



September 30, 2010

Via: e-mail – [rsmith@msrb.org](mailto:rsmith@msrb.org).  
& US MAIL

Municipal Securities Rulemaking Board  
1900 Duke Street, Suite 00  
Alexandria, Virginia 22314  
Attention: Ms. Leslie Carey, Associate General Counsel

Re: Proposed Revisions to G-23

Gentlemen:

It has come to my attention that there are proposed changes to Rule G-23 which currently allows for financial advisors of municipal entities to bid on the sale of bonds issued by those entities. On behalf of myself and Wolff Companies, I want to express our concern regarding the proposed changes.

For over 40 years Wolff Companies and related companies have been engaged in the real estate development business in the greater southeast Texas region. We have developed thousands of acres of mixed use business environments and residential projects. Whether developing commercial or residential communities, a critical component of accommodating the growth of our cities is the use of special purpose districts such as municipal utility districts ("Districts") for the purpose of financing basic municipal infrastructure, as permitted under Texas state law. Such entities' operations are strictly regulated by several state agencies, including the Texas Commission on Environmental Quality and the Texas Attorney General.

It is our understanding that the changes proposed to Rule G-23 would prohibit financial advisory firms to such Districts from submitting bids to purchase those entities' bonds when they come to market. This rule change could have a material adverse affect on the open market process of Districts' bond sales, and especially on the ongoing ability to deliver affordable housing to the market. In these times of unrelenting financial challenges facing our communities, putting up additional, unnecessary hurdles will restrict economic growth and potentially increase the costs to the taxpayers.

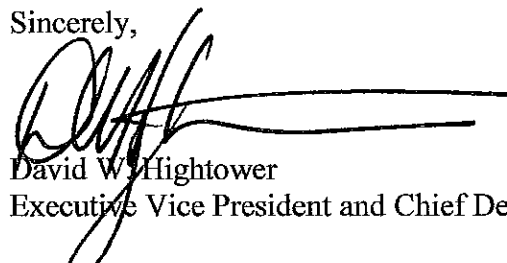
Even in strong, growth economic cycles there may be a limited pool of bidders knowledgeable enough to bid on Districts' securities in the early stages of their development. Typically these Districts' first few series of bonds are well under \$10,000,000. These issues are not large enough to attract the big investment firms. Having the ability for the financial advisors for the Districts to also bid on their clients' debt issues is absolutely vital to helping insure that the process gives the Districts the best opportunity raise capital at a fair market rate.

As noted earlier the issuance of debt by Districts in Texas is strictly regulated. State law

stipulates that bond sales for Districts be competitively bid. All bond sales of these entities are closely reviewed and must secure the approval of the State's Attorney General prior to closing. With the State's open records and open meetings regulations all relevant information a prospective bidder may need to evaluate an issuer's investment is readily available. Texas state agencies' regulations and oversight keep the bidding fair and level.

Thank you for giving us the opportunity to provide our input on the proposed rule change. We respectfully request that the Rulemaking Board allow for continued bidding by financial advisors on Districts' bonds providing the vital public infrastructure needed to serve our growing communities. If there are other reasons that compel the Rulemaking Board to amend Rule G23, we highly recommend that an exception be made in the rule that will continue to allow for Districts' financial advisors to be able to bid on bond issues when such sales do not exceed an amount of \$10,000,000.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Hightower", with a long horizontal line extending to the right.

David W. Hightower  
Executive Vice President and Chief Development Officer

cc: Mary L. Shapiro, Chair, U.S. Securities & Exchange Commission