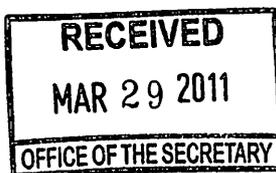




STEVE TATE
Mayor



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March 23, 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:

The City of Morgan Hill, California, is deeply concerned 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 municipal entity as to the issuance of municipal securities. **We oppose the SEC's proposal to consider appointed members of local government governing bodies as financial advisors. It is tautological to assert that a local government governing board, comprised in whole or in part of appointed members, can 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. Under the proposed rule, however, 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 Municipal Securities Rulemaking Board, 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 our local level, 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 local governing boards if Federal regulations are imposed upon them, which means we lose their valuable insight and may have to settle for less qualified individuals--or perhaps none at all.

This could be devastating to the City of Morgan Hill if Governor Jerry Brown's proposal to eliminate local redevelopment agencies becomes law in California. Morgan Hill's Redevelopment Agency, currently governed by five Agency Board members who also serve as Mayor and the four other City Councilmembers, would be replaced by an Oversight Board, consisting of one of us and six private citizens appointed by other agencies outside Morgan Hill.

The new Oversight Board would take over our function of overseeing and refinancing \$110,000,000 of variable rate demand obligations issued by our Redevelopment Agency three years ago. The six private citizens appointed to oversee and refinance our debt would need to register under the Commission's proposed rules. Hence our fear that qualified appointees may demur, and large debt with our name on it left in the hands of less qualified appointees.

Like many other cities, 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. If the Commission is amenable to excluding all governing body members and the employees of appointed bodies from the municipal advisor definition, then we can be more confident of receiving the expertise the new Oversight Board will need to make important decisions in place of elected officials like ourselves, and 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 "Steve Tate", with a stylized flourish at the end.

Steve Tate, Mayor