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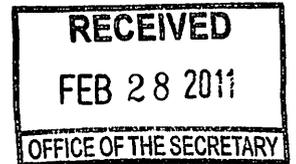


**LEHIGH COUNTY AUTHORITY**

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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 Lehigh County Authority (LCA) appreciates the opportunity to comment on the Securities and Exchange Commission's (SEC) Proposed Rule 34-63576.

Lehigh County Authority (LCA) is a municipal authority created under Pennsylvania Municipality Authorities Act providing water and wastewater services throughout western and northern Lehigh County, and Northampton County, PA. Customers include 19,769 direct residential, commercial and industrial water customers, 1,611 direct wastewater customers, and 10 municipal wastewater customers. LCA employs 40 full-time employees. The Lehigh County Executive, subject to County Commissioner approval, appoints the seven-member Board of Directors who serves without compensation.

LCA 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 a municipal authority do not serve as municipal advisors to their Boards; rather they use the services of municipal advisors, financial advisors and bond counsel who guide them in issuing municipal debt, and managing other financial matters and needs. Moreover, a municipal authority 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,

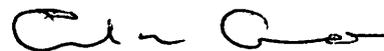
non-elected (appointed) members of a governing board would have to register with the SEC and meet various regulatory requirements set forth by both the SEC and the Municipal Securities Rulemaking Board (MSRB), including registration requirements and fees, federal fiduciary standards, federal securities 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 also wish to note that 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 authorities and their 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.

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.

Thank you for the opportunity to comment on the SEC's Proposed Rule 34-63576. Please contact me at (610) 398-2503 or [aurelarndt@lehighcountyauthority.org](mailto:aurelarndt@lehighcountyauthority.org) with any questions regarding these comments.

Best regards,



Aurel M. Arndt  
General Manager

cc: Martha Haines, SEC/OMS