

NORTH CAROLINA  
**NCIGIO**  
 LOCAL  
 GOVERNMENT  
 INVESTMENT  
 ASSOCIATION

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February 22, 2011

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, Chairman Schapiro, and Members of the Commission;

The North Carolina Local Government Investment Association is a group of financial professionals from city, county and other nonprofit governmental entities. Most of our members are Finance Directors, Treasurers, and Chief Financial officers. Our association exists to educate our members, affiliates and other stakeholders in local governments about best practices and current issues in local government finance, cash management, investment and debt management. We rarely take positions on controversial issues, because doing so requires a majority vote of our membership, which meets only twice a year. Our recent business meeting where this issue was raised had about 100 individuals who represent local governments from the very small to the very large across North Carolina. Our membership met on February 21, 2011 and **unanimously** approved our association taking a position and writing to the SEC and our congressional elected officials on this issue. We recognize that this comment may arrive too late to go into your official record for public hearings, but we want the SEC to hear our concerns.

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.**

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,

*Clark G. Case*

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President  
North Carolina Local Government Investment Association

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