



James M. Hagerty
Chairman

Anthony B. Simeone
Executive Director

February 18, 2011

Via E-Mail: rule-comments@sec.gov

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

Re: Comments to Proposed Rule Regarding Registration of Municipal Advisors,
SEC Release No. 34-63576; File No. S7-45-10

Dear Ms. Murphy:

On behalf of the Rhode Island Clean Water Finance Agency (the "Agency"), we are writing to express the Agency's concerns with the Securities and Exchange Commission's (the "SEC") Proposed Rule Regarding Registration of Municipal Advisors, SEC Release No. 34-63576; File No. S7-45-10 (the "Proposed Rule"). We understand that the Proposed Rule would require "municipal advisors" who provide advice to or on behalf of a municipal entity with respect to municipal financial products, such as derivatives, guaranteed investment contracts and investment strategies, or the issuance of municipal securities to register with the SEC. Further, under the Proposed Rule, elected, but not appointed, Board members of the Agency would be excluded from the definition of "municipal advisor." In addition, the Proposed Rule does not provide any definition of the term "advice." The Agency respectfully disagrees with the SEC's position on these issues for the reasons hereinafter set forth.

The Agency was created in 1989 by Act of the Rhode Island General Assembly, as a body politic and corporate and a public instrumentality of the State of Rhode Island (the "State") to administer certain federal and state programs relating to municipal or community wastewater and drinking water projects. It provides critical financial assistance to local governmental units, including municipalities and other governmental bodies responsible for ownership or control of a water pollution abatement project, as well as water supply facilities and privately organized water suppliers, through the sale of the Agency's revenue bonds and notes. All projects financed by the Agency are qualified and approved by the Rhode Island Department of Environmental Management (the "DEM") or the Rhode Island Department of Health (the "DOH").

The Agency's Board of Directors (the "Board") consists of five members. Four members, including the position of Chairman, are appointed by the Governor of the State, for two-year terms. These appointments are subject to advice and consent of the State Senate, which conducts its own independent review of each Board appointee. The General Treasurer of the State serves as an ex-officio member of the Board, with full voting authority equal to the other Board members. The Agency's enabling legislation requires the governor, in making these appointments, to give due consideration to persons skilled and experienced in law, finance, and public administration. The public members of the Board are removable either by the Governor, with the advice and consent of the State Senate, or as otherwise specifically provided by law. Removal solely for partisan or personal reasons unrelated to capacity or fitness for the office is unlawful.

In addition to the advice and consent review process of the Senate, each appointed Board member, and the General Treasurer, are subject to and must comply with the State's ethics code, which applies to all elected officials and appointed Board members equally. Compliance with the ethics code requires an annual filing of financial disclosure to the State's Ethics Commission by each Board member and the General Treasurer. Each appointed Board member must also take an oath that requires the member to uphold the Constitution and laws of the State of Rhode Island. The General Treasurer takes this oath when sworn into office.

The Board, which is subject to the State's open meetings laws, generally meets monthly to review loan applications, review the financial statements and audit reports of the Agency, to conduct the general administration of the Agency, to periodically authorize the issuance of the Agency's revenue bonds and notes and to consider such other matters as may from time to time become necessary in order to fulfill the Agency's responsibilities. At each Board meeting, Board members have the opportunity to participate in discussions about each loan application and bond or note issuance, and to ask questions directly of the Agency's staff, financial advisor, general counsel, and bond counsel. It is only after a presentation by the Agency's consultants, in conjunction with a review and recommendation by the Agency's staff, that the Board will consider voting on a loan application or for the issuance of bonds or notes.

The Agency has engaged a nationally recognized independent financial advisor with specific expertise and experience in State Revolving Fund infrastructure financings to advise the Board on the issuance of bonds or notes, programmatic structure, and investments.

Board members are not advisors or consultants. Rather, the Board's function is to make final decisions on behalf of the Agency, guiding it to meet its constitutional and statutory objectives. Board members, whether elected or appointed, do so through policy making and by approving certain decisions, upon the recommendation of the Agency's staff, advisors and consultants. Furthermore, appointed Board members are subject to the same oversight and accountability to the Agency and the citizens of the State for their performance as their elected counterparts.

The lack of a definition for the term "advice" in the Proposed Rule complicates any efforts of an appointed Board member to delineate which activities may cause him or her to be a "municipal advisor." The Agency's Board members, whether elected or appointed, are involved

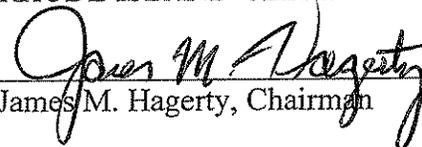
in discussions and the ultimate decision-making with respect to the issuance of the Agency's revenue bonds and notes. Appointed Board members would be subject to considerable doubt as to how much consultation with management would result in "advice" under the Dodd-Frank Act and the Proposed Rules and thereby cause them to be municipal advisors in these instances. Further, absent a clear definition of what constitutes advice, appointed Board members potentially could find themselves charged with violating municipal advisor provisions of the Dodd-Frank Act long after they provided the alleged advice and when circumstances have since developed that retroactively call the appropriateness of the advice into question. The result is that, as a precautionary matter, appointed Board members may be compelled to register as "municipal advisors" with the SEC.

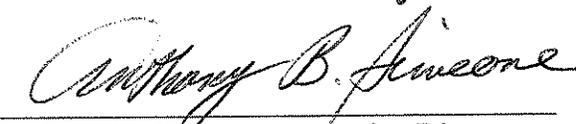
We believe the Proposed Rule will have a chilling effect on the Agency's ability to attract qualified citizens to serve as appointed members of the Board. Registration with the SEC requires, among other things, a fee, ten-year employment history, information on other business activities of the municipal advisor, disclosure of civil judicial actions involving the violation of municipal advisor-related statutes and disclosure of bankruptcy proceedings. Thus, to protect their privacy and avoid such expense, citizens who would otherwise use their expertise, community leadership and civic responsibility in service to the Agency may refrain from doing so.

For these reasons, the Agency respectfully requests that the SEC revise the Proposed Rule to exclude from the definition of "municipal advisor" all board members of a municipal entity, whether elected or appointed.

Respectfully submitted,

RHODE ISLAND CLEAN WATER FINANCE AGENCY


James M. Hagerty, Chairman


Anthony B. Simeone, Executive Director

cc: Honorable Governor Lincoln Chafee
Honorable General Treasurer Gina Raimondo
Rhode Island Congressional Delegation