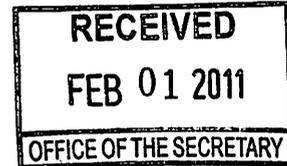




January 26, 2011



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

Re: Comments on Securities and Exchange Commission Release No. 34-63576; File No. S7-45-10

Ladies and Gentlemen:

We write to provide the comments of Colorado Counties Inc. ("CCI"), the Colorado Municipal League ("CML") and the Special District Association of Colorado ("SDA") on proposed rules 15Ba1-1 through 15Ba1-7 and Forms MA, MA-I, MA-W, and MA-NR pursuant to the request for comments set forth in Release No. 34-63576, Federal Register 76:4 (January 6, 2011) p. 824 (the "Release").

CCI is a nonprofit, membership association whose purpose is to offer assistance to county commissioners and to encourage Colorado's 64 counties to work together on common issues. CML is a nonprofit, nonpartisan organization that has served and represented Colorado's cities and towns since 1923. Currently, 265 of Colorado's 271 municipalities (representing more than 99 percent of the state's population) are members of CML. SDA is a statewide membership organization created in 1975 to serve the interests of the special district form of local government in Colorado. SDA has nearly 1,300 special district members throughout the state.

On page 835 of the Release, the Commission asks for comment on the following question: "In light of our understanding of Congressional objectives and intent, are the Commission's interpretations under the definition of 'municipal advisor' and related terms, and the exclusions from the definition of 'municipal advisor' appropriate? Should any of these interpretations be modified or clarified in any way?" We believe that Commission's definition of "municipal advisor" and the related exclusions from the term should be modified to avoid unnecessary burdens on local government in Colorado.

Pursuant to the rules proposed in the Release, individuals who meet the definition of a "municipal advisor" will be required to register with the Commission and the Municipal

Securities Rulemaking Board, pay hundreds of dollars in registration fees and be subject to significant additional regulation. Section 15B(e)(4)(A) of the Securities Exchange Act of 1934, as amended, excludes “employees of a municipal entity” from the definition of “municipal advisor.” However, on page 835 of the Release, the Commission states:

The Commission does not believe that appointed members of a governing body of a municipal entity that are not elected *ex officio* members should be excluded from the definition of a “municipal advisor.” The Commission believes that this interpretation is appropriate because employees and elected members are accountable to the municipal entity for their actions. In addition, the Commission 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 municipal entity.

CCI, CML and SDA strongly disagree with this interpretation and request that the exclusion be expanded to treat all elected and appointed members of local governing bodies equally. Colorado state and local governments rely heavily on appointed volunteers to serve on governing bodies, boards and commissions. Because all board members participate in discussions and offer opinions on the best course of action for local governments, there is a risk that any appointed board member, in sharing his or her views on the matters covered by the Release, could qualify as a “municipal advisor.” The significant cost, in both money and effort, associated with that designation would likely cause many qualified potential board members to decline appointment. Appointed board members provide invaluable guidance and leadership within local communities, and our ability to recruit and retain these public servants would be significantly burdened by the proposed rules set forth in the Release.

In Colorado, many important functions have been entrusted to appointed boards for decades without causing any widespread problem needing a far-reaching federal solution. In many cases, appointed boards oversee economic development and blight remediation activities through urban renewal authorities, downtown development authorities and business improvement districts. Appointed boards are also instrumental in providing low-income housing through local housing authorities. Several key agencies charged with maintaining and improving critical public infrastructure, such as highway authorities, regional transportation authorities and water or power authorities, use appointed board members. In addition, the members of several state-level authorities that provide crucial assistance to local governments, such as the Colorado Water Resources and Power Development Authority and the Colorado Transportation Commission, are appointed.

In stating its justification for the proposed definition, the Commission states that “appointed members, unlike elected officials . . . are not directly accountable for their performance to the citizens of the municipal entity.” However, whether a board member is chosen by voters or the officials they elect does not determine whether such individuals will have the type of conflict of interest, criminal history or disciplinary history targeted by the rules. Nor does the nature of the board member’s duty under state law to his or her organization vary directly based upon the elected or unelected status of the member. Instead, the citizen

protections set forth in Colorado law to ensure ethical behavior by local government officials apply to both elected and appointed officials.

Article XXIX of the Colorado Constitution contains sweeping ethics rules for employees and officials of state and local governments. Section 2 of that article defines the "local government officials" to whom the restrictions apply as "an elected *or appointed* official of a local government..." (emphasis added). Therefore, the already existing citizen protections in the Colorado Constitution do not need to be supplemented by federal regulation of appointed officials. Moreover, Colorado law contains specific provisions to prevent conflicts of interest by appointed board members. For example, one type of local government that may have an appointed governing board is an "urban renewal authority." While the members of the authority may be appointed by the mayor of a municipality, Colorado law has specific restrictions on conflicts of interest for board members, the violation of which constitutes misconduct in office. Colo. Rev. Stat. § 31-25-104(3). In short, Colorado law provides significant protections against abuse by appointed members of local government bodies without the cost and administrative burden of dual federal registration.

In most cases, board members are appointed instead of elected because it would be unnecessarily expensive to hold an election for the position, or there would not likely be sufficient interest among the general public to generate candidates. Often these roles are the hardest to fill with qualified individuals, and, therefore, we ask that the Commission not make it more difficult to convince capable citizens to volunteer as appointed board members. We urge you to exclude appointed as well as elected members of governing bodies from the definition of "Municipal Advisor" in the rules set forth in the release.

Sincerely,



John "Chip" Taylor
Executive Director
Colorado Counties Inc.



Sam Mamet
Executive Director
Colorado Municipal League



Ann Terry
Executive Director
Special District Association of Colorado