

ARGUMENT AGAINST MEASURE C

“Vote ‘NO’ This Amendment is unnecessary. It takes authority away from the City Council; it eliminates accountability of cash management; it opens the door for theft of funds by eliminating council approved demands for funds; it eliminates the possibility of a multiyear budget; and changes the competitive bid process for bond sales by opening the door to negotiated bids which, according to the Securities and Exchange Commission, creates the possibility for underwriters to use campaign contributions and connections to obtain deals on terms that may not be in the best interest of the public. Those concerns were at the center of SEC bond market investigations that involved the following issues:

- Pay-to-play (underwriters making political contributions to get underwriting contracts)
- Conflicts of interest (persons associated with the municipality having relations with underwriting firms)
- Inadequate disclosure
- Lack of price transparency and excessive markups in bond prices
- Questionable sales practices

The SEC found that most firms made significant political contributions and those that were making contributions were usually the same ones seeking municipal business.

Scandals over political contributions and influence peddling involving high-level officials at leading securities firms led executives representing 17 Wall Street firms to call for a ban on political contributions by their municipal bond departments. Those firms represented approximately 75 percent of the municipal underwriting business. The industry’s self-regulating body, the Municipal Securities Rulemaking Board (MSRB), proposed a rule to limit the growth of business-related contributions by Wall Street firms. The MSRB passed Rule G-37, that barred municipal dealers that made political contributions to clients from doing business with those clients for the next two years. The G-37 Rule proved to be inadequate.

Vote NO to maintain fiscal responsibility and accountability, promote open and transparent government and prevent opportunity for corruption.”

Vanguardians, Inc.

/s/ Francisco Alonso, Former Mayor, City of Monterey Park, Vice President Vanguardians, Inc.

/s/ Dr. John Kraft, Vice President, Legislative Liaison, Vanguardians, Inc.