

March 11, 2011

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

VIA ELECTRONIC MAIL
rule-comments@sec.gov

RE: File Number S7-45-10

Dear Ms. Murphy:

I am writing this letter as legal counsel for the North Texas Groundwater Conservation District, the Prairielands Groundwater Conservation District, and the Upper Trinity Groundwater Conservation District (collectively "Districts"), which are local political subdivisions created under Section 59, Article XVI of the Texas Constitution. Each of the Districts are regional, multi-county, stand-alone governmental entities and bodies politic and corporate that were created by the Texas Legislature and are charged with regulating the drilling and operation of groundwater wells in the state of Texas. Although many similar water conservation districts in Texas have elected boards, the Districts have autonomous boards that are appointed by other governmental entities such as county commissioners courts and municipalities.

Upon careful review of the SEC's proposed Rules 15Ba1 to 15Ba7 (the "Rule"), the Districts request the SEC revise its interpretation of the definition of the term "municipal advisor" to exclude appointed board members. Appointed board members should be categorized no differently than elected board members and employees of a municipal entity. Requiring citizen volunteers to submit to SEC reporting and be subjected to a heightened fiduciary obligation would have the unintended consequence of depleting the pool of citizen volunteers who expend their time and expertise as policymakers.

The District is considered a "municipal entity" subject to the requirements of the Rule. In Release No. 34-63576 (the "Release"), the SEC clarified that appointed members of a governing body of a municipal entity are considered to be a "municipal advisor" and required to register with the SEC under the Rule. The SEC concluded it "is concerned that appointed members, unlike elected officials and elected ex officio members, are not directly accountable for their performance to the citizens of the municipality." The Districts respectfully disagree with the

SEC's rationale for treating appointed board members differently from municipal employees and elected board members for two primary reasons. First, appointed board members are already bound by legal and ethical duties to the citizenry and the state that make them equally as accountable as elected board members and municipal employees. Second, appointed Board members of political subdivisions like the Districts are vital citizen volunteers, and this Rule will dissuade these volunteers from serving in these important positions to the benefit of their communities.

Appointed board members, who are largely citizen volunteers, have strong ties to the community in which they serve and are equally as accountable to the communities they serve as employees and elected officials. These citizens are firmly rooted in their communities and are typically community leaders. Although they are typically appointed by the county commissioners court or a city council, they have no advisory role to the appointing entity. Rather, once appointed, they become public officials and members of an autonomous governing board of a stand-alone political subdivision. They serve defined, fixed terms of office, and are subject to a vote of the elected appointing unit for reappointment. The Districts' meetings are subject to state open meetings and public information laws and duties. Further, every board member of such a district has the same duty to their respective state constitutions and statutes, regardless of whether they are appointed or elected. Each board member takes the same oath and, just as important, is subject to the same liabilities for fraud or malfeasance. Accordingly, these appointed board members are equally as accountable to the communities in which they serve as elected board members.

The SEC's interpretation will impose a heavy burden on the directors of the Districts and other such municipal entities, while the benefits are unclear. Municipal entities rely on the expertise, community leadership, and civic responsibility of appointed board members. The registration requirements under the Rule will impose a burdensome, time-consuming obligation on appointed board members who already donate countless hours of time serving their communities. The extent to which the Rule will dissuade talented people from serving on boards such as the boards of directors of the Districts cannot be measured. However, for states and municipalities that rely on volunteers, the risk of depleting the pool of talented citizens willing to serve far outweighs the benefit of requiring appointed board members of stand-alone governmental entities to register with the SEC.

Thus, the Districts request the SEC revise its interpretation of the term "employee of a municipal entity" or of "municipal entity" in a manner that excludes public officials such as the directors of the Districts from the application of the Rule.

Sincerely,



Brian Sledge
Legal Counsel for the Districts