Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

SUBJECT: SEC Ruling, File Number S7-45-10

We are writing to comment on the exclusions from the definition of "municipal advisor" as proposed in Release 34-63576. More specifically, we wish to comment on the deliberate inclusion of appointed board members to be considered as Municipal Financial Advisors under the proposed ruling. We strongly disagree with the SEC's view that "appointed members, unlike elected officials and elected *ex-officio* members, are not directly accountable for their performance to the citizens of the municipal entity." In the case of many small and special purpose districts in Illinois, the SEC's assumption could not be farther from the truth.

A municipal financial advisor provides advice to a state or municipal entity, including public pension funds, as to the issuance of municipal securities, swap transactions and/or investment strategies. **We oppose the SEC's proposal to consider appointed members of state and local government governing bodies as financial advisors. A state or local government governing board, comprised of appointed 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; however, 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 MSRB, including registration requirements and fees, federal fiduciary standards, federal securities law liabilities, and federal financial disclosure standards.

We urge the SEC to exclude all governing body members and the employees of appointed bodies, including those who serve across jurisdictional boundaries, from the municipal advisor definition.

Appointed members of governing bodies, especially at the local level, typically are citizen volunteers who are interested in serving for the public good and often have special expertise that is critical to the effective functioning of the governing body. However, they may be deterred from serving on state and local governing boards if federal regulations are imposed upon them, which means we lose their valuable insight.

In Illinois, the statutory authority for creation of many forms of governmental entities dictate that the the governing board for the created District or entity be appointed by another governing authority such as a County Board President, Municipality, or Township. Appointed trustees or commissioners is the default organizational structure for many such districts under the statutory guidance. The statutes may make provision for the possibility of holding a referendum to cause the governing positions to be elected instead of appointed, but as noted, the default is frequently by appointment.
In the case of many special purpose districts, its governing board has the authority to levy a property tax, establish fees for service, and to assess fines as part of their management and

administration of the district's affairs. In their capacity as trustees or commissioners, these appointed board members perform exactly the same functions of administration of the district's financial and operational affairs that would be conducted if the positions were elected. Regardless of appointment or election, typically the trustees must be residents of the district, which places them in a position of having a greater vested interest in the proper management and administration of the district's affairs. Furthermore, they are directly and equally "accountable for their performance to the citizens of that municipal entity" without regard to appointment or election. As such, there are **absolutely no differences between an elected trustee and an appointed trustee.** Yet, the SEC has interpreted that there is a difference, when in fact, there is not.

The proposed rule would impose an unnecessary and burdensome duty to permanently register all of the district's trustees with the SEC as "Municipal Advisors" and each trustee to be individually held accountable for disclosing, among other things, personal information and employment history, be duty bound to certain record keeping requirements, continuing education requirements, and to be held liable for civil and or criminal matters that would be beyond the scope of knowledge for such board members. In addition, the registration requirement would add a significant and unnecessary financial burden upon our trustees, the district, and the citizens to which the appointed board is ultimately accountable. This added financial burden does not in any way enhance or "add value" to the operation of such municipal districts or commissions.

The SEC's interpretation may apply to a minute sector of governmental entities, but the interpretation is completely incorrect in the vast majority of governmental entities, such as exist in Illinois, that are administered by appointed members. We respectfully request the SEC to reconsider its proposed position regarding appointed members of a governing body and include them in the exclusion from the proposed ruling along with elected members of a governing body.

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 our board needs to make important decisions for our constituents.

Should you have any questions, or require further information, please do not hesitate to contact us.

Illinois Municipal Treasurers Association