

LOCAL GOVERNMENT INVESTMENT POOL ACT

Act 121 of 1985

AN ACT to establish a local government investment pool; to prescribe the powers, duties, and liabilities of certain public officials in relation to an investment pool; to permit local units of government to invest surplus funds in an investment pool; and to prescribe the powers and duties of certain state agencies.

History: 1985, Act 121, Imd. Eff. July 31, 1985

The People of the State of Michigan enact:

129.141 Short title.

Sec. 1.

This act shall be known and may be cited as the "local government investment pool act".

History: 1985, Act 121, Imd. Eff. July 31, 1985

129.142 Definitions.

Sec. 2.

As used in this act:

(a) "Governing body" means the board, council, or other official body that has general governing powers over a local unit.

(b) "Investment pool" means a local government investment pool authorized in section 3.

(c) "Local unit" means a county, city, village, township, authority created pursuant to state law or municipal charter, special assessment district, municipal board or commission established under state law or municipal charter, or intergovernmental board, commission, or council established pursuant to the urban cooperation act of 1967, Act No. 7 of the Public Acts of the Extra Session of 1967, being sections 124.501 to 124.512 of the Michigan Compiled Laws, or Act No. 8 of the Public Acts of the Extra Session of 1967, being sections 124.531 to 124.536 of the Michigan Compiled Laws.

(d) "Participant" means a local unit participating in the investment pool.

(e) "Participating county" means a county that has been authorized by the county governing body to enter into a contract with another local unit pursuant to section 4.

(f) "Safekeeping depository" means a federal reserve bank or other institution which is qualified to hold securities for safekeeping.

History: 1985, Act 121, Imd. Eff. July 31, 1985

129.143 Contracts between participating county and local units; local government investment pool; management, investment, and reinvestment.

Sec. 3.

(1) A participating county may contract to accept money from local units within that county for management, investment, and reinvestment by the county treasurer. The treasurer of the participating county may pool that

money with money deposited by other local units under this act in a local government investment pool for purposes of management, investment, and reinvestment.

(2) A local unit may enter into a contract with a participating county to place surplus funds in an investment pool.

(3) The treasurer of a participating county shall manage, invest, and reinvest the money in the investment pool on behalf of each local unit that deposits money in the investment pool. The treasurer shall manage, invest, or reinvest the money in the investment pool in the same manner as surplus county funds under Act No. 20 of the Public Acts of 1943, being sections 129.91 to 129.93 of the Michigan Compiled Laws.

History: 1985, Act 121, Imd. Eff. July 31, 1985

129.144 Authorization by resolution.

Sec. 4.

(1) A county treasurer shall not enter into a contract with a local unit for deposit of money in an investment pool until authorized to establish an investment pool by a resolution of the county board of commissioners of that participating county.

(2) The treasurer or other chief fiscal officer of a local unit shall not enter into a contract for deposit of money in an investment pool until authorized by a resolution of the governing body of that local unit.

History: 1985, Act 121, Imd. Eff. July 31, 1985

129.145 Written contract required; uniformity and contents of contract; filing and approval of proposed uniform contract; filing copies of and amendments to uniform contract.

Sec. 5.

(1) Until the participating county treasurer and the treasurer or other chief fiscal officer of a local unit enter into a written contract regarding the deposit of money in the investment pool, that local unit shall not deposit money in, and the county treasurer shall not accept money from that local unit for deposit in, the investment pool.

(2) The contract shall be as uniform as practicable for all participants in that county. The contract shall include provisions for at least all of the following:

(a) The minimum amount of money which a local unit shall transfer to the investment pool and the minimum period of time for which that money shall remain in the investment pool.

(b) The maximum amount which a participant may withdraw without notice and the minimum notice period required for withdrawals above that amount.

(c) The period for interest earning computations and interest payments.

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

(e) The method of distribution to the participants of earnings. The distribution shall be made in a manner that equitably reflects the differing amount of the deposits of each local unit and the differing periods of time for which the amounts were deposited in the investment pool.

(f) The requirements for the county treasurer to furnish each participant periodic statements which specify the deposits, earnings, and withdrawals of the participant.

(g) The terms for termination of the contract.

(3) A county shall file a proposed uniform contract with the department of treasury. A uniform contract shall be approved by the department of treasury. If the department of treasury fails to act within 10 days after the date the proposed uniform contract is filed, the contract shall be considered approved.

(4) A copy of each executed contract and any amendment to the uniform contract shall be filed with the department of treasury.

History: 1985, Act 121, Imd. Eff. July 31, 1985

129.146 Standard of judgment and care.

Sec. 6.

The treasurer of a participating county shall invest the money in the investment pool with the degree of judgment and care, under circumstances then prevailing, that 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: 1985, Act 121, Imd. Eff. July 31, 1985

129.147 Separate accounts.

Sec. 7.

The treasurer of a participating county shall maintain a separate account designated by name and number for each participant. Each account shall show the deposits, earnings, and withdrawals of the participant.

History: 1985, Act 121, Imd. Eff. July 31, 1985

129.148 Safekeeping depositories; security.

Sec. 8.

- (1) The treasurer of a participating county may use safekeeping depositories for the holding of securities.
- (2) Security in the form of collateral, surety bond, or another form may be taken for the deposits or investments of an investment pool.

History: 1985, Act 121, Imd. Eff. July 31, 1985

129.149 Default; powers of treasurer.

Sec. 9.

If a default occurs in the payment of principal, interest, or other income of an investment of the investment pool, the treasurer of the participating county may do 1 or more of the following:

- (a) Institute a proceeding to collect the matured principal, interest, or other income.
- (b) Accept a compromise, adjustment, or disposition of the matured principal, interest, or other income as the county treasurer considers advisable for the purpose of protecting the money invested in the investment pool.
- (c) Accept a compromise or adjustment as to future payments of principal, interest, or other income as the county treasurer considers advisable for the purpose of protecting money invested in the investment pool.

History: 1985, Act 121, Imd. Eff. July 31, 1985

129.150 Orders or warrants; limitation; liability for overdraft.

Sec. 10.

An order or warrant shall not be issued upon a participant's account in an amount greater than the total of the account to which that order or warrant applies. If an order or warrant for an amount greater than the total of the account to which the order or warrant applies is issued and the order or warrant is paid, the county treasurer shall be personally liable under his or her official bond for the overdraft resulting from the payment.

History: 1985, Act 121, Imd. Eff. July 31, 1985

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