



A spirit of innovation, a legacy of care.

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February 17, 2011

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

Re: File Number S7-45-10

Dear Secretary Murphy:

Catholic Health Initiatives (CHI) appreciates the opportunity to provide comments on proposed new rules 15Ba1-1 through 15Ba1-7, which would establish a permanent registration regime within the Securities and Exchange Commission (SEC) for municipal advisors.

CHI is a faith-based, mission-driven health system that includes 73 hospitals; 40 long-term care, assisted living, home health and residential units; two community health service organizations; and numerous physician practices and home health services across 19 states. As a large multi-state health system, CHI accesses the capital markets on a regular basis, typically every 18 to 24 months. The issuance of debt supports the provision of health care services to many, regardless of ability to pay, including approximately 30 rural communities. As of December 31, 2010, CHI had \$3.4 billion of tax-exempt debt outstanding. CHI is responsible for the repayment of these bonds and is accordingly an "obligated person" as that term is used in the proposed rule.

CHI supports the comments submitted by the American Hospital Association on the proposed rule and offers the following CHI-specific comments.

HOSPITAL/HEALTH SYSTEM BOARDS: CHI is governed by a 16-member Board of Stewardship Trustees (the "Board") comprised of volunteers who give of their talent and time without remuneration. These appointed trustees would be required, under the proposed rule, to register as 'municipal advisors'. Although the Board does approve the incurrence of debt for CHI, they are not serving as 'municipal advisors' in the conduct of this reserved power. Rather, they are making a capital structure and financing decision based on the ultimate advice of outside capital financing professionals. Requiring registration of these volunteers places an undue and costly burden on these persons and would deter many from this vital service.

The Honorable Elizabeth M. Murphy

Page 2

February 17, 2011

HOSPITAL/HEALTH SYSTEM EMPLOYEES: Similarly, capital finance strategy is managed by CHI employees who study the various options for capital structure and suggest financing to the Finance Committee and, ultimately, the Board. This activity is taken on behalf of, for the benefit of and in the interest of CHI and the communities where it serves. In our opinion, this constitutes an employee relationship and does not in any way constitute an 'advisory' relationship as implied in the proposed rule.

We understand and support the application of the proposed registration rules to third-party, professional advisors to hospitals and bond issuing authorities. However, we do not see the need for, or public benefit from, placing this regulatory burden on hospital boards, officers or employees.

If CHI's directors, officers and employees are treated as municipal advisors, we will be forced to spend substantial time, money and resources to comply with the rule's administrative requirements. Hospital resources needed for delivery of high quality patient care and continuation of our charitable purpose would be diverted to compliance with unnecessary regulatory requirements. We believe provisions of the Dodd-Frank Act can be effectively and successfully implemented without defining hospital directors, officers and employees as municipal advisors.

Recommendation: CHI urges the Securities and Exchange Commission to exclude from the definition of municipal advisor all directors, officers and employees of obligated hospitals.

Thank you for your consideration and attention to our request.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Melfi', with a long, sweeping horizontal line extending to the right.

Mitch H. Melfi, Esq.
Senior Vice President, Legal Services
and General Counsel