

JANICE K. BREWER  
Governor



SANDRA L. SUTTON  
Interim Executive Director

**Water Infrastructure Finance Authority of Arizona**

February 16, 2011

Elizabeth M. Murphy, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

RE: SEC Ruling, File Number S7-45-10

The Water Infrastructure Finance Authority of Arizona (WIFA) would like to take the opportunity to provide comments on the SEC's proposed ruling regarding the definition of "municipal advisor." Our comments focus on the exclusions from the definition of "municipal advisor" as proposed in Release 34-63576. Registration for municipal advisors should be tightened if necessary to prevent fraudulent activities and conflict of interest, but the proposed inclusion of appointed board members as municipal advisors would have serious adverse consequences to hundreds of state and local government entities.

The only rationale for including officials that appears in Release 34-63576 is the statement that "appointed members, unlike elected officials and elected *ex-officio* members, are not directly accountable for their performance to the citizens of the municipal entity." We respectfully disagree with this statement and believe it does not reflect reality. WIFA's Board is accountable to the public. The Board is established and operates under publicly debated State statutes and is subject to the same open meetings laws, public record laws, and code of ethics as agencies run solely by elected officials or public employees.

WIFA's Board includes, pursuant to statute, two elected State officials, three heads of specified State agencies and seven members appointed by the Governor to represent interests specified in statute. Members appointed by the Governor serve at the Governor's pleasure. No Board member may have a direct or indirect personal financial interest in any project being financed. No Board member may receive compensation beyond reimbursement of expenses as provided in statute. All Board members are by law considered public officers for purposes of State laws on oath of office, impeachment, public meetings and records and conflict of interest.

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Appointed members of governing bodies are typically citizen volunteers who are interested in serving for the public good, and often have special expertise that is critical to the effective functioning of the governing body. Requiring these appointed board members to register as municipal advisors would reduce those statutory criteria to secondary status. The requirement to register as municipal advisors would impose a financial burden on prospective appointees and would likely lead some current appointed board members with years of experience to resign and would assuredly reduce the number of citizens willing to volunteer to only a handful of people with a financial background. Having the federal government impose requirements on appointed state and local governing board members will deter ‘regular’ citizens from participating on these boards.

The WIFA Board members have diverse backgrounds, experience and expertise they bring to their roles as policy makers. The Board, as the decision maker, always hires independent third party experts on matters related to investments and bond issuance. The proposed rules confuses this role, suggesting that these board members, the intended beneficiaries of municipal advisor regulation, are “municipal advisors” themselves.

All members serving on a governing body should be exempt from the municipal financial advisor definition, whether appointed, elected or an employee.

Sincerely,

Sandra L. Sutton  
Interim Executive Director  
Water Infrastructure Finance Authority of Arizona