

February 19, 2011

SECURITIES AND EXCHANGE COMMISSION

Re: Registration of Municipal Advisors File Number S7-45-10

Dear Ms. Elizabeth Murphy:

The City of Riverside is a California charter city that, through its Public Utilities Department, serves water and electric service to over 300,000 customers. The City is governed by an elected City Council. The City's Charter requires that the City Council appoint a nine-member Board of Public Utilities. Although the members of the Board of Public Utilities approve certain expenditures made on behalf of RPU, the Board has no independent authority for the issuance of municipal securities.

In the above proposed rule, the Commission exempts from registration employees of a municipal entity. However, the proposed rule defines "municipal employees" to include members of a municipal entity's elected governing body and to exclude members of an appointed governing body. Under this interpretation, members of the RPU Board, as an appointed utility board, could be considered municipal advisors and therefore required to register with the SEC and subject to regulation. The only reason given for the differing treatment of elected and appointed boards is that appointed board members "are not directly accountable for their performance to the citizens of the municipal entity."

This is untrue, as the RPU Board is directly accountable to the citizens of Riverside, for four reasons;

1. The RPU Board members have a strong connection to citizens of Riverside, as they are appointed and approved by the elected Riverside City Council.
2. The RPU Board members are not only residents of Riverside, but are also RPU customers. Accordingly, the RPU board members are well aware of their communities' concerns not only through the open meeting process, but also by living and working with their fellow citizens on a daily basis. The RPU website includes the names and pictures of board members, and citizens can and do contact board members with their concerns.
3. The Riverside City Charter requires that the City Council make the final decision on the issuance of debt for RPU.
4. The RPU Board members are uncompensated and serve on a purely volunteer basis. To require volunteer, appointed Board members to register as financial advisors would discourage otherwise qualified candidates to serve as Board members. This intrusive and far-reaching rule will definitely impact future recruitments and may result in the inability of obtaining qualified board members to conduct the necessary business of the utility.

The proposed rule, as interpreted by the SEC, imposes onerous registration requirements on the members of the RPU Board. The large majority of the disclosure questions are applicable to a person's municipal-advisor-related or investment-related activities. The form's questions are clearly not relevant to the professional lives of the citizens voluntarily serving on public power utility boards.

Governing bodies provide important oversight and policy-setting functions for public power utilities. While these governing bodies may be structured in different ways, they all serve similar roles. Singling out appointed boards for different treatment makes no sense. As with elected boards and city councils, appointed boards are accountable to the citizens that make up their communities. Potentially requiring appointed board members to register as municipal advisors will only add to the costs of serving on the board or limit discussion of a utility's financial plans and financial activities, thereby adversely impacting their effectiveness as board members. The SEC should treat both elected and appointed boards in the same way. We strongly urge the SEC to include appointed boards in the definition of municipal employee.

Sincerely,

Berneta Titus
Board Member
Riverside Public Utilities