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March 12, 1999

Kevin J. Rasch
Robinson & Cole L.L.P.
280 Trumbull Street
Hartford, Connecticut 06103-3597

RE: $198,895,000 Massachusetts Water Resources Authority Multi-Modal Subordinated General Revenue Refunding Bonds, 1998 Series D

Dear Mr. Rasch:

This is in response to your letter dated February 3, 1999, received by this Agency February 4, 1999, and supplemented by your letter dated February 25, 1999, received by this Agency on February 26, 1999.

Your letters and supplemental materials describe the above-referenced proposed bond offering ("Bonds"). The Bonds are issued by the Massachusetts Water Resources Authority ("Authority"), a governmental agency of the Commonwealth of Massachusetts ("Commonwealth") pursuant to Chapter 372 of the Acts of 1984 of the Commonwealth. According to your letter, the Authority is a body politic and corporate, a public instrumentality, and an independent public authority of the Commonwealth. The proceeds of the Bonds will be used to finance and refinance a portion of the Authority's outstanding bonds financing its capital program. The payment of principal and interest on the Bonds is guaranteed by a municipal bond insurance policy ("Insurance Policy") issued by Financial Guaranty Insurance Company, a New York stock insurance company. By telephone conversation on March 4, 1999, you have confirmed that Financial Guaranty Insurance Company is authorized to do business in Texas.

Your letter indicates that the Bonds are variable rate demand bonds which permit the investor to tender the Bonds back to the Authority on specified dates described in the Official Statement. This tender option is supported by a standby bond purchase agreement ("Agreement") entered into by and between the Trustee for the Bonds and FGIC Securities Purchase Inc. ("FGIC-SPI"), a wholly-owned subsidiary of General Electric Capital Corporation ("GE Capital").

Your letter further represents that under the Agreement, in the event the Bonds cannot be remarketed immediately, they will be repurchased by FGIC-SPI. FGIC-SPI will hold the Bonds until they can be successfully remarketed. The obligations of FGIC-SPI are guaranteed by GE Capital, its corporate parent.

Your letter indicates that the Agreement is a standby device securing the tender option and mandatory tender provisions of the Bonds. Neither the Insurance Policy nor the Agreement may be offered separately from the Bonds and they may not be separately traded. The Insurance Policy and Agreement have no value apart from the Bonds and no additional consideration is required to receive the benefits of the Insurance Policy or the Agreement.

Based upon the foregoing understanding, the Bonds appear to fall within the exemption from securities registration provided by the Texas Securities Act, Section 5.M. Also, it appears that the exemption set out in the Agency's Rule 139.15 is available for the Insurance Policy. In addition, the Staff of the State Securities Board will not recommend any action to require registration of the Agreement when offered and sold in Texas in accordance with the arrangement set forth above.

Please note that this Agency has not made an independent investigation of the facts, but has relied solely upon the information you have provided. If this information is incorrect or changes substantially, the staff would reconsider the matter and the no-action position stated above would be void.

Further, this Agency does not grant nor confer an exemption. Its availability depends entirely on full compliance with the language of the exemption. If a dispute arises about availability of an exemption, the burden of proof falls on the party claiming the exemption.

Finally, the opinions expressed by this Agency are not binding on civil litigants in future proceedings.

I trust this information answers your inquiry. Please feel to write us if you need further information.

Very truly yours,

DENISE VOIGT CRAWFORD
Securities Commissioner

David Weaver
General Counsel

DW/gh