



Financial Advisor to Catholic Institutions

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February 16, 2011

Municipal Securities Rulemaking Board
1900 Duke Street Suite 600
Alexandria, VA 22314

Re: MSRB Rule G-20 Exemption

Dear MSRB Board of Directors and Staff:

In connection with the recently required registration of municipal financial advisors, there is a proposal to amend MSRB Rule G-20 to include municipal financial advisors within its pay to play proscriptions. While we do not disagree with this proposal generally, the municipal market may have unique features which need to be specifically accommodated.

While existing Rule G-20 does contain exceptions for miscellaneous insignificant payments in the ordinary course of business, which should be extended to municipal financial advisors, we are a nonprofit entity, a principal portion of whose exempt purpose is providing free or below market services as well as cash or tangible property to other nonprofit corporations. Most of the services provided are unrelated to any advice with respect to municipal securities. The acceptability of providing such services and other charitable contributions from another nonprofit entity should be specifically acknowledged as acceptable to avoid any confusion.

Specifically, I represent Catholic Finance Corporation (CFC) which was formed by the Archdiocese of Saint Paul and Minneapolis as a Minnesota nonprofit corporation and determined to be a corporation described in Section 501(c)(3) of the Internal Revenue Code by complying with the procedures under the group ruling to the United States Conference of Catholic Bishops and being included in the Official Catholic Directory.

CFC was established to provide various services and contributions to the over 200 other nonprofit corporations comprising the Archdiocese and to other nonprofit corporations comprising the greater Catholic Church in the United States generally. The services include advice and services with respect to financial planning, modeling and budgeting, as well as with respect to the incurrence, management and restructuring of debt, most of which is taxable private bank lending.

However, CFC does also advise nonprofit entities, as obligated persons, with respect to conduit municipal securities, primarily qualified 501(c)(3) bonds. An example of such services would be advising a separate Archdiocese community charitable nonprofit corporation in connection with financing a new homeless shelter and related shelter housing. Our other work includes accounting,

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record keeping and budgeting advice and support to many of the over 200 parishes in the Archdiocese, most of which is done without charge. These facts may not be common in the corporate finance area.

We request that an exception to the prohibition of payments in Rule G-20 be drafted to include anything of value donated by a municipal financial advisor which is a nonprofit entity previously determined to be an entity described in Section 501(c)(3) of the Tax Code so long as such donation is within the exempt purpose of the nonprofit corporation.

Respectfully submitted,



Michael P. Schaefer
Executive Director