

Selection

The governing board of each institution of higher education, including each college district, may select one or more depositories as places of deposit for the funds enumerated in Education Code 51.002. Depositories shall be selected on the basis of competitive bids. If bids are taken orally, the bids shall be tabulated by the person taking the bids and made a part of the permanent records of the institution.

The funds shall either be deposited in the depository bank or banks or invested as authorized by Government Code Chapter 2256 (Public Funds Investment Act). Funds that are to be deposited in the depository bank or banks must be deposited within seven days from the date of receipt by the institution.

Education Code 51.003(a)–(b)

Foreign Bank

Notwithstanding any other provision of Education Code 51.003, the governing board of each institution may maintain unsecured deposits in a foreign bank as necessary to support the college district's academic and research operations in the foreign country in which the bank is located, provided that no appropriated or tuition funds other than those collected from students enrolled in the affected programs are deposited. The foreign bank must:

1. Be licensed and supervised by a central bank;
2. Be audited annually by an accounting firm that follows international financial reporting standards; and
3. Maintain a capital-to-total assets ratio that is not less than the greater of four percent or the minimum tier 1 capital-to-total assets ratio required for depository institutions insured by the Federal Deposit Insurance Corporation.

Education Code 51.003(f)

Surety Bonds

The governing board shall require adequate surety bonds or securities to be posted to secure the deposits and may require additional security at any time it deems the deposits inadequately secured. The depository banks selected may pledge their securities to protect the funds.

Any surety bond furnished under the provisions of this section shall be payable to the governor and his successors in office. Venue for a suit to recover an amount claimed by the state to be due on a surety bond is in Travis County.

Interest

A depository shall pay interest on the deposits at a rate agreed on by the depository and the governing board.

Education Code 51.003(c)–(e)

Collateral

In accordance with written policy approved by the governing body of the public entity, including a college district, a public entity shall determine if an investment security is eligible to secure deposits of public funds covered by the Public Funds Collateral Act.

The written policy may include the security of the institution that obtains or holds an investment security, the substitution or release of an investment security, and the method by which an investment security used to secure a deposit of public funds is valued.

Gov't Code 2257.023

Authorized Collateral

A deposit of public funds shall be secured by eligible securities to the extent and in the manner required by Government Code Chapter 2257. *Gov't Code 2257.021*