



**American Water Works
Association**

The Authoritative Resource on Safe Water SM

Government Affairs Office
1401 New York Avenue
Suite 640
Washington, DC 20005
T 202.628.8303
F 202.628.2846
www.awwa.org

Headquarters Office
6666 W. Quincy Avenue
Denver CO 80235
T 303.794.7711
F 303.347.0804

February 22, 2011

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

RE: Registration of Municipal Advisors, File No. S7-45-10; SEC Proposed
Rule 34-63576

Dear Ms. Murphy:

The American Water Works Association (AWWA) appreciates the opportunity to comment on the Securities and Exchange Commission's (SEC) Proposed Rule 34-63576.

The American Water Works Association (AWWA) is an international, nonprofit, scientific and educational society dedicated to the improvement of drinking water quality and supply. Founded in 1881, the Association is the largest organization of water supply professionals in the world. Our 55,000-plus members represent the full spectrum of the drinking water community: treatment plant operators and managers, environmental advocates, engineers, scientists, academicians, and others who hold a genuine interest in water supply and public health. Our membership includes more than 4,000 utilities that supply roughly 80 percent of the nation's drinking water. AWWA and its member utilities are dedicated to safe water through sound science and sustainable infrastructure investments that protect, treat, and deliver potable water throughout the United States.

AWWA believes the SEC's definition of who is a municipal financial advisor under SEC Proposed Rule 34-63576 is inappropriate and requires revision. Appointed members of governmental boards do not serve as municipal advisors to their Boards, rather they use the services of municipal financial advisors and bond counsels who guide them in issuing municipal debt, and managing other financial matters and needs. Moreover, a state or local government governing board

comprised of appointed members or its individual members, cannot serve as an advisor to itself.

The SEC's proposed rule correctly exempts elected members, elected ex-officio, and employees of a municipal entity's governing board from the definition but mistakenly does not do so for members of non-elected governing boards. Under the proposed rule, non-elected (appointed) members of a governing board would have to register with the SEC and meet various regulatory requirements set forth by both the SEC and the Municipal Securities Rulemaking Board (MSRB), including registration requirements and fees, federal fiduciary standards, federal securities law liabilities, and federal financial disclosure standards. The composition of non-elected governing boards is based on a number of local considerations; such boards are structured to reflect the community they serve and bring a mix of unique perspectives from a variety of fields of study to the board's decisions. Appointed members of local governing bodies, serve a similar function to that of elected governing bodies and typically are citizen volunteers who are interested in serving for the public good. As such the inconsistent and onerous requirement of registering with the SEC will likely deter these citizens from serving the public good if the proposed federal regulations are approved.

We believe that if Congress had intended for appointed members of governing bodies to be included within the municipal financial advisor definition, it would have made this point clear in the statute. By excluding all governing body members and the employees of appointed bodies from the municipal advisor definition, we can be assured of retaining the expertise that boards need to make important decisions for our constituents.

Secondly, professional engineering and financial consulting services are separate and distinct from the role of a municipal financial advisor. The preparation of feasibility studies (engineering or financial), rate studies, and similar engineering and managerial analyses are important when governing bodies are making strategic decisions but they are not inherently financial advice. In contrast financial advisors provide expert financial advice to government and utility personnel and governing boards. Examples include decisions regarding bond underwriting, management of debt, bond rating, bond conditions, whether to issue bonds or to use another financial instrument, etc. These tasks, and others of a like nature, are solely financial and inherently involve substantial financial training and expertise, as well as, transparency with respect to potential conflicts of interest.

Thank you for the opportunity to comment on the SEC's Proposed Rule 34-63576. Please contact me or Steve Via at (202) 628-8303 with any questions regarding these comments.

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Best regards,

A handwritten signature in black ink that reads "Tom Curtis". The signature is written in a cursive, slightly slanted style.

Thomas W. Curtis
Deputy Executive Director

cc: Martha Haines, SEC/OMS
Cynthia Dougherty, EPA/OGWDW