that program resources are sufficient to withstand hypothetical pool defaults more than Fitch's 'AAA' liability rating stress hurdle, as derived using the PSM, without causing an interruption in bond payments. Projected Fitch-calculated minimum annual debt service coverage (DSC) is about 1.3x. Assuming defaults beginning Feb. 1, 2026 and excluding the program's equity fund, cash flow modelling demonstrates that the program can continue to pay bond debt service even with a default rate of 80.7%, providing a net cushion of 68.4%.

The 80.7% default tolerance includes the scheduled release of about \$46.2 million of debt service reserve funds (DSRF), related interest earnings, and about \$430.8 million in contract assistance program (CAP) payments through the life of the bonds. The DSRF are available on a subordinated basis to all program bonds. CAP payments are a contractual obligation of the Commonwealth of Massachusetts. Equity funds are also pledged to the bonds. Assuming about \$110 million from the equity fund the default tolerance rate rises to 100% in each of the four-year periods. In either case, as the default tolerance is more than the 'AAA' stress hurdle, this implies a passing result under Fitch criteria.

## Program Management

MCWT manages one of the largest SRF programs in the nation. The Massachusetts Department of Environmental Protection (Mass DEP) determines the eligibility of projects for funding, reviews each financing application and oversees regulatory compliance. To date, there have been no pledged loan defaults in MCWT's pool programs.

## RATING SENSITIVITIES

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

-- Inability to pass Fitch's 'AAA' liability rating stress hurdle due to significant deterioration in aggregate borrower credit quality, material increases in pool concentration and/or significant increases in program leverage.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

-- The ratings are at the highest level on Fitch's scale and cannot be upgraded.

## PROFILE

The MCWT is governed by a three-member board of trustees, consisting of the state treasurer (who also serves as the chair), the secretary of the Executive Office for

Administration and Finance and the commissioner of the Mass DEP. The bylaws of the MCWT establish officer positions, including the executive director, who serves as the chief executive officer of the MCWT and the chair of the executive committee.

The MCWT, in collaboration with the Mass DEP, helps communities build or replace water quality infrastructure that enhances ground and surface water resources, ensures the safety of drinking water, protects public health, and develops resilient communities. It accomplishes these objectives by providing low-interest loans and grants to cities, towns, and water utilities primarily through its SRF programs.

In addition to the 2014 MTA, MCWT administers the clean water and drinking water SRF programs under its 1993 program resolution, which includes the prior pool program. The prior pool program is closed for new-money issuances. The MCWT has also issued single obligor bonds, none of which remain outstanding. The MTA program pledges amounts available in the equity fund to all bondholders on a parity basis.

## **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

## **FITCH RATINGS ANALYSTS**

### **Vicky Raso**

Associate Director

Primary Rating Analyst

+1 646 582 3649

vicky.raso@fitchratings.com

Fitch Ratings, Inc.

Hearst Tower 300 W. 57th Street New York, NY 10019

### **Kristen Reifsnyder**

Senior Director

Secondary Rating Analyst

+1 646 582 3448

kristen.reifsnyder@fitchratings.com

### **Audra Dickinson**

Senior Director

Committee Chairperson

+1 512 813 5701

[audra.dickinson@fitchratings.com](mailto:audra.dickinson@fitchratings.com)

## MEDIA CONTACTS

### **Eleis Brennan**

New York

+1 646 582 3666

[eleis.brennan@thefitchgroup.com](mailto:eleis.brennan@thefitchgroup.com)

### **Anne Wilhelm**

New York

+1 212 908 0334

[anne.wilhelm@thefitchgroup.com](mailto:anne.wilhelm@thefitchgroup.com)

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

## PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

## APPLICABLE CRITERIA

[U.S. Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 10 Jan 2025\) \(including rating assumption sensitivity\)](#)

[State Revolving Fund and Municipal Finance Pool Program Rating Criteria \(pub. 25 Feb 2025\) \(including rating assumption sensitivity\)](#)

## APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Portfolio Stress Model, v1.11.2 ([1](#))

## State Revolving Fund Cash Flow Model, v1.19.0 (1)

### ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

### ENDORSEMENT STATUS

Massachusetts Clean Water Trust (MA)

EU Endorsed, UK Endorsed

### DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers.

Please read these limitations and disclaimers by following this link:

<https://www.fitchratings.com/understandingcreditratings>. In addition, the following

<https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at

<https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party

verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating.

Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001. Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

dv01, a Fitch Solutions company, and an affiliate of Fitch Ratings, may from time to time serve as loan data agent on certain structured finance transactions rated by Fitch Ratings.

Copyright © 2026 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

[READ LESS](#)

## SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

Fitch's solicitation status policy can be found at [www.fitchratings.com/ethics](http://www.fitchratings.com/ethics).

## ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.