

**SUBSTITUTE FOR
SENATE BILL NO. 850**

A bill to amend 1966 PA 331, entitled
"Community college act of 1966,"
by amending sections 124 and 142 (MCL 389.124 and 389.142), section
124 as amended by 2007 PA 109 and section 142 as amended by 1997 PA
23.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 124. The board of trustees may do all of the following:
2 (a) Contract with, appoint, and employ a suitable person as
3 chief executive officer of the community college. The person
4 employed as chief executive officer shall not be a member of the
5 board of trustees and shall possess at least an earned bachelor's
6 degree from an accredited college or university. The chief
7 executive officer shall hold office for a term fixed by the board

1 of trustees, not to exceed 5 years, shall perform duties as the
2 board of trustees may determine, and shall make reports in writing
3 to the board of trustees and to the department of education
4 annually, or more often if required, in regard to all matters
5 pertaining to the educational interests of the community college
6 district.

7 (b) Delegate to the chief executive officer of the community
8 college the board's authority to do any of the following:

9 (i) Select and employ personnel of the community college. If
10 the chief executive officer provides medical, optical, or dental
11 benefits to employees and their dependents under this subparagraph,
12 the chief executive officer shall provide those benefits in
13 accordance with the public employees health benefit act and shall
14 comply with that act.

15 (ii) Pay claims and demands against the community college.

16 (iii) Purchase, lease, or otherwise acquire personal property
17 for the community college.

18 (iv) Invest community college funds, **SUBJECT TO SECTION 142(4)**.

19 (v) Subject to terms and conditions established by the board
20 of directors, accept contributions, capital grants, gifts,
21 donations, services, or other financial assistance from any public
22 or private entity.

23 (c) Appoint and employ a business manager responsible to the
24 chief executive officer of the community college for the community
25 college district and fix his or her term of office.

26 (d) Select and employ other administrative officers, teachers,
27 and other employees and engage services as necessary to effectuate

1 its purposes.

2 Sec. 142. (1) ~~The~~ **SUBJECT TO SUBSECTIONS (3) AND (4), THE**
3 treasurer of a community college district, if authorized by
4 resolution of the board of trustees, may invest debt retirement
5 funds, building and site funds, building and site sinking funds, or
6 general funds of the district, ~~as provided in subsection (3).~~ The
7 **BUT** investment ~~shall be~~ **IS** restricted to the following:

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

11 (b) Negotiable certificates of deposit, saving accounts, or
12 other interest-earning deposit accounts of a financial institution.
13 ~~As used in this section, "financial institution" means a state or~~
14 ~~nationally chartered bank or a state or federally chartered savings~~
15 ~~and loan association, savings bank, or credit union whose deposits~~
16 ~~are insured by an agency of the United States government and which~~
17 ~~maintains a principal office or branch office located in this state~~
18 ~~under the laws of this state or the United States.~~

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

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

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

26 (f) Mutual funds, trusts, or investment pools composed
27 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.

~~(2) Money in the funds~~ **THE BOARD OF TRUSTEES, CHIEF EXECUTIVE OFFICER, OR TREASURER** of a community college district shall not be ~~commingled~~ **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 ~~funds~~ **FUND** for which the investment was made.

~~(3) Notwithstanding subsection (1), additional funds of a community college district shall not be invested or deposited in a~~ **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) (4)~~ As used in this section: ~~"/~~ "eligible

1 (A) "ELIGIBLE collateral" means ~~all ANY securities which THAT~~
2 otherwise would qualify for outright purchase under this act.

3 (B) "FINANCIAL INSTITUTION" MEANS A STATE OR NATIONALLY
4 CHARTERED BANK OR A STATE OR FEDERALLY CHARTERED SAVINGS AND LOAN
5 ASSOCIATION, SAVINGS BANK, OR CREDIT UNION WHOSE DEPOSITS ARE
6 INSURED BY AN AGENCY OF THE UNITED STATES GOVERNMENT AND THAT
7 MAINTAINS A PRINCIPAL OFFICE OR BRANCH OFFICE LOCATED IN THIS STATE
8 UNDER THE LAWS OF THIS STATE OR THE UNITED STATES.

9 Enacting section 1. This amendatory act does not take effect
10 unless Senate Bill No. 846 of the 94th Legislature is enacted into
11 law.