



MUNICIPAL ADVISORS

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December 9, 2019

Ms. Vanessa Countryman, Secretary
Securities and Exchange Commission
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Washington, DC 20549-1090

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RE: File Number S7-16-19 Proposed Exemptive Order Granting a Conditional Exemption from the Broker Registration requirements of Section 15(a) of the Securities Exchange Act of 1934 for Certain Activities of Registered Municipal Advisors

Dear Ms. Countryman:

Thank you for the opportunity to comment on the SEC's proposed exemptive order referenced above (Proposed Order). Baker Tilly Municipal Advisors, LLC (BTMA) is a leading municipal advisory firm with over 90 Series 50 Qualified municipal advisors on staff. BTMA is the 2019 combination of two prominent independent municipal advisory firms (Springsted Incorporated and H.J. Umbaugh and Associates). The two firms routinely issue approximately 400 transactions annually for a wide variety of clients and over a diverse geography.

Our reaction to the Proposed Order is generally favorable in that it permits a municipal advisor to fully represent its client's interests by clarifying how municipal advisors may evaluate and participate in certain limited direct placement transactions. At the same time it maintains investor safeguards through the limited definition of Qualified Providers and by requiring written disclosure, and acknowledgement of the receipt of, clarification of the municipal advisor's role. As written, the advisors' role remains clear in its representation of the issuer and a more comprehensive review of issuer financing options is facilitated.

We do not have suggestions for significant changes to the Proposed Order, but have offered comments on several of the questions posed to share our experience-based observations.

Questions

6. *Should the Commission limit the exemption to direct placements of a specific size threshold—e.g., limited by aggregate principal amount or by Municipal Issuers with a limited aggregate amount of municipal securities outstanding? If so, why and how should the Commission define such thresholds?*

We do not believe that the Commission should limit the size threshold either by transaction amount or by the amount of an issuer's outstanding debt portfolio as either is situational rather than indicative.

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7. Should the exemption for municipal advisors with respect to direct placements be conditioned on municipal advisors being precluded from engaging in solicitation activities on behalf of their Municipal Issuer clients? If so, which activities and why? Please explain.

No. The exemption for municipal advisors should not preclude them from engaging in solicitation activities. As the Commission notes in the Proposed Order, many activities that are central to a municipal advisors' role may be considered solicitation. There is significant transparency in the public markets, but terms and pricing of bank loans and direct placements are not as standardized or readily available. Being able to communicate directly on terms and pricing matters permits a municipal advisor to better serve the issuer as it compares financing alternatives.

12. Should the exemption be expanded to include transactions in which multiple Qualified Providers purchase portions of the entire municipal securities offering directly from the Municipal Issuer? What are the relevant issues for the Commission to consider in determining whether such an expansion is necessary or appropriate in the public interest, and consistent with the protection of investors? For example, would the participation of multiple purchasers necessitate additional or different conditions or present heightened investor protection concerns? Please explain.

The Proposed Order justifiably limits investors to those defined as Qualified Providers. In situations where more than one Qualified Provider is available and interested, a public issuer is presented with the question of who to equitably select. In such instances an issuer may use an RFP/RFQ process as a means of choosing the provider to avoid being arbitrary or uninformed in their selection. Alternatively, they may choose to select more than one provider in the interest of open participation for community based institutions that are often essential to the issuer in other respects. We would suggest modifying or removing the limit.

17. Would the proposed exemption have a competitive impact—either positive or negative—on municipal advisors and/or brokers? For example, would this proposed exemption facilitate capital formation for smaller Municipal Issuers? Are the costs of engaging a broker for direct placements burdensome for smaller Municipal Issuers? Please explain.

Every change in operating rules has a competitive impact on market participants; however, we do not feel that the Proposed Order will have a material effect. We do feel that it balances safeguards for investors while providing benefits to issuers, and in particular the smallest of issuers.

There are cases where direct private placements represent the best or only alternative for issuers of small volume transactions. For these issuers, a small transaction has a much different meaning than to the market generally. It can range down in size to several hundred thousand dollars yet be tremendously impactful to their community. The smaller the transaction, the more impactful costs of issuance are on the overall cost of borrowing. Over time the threshold size of a transaction that will merit the attention of the public market has grown and small issuers seeking cost-effective funding for critical projects must go elsewhere for capital. At the same time, the relatively consistent terms of a bond structure offer familiarity and administrative ease over the life of the transaction. The funders of choice for these transactions are what the Proposed Order defines as

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Qualified Providers that are located in or near the community. As a general matter, the Proposed Order would facilitate more efficient, better informed capital formation for these smaller municipal issuers that either cannot participate in the public market cost-effectively or perhaps can't participate at all.

Again, thank you for the opportunity to provide our thoughts on this matter. We are happy to discuss them with you at any time.

Sincerely,

A handwritten signature in black ink that reads "Vicki Hellenbrand". The signature is written in a cursive, flowing style.

BAKER TILLY MUNICIPAL ADVISORS, LLC

Vicki Hellenbrand, CPA, President