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February 17, 2011

Via Electronic Transmission

To: rule-comments@sec.gov

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Attention: Elizabeth M. Murphy, Secretary

Re: File No. S7-45-10

Dear Commissioners:

The Commission has caused to be published in the Federal Register Release 34-63576 ("Release") a proposed rule requiring "municipal advisors" to register with the SEC (Release No. 34-63576, the "Proposed Rule"). This is pursuant to Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") amended Section 15B of the Securities Exchange Act of 1934, effective October 1, 2010, which, among other things, requires "municipal advisors" to register with the SEC.

The Proposed Rule provides that elected members of the governing body of a municipal entity who provide advice to the municipal entity on the issuance of municipal securities and municipal financial products would be considered "employees" of the municipal entity, and would not be required to register as municipal advisors; however, appointed members of a municipal entity's governing body who provide similar advice to the municipal entity would not be considered "employees", and thus would be subject to the registration requirement.

The Proposed Rule includes a "local government investment trust" as a "municipal entity" subject to registration.

The Michigan Liquid Asset Fund ("MILAF") is a local government investment trust organized in Michigan pursuant to and in accordance with the Urban Cooperation act of 1967, MCL 124.501, *et seq.*, as amended, for the purpose of providing school districts [and other public entities] with a convenient means of pooling their funds for investment. All of MILAF's services, including importantly, investment advice, are provided by outside contractors, including an investment advisor, a bank, an auditor and legal counsel. MILAF is governed by a board of thirteen (13) trustees, who are elected by the MILAF participants, who are Michigan school and municipal entities. The trustees provide management oversight of the programs and

the contractors, but only by an extraordinarily broad definition of the word, could it be claimed that they provide "advice" on the management of the funds invested in MILAF.

In setting forth the requirements for registration, the Proposed Rule seeks to distinguish between employees and elected members of municipalities on the one hand, and appointed members of boards, on the other. The Proposed Rule claims that the SEC's interpretation is "appropriate because employees and elected members are accountable to the municipal entity for their actions." In its commentary the SEC justifies this with the statement that it "is concerned that appointed members . . . are not directly accountable for their performance to the citizens of the municipality."

Such claim and justification is a challenge to the many state laws and local ordinances that have created boards under the local governing laws of the state of Michigan and whose members are tasked with carrying out essential governmental purposes. And it is news to the government officials who rely on these boards of appointed officials to carry out essential government purposes, who require that they comply with open meetings and records, gift, ethics and related state and local requirements, and afford them the protections against liability of other government officials.

As a general matter MILAF believes that the distinction between appointed and other employees of governments is unwarranted and, unless changed in the final rule, will have a chilling effect on the operation of state and local governments in Michigan and nationally.

In the specific case of MILAF, the trustees are elected, though it is not clear from the Commission's commentary accompanying the Proposed Rule, whether election by participants, rather than by citizen voters in a popular election, would exempt them from registration. If the final rule continues to require registration by "appointed" members of boards MILAF seeks clarification that the form of election that applies to MILAF is sufficient to obtain an exemption from registration.

In all events, we see no public purpose to be gained from a requirement that trustees such as those of MILAF, who do not render "advice" in any conventional sense of the word, be required to register. In the case of "appointed" officials the Proposed Rule conflates the legitimate role of state and local government officials in supervising service providers with that of those actually providing the product or service.

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Indeed, we observe that the Proposed Rule might precipitate unwarranted results including the possibility that the terms of "employment" for members of boards such as MILAF would be tailored, by, for example, providing for nominal salaries, to clearly exempt them.

In all events we believe the rule, if made final in its proposed form, is likely to be viewed by officials of state and local governments, as another example of an intrusive Federal mandate.

Very truly yours,

MICHIGAN LIQUID ASSET FUND PLUS



Marios Demetriou
Chairperson

MD/ssw