

SENATE BILL NO. 1040

May 17, 2022, Introduced by Senator SANTANA and referred to the Committee on Appropriations.

A bill to amend 1965 PA 314, entitled
"Public employee retirement system investment act,"
by amending section 12c (MCL 38.1132c), as amended by 2014 PA 185.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 12c. (1) "Investment fiduciary" means a person other than
2 a participant directing the investment of the assets of his or her
3 individual account in a defined contribution plan who does any of
4 the following:

5 (a) Exercises any discretionary authority or control in the

1 investment of a system's assets. Investment fiduciary under this
2 subdivision includes the state treasurer and his or her investment
3 personnel for the systems described in section 13(4).

4 (b) Renders investment advice for a system for a fee or other
5 direct or indirect compensation.

6 (2) "Invest" or "investment" means the utilization of money in
7 the expectation of future returns in the form of income or capital
8 gain. Investments initially purchased in accordance with this act
9 that subsequently do not qualify for purchase for any reason ~~shall~~
10 ~~be~~**are** considered to continue to meet the requirements of this act.
11 Investment includes a guarantee by an investment fiduciary but does
12 not include, as a sole investment, a pledge of the system's assets
13 as collateral to guarantee the repayment of obligations made by a
14 third party to a borrower.

15 (3) "Investment grade" means graded in the top 4 major grades
16 as determined by 2 national rating services.

17 (4) "Large sponsored system" means a system created and
18 established by a city that is subject to a plan for adjustment. ~~and~~
19 ~~that meets 1 or more of the following conditions:~~

20 ~~(a) The city has a population of more than 600,000.~~

21 ~~(b) The system has discharged at least \$1,000,000,000.00 of~~
22 ~~pension liabilities in bankruptcy.~~