

REICH & TANG

Michigan Compiled Laws

Section 129.91 Investment of funds of public corporation; eligible depository; secured deposits; funds limitation on acceptable assets; pooling or coordinating funds; written agreements; investment in certificate of deposit; conditions; “financial institution” defined; additional definitions.

Sec. 1.

(1) Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in 1 or more of the following:

(a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

(b) Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).

[text omitted]

(6) In addition to the investments authorized under subsection (1), the governing body by resolution may authorize its investment officer to invest the funds of the public corporation in deposit accounts that meet all of the following conditions:

(a) 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.

(b) 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 public corporation.

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

(d) The financial institution acts as custodian for the public corporation with respect to each deposit account.

(e) On the same date that the funds of the public corporation are deposited under subdivision (b), 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 public corporation in the financial institution.¹

(7) A public corporation that initially invests its funds through a financial institution that maintains an office located in this state may invest the funds in certificates of deposit as provided under subsection (5).

(8) As used in this section, "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.

**Please note that similar provisions of the Michigan Compiled Laws exist in the following sections pertaining to school districts and community colleges:*

- 380.622, 380.1223 and 389.142

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Prepared December 2013

¹ Highlight added editorially; participating banks should take note that the rule requires the bank to take reciprocal deposits in order to qualify under these provisions.