

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aaa to MA Clean Water Trust's SRF Bonds, Ser. 24A, 24B and 2022; outlook is stable

16 Nov 2022

New York, November 16, 2022 -- Moody's Investors Service has assigned a Aaa rating to the proposed \$143 million of Massachusetts Clean Water Trust's State Revolving Fund Bonds, Series 24A (Green Bonds), \$150 million State Revolving Fund Bonds, Series 24B (Sustainability Bonds), and \$112 million State Revolving Fund Refunding Bonds, Series 2022. Moody's maintains the Aaa ratings and stable outlook on all outstanding Master Trust Agreement (MTA) bonds, Pool Program bonds, and all Massachusetts Water Resources Authority bonds.

RATINGS RATIONALE

The rating is based on the continued strong overall credit quality of the underlying loan portfolio and strong management of the program. The rating incorporates projected default tolerance of 51% for all of Massachusetts Clean Water Trust's indentures combined as well as very strong credit characteristics of the combined loan pools.

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 over 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 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 24A (Green Bonds) and Series 24B (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 2022 bonds will be used to refund a portion of outstanding bonds issued under the Prior Pool Program 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 Methodology published in April 2020 and available at <https://ratings.moody.com/api/rmc-documents/66017>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.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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