

HOUSE BILL No. 5288

January 26, 2012, Introduced by Reps. Womack, McBroom and Knollenberg and referred to the Committee on Banking and Financial Services.

A bill to amend 1966 PA 331, entitled "Community college act of 1966," by amending section 142 (MCL 389.142), as amended by 2009 PA 179.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 142. (1) Subject to subsections (3) and (4), the
2 treasurer of a community college district, if authorized by
3 resolution of the board of trustees, may invest debt retirement
4 funds, building and site funds, building and site sinking funds, or
5 general funds of the district, but investment is restricted to the
6 following:

7 (a) Bonds, bills, or notes of the United States, or of an
8 agency or instrumentality of the United States, or obligations of
9 this state.

10 (b) Negotiable certificates of deposit, saving accounts, or

1 other interest-earning deposit accounts of a financial institution.

2 (c) Bankers' acceptances that are issued by a bank that is a
3 member of the federal deposit insurance corporation.

4 (d) Commercial paper that is supported by an irrevocable
5 letter of credit issued by a bank that is a member of the federal
6 deposit insurance corporation.

7 (e) Commercial paper of corporations rated prime by at least 1
8 of the standard rating services.

9 (f) Mutual funds, trusts, or investment pools composed
10 entirely of instruments that are eligible collateral.

11 (g) Repurchase agreements against eligible collateral, the
12 market value of which must be maintained during the life of the
13 agreements at levels equal to or greater than the amounts advanced.
14 An undivided interest in the instruments pledged for these
15 agreements must be granted to the community college.

16 (h) Investment pools, as authorized by the surplus funds
17 investment pool act, 1982 PA 367, MCL 129.111 to 129.118, composed
18 entirely of instruments that are legal for direct investment by a
19 community college.

20 (i) Certificates of deposit issued in accordance with the
21 following conditions:

22 (i) The funds are initially invested through a financial
23 institution that is not ineligible to be a depository of surplus
24 funds belonging to this state under section 6 of 1855 PA 105, MCL
25 21.146.

26 (ii) The financial institution arranges for the investment of
27 the funds in certificates of deposit in 1 or more insured

1 depository institutions, as defined in 12 USC 1813, or 1 or more
2 insured credit unions, as defined in 12 USC 1752, for the account
3 of the community college district.

4 (iii) The full amount of the principal and any accrued interest
5 of each certificate of deposit is insured by an agency of the
6 United States.

7 (iv) The financial institution acts as custodian for the
8 community college district with respect to each certificate of
9 deposit.

10 (v) At the same time that the funds of the community college
11 district are deposited and the certificate or certificates of
12 deposit are issued, the financial institution receives an amount of
13 deposits from customers of other insured depository institutions or
14 insured credit unions equal to or greater than the amount of the
15 funds initially invested by the community college district through
16 the financial institution.

17 (J) DEPOSIT ACCOUNTS THAT MEET ALL OF THE FOLLOWING
18 CONDITIONS:

19 (i) THE FUNDS ARE INITIALLY DEPOSITED IN A FINANCIAL
20 INSTITUTION THAT IS NOT INELIGIBLE TO BE A DEPOSITORY OF SURPLUS
21 FUNDS BELONGING TO THIS STATE UNDER SECTION 6 OF 1855 PA 105, MCL
22 21.146.

23 (ii) THE FINANCIAL INSTITUTION ARRANGES FOR THE DEPOSIT OF THE
24 FUNDS IN DEPOSIT ACCOUNTS IN 1 OR MORE INSURED DEPOSITORY
25 INSTITUTIONS, AS DEFINED IN 12 USC 1813, OR 1 OR MORE INSURED
26 CREDIT UNIONS, AS DEFINED IN 12 USC 1752, FOR THE ACCOUNT OF THE
27 COMMUNITY COLLEGE DISTRICT.

1 (iii) THE FULL AMOUNT OF THE PRINCIPAL AND ANY ACCRUED INTEREST
2 OF EACH DEPOSIT ACCOUNT IS INSURED BY AN AGENCY OF THE UNITED
3 STATES.

4 (iv) THE FINANCIAL INSTITUTION ACTS AS CUSTODIAN FOR THE
5 COMMUNITY COLLEGE DISTRICT WITH RESPECT TO EACH DEPOSIT ACCOUNT.

6 (v) ON THE SAME DATE THAT THE FUNDS OF THE COMMUNITY COLLEGE
7 DISTRICT ARE DEPOSITED UNDER SUBPARAGRAPH (ii), THE FINANCIAL
8 INSTITUTION RECEIVES AN AMOUNT OF DEPOSITS FROM CUSTOMERS OF OTHER
9 INSURED DEPOSITORY INSTITUTIONS OR INSURED CREDIT UNIONS EQUAL TO
10 OR GREATER THAN THE AMOUNT OF THE FUNDS INITIALLY DEPOSITED BY THE
11 COMMUNITY COLLEGE DISTRICT IN THE FINANCIAL INSTITUTION.

12 (2) The board of trustees, chief executive officer, or
13 treasurer of a community college district shall not commingle money
14 in the funds of the community college district for the purpose of
15 making an investment authorized by this section, and all earnings
16 on an investment shall become a part of the fund for which the
17 investment was made.

18 (3) The board of trustees, chief executive officer, or
19 treasurer of a community college district shall not invest or
20 deposit any funds of the community college district in any
21 financial institution that is not eligible to be a depository of
22 surplus funds belonging to this state under section 6 of 1855 PA
23 105, MCL 21.146.

24 (4) The board of trustees, chief executive officer, or
25 treasurer of a community college district shall comply with the
26 divestment from terror act in making investments or depositing
27 funds under this act.

1 (5) As used in this section:

2 (a) "Eligible collateral" means any securities that otherwise
3 would qualify for outright purchase under this act.

4 (b) "Financial institution" means a state or nationally
5 chartered bank or a state or federally chartered savings and loan
6 association, savings bank, or credit union whose deposits are
7 insured by an agency of the United States government and that
8 maintains a principal office or branch office located in this state
9 under the laws of this state or the United States.