

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

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February 22 2011

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

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

Dear Ms. Murphy:

I am writing on behalf of the Charlotte Firefighters' Retirement System (CFRS) Board of Trustees 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.

The CFRS Board is comprised of eleven individuals. There are four Citizen Trustees of the CFRS who serve for three year terms and may be appointed for continuing three year terms under the provisions of the Special Act which created the CFRS and was approved by the North Carolina Legislature. In addition to the Citizen Trustees, three City of Charlotte employees serve (Finance Director, City Treasurer and City Manager (or his designee) on the Board. There are three elected active firefighters and one elected retired firefighter, all of whom are elected for

three year terms and may stand for re-election to additional terms. All trustees serve without compensation. The four appointed Citizen Trustees perform a vital community service and give generously of their time to administer the CFRS in accordance with the Act. All of the Trustees receive ongoing training and education in various areas related to retirement and investments as well as benefits administration. The Board engages professional advisors for consulting in such areas as legal, actuarial, trust and custody, auditing and investment services. These services are reviewed and evaluated on a frequent basis and all advisors must have the appropriate credentials and experience for the services they provide.

The Board has adopted various administrative policies and procedures, including an Ethics Policy which is reviewed and confirmed in writing by each Trustee and the CFRS professional staff. The Board makes every effort to administer the CFRS within industry best practices and with due diligence. They take their role as fiduciaries of the CFRS very seriously.

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 black ink, appearing to read 'Kurt R. Hollar', written over a horizontal line.

Kurt R. Hollar
Chair, CFRS Board of Trustees