



City of Virginia Beach

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February 22, 2011

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

Subject: File No. S7-45-10; SEC Proposed Rule 34-63576

Dear Ms. Murphy:

We are writing with great concern about the SEC's definition of who is a municipal financial advisor under SEC Proposed Rule 34-63576.

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.

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The public body for which I work, the City of Virginia Beach, VA, has several boards with citizen membership. The most important of which is the Virginia Beach Development Authority. This Board is a conduit issuer for many 501(c)(3) entities within the City. For utility projects, the City uses feasibility consultants to determine the financial feasibility of proposed financings. Additionally, the City uses appointed Boards for the City's Deferred Compensation program and a Local Finance Board for OPEB issues. It will be difficult to get new members for these Boards and to retain current membership given the proposed regulatory and registration requirements.

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.

Thank you for the opportunity to comment on the SEC's Proposed Rule 34-63576.

Sincerely,

A handwritten signature in cursive script that reads "Patricia A. Phillips". The signature is written in black ink and is positioned above the typed name and title.

Patricia A. Phillips
Director of Finance

PAP/lb