

# SENATE BILL No. 1088

September 23, 2014, Introduced by Senator BOOHER and referred to the Committee on Appropriations.

A bill to amend 1966 PA 331, entitled  
"Community college act of 1966,"  
by amending section 142 (MCL 389.142), as amended by 2012 PA 153.

**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           **(K) OBLIGATIONS OF THIS STATE OR ANY OF ITS POLITICAL**  
13 **SUBDIVISIONS THAT AT THE TIME OF PURCHASE ARE RATED AS INVESTMENT**  
14 **GRADE BY AT LEAST 1 STANDARD RATING SERVICE.**

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

21           (3) The board of trustees, chief executive officer, or  
22 treasurer of a community college district shall not invest or  
23 deposit any funds of the community college district in any  
24 financial institution that is not eligible to be a depository of  
25 surplus funds belonging to this state under section 6 of 1855 PA  
26 105, MCL 21.146.

27           (4) The board of trustees, chief executive officer, or

1 treasurer of a community college district shall comply with the  
2 divestment from terror act in making investments or depositing  
3 funds under this act.

4 (5) As used in this section:

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

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

13 (C) "POLITICAL SUBDIVISION" MEANS A COUNTY, CITY, VILLAGE,  
14 TOWNSHIP, PORT DISTRICT, DRAINAGE DISTRICT, SPECIAL ASSESSMENT  
15 DISTRICT, OR METROPOLITAN DISTRICT OF THIS STATE, OR A BOARD,  
16 COMMISSION, OR ANOTHER AUTHORITY OR AGENCY CREATED BY OR UNDER AN  
17 ACT OF THE LEGISLATURE OF THIS STATE.