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February 24, 2011

Mr. Ronald W. Smith, Corporate Secretary
Municipal Securities Rulemaking Board
1900 Duke Street
Alexandria, VA 22134

Re: MSRB Rule G-42

Dear Mr. Smith:

Please consider these comments to draft Rule G-42. Our firm of certified public accountants has been advising cities, counties, school corporations, towns and other governmental units in Indiana for more than sixty years. We have established internal policies which prohibit our firm, our partners and our employees from making political campaign (including ballot referenda) contributions to elected officials and candidates for elected office of current and potential clients. We support many of the proposed provisions of draft Rule G-42. However, we do have concerns in the following areas.

Draft Rule G-42 is not clear as to the types of transition expenses that may be considered contributions in violation of the rule. For example, our firm is often asked to participate in educational programs, many organized by associations of governments, to assist in training newly elected officials or their appointees prior to the date that they officially take office or assume an appointment. Recent topics have included budgeting, debt issuance and disclosure, financial planning, government oversight, investments and pension issues, and revenues and expenditures. In addition, we are sometimes asked directly by the newly elected officials or their transition staffs or other advisors, including other clients, to provide such training. In either case, we are not compensated for our time or firm resources expended (for example, costs of presentation materials and travel). Although these *pro bono* programs are intended to be educational in nature, we are concerned draft Rule G-42 would result in their treatment as a contribution in violation of the rule.

Another concern relates to municipal advisors who serve in an elected office or determine to seek an elected office. We are concerned that if a municipal advisor professional were to make a *non de minimis* contribution of money, property or services to his or her own election campaign, the municipal advisor professional and the municipal advisor would be banned under draft Rule G-42 from providing services for compensation to the government to which the municipal advisor professional is elected for a two year period.

We have one final observation regarding the proposed two year ban on providing services for compensation: fundraising for municipal campaigns often begins a year or more in advance of the date the successful candidate takes office, and the first year of most new administrations is often devoted to evaluating community needs and priorities. As a result, many projects and project financings will not be undertaken until the administration begins its second year in office. As a result, if a municipal advisor or a municipal advisor professional were to make a *non de minimis* contribution at the beginning of the election campaign cycle, neither the municipal advisor nor the professional will truly bear the economic consequences of draft Rule G-42's ban on providing services for compensation as no compensated services will be required until after the two year ban has effectively run. If Rule G-42 is to be truly effective in curbing pay-to-play activities, we believe the term of the ban should be identical to the term of the related office to which the *non de minimis* contribution relates. For instance, if the contribution were made to a mayor who was elected to a four year term, the ban would be extended to four years.

Thank you for this opportunity to comment on proposed Rule G-42. If you have questions about our comments, please let us know.

Very truly yours,

UMBAUGH

Gerald G. Malone

GGM/jmg