



February 15, 2011

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

Re: Registration of Municipal Advisors
File No. S7-45-10

Dear Ms. Murphy,

Thank you for the opportunity to comment on the proposed rules regarding the registration of municipal advisors (Release No. 34-63576), specifically as it relates to municipal entities and appointed board members.

The Rhode Island Health and Educational Building Corporation (“RIHEBC”), was created in 1966 and provides financing to nonprofit health and educational institutions as well as to municipalities for school projects.

Legislation passed by the Rhode Island General Assembly outlines the structure of RIHEBC, the composition of its Board of Directors, and statutory duties. RIHEBC’s Board of Directors is comprised of five members who are appointed by the Governor and serve staggered five-year terms. The directors have responsibility for the operations of RIHEBC and the approval of all financings for its conduit borrowers.

In addition to their statutory duties and responsibilities, the board members are subject to rules and regulations as stated in or under Title 36, Chapter 14 of the Rhode Island General Laws Code of Ethics as administered by the Rhode Island Ethics Commission. This law outlines prohibited activities, conflict of interest, and financial statements required to be filed with the Ethics Commission. The actions of the board members and the Corporation are subject to the Open Meetings Act, Title 42, Chapter 46 of the Rhode Island General Laws and the Access to Public Records Act, Title 38, Chapter 2 of the Rhode Island General Laws.

The board members and RIHEBC are also subject to review by the Governor and the Auditor General as well as the Senate Government Oversight Committee and the House Committee on Oversight.

In your request for comments, you asked for comments on the appropriateness of the Commission’s interpretations under the definition of “municipal advisor” and the exclusion from it. The Commission’s interpretation as it relates to municipal entities, municipal employees, and

appointed nonelected board members, is incorrect. These incorrect interpretations are understandable given the Commission's lack of knowledge in the municipal area, and it is appropriate that the Commission is seeking guidance.

The legislative intent of the Dodd Frank Act was not to give the Commission the power to interfere with the self-governance of municipal entities or define what they are. The intent of the bill was to oversee the activities of those offering advice from outside of the municipal entity.

The Commission's interpretation that a nonelected appointed board member should be considered municipal advisors is completely incorrect. In addition, the reason cited for this interpretation (that appointed board members are not directly accountable to the citizens of the municipality) is not legally true, and, even if true, does not support the conclusion drawn in the Release. Each of the board members is subject to virtually the same laws and standards as elected officials in carrying out the statutory responsibilities of the municipal entity. These board members are subject to the review of elected officials who are directly responsible to the citizens.

The Commission cannot place conditions on the qualifications of who is appointed to a board or commission or create doubt in the actions of a board member that it may subject them to an SEC violation. By including appointed board members, the Commission creates cost delays for a municipal entity and overextends its authority.

In addition, we do not conceive of our conduit borrowers, their directors and employees as providing us with advice, although their agreement is obviously necessary for us to go forward with any conduit borrowing transaction. We receive any financial advice relating to municipal financial products or the issuance of our municipal securities from financial advisors or underwriters who are independent from our conduit borrowers, and we concur with the registration and regulatory requirements applying to such independent financial advisors.

RIHEBC recommends that the Commission not expand its interpretation of the definition of a municipal advisor to include nonelected appointed board members of municipal entities. Furthermore, expansion of the definition of municipal advisor to include conduit borrowers, their directors or employees is not, in our judgment, necessary for our protection.

Thank you for the opportunity to comment on this proposal.

Sincerely,



Robert E. Donovan
Executive Director