

SENATE BILL No. 583

May 19, 2009, Introduced by Senators STAMAS, ALLEN, RICHARDVILLE and PAPPAGEORGE and referred to the Committee on Banking and Financial Institutions.

A bill to amend 1966 PA 331, entitled
"Community college act of 1966,"
by amending section 142 (MCL 389.142), as amended by 2008 PA 237.

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, FOR THE ACCOUNT
2 OF THE COMMUNITY COLLEGE DISTRICT.

3 (iii) THE FULL AMOUNT OF THE PRINCIPAL AND ANY ACCRUED INTEREST
4 OF EACH CERTIFICATE OF DEPOSIT IS INSURED BY AN AGENCY OF THE
5 UNITED STATES.

6 (iv) THE FINANCIAL INSTITUTION ACTS AS CUSTODIAN FOR THE
7 COMMUNITY COLLEGE DISTRICT WITH RESPECT TO EACH CERTIFICATE OF
8 DEPOSIT.

9 (v) AT THE SAME TIME THAT THE FUNDS OF THE COMMUNITY COLLEGE
10 DISTRICT ARE DEPOSITED AND THE CERTIFICATE OR CERTIFICATES OF
11 DEPOSIT ARE ISSUED, THE FINANCIAL INSTITUTION RECEIVES AN AMOUNT OF
12 DEPOSITS FROM CUSTOMERS OF OTHER INSURED DEPOSITORY INSTITUTIONS
13 EQUAL TO OR GREATER THAN THE AMOUNT OF THE FUNDS INITIALLY INVESTED
14 BY THE COMMUNITY COLLEGE DISTRICT THROUGH THE FINANCIAL
15 INSTITUTION.

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

22 (3) The board of trustees, chief executive officer, or
23 treasurer of a community college district shall not invest or
24 deposit any funds of the community college district in any
25 financial institution that is not eligible to be a depository of
26 surplus funds belonging to this state under section 6 of 1855 PA
27 105, MCL 21.146.

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

5 (5) As used in this section:

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

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