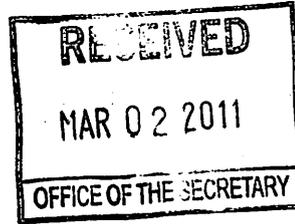




City of Redmond  
WASHINGTON

# 779

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 out of concern about the SEC's definition of a municipal financial advisor under SEC Proposed Rule 34-63576.

In our case, we use a financial advisor to provide advice to our city, including our pension funds, as to the issuance of municipal debt and investment strategies. **We don't think the SEC's proposal to consider appointed members of our city's governing bodies as financial advisors makes any sense!**

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.

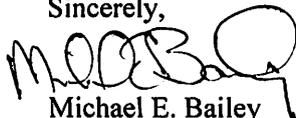
We urge the SEC to focus on the underlying issues that raised the need for more oversight of financial advisors and to exclude all governing body members and the employees of appointed bodies, including those who serve across jurisdictional boundaries, from the municipal advisor definition.

Appointed members of governing bodies, especially at the local level, are citizen volunteers who are only 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. If nothing else, the proposed rules create confusion over what roles could result in local board members being considered an advisor for reporting purposes.

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, you can be assured of implementing the true intent of the federal legislation.

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

Sincerely,

  
Michael E. Bailey  
Finance Director