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August 15, 2006

Nancy M. Morris, Secretary
U.S. Securities & Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Reference: File No. S7-03-04
INVESTMENT COMPANY GOVERANCE dated June 13, 2006

My letter to Jonathan G. Katz dated February 2, 2004

I am writing in response to the request for additional comments on the referenced amendments. I am a trustee of four (4) single state municipal bond mutual funds each of which has a separate board, assets of $200 to $400 million, operates independently and all with the same management company. The total assets under management by the management company are approximately $4 billion. My boards vary in size from 6 to 7 trustees including 1 interested trustee, the CEO of the management company. I have been a mutual fund trustee for 20 years and am currently the independent chair of two boards, vice chair of one and chair of the audit committee of the fourth board.

Board Composition

With the retirement of the management company's founding CEO, consistent with the funds' policy, each of the four boards reached the 75% independent criteria without adding any new trustees. Consequently there were no trustees added to the boards and no cost in order to achieve the increase in the percentage of independent trustees.

Independent Chair

There have been only minimal direct costs associated with moving to an independent chair. Since there had been a "lead trustee" for each board who chaired the various board committees, the incremental cost was the difference in the fees between the two positions, approximately $5,000 per fund, less than 0.005 basis point. No staff has been added to support the chair.

There is second direct cost which is related to the way this management company chose to start these funds. Since each board is separate with a different set of trustees, most of the boards have a different trustee as chair. Among the 12 active funds, there are 7 different independent chairs as compared to the prior situation where the management company CEO chaired all the funds. This has increased the time fund counsel spends communicating with the chairs and some increase in fund counsel expenses. On the other hand, at times counsel did not keep the lead trustee as involved as he could have and a portion of the increased expense represents what could have been spent all along. The management company has had a similar increase in time spent and absorbed their costs within the existing fee structure.

Perhaps more significant than the minimal costs associated with this change is the increased sense of accountability that has infused all the independent trustees. Here are two illustrations from the many that could be described:

- The chair's influence over the board's agenda has resulted in increased focus on strategic objectives and expense ratios which are topics of interest to the independent trustees.
- Two of the boards are completing a meeting consolidation plan which will reduce trustee expenses and make board operations more efficient, all of which are in the best interest of the shareholders. This consolidation would not have happened without the leadership of the independent chairs.

<u>Additional Recommendation</u>

In addition to the above changes, I continue to believe a more rigorous definition of who qualifies as an independent trustee is needed. The ICI Best Practices recommendations are a good starting point to assure that potential conflicts of interest are not prevalent and that shareholders benefit from the integrity of oversight that they deserve.

If I can be of further assistance, please let me know at the above address or by calling (303) 949-8868

Sincerely,

Anne J. Mills

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