

IHELA

February 18, 2011

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

Re: File Number S7-45-10
Section 975 – Definition of Municipal Advisor

Ladies and Gentlemen,

This letter is submitted by the Iowa Higher Education Loan Authority and the private colleges and universities in the State of Iowa (the “State”) set forth below in order to provide our comments on the Proposed Rules (the “Rules”) issued under Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which amended Section 15B of the Securities Exchange Act of 1934 (the “Dodd-Frank Act”) and was signed into law on July 21, 2010. We appreciate the opportunity to comment to the U.S. Securities and Exchange Commission (“Commission”) on the implications of the Rules prior to the formulation of final rules.

The Authority is a public instrumentality of the State of Iowa which provides financing for private colleges and universities to assist them in their higher education mission through lower cost financing in order to reduce the costs of education. Members of the Authority are appointed by the governor of the State subject to confirmation by the State senate. A member of the Authority may be removed by the governor for misfeasance, malfeasance, or willful neglect of duty or other cause after notice and a public hearing.

DISCUSSION

Definition of “Employees of Municipal Advisors”

The Dodd-Frank Act defines a municipal advisor as a “person (who is not a municipal entity or an employee of a municipal entity) that either (i) provides advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or uses; or (ii) undertakes a solicitation of a municipal entity.” We wish to urge the Commission in exercising the mandate to formulate rules to exclude from the definition of municipal advisor the following:

- (1) All board members of municipal entities (appointed or otherwise); and
- (2) All board members and employees of obligated persons.

The Commission's discussion of the Rules proposed on December 20, 2010 include a reference to the Commission's belief that the term "employees of a municipal entity" should include any (i) person serving as an elected member of the governing body of the municipal entity to the extent that person is acting within the scope of his or her role as a member of the governing body of the municipal entity; and (2) appointed member of a governing body to the extent such appointed members are ex officio members of the governing body by virtue of holding an elective office.

In determining not to include appointed members that are not elected ex officio members as employees of a municipal entity the Commission reasoned that such individuals were not accountable to the municipal entity for their actions and not directly accountable for their performance to the citizens of the municipal entity. We respectfully disagree. Board members, whether appointed or elected, perform the same functions of providing advice, approval and overseeing the decisions of an entity's staff. The duties to perform as a board member under statutory law are not different for elected or appointed board members, nor do the court systems distinguish between elected and appointed board members when dealing with liability of a board member. In addition, appointed board members are largely volunteers and serve as community leaders and are just as accountable to the citizens as are employees and elected board members, and are also subject to reappointment just as an elected board member is subject to re-election.

Additionally, under the Rules as proposed, when a conduit borrower that is an obligated person, such as a private college, benefits from an issue of municipal bonds, the employees and board members of the obligated person will be required to register as municipal advisors simply by providing internal advice or discussing actions to take in regards to the issuance of municipal debt. It is the duty of employees and board members to provide advice to such an entity in the capacities in which they serve. We believe it was the intent of Congress in enacting the Dodd-Frank Act is to regulate third-party advisors providing advice with respect to municipal securities in return for compensation. Board members and employees are part of the organization itself and should not be deemed as third-party advisors.

Registration as a municipal advisor requires submission of employment history, residential history, information on other business activities of the municipal advisor, felony charges or convictions, disciplinary history and the disclosure of bankruptcy proceedings, among others, which would be available to the public. In addition, municipal advisors will undoubtedly be subject to continuing education requirements, professional standards and additional regulatory scrutiny. While these requirements are entirely appropriate with respect to professional advisors being compensated for their services in advising municipal entities and obligated persons, they hardly seem either necessary or appropriate for appointed board members of municipal entities and board members and employees of obligated persons. Board members are volunteers who normally donate their time and energy in order to assist the entity, whether it is the governing board of a municipal entity or of an obligated person, in fulfilling its mission. Undoubtedly, qualified candidates will be hesitant to participate as board members in municipal entities and in

non-profit organizations if doing so will subject them to the additional regulations of the Commission that the Rules impose.

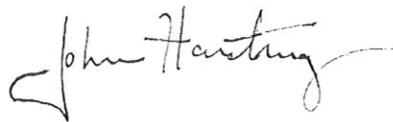
The Dodd-Frank Act states that the Municipal Securities Rulemaking Board “shall not impose a regulatory burden on small municipal advisors that is not necessary or appropriate in the public interest and for the protection of investors, municipal entities, and obligated persons....” We believe that a cost-benefit analysis applied to registration for all board members and employees of municipal entities or obligated persons designated as municipal advisors does not support the need for registration of these persons. There is arguably no benefit to collecting information and imposing additional regulatory requirements on board members and employees of municipal entities and obligated persons since board members and employees are not in those positions to act as municipal advisors and generally do not have the background to do so. Under normal circumstances, they seek professional advice on such matters by retaining the services of persons or firms that should be expected to register as municipal advisors. Imposing registration and other regulatory requirements on board members and employees of municipal entities and obligated persons will discourage qualified persons from accepting board positions and creates a disincentive for employees and board members to participate in the issuance of municipal debt thereby increasing the costs of borrowing.

CONCLUSION

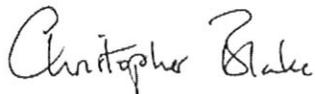
Municipal entities and employees of municipal employees are exempt from registration as municipal advisors under the Dodd-Frank Act. We believe that the definition of “employees” should include all board members of municipal entities and all employees and board members of obligated persons.

We appreciate the opportunity to share our views on the direction the Commission should take in crafting a definition for “employees” under the Dodd-Frank Act. Please do not hesitate to contact us if you have questions.

Respectfully Submitted.



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Iowa Higher Education Loan Authority



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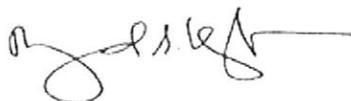
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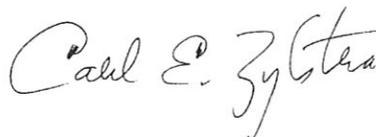
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cc: The Honorable Charles Grassley, United States Senate
The Honorable Thomas Harkin, United States Senate
The Honorable Bruce Braley, The United States House of Representatives
The Honorable David Loebsack, The United States House of Representatives
The Honorable Leonard Boswell, The United States House of Representatives
The Honorable Thomas Latham, The United States House of Representatives
The Honorable Steve King, The United States House of Representatives