



# PENNSYLVANIA MUNICIPAL AUTHORITIES ASSOCIATION

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February 17, 2011

Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F. Street NE  
Washington, D.C. 20549-1090

Re: Reference # S7-45-10  
Proposed Rule 15Ba1-1  
Definition of Municipal Advisor

Dear Ms. Murphy:

The Pennsylvania Municipal Authorities Association, on behalf of our 720 member authorities, respectfully offers the following comments to proposed Rule 15Ba1-1 being considered in the implementation of the Dodd/Frank amendments to the Securities and Exchange Act.

The Pennsylvania Municipal Authorities Association (PMAA) is an Association comprised of governmental entities, designated as Pennsylvania municipal authorities. The functions, powers and limitations of authorities are defined and governed by the Pennsylvania Municipality Authorities Act, 53 Pa.C.S. § 5601 *et seq.* Authority members are appointed for specified terms, typically 5 years, by the general governing body of the jurisdiction which the authority serves. The particular duties of authorities are set by their respective parent governments within the parameters established by the over-arching statute.

Municipal authorities are themselves municipal entities within the meaning of the proposed SEC rules, the exception being that authority board members are not elected but serve as appointed citizen volunteers from the community. In the course of their annual business they may on occasion discuss and vote on financial issues such as issuance of bonds or investment of funds. Board members may or may not be nominally compensated for their time, but if compensated at all, their compensation is not determined by or related to a particular financial issue or transaction

PMAA, on behalf of its member municipal authorities, and the over 3,500 individual authority board members we represent statewide who would be impacted by this regulation, respectfully submits the following comments:

1. Appointed public officials, such as municipal authority members, should be treated in the same manner as public employees and elected public officials, and should be excluded from the definition of “municipal advisor”.

Supporting reasons:

- a. The public responsibilities and accountability of appointed public officials, and their exposure to public scrutiny are all substantially like, and are indistinguishable from that of public employees and elected officials. Therefore, the same rationale by which those classes are excluded should apply to appointed officials.
  - b. Required registration and filing by appointed municipal officials, such as authority members, will not serve the purposes of the Act because such persons ordinarily are not engaged in the financial professions and services to which the Act is targeted. Such appointed officials have no personal interest or benefit, direct or indirect, in the outcome of the transactions upon which they advise their municipal entities. Moreover, they render advice solely on the basis of their appointed office, and not under the mantel or pretext of any supposed outside expertise or professional qualification. Accordingly, to require registrations and filings by such persons will only increase the burden and expense of municipal public service without appreciably adding to the public’s protection or regulators’ knowledge about municipal advisors, and without improving such officials’ competencies or discovering their inadequacies.
  - c. By enforcing federal registration and filing requirements upon local appointed officials, such as municipal authority members, the Commission would be creating an additional substantial impediment and disincentive to local public service.
2. Non-compensated and nominally compensated persons who render advice to municipal entities should be excluded from the definition of municipal advisor.

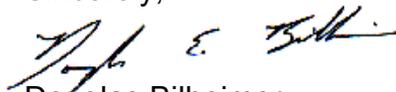
Supporting reasons:

- a. The stated notion that “any advisor who provides ‘free’ service will be compensated at some point for this service” is patently unfounded. Assuredly, municipal authority members are not compensated due to the particular advice they render.

- b. The filing requirement, if extended to non-compensated persons, would catch up myriad local volunteers and speakers of opinion whose actions bear absolutely no relevance the purposes of the Act. Such a requirement is certain to result in wholesale inadvertent violations by thousands of local volunteers, unaware that their public service or interest in local affairs subjected them to a federal registration obligation.
- c. If the concern of this aspect of the Rule is to encompass persons who seek personal gain, but render advice under a false flag of volunteerism, then a rule affirmatively requiring registration by advisors who are compensated directly or indirectly, or whose occupations involve financial services, would pursue the Act's goals far more accurately, efficiently and fairly than the over-broad scope of the present proposal.

Thank you for the opportunity to comment upon the proposed Rules. We trust our comments will be fairly considered. If there is any additional clarification or other assistance we can provide, please contact us.

Sincerely,



Douglas Bilheimer  
Executive Director  
Pennsylvania Municipal Authority Association