

LEGAL DEPARTMENT

PALOMAR
POMERADO
HEALTH

February 22, 2011

Via E-Mail: rule-comments@sec.gov

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

Re: Comments to Proposed Rule Regarding Registration of Municipal Advisors,
SEC Release No. 34-63576; File No. S7-45-10

Dear Ms. Murphy:

Palomar Pomerado Health (“PPH”) is the largest healthcare district in the state of California. Healthcare districts are a type of local government also known as special districts. They are designed to provide health care services in a specific geographic area. PPH’s geographical area covers northern and northeastern San Diego County. PPH is organized pursuant to Division 23 of the Health and Safety Code, and accordingly, is governed by an elected Board of Directors. PPH’s mission is to heal, comfort and promote health in the communities we serve. PPH is on track to open the doors to “The Hospital of the Future” in the summer of 2012.

Currently, PPH has a Joint Exercise of Powers Agreement, (“JPA”), with Tri-City Healthcare District, (“Tri-City”). Tri-City serves the northwestern San Diego County community. In May of 2007, Grossmont Healthcare District, (“Grossmont”), serving communities in central and southeast San Diego County, was amended into the JPA as a third member. This three-district entity is called the North San Diego County Health Facilities Financing Authority, (“NSDCHFFA”). Its officers, as specified in the bylaws, consist of a Chair, Vice-Chair, Secretary and Treasurer. The Chair of this Authority and the Vice-Chair are elected by the NSDCHFFA Board. The NSDCHFFA Board consists of the CEO and CFO of PPH, the CEO and CFO of Tri-City, and the CEO and CFO of Grossmont. The Secretary of this Authority is appointed by the Board. The Treasurer of this Authority is PPH’s CFO.

In addition to the NSDCHFFA, PPH has a separate JPA agreement with Grossmont, creating a different entity called the San Diego County Health Facilities Financing Authority, (“SDCHFFA”). Its officers, as specified in the bylaws, consist of a Chair, Vice-Chair, Secretary and Treasurer. The SDCHFFA Board consists of the CEO and CFO of PPH and the CEO and CFO of Grossmont. The Chair of this Authority and the Vice-Chair are elected by the SDCHFFA Board. The Secretary of this Authority is appointed by the Board. The Treasurer of this Authority is PPH’s CFO.

Members of both Boards do not receive any compensation for serving as such, but are entitled to reimbursement for any expenses incurred in connection with serving as a member of the Board. As a public official, each Board member and Officer of either Authority owes a fiduciary duty to his or her respective Authority and must comply with California laws concerning conflicts of interest, gifts, public meeting and records and financial disclosure.

During Authority meetings, all of which are required to be open to the public under California's open meeting laws, each Board member is encouraged to participate in the discussion regarding the issuance of bonds, entry into swaps, or other financial-related agreements. During Board meetings, Board members customarily ask questions of outside consultants, make comments, express their opinions, discuss proposed actions, and vote on whether or not to authorize issuance of bonds and other matters before the Board. These are all part of the customary but in depth deliberative process of the Boards of either Authority.

As such, PPH, on behalf of itself and the two Authorities, respectfully wishes to express concerns regarding the referenced Release (the "Release"), which invites comments on rules proposed ("Proposed Rules") by the Securities and Exchange Commission (the "SEC") that require "municipal advisors" (as defined in the Proposed Rules) to register with the SEC. Both Authorities already ensure in their JPAs' promulgating provisions that any collaboration amongst Board members, appointed or elected, and outside personnel giving financial insights to either board - shall be carried out in a transparent manner for the good of the health and wellness of its constituents.

The SEC's Proposed Rules regarding the registration of municipal advisors excludes elected board members of a municipal entity from the definition of "municipal advisor", but *not appointed* board members. In light of the close similarity in duties and treatment of elected and appointed public officials under the laws of California as described above, and, we believe, under the laws of many other states, PPH and both Authorities do not believe that different treatment of elected and appointed board members under the SEC's Proposed Rules is justified. Therefore, PPH, on behalf of itself and the two Authorities, requests the SEC to modify the Proposed Rules to *expressly exclude* from the definition of "municipal advisor" *all* members of the governing body of a municipal entity, whether elected or appointed.

The SEC's Proposed Rules do not include any definition of what constitutes "advice" or "providing advice." They also lack what we believe are essential elements in determining what is a "municipal advisor." These missing elements are that for an individual to be considered a "municipal advisor": (1) that individual must be acting in some professional capacity and holding him or herself out to the public as having special expertise in the area on which he or she is providing advice; and (2) there must be some reasonable basis for the municipal entity to expect that the individual is acting in a professional capacity with the knowledge, experience and competence to provide the advice given. Omitting these key elements from the Proposed Rules' definition of "municipal advisor" will make *anyone* who offers an opinion or view ("advice") on financing matters to a municipal entity subject to registration with the SEC, including not only appointed board members but also members of the general public who file written comments or make oral comments at Board meetings.

If the SEC fails to define “advice” in its final Rule and leaves the meaning of what constitutes “advice” up to the interpretation of thousands of members of governing bodies of municipal issuers and hundreds of municipal issuer’s legal counsel, this will result in needless uncertainty, varying interpretations and significant burdens for municipal issuers and their appointed board members.

PPH and both Authorities therefore further request that the SEC provide specific guidance in its final Rule concerning what constitutes “providing advice” by adding a requirement that the “advice” must be provided in a professional capacity by a person holding him or herself out to have special knowledge and expertise in municipal financial matters where there is an expectation and a likelihood that the advice will be relied upon by the municipal entity in making financial decisions. The SEC should also provide a clear and unconditional statement in the final Rules that the statements and other activities of board members (whether elected or appointed) of municipal entities made or taken in the course of performing their duties as a board member will *not* constitute “providing advice” as a “municipal advisor” which requires prior registration by the board member with the SEC.

Without such modifications and guidance, the SEC’s Proposed Rules will have significant adverse effects on both Authorities and the efforts of the respective Board members to make prudent financial decisions for either Authority. As written, the Proposed Rules will have a material and negative impact on the customary in depth deliberative process of both Boards by inhibiting various members from expressing their views on matters relating to municipal bond issues and municipal financial products out of fear of subjecting themselves to the potential risk and expense of an SEC investigation over whether their comments constituted “advice” requiring prior registration with SEC as a “municipal advisor.” The Proposed Rules will also make it more difficult for either Authority to locate outside individuals with financial knowledge and backgrounds and other helpful experience who are willing to consult with either Board if doing so will require them to register with the SEC as a “municipal advisor.” The Proposed Rules will deprive both Authorities – and the citizens each serves --- of the discussion necessary for the Boards to make prudent financial decisions.

The Dodd-Frank Act provision that led to the SEC’s Proposed Rules was intended to protect municipal entities. PPH and both Authorities strongly believe that municipal entities, such as either Authority, do not need to be protected from their own Board members, whether appointed or elected. In the case of the Authorities (and we believe this is the case for most governing bodies of municipal issuers), both governing Boards are the legislative or policy decision maker for either Authority. In that capacity, the Boards routinely seeks advice from professional, independent consultants. The members of both governing Boards are the *recipients* of the financial advice, not the *providers* of such advice. Moreover, nothing in the Dodd-Frank Act indicates Congress intended the SEC to require registration by appointed members of governing boards of municipal entities before these members could engage in discussions and deliberations with their Board colleagues and perform the duties for which they were appointed.

To summarize, for the foregoing reasons, PPH, on behalf of itself and both Authorities, respectfully requests that the SEC specifically modify its Proposed Rules as follows:

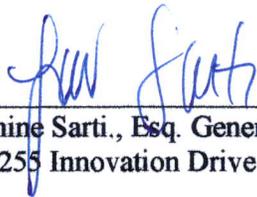
1. Exclude from the definition of "municipal advisor" *all* board members of a municipal entity, whether elected or appointed.

2. Provide clear and unambiguous guidance concerning what it means to "provide advice" by requiring that the advice must be provided in a professional capacity by a person holding him or herself out to the municipal issuer as having special knowledge and expertise in municipal financial matters and where there is reasonable expectation the advice will be relied upon by a municipal issuer in making decisions concerning issuance of bonds.

3. Provide clear and unambiguous guidance that the statements and activities of members of governing bodies of municipal entities, which are made or taken in the course of performing their duties as board members, do *not* constitute "providing advice" to a municipal entity requiring prior registration by the board member with the SEC.

If you have any questions concerning these comments or desire any additional information regarding either Authority, please contact the undersigned.

Respectfully submitted,



Janine Sarti., Esq. General Counsel for Palomar Pomerado Health
15255 Innovation Drive · San Diego, CA · 92128 · (858) 675 - 5133

cc: Board of NSDCHFFA

Board of SDCHFFA

Board of Directors at Palomar Pomerado Health

49th DISTRICT
Darrell E. Issa (760) 599-5000

50th DISTRICT
Brian Bilbray (858) 350-1150

51st DISTRICT
Bob Filner (619) 422-5963

52nd DISTRICT
Duncan Hunter (619) 448-5201

53rd DISTRICT
Susan A. Davis (619) 280-5353