

Act No. 480
Public Acts of 2014
Approved by the Governor
January 10, 2015
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January 13, 2015
EFFECTIVE DATE: January 13, 2015

**STATE OF MICHIGAN
97TH LEGISLATURE
REGULAR SESSION OF 2014**

Introduced by Senator Booher

ENROLLED SENATE BILL No. 1088

AN ACT to amend 1966 PA 331, entitled "An act to revise and consolidate the laws relating to community colleges; to provide for the creation of community college districts; to provide a charter for such districts; to provide for the government, control and administration of such districts; to provide for the election of a board of trustees; to define the powers and duties of the board of trustees; to provide for the assessment, levy, collection and return of taxes therefor; to authorize community college districts to operate a new jobs training program, enter into certain training agreements, and issue bonds to finance the training program; to prescribe penalties and provide remedies; and to repeal acts and parts of acts," by amending section 142 (MCL 389.142), as amended by 2012 PA 153.

The People of the State of Michigan enact:

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

- (a) Bonds, bills, or notes of the United States, or of an agency or instrumentality of the United States.
- (b) Negotiable certificates of deposit, saving accounts, or other interest-earning deposit accounts of a financial institution.
- (c) Bankers' acceptances that are issued by a bank that is a member of the federal deposit insurance corporation.
- (d) Commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the federal deposit insurance corporation.
- (e) Commercial paper of corporations rated prime by at least 1 of the standard rating services.
- (f) Mutual funds, trusts, or investment pools composed entirely of instruments that are eligible collateral.
- (g) Repurchase agreements against eligible collateral, the market value of which must be maintained during the life of the agreements at levels equal to or greater than the amounts advanced. An undivided interest in the instruments pledged for these agreements must be granted to the community college.
- (h) Investment pools, as authorized by the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118, composed entirely of instruments that are legal for direct investment by a community college.
- (i) Certificates of deposit issued in accordance with the following conditions:
 - (i) The funds are initially invested through a financial institution that is not ineligible to be a depository of surplus funds belonging to this state under section 6 of 1855 PA 105, MCL 21.146.
 - (ii) The financial institution arranges for the investment of the funds in certificates of deposit in 1 or more insured depository institutions, as defined in 12 USC 1813, or 1 or more insured credit unions, as defined in 12 USC 1752, for the account of the community college district.
 - (iii) The full amount of the principal and any accrued interest of each certificate of deposit is insured by an agency of the United States.

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

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

(j) Deposit accounts that meet all of the following conditions:

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

(ii) The financial institution arranges for the deposit of the funds in deposit accounts in 1 or more insured depository institutions, as defined in 12 USC 1813, or 1 or more insured credit unions, as defined in 12 USC 1752, for the account of the community college district.

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

(iv) The financial institution acts as custodian for the community college district with respect to each deposit account.

(v) On the same date that the funds of the community college district are deposited under subparagraph (ii), the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit unions equal to or greater than the amount of the funds initially deposited by the community college district in the financial institution.

(k) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by at least 1 standard rating service.

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

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

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

(5) As used in this section:

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

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

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Jay E. Randall

Clerk of the House of Representatives

Approved

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Governor