

SUBSTITUTE FOR
SENATE BILL NO. 1088

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

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

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

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

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

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

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

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

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

25 (ii) The financial institution arranges for the investment of
26 the funds in certificates of deposit in 1 or more insured
27 depository institutions, as defined in 12 USC 1813, or 1 or more

1 insured credit unions, as defined in 12 USC 1752, 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 or
13 insured credit unions equal to or greater than the amount of the
14 funds initially invested by the community college district through
15 the financial institution.

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

18 (i) The funds are initially deposited in a financial
19 institution that is not ineligible to be a depository of surplus
20 funds belonging to this state under section 6 of 1855 PA 105, MCL
21 21.146.

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

27 (iii) The full amount of the principal and any accrued interest

1 of each deposit account is insured by an agency of the United
2 States.

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

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

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

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

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

26 (4) The board of trustees, chief executive officer, or
27 treasurer of a community college district shall comply with the

1 divestment from terror act in making investments or depositing
2 funds under this act.

3 (5) As used in this section:

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

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