SURPLUS FUNDS INVESTMENT POOL ACT

Act 367 of 1982

AN ACT relative to the investment of surplus funds of local units of government of this state in investment pools; to permit the establishment of investment pools by financial institutions; to permit local units of government to invest in investment pools; and to prescribe certain powers and duties of certain local units of government and their officers.

History: 1982, Act 367, Eff. Mar. 30, 1983

The People of the State of Michigan enact:

CAUTION! This document is from an archive and may contain outdated information.

129.111 Short title.

Sec. 1.

This act shall be known and may be cited as the "surplus funds investment pool act".

History: 1982, Act 367, Eff. Mar. 30, 1983

129.112 Definitions.

Sec. 2.

(1) As used in this act:

(a) "Depository" means that department of the financial institution which is responsible for managing, investing, and reinvesting funds placed in an investment pool.

(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 which maintains a principal office or branch office located in this state under the laws of this state or the United States and which is eligible to be a depository of surplus funds belonging to the state under section 6 of 1855 PA 105, MCL 21.146.

(c) "Local unit" means a county, city, village, township, school district, authority, or any other political subdivision organized under the laws of this state.

(d) "Participant" means a local unit which has entered into a contract with a financial institution and has placed funds in an investment pool managed by that financial institution.

(e) "Surplus funds" means money which belongs to or is under the control of the local unit and is available for investment, not being required by law or agreement with bondholders to be segregated and invested in a specified manner.

(2) Assets acceptable for pledging to secure deposits of township funds are limited to any of the following:

(a) Assets considered acceptable to the state treasurer under section 3 of 1855 PA 105, MCL 21.143, to secure deposits of state surplus funds.

(b) Any of the following:

(i) Securities issued by the federal home loan mortgage corporation.

(ii) Securities issued by the federal national mortgage association.

(iii) Securities issued by the government national mortgage association.

(c) Securities considered acceptable to the township and the financial institution.

History: 1982, Act 367, Eff. Mar. 30, 1983 ;-- Am. 1997, Act 48, Imd. Eff. June 30, 1997

129.113 Placing surplus funds in investment pool; contract with financial institution.

Sec. 3.

The governing body of a local unit may enter into a contract with a financial institution to place surplus funds in an investment pool.

History: 1982, Act 367, Eff. Mar. 30, 1983

129.114 Contract between financial institution and local unit; required provisions.

Sec. 4.

Before surplus funds are placed in an investment pool, the financial institution and the local unit shall enter into a written contract which shall include, at a minimum, the following provisions:

(a) The minimum amount of money which may be deposited in the investment pool.

(b) The procedure for the deposit and withdrawal of the money.

(c) The amount of the fee for managing the investment pool, if a management fee is to be charged of the participant by the financial institution.

(d) The terms for distribution of earnings in excess of any management fee, and for the allocation of losses, to participants, in a manner which equitably reflects the differing amounts of their respective investments and the differing periods of time for which such amounts were in custody of the investment pool.

History: 1982, Act 367, Eff. Mar. 30, 1983

CAUTION! This document is from an archive and may contain outdated information.

129.115 Maintaining separate account for each participant; monthly statement of transactions; report.

Sec. 5.

The depository shall maintain for each participant a separate account designated by the participant's name and number. Each account shall show the deposits, earnings, and withdrawals of, and any fees paid by, the participant. Each participant shall receive a monthly statement of transactions and, upon request, shall be furnished a report showing the investment holdings of the investment pool as of the end of the previous month.

History: 1982, Act 367, Eff. Mar. 30, 1983

129.116 Powers and duties of depository.

Sec. 6.

(1) The depository shall manage, invest, and reinvest the money in an investment pool on behalf of each participant. Subject to the scope of investments allowed by subsection (2), a depository may combine money in an investment pool with other funds the depository may have available for investment.

(2) The depository may invest and reinvest the money in the investment pool only in the manner permitted in section 1 of Act No. 20 of the Public Acts of 1943, as amended, being section 129.91 of the Michigan Compiled Laws.

(3) The depository shall invest the money in the investment pool with the degree of judgment and care which a person of prudence, discretion, and intelligence exercises in the management of his or her own affairs, not for

speculation, but for investment, considering the probable safety of his or her capital as well as the probable income to be derived from an investment of his or her capital.

History: 1982, Act 367, Eff. Mar. 30, 1983

129.117 Default in payment of principal, interest, or other income; remedies of depository.

Sec. 7.

If a default occurs in the payment of principal, interest, or other income of an investment pool, the depository shall pursue all remedies available to it at law or in equity.

History: 1982, Act 367, Eff. Mar. 30, 1983

129.118 Act as additional authority for investment of surplus funds.

Sec. 8.

This act shall be considered to provide authority for the investment of surplus funds of a local unit in addition to the authority granted under Act No. 20 of the Public Acts of 1943, as amended, being sections 129.91 to 129.93 of the Michigan Compiled Laws.

History: 1982, Act 367, Eff. Mar. 30, 1983

CAUTION! This document is from an archive and may contain outdated information.