

**State of Illinois
Office of the Treasurer
Fiscal Officer Responsibilities**

Financial Audit
For the Years Ended June 30, 2021 and 2020

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

**State of Illinois
Office of the Treasurer
Fiscal Officer Responsibilities**

**Financial Audit
For the Years Ended June 30, 2021 and 2020**

Table of Contents

	Page
Office of the Treasurer's Officials	1
Financial Statement Report	
Summary	3
Independent Auditor's Report	4
Financial Statements	
Statements of Assets and Other Debits, Liabilities and Accountabilities	6
Statements of Investment Income	8
Notes to the Financial Statements	9
Supplementary Information	
Assets and Other Debits – Detail	51
Liabilities and Accountabilities – Detail	56
Investment Income	57
Administrative Responsibilities	
Protest Trust Fund	64
Other Information	
Key Performance Measures and Other Information (Unaudited)	65
Investment Policy Statement for the State Investment Portfolio – Effective August 2020 through June 2021 (Unaudited)	67
Investment Policy Statement for the State Investment Portfolio – Effective October 2019 through August 2020 (Unaudited)	89
Investment Policy Statement for the State Investment Portfolio – Effective September 2018 through October 2019 (Unaudited)	110
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	129
Schedule of Findings	
Current Finding	131

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Office of the Treasurer's Officials
For the Year Ended June 30, 2021**

Office of the Treasurer's Officials

Treasurer	Honorable Michael W. Frerichs
Chief of Staff	Mr. G. Allen Mayer
Deputy Treasurer & Chief Investment Officer* (July 1, 2020 to June 30, 2021)	Mr. Rodrigo Garcia
Deputy Treasurer** (July 1, 2021 to Present)	Vacant
Chief Investment Officer (<i>Acting</i>)** (July 1, 2021 to March 31, 2022)	Mr. Joseph Aguilar
Chief Investment Officer ** (April 1, 2022 to Present)	Mr. Joseph Aguilar
General Counsel & Ethics Officer	Ms. Laura Duque
Executive Inspector General for the Illinois State Treasurer (July 1, 2019 to December 31, 2019) (January 1, 2020 to February 17, 2020) (February 18, 2020 to October 15, 2021) (October 16, 2021 to November 18, 2021) (November 19, 2021 to March 25, 2022) (March 26, 2022 to April 7, 2022) (April 8, 2022 to Present)	Mr. Raymond Watson Vacant Mr. Dennis Rendleman Mr. Chris Flynn Mr. Gary Shadid Vacant Ms. Heather Stone
Chief Internal Auditor	Ms. Leighann Manning
Chief Fiscal Officer (<i>Acting</i>)** (July 1, 2021 to March 31, 2022)	Ms. Deborah Miller
Chief Fiscal Officer ** (April 1, 2022 to Present)	Ms. Deborah Miller
Director of Fiscal Operations (July 1, 2020 to June 30, 2021) (July 1, 2021 to Present)	Ms. Deborah Miller Mr. Wes Howerton
Director of State Investments and Banking* (July 1, 2020 to June 30, 2021)	Ms. Elizabeth Turner

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Office of the Treasurer's Officials (Continued)
For the Year Ended June 30, 2021**

Office of the Treasurer's Officials (continued)

Chief Banking Officer (*Acting*)**
(July 1, 2021 to March 31, 2022) Ms. Elizabeth Turner

Chief Banking Officer**
(April 1, 2022 to Present) Ms. Elizabeth Turner

*Position was eliminated as of July 1, 2021

**New position as of July 1, 2021

Office of the Treasurer's Offices

The Office of the Treasurer had the following administrative office locations during the year:

Executive Office
State Capitol
219 State House
Springfield, Illinois 62706

Chicago Office Legal/Programmatic
James R Thompson Center
100 West Randolph Street, Suite 15-600
Chicago, Illinois 60601

Operational Divisions
Illinois Business Center
400 West Monroe, Suite 401
Springfield, Illinois 62704

Unclaimed Property Division
Myers Building
1 W. Old State Capital Plaza, 1st & 4th Floors
Springfield, Illinois 62701

Operational Divisions
Marine Bank Building
1 East Old State Capitol Plaza
Springfield, Illinois 62701

FINANCIAL STATEMENT REPORT

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
For the Years Ended June 30, 2021 and 2020**

Financial Statement Report

Summary

The audits of the accompanying financial statements of the State of Illinois, Office of the Treasurer, Fiscal Officer Responsibilities (Office) as of and for the years ended June 30, 2021 and 2020 were performed by Crowe LLP.

Based on their audits, the auditors expressed an unmodified opinion on the Office's financial statements. The financial statements are special purpose framework financial statements prepared on a basis of accounting determined by the Illinois Office of the State Comptroller that is not in conformity with accounting principles generally accepted in the United States of America (GAAP) (see Note B).

Summary of Findings

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	1	1
Repeated findings	1	0
Prior recommendations implemented or not repeated	0	0

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Report	Description	Finding Type
FINDINGS (Government Auditing Standards)				
2021-001	131	2021/2020	Inadequate Internal Controls Related to Review of Financial Statements	Material Weakness

Exit Conference

The Office waived an exit conference in correspondence from Leighann Manning, Chief Internal Auditor on May 13, 2022. The response to the recommendation was provided by Leighann Manning, Chief Internal Auditor, in a correspondence dated May 23, 2022.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

The Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the State of Illinois, Office of the Treasurer, Fiscal Officer Responsibilities (the Office), which comprise the Statements of Assets and Other Debits, Liabilities and Accountabilities as of June 30, 2021 and 2020, the related statements of Investment Income for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions determined by the Illinois Office of the State Comptroller as described in Note B. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Assets and Other Debits, Liabilities and Accountabilities of the Office, as of June 30, 2021 and 2020, and the Investment Income for the years then ended in accordance with the financial reporting provisions determined by the Illinois Office of the State Comptroller described in Note B of the financial statements.

Emphasis of Matter

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared by the Office on the basis of the financial reporting provisions determined by the Illinois Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Illinois. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Office. The accompanying Supplementary Information (pages 51-64) and the Other Information (pages 65-128) as listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The accompanying Supplementary Information (pages 51-64) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The accompanying Supplementary Information (pages 51-64) has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Supplementary Information (pages 51-64) is fairly stated, in all material respects, in relation to the financial statements as a whole.

The accompanying Other Information (pages 65-128) has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022 on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Office's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

Restricted Use of this Auditor's Report

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller and Office Management and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Springfield, Illinois
May 31, 2022

FINANCIAL STATEMENTS

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Statements of Assets and Other Debts, Liabilities and Accountabilities
June 30, 2021 and 2020**

	2021	2020
Assets and Other Debits		
Cash and Cash Equivalents		
Demand Deposits	\$ 529,722,909	\$ 565,897,239
Clearing Account Deposits and Deposits in Transit	108,290,019	55,551,456
Total Cash	638,012,928	621,448,695
Repurchase Agreements	910,187,298	1,309,365,754
Commercial Paper	214,731,460	612,792,729
The Illinois Funds	3,177,405,385	2,273,380,801
Corporate Bonds	155,909,605	12,561,170
Treasury Bills	49,998,056	-
Money Market Mutual Funds	2,744,318,841	3,100,820,658
Total Cash and Cash Equivalents	7,890,563,573	7,930,369,807
Deposits and Investments		
Short-term Investments		
Time Deposits	178,761,500	241,681,500
Commercial Paper	3,288,963,219	2,667,666,278
U.S. Treasury Bills	4,723,794,003	3,371,410,681
U.S. Treasury Notes	327,197,270	954,730,243
Federal Home Loan Mortgage Corporation	50,993,000	-
Federal National Mortgage Association	30,409,200	-
Federal Home Loan Bank	-	225,460,000
Federal Farm Credit Banks	50,752,750	130,007,900
Federal Agriculture Mortgage Corporation	25,006,250	215,016,350
Federal Home Loan Mortgage Corporation Discount Notes	-	49,965,778
Federal Home Loan Bank Discount Notes	-	49,970,250
Federal Farm Credit Bank Discount Notes	24,997,375	-
Supranational Bonds	93,413,098	75,090,900
Municipal Bonds	10,217,633	4,468,541
Municipal Bonds Externally Managed	12,837,822	6,117,107
Corporate Bonds	608,284,106	520,929,296
Corporate Bonds Externally Managed	50,779,161	-
Foreign Investments	32,500,000	20,000,000
State of Illinois Secondary Pool Investment Program	75	1,149
Long-term Investments		
Time Deposits	22,938,492	83,566,367
U.S. Treasury Notes	781,918,953	51,675,780
Federal Home Loan Mortgage Corporation	68,803,500	126,985,850
Federal Home Loan Bank	268,824,150	-
Federal National Mortgage Association	89,473,968	60,883,050
Federal Farm Credit Banks	173,415,150	66,390,700
Federal Agriculture Mortgage Corporation	-	24,993,750
Supranational Bonds	49,316,250	122,263,140
State of Illinois Secondary Pool Investment Program	3,477	6,242
Illinois Technology Development I	17,733,887	22,541,360
Illinois Technology Development II	287,119,090	161,232,861
Foreign Investments	32,500,000	50,000,000
Municipal Bonds	64,854,148	40,208,321
Municipal Bonds Externally Managed	93,145,275	92,973,042
Corporate Bonds	562,795,787	183,643,048
Corporate Bonds Externally Managed	155,881,809	207,766,193
Total Deposits and Investments	12,177,630,398	9,827,645,677

(Continued)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Statements of Assets and Other Debts, Liabilities and Accountabilities (Continued)
June 30, 2021 and 2020**

	2021	2020
Securities Lending Collateral		
Invested in Repurchase Agreements	\$ 5,491,725,001	\$ 4,344,267,500
Total Securities Lending Collateral	5,491,725,001	4,344,267,500
Other Assets		
Receivables from Universities and Agencies for Moneys Advanced	79,665	1,769,139
Receivable from City of Edwardsville	214,080	215,020
Receivable for Warrants Cashied	5,000	135,000
Investment Income Earned, but not Received	17,116,683	42,066,658
Total Other Assets	17,415,428	44,185,817
Other Debts		
Amount of Future General Revenue Obligated for Debt Service	38,606,144,231	39,078,463,342
Total Assets and Other Debts	\$ 64,183,478,631	\$ 61,224,932,143
Liabilities and Accountabilities		
Liabilities for Balances on Deposit		
Comptroller		
Protested Taxes	\$ 67,832,021	\$ 85,913,587
Available for Appropriation or Expenditure	15,639,575,472	14,021,723,634
Agencies' Deposits Outside the State Treasury	1,746,911,602	1,753,263,498
Comptroller's Warrants Outstanding	1,262,831,197	576,550,468
Total Liabilities for Balances on Deposit	18,717,150,292	16,437,451,187
Other Liabilities		
Obligations under Securities Lending	5,491,725,001	4,344,267,500
Total Other Liabilities	5,491,725,001	4,344,267,500
General Obligation Indebtedness		
Principal and Interest Due Within One Year	3,301,066,123	4,432,069,144
Principal and Interest Due Thereafter	36,583,359,970	35,898,885,861
Total General Obligation Indebtedness	39,884,426,093	40,330,955,005
Accountabilities		
Receivable from City of Edwardsville	214,080	215,020
Investment Income Earned, but not Received (Net of Cumulative Market Adjustments)	89,963,165	112,043,431
Total Accountabilities	90,177,245	112,258,451
Total Liabilities and Accountabilities	\$ 64,183,478,631	\$ 61,224,932,143

See Notes to the Financial Statements.

State of Illinois
Office of the Treasurer

Fiscal Officer Responsibilities
Statements of Investment Income
For the Years Ended June 30, 2021 and 2020

	2021	2020
Investment Income Earned	<u>\$ 87,094,746</u>	<u>\$ 285,369,228</u>

See Notes to the Financial Statements

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE A. AUTHORIZING LEGISLATION

The State of Illinois, Office of the Treasurer (Office), is authorized by the State Treasurer Act (15 ILCS 505/et seq.). The Office shall receive the revenue and all other public monies of the State, and all monies authorized by law to be paid to him and safely keep the same.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity: The Office is not a legally separate entity. It is an office of the primary government, which is the State of Illinois (the State) and is considered part of the State financial reporting entity. As such, it is included in the State of Illinois reporting entity. The Office is custodian of the State's cash and investments comprised of the balances in the separate funds, which are considered to be either in the State Treasury or outside the State Treasury. Accounting control for funds outside the State Treasury is the responsibility of other State agencies. Further, the Office is not responsible for determining that all cash received by State agencies is deposited in the State Treasury.

Basis of Presentation and Accounting: The basis of the presentation of the financial statements for the Office is to have a set of financial statements that present the financial position of the State's assets that the Office is custodian of and responsible for safeguarding and investing as well as State liabilities including general obligation indebtedness that the Office is responsible for making payments.

The format of the Fiscal Officer Responsibilities financial statements was created to aid the Illinois Office of the State Comptroller (Comptroller) in the preparation of the State's Annual Comprehensive Financial Report. The Comptroller, acting as the State's accountant, designates which agencies are considered part of the primary government required to prepare financial statements (SAMS 27.10.10-B). The basis of presentation, Statements of Assets and Other Debits, Liabilities and Accountabilities and Statements of Investment Income have been determined by the Comptroller.

The Office's financial statements consist of the Statements of Assets and Other Debits, Liabilities and Accountabilities and Statements of Investment Income. These financial statements are not presented in the traditional framework of Generally Accepted Accounting Principles (GAAP) because the statements only present those assets and activities for which the Office is held accountable by his fiscal officer responsibilities. Exceptions to the traditional GAAP framework are the securities, funds and other assets of The Illinois Funds, the College Savings Program, the Secure Choice Program and the ABLE Program and amounts receivable from inheritance tax assessments are not included in the Fiscal Officer financial statements. In addition, the Fiscal Officer financial statements do not include financial statements of the various funds administered by the Fiscal Officer. The Illinois Funds and the College Saving Program are audited annually and reported upon separately. Upon implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, the Secure Choice Program and the ABLE Program are not fiduciary activities of the State and are audited and reported upon by the programs third party administrator. Other exceptions to the traditional GAAP framework are that a traditional presentation of the Statement of Net Position is not included, a Statement of Revenues, Expenses and Changes in Net Position and, where applicable, a Statement of Cash Flows, are excluded entirely, some note disclosures required by GAAP are not included in the Fiscal Officer financial statements, and Management's Discussion and Analysis is not presented.

The basis of accounting is essentially a full accrual basis in that investment revenues are reported when earned, regardless of when the related cash flow takes place, subject to certain exceptions as described in the sections that follow.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Treasury Funds: The accounting for the State Treasury Fund group, with the exception of general obligation indebtedness and the related amount of future general revenue obligated for debt service, is presented on a basis whereby: (a) assets in the State Treasury and the related liability to the Comptroller for available balances on deposit are recognized at the time the Comptroller "orders" cash into the State Treasury; (b) the liability to the Comptroller is reduced as warrants are presented to the Office for countersignature; and (c) the cash in the State Treasury is reduced as warrants are paid by the Office.

Funds Outside the State Treasury: Funds outside the State Treasury consist of State assets held by the Office, primarily deposits in clearing accounts, demand deposits and temporary investments, which are not under the accounting control of the Comptroller. Such funds and the related liabilities or accountabilities to the depositing State agencies are recognized when the funds are deposited in clearing accounts or certain demand deposit accounts with the Office. This liability or accountability is transferred to funds available for appropriation or expenditure when the Comptroller orders the funds into the State Treasury.

General Obligation Indebtedness: The liability for general obligation indebtedness is the aggregate amount of all future principal and interest payments necessary to retire such outstanding debt. The amount to be derived from future revenue for debt service (the "Other Debits") is the difference between the currently outstanding certificates and bonded indebtedness and available balances in the bond redemption and interest fund. The expenditures from the proceeds of the certificates and bond issues are accounted for by other State agencies. This balance represents a liability that is not in compliance with accounting principles generally accepted in the United States of America. It represents the future revenue that will be needed to provide for future debt service.

Investment Income: Investment income is recorded by the Office using the accrual basis of accounting whereby income is recognized and an accountability established as income is earned. Funds participating in the investment pool are allocated income monthly based on their proportionate share of the pooled investment base. As authorized by statute, segregated funds are individually invested and specifically credited with the income earned on those investments.

Cash and Cash Equivalents: Cash and cash equivalents include deposits and short-term, highly liquid investments readily convertible to cash, with a maturity of 90 days or less at the time of purchase. Demand deposit accounts are the principal accounts used to process cash and investment transactions within the State Treasury. The clearing accounts are used to process collected receipts and to identify nonsufficient fund checks.

Other Assets: Items reported in the Statements of Assets and Other Debits, Liabilities and Accountabilities as "Other Assets" are transactions in process and assets not available for investment. Receivables from Universities and Agencies for Monies Advanced represent unreimbursed amounts advanced for statutorily authorized imprest funds. The cash balance of the Universities and Agencies imprest funds is reclassified to "Demand Deposits" under Cash and Cash Equivalents on the Statements of Assets, Liabilities and Accountabilities.

The noninterest-bearing amount, reported as "Receivable from the City of Edwardsville," is reported as an Other Asset and is the unpaid balance of funds advanced to the City in 1967 for the planning and construction of a water main. The receivable from the City of Edwardsville is also reported as an "Accountability." Investment income earned but not received is reported as an "Other Asset" and represents accrued income on investments not yet matured or collected. Investment income earned but not received, net of cumulative market adjustments, is reported as an "Accountability."

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Protested Taxes: The fund balance of the Protest Fund is reported separately from funds available for appropriation and is recorded as a liability for balances on deposit called "Protested Taxes."

Available for Appropriation or Expenditure: This amount is the State of Illinois' balance available to be appropriated by the General Assembly or expended by State agencies at June 30.

Use of Estimates: In preparing financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities during the reporting period. Actual results could differ from those estimates.

NOTE C. COMPENSATING BANKS FOR SERVICES

The principal method of payment for receipt and disbursement processing services provided by banks is by warrant from the Office's Bank Services Trust Fund appropriation.

NOTE D. DEPOSITS AND INVESTMENTS

Overview: The Office's investment activities are governed by the Office's published investment policy that was developed in accordance with State statute. In addition, the Office has adopted its own investment practices that supplement the statutory requirements.

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, generally requires state and local governments to measure assets that meet the definition of an investment at fair value. GASB defines an investment asset as a security or other asset that a government holds primarily for the purpose of income or profit and its present service capacity is based solely on its ability to generate cash or to be sold to generate cash. In addition, GASB Statement No. 72 defines fair value as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments exempt from fair value measurement include the following:

- Money market investments and participating interest-earning investment contracts (non-negotiable CDs) that have remaining maturity at time of purchase of one year or less and are held by governments other than external investment pools may be measured using amortized cost.
- Qualified state and local government external investment pools should be measured at amortized cost.
- Certain short-term investments that have a maturity date of less than one year from the date of acquisition should be measured at amortized cost.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are recorded at fair market value, with the exception of Commercial Paper, Money Market Mutual Funds, Repurchase Agreements, The Illinois Funds, U.S. Agency Discount Notes, and U.S. Treasury Bills which are valued at amortized cost. Certain short-term investments have a maturity date of less than one year from the date of acquisition and are valued at amortized cost as permitted by GASB Statement No. 72. The Office's investments in U.S. Treasury Bills and U.S. Agency Discount Notes are short-term investments with no coupon payments. The investments in repurchase agreements have maturities less than one year from date of acquisition. The Illinois Funds meets the criteria established in GASB Statement No. 79 and, thus, reports all investments at amortized cost.

GASB Statement No. 72 also established a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instrument measured at fair value on a recurring basis:

- Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.
- Level 3 Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

The following tables summarize investments within the fair value hierarchy at June 30, 2021 and 2020 (expressed in thousands):

FY21 Investments by Fair Value Level:	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 1,109,116	\$ -	\$ 1,109,116	\$ -
Foreign Investments	65,000	-	65,000	-
Federal Home Loan Mortgage Corporation	119,797	-	119,797	-
Federal Home Loan Bank	268,824	-	268,824	-
Federal National Mortgage Association	119,883	-	119,883	-
Federal Farm Credit Banks	224,168	-	224,168	-
Federal Agriculture Mortgage Corporation	25,006	-	25,006	-
Municipal Bonds	181,055	-	181,055	-
Corporate Bonds	1,533,650	-	1,533,650	-
Supranational Bonds	142,729	-	142,729	-
State of Illinois Secondary Pool Investment Program	4	-	4	-
Total Investments by Fair Value Level	\$ 3,789,232	\$ -	\$ 3,789,232	\$ -

State of Illinois
Office of the Treasurer

Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY21 Investments measured at net asset value (NAV)

Illinois Technology Development I

Apex Venture Partners	\$ 1,203
Baird Venture Partners III. LP	648
Beecken, Petty, O'Keefe & Company, LLP	21
Ceres Venture LP	151
Illinois Emerging Technologies Fund II	-
Illinois Innovation Accelerator Fund LLC - I2A	30
JK & B Capital V, LP	1,509
MK Capital LP	459
MK Capital II, LP	4,351
MVC Private Equity Fund, LP	1,954
OCA Venture Partners II, LP	1,151
Open Prairie Ventures II, LP	1,256
Patriot Capital II LP	328
Prairie Capital V LP	2,863
Sterling Partners - Small Market Growth 2009, LP	1,034
Sterling Venture Partners II, LP	776
Svboda, Collins Fund II, LP	-

Illinois Technology Development II

Agent Capital Fund I LP	6,386
Agent Capital Fund II LP	900
Avance	2,336
Baird Venture Partners III. LP	3,272
Beecken, Petty, O'Keefe & Company, LLP	9,178
Brightwood Capital Fund LP	10,582
Builders VC Fund I LP	7,227
Bullpen Capital III LP	3,180
Chicago Ventures Fund II LP	14,850
Chicago Ventures Fund III LP	5,510
Chingona	4,851
Cleveland	1,898
Corazon Capital II LP	3,944
Costonoa II	1,096
Costonoa IV	2,813
Engergize	2,116
First Leaf	775
GreatPoint Ventures Innovation Fund, LP	10,971
GreatPoint Ventures Innovation Fund, LP II	11,898
GreatPoint Ventures Innovation Fund, LP III	603
Hyde Park Venture Partners II LP	8,314
Hyde Park Venture Partners III LP	1,928
Impact Engine Ventures II LP	950
Lightbank	1,055

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY21 Investments measured at net asset value (NAV)

Illinois Technology Development II (Continued)

Listen Ventures II LP	3,522
Listen Ventures III LP	730
M25	802
Math Venture Partners II LP	5,063
Madison Dearborn Partners LLC VII	8,104
Madison Dearborn Partners LLC VIII	2,570
Method Capital LLC (formerly KDWC Ventures)	2,915
Moderne Ventures Fund I LP	2,029
Moderne Ventures Fund II LP	563
New Enterprise Associates 16 LP	17,412
New Mainstream Capital Fund III LP	13,504
OCA	2,035
Palladium	8,199
Patriot Capital IV	5,551
PPC MM LP	3,438
Reverence	1,711
Starting Line	300
Techstars Ventures 2017 LP	6,085
Tensility Venture Partners	781
Thoma Bravo Discover Fund II LP	5,503
Thoma Bravo Discover Fund III LP	3,376
Thoma Bravo Discover Fund XIV LP	3,933
Valor	4,560
Vamos Ventures	411
Vista	6,551
Vista III	4,813
Vista IV	1,573
Vistria	8,873
Vistria III	6,465
Windpoint Partners VIII-A LP	13,361
Windpoint IX	2,514
1818	23,239
Total Investments measured at net asset value (NAV)	<u>\$ 304,853</u>
Total FY21 Investments at Fair Value	<u>\$ 4,094,085</u>

Investments classified in Level 2 of the fair value hierarchy are valued using the market approach by using either matrix pricing or quoted prices for identical assets in markets that are not active

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY20 Investments by Fair Value Level:	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 1,006,406	\$ -	\$ 1,006,406	\$ -
Foreign Investments	70,000	-	70,000	-
Federal Home Loan Mortgage Corporation	126,986	-	126,986	-
Federal Home Loan Bank	225,460	-	225,460	-
Federal National Mortgage Association	60,883	-	60,883	-
Federal Farm Credit Banks	196,399	-	196,399	-
Federal Agriculture Mortgage Corporation	240,010	-	240,010	-
Municipal Bonds	143,767	-	143,767	-
Corporate Bonds	924,900	-	924,900	-
Supranational Bonds	197,354	-	197,354	-
State of Illinois Secondary Pool Investment Program	7	-	7	-
Total Investments by Fair Value Level	<u>\$ 3,192,172</u>	<u>\$ -</u>	<u>\$ 3,192,172</u>	<u>\$ -</u>

FY20 Investments measured at net asset value (NAV)

Illinois Technology Development I

Apex Venture Partners	\$ 1,102
Baird Venture Partners III. LP	1,262
Beecken, Petty, O'Keefe & Company, LLP	69
Ceres Venture LP	151
Illinois Emerging Technologies Fund II	115
Illinois Innovation Accelerator Fund LLC - I2A	593
JK & B Capital V, LP	1,527
MK Capital LP	345
MK Capital II, LP	7,439
MVC Private Equity Fund, LP	2,224
OCA Venture Partners II, LP	1,428
Open Prairie Ventures II, LP	1,182
Patriot Capital II LP	356
Prairie Capital V LP	2,649
Sterling Partners - Small Market Growth 2009, LP	1,075
Sterling Venture Partners II, LP	1,060
Svboda, Collins Fund II, LP	(36)

Illinois Technology Development II

Agent Capital	3,795
Baird Venture Partners III. LP	1,441
Beecken, Petty, O'Keefe & Company, LLP	6,486
Brightwood Capital Fund LP	11,107
Builders VC Fund I LP	4,457
Bullpen Capital III LP	3,014
Chicago Ventures Fund II LP	12,796
Chicago Ventures Fund III LP	2,532
Chingona	1,802
Corazon Capital II LP	3,451
First Leaf	339
GreatPoint Ventures Innovation Fund, LP	11,294
GreatPoint Ventures Innovation Fund, LP II	5,458
Hyde Park Venture Partners II LP	5,488

State of Illinois
Office of the Treasurer

Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY20 Investments measured at net asset value (NAV)

Illinois Technology Development II (Continued)

Hyde Park Venture Partners III LP	496
Impact Engine Ventures II LP	704
Listen Ventures II LP	3,360
Math Venture Partners II LP	3,723
Madison Dearborn Partners LLC	5,905
Method Capital LLC (formerly KDWC Ventures)	3,445
Moderne Ventures Fund I LP	1,840
New Enterprise Associates 16 LP	11,295
New Mainstream Capital Fund III LP	2,539
Palladium	5,683
Patriot Capital IV	4,793
PPC MM LP	5,016
Reverence	1,210
Techstars Ventures 2017 LP	3,663
Tensility Venture Partners	638
Thoma Bravo Discover Fund II LP	2,763
Vista	2,421
Vistra Group	8,833
Windpoint Partners VIII-A LP	8,502
Windpoint IX	1,675
1818	9,269
Total Investments measured at net asset value (NAV)	<u>\$ 183,774</u>
Total FY20 Investments at Fair Value	<u>\$ 3,375,946</u>

Investments classified in Level 2 of the fair value hierarchy are valued using the market approach by using either matrix pricing or quoted prices for identical assets in markets that are not active.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Additional disclosures for investments measured using the net asset value per share are listed below (expressed in thousands):

FY21 Investments measured at net asset value (NAV)	NAV	Unfunded Commitments
Illinois Technology Development I		
Apex Venture Partners	\$ 1,203	\$ -
Baird Venture Partners III. LP	648	-
Beecken, Petty, O'Keefe & Company, LLP	21	-
Ceres Venture LP	151	61
Illinois Emerging Technologies Fund II	-	367
Illinois Innovation Accelerator Fund LLC - I2A	30	-
JK & B Capital V, LP	1,509	180
MK Capital LP	459	-
MK Capital II, LP	4,351	600
MVC Private Equity Fund, LP	1,954	1,373
OCA Venture Partners II, LP	1,151	32
Open Prairie Ventures II, LP	1,256	-
Patriot Capital II LP	328	750
Prairie Capital V LP	2,863	900
Sterling Partners - Small Market Growth 2009, LP	1,034	-
Sterling Venture Partners II, LP	776	-
Svboda, Collins Fund II, LP	-	149
Illinois Technology Development II		
Agent Capital Fund I LP	6,386	1,887
Agent Capital Fund II LP	900	9,100
Avance	2,336	7,318
Baird Venture Partners III. LP	3,272	3,596
Beecken, Petty, O'Keefe & Company, LLP	9,178	6,586
Brightwood Capital Fund LP	10,582	-
Builders VC Fund I LP	7,227	1,875
Bullpen Capital III LP	3,180	175
Chicago Ventures Fund II LP	14,850	509
Chicago Ventures Fund III LP	5,510	2,150
Chingona	4,851	979
Cleveland	1,898	14,102
Corazon Capital II LP	3,944	1,250
Costonoa II	1,096	1,725
Costonoa IV	2,813	5,030
Engergize	2,116	384
First Leaf	775	2,149
GreatPoint Ventures Innovation Fund, LP	10,971	554
GreatPoint Ventures Innovation Fund, LP II	11,898	2,657
GreatPoint Ventures Innovation Fund, LP III	603	9,397
Hyde Park Venture Partners II LP	8,314	500
Hyde Park Venture Partners III LP	1,928	5,325
Impact Engine Ventures II LP	950	1,450
Lightbank	1,055	1,445
Listen Ventures II LP	3,522	63
Listen Ventures III LP	730	4,250

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY21 Investments measured at net asset value (NAV)	NAV	Unfunded Commitments
Illinois Technology Development II (Continued)		
M25	802	1,698
Math Venture Partners II LP	5,063	2,550
Madison Dearborn Partners LLC VII	8,104	718
Madison Dearborn Partners LLC VIII	2,570	7,665
Method Capital LLC (formerly KDWC Ventures)	2,915	621
Moderne Ventures Fund I LP	2,029	248
Moderne Ventures Fund II LP	563	4,140
New Enterprise Associates 16 LP	17,412	2,325
New Mainstream Capital Fund III LP	13,504	3,449
OCA	2,035	2,965
Palladium	8,199	6,620
Patriot Capital IV	5,551	5,000
PPC MM LP	3,438	4,570
Reverence	1,711	1,762
Starting Line	300	1,200
Techstars Ventures 2017 LP	6,085	338
Tensility Venture Partners	781	1,497
Thoma Bravo Discover Fund II LP	5,503	806
Thoma Bravo Discover Fund III LP	3,376	6,608
Thoma Bravo Discover Fund XIV LP	3,933	6,067
Valor	4,560	3,543
Vamos Ventures	411	2,400
Vista	6,551	3,460
Vista III	4,813	3,600
Vista IV	1,573	8,241
Vistria	8,873	105
Vistria III	6,465	3,317
Windpoint Partners VIII-A LP	13,361	1,346
Windpoint IX	2,514	7,488
1818	23,239	1,519
Total Investments measured at net asset value (NAV)	<u>\$ 304,853</u>	<u>\$ 184,734</u>

FY20 Investments measured at net asset value (NAV)	NAV	Unfunded Commitments
Illinois Technology Development I		
Apex Venture Partners	\$ 1,102	\$ -
Baird Venture Partners III. LP	1,262	-
Beecken, Petty, O'Keefe & Company, LLP	69	-
Ceres Venture LP	151	61
Illinois Emerging Technologies Fund II	115	367
Illinois Innovation Accelerator Fund LLC - I2A	593	-
JK & B Capital V, LP	1,527	180
MK Capital LP	345	-
MK Capital II, LP	7,439	600
MVC Private Equity Fund, LP	2,224	1,373

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

FY20 Investments measured at net asset value (NAV)	NAV	Unfunded Commitments
Illinois Technology Development I (Continued)		
OCA Venture Partners II, LP	1,428	32
Open Prairie Ventures II, LP	1,182	-
Patriot Capital II LP	356	750
Prairie Capital V LP	2,649	900
Sterling Partners - Small Market Growth 2009, LP	1,075	-
Sterling Venture Partners II, LP	1,060	-
Svboda, Collins Fund II, LP	(36)	149
Illinois Technology Development II		
Agent Capital	3,795	3,255
Baird Venture Partners III. LP	1,441	5,391
Beecken, Petty, O'Keefe & Company, LLP	6,486	8,247
Brightwood Capital Fund LP	11,107	1,126
Builders VC Fund I LP	4,457	3,375
Bullpen Capital III LP	3,014	500
Chicago Ventures Fund II LP	12,796	609
Chicago Ventures Fund III LP	2,532	4,875
Chingona	1,802	4,025
Corazon Capital II LP	3,451	2,000
First Leaf	339	2,617
GreatPoint Ventures Innovation Fund, LP	11,294	928
GreatPoint Ventures Innovation Fund, LP II	5,458	5,734
Hyde Park Venture Partners II LP	5,488	850
Hyde Park Venture Partners III LP	496	6,975
Impact Engine Ventures II LP	704	1,700
Listen Ventures II LP	3,360	63
Math Venture Partners II LP	3,723	1,325
Madison Dearborn Partners LLC	5,905	2,020
Method Capital LLC (formerly KDWC Ventures)	3,445	621
Moderne Ventures Fund I LP	1,840	565
New Enterprise Associates 16 LP	11,295	4,950
New Mainstream Capital Fund III LP	2,539	11,681
Palladium	5,683	8,511
Patriot Capital IV	4,793	6,000
PPC MM LP	5,016	5,755
Reverence	1,210	1,872
Techstars Ventures 2017 LP	3,663	1,913
Tensility Venture Partners	638	1,749
Thoma Bravo Discover Fund II LP	2,763	2,522
Vista	2,421	7,402
Vistra Group	8,833	981
Windpoint Partners VIII-A LP	8,502	2,865
Windpoint IX	1,675	8,253
1818	9,269	15,600
Total Investments measured at net asset value (NAV)	<u>\$ 183,774</u>	<u>\$ 141,267</u>

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

The Illinois Technology Development Account I and II (ITD I and ITD II) investments are privately-held limited partnership investment funds in accordance with the Technology Development Act (TDA) (30 ILCS 265) in which each fund's primary focus is investing in privately-held companies. The TDA Accounts, collectively known as the Illinois Growth and Innovation Fund, invest in Illinois venture capital firms. An "Illinois venture capital firm" provides equity financing for starting up or expanding a company, or related purposes such as financing for seed capital, research and development, introduction of a product or process into the marketplace, or similar needs requiring risk capital. This includes, but is not limited to, investment funds or fund managers classified as venture capital, mezzanine, buyout, or growth. The firms will have a strong Illinois presence with an overall goal to attract, assist and retain quality technology businesses in Illinois.

These investments cannot be redeemed with the funds. Instead, the nature of these investments is that distributions are received through various means including, but not limited to the cash distributed by the fund from business income from portfolio companies, dividend payments paid by a company to a fund, or the liquidation of the underlying assets or interests of the fund over the contractual term lives of each partnership investment. The contractual terms of these investments generally range between 10-15 years from the original investment date depending upon whether optional extensions are exercised by the General Partners of the partnerships. Based on the terms of the limited partnership investments, it is anticipated that the last of the proceeds of these investments will be returned no later than February 10, 2024 for ITD I and September 16, 2031 for ITD II, with the bulk of the proceeds being received sooner. The fair values of the ownership interests in the various limited partnership investments have been determined based on the most recent capital account balances provided by the respective general partners of each limited partnership. Due to the uniqueness and illiquid nature of the underlying privately-held investments, general partners use valuation techniques that rely on unobservable inputs such as estimates and appraisals derived from comparable market transactions to determine the net asset value per share for limited partner investors, which are audited annually by independent auditors for each partnership investment.

Interest Rate Risk: Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Office's investment policy limits the investment portfolio to maturities not to exceed ten years with no limit to the amount allocated to investments with less than a two-year maturity. No more than 55% of the investment portfolio shall be allocated to investments with a 2 to 3 year maturity band. No more than 30% of the investment portfolio shall be allocated to investments with a 3 to 4 year maturity band (not including Foreign Government Securities). No more than 15% of the investment portfolio shall be allocated to investments with a 4 to 5 year maturity band. No more than 10% of the investment portfolio shall be allocated to investments with a 5 to 10 year maturity band. The portfolio shall not deviate from these guidelines unless specifically authorized by the Office in writing. The Office uses the segmented time distribution method to identify and manage interest rate risk.

Investments: Most of the Office's investments at June 30, 2021 and 2020 are short-term due to the responsibility to keep funds "liquid" to reimburse banks for warrants paid.

Investments in the Office's pooled accounts are authorized by statute. Certain investments are held in segregated accounts and are purchased at the request of the agency administering the segregated trust fund.

Excluding Time Deposits, the Office had the following investments, stated at fair value except as noted below and maturities as of June 30. Unrealized gains and losses are accounted for in the investment in which the change in fair value occurred. (Expressed in thousands.)

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

<u>2021</u>	Maturing in:					Total
	Less than 1 year	1 - 5 years	6 - 10 years	NA***		
Commercial Paper *	\$ 3,503,695	\$ -	\$ -	\$ -	\$ -	\$ 3,503,695
Repurchase Agreements*	910,187	-	-	-	-	910,187
U.S. Treasury Bills *	4,773,792	-	-	-	-	4,773,792
U.S. Treasury Notes	327,197	376,095	405,824	-	-	1,109,116
Federal Home Loan Bank	-	94,687	174,137	-	-	268,824
Federal Farm Credit Banks	50,753	54,714	118,701	-	-	224,168
Federal Home Loan Mortgage Corporation	50,993	29,923	38,881	-	-	119,797
Federal National Mortgage Association	30,409	79,718	9,756	-	-	119,883
Federal Agriculture Mortgage Corporation	25,006	-	-	-	-	25,006
Federal Farm Credit Banks Discount Notes*	24,997	-	-	-	-	24,997
State of Illinois Secondary Pool	-	4	-	-	-	4
Supranational Bonds	93,413	49,316	-	-	-	142,729
Municipal Bonds	10,218	42,544	22,310	-	-	75,072
Municipal Bonds Externally Managed	12,838	60,979	32,166	-	-	105,983
Corporate Bonds	764,194	382,588	180,208	-	-	1,326,990
Corporate Bonds Externally Managed	50,779	142,058	13,824	-	-	206,661
Foreign Investments**	32,500	32,500	-	-	-	65,000
Securities Lending Collateral Invested in Repurchase Agreements*	5,411,725	80,000	-	-	-	5,491,725
Illinois Technology Development I	-	-	-	17,734	-	17,734
Illinois Technology Development II	-	-	-	287,119	-	287,119
The Illinois Funds*	-	-	-	3,177,405	-	3,177,405
Money Market Mutual Funds*	-	-	-	2,744,319	-	2,744,319
Total Investments and Securities Lending Collateral, excluding Time Deposits	\$ 16,072,696	\$ 1,425,126	\$ 995,807	\$ 6,226,577	\$ -	\$ 24,720,206

* Reported at Amortized Cost

** These securities are denominated in U.S. dollars

*** Categorization not applicable

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

<u>2020</u>	Maturing in:					Total
	Less than 1 year	1 - 5 years	6 - 10 years	NA***		
Commercial Paper *	\$ 3,280,459	\$ -	\$ -	\$ -	\$ -	3,280,459
Repurchase Agreements*	1,309,366	-	-	-	-	1,309,366
U.S. Treasury Bills *	3,371,411	-	-	-	-	3,371,411
U.S. Treasury Notes	954,730	51,676	-	-	-	1,006,406
Federal Home Loan Bank	225,460	-	-	-	-	225,460
Federal Farm Credit Banks	130,008	66,391	-	-	-	196,399
Federal Home Loan Mortgage Corporation	-	126,986	-	-	-	126,986
Federal National Mortgage Association	-	45,883	15,000	-	-	60,883
Federal Agriculture Mortgage Corporation	215,016	24,994	-	-	-	240,010
Federal Home Loan Mortgage Corporation Discount Notes*	49,966	-	-	-	-	49,966
Federal Home Loan Bank Discount Notes*	49,970	-	-	-	-	49,970
State of Illinois Secondary Pool	1	6	-	-	-	7
Supranational Bonds	75,091	122,263	-	-	-	197,354
Municipal Bonds	4,469	24,577	15,631	-	-	44,677
Municipal Bonds Externally Managed	6,117	53,498	39,475	-	-	99,090
Corporate Bonds	533,491	183,643	-	-	-	717,134
Corporate Bonds Externally Managed	-	139,390	68,376	-	-	207,766
Foreign Investments**	20,000	50,000	-	-	-	70,000
Securities Lending Collateral Invested in Repurchase Agreements*	4,344,268	-	-	-	-	4,344,268
Illinois Technology Development I	-	-	-	22,541	-	22,541
Illinois Technology Development II	-	-	-	161,233	-	161,233
The Illinois Funds*	-	-	-	2,273,381	-	2,273,381
Money Market Mutual Funds*	-	-	-	3,100,821	-	3,100,821
Total Investments and Securities Lending Collateral, excluding Time Deposits	\$ 14,569,823	\$ 889,307	\$ 138,482	\$ 5,557,976	\$ -	\$ 21,155,588

* Reported at Amortized Cost

** These securities are denominated in U.S. dollars

*** Categorization not applicable

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Cash received by the Office is initially deposited in clearing accounts maintained in banks located in Illinois that are insured by the Federal Deposit Insurance Corporation (FDIC). Surplus funds, as determined by the Office, may be invested in time deposits, certificates of deposit and other interest-bearing accounts in FDIC-insured banks located in the State, credit unions whose principal office is located in Illinois, short-term obligations of corporations whose obligations (i.e., commercial paper) were rated by two or more standard rating services at a level that is at least as high as the following: A-2 by Standard & Poor's, P-2 by Moody's Investor Service, or F-2 by Fitch, repurchase agreements or other investments approved by State law.

As of June 30, 2021, excluding the securities lending program, the Office's investments in commercial paper were rated P-1 by Moody's Investors Service except for Nextera which was rated P-2 and A-1 by Standard & Poor's Ratings, except for those issued by Chevron, Exxon Mobile, Novartis, and Toronto Dominion which were rated A-1+ by Standard & Poor's Ratings, and Walt Disney and Nextera which were rated A-2 by Standard & Poor's. The Office's short-term investments in all U.S. Agency obligations, including collateral for repurchase agreements, were rated P-1 by Moody's Investors Service, except for Federal Agriculture Mortgage Corporation securities which were not rated. The Office's long-term investments in all U.S. Agency obligations were rated Aaa by Moody's Investors Service or AA+ by Standard & Poor's Ratings, except for Federal Agriculture Mortgage Corporation securities which were not rated. The Office's short-term investment in foreign debt securities were rated A-1+ by Standard & Poor's Ratings. The Office's long-term investment in foreign debt securities were rated A1 by Moody's Investors Service and AA- by Standard & Poor's Ratings. The Office's long-term investments in Supranational Bonds were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's Ratings. The Office's investments in The Illinois Funds were rated AAAM by Fitch Ratings. The Office's investments in money market mutual funds were rated Aaa by Moody's Investors Service or AAAM by Standard & Poor's Ratings. The Office's short-term investments in Municipal Bonds and Corporate Bonds were rated by Moody's and Standard & Poor's in the following tables:

Municipal Bonds:		S&P	Mdy
ALAMO CAPITAL	VILLAGE OF ADDISON	AA	NR
ALAMO CAPITAL	CITY OF COLLINSVILLE	NR	Aa3
ALAMO CAPITAL	COOK CNTY HIGH SCH DIST #202	NR	Aaa
ALAMO CAPITAL	COOK CNTY CCD 524 MORAIN VALLEY	NR	Aa1
ALAMO CAPITAL	DU PAGE CNTY SCH SD #60	AA+	NR
ALAMO CAPITAL	GRUNDY & WILL CNTY SD 1	NR	Aa3
ALAMO CAPITAL	LAKE CNTY CMNTY SCD 50	AA+	Aa2
ALAMO CAPITAL	AURORA, CITY OF	AA	NR
ALAMO CAPITAL	MCLEAN & WOODFORD CNTY HS DIST #5	NR	Aa3
ALAMO CAPITAL	S HOLLAND TXBL REF SER A	NR	Aa3
ALAMO CAPITAL	WINNEBAGO COUNTY	NR	Aa3
CABRERA CAPITAL	CHICAGO HOUSING AUTH	AA-	NR
INT'L FCSTONE	CHAMPAIGN CNTY CMNTY SD #4	AA	NR
INT'L FCSTONE	COOK CNTY TWP HS DIST #225	AAA	Aaa
MISCHLER FINANCIAL	KANE CNTY FOREST PRESERVE DIST	AA+	NR
MISCHLER FINANCIAL	VILLAGE OF ORLAND PARK IL	AA+	Aa1
MISCHLER FINANCIAL	DU PAGE CNTY SCH DIST #12	AA	Aa3
MISCHLER FINANCIAL	MADISON CNTY SCH DIST #1	AA-	NR
MISCHLER FINANCIAL	CHICAGO PARK DIST	AA	NR
MISCHLER FINANCIAL	LIBERTYVILLE, VILLAGE OF	NR	Aa2
MISCHLER FINANCIAL	WILL & KANKAKEE CNTYS CCSD 207	NR	Aa3

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds: (continued)		S&P	Mdy
MULTI-BANK SECURITIES	WILL GRUNDY ETC CNTYS CCD 525	NR	Aa2
MULTI-BANK SECURITIES	CHICAGO PARK DIST	AA	NR
MULTI-BANK SECURITIES	CHICAGO WTRWKS REV	AA	A2
MULTI-BANK SECURITIES	DECATUR PARK DISTRICT	AA-	NR
MULTI-BANK SECURITIES	CAMPTON TOWNSHIP OF	AA	NR
MULTI-BANK SECURITIES	WINNETKA, VILLAGE OF	NR	Aaa
MULTI-BANK SECURITIES	GREATER ROCKFORD ARPT AUTH	AA	Aa3
MULTI-BANK SECURITIES	WOOD DALE CITY OF	AA+	NR
PENSERRA SECURITIES	CHICAGO WTRWKS REV	AA	A2
PENSERRA SECURITIES	COOK CNTY HIGH SCH DIST #205	AA	A1
PENSERRA SECURITIES	REGIONAL TRANSPORTATION AUTH	AA	A2
PENSERRA SECURITIES	BUFFALO GROVE VILLAGE OF	AAA	NR
PENSERRA SECURITIES	SALES TAX SECURITIZATION CORP	AA-	NR
PENSERRA SECURITIES	COOK CNTY SD #94	AA	NR
PENSERRA SECURITIES	IL HOUSING DEV AUTH REV	NR	Aaa
PENSERRA SECURITIES	KANE COUNTY FOREST PRESERVE	AA+	NR
PENSERRA SECURITIES	VILLAGE OF ROSEMONT SER A-TXBL	AA	A2
PENSERRA SECURITIES	WILL & KANKAKEE CNTYS CCSD 207	NR	Aa3
PIPER JAFFRAY & CO	COOK CNTY HS 207 MAINE TOWNSHIP	NR	Aa1
PIPER JAFFRAY & CO	BOLINGBROOK PARK DIST	NR	Aa2
PIPER JAFFRAY & CO	LAKE CNTY CMNTY SCD #50	AA+	Aa2
PIPER JAFFRAY & CO	MADISON MAC CMNTY CLG DIST #536	AA	NR
PIPER JAFFRAY & CO	NAPERVILLE PARK DIST	NR	Aaa
PIPER SANDLER	CHAMPAIGN CITY OF	NR	Aaa
PIPER SANDLER	DUPAGE & WILL CNTYS CMNTY SD #204	NR	Aa1
PIPER SANDLER	FULTON CNTY CMNTY SD #3	AA	NR
PIPER SANDLER	VILLAGE OF NORTHBROOK	AAA	Aaa
PIPER SANDLER	COOK CNTY CLGDIST #527 MORTON	AA	NR
PIPER SANDLER	CHAMPAIGN CNTY CMNTY SD #116	AA-	NR
RAMIREZ & CO	CHANNAHON VLG	NR	Aa2
RAMIREZ & CO	KANE MCHENRY & DEKALB CNTY SD #300	AA	NR
RAYMOND JAMES	LAKE & MCHEN CNTY SCH DIST #118	AA-	NR
ROBERT BAIRD	WILL & KENDALL CC SD 202 PLAINFIELD	NR	Aa2
ROBERT BAIRD	VILLAGE OF BEDFORD PARK	AA	NR
ROBERT BAIRD	CHAMPAIGN CNTY CUSD 116 URBANA	AA-	NR
ROBERT BAIRD	CITY OF EVANSTON IL	NR	Aa2
ROBERT BAIRD	CITY OF ROCK FALLS	AA	NR
ROBERT BAIRD	COOK CNTY SCH SD #155	AA	NR
ROBERT BAIRD	COOK CNTY SD31 WEST NORTHFIELD	NR	Aa2
ROBERT BAIRD	COOK CNTY CCD 524 MORAIN VALLEY	NR	Aa1
ROBERT BAIRD	COOK CNTY TWP DIST #220 REAVIS	AA	A2
ROBERT BAIRD	COOK CNTY SD #88 BELLWOOD	AA	NR
ROBERT BAIRD	DEKALB CNTY	NR	Aa1
ROBERT BAIRD	GREATER ROCKFORD ARPT AUTH	AA	Aa3
ROBERT BAIRD	GRUNDY KENDALL & WILL CUSD 201	NR	Aa3
ROBERT BAIRD	HENRY WHITESIDE CNTY CUSD 228	AA	NR

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds: (continued)		S&P	Mdy
ROBERT BAIRD	KANE COUNTY FOREST PRESERVE	AA+	NR
ROBERT BAIRD	KANE CNTY SD 129 AURORA W SIDE	AA	Aa3
ROBERT BAIRD	MCHENRY, CITY OF	NR	Aa2
ROBERT BAIRD	MENARD SANGAMON LOGAN CUSD 213	AA	NR
ROBERT BAIRD	MOLINE CITY OF	AA	A1
ROBERT BAIRD	RANDOLPH CNTY CUSD 140 SPARTA	AA	NR
ROBERT BAIRD	ROCK ISLAND, CITY OF	AA	NR
ROBERT BAIRD	ROCK ISLAND CNTY MET ARPT AUTH	AA	A1
ROBERT BAIRD	ST. CLAIR CNTY SCH #118	AA	NR
ROBERT BAIRD	ST. CHARLES CITY OF	NR	Aa1
ROBERT BAIRD	SYCAMORE CMNTY UNIT SD #427	AA	NR
ROBERT BAIRD	VILLAGE OF NORTHBROOK	AAA	Aaa
ROBERT BAIRD	VILLAGE OF PALATINE	AA+	NR
ROBERT BAIRD	VILLAGE OF ROSEMONT SER A-TXBL	AA	A2
ROBERT BAIRD	VILLAGE OF SKOKIE IL	NR	Aa2
ROBERT BAIRD	WILL CNTY SD 33 HOMERGLEN	AA	NR
ROBERT BAIRD	WILL CNTY CCSD 30-C TROY TWP	NR	Aa2
ROBERT BAIRD	WINNEBAGO COUNTY	NR	Aa3
STIFEL NICHOLAS	COOK CNTY SD #64 PARK RIDGE	NR	Aa2
STIFEL NICHOLAS	COOKCNTY CMNTY HS DIST #218 OAK	AA	NR
STIFEL NICHOLAS	KANKAKEE CNTY CMNTY SD #258	AA	NR
STIFEL NICHOLAS	PARK RIDGE CITY OF	NR	Aa2
STIFEL NICHOLAS	ROCK ISLAND CNTY SD #40 MOLINE	NR	Aa2
STIFEL NICHOLAS	CITY OF ROCKFORD TXBL REF SR C	AA	A3
STIFEL NICHOLAS	WILL & KANKAKEE CNTYS CCSD 207	NR	Aa3
STIFEL NICHOLAS	WILLIAMSON & JOHNSON CNTY SD#2	AA	NR
STIFEL NICHOLAS	ST. CLAIR & MADISON SW CMNTY CLG	NR	Aa3
STIFEL NICHOLAS	BRADLEY, VILLAGE OF	AA-	NR
STIFEL NICHOLAS	SOUTHERN IL UNIVERSITY	AA	NR
STIFEL NICHOLAS	WOODFORD LASALLE LIVINGSTON CUSD	AA	NR
STIFEL NICHOLAS	ST. CLAIR CNTY SD #19	AA	Aa3
STIFEL NICHOLAS	VERMILION CNTY SD #118	AA	NR
STIFEL NICHOLAS	ST.CLAIR & WASHINGTON SD #77	AA	NR
SUN TRUST	VILLAGE OF OAK PARK	AA	A1
Municipal Bonds External Manager:		S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG	ADAMS CNTY SD #172	AA	A2
GARCIA HAMILTON EXTERNAL MNG	BLOOMINGDALE, VILLAGE OF	AA+	N/A
GARCIA HAMILTON EXTERNAL MNG	BOLINGBROOK PARK DIST	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG	BOONE MCHENRY & DEKALB SD #100	AA	Aa3
GARCIA HAMILTON EXTERNAL MNG	BRADLEY, VILLAGE OF	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG	BURBANK CITY OF	AA	A3
GARCIA HAMILTON EXTERNAL MNG	CAROL STREAM PARK DISTRICT	AA	A1
GARCIA HAMILTON EXTERNAL MNG	CARROLL & WHITESIDE CNTY SD #399	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	CARY VILLAGE OF	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG	CHERRY VALLEY FIRE PROT DIST	AA	A1
GARCIA HAMILTON EXTERNAL MNG	CHI MET A WTR RECLAMATION DIST	AA	N/A

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds External Manager: (continued)	S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG CHICAGO MIDWAY ARPT REV	A-	N/A
GARCIA HAMILTON EXTERNAL MNG CHICAGO O'HARE INTERNATIONAL	A	N/A
GARCIA HAMILTON EXTERNAL MNG CHICAGO PARK DIST	AA	N/A
GARCIA HAMILTON EXTERNAL MNG CHICAGO TRANSIT AUTHORITY	AA	N/A
GARCIA HAMILTON EXTERNAL MNG CICERO, TOWN OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG CITY OF CHICAGO IL WATERWORKS	AA	N/A
GARCIA HAMILTON EXTERNAL MNG COOK & WILL CNTY CLG DIST #515	AA	A1
GARCIA HAMILTON EXTERNAL MNG COOK CNTY CCD 524 MORAIN VLY	N/A	Aa1
GARCIA HAMILTON EXTERNAL MNG COOK CNTY HIGH SD #218 OAKLAWN	AA	N/A
GARCIA HAMILTON EXTERNAL MNG COOK CNTY HIGH SD #220 REAVIS	AA	A2
GARCIA HAMILTON EXTERNAL MNG COOK CNTY HS DIST #215 THORNTON	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD #78 ROSEMONT	AA	N/A
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD #99 CICERO	N/A	A1
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD 88 BELLWOOD	AA	N/A
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD #105	AA	N/A
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD #151 SOUTH HOLLAND	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD #159 MATTESON	NA	AA3
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD #205 THORNTON TWP	AA	A1
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD #21 WHEELING	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD #63 E.MAINE	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG COOK CNTY SD #94	AA	N/A
GARCIA HAMILTON EXTERNAL MNG DEKALB & LASALLE CNTY SD #432	AA	A1
GARCIA HAMILTON EXTERNAL MNG DUPAGE CNTY SD #62 GOWER	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG DUPAGE COOK & WILL CNTYS CCDI #502	AA+	Aaa
GARCIA HAMILTON EXTERNAL MNG FOUNTAINDALE PUBLIC LIBRARY	AA	N/A
GARCIA HAMILTON EXTERNAL MNG FRANKLIN PARK VILLAGE OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG FREEPORT, CITY OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG GLEN CARBON VILLAGE OF	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG GLENCOE VILLAGE OF	AAA	N/A
GARCIA HAMILTON EXTERNAL MNG GRUNDY CNTY PUBLIC BLDG COMMIS	AA	N/A
GARCIA HAMILTON EXTERNAL MNG GRUNDY CNTY SD #54 MORRIS	AA	A1
GARCIA HAMILTON EXTERNAL MNG GRUNDY KENDALL WILL CHSD 111	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG GRUNDY KENDALL & WILL CNTYS SD 201	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG KANE COUNTY SD 131 AURORA	AA	A1
GARCIA HAMILTON EXTERNAL MNG KANKAKEE CNTY SD #1	AA	N/A
GARCIA HAMILTON EXTERNAL MNG KENDALL CNTY COMMUNITY SD #88	AA	N/A
GARCIA HAMILTON EXTERNAL MNG KENDALL & KANE CNTYS SD #115	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG LAKE CNTY BBSD 3 BEACH PARK	AA	N/A
GARCIA HAMILTON EXTERNAL MNG LASALLE & BUREAU TWP SD #120	AA	N/A
GARCIA HAMILTON EXTERNAL MNG MACON & LOGAN CNTYS SD #11	AA	N/A
GARCIA HAMILTON EXTERNAL MNG MADISON CNTY CMNTY SD #8	AA	N/A
GARCIA HAMILTON EXTERNAL MNG MCHENRY CNTY CMNTY SD #200	AA	N/A
GARCIA HAMILTON EXTERNAL MNG MCHENRY, CITY OF	N/A	Aa2
GARCIA HAMILTON EXTERNAL MNG MCLEAN & WOODFORD SD #5	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG MOLINE CITY OF	AA	A1
GARCIA HAMILTON EXTERNAL MNG MORTON GROVE PARK DIST	AA	N/A

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds External Manager: (continued)	S&P	Mdy	
GARCIA HAMILTON EXTERNAL MNG	MOUNT VERNON IL, CITY OF	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	OGLE & WINNEBEGO CNTY CUSD 223	AA	A1
GARCIA HAMILTON EXTERNAL MNG	PEORIA CITY OF	AA	A2
GARCIA HAMILTON EXTERNAL MNG	PEORIA CNTY SD 150	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	PERU CITY OF	AA	Aa3
GARCIA HAMILTON EXTERNAL MNG	REGIONAL TRANS AUTHORITY	AA	A2
GARCIA HAMILTON EXTERNAL MNG	ROCK ISLAND CNTY SD 41	AA	Aa3
GARCIA HAMILTON EXTERNAL MNG	SANG LOGAN MENARD CMNTY SD #15	AA	A1
GARCIA HAMILTON EXTERNAL MNG	SANGAMON, CNTY CMNTY SD#1	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	SPRINGFIELD, CITY OF WTR REV	AA-	N/A
GARCIA HAMILTON EXTERNAL MNG	ST CLAIR CNTY PUBLIC BLDG COMM	AA-	Aa3
GARCIA HAMILTON EXTERNAL MNG	ST. CHARLES CITY OF	N/A	Aa1
GARCIA HAMILTON EXTERNAL MNG	ST. CLAIR CNTY	AA-	Aa3
GARCIA HAMILTON EXTERNAL MNG	WAUCONDA FIRE PROTN DIST	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	WAUKEGAN CITY OF	AA	A2
GARCIA HAMILTON EXTERNAL MNG	WILL & KENDALL CNTY CCSD 207	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG	WILL CNTY SD #204 JOLIET	AA	N/A
GARCIA HAMILTON EXTERNAL MNG	WILL, COUNTY OF	AA+	Aa1
GARCIA HAMILTON EXTERNAL MNG	WINNEBAGO CNTY TXBL	N/A	Aa3
GARCIA HAMILTON EXTERNAL MNG	WOODRIDGE PARK DISTRICT	AA	N/A
RAMIREZ EXTERNAL MNG	BARTLETT, VILLAGE OF	NR	Aa1
RAMIREZ EXTERNAL MNG	BD & MONTGOMERY CCSD 2 GREENVILLE	AA	N/A
RAMIREZ EXTERNAL MNG	BEDFORD PARK TXBL	AA	A2
RAMIREZ EXTERNAL MNG	BOLINGBROOK PARK DIST	NR	Aa2
RAMIREZ EXTERNAL MNG	BOLINGBROOK VILLAGE OF	AA	NR
RAMIREZ EXTERNAL MNG	BRADLEY, VILLAGE OF	AA-	NR
RAMIREZ EXTERNAL MNG	CC SD 162 MATTESON	AA	Aa3
RAMIREZ EXTERNAL MNG	CCSD 155 CALUMET	AA	NR
RAMIREZ EXTERNAL MNG	CCSD31 WEST NORTHFIELD	NR	Aa2
RAMIREZ EXTERNAL MNG	CHAMPAIGN CNTY SD 116 URBANA	AA-	N/A
RAMIREZ EXTERNAL MNG	CHICAGO HOUSING AUTH	AA-	NR
RAMIREZ EXTERNAL MNG	CHRISTIAN CNTY CMNTY SD #3	AA	NR
RAMIREZ EXTERNAL MNG	CITY OF ROCKFORD	AA	A3
RAMIREZ EXTERNAL MNG	CITY OF COLLINSVILLE	NR	Aa3
RAMIREZ EXTERNAL MNG	CITY OF DECATUR	AA	A2
RAMIREZ EXTERNAL MNG	CITY OF EVANSTON IL	NR	Aa2
RAMIREZ EXTERNAL MNG	CITY OF GRANITE CITY	AA	NR
RAMIREZ EXTERNAL MNG	CITY OF PRINCETON	AA	NR
RAMIREZ EXTERNAL MNG	COOK CNTY HIGH SD #220 REAVIS	AA	A2
RAMIREZ EXTERNAL MNG	COOK CNTY SD #104 SUMMIT	AA	NR
RAMIREZ EXTERNAL MNG	COOK CNTY SD #135	AA+	NR
RAMIREZ EXTERNAL MNG	COOK CNTY SD 153 HOMEWOOD	AA	NR
RAMIREZ EXTERNAL MNG	COOK CNTY SD #100 BERWYN S.	AA	NR
RAMIREZ EXTERNAL MNG	COOK CNTY SD #105	AA	NR
RAMIREZ EXTERNAL MNG	COOK CNTY SD #148 DOLTON	AA	NR
RAMIREZ EXTERNAL MNG	DEKALB CNTY CUSD 428	NR	Aa2

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds External Manager: (continued)	S&P	Mdy
RAMIREZ EXTERNAL MNG DEKALB LASALLE CNTY CLG DST 523	AA-	N/A
RAMIREZ EXTERNAL MNG DOWNERS GROVE VILLAGE OF	AAA	NR
RAMIREZ EXTERNAL MNG DUPAGE CNTY SD #60	NR	Aa2
RAMIREZ EXTERNAL MNG DUPAGE CNTY SD #33 W CHICAGO	NR	Aa2
RAMIREZ EXTERNAL MNG DUPAGE SD #45 VILLA PARK	N/A	Aa2
RAMIREZ EXTERNAL MNG DUPAGE COOK CNTY CUSD 181 HINSDALE	N/A	Aaa
RAMIREZ EXTERNAL MNG FREEPORT, CITY OF	AA	NR
RAMIREZ EXTERNAL MNG GREATER ROCKFORD ARPT AUTH	AA	Aa3
RAMIREZ EXTERNAL MNG GRUNDY KENDALL & WILL CNTY SD 201	N/A	Aa3
RAMIREZ EXTERNAL MNG HENRY WHITESIDE CNTY CUSD 228	AA	N/A
RAMIREZ EXTERNAL MNG HODGKINS VILLAGE OF TXBL	AA-	NR
RAMIREZ EXTERNAL MNG KANE CNTY SD 129 AURORA W SIDE	AA	Aa3
RAMIREZ EXTERNAL MNG KANE COUNTY FOREST PRESERVE	AA+	NR
RAMIREZ EXTERNAL MNG KENDALL CNTY COMMUNITY SD #88	AA	NR
RAMIREZ EXTERNAL MNG LAKE CNTY BBSD 3 BEACH PARK	AA	N/A
RAMIREZ EXTERNAL MNG LAKE CNTY CMNTY SD #73 HAWTHORN	AA+	N/A
RAMIREZ EXTERNAL MNG LAKE CNTY WARREN TWP DIST 121	AA+	NR
RAMIREZ EXTERNAL MNG LAKE COUNTY CCSD 50 WOODLAND	AA+	Aa2
RAMIREZ EXTERNAL MNG MADISON BOND ETC CNTYS CUSD 5	AA	NR
RAMIREZ EXTERNAL MNG MADISON MACOUPIN CNTYS ICCD 536	AA	N/A
RAMIREZ EXTERNAL MNG MCHENRY, CITY OF	NR	Aa2
RAMIREZ EXTERNAL MNG MCLEAN CNTY CUSD 3 TRI-VALLEY	AA	N/A
RAMIREZ EXTERNAL MNG MENARD SANGAMON LOGAN CUSD 213	AA	NR
RAMIREZ EXTERNAL MNG NAPERVILLE PARK DIST	NR	Aaa
RAMIREZ EXTERNAL MNG PEORIA CNTY SD 150	AA	NR
RAMIREZ EXTERNAL MNG RANDOLPH CNTY CUSD 140 SPARTA	AA	N/A
RAMIREZ EXTERNAL MNG ROCK ISLAND CNTY SD 41	AA	Aa3
RAMIREZ EXTERNAL MNG SALES TAX SECURITIZATION CORP	AA-	NR
RAMIREZ EXTERNAL MNG SANGAMON CNTY IL WATER DIST	A+	NR
RAMIREZ EXTERNAL MNG ST CLAIR CNTY HWY REV	AA	A1
RAMIREZ EXTERNAL MNG ST. CLAIR CNTY	AA-	Aa3
RAMIREZ EXTERNAL MNG STEPHENSON CNTY SD 145 FREEPORT	AA	NR
RAMIREZ EXTERNAL MNG UNIV OF IL TXBL SER B	AA	A1
RAMIREZ EXTERNAL MNG VILLAGE OF ADDISON	AA	NR
RAMIREZ EXTERNAL MNG VILLAGE OF HODGKINS IL	AA-	NR
RAMIREZ EXTERNAL MNG VILLAGE OF JOHNSBURG	AA-	NR
RAMIREZ EXTERNAL MNG VILLAGE OF LEMONT	NR	Aa2
RAMIREZ EXTERNAL MNG VILLAGE OF OAK PARK	AA	A1
RAMIREZ EXTERNAL MNG VILLAGE OF OSWEGO	NR	Aa2
RAMIREZ EXTERNAL MNG VILLAGE OF SKOKIE	NR	Aa2
RAMIREZ EXTERNAL MNG VILLAGE OF VERNON HILLS	AAA	NR
RAMIREZ EXTERNAL MNG WILL & KENDALL CNTY CCSD 202	N/A	Aa2
RAMIREZ EXTERNAL MNG WILL & KENDALL CNTY CCSD 207	N/A	Aa3
RAMIREZ EXTERNAL MNG WILL CNTY CCSD 30-C TROY TWP	N/A	Aa2
RAMIREZ EXTERNAL MNG WILL CNTY SD #114 MANHATTAN	AA	NR
RAMIREZ EXTERNAL MNG WILL, COUNTY OF	AA+	Aa1
RAMIREZ EXTERNAL MNG WINNEBAGO CNTY TXBL	N/R	Aa3

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds External Manager: (continued)		S&P	Mdy
RAMIREZ EXTERNAL MNG	WINNEBAGO, COUNTY OF	NR	Aa3
RAMIREZ EXTERNAL MNG	WINNETKA, VILLAGE OF	NR	Aaa
Corporate Bonds:		S&P	Mdy
ALAMO CAPITAL	APPLE INC.	AA+	Aa1
ALAMO CAPITAL	CHEVRON CORP	AA-	Aa2
ALAMO CAPITAL	EXXON MOBIL CORPORATION	AA-	Aa2
ALAMO CAPITAL	PROCTER AND GAMBLE	AA-	Aa3
CABRERA CAPITAL	APPLE INC.	AA+	Aa1
CABRERA CAPITAL	COLGATE-PALMOLIVE	AA-	Aa3
CABRERA CAPITAL	JPMORGAN CHASE & CO	A-	A2
CABRERA CAPITAL	MICROSOFT CORP	AAA	Aaa
CABRERA CAPITAL	US BANK NA CINCINNATI	AA-	A1
CASTLEOAK	APPLE INC.	AA+	Aa1
FIFTH THIRD	JPMORGAN CHASE & CO	A-	A2
FIFTH THIRD	TRUIST FINANCIAL CORP	A-	A3
FIFTH THIRD	US BANK NA CINCINNATI	AA-	A1
LOOP CAPITAL MARKETS	ADP	AA-	Aa3
LOOP CAPITAL MARKETS	AMAZON.COM	AA+	A1
LOOP CAPITAL MARKETS	APPLE INC.	AA+	Aa1
LOOP CAPITAL MARKETS	BANK OF AMERICA	A-	A2
LOOP CAPITAL MARKETS	BONY MELLON CORP	A	A1
LOOP CAPITAL MARKETS	JOHN DEERE CAP CORP	A	A2
LOOP CAPITAL MARKETS	JOHNSON AND JOHNSON	AAA	Aaa
LOOP CAPITAL MARKETS	JPMORGAN CHASE & CO	A-	A2
LOOP CAPITAL MARKETS	PEPSICO INC	A+	A1
LOOP CAPITAL MARKETS	PNC FINANCIAL SERVICES	A-	A3
LOOP CAPITAL MARKETS	PROCTER AND GAMBLE	AA-	Aa3
LOOP CAPITAL MARKETS	TRUIST FINANCIAL CORP	A-	A3
LOOP CAPITAL MARKETS	WELLS FARGO & CO.	BBB+	A2
MFR SECURITIES	APPLE INC.	AA+	Aa1
MFR SECURITIES	CITIGROUP INC.	BBB+	A3
MFR SECURITIES	JPMORGAN CHASE & CO	A-	A2
MFR SECURITIES	PFIZER	A+	A2
MFR SECURITIES	TRUIST FINANCIAL CORP	A-	A3
MFR SECURITIES	WALT DISNEY CO	BBB+	A2
MFR SECURITIES	WELLS FARGO & CO.	BBB+	A2
MFR SECURITIES	WELLS FARGO CO. FLOAT	BBB+	A2
MICROSOFT/ CABRERA	MICROSOFT CORP	AAA	Aaa
MISCHLER FINANCIAL	AMAZON.COM	AA+	A1
MISCHLER FINANCIAL	APPLE INC.	AA+	Aa1
MISCHLER FINANCIAL	BONY MELLON CORP	A	A1
MISCHLER FINANCIAL	BRISTOL MYERS SQUIBB CO	A+	A2
MISCHLER FINANCIAL	CHEVRON CORP	AA-	Aa2
MISCHLER FINANCIAL	CITIBANK	A+	Aa3

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds: (continued)		S&P	Mdy
MISCHLER FINANCIAL	CITIGROUP INC.	BBB+	A3
MISCHLER FINANCIAL	HONEYWELL INTERNATIONAL	A	A2
MISCHLER FINANCIAL	JOHNSON AND JOHNSON	AAA	Aaa
MISCHLER FINANCIAL	JPMORGAN CHASE & CO	A-	A2
MISCHLER FINANCIAL	MUFG UNION BANK	A	Aa3
MISCHLER FINANCIAL	NESTLE HOLDINGS INC.	AA-	Aa3
MISCHLER FINANCIAL	SUNTRUST BANK	A-	A3
MISCHLER FINANCIAL	US BANK NA CINCINNATI	AA-	A1
MISCHLER FINANCIAL	WELLS FARGO & CO.	BBB+	A2
MULTI-BANK SECURITIES	MICROSOFT CORP	AAA	Aaa
PENSERRA SECURITIES	APPLE INC.	AA+	Aa1
PENSERRA SECURITIES	BANK OF AMERICA	A-	A2
PENSERRA SECURITIES	BONY MELLON CORP	A	A1
PENSERRA SECURITIES	BRISTOL MYERS SQUIBB CO	A+	A2
PENSERRA SECURITIES	CITIBANK	A+	Aa3
PENSERRA SECURITIES	IBM CORP	A-	A2
PENSERRA SECURITIES	JOHN DEERE CAP CORP	A	A2
PENSERRA SECURITIES	JPMORGAN CHASE & CO	A-	A2
PENSERRA SECURITIES	JPMORGAN CHASE FLOAT	A-	A2
PENSERRA SECURITIES	NESTLE HOLDINGS INC.	AA-	Aa3
PENSERRA SECURITIES	TRUIST FINANCIAL CORP	A-	A3
PENSERRA SECURITIES	UNITED HEALTH GRP INC	A+	A3
PENSERRA SECURITIES	WALT DISNEY CO	BBB+	A2
PENSERRA SECURITIES	WELLS FARGO & CO.	BBB+	A2
PIPER JAFFRAY & CO	3M COMPANY	A+	A1
PIPER JAFFRAY & CO	APPLE INC.	AA+	Aa1
PIPER JAFFRAY & CO	CHEVRON CORP	AA-	Aa2
PIPER JAFFRAY & CO	JOHNSON AND JOHNSON	AAA	Aaa
PIPER JAFFRAY & CO	MICROSOFT CORP	AAA	Aaa
PIPER JAFFRAY & CO	PROCTER AND GAMBLE	AA-	Aa3
PIPER JAFFRAY & CO	US BANK NA CINCINNATI	AA-	A1
PIPER SANDLER	BONY MELLON CORP	A	A1
PIPER SANDLER	CATERPILLAR FLOAT	A	A2
PIPER SANDLER	HONEYWELL INTERNATIONAL	A	A2
PIPER SANDLER	JPMORGAN CHASE & CO	A-	A2
PIPER SANDLER	TRUIST FINANCIAL CORP	A-	A3
PIPER SANDLER	UNITED HEALTH GRP INC	A+	A3
RAMIREZ & CO	AMAZON.COM	AA+	A1
RAMIREZ & CO	APPLE INC.	AA+	Aa1
RAMIREZ & CO	BONY MELLON CORP	A	A1
RAMIREZ & CO	CHEVRON CORP	AA-	Aa2
RAMIREZ & CO	EXXON MOBIL CORPORATION	AA-	Aa2
RAMIREZ & CO	PROCTER AND GAMBLE	AA-	Aa3
RAMIREZ & CO	US BANK NA CINCINNATI	AA-	A1
RAYMOND JAMES	APPLE INC.	AA+	Aa1
RAYMOND JAMES	CHEVRON CORP	AA-	Aa2
RAYMOND JAMES	CITIGROUP INC.	BBB+	A3

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds: (continued)		S&P	Mdy
RAYMOND JAMES	JOHNSON AND JOHNSON	AAA	Aaa
RAYMOND JAMES	JPMORGAN CHASE & CO	A-	A2
RAYMOND JAMES	UNITED HEALTH GRP INC	A+	A3
SIEBERT WILLIAMS SHANK	US BANK NA CINCINNATI	AA-	A1
SIEBERT WILLIAMS SHANK	WELLS FARGO & CO.	BBB+	A2
SUN TRUST	3M COMPANY	A+	A1
SUN TRUST	JOHNSON AND JOHNSON	AAA	Aaa
WELLS FARGO	CITIGROUP INC.	BBB+	A3
WELLS FARGO	JOHN DEERE CAP CORP	A	A2
WELLS FARGO	PEPSICO INC	A+	A1
WELLS FARGO	WELLS FARGO & CO.	BBB+	A2
WILLIAMS CAPITAL	APPLE INC.	AA+	Aa1

Corporate Bonds External Manager:		S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG	ALLSTATE CORP	A-	A3
GARCIA HAMILTON EXTERNAL MNG	ALLSTATE CORP FLOATING	A-	A3
GARCIA HAMILTON EXTERNAL MNG	AMAZON.COM	AA	A1
GARCIA HAMILTON EXTERNAL MNG	AMERICAN EXPRESS CO.	BBB+	A3
GARCIA HAMILTON EXTERNAL MNG	AMERICAN EXPRESS CREDIT	A-	A2
GARCIA HAMILTON EXTERNAL MNG	APPLE	AA+	Aa1
GARCIA HAMILTON EXTERNAL MNG	ARCHER DANIELS MIDLAND ADM	A	A2
GARCIA HAMILTON EXTERNAL MNG	BANK OF AMERICA	A-	A2
GARCIA HAMILTON EXTERNAL MNG	BANK OF NEW YORK FLOATING RATE	A	A1
GARCIA HAMILTON EXTERNAL MNG	CATERPILLAR FINL SERV	A	A2
GARCIA HAMILTON EXTERNAL MNG	CITIGROUP FLOAT	BBB+	A3
GARCIA HAMILTON EXTERNAL MNG	COMCAST CORP	A-	A3
GARCIA HAMILTON EXTERNAL MNG	FIFTH THIRD BANK	A-	A3
GARCIA HAMILTON EXTERNAL MNG	FIFTH THIRD BANK FLOAT	A-	NR
GARCIA HAMILTON EXTERNAL MNG	GOLDMAN SACHS-FLOATING	BBB+	A2
GARCIA HAMILTON EXTERNAL MNG	IBM	A-	A2
GARCIA HAMILTON EXTERNAL MNG	INTEL CORP. FLOATING RATE	A+	A1
GARCIA HAMILTON EXTERNAL MNG	JOHN DEERE CAP CORP	A	A2
GARCIA HAMILTON EXTERNAL MNG	JPMORGAN CHASE & CO	A-	A2
GARCIA HAMILTON EXTERNAL MNG	KEY BANK	A-	A3
GARCIA HAMILTON EXTERNAL MNG	METLIFE GLOBAL FUNDING	AA-	Aa3
GARCIA HAMILTON EXTERNAL MNG	MORGAN STANLEY	BBB+	A1
GARCIA HAMILTON EXTERNAL MNG	MORGAN STANLEY-FLOATING	BBB+	A1
GARCIA HAMILTON EXTERNAL MNG	NY LIFE GLOBAL FLOATING	AA+	Aaa
GARCIA HAMILTON EXTERNAL MNG	PEPSICO INC.	A+	A1
GARCIA HAMILTON EXTERNAL MNG	PNC FINANCIAL SERVICES	A-	A3
GARCIA HAMILTON EXTERNAL MNG	QUALCOMM FLOATING	A-	A2
GARCIA HAMILTON EXTERNAL MNG	STATE STREET CORPORATION	A	A1
GARCIA HAMILTON EXTERNAL MNG	TRUIST BANK	A-	A3
GARCIA HAMILTON EXTERNAL MNG	UNITEDHEALTH GROUP INC	A+	A3
GARCIA HAMILTON EXTERNAL MNG	US BANK NA CINCINNATI	AA-	A1
GARCIA HAMILTON EXTERNAL MNG	WALT DISNEY COMPANY	BBB+	A2
GARCIA HAMILTON EXTERNAL MNG	WELLS FARGO & CO.	BBB+	A2

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds External Manager: (continued)	S&P	Mdy	
RAMIREZ EXTERNAL MNG	ABBOTT LABS	A+	A2
RAMIREZ EXTERNAL MNG	ALLSTATE CORP	A-	A3
RAMIREZ EXTERNAL MNG	AMAZON.COM	AA	A1
RAMIREZ EXTERNAL MNG	APPLE	AA+	Aa1
RAMIREZ EXTERNAL MNG	BANK OF AMERICA	A-	A2
RAMIREZ EXTERNAL MNG	BANK OF NEW YORK MELLON	A	A1
RAMIREZ EXTERNAL MNG	BERKSHIRE HATHAWAY FINANCIAL	AA	Aa2
RAMIREZ EXTERNAL MNG	BMO BANK OF MONTREAL	A-	A2
RAMIREZ EXTERNAL MNG	BP CAP MARKETS	A-	A2
RAMIREZ EXTERNAL MNG	CATERPILLAR FINL SERV	A	A2
RAMIREZ EXTERNAL MNG	CITIGROUP	BBB+	A3
RAMIREZ EXTERNAL MNG	COMCAST CORP	A-	A3
RAMIREZ EXTERNAL MNG	COMMONWEALTH EDISON CO	A	A1
RAMIREZ EXTERNAL MNG	CONOCOPHILLIPS CO	A-	A3
RAMIREZ EXTERNAL MNG	ECOLAB INC	A-	Baa1
RAMIREZ EXTERNAL MNG	ERP OPERATING LP	A-	A3
RAMIREZ EXTERNAL MNG	EXXON MOBIL CORP	AA-	Aa2
RAMIREZ EXTERNAL MNG	FIFTH THIRD BANK	A-	A3
RAMIREZ EXTERNAL MNG	GOLDMAN SACHS GROUP INC	BBB+	A2
RAMIREZ EXTERNAL MNG	GRAINGER WW INC	A+	A3
RAMIREZ EXTERNAL MNG	HONEYWELL INTERNATIONAL	A	A2
RAMIREZ EXTERNAL MNG	HSBC HOLDINGS PLC	A-	A3
RAMIREZ EXTERNAL MNG	IBM	A-	A2
RAMIREZ EXTERNAL MNG	INTEL CORP	A+	A1
RAMIREZ EXTERNAL MNG	JOHN DEERE CAP CORP	A	A2
RAMIREZ EXTERNAL MNG	JPMORGAN CHASE & CO	BBB+	A3
RAMIREZ EXTERNAL MNG	KEY BANK	A-	A3
RAMIREZ EXTERNAL MNG	LOCKHEED MARTIN CORP	A-	A3
RAMIREZ EXTERNAL MNG	MORGAN STANLEY	BBB+	A1
RAMIREZ EXTERNAL MNG	NORTHERN TRUST CORP	A	A2
RAMIREZ EXTERNAL MNG	NVIDIA CORP	A-	A2
RAMIREZ EXTERNAL MNG	ORACLE CORP	BBB+	Baa2
RAMIREZ EXTERNAL MNG	PACCAR FINANCIAL CORP	A+	A1
RAMIREZ EXTERNAL MNG	PFIZER	A+	A2
RAMIREZ EXTERNAL MNG	PNC BANK	A-	A3
RAMIREZ EXTERNAL MNG	QUALCOMM INC	A-	A2
RAMIREZ EXTERNAL MNG	ROYAL BANK OF CANADA (RBC)	AA-	Aa2
RAMIREZ EXTERNAL MNG	SALESFORCE.COM INC	A+	A2
RAMIREZ EXTERNAL MNG	SIMON PROPERTY GROUP LP	A-	A3
RAMIREZ EXTERNAL MNG	TARGET CORPORATION	A	A2
RAMIREZ EXTERNAL MNG	TD TORONTO-DOMINION BANK	AA-	Aa1
RAMIREZ EXTERNAL MNG	TRUIST BANK	A-	A3
RAMIREZ EXTERNAL MNG	UNITEDHEALTH GROUP INC	A+	A3
RAMIREZ EXTERNAL MNG	US BANCORP	A+	A1
RAMIREZ EXTERNAL MNG	WALMART INC	AA	Aa2
RAMIREZ EXTERNAL MNG	WELLS FARGO & CO.	BBB+	A2
RAMIREZ EXTERNAL MNG	WISCONSIN ELECTRIC POWER	A-	A2

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2021, credit ratings of collateral for securities lending collateral invested in repurchase agreements are as follows:

Standard & Poor's Rating	Percentage % (Percent of Total)	Moody's Rating	Percentage % (Percent of Total)
AAA	0.61%	Aaa	2.16%
AA+	0.55%	Aa1	0.62%
AA	0.92%	Aa2	1.02%
AA-	1.03%	Aa3	0.63%
A+	1.26%	A1	1.72%
A	1.04%	A2	1.78%
A-	2.74%	A3	2.11%
BBB+	4.41%	Baa1	3.66%
BBB	4.95%	Baa2	4.26%
BBB-	3.34%	Baa3	3.73%
BB+	1.47%	Ba1	1.73%
BB	2.38%	Ba2	1.27%
BB-	1.75%	Ba3	2.06%
B+	1.72%	B1	1.81%
B	1.91%	B2	1.90%
B-	1.64%	B3	1.49%
CCC+	1.01%	Caa1	1.00%
CCC	0.68%	Caa2	0.73%
CCC-	0.12%	Caa3	0.40%
CC	0.00%	Ca	0.10%
Not Rated	66.47%	C	0.07%
	100.00%	Not Rated	65.75%
			100.00%

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2020, excluding the securities lending program, the Office's investments in commercial paper were rated P-1 by Moody's Investors Service and A-1+ by Standard & Poor's Ratings, except for those issued by Citigroup Global, Glaxo Smith Kline, ING Funding, and JP Morgan which were rated A-1, and HSBC and Walt Disney which were rated A-2 by Standard & Poor's. The Office's short-term investments in all U.S. Agency obligations, including collateral for repurchase agreements, were rated P-1 by Moody's Investors Service, except for Federal Agriculture Mortgage Corporation securities which were not rated. The Office's long-term investments in all U.S. Agency obligations were rated Aaa by Moody's Investors Service or AA+ by Standard & Poor's Ratings, except for Federal Agriculture Mortgage Corporation securities which were not rated. The Office's short-term investment in foreign debt securities were rated A-1+ by Standard & Poor's Ratings. The Office's long-term investment in foreign debt securities were rated A1 by Moody's Investors Service and AA- by Standard & Poor's Ratings. The Office's long-term investments in Supranational Bonds were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's Ratings. The Office's investments in The Illinois Funds were rated AAAM by Standard & Poor's Ratings. The Office's investments in money market mutual funds were rated Aaa by Moody's Investors Service or AAAM by Standard & Poor's Ratings. The Office's short-term investments in Municipal Bonds and Corporate Bonds were rated by Moody's and Standard & Poor's in the following tables:

Municipal Bonds:		S&P	Mdy
ALAMO CAPITAL	VILLAGE OF ADDISON	AA	NR
ALAMO CAPITAL	CITY OF COLLINSVILLE	NR	Aa3
ALAMO CAPITAL	COOK CNTY HIGH SCH DIST #202	NR	Aaa
ALAMO CAPITAL	COOK CNTY CCD524 MORAIN VALLEY	NR	Aa1
ALAMO CAPITAL	DU PAGE CNTY SCH SD #60	AA+	NR
ALAMO CAPITAL	GRUNDY & WILL CNTY SD 1	NR	Aa3
ALAMO CAPITAL	LAKE CNTY CMNTY SCD 50	AA+	Aa2
ALAMO CAPITAL	LAKE CNTY WARREN TWP SCD #121	AA+	NR
ALAMO CAPITAL	MCLEAN & WOODFORD CNTY HS DIST #5	NR	Aa2
ALAMO CAPITAL	S HOLLAND TXBL REF SER A	NR	Aa3
ALAMO CAPITAL	WINNEBAGO COUNTY	NR	Aa2
CABRERA CAPITAL	CHICAGO HOUSING AUTH	AA-	NR
INT'L FCSTONE	CHAMPAIGN CNTY CMNTY SD #4	AA	NR
INT'L FCSTONE	COOK CNTY TWP HS DIST #225	AAA	Aaa
MISCHLER FINANCIAL	KANE CNTY FOREST PRESERVE DIST	AA+	NR
MISCHLER FINANCIAL	VILLAGE OF ORLAND PARK IL	AA+	Aa1
MISCHLER FINANCIAL	DU PAGE CNTY SCH DIST #12	AA	Aa3
MISCHLER FINANCIAL	MADISON CNTY SCH DIST #1	AA-	NR
MULTI-BANK SECURITIES	WILL GRUNDY ETC CNTYS CCD 525	NR	Aa2
MULTI-BANK SECURITIES	CHICAGO PARK DIST	AA	NR
MULTI-BANK SECURITIES	CHICAGO WATERWORKS REV	AA	A2
MULTI-BANK SECURITIES	IL ST CLEAN WTR INITIATIVE REV	AAA	NR
MULTI-BANK SECURITIES	MARSHALL CNTY SD #7 MIDLAND	AA	A1
MULTI-BANK SECURITIES	WOOD DALE CITY OF	AA+	NR
PENSERRA SECURITIES	CHICAGO WATERWORKS REV	AA	A2
PENSERRA SECURITIES	COOK CNTY HIGH SCH DIST #205	AA	A1
PENSERRA SECURITIES	REGIONAL TRANSPORTATION AUTH	AA	A2
PENSERRA SECURITIES	VILLAGE OF ROSEMONT SER A-TXBL	AA	A2
PENSERRA SECURITIES	WILL & KANKAKEE CNTYS CCSD 207	NR	Aa3

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds: (continued)		S&P	Mdy
PIPER JAFFRAY & CO	COOK CNTY HS 207 MAINE TOWNSHIP	NR	Aa1
PIPER JAFFRAY & CO	VILLAGE OF SKOKIE IL	NR	Aa2
PIPER JAFFRAY & CO	BOLINGBROOK PARK DIST	NR	Aa2
PIPER JAFFRAY & CO	LAKE CNTY CMNTY SCD #50	AA+	Aa2
PIPER JAFFRAY & CO	MADISON MAC CMNTY CLG DIST #536	AA	NR
PIPER JAFFRAY & CO	NAPERVILLE PARK DIST	NR	Aaa
PIPER SANDLER	CHAMPAIGN CITY OF	NR	Aaa
PIPER SANDLER	DUPAGE & WILL CNTYS CMNTY SD #204	AA	Aa3
PIPER SANDLER	FULTON CNTY CMNTY SD #3	AA	NR
PIPER SANDLER	VILLAGE OF NORTHBROOK	AAA	Aaa
RAMIREZ & CO	CHANNAHON VLG	NR	Aa2
RAMIREZ & CO	KANE MCHENRY & DEKALB CNTY SD #300	AA	NR
RAYMOND JAMES	LAKE & MCHEN CNTY SCH DIST #118	AA-	NR
ROBERT BAIRD	WILL & KENDALL CCSD #202 PLAINFIELD	NR	Aa2
ROBERT BAIRD	VILLAGE OF ADDISON	AA	NR
ROBERT BAIRD	VILLAGE OF BEDFORD PARK	AA	NR
ROBERT BAIRD	CHAMPAIGN CNTY CUSD 116 URBANA	AA-	NR
ROBERT BAIRD	CITY OF EVANSTON IL	NR	Aa2
ROBERT BAIRD	CITY OF ROCK FALLS	AA	NR
ROBERT BAIRD	COOK CNTY SCH DIST #117 N PALOS	NR	Aa2
ROBERT BAIRD	COOK CNTY SCH SD #155	AA	NR
ROBERT BAIRD	COOK CNTY SD #31 WEST NORTHFIELD	NR	Aa2
ROBERT BAIRD	COOK CNTY CCD #524 MORAIN VALLEY	NR	Aa1
ROBERT BAIRD	COOK CNTY TWP DIST #220 REAVIS	AA	A2
ROBERT BAIRD	GRUNDY KENDALL & WILL CUSD 201	NR	Aa3
ROBERT BAIRD	HENRY WHITESIDE CNTY CUSD #228	AA	NR
ROBERT BAIRD	KANE CNTY SD #129 AURORA W SIDE	AA	A1
ROBERT BAIRD	MENARD SANGAMON LOGAN CUSD #213	AA	NR
ROBERT BAIRD	MOLINE CITY OF	AA	A1
ROBERT BAIRD	RANDOLPH CNTY CUSD #140 SPARTA	AA	NR
ROBERT BAIRD	ST. CLAIR CNTY SCH #118	AA	NR
ROBERT BAIRD	SYCAMORE CMNTY UNIT SD #427	AA	NR
ROBERT BAIRD	VILLAGE OF NORTHBROOK	AAA	Aaa
ROBERT BAIRD	VILLAGE OF PALATINE	AA+	NR
ROBERT BAIRD	VILLAGE OF ROSEMONT SER A-TXBL	AA	A2
ROBERT BAIRD	VILLAGE OF SKOKIE IL	NR	Aa2
ROBERT BAIRD	WILL CNTY SD #33 HOMERGLEN	AA	NR
ROBERT BAIRD	WILL CNTY CCSD 30-C TROY TWP	NR	Aa2
ROBERT BAIRD	WINNEBAGO COUNTY	NR	Aa2
STIFEL NICHOLAS	COOK CNTY SD #64 PARK RIDGE	NR	Aa2
STIFEL NICHOLAS	COOK CNTY CMNTY HS DIST #218 OAK	AA	NR
STIFEL NICHOLAS	KANKAKEE CNTY CMNTY SD #258	AA	NR
STIFEL NICHOLAS	PARK RIDGE CITY OF	NR	Aa2
STIFEL NICHOLAS	ROCKISLAND CNTY SD #40 MOLINE	NR	Aa2
STIFEL NICHOLAS	CITY OF ROCKFORD TXBL REF SR C	AA	A3
STIFEL NICHOLAS	WILL & KANKAKEE CNTYS CCSD 207	AA	A3
SUN TRUST	VILLAGE OF OAK PARK	AA	A1

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds External Manager:		S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG	ADAMS CNTY SD#172	AA	A2
GARCIA HAMILTON EXTERNAL MNG	BOLINGBROOK PARK DIST	NR	Aa2
GARCIA HAMILTON EXTERNAL MNG	BOONE MCHENRY & DEKALB SD#100	AA	Aa3
GARCIA HAMILTON EXTERNAL MNG	BURBANK CITY OF	AA	A3
GARCIA HAMILTON EXTERNAL MNG	CARROLL & WHITESIDE CNTY SD #399	AA	NR
GARCIA HAMILTON EXTERNAL MNG	CENTRAL LAKE CNTY JT ACTWTR	NR	Aa2
GARCIA HAMILTON EXTERNAL MNG	CHAMPAIGN COLES CMNTY#505	AA	NR
GARCIA HAMILTON EXTERNAL MNG	CNTY CMNTY SD#4	AA	Aa2
GARCIA HAMILTON EXTERNAL MNG	CHERRY VALLEY FIRE PROT DIST	AA	A1
GARCIA HAMILTON EXTERNAL MNG	CITY OF CHICAGO IL WATERWORKS	AA+	NR
GARCIA HAMILTON EXTERNAL MNG	CHI MET A WTR RECLAMATION DIST	AA+	AAA
GARCIA HAMILTON EXTERNAL MNG	CHICAGO MIDWAY ARPT REV	A	NR
GARCIA HAMILTON EXTERNAL MNG	CHICAGO PARK DIST	AA	NR
GARCIA HAMILTON EXTERNAL MNG	COOK & WILL CNTY CLG DIST#515	AA	A1
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY	AA-	NR
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD#21 WHEELING	NR	Aa3
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD #63 E.MAINE	NR	Aa2
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD #78 ROSEMONT	AA	NR
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD #99 CICERO	NR	Aa3
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD#105	AA	NR
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD#151 SOUTH HOLLAND	AA-	NR
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD#159 MATTESON	NA	Aa3
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY SD#205 THORNTON TWP	AA	A1
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY HIGH SD#218 OAKLAWN	AA	NR
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY COMM COLLEGE DIST 524	NR	Aa1
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY CCD 524 MORAIN VLY	NR	Aa1
GARCIA HAMILTON EXTERNAL MNG	COOK CNTY HIGH SD#220 REAVIS	AA	A2
GARCIA HAMILTON EXTERNAL MNG	CREST HILL CITY OF	AA	NR
GARCIA HAMILTON EXTERNAL MNG	DEKALB & LASALLE CNTY SD#432	AA	A1
GARCIA HAMILTON EXTERNAL MNG	DEKALB CNTY CUSD 428	NR	Aa2
GARCIA HAMILTON EXTERNAL MNG	DUPAGE COOK & WILL CNTYS CCD#502	AA+	Aaa
GARCIA HAMILTON EXTERNAL MNG	DUPAGE CNTY FOREST PRESERVE	AAA	Aaa
GARCIA HAMILTON EXTERNAL MNG	BBSD 3 BEACH PARK	AA	NR
GARCIA HAMILTON EXTERNAL MNG	DUPAGE CNTY SD#62 GOWER	NR	Aa1
GARCIA HAMILTON EXTERNAL MNG	DU PAGE CNTY HS DIST #88	NR	Aa1
GARCIA HAMILTON EXTERNAL MNG	CITY OF EVANSTON IL	NR	Aa2
GARCIA HAMILTON EXTERNAL MNG	FOUNTAINDALE PUBLIC LIBRARY	AA	NR
GARCIA HAMILTON EXTERNAL MNG	FRANKLIN PARK VILLAGE OF	AA	NR
GARCIA HAMILTON EXTERNAL MNG	GLENVIEW PARK DISTRICT	NR	Aaa
GARCIA HAMILTON EXTERNAL MNG	GRUNDY CNTY PUBLIC BLDG COMMIS	AA	NR
GARCIA HAMILTON EXTERNAL MNG	GRUNDY KENDALL WILL CHSD111	NR	Aa2
GARCIA HAMILTON EXTERNAL MNG	IL ST CLEAN WTR INITIATIVE	AAA	NR
GARCIA HAMILTON EXTERNAL MNG	KANE COUNTY SD 131 AURORA	AA	A1
GARCIA HAMILTON EXTERNAL MNG	KANKAKEE CNTY SD#1	AA	NR
GARCIA HAMILTON EXTERNAL MNG	KENDALL&KANE CNTYS SD#115	NR	Aa3
GARCIA HAMILTON EXTERNAL MNG	LA GRANGE PARK	AA+	NR
GARCIA HAMILTON EXTERNAL MNG	MACON & LOGAN CNTYS SD#11	AA	NR

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds External Manager: (continued)	S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG	MADISON CNTY CMNTY SD#8	AA NR
GARCIA HAMILTON EXTERNAL MNG	MCHENRY CNTY CONSV DIST	AA+ Aa1
GARCIA HAMILTON EXTERNAL MNG	MCLEAN & WOODFORD SD#5	NR Aa2
GARCIA HAMILTON EXTERNAL MNG	MOLINE CITY OF	AA A1
GARCIA HAMILTON EXTERNAL MNG	NORTHLAKE PUBLIC LIBRARY	AA NR
GARCIA HAMILTON EXTERNAL MNG	VILLAGE OF OAK PARK	AA A1
GARCIA HAMILTON EXTERNAL MNG	OGLE & WINNEBEGO CNTY CUSD 223	AA A1
GARCIA HAMILTON EXTERNAL MNG	PEORIA CNTY SD 150	AA NR
GARCIA HAMILTON EXTERNAL MNG	REGIONAL TRANS AUTHORITY	AA A2
GARCIA HAMILTON EXTERNAL MNG	RIVERSIDE VILLAGE OF	AA+ NR
GARCIA HAMILTON EXTERNAL MNG	ROCK ISLAND CNTY SD 41	AA Aa3
GARCIA HAMILTON EXTERNAL MNG	ST CLAIR CNTY PUBLIC BLDG COMM	AA- Aa3
GARCIA HAMILTON EXTERNAL MNG	WAUKEGAN CITY OF	AA A2
GARCIA HAMILTON EXTERNAL MNG	WILL & KENDALL CNTY CCSD 207	NR Aa3
GARCIA HAMILTON EXTERNAL MNG	WILL CNTY SD#204 JOLIET	AA Aa3
GARCIA HAMILTON EXTERNAL MNG	WINNEBAGO CNTY TXBL	NR Aa2
GARCIA HAMILTON EXTERNAL MNG	WOODRIDGE PARK DISTRICT	AA NR
RAMIREZ EXTERNAL MNG	VILLAGE OF ADDISON	AA NR
RAMIREZ EXTERNAL MNG	BEDFORD PARK TXBL	AA A2
RAMIREZ EXTERNAL MNG	BOLINGBROOK PARK DIST	NR Aa2
RAMIREZ EXTERNAL MNG	BD & MONTGOMERY CCSD 2 GREENVILLE	AA NR
RAMIREZ EXTERNAL MNG	BUFFALO GROVE VILLAGE OF	AAA NR
RAMIREZ EXTERNAL MNG	CHAMPAIGN CNTY SD 116 URBANA	AA- NR
RAMIREZ EXTERNAL MNG	CHICAGO HOUSING AUTH	AA- NR
RAMIREZ EXTERNAL MNG	CHICAGO PARK DIST	AA- NR
RAMIREZ EXTERNAL MNG	CITY OF COLLINSVILLE	NR Aa3
RAMIREZ EXTERNAL MNG	COOK CNTY	A+ A2
RAMIREZ EXTERNAL MNG	CCSD31 WEST NORTHFIELD	NR Aa2
RAMIREZ EXTERNAL MNG	COOK CNTY SD#100 BERWYN S.	AA NR
RAMIREZ EXTERNAL MNG	COOK CNTY SD #104 SUMMIT	AA NR
RAMIREZ EXTERNAL MNG	COOK CNTY SD#105	AA NR
RAMIREZ EXTERNAL MNG	COOK CNTY SD #135	AA+ NR
RAMIREZ EXTERNAL MNG	COOK CNTY SD#148 DOLTON	AA NR
RAMIREZ EXTERNAL MNG	COOK CNTY SD 153 HOMEWOOD	AA NR
RAMIREZ EXTERNAL MNG	CCSD 155 CALUMET	AA NR
RAMIREZ EXTERNAL MNG	CC SD 162 MATTESON	AA Aa3
RAMIREZ EXTERNAL MNG	COOK CNTY COMM COLLEGE DIST 524	Aa1 NR
RAMIREZ EXTERNAL MNG	COOKCNTY CMNTY CLG D#535 OAKTON	NR Aaa
RAMIREZ EXTERNAL MNG	COOK CNTY HIGH SD#220 REAVIS	A2 AA
RAMIREZ EXTERNAL MNG	DEKALB CNTY CUSD 428	NR Aa2
RAMIREZ EXTERNAL MNG	DEKALB LASALLE CNTY CLG DST523	AA- NR
RAMIREZ EXTERNAL MNG	CITY OF DECATUR	AA A2
RAMIREZ EXTERNAL MNG	DOWNERS GROVE VILLAGE OF	AAA NR
RAMIREZ EXTERNAL MNG	DUPAGE COOK CNTY CUSD 181 HINSDALE	NR Aaa
RAMIREZ EXTERNAL MNG	DUPAGE CNTY SD #60	AA+ NR
RAMIREZ EXTERNAL MNG	DUPAGE CNTY SD200 WHEATON	AA+ NR
RAMIREZ EXTERNAL MNG	CITY OF EVANSTON IL	NR Aa2

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Municipal Bonds External Manager: (continued)		S&P	Mdy
RAMIREZ EXTERNAL MNG	CITY OF GRANITE CITY	AA	NR
RAMIREZ EXTERNAL MNG	GRUNDY KENDALL & WILL CNTY SD 201	NR	Aa3
RAMIREZ EXTERNAL MNG	HENRY WHITESIDE CNTY CUSD 228	AA	NR
RAMIREZ EXTERNAL MNG	VILLAGE OF HODGKINS IL	AA-	NR
RAMIREZ EXTERNAL MNG	HODGKINS VILLAGE OF TXBL	AA-	NR
RAMIREZ EXTERNAL MNG	VILLAGE OF JOHNSBURG	AA-	NR
RAMIREZ EXTERNAL MNG	KANE COUNTY FOREST PRESERVE	AA+	NR
RAMIREZ EXTERNAL MNG	KANE CNTY SD 129 AURORA W SIDE	AA	A1
RAMIREZ EXTERNAL MNG	LAKE CNTY BBSD 3 BEACH PARK	AA	NR
RAMIREZ EXTERNAL MNG	LAKE COUNTY CCSD 50 WOODLAND	AA+	Aa2
RAMIREZ EXTERNAL MNG	LAKE CNTY CMNTY SD#73 HAWTHORN	AA+	NR
RAMIREZ EXTERNAL MNG	LAKE CNTY WARREN TWP DIST 121	AA+	NR
RAMIREZ EXTERNAL MNG	VILLAGE OF LEMONT	NR	Aa2
RAMIREZ EXTERNAL MNG	MADISON BOND ETC CNTYS CUSD 5	AA	NR
RAMIREZ EXTERNAL MNG	MADISON MACOUPIN CNTYS ICCD536	AA	NR
RAMIREZ EXTERNAL MNG	MCHENRY & KANE CNTY SD#158	AA	NR
RAMIREZ EXTERNAL MNG	MCLEAN CNTY CUSD 3 TRI-VALLEY	AA	NR
RAMIREZ EXTERNAL MNG	MENARD SANGAMON LOGAN CUSD 213	AA	NR
RAMIREZ EXTERNAL MNG	NAPERVILLE PARK DIST	NR	Aaa
RAMIREZ EXTERNAL MNG	VILLAGE OF NORTHBROOK	AAA	Aaa
RAMIREZ EXTERNAL MNG	VILLAGE OF OAK PARK	AA	A1
RAMIREZ EXTERNAL MNG	VILLAGE OF OSWEGO	NR	Aa2
RAMIREZ EXTERNAL MNG	VILLAGE OF PALATINE	AA+	NR
RAMIREZ EXTERNAL MNG	PEORIA CNTY SD 150	AA	NR
RAMIREZ EXTERNAL MNG	PEORIA CITY OF	AA	A2
RAMIREZ EXTERNAL MNG	CITY OF PRINCETON	AA	NR
RAMIREZ EXTERNAL MNG	RANDOLPH CNTY CUSD 140 SPARTA	AA	NR
RAMIREZ EXTERNAL MNG	VILLAGE OF RANTOUL	AA	NR
RAMIREZ EXTERNAL MNG	ROCK ISLAND CNTY SD 41	AA	Aa3
RAMIREZ EXTERNAL MNG	CITY OF ROCKFORD	AA	A3
RAMIREZ EXTERNAL MNG	ST. CLAIR CNTY	AA-	Aa3
RAMIREZ EXTERNAL MNG	SALES TAX SECURITIZATION CORP	AA-	NR
RAMIREZ EXTERNAL MNG	SANGAMON CNTY IL WATER DIST	A+	NR
RAMIREZ EXTERNAL MNG	VILLAGE OF SKOKIE	NR	Aa2
RAMIREZ EXTERNAL MNG	STEPHENSON CNTY SD145 FREEPORT	AA	NR
RAMIREZ EXTERNAL MNG	VILLAGE OF VERNON HILLS	AAA	NR
RAMIREZ EXTERNAL MNG	WHITESIDE CNTY CUSD 6 MORRISON	AA	NR
RAMIREZ EXTERNAL MNG	WILL & KENDALL CNTY CCSD 207	NR	Aa2
RAMIREZ EXTERNAL MNG	WILL & KENDALL CNTY CCSD 202	NR	Aa2
RAMIREZ EXTERNAL MNG	WILL CNTY CCSD 30-C TROY TWP	NR	Aa2
RAMIREZ EXTERNAL MNG	WINNEBAGO CNTY TXBL	NR	Aa2
Corporate Bonds:		S&P	Mdy
ALAMO CAPITAL	APPLE INC	AA+	Aa1
ALAMO CAPITAL	ADP	AA	Aa3
ALAMO CAPITAL	BONY MELLON CORP	A	A1

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds: (continued)		S&P	Mdy
ALAMO CAPITAL	CHEVRON CORP	AA	Aa2
ALAMO CAPITAL	COCA COLA	A+	A1
ALAMO CAPITAL	EXXON MOBIL CORPORATION	AA	Aa1
ALAMO CAPITAL	JOHNSON AND JOHNSON	AAA	Aaa
ALAMO CAPITAL	PROCTER AND GAMBLE	AA-	Aa3
ALAMO CAPITAL	3M COMPANY	A+	A1
ALAMO CAPITAL	US BANK NA CINCINNATI	AA-	A1
CABRERA CAPITAL	ALPHABET INC	AA+	Aa2
CABRERA CAPITAL	APPLE INC.	AA+	Aa1
CABRERA CAPITAL	BANK OF AMERICA	A+	Aa2
CABRERA CAPITAL	BONY MELLON CORP	A	A1
CABRERA CAPITAL	CHEVRON CORP	AA	Aa2
CABRERA CAPITAL	CITIBANK	A+	Aa3
CABRERA CAPITAL	COCA COLA	A+	A1
CABRERA CAPITAL	COLGATE-PALMOLIVE	AA-	Aa3
CABRERA CAPITAL	EXXON MOBIL CORPORATION	AA	Aa1
CABRERA CAPITAL	JPMORGAN CHASE & CO	A-	A2
CABRERA CAPITAL	MICROSOFT CORP	AAA	Aaa
CABRERA CAPITAL	PROCTER AND GAMBLE	AA-	Aa3
CABRERA CAPITAL	3M COMPANY	A+	A1
CABRERA CAPITAL	US BANK NA CINCINNATI	AA-	A1
CASTLEOAK	APPLE INC.	AA+	Aa1
CASTLEOAK	BONY MELLON CORP	A	A1
DREXEL HAMILTON LLC	COCA COLA	A+	A1
DREXEL HAMILTON LLC	EXXON MOBIL CORPORATION	AA	Aa1
LOOP CAPITAL MARKETS	ADP	AA	Aa3
LOOP CAPITAL MARKETS	TRUIST FINANCIAL CORP	A-	A3
LOOP CAPITAL MARKETS	BANK OF AMERICA	A+	Aa2
LOOP CAPITAL MARKETS	BONY MELLON CORP	A	A1
LOOP CAPITAL MARKETS	CHEVRON CORP	AA	Aa2
LOOP CAPITAL MARKETS	CITIBANK	A+	Aa3
LOOP CAPITAL MARKETS	JPMORGAN CHASE & CO	A-	A2
LOOP CAPITAL MARKETS	JOHNSON AND JOHNSON	AAA	Aaa
LOOP CAPITAL MARKETS	PNC BANK NA	A	A2
LOOP CAPITAL MARKETS	US BANK NA CINCINNATI	AA-	A1
MFR SECURITIES	US BANK NA CINCINNATI	AA-	A1
MICROSOFT/ CABRERA	MICROSOFT CORP	AAA	Aaa
MISCHLER FINANCIAL	APPLE INC.	AA+	Aa1
MISCHLER FINANCIAL	ADP	AA	Aa3
MISCHLER FINANCIAL	TRUIST FINANCIAL CORP	A-	A3
MISCHLER FINANCIAL	CHEVRON CORP	AA	Aa2
MISCHLER FINANCIAL	CHEVRON	AA	Aa2
MISCHLER FINANCIAL	CITIBANK	A+	Aa3
MISCHLER FINANCIAL	COCA COLA	A+	A1
MISCHLER FINANCIAL	EXXON MOBIL CORPORATION	AA	Aa1
MISCHLER FINANCIAL	JPMORGAN CHASE & CO	A-	A2
MISCHLER FINANCIAL	JOHNSON AND JOHNSON	AAA	Aaa

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds: (continued)		S&P	Mdy
MISCHLER FINANCIAL	PROCTER AND GAMBLE	AA-	Aa3
MISCHLER FINANCIAL	TRUIST FINANCIAL CORP	A-	A3
MISCHLER FINANCIAL	3M COMPANY	A+	A1
MISCHLER FINANCIAL	US BANK NA CINCINNATI	AA-	A1
MISCHLER FINANCIAL	UNITED HEALTH GRP INC	A+	A3
MULTI-BANK SECURITIES	ALPHABET INC	AA+	Aa2
MULTI-BANK SECURITIES	CHEVRON CORP	AA	Aa2
MULTI-BANK SECURITIES	MICROSOFT CORP	AAA	Aaa
PENSERRA SECURITIES	TRUIST FINANCIAL CORP	A-	A3
PENSERRA SECURITIES	BANK OF AMERICA	A+	Aa2
PENSERRA SECURITIES	CITIBANK	A+	Aa3
PENSERRA SECURITIES	JPMORGAN CHASE & CO	A-	A2
PENSERRA SECURITIES	UNITED PARCEL SERVICES	A-	A2
PENSERRA SECURITIES	US BANK NA CINCINNATI	AA-	A1
PENSERRA SECURITIES	UNITED HEALTH GRP INC	A+	A3
PIPER JAFFRAY & CO	APPLE INC.	AA+	Aa1
PIPER JAFFRAY & CO	ADP	AA	Aa3
PIPER JAFFRAY & CO	BANK OF AMERICA	A+	Aa2
PIPER JAFFRAY & CO	BONY MELLON CORP	A	A1
PIPER JAFFRAY & CO	CHEVRON CORP	AA	Aa2
PIPER JAFFRAY & CO	EXXON MOBILE CORPORATION	AA	Aa1
PIPER JAFFRAY & CO	JOHNSON AND JOHNSON	AAA	Aaa
PIPER JAFFRAY & CO	MICROSOFT CORP	AAA	Aaa
PIPER JAFFRAY & CO	PROCTER AND GAMBLE	AA-	Aa3
PIPER JAFFRAY & CO	3M COMPANY	A+	A1
PIPER JAFFRAY & CO	US BANK NA CINCINNATI	AA-	A1
PIPER SANDLER	TRUIST FINANCIAL CORP	A-	A3
PIPER SANDLER	BANK OF AMERICA	A+	Aa2
PIPER SANDLER	CITIBANK	A+	Aa3
PIPER SANDLER	JPMORGAN CHASE & CO	A-	A2
PIPER SANDLER	PNC BANK NA	A	A2
PIPER SANDLER	SUNTRUST BANK	A	A2
PIPER SANDLER	US BANK NA CINCINNATI	AA-	A1
PIPER SANDLER	UNITED HEALTH GRP INC	A+	A3
RAMIREZ & CO	ALPHABET INC	AA+	Aa2
RAMIREZ & CO	APPLE INC.	AA+	Aa1
RAMIREZ & CO	BONY MELLON CORP	A	A1
RAMIREZ & CO	TRUIST FINANCIAL CORP	A-	A3
RAMIREZ & CO	CHEVRON CORP	AA	Aa2
RAMIREZ & CO	COCA COLA	A+	A1
RAMIREZ & CO	EXXON MOBIL CORPORATION	AA	Aa1
RAMIREZ & CO	JPMORGAN CHASE & CO	A-	A2
RAMIREZ & CO	PNC BANK NA	A	A2
RAMIREZ & CO	PROCTER AND GAMBLE	AA-	Aa3
RAMIREZ & CO	US BANK NA CINCINNATI	AA-	A1
RAYMOND JAMES	CHEVRON CORP	AA	Aa2
RAYMOND JAMES	COCA COLA	A+	A1

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds: (continued)		S&P	Mdy
RAYMOND JAMES	JPMORGAN CHASE & CO	A-	A2
RAYMOND JAMES	JOHNSON AND JOHNSON	AAA	Aaa
RAYMOND JAMES	UNITED HEALTH GRP INC	A+	A3
SIEBERT WILLIAMS SHANK	US BANK NA CINCINNATI	AA-	A1
STIFEL NICHOLAS	JPMORGAN CHASE & CO	A-	A2
SUN TRUST	TRUIST FINANCIAL CORP	A-	A3
SUN TRUST	EXXON MOBILE CORPORATION	AA	Aa1
SUN TRUST	JOHNSON AND JOHNSON	AAA	Aaa
SUN TRUST	PROCTER AND GAMBLE	AA-	Aa3
SUN TRUST	3M COMPANY	A+	A1
TD SECURITIES	MICROSOFT CORP	AAA	Aaa
TORONTO DOMINION	JOHNSON AND JOHNSON	AAA	Aaa
WILLIAMS CAPITAL	APPLE INC.	AA+	Aa1
 Corporate Bonds External Manager:		S&P	Mdy
GARCIA HAMILTON EXTERNAL MNG	AMERICAN EXPRESS-FLOAT	BBB+	A3
GARCIA HAMILTON EXTERNAL MNG	ARCHER DANIELS MIDLAND ADM	A	A2
GARCIA HAMILTON EXTERNAL MNG	TRUIST BANK	A-	A3
GARCIA HAMILTON EXTERNAL MNG	BANK OF AMERICA FLOATING RATE	A-	A2
GARCIA HAMILTON EXTERNAL MNG	BANK OF NEW YORK FLOATING RATE	A	A1
GARCIA HAMILTON EXTERNAL MNG	CATERPILLAR FINL SERV	A	A3
GARCIA HAMILTON EXTERNAL MNG	CITIBANK-FLOATING	BBB+	A3
GARCIA HAMILTON EXTERNAL MNG	CITIGROUP	BBB+	A3
GARCIA HAMILTON EXTERNAL MNG	COMCAST CORP	A-	A3
GARCIA HAMILTON EXTERNAL MNG	JOHN DEERE CAP-FLOATING	A	A2
GARCIA HAMILTON EXTERNAL MNG	WALT DISNEY COMPANY	A-	A2
GARCIA HAMILTON EXTERNAL MNG	FIFTH THIRD BANK	A-	A3
GARCIA HAMILTON EXTERNAL MNG	GOLDMAN SACHS-FLOATING	BBB+	A3
GARCIA HAMILTON EXTERNAL MNG	IBM CORPORATION FLOATING RATE	BBB+	A3
GARCIA HAMILTON EXTERNAL MNG	IBM	A	A2
GARCIA HAMILTON EXTERNAL MNG	JP MORGAN-FLOATING	A-	A2
GARCIA HAMILTON EXTERNAL MNG	JPMORGAN CHASE & CO	A-	A2
GARCIA HAMILTON EXTERNAL MNG	KEY BANK	A-	A3
GARCIA HAMILTON EXTERNAL MNG	MORGAN STANLEY-FLOATING	BBB+	A3
GARCIA HAMILTON EXTERNAL MNG	NY LIFE GLOBAL FLOATING	AA+	Aaa
GARCIA HAMILTON EXTERNAL MNG	ORACLE CORP	A	A3
GARCIA HAMILTON EXTERNAL MNG	PNC BANK	A-	A3
GARCIA HAMILTON EXTERNAL MNG	UPS FLOATING RATE	A-	A2
GARCIA HAMILTON EXTERNAL MNG	US BANCORP	A+	A1
GARCIA HAMILTON EXTERNAL MNG	WELLS FARGO-FLOATING	A-	A2
RAMIREZ EXTERNAL MNG	ABBOTT LABS	A-	A3
RAMIREZ EXTERNAL MNG	ALLSTATE CORP	A-	A3
RAMIREZ EXTERNAL MNG	AMAZON.COM	AA-	A2
RAMIREZ EXTERNAL MNG	APPLE	AA+	Aa1
RAMIREZ EXTERNAL MNG	BANK OF AMERICA	A-	A2

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Corporate Bonds External Manager: (continued)	S&P	Mdy	
RAMIREZ EXTERNAL MNG	BMO BANK OF MONTREAL	A-	A2
RAMIREZ EXTERNAL MNG	BANK OF NEW YORK MELLON	A	A1
RAMIREZ EXTERNAL MNG	BERKSHIRE HATHAWAY FINANCIAL	AA	Aa2
RAMIREZ EXTERNAL MNG	BP CAP MARKETS	A-	A1
RAMIREZ EXTERNAL MNG	CATERPILLAR FINL SERV	A	A3
RAMIREZ EXTERNAL MNG	CITIGROUP	BBB+	A3
RAMIREZ EXTERNAL MNG	COMCAST CORP	A-	A3
RAMIREZ EXTERNAL MNG	COMMONWEALTH EDISON CO	A	A1
RAMIREZ EXTERNAL MNG	CONOCOPHILLIPS CO	A	A3
RAMIREZ EXTERNAL MNG	JOHN DEERE CAP CORP	A	A2
RAMIREZ EXTERNAL MNG	ERP OPERATING LP	A-	A3
RAMIREZ EXTERNAL MNG	ECOLAB INC	A-	Baa1
RAMIREZ EXTERNAL MNG	EXXON MOBIL CORP	AA	Aa1
RAMIREZ EXTERNAL MNG	FIFTH THIRD BANK	A-	A3
RAMIREZ EXTERNAL MNG	GOLDMAN SACHS GROUP INC	BBB+	A3
RAMIREZ EXTERNAL MNG	GRAINGER WW INC	A+	A3
RAMIREZ EXTERNAL MNG	HSBC HOLDINGS PLC	A-	A2
RAMIREZ EXTERNAL MNG	HONEYWELL INTERNATIONAL	A	A2
RAMIREZ EXTERNAL MNG	INTEL CORP	A+	A1
RAMIREZ EXTERNAL MNG	IBM	A	A2
RAMIREZ EXTERNAL MNG	JPMORGAN CHASE & CO	BBB+	A3
RAMIREZ EXTERNAL MNG	KEY BANK	A-	A3
RAMIREZ EXTERNAL MNG	LOCKHEED MARTIN CORP	A-	A3
RAMIREZ EXTERNAL MNG	MORGAN STANLEY	A-	A3
RAMIREZ EXTERNAL MNG	NORTHERN TRUST CORP	BBB+	A3
RAMIREZ EXTERNAL MNG	NVIDIA CORP	A-	A3
RAMIREZ EXTERNAL MNG	ORACLE CORP	A	A3
RAMIREZ EXTERNAL MNG	PNC BANK	A-	A3
RAMIREZ EXTERNAL MNG	PACCAR FINANCIAL CORP	A+	A1
RAMIREZ EXTERNAL MNG	PFIZER	AA-	A1
RAMIREZ EXTERNAL MNG	QUALCOMM INC	A-	A2
RAMIREZ EXTERNAL MNG	ROYAL BANK OF CANADA (RBC)	AA-	Aa2
RAMIREZ EXTERNAL MNG	SALESFORCE.COM INC	A	A3
RAMIREZ EXTERNAL MNG	SIMON PROPERTY GROUP LP	A	A2
RAMIREZ EXTERNAL MNG	TRUIST BANK	A	A2
RAMIREZ EXTERNAL MNG	TJX COS INC.	A	A2
RAMIREZ EXTERNAL MNG	TARGET CORPORATION	A	A2
RAMIREZ EXTERNAL MNG	TD TORONTO-DOMINION BANK	AA-	Aa1
RAMIREZ EXTERNAL MNG	US BANCORP	A-	A1
RAMIREZ EXTERNAL MNG	UNITEDHEALTH GROUP INC	A+	A3
RAMIREZ EXTERNAL MNG	WALMART INC	AA	Aa2
RAMIREZ EXTERNAL MNG	WELLS FARGO & CO.	A-	A2
RAMIREZ EXTERNAL MNG	WISCONSIN ELECTRIC POWER	A-	A2

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2020, credit ratings of collateral for securities lending collateral invested in repurchase agreements are as follows:

Standard & Poor's Rating	Percentage % (Percent of Total)	Moody's Rating	Percentage % (Percent of Total)
AAA	2.17%	Aaa	8.79%
AA+	0.80%	Aa1	1.01%
AA	1.48%	Aa2	1.37%
AA-	0.49%	Aa3	0.59%
A-2	0.45%	A1	2.57%
A-1+	0.00%	A2	2.58%
A-1	0.00%	A3	6.11%
A+	3.37%	Baa1	7.33%
A	1.53%	Baa2	8.40%
A-	6.85%	Baa3	5.47%
BBB+	8.34%	Ba1	2.44%
BBB	5.73%	Ba2	1.54%
BBB-	6.55%	Ba3	1.26%
BB+	3.59%	B1	0.68%
BB	0.90%	B2	1.04%
BB-	1.61%	B3	2.35%
B+	1.33%	Caa1	1.72%
B	0.71%	Caa2	0.58%
B-	1.96%	Caa3	1.38%
CCC+	2.59%	Ca	0.19%
CCC	0.69%	C	0.16%
CCC-	0.93%	P-1	0.44%
CC	0.04%	P-2	0.01%
C	0.19%	Not Rated	41.99%
Not Rated	47.70%		100.00%
	100.00%		

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

The amount of the deposit not covered by Federal deposit insurance for all time deposits is required to be collateralized. Securities pledged as collateral to secure these deposits are required to have a market value at an established percentage of the deposit based on the type of security pledged. Securities that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts, which require a market value of at least 105% of the deposit. If the obligation of the United States and its agencies is a mortgage backed security, the securities pledged as collateral are required to have a market value of at least 110% of the deposit.

Other securities that may be pledged as collateral to secure time deposits are MBIA Certificates (issued by the Municipal Bond Investors Assurance Corporation), Letters of Credit (issued by Federal Home Loan Bank (FHLB)), and Share Certificates (issued by credit unions), which require a market value of at least 102% of the deposit.

Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit was made. Written custodial agreements are required that provide, among other things, that the collateral securities are held separate from the assets of the custodial bank. Prior to placing the deposit and at least monthly thereafter, the Office determines that the collateral has a market value adequate to secure the deposit.

The Office has established accounts with The Illinois Funds for investment of State funds. The Illinois Funds participation provides comparable yields, a source of liquidity and requires less administrative intervention than other short-term investments. The management, custodianship and operation of The Illinois Funds are under the supervision of the Office. The fair value of the pool position is the same as the value of pool shares.

The Office purchased investments in seventeen mutual funds in 2021 and fifteen mutual funds in 2020. These mutual funds provide a comparable yield to other investments, particularly during times of falling interest rates and are a source of liquidity when cash is needed. Investments to the mutual funds can be made daily and interest income is received monthly.

Repurchase agreements are purchased from various financial institutions and rated brokerage firms located in the State. Securities pledged as collateral to secure these agreements are required to have a fair value of at least 102% of the agreement. The agreements require both parties to maintain an acceptable margin on underlying securities to ensure the agreements are adequately collateralized. The Office accepts only obligations of the United States government or its sponsored agencies as collateral for repurchase agreements (other than within the securities lending program).

All securities pledged to secure repurchase agreements are required to be delivered to a bank other than the institution from which the investment was acquired. A written custodial agreement with the banks that hold the Office's repurchase agreement collateral requires, among other things, that the collateral securities be held separately from the assets of the bank.

Commercial paper is purchased from various brokerage firms located in the State and is held in safekeeping by a bank for the Office. A written custodial agreement requires, among other things, that the safekeeping bank hold the commercial paper separately from the assets of the bank.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

The Office's investment in the State of Illinois Secondary Pool Investment Program was deposited in a trust to purchase a security interest in a pool of Small Business Administration (SBA), Federal Home Loan Mortgage Corporation Adjustable Rate Mortgage (FHLMC ARM), and Federal National Mortgage Association Adjustable Rate Mortgage (FNMA ARM) loans. The securities have a floating rate indexed to the prime rate as quoted in *The Wall Street Journal* and are adjusted quarterly. The pool is guaranteed by the U.S. Government and/or the respective agency.

The Office has purchased investments in Supranational Bonds, U.S. Treasury Obligations and U.S. Agency Securities. These purchases permit greater portfolio diversification, provide comparable yields to other investment options, and provide liquidity due to the active secondary market.

The Office's net increase (decrease) in the fair value of investments during 2021 and 2020 was \$60,372,145 and \$42,989,079, respectively. This amount takes into account all changes in fair value (including purchases and maturities) that occurred during the year and is reported as investment income earned in the Statements of Investment Income.

In allocating funds for short-term investment, the portions allocated to time deposits (certificates of deposit) commercial paper, mutual funds, and bank notes are based on forecasts of anticipated receipts and disbursements to determine funds not needed for at least 30 days from date of investment. Substantially all remaining available funds are invested in repurchase agreements with banks and brokerage firms.

The average yield for investments including amounts listed as cash equivalents on the 2021 and 2020 financial statements was 0.46% and 1.70%, respectively.

The master repurchase agreements utilized by the Office require the broker or financial institution to maintain the market value of collateral securities at 102% of the agreement. The carrying amount of repurchase agreements, including accrued interest, was \$910,187,298 and \$1,309,365,754, and the fair value of the collateral securities under the repurchase agreements was \$928,852,842 and \$1,342,126,069, as of June 30, 2021 and 2020, respectively.

Investment Commitment: The Illinois Technology Development Account I and II (TDA I and II) are administered by the Office in accordance with 30 ILCS 265 and have made commitments totaling approximately \$518 million as of June 30, 2021 and \$365 million as of June 30, 2020. The remaining unfunded commitment was approximately \$184 million as of June 30, 2021 and \$141 million as of June 30, 2020.

The Illinois Technology Development Account I has made commitments totaling approximately \$73 million as of June 30, 2021 and \$73 million as of June 30, 2020. The remaining unfunded commitment amount was approximately \$4 million as of June 30, 2021 and June 30, 2020.

The Illinois Technology Development Account II (also known as the Illinois Growth and Innovation Fund) has made commitments totaling \$445 million as of June 30, 2021 and \$292 million as of June 30, 2020. The remaining unfunded commitment amount was approximately \$180 million as of June 30, 2021 and \$137 million as of June 30, 2020.

It is anticipated that additional commitments will be made in the coming years for TDA II up to or near to the limits established in the Act. No additional future commitments are anticipated for TDA I.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Office's investment in a single issuer. The following investments exceeded 5 percent of the total investments at June 30, 2021 and 2020. (Expressed in thousands.)

	2021		2020	
	Carrying Value	% of Total Investments	Carrying Value	% of Total Investments
Treasury Bills:				
ASL Capital	\$	-	\$ 1,095,641,861	5.18

Securities Lending Transactions: The Office lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The Office has, through a Securities Lending Agreement, authorized Deutsche Bank AG to lend the Office's securities to broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2021 and 2020, Deutsche Bank AG lent U.S. Agency securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The Office did not impose any restrictions during fiscal years 2021 and 2020 on the amount of loans of available, eligible securities. In the event of borrower default, Deutsche Bank AG provides the Office with counterparty default indemnification. In addition, Deutsche Bank AG is obligated to indemnify the Office if Deutsche Bank AG loses any securities, collateral or investments of the Office in Deutsche Bank AG's custody. There were no losses during fiscal years 2021 and 2020 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal years 2021 and 2020, the Office and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The Office had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent. The securities lending collateral invested in repurchase agreements and the fair value of securities on loan for the Office as of June 30, 2021 were \$5,491,725,001 and 5,417,669,749, respectively. The securities lending collateral invested in repurchase agreements and the fair value of securities on loan for the Office as of June 30, 2020 were \$4,344,267,500 and \$4,290,619,359, respectively.

NOTE E. DEFEASED DEBT

During fiscal year 2021, the State of Illinois issued \$257,960,000 General Obligation Refunding Bonds. During fiscal year 2020, the State of Illinois issued no General Obligation Refunding Bonds.

In prior fiscal years, the State of Illinois defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State of Illinois' financial statements. At June 30, 2021 and 2020, no bonds outstanding were considered defeased.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE F. SECURITIES UNDER CUSTODIAL RESPONSIBILITY OF THE TREASURER

At June 30, 2021 and 2020, the Office was responsible for \$228,135,493 and \$224,124,188, respectively, of securities held in safekeeping for various State departments, agencies and institutions. These amounts are not reflected in the Statements of Assets and Other Debits, Liabilities and Accountabilities.

NOTE G. GENERAL OBLIGATION INDEBTEDNESS

A summary of the changes from June 30, 2020 to June 30, 2021, in General Obligation Bonded Indebtedness by issue type follows:

	Multi-Purpose - Interest Rates varying from 1.900% to 7.350% Series 2001 through 2021, due serially to 2046	Pension Funding - Interest Rates varying from 4.950% to 5.100% Series 2003, due serially to 2033	General Obligation Refunding Series 2012 through 2021 - Interest Rates varying from 4.000% to 5.125% due serially to 2033	General Obligation Certificates	General Obligation Notes	Total General Obligation Indebtedness
Balance at June 30, 2020						
Principal	\$ 15,723,994,017	\$ 8,625,000,000	\$ 3,250,870,000	\$ 1,200,000,000	\$ -	\$ 28,799,864,017
Interest	6,961,708,446	3,732,675,000	790,867,542	45,840,000	-	11,531,090,988
Total	22,685,702,463	12,357,675,000	4,041,737,542	1,245,840,000	-	40,330,955,005
Redemptions charge to Appropriations						
Principal	1,096,410,883	275,000,000	409,590,000	1,200,000,000	984,745,000	3,965,745,883
Interest	826,292,478	438,412,500	155,715,169	33,094,976	17,912,581	1,471,427,704
Total	1,922,703,361	713,412,500	565,305,169	1,233,094,976	1,002,657,581	5,437,173,587
Certificates/Bonds issued						
Principal	1,850,000,000	-	257,960,000	-	2,000,000,000	4,107,960,000
Interest	971,521,580	-	26,123,569	-	204,820,000	1,202,465,149
Total	2,821,521,580	-	284,083,569	-	2,204,820,000	5,310,425,149
Refunding						
Principal	40,000,000	-	230,155,000	-	-	270,155,000
Interest	15,275,000	-	21,605,450	-	-	36,880,450
Total	55,275,000	-	251,760,450	-	-	307,035,450
Savings on Prepayment						
Principal	-	-	-	-	-	-
Interest	-	-	-	12,745,024	-	12,745,024
Total	-	-	-	12,745,024	-	12,745,024
Balance at June 30, 2021						
Principal	16,437,583,134	8,350,000,000	2,869,085,000	-	1,015,255,000	28,671,923,134
Interest	7,091,662,548	3,294,262,500	639,670,492	-	186,907,419	11,212,502,959
Total	\$ 23,529,245,682	\$ 11,644,262,500	\$ 3,508,755,492	\$ -	\$ 1,202,162,419	\$ 39,884,426,093
Amounts due within one year						
Principal						\$ 1,918,460,000
Interest						1,382,606,123
Total						<u>\$ 3,301,066,123</u>

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE G. GENERAL OBLIGATION INDEBTEDNESS (CONTINUED)

A summary of the changes from June 30, 2019 to June 30, 2020, in General Obligation Bonded Indebtedness by issue type follows:

	Multi-Purpose - Interest Rates varying from 3.500% to 7.350% Series 2001 through 2020, due serially to 2045	Pension Funding - Interest Rates varying from 4.950% to 5.100% Series 2003, due serially to 2033	General Obligation Refunding Series 2006 through 2016 - Interest Rates varying from 2.000% to 5.250% due serially to 2033	General Obligation Certificates	Total General Obligation Indebtedness
Balance at June 30, 2019					
Principal	\$ 15,234,525,646	\$ 8,850,000,000	\$ 3,640,560,000	\$ -	\$ 27,725,085,646
Interest	6,775,460,036	4,182,225,000	966,944,630	-	11,924,629,666
Total	22,009,985,682	13,032,225,000	4,607,504,630	-	39,649,715,312
Redemptions charge to Appropriations					
Principal	1,060,531,629	225,000,000	389,690,000	-	1,675,221,629
Interest	809,324,813	449,550,000	176,077,088	-	1,434,951,901
Total	1,869,856,442	674,550,000	565,767,088	-	3,110,173,530
Certificates/Bonds issued					
Principal	1,550,000,000	-	-	1,200,000,000	2,750,000,000
Interest	995,573,223	-	-	45,840,000	1,041,413,223
Total	2,545,573,223	-	-	1,245,840,000	3,791,413,223
Refunding					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total	-	-	-	-	-
Balance at June 30, 2020					
Principal	15,723,994,017	8,625,000,000	3,250,870,000	1,200,000,000	28,799,864,017
Interest	6,961,708,446	3,732,675,000	790,867,542	45,840,000	11,531,090,988
Total	\$ 22,685,702,463	\$ 12,357,675,000	\$ 4,041,737,542	\$ 1,245,840,000	\$ 40,330,955,005
Amounts due within one year					
					\$ 2,992,905,000
					1,439,164,144
					<u>\$ 4,432,069,144</u>

Interest on zero coupon bonds is reflected in the previous schedules as interest to agree to the charge to appropriations. Interest on such bonds is reflected as principal in the debt service requirement schedule below.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE G. GENERAL OBLIGATION INDEBTEDNESS (CONTINUED)

Future general obligation debt service requirements at June 30, 2021, are as follows:

Year ending June 30	Principal	Interest	Total
2022	\$ 1,918,460,000	\$ 1,382,606,123	\$ 3,301,066,123
2023	1,961,750,000	1,291,260,485	3,253,010,485
2024	3,006,390,000	1,380,492,974	4,386,882,974
2025	2,000,435,000	1,093,800,510	3,094,235,510
2026	2,054,540,000	991,088,150	3,045,628,150
2027-2031	10,002,500,000	3,399,617,751	13,402,117,751
2032-2036	5,257,740,000	1,204,564,750	6,462,304,750
2037-2041	1,773,000,000	375,238,350	2,148,238,350
2042-2046	711,600,000	79,342,000	790,942,000
Total	<u>\$ 28,686,415,000</u>	<u>\$ 11,198,011,093</u>	<u>\$ 39,884,426,093</u>

The principal amounts reflected above include accretion to date on zero-coupon bonds.

Additional information and disclosures related to the State's General Obligation Indebtedness are presented in the State of Illinois Annual Comprehensive Financial Report. This report may be obtained online at www.illinoiscomptroller.gov or by writing to the Illinois Office of the State Comptroller, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois, 62704-1858.

NOTE H. CONTINGENCIES

In the Kolton, et al. v Frerichs case, the plaintiff is seeking compensation in connection with the State's alleged retention of interest on unclaimed property held in the form of money. The Office and Attorney General signed a Memorandum of Understanding on March 11, 2020. The parties filed the signed settlement agreement on July 13, 2021, and the preliminary approval order was filed and entered on July 20, 2021. The Treasurer will pay interest (up to a fixed time) to all eligible claimants of unclaimed property which will be paid from the Unclaimed Property Trust Fund. Additionally, the Notice Program to the class action members was successfully implemented. There was a hearing set for October 21, 2021 regarding Plaintiffs' motion for attorneys' fees of \$9.5M, which the Treasurer opposed. On December 16, 2021, the court awarded Plaintiff's counsel attorneys' fees in the amount of \$7.5M, plus additional expenses and costs in the amount of \$17,913. The Court also held that the fees shall be paid directly from the Unclaimed Property Fund.

The Office is involved in other lawsuits and legal proceedings. While the range of potential losses as a result of these lawsuits and other proceedings against the Office is unknown at this time, the Office believes the potential losses would be immaterial to the Fiscal Officer Responsibilities financial statements.

NOTE I. COVID-19 IMPACT

The COVID-19 pandemic continues to impact domestic and global financial markets. As a result, economic uncertainties continue which could negatively impact the fair market value of investments held by the Office. Other financial implications could occur though potential impact is unknown at this time due to uncertainties surrounding the severity of the disease and the duration of its outbreak. No adjustments or provisions were made in these financial statements related to COVID-19.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Notes to the Financial Statements
For the Years Ended June 30, 2021 and 2020**

NOTE J. SUBSEQUENT EVENTS

On July 21, 2021, the State of Illinois received federal funds under the American Rescue Plan Act of 2021 in the amount of \$8,498,769,644. Funds received will be used as permitted in the American Rescue Plan Act of 2021 and related federal guidance governing the use of these funds.

On September 8, 2021, the State of Illinois issued the Build Illinois Bonds, Junior Obligation Series A of September 2021 in the amount of \$130,000,000 maturing in 2022 through 2034 at interest rates of 3% to 4%.

On September 29, 2021, the State of Illinois issued two separate series of Build Illinois Bonds, Junior Obligation Series of September 2021 including Junior Obligation Taxable Series B of September 2021 in the amount of \$220,000,000 maturing in 2022 through 2041 at interest rates of 0.463% to 3.259% and Junior Obligation Tax- Exempt Refunding Series C of September 2021 in the amount of \$142,745,000 maturing in 2022 through 2033 at interest rates from 4% to 5%.

On December 15, 2021, the State of Illinois issued General Obligation Bonds, Series of December 2021, in two separate series: General Obligation Bonds, Series A of December 2021 in the amount of \$200,000,000 maturing in 2022 through 2031 at an interest rate of 5% and General Obligation Bonds, Series B of December 2021 in the amount of \$200,000,000 maturing in 2032 through 2041 at interest rates of 3% to 5%.

SUPPLEMENTARY INFORMATION

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Assets and Other Debits – Detail
June 30, 2021 and 2020**

	June 30, 2021 Bank Balances			June 30, 2020 Bank Balances		
	Collected	Float	Total	Collected	Float	Total
Demand Deposits						
Huntington Bank	\$ 43,606	\$ -	\$ 43,606	\$ 42,561	\$ -	\$ 42,561
Bank of America	437,053	-	437,053	33,686	-	33,686
JP Morgan Chase	262,775	324,084	586,859	191,723	542	192,265
Wells Fargo Bank	131,081	948,752	1,079,833	131,081	2,575,379	2,706,460
	<u>\$ 874,515</u>	<u>\$ 1,272,836</u>	2,147,351	<u>\$ 399,051</u>	<u>\$ 2,575,921</u>	2,974,972
Net Reconciling Items (e.g., Deposits-in- Transit and Outstanding Drafts)			<u>527,575,558</u>			<u>562,922,267</u>
Total Demand Deposits			<u>\$ 529,722,909</u>			<u>\$ 565,897,239</u>

Note - The total bank balances represent all funds recorded by the financial institution. This balance includes the float and collected amounts.
The float balance represents funds credited to the ledger balance which were unavailable, subject to the clearing process.
The collected balance represents available funds which have completed the clearing process.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Assets and Other Debits – Detail (Continued)
June 30, 2021 and 2020**

	June 30, 2021			June 30, 2020		
	Bank Balance			Bank Balances		
	Collected	Float	Total	Collected	Float	Total
Clearing Account Deposits and Deposits in Transit						
Huntington Bank	\$ 36,000	\$ -	\$ 36,000	\$ 17,043	\$ -	\$ 17,043
Bank of America	80,724	230,221	310,945	33,686	-	33,686
DuQuoin State Bank	102,834	(1,460)	101,374	42,354	-	42,354
JP Morgan	5,372,558	100,166,327	105,538,885	191,723	542	192,265
Illinois National Bank	125,003	1,343,573	1,468,576	225,003	4,654,512	4,879,515
US Bank-Springfield	116,261	175,097	291,358	343,302	40,780	384,082
Wells Fargo Bank	-	-	-	131,081	2,575,379	2,706,460
	<u>\$ 5,833,380</u>	<u>\$ 101,913,758</u>	107,747,138	<u>\$ 984,192</u>	<u>\$ 7,271,213</u>	8,255,405
Net Reconciling Items (e.g., Deposits-in- Transit and Outstanding Drafts)			<u>542,881</u>			<u>47,296,051</u>
Total Clearing Account Deposits			<u>\$ 108,290,019</u>			<u>\$ 55,551,456</u>

Note - The total bank balances represent all funds recorded by the financial institution. This balance includes the float and collected amounts. The float balance represents funds credited to the ledger balance which were unavailable, subject to the clearing process. The collected balance represents available funds which have completed the clearing process.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Assets and Other Debits – Detail (Continued)
June 30, 2021 and 2020**

Securities Lending Collateral

The securities lending collateral represents investments made with cash collateral received for U.S. Agency Securities, U.S. Treasury Bills, U.S. Treasury Notes and U.S. Agency Discount Notes lent and any remaining cash collateral received but not yet invested. The cash collateral received on each loan will be returned for the same securities in the future.

	June 30	
	2021	2020
Securities Lending Collateral		
Invested in Repurchase Agreements	\$ 5,491,725,001	\$ 4,344,267,500

Other Assets

This classification includes other assets not available for investment and transactions in process. Details at June 30 follow:

	June 30	
	2021	2020
Warrants cashed, but not canceled	\$ 5,000	\$ 135,000
Receivables from Universities and Agencies for monies advanced	79,665	1,769,139
Receivable from City of Edwardsville	214,080	215,020
Investment income earned, but not received	17,116,683	42,066,658
Total Other Assets	\$ 17,415,428	\$ 44,185,817

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Assets and Other Debits – Detail (Continued)
June 30, 2021 and 2020**

Other Assets (Continued)

The account balances of warrants cashed but not canceled and the receivable from universities and agencies represent cash expenditures from the State Treasury which were in the process of being recorded by the Comptroller at June 30, 2021 and 2020. The balances in these accounts will vary significantly from day to day, depending on the availability of investable funds and the timing of warrant presentation for payment.

The noninterest-bearing amount receivable from the City of Edwardsville (City) is stated as the unpaid balance of funds advanced to the City in 1967 for the planning and construction of a water main. The repayment terms require the City to pay into the State Treasury ten cents per one thousand gallons of water sold by the City to users receiving water from this main.

Repayments received for the years ended June 30, 2021 and 2020, were \$940 and \$4,260, respectively.

Investment income earned but not received represents accrued income on investments not yet matured or collected. The balance fluctuates based on market adjustments, total investments and investment maturity dates.

Amount of Future General Revenue Obligated for Debt Service

The following summary reflects the general revenue obligated for debt service:

	June 30	
	2021	2020
Certificates, Bonds and Coupons Maturing in Next Fiscal Year	\$ 3,301,066,123	\$ 4,432,069,144
Less - Balance on Deposit in State Treasury at Year End, for Certificate and Bond Redemption and Interest	(1,278,281,862)	(1,252,491,663)
Amount Obligated from Future General Revenue		
General Revenue - Next Fiscal Year	2,022,784,261	3,179,577,481
General Revenue - Thereafter	36,583,359,970	35,898,885,861
 Amount of Future General Revenue Obligated for Debt Service at Fiscal Year End	 \$ 38,606,144,231	 \$ 39,078,463,342

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Assets and Other Debits – Detail (Continued)
June 30, 2021 and 2020**

Amount of Future General Revenue Obligated for Debt Service (Continued)

A summary of the changes during fiscal years 2021 and 2020, in the amount of future general revenue obligated for debt service is as follows:

	2021	2020
Balance at Beginning of Fiscal Year	\$ 39,078,463,342	\$ 38,424,448,341
Issuance of Certificates and Bonds	5,310,425,149	3,791,413,223
Bonds and Coupons Redeemed	(5,449,918,611)	(3,110,173,531)
Bonds and Coupons Refunded	(307,035,450)	-
Net Change in Balances on Deposit in State Treasury	(25,790,199)	(27,224,691)
Balance at End of Fiscal Year	\$ 38,606,144,231	\$ 39,078,463,342

The amount of future general revenue obligated for debt service reconciled with total indebtedness at June 30 is as follows:

	June 30	
	2021	2020
<u>General Obligation Bonds</u>		
Amount of future general revenue obligated for debt service	\$ 38,606,144,231	\$ 39,078,463,342
Balance on deposit in the State Treasury at June 30 for bond redemption and interest	1,278,281,862	1,252,491,663
Total indebtedness at June 30	\$ 39,884,426,093	\$ 40,330,955,005

The liability for general obligation indebtedness is the aggregate amount of all future principal and interest payments necessary to retire such outstanding debt. The balancing amount included in assets in the Statements of Assets and Other Debits, Liabilities and Accountabilities of the Office is equivalent to the amount to be derived from future general revenue for debt service. The proceeds of these certificate and bond issues are accounted for by other State agencies.

Under the Short Term Borrowing Act whenever casual deficits or failures in revenue of the State occur, monies borrowed are applied to the purpose for which they were obtained, or to pay the debts thus created, and to no other purpose. The interest and principal are paid by the Office out of the General Obligation Bond Retirement and Interest Fund. All monies borrowed shall be borrowed for no longer than one year.

Under Section 10 of the Coronavirus Urgent Remediation Emergency (CURE) Borrowing Act, the State is authorized to borrow funds to meet failures of revenue resulting from the COVID-19 outbreak and to support the emergency response costs. All monies borrowed must be borrowed for no longer a time than the time limit set forth in federal program rules and guidance, and in no event longer than 10 years. On December 17, 2020, the State issued \$2 billion of General Obligation Notes with a single maturity date and interest payment date on December 15, 2023. The Notes were issued with an interest rate of 3.42%. The Notes were issued to fund COVID-19 purposes provided in the CURE Borrowing Act. The proceeds were deposited into the Coronavirus Urgent Remediation Emergency Borrowing Fund.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Liabilities and Accountabilities – Detail
June 30, 2021 and 2020**

Liabilities for Balances on Deposit

Protested Taxes: Substantially all of the \$67,832,021 and \$85,913,587 at June 30, 2021 and 2020, respectively, in the Protest Trust Fund has been enjoined by the courts pending the outcome of cases in process. By statute, a taxpayer making a tax payment "under protest" has 30 days to initiate a court suit and obtain an injunction. If not enjoined, the tax payments are transferred to the fund in the State Treasury that would have received the original deposit.

Available for Appropriation or Expenditure: This amount is the State of Illinois' balance at June 30 available to be appropriated by the General Assembly or expended by State agencies.

Agencies' Deposits Outside the State Treasury: The liability for agencies' deposits not under the statutory recordkeeping control of the Comptroller consists of:

	2021	2020
Treasurer's Clearing Account Balances	\$ 354,203,428	\$ 204,970,824
Treasurer's Clearing Account Drafts in Process of Being Ordered into the State Treasury	(11,403,618)	381,957,538
Deposits in Process of Being Ordered into the Treasurer's Clearing Accounts	510,029,722	469,032,919
Deposits in Demand Accounts in Process of Being Ordered into the State Treasury	894,082,070	697,302,217
Total Agency Deposits Outside the State Treasury	<u>\$ 1,746,911,602</u>	<u>\$ 1,753,263,498</u>

The Office's liability for agencies' deposits outside the State Treasury is composed principally of deposits of county and municipal retailers' occupation taxes and State income taxes awaiting designation of account distribution before being deposited in the State Treasury. Agencies' deposits outside the State Treasury consist principally of cash and short-term investments.

Comptroller's Warrants Outstanding: Warrants prepared by the Comptroller are recorded as outstanding upon countersignature by the Office. Warrants outstanding are reduced when paid warrants are returned to the Comptroller.

Other Liabilities

Obligations Under Securities Lending: This amount represents cash collateral received and invested in Repurchase Agreements for U.S. Treasury Bills, U.S. Treasury Notes, U.S. Agency Securities, and U.S. Agency Discount Notes lent that will be returned for the same securities in the future.

General Obligation Indebtedness

Refer to the "Amount of Future General Revenue Obligated for Debt Service" section of the "Supplementary Information – Assets and Other Debits – Detail" part of the report for information relating to outstanding general obligation indebtedness.

Accountabilities

Refer to the "Other Assets" section of the "Supplementary Information – Assets and Other Debits – Detail" part of the report for information relating to these accountabilities.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income
June 30, 2021 and 2020**

Investment income earned by the Treasurer is summarized by fund as follows:

	2021	2020
General Revenue Fund	\$ 69,233,165	\$ 163,096,302
Other State funds	16,875,496	99,220,655
Segregated State trust funds	986,085	23,052,271
	\$ 87,094,746	\$ 285,369,228

An analysis of investment income earned, classified by fund, is shown below:

	2021	2020
Funds Participating in Pooled Investments		
General Revenue Fund	\$ 69,233,165	\$ 163,096,302
Aggregated Operations Regulatory Fund	596	6,856
Airport Land Loan Revolving Fund	212	1,944
Alternative Compliance Market Account Fund	208	2,174
Ambulance Revolving Loan Fund	559	2,587
AML Reclamation Set Aside Fund	144,646	1,221,445
Appraisal Admin Fund	3,209	25,239
Assisted Living and Shared Housing Regulatory Fund	2,180	32,037
Autism Research Checkoff Fund	9	88
Autoimmune Disease Research Fund	109	938
Bank & Trust Company Fund	22,933	325,246
Brownfields Redevelopment Fund	4,174	35,857
Budget Stabilization Fund	3,756	4,916
Build Illinois Bond Retirement and Interest Fund	57,912	308,375
Build Illinois Capital Revolving Loan Fund	4,492	41,093
Build Illinois Fund	43,535	427,357
Capital Project Fund	1,092,327	4,315,480
Care Provide Per W Dev. Dis. Fund	35,117	186,742
Cemetery Consumer Protection Fund	160	180
Cemetery Relief Fund	848	7,803
Charitable Trust Stabilization Fund	1,859	35,998
Chicago State University Ed Imp Fund	9,783	25,258
Child Abuse Prevention Fund	32	4
Circuit Court Order Fund	30	-
Clean Air Act (CAA) Permit Fund	20,793	191,836
Coal Mining Regulatory Fund	871	7,820
Common School Fund	113,076	994,055
Community College Health Insurance Security Fund	3,210	31,416
Community DD Services Medicaid Trust Fund	41,691	524,186
Community Mental Health Medical Trust Fund	25,927	769,302
Community Water Supply Laboratory Fund	719	15,296
Compassionate Use of Medical Cannabis Fund	94,175	192,724
Conservation Police Operations Assistance Fund	3,611	16,996

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income (Continued)
For the Years Ended June 30, 2021 and 2020**

	2021	2020
Funds Participating in Pooled Investments (Continued)		
County Automobile Renting Tax Fund	\$ 89	\$ 1,034
County Hospital Services Fund	130,969	647,129
County Option Motor Fuel Tax Fund	15,521	88,051
County Water Commission Tax Fund	-	2,198
Credit Union Fund	4,810	49,278
Criminal Justice Trust Fund	73,133	245,595
Debt Settlement Consumer Protection Fund	798	7,314
Design Professionals Administration and Investigation Fund	4,927	29,084
DHS Community Services Fund	91,250	323,739
DHS Technology Initiative Fund	16,787	135,690
Diabetes Research Checkoff Fund	421	7,443
Drug Rebate Fund	724,402	1,056,791
Drycleaner Environmental Response Trust Fund	2,224	23,951
Early Intervention Services Fund	9,542	82,165
Electronics Recycling Fund	-	357
Environmental Laboratory Certification Fund	392	3,256
EPA Court Ordered Trust Fund	16	130
Explosive Regulatory Fund	161	5,781
Facilities Management Fund	30,728	119,289
Fair Share Trust Fund	46	1,141
Family Care Fund	(505)	8,116
Federal Asset Forfeiture Fund	1,577	18,876
Federal Home Investment Trust Fund	-	459
Federal Student Loan Fund	100,359	887,206
Federal Workforce Training Fund	154	1,390
Fire Truck Revolving Loan Fund	2,923	24,572
Fish and Wildlife Endowment Fund	5,802	50,907
Food and Drug Safety Fund	431	2,939
Gaining Early Awareness Fund	5,566	65,001
General Assembly Retirement Excess Benefits Fund	131	1,153
General Assembly Retirement Fund	15,765	66,827
General Obligation Bond Retirement and Interest Fund	3,273,016	22,494,033
General Professions Dedicated Fund	18,163	259,295
Grant Accountability & Transparency Fund	2,539	23,994
Group Home Loan Revolving Fund	454	3,152
Group Insurance Premium Fund	6,716	156,165
Group Workers Compensation Pool Fund	4,928	42,029
Hansen-Therkelsen Memorial Deaf Student College Fund	-	47
Health and Human Services Medicaid Trust Fund	25,550	309,739
Health Information Exchange Fund	676	6,195
Health Insurance Reserve Fund	189,352	1,148,987
Healthcare Providers Relief Fund	650,431	1,632,613
Hearing Instrument Dispenser Examining and Disciplinary Fund	397	2,133
Help Illinois Vote Fund	52,540	366,041

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income (Continued)
For the Years Ended June 30, 2021 and 2020**

	2021	2020
Funds Participating in Pooled Investments (Continued)		
Home Inspector Administration Fund	\$ 2,798	\$ 20,952
Home Rule City Retailers' Occupation Tax Fund	185,206	1,706,984
Home Rule Municipal Retailers' Occupation Tax Fund	293,901	2,401,860
Home Services Medicaid Trust Fund	147,494	1,012,647
Hospital Licensure Fund	7,651	88,077
Hospital Provider Fund	451,988	4,030,232
Human Service Priority Cap Program Fund	-	14
Hunger Relief Fund	896	2,916
Illinois Agrability Fund	3,558	-
Illinois Affordable Housing Trust Fund	26,979	887,106
Illinois Beach Marina Fund	701	5,377
Illinois Clean Water Act Fund	36,822	276,985
Illinois Equity Fund	3,880	14,537
Illinois Farmer and Agri-Business Loan Guarantee Fund	17,945	164,268
Illinois Habitat Fund	16,214	168,992
Illinois Power Agency Trust Fund	286	687
Illinois State Dental Disciplinary Fund	5,431	85,903
Illinois State Medical Disciplinary Fund	83,735	443,737
Illinois State Pharmacy Disciplinary Fund	8,522	69,026
Illinois State Podiatric Disciplinary Fund	1,790	13,260
Illinois State Police Federal Projects Fund	1,505	4,701
Illinois State Police Operations Assistance Fund	9,937	204,095
Illinois Veteran's Assistance Fund	4,048	27,442
Injured Workers Benefit Fund	3,871	42,192
Innovations in Long-Term Care Quality Demonstration Grants Fund	19,654	122,876
Intercity Passenger Rail Fund	-	2,919
Interpreters for the Deaf Fund	991	12,218
Judges Retirement Excess Benefits Fund	1,620	21,905
Judges Retirement Fund	40,811	407,844
Large Business Attraction Fund	566	6,680
Law Enforcement Camera Grant Fund	4,353	42,568
Local Government Health Insurance Reserve Fund	14,932	73,414
Long-Term Care Ombudsman Fund	8,757	58,229
Long-Term Care Provider Fund	30,188	395,350
Medicaid Buy-In Program Revolving Fund	1,183	24,848
Mental Health Reporting Fund	26,121	120,439
Metro East Mass Transit District Tax Fund	17,400	119,419
Metropolitan Pier and Exposition Authority Trust Fund	(22,286)	274,144
Money Follows the Person Budget Fund	11,072	102,095
Motor Vehicle Theft Prevention Fund	40,750	384,676
Multi-Modal Transportation Fund	853,732	-
Multiple Sclerosis Research Fund	3,204	17,288
Municipal Automobile Renting Tax Fund	2,751	27,976
Non-Home Rule Municipal Retailer's Occupation Tax Fund	69,606	515,967

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income (Continued)
For the Years Ended June 30, 2021 and 2020**

	2021	2020
Funds Participating in Pooled Investments (Continued)		
Nuclear Safety Emergency Preparedness Fund	\$ 23,059	\$ 165,597
Nursing Dedicated and Professional Fund	43,970	246,838
Off-highway Vehicle Trails Fund	2,800	34,501
Oil Spill Response Fund	313	2,088
Optometric Licensing and Disciplinary Committee Fund	2,680	22,579
Personal Property Tax Replacement Fund	322,865	2,054,332
Plugging and Restoration Fund	9,288	71,554
Prescription Pill and Drug Disposal Fund	1,016	7,890
Private Sewage Disposal Program Fund	517	5,420
Professional Services Fund	57,688	90,537
Professions Indirect Cost Fund	22,158	356,242
Public Agriculture Loan Guarantee Fund	22,883	209,473
Public Health Services Revolving Fund	829	96,179
Public Infrastructure Construction Loan Revolving Fund	1,943	17,791
Public Pension Regulation Fund	12,370	91,782
Quality of Life Endowment Fund	2,745	21,205
Radiation Protection Fund	15,226	109,619
Radioactive Waste Facility Development and Operation Fund	1,812	14,537
Rail Freight Loan Repayment Fund	1,716	15,729
Rate Adjustment Fund	10,060	138,452
Real Estate Audit Fund	456	4,185
Real Estate License Administration Fund	12,070	48,981
Real Estate Recovery Fund	3,181	33,696
Real Estate Research and Education Fund	1,889	13,948
Regional Transit Authority Sales Tax Trust Fund	365,402	2,911,008
Registered CPA Administration and Disciplinary Fund	3,184	84,468
Road Fund	2,679,814	6,816,027
Road Transportation A Fund	260,027	4,116,464
Salmon Fund	569	5,047
Savings and Residential Finance Regulatory Fund	10,044	92,312
Savings Institution Regulatory Fund	2,944	22,947
School Technology Revolving Loan Fund	7,249	45,615
Second Injury Fund	1,041	15,303
Securities Audit and Enforcement Fund	20,612	340,969
Self-Insurers Administration Fund	212	1,856
Self-Insurers Security Fund	33,940	351,611
Sexual Assault Service & Prevention Fund	1,220	8,620
Sheffield February 1982 Agreed Order Fund	5,825	54,068
Soil and Water Cons Dist Fund	-	5
Special Olympics Illinois and Special Children's Charities Fund	999	6,695
St. Jude Children Research Fund	-	11
State Assets Forfeiture Fund	1,257	39,824
State Construction Account Fund	824,508	8,687,476
State Employees Retirement Excess Benefits Fund	690	9,408

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income (Continued)
For the Years Ended June 30, 2021 and 2020**

	2021	2020
Funds Participating in Pooled Investments (Continued)		
State Employees Retirement System Fund	\$ 852,354	\$ 3,370,338
State Employees' Deferred Compensation Plan Fund	9,193	69,409
State Furbearer Fund	1,525	10,808
State Migratory Waterfowl Stamp Fund	6,877	130,080
State Pheasant Fund	9,202	73,833
State Police Firearm Service Fund	19,638	153,317
State Police Law Enforcement Admin Fund	13,814	38,621
State Police Merit Board Public Safety Fund	2,998	60,887
State Rail Freight Loan Repayment Fund	10,349	73,274
State Small Business Credit Initiative Fund	75,003	672,807
State Treasurer Admin Fund	14,337	125,616
State Treasurer Court - Ordered Escrow (Harland vs. Sweet) Fund	1,297	11,837
Student Loan Operating Fund	125,500	1,231,603
Supreme Court Historic Preservation Fund	2,693	14,491
Tax Compliance and Admin Fund	17,411	345,668
Teachers' Health Insurance Security Fund	24,586	326,778
Teachers' Retirement Excess Benefits Fund	19,133	846,583
Teachers' Retirement System Fund	358,017	3,088,701
Ticket for the Cure Fund	7,682	56,025
TOMA Consumer Protection Fund	269	2,460
Underground Resource Conservation Enforcement Trust Fund	2,824	46,683
Underground Storage Tank Fund	98,749	1,574,336
University of Illinois Hospital Services Fund	7,816	102,876
Violent Crime Victims Assistance Fund	1,508	39,823
Water Pollution Control Revolving Fund	625,146	3,663,080
Wildlife and Fish Fund	73,244	615,570
Wildlife and Prairie Park Fund	111	588
Worker's Compensation Revolving Fund	64,646	436,295
Total pooled investment income	<u>\$ 86,108,661</u>	<u>\$ 262,316,956</u>

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income (Continued)
For the Years Ended June 30, 2021 and 2020**

	2021	2020
Segregated Investments		
Agrichemical Incident Response Trust Fund	\$ 4	\$ 54
Cannabis Business Development Fund	34,740	276,494
College Savings Pool Administration Fund	2,427	24,921
Deferred Lottery Prize Winners Trust Fund	291	29,472
Grant vs Dimas Trust Fund	75	25,014
Homeland Security Emergency Preparedness Trust Fund	5,996	71,252
IL ABLE Accounts Administration Fund	11	77
Illinois Habitat Endowment Trust Fund	14,727	198,104
Illinois Prepaid Tuition Trust Fund	9,687	121,659
IL Secure Choice Administrative Fund	11	20
IL Standardbred Breeders Fund	113	1,381
IL Thoroughbred Breeders Fund	229	1,774
Illinois State Toll Highway Revenue Fund	731,104	19,898,913
Local Cannabis Cons Excise Tax Fund	2,432	-
Local Government Aviation Trust Fund	2,314	9,073
Municipal Motor Fuel Tax Fund	287	-
Municipal Wireless Service Emergency Trust Fund	1,471	19,715
National Heritage Endowment Trust Fund	350	6,280
Radioactive Waste Facility Closure and Compensation Fund	2	33
Regulatory Trust Fund	174	3,129
St Metro-East Park & Rec Dist Fund	1,591	16,587
Title III Social Security and Employment Service Fund	113,380	1,407,257
Tobacco IPTIP Fund	61,218	887,757
Unemployment Compensation Special Administration Fund	3,451	53,306
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Total segregated investment income	986,085	23,052,272
	<hr/>	<hr/>
Total investment income	\$ 87,094,746	\$ 285,369,228

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Income (Continued)
For the Years Ended June 30, 2021 and 2020**

An analysis of investment income earned by funds participating in pooled investments is shown below by type of investment:

	2021	2020
The Illinois Funds	\$ 2,270,252	\$ 18,324,999
Time Deposits	937,740	4,282,954
Money Market Mutual Fund	979,872	13,307,859
Repurchase Agreements	499,259	17,234,389
Commercial Paper	8,735,794	78,583,163
Federal Farm Credit Bank Notes	(290,100)	6,454,698
State of Illinois Secondary Pool Investment Program	(9,912)	(9,752)
Federal National Mortgage Association	388,812	5,031,638
Foreign Investments	1,722,010	1,818,071
Federal Home Loan Mortgage Corporation	(279,078)	8,610,030
Federal Home Loan Bank Notes	(174,126)	8,350,371
Supranational Bonds	(761,718)	3,389,191
U.S. Treasury Bills	17,840,296	19,680,210
U.S. Treasury Notes	3,690,963	35,527,366
Illinois Technology Development	51,861,242	10,285,304
Federal Agriculture Mortgage Corporation	(174,691)	7,817,566
Municipal Bonds	2,602,790	5,322,914
Corporate Bonds	(3,730,744)	18,286,344
Illinois Insured Mortgage Pilot Program	-	19,641
	<hr/>	<hr/>
Total pooled investment income	\$ 86,108,661	\$ 262,316,956

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Administrative Responsibilities
For the Years Ended June 30, 2021 and 2020**

Protest Trust Fund

	2021	2020
Liability at Beginning of Year	\$ 85,913,587	\$ 76,603,454
Add		
Trust Receipts Collected by Other State Agencies	1,019,639	10,054,558
	86,933,226	86,658,012
Deduct		
Trust Disbursements for Refunds of Successfully Protested Tax Payments	12,236,465	343,908
Transfers to Other Funds	6,864,740	400,517
	19,101,205	744,425
Liability at End of Year	\$ 67,832,021	\$ 85,913,587

OTHER INFORMATION

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Key Performance Measures and Other Information
For the Years Ended June 30, 2021 and 2020
(Unaudited)**

Key Performance Measures:

- The Illinois Funds' net asset base (net position) at 6/30/21 was \$8,748,691,774.
- The Illinois Funds' earned net investment income of \$12.7 million during FY21.

- Funded 63 Cultivate IL Annual Agriculture Invest deposits totaling \$89,613,500.
- Funded 63 Cultivate IL Annual Agriculture Long Term Invest deposits totaling \$9,553,092.
- Funded 4 Community Invest – Opportunity Illinois deposits totaling \$10,750,000.
- Funded 1 Business Invest Community Uplift Program deposit totaling \$43,400.
- Funded 4 Community Uplift Program deposits totaling \$5,900,000.

- Funded 12 COVID-19 Relief Program deposits totaling \$91,360,000.

- Total number of warrants successfully issued, countersigned and recorded: 3,466,282.
- Total number of warrants successfully canceled, paid and recorded: 3,261,189.
- Total amount of warrants successfully issued, countersigned and recorded: \$114,294,826,785.

- Total amount of estate tax collections: \$479,987,416
- Total amount of estate tax refunds: \$12,838,103

- The investment portfolio earned \$87,094,746 during fiscal year 2021.
- Investments yielded approximately 0.46% throughout the current year.
- The average investment base increased approximately \$2,882,229,804 from the prior year.

- The value of the Illinois Technology Development I account at cost as of 6/30/21 was \$18,079,403.
- The value of the Illinois Technology Development I account at estimated fair value as of 6/30/21 was \$17,733,887. Fair values were estimated by the individual technology development accounts' fund managers not the Office or an independent third party.
- The value of the Illinois Technology Development II account at cost as of 6/30/21 was \$232,020,288.
- The value of the Illinois Technology Development II account at estimated fair value as of 6/30/21 was \$287,119,090. Fair values were estimated by the individual technology development accounts' fund managers not the Office or an independent third party.

Other Information:

Inheritance and Estate Taxes

The Office's Fiscal Officer Responsibilities include joint responsibility with the Attorney General of the State of Illinois (Attorney General) for the collection of inheritance and estate taxes assessed by the circuit courts and the Attorney General, respectively.

Public Act 97-732 went into effect July 1, 2012. As a result, all Illinois Estate and Inheritance taxes are paid directly to the Office by the estate rather than flowing through the county treasurers. Additionally, county treasurers no longer receive a monthly six percent estate tax distribution for collection services. Instead, six percent of all estate tax collections is deposited in the Estate Tax Refund Fund to be used exclusively for paying estate tax refunds.

Gross inheritance and estate tax receipts for the fiscal years ended June 30, 2021 and 2020, were \$479,987,416 and \$299,967,498, respectively.

The State Treasurer's Office did not receive any new monies to fund its new collection responsibilities.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Key Performance Measures and Other Information
For the Years Ended June 30, 2021 and 2020
(Unaudited)**

Tobacco Settlement Recovery Fund

Pursuant to Public Act 91-0646, the Office shall make deposits into the Tobacco Settlement Recovery Fund that shall contain deposits of all monies paid to the State for settlement proceeds and investment income. Pursuant to Public Act (Act) 96-0958, the Railsplitter Tobacco Settlement Authority (Authority) was established. The Act transferred the State's right to tobacco settlement proceeds to the Authority in exchange for the net proceeds of bonds and a right to the residual interest in tobacco settlement proceeds. On December 8, 2010, the Authority issued \$1.5 billion in bonds at an interest rate of 5.599%, with a maturity date of June 1, 2028. The following is a detail of the deposits into Fund Number 733:

	<u>2021</u>	<u>2020</u>
Tobacco Settlement Proceeds	\$ 141,104,139	\$ 125,782,149
Interest and Other Investment Income	<u>82,969</u>	<u>1,162,184</u>
Total Receipts and Deposits	<u>\$ 141,187,108</u>	<u>\$ 126,944,333</u>

**FISCAL OFFICER RESPONSIBILITIES
INVESTMENT POLICY STATEMENT FOR THE STATE INVESTMENT PORTFOLIO
(EFFECTIVE AUGUST 2020 THROUGH JUNE 2021)
(UNAUDITED)**

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

1.0 POLICY

Under this instrument, the Office of the Illinois State Treasurer's Investment Policy Statement for the State Investments portfolio ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all moneys and securities deposited with the Treasurer (collectively, the "State Investments portfolio") in a manner that will provide safety to the principal investment, meet the State's daily cash flow demands, and seek the highest risk-adjusted investment return, using authorized instruments and supporting community development efforts, in accordance with all State statutes governing the investment of public funds.

This Policy applies to all investments of the State Investments portfolio entered into on or after the adoption of this instrument. Investments made prior to the adoption of this Policy will continue to be governed by the policy in effect at the time such investments were made, until the maturity or selling of such investments.

This Policy applies to any investment under the stewardship of the Treasurer for which no other specific investment policy exists.

2.0 INVESTMENT POLICY COMMITTEE

The Treasurer affirms the existence of the Investment Policy Committee. The Investment Policy Committee shall be chaired by the Treasurer and include the following members of the Treasurer's staff: Deputy Treasurer & Chief Investment Officer, Chief of Staff, Chief Financial Products Officer, Chief Legislative and Policy Officer, General Counsel, Director of State Investments and Banking, Director of Investment Analysis and Due Diligence, Director of Fiscal Operations, Director of IPTIP Investments, Director of ePAY and The Illinois Funds, Director of Portfolio and Risk Analytics, Director of Corporate Engagement & Investment Operations, State Investments - Portfolio Management Officer and anyone else deemed appropriate by the Treasurer.

The Deputy Treasurer & Chief Investment Officer, who bears responsibility for the administration, planning, development, and implementation of all financial and investment strategies per the direction of the Treasurer, shall assist the Treasurer in executing the duties and activities of the Investment Policy Committee.

3.0 OBJECTIVE

The primary objective in the investment of the State Investments portfolio is to ensure the safety of principal. In addition, it is the Treasurer's objective to manage liquidity for payment of the State's financial obligations and provide the highest investment return, using authorized instruments, while prudently exercising sustainable stewardship in its investment decision-making.

3.1 Safety

The safety of principal is the foremost objective of the state's investments. State Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 10.0 of this Policy, and investment stewardship is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate, and credit risks.

3.2 Liquidity

The State Investments portfolio shall remain sufficiently liquid to enable the State to meet all operating and cash flow requirements that might be reasonably projected.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

3.3 Return on Investment

The State Investments portfolio shall be designed and constructed to obtain the highest available risk-adjusted return, given the objectives of safety of principal and liquidity. The Director of State Investments and Banking or equivalent there to shall seek to obtain the highest available return, using authorized investments during budgetary and economic cycles as mandated by Section 1.0 of this Policy. When the Treasurer deposits funds in support of community development efforts, the rate of return may include benefits other than direct investment earnings, as authorized by Section 7 of the Deposit of State Moneys Act (15 ILCS 520/7).

The rate of return achieved on the State Investments portfolio shall be measured at regular intervals against relevant industry benchmarks, established by the Investment Policy Committee, to determine the effectiveness of investment decisions in meeting investment goals. The benchmarks shall be reviewed a minimum of every two (2) years to ensure accuracy and relevance.

3.4 Sustainability

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238/1 et seq.), the Treasurer shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence, and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. As such, consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment processes.

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance, future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, and government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated a minimum of every two (2) years to ensure consistency within the rapidly evolving global economy.

The State Investments portfolio's investment officers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

4.0 ETHICS AND CONFLICTS OF INTEREST

Authorized investment officers and employees in policy-making positions shall refrain from personal business activity that could (a) conflict, or give the appearance of a conflict, with proper execution of the investment program or (b) impair their ability to make impartial investment decisions. Such individuals shall disclose to the Treasurer any material and relevant financial interests, as determined by the Treasurer, in financial institutions that conduct business within the State, and they shall further disclose any personal financial investment positions that could be related to the performance of the State Investments portfolio. In addition, such individuals shall subordinate their personal investment transactions to those of the State Investments portfolio, particularly with regard to the time of purchases and sales.

5.0 AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS

Authorized investment staff shall utilize the Treasurer's approved list of broker/dealers and financial institutions when selecting institutions to provide investment services.

The security brokers/dealers shall be selected according to their creditworthiness and their financial significance in the State, which shall be measured in terms of the location of the broker/dealer's corporate office, the number of full-time employees, the size of its payroll, or the extent that the broker/dealer has an economic presence in the State. The list may include "primary" dealers or regional dealers who qualify under Securities and Exchange Commission Rule 17 CFR § 15Cc3-1 (Net Capital Requirements for Brokers or Dealers). All brokers/dealers interested in becoming qualified parties for investment transactions must supply the Treasurer's authorized investment staff with the following documents or the equivalent acceptable to the Treasurer, where applicable:

- a) Audited financial statements or a published Statement of Condition;
- b) Proof of minority-, woman-, disabled-, and/or veteran-owned or -managed broker/dealer status;
- c) A signed copy of the Treasurer's account authorization agreement;

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

- d) Proof of National and State of Illinois registration;
- e) Completed Counterparty Questionnaire;
- f) Certification of notice and acknowledgment of this Policy; and
- g) Any other documentation deemed necessary by the Treasurer.

If approved, a broker/dealer will be placed on a list of qualified parties for investment transactions. An annual review of the financial condition and registration of qualified parties will be conducted by the Treasurer's authorized investment staff. More frequent reviews may be conducted if warranted.

The Treasurer shall maintain a list of approved financial institutions, which shall be utilized by authorized investment officers. Pursuant to 15 ILCS 505/30, the Treasurer shall review a financial institution's Community Reinvestment Act ("CRA") rating, record, and current level of financial commitment to the community prior to making a decision to utilize or determine the eligibility of such financial institutions. No State funds may be deposited in any financial institution unless the institution has a current satisfactory or outstanding rating under the CRA. Exceptions to the CRA rating requirement may be granted, by the Deputy Treasurer, to financial institutions for participation in the Treasurer's Community Development Linked Deposit and Access to Capital Programs.

State funds may not be deposited in any financial institution unless the Treasurer's investment staff have conducted a safety and soundness review of the financial institution by consulting various bank rating services. If the financial institution has not yet been rated by the bank rating services, the institution may be eligible for a deposit that at maturity will not exceed \$250,000. The amount and duration of deposits shall be based on the safety and soundness review, in accordance with guidelines established by the Investment Policy Committee, and the diversification limits set forth in Section 10.0 of this Policy. No public deposit may be made, except in a qualified public depository, as defined by the Deposit of State Moneys Act. 15 ILCS 520/1 *et seq.*

5.1 External Investment Consultants

To the extent that the Investment Policy Committee deems it advisable to hire external investment consultants, it may do so in accordance with the Treasurer's procurement rules at 44 Ill. Admin. Code § 1400.

5.2 Preference for Broker/Dealers Owned by Minorities, Women, Military Veterans, and Persons with Disabilities

Pursuant to 15 ILCS 505/30, it shall be the aspirational goal of the Treasurer to use businesses owned by or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability for not less than 25% of the total dollar of purchases of investment securities, including, but not limited to, the use of broker/dealers. Beginning with fiscal year 2019, and at least annually thereafter, the Treasurer shall measure and report its utilization of broker/dealers owned or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability. The report shall be published on the Treasurer's official website.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

The terms "minority person", "woman", "person with a disability", "minority-owned business", "women-owned business", "business owned by a person with a disability", and "control" have the meanings provided in Section 1 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/1 et seq.). The terms "veteran", "qualified veteran-owned small business", "qualified service-disabled veteran-owned small business", "qualified service-disabled veteran", and "armed forces of the United States" have the meanings provided in Article 1 of the Illinois Procurement Code (30 ILCS 500/1 et seq.).

To the greatest extent feasible within the bounds of financial and fiduciary prudence, it is the policy of the Treasurer to remove any barriers to the full participation in investment transactions afforded via the investment program by actively identifying and considering for hire brokers/dealers that provide proof of minority-, female-, disabled-, and/or veteran-owned or -managed status. The Treasurer shall establish a process by which said specially claimed statuses are verified, and a review shall be conducted at fixed intervals to ensure that special statuses continue to apply.

5.3 Preference for Broker/Dealers Headquartered in Illinois

The Treasurer shall seek to provide preference to qualified brokers/dealers that provide proof that their corporate headquarters is located in the State of Illinois. In doing so, the Treasurer shall establish a process to verify the location of broker/dealers' corporate headquarters, and a review shall be conducted at fixed intervals to ensure that the Illinois-based location continues to apply.

Beginning with fiscal year 2019, and at least annually thereafter, the Treasurer shall measure and report its utilization of broker/dealers with headquarters located in the State of Illinois. The report shall be published on the Treasurer's official website.

6.0 AUTHORIZED AND SUITABLE INVESTMENTS

The following investments are authorized pursuant, subject to the Deposit of State Moneys Act (15 ILCS 520/22.5) and the Public Funds Investment Act (30 ILCS 235/2):

- a) Federally guaranteed obligations that receive the full faith and credit of the United States of America ("United States") as to principal and interest;
- b) Obligations of agencies of the United States, as originally issued by the agencies. For purposes of this Section, the term "agencies of the United States" includes the following: federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 as amended, the federal home loan banks and the federal home loan mortgage corporation, and any other agency created or supported through an Act of Congress and issues United States dollar-denominated debt;
- c) Obligations of instrumentalities of the United States, as originally issued by the instrumentalities. For the purposes of this section, the term "instrumentalities of the United States" is an instrumentality created or supported through an Act of Congress and issues United States dollar-denominated debt;
- d) Obligations of a foreign government that are guaranteed by the full faith and credit of that government as to principal and interest and rated at one (1) of the three (3) highest classifications established by at least two (2) standard rating services, (upper medium grade for the long-term rating of A- and above or equivalent), and only if the foreign government has not defaulted and has met its payment obligations in a timely manner on all similar obligations for at least twenty-five (25) years prior to the time of acquiring those obligations;

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

- e) Interest-bearing bonds, issued by counties or municipal corporations of the State of Illinois, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the State of Illinois or held under a custodial agreement at a financial institution. The bonds shall be rated at the time of purchase at one (1) of the three (3) highest classifications established by at least one (1) standard rating service with nationally recognized expertise in rating bonds of states and their political subdivisions, (upper medium grade for the long-term rating of A- and above or equivalent). The maturity or pre-refunded date(s) of the bonds authorized by this subsection shall, at the time of purchase, not exceed ten (10) years. Notwithstanding the foregoing, a longer maturity is authorized, if the State of Illinois has a put option to tender the bonds within ten (10) years from the date of purchase;
- f) Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 (15 U.S.C. § 780-5);
- g) Short-term obligations of either corporations or limited liability companies organized in the United States with assets exceeding \$500,000,000 and rated at the time of purchase at one of the two (2) highest classifications established by at least two (2) standard rating services (short-term rating of A-2 and above or equivalent). At the time of purchase, the maturity or pre-refunded date(s) shall not exceed two hundred and seventy (270) days to maturity;
- h) Long-term obligations of either corporations or limited liability companies organized in the United States that have a significant presence in the State of Illinois, with assets exceeding \$500,000,000, and rated at the time of purchase at one (1) of the three (3) highest classifications established by at least two (2) standard rating services, (upper medium grade for the long-term rating of A- and above or equivalent). At the time of purchase, the maturity or pre-refunded date(s) shall not exceed ten (10) years;
- i) Money market mutual funds registered under the Investment Company Act of 1940 15 U.S.C. §80a-1;
- j) Securities in accordance with Federal Financial Institution Examination Council guideline only if the securities are collateralized at a satisfactory level to assure the safety of the securities, taking into account market value fluctuation. The securities may be collateralized by cash or collateral acceptable under Sections 11 and 11.1 of the Deposit of State Moneys Act. Securities lending cash collateral may be invested according to the Securities Lending Agreement between the Treasurer and the Treasurer's Agent;
- k) Interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et seq.);
- l) Dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the laws of the State of Illinois or the United States that maintains its principal office in the State of Illinois;
- m) Interest-bearing accounts for the deposit of funds in support of local community development efforts;
- n) The Illinois Public Treasurers Investment Pool, created under Section 17 of the State Treasurer Act (15 ILCS 505/17); and
- o) Investments made in accordance with the Technology Development Act (30 ILCS 265/1 et seq.).

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

6.1 Private Debt Placement

The Treasurer may invest any State money in the Treasury, excluding specific funds noted in the Deposit of State Moneys Act (15 ILCS 520/22.5), in intergovernmental investment agreements with the Office of the Illinois State Comptroller in order to facilitate the payment of vouchers, when the total amount of vouchers presented exceeds the funds available in the General Revenue Fund by \$1,000,000,000 or more. The total outstanding investments, at any given time, shall not exceed \$2,000,000,000.

The interest rate will be tied to the London Interbank Offered Rate (LIBOR), Secured Overnight Financing Rate (SOFR), the Federal Funds Rate or an equivalent market established variable rate. At no time shall the interest rate exceed the rate established under the State Prompt Payment Act. 30 ILCS 540/1 et seq. or the timely pay interest rate under Section 368a of the Illinois Insurance Code.

The Treasurer and Comptroller will mutually agree upon the funds in the Treasury that will be utilized for the investment(s).

The Treasurer and Comptroller shall enter into a written intergovernmental agreement that specifies the terms of each investment, including, but not limited to, the repayment of the principal and interest. The terms of each investment will be posted to the Treasurer's official website.

6.2 Administrative Trust Funds

Pursuant to the Deposit of State Moneys Act (15 ILCS 520/ 1 et seq.), the Treasurer may invest or reinvest up to 5% of the College Savings Pool Administrative Trust Fund, the Illinois Public Treasurer's Investment Pool (IPTIP) Administrative Trust Fund and the State Treasurer's Administrative Fund that is not needed for current expenditures due or about to become due in common or preferred stocks of publicly traded corporations, partnerships, or limited liability companies organized in the United States, with assets exceeding \$500,000,000 if:

- a) The purchases do not exceed 1% of the corporation's or the limited liability company's outstanding common and preferred stock;
- b) No more than 10% of the total funds are invested in any one publicly traded corporation, partnership, or limited liability company; and
- c) The corporation or the limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code. 40 ILCS 5/1-110.16.

7.0 INVESTMENT RESTRICTIONS

The following investment restrictions apply to the State Investments portfolio:

- a) Any investments not authorized by this or any other investment policy or applicable law are prohibited;
- b) Repurchase agreements may only be executed with approved financial institutions or broker/dealers that meet the Treasurer's standards, which include mutual execution of a Master Repurchase Agreement adopted by the Treasurer;

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

- c) Investments in derivative products and leveraging of assets through reverse repurchase agreements are prohibited;
- d) All qualified repurchase agreement dealers, commercial paper issuers, and corporate bond issuers must have a corporate headquarters, corporate office, or operating location in the State of Illinois and that location must retain full-time staff employed within the State of Illinois or the dealer must have a significant economic presence in the State of Illinois as determined by the Treasurer;
- e) Commercial paper with a credit rating or evaluation that is derived from any factor other than the full faith and credit of the issuing institution and/or the guarantee of the parent company is prohibited;
- f) Obligations may not be purchased from a corporation or limited liability company that has been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code. 40 ILCS 5/1-110.16;
- g) Asset-backed securities and mortgage-backed securities of any kind are prohibited; and
- h) Investments may not be made in any savings and loan association unless a commitment by the savings and loan association, executed by the president or chief executive officer of that association, is submitted in the form required by Section 22.5 of the Deposit of State Moneys Act. 15 ILCS 520/22.5.

8.0 COLLATERALIZATION

The following shall apply:

- a) All State deposits, repurchase agreements, and securities lending shall be secured as required by the Treasurer and provided for by the Deposit of State Moneys Act (15 ILCS 520/1 et seq.) and the Treasurer's Acceptable Collateral Listing, which may change from time to time. The Treasurer may take possession and title to any securities held as collateral and hold such securities until it is prudent to dispose of them.
- b) Securities lending cash or securities collateral shall have the meaning set forth in the Securities Lending Agreement between the Treasurer and a financial institution ("Treasurer's Agent"). The Treasurer's Agent may reinvest cash collateral as indicated in the Securities Lending Agreement. The Treasurer or Treasurer's Agent may take possession and title to any cash or securities held as collateral and hold such securities according to the Securities Lending Agreement.

9.0 CUSTODY AND SAFEKEEPING

The custody and safekeeping of collateral will be processed by Illinois financial institutions selected in compliance with the Treasurer's procurement rules at 44 Ill. Adm. Code 1400. Financial institutions selected by the Treasurer to perform custody and safekeeping services will be required to enter into a contractual agreement approved by the Treasurer's General Counsel.

All security transactions entered into by the Treasurer shall be conducted on a delivery-versus-payment ("DVP") or receipt-versus-payment ("RVP") basis. Securities shall be held by a safekeeping agent designated by the Treasurer and evidenced by safekeeping receipts or a statement of holdings.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

10.0 DIVERSIFICATION

The primary purpose of diversification in general is to control credit and market risk. The State Investments portfolio shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In order to properly manage any risk attendant to the investment of State assets, the State Investments will observe the following diversification guidelines, at the time of purchase:

- a) The State Investments portfolio shall seek to achieve diversification in the portfolio by distributing investments among authorized investment categories among financial institutions, issuers and broker/dealers.
- b) The State Investments portfolio shall not hold time deposits that constitute more than 10% of any single financial institution's total deposits.
- c) No financial institution shall at any time hold more than \$100,000,000 of time deposits other than community development deposits, described in Section 7 of the Deposit of State Moneys Act. 15 ILCS520/7. Provided, however, that financial institutions that, as a result of a merger or acquisition, hold deposits that exceed \$100,000,000.00 may continue to be eligible to hold deposits that do not exceed the amount of deposits held on the date of the merger or acquisition.
- d) The State Investments portfolio shall not hold obligations of corporations or limited liability companies that exceed 10% of the corporation's or the limited liability company's outstanding obligations.
- e) The State Investments portfolio shall not hold obligations of a municipality's bonds that exceed 10% of the municipality's outstanding obligations.
- f) The State Investments portfolio shall not be invested in more than 10% of each prime money market fund's assets (including all share classes) at any given time;
- g) The State Investments portfolio shall not contain investments that exceed the following diversification limits. These limits will apply to the total assets in the State Investments portfolio at the time of the origination or purchase. As maturities and or calls of instruments occur, these limits will be monitored and adjusted accordingly:
 - i. With the exception of cash equivalents, treasury securities and time deposits, as defined in Section 6.0 of this Policy, no more than 55% of the State Investments portfolio shall be invested in other investment categories;
 - ii. No more than one-third (33%) of the State Investments portfolio shall be invested in short-term obligations of corporations or limited liability companies as defined by Section 6.0(g) of this Policy;
 - iii. No more than 5% of the State Investments portfolio shall be invested in short-term obligations of any one corporation or limited liability company as defined by Section 6.0(g) of this Policy;
 - iv. No more than 20% of the State Investments portfolio shall be invested in long-term obligations of corporations or limited liability companies as defined by Section 6.0(h) of this Policy;

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

- v. No more than 5% of the State Investments portfolio shall be invested in long-term obligations of any one corporation or limited liability company as defined by Section 6.0(h) of this Policy;
- vi. No more than 10% of the State Investments portfolio shall be invested in municipal securities issued by counties or municipal corporations of the State of Illinois as defined by Section 6.0(e) of this Policy;
- vii. No more than 3% of the State Investments portfolio shall be invested in any single issuer of municipal securities issued by counties or municipal corporations of the State of Illinois as defined by Section 6.0(e) of this Policy;
- viii. If invested in more than 3 prime money market funds, then no more than 33% of the portfolio's investments to prime money market funds may be placed with any one prime money market fund option;
- ix. No more than $\frac{3}{4}$ of 1% of the State Investments portfolio shall be invested in foreign government securities, not to exceed a five (5) year maturity, as defined in Section 6.0(h) of this Policy;
- x. No more than 55% of the State Investments portfolio shall be allocated to investments greater than two (2) years and less than or equal to three (3) years;
- xi. No more than 30% of the State Investments portfolio shall be allocated to investments greater than three (3) years and less than or equal to four (4) years, not including foreign government securities;
- xii. No more than 15% of the State Investments portfolio shall be allocated to investments greater than four (4) years and less than or equal to five (5) years;
- xiii. No more than 10% of the State Investments portfolio shall be allocated to investments greater than five (5) years and no less than or equal to ten (10) years; and
- xiv. There shall be no limit to the percentage of the State Investments portfolio that may be allocated to investments with a 0- to 2-year maturity band.

11.0 INTERNAL CONTROLS

The Treasurer and the Chief Investment Officer, with the assistance of the Investment Policy Committee, shall establish a system of internal controls and written operational procedures that shall be documented and filed with the Treasurer's Chief Internal Auditor for review. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

- a) Asset Allocation: The allocation of assets within investment categories authorized under Section 6.0 of this Policy shall be approved by the Chief Investment Officer at least annually.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

- b) **Competitive Bidding:** Authorized investment officers shall obtain competitive bids from at least three (3) broker/dealers prior to executing the purchase or sale of any authorized investments. Reverse inquiry investments, investments in a new issue, and investments defined under Sections 6(a)-(b) of this Policy purchased from the agency discount window are exempt from this provision.
- c) **Certificates of Deposit:** Authorized investment officers shall purchase certificates of deposit on the basis of a qualified financial institution's ability to pay a required rate of interest to the Treasurer. Such rate is generally determined on the basis of Treasury or other appropriate market rates for a comparable term.

12.0 LIABILITY

The standard of care to be used by authorized investment officers shall be the "prudent person" standard, which shall be applied in the context of managing an overall portfolio. Authorized investment officers, acting in accordance with written procedures and this Policy and exercising due diligence, will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

13.0 REPORTING

Monthly reports shall be presented to the Investment Policy Committee for its review. The monthly report shall contain sufficient information to enable the Investment Policy Committee to review the investment portfolio, its effectiveness in meeting the needs of the Treasurer for safety, liquidity, rate of return, and diversification, and the general performance of the State Investments portfolio. The following information shall be included in the monthly reports:

- a) The total amount of funds held by the Treasurer;
- b) The current and historic performance of the portfolio as compared to benchmarks established by the Treasurer;
- c) The asset allocation for the investments made by the Treasurer;
- d) Any circumstances resulting in a deviation from the standards established in Section 10.0 of this Policy; and
- e) Impact of any material change in investment policy adopted during the month.

The Treasurer shall provide performance reports in compliance with established industry reporting standards within six (6) months following the adoption of this Policy. Such reporting standards shall be in accordance with Generally Accepted Accounting Principles ("GAAP").

14.0 EXTERNAL ADVISORY COMMITTEE

The Investment Policy Committee may convene an External Advisory Committee at the direction of the Treasurer to provide independent advice and counsel to the Investment Policy Committee on investment policy, investments, and investment related issues for the benefit of all Illinois citizens.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

15.0 EXCEPTIONS

The Deputy Treasurer & Chief Investment Officer may issue exceptions to this Policy provided that they do not conflict with applicable State statutes governing the use and investment of the State Investments portfolio including, but not limited to, the State Treasurer Act, the Treasurer as Custodian of Funds Act, the Deposit of State Moneys Act, the Securities Safekeeping Act, and any other applicable statutes and it is reasonably assured that deviating from this Policy is in the best interest of the taxpayers.

16.0 EMERGENCY POWERS

In the event of an emergency, the Treasurer may, at his or her discretion, invoke emergency powers and suspend any or all of the provisions of this Policy, provided that:

- a) The Treasurer shall, even in the event that emergency powers are invoked, comply with all State statutes governing the use and investment of the State Investments portfolio including, but not limited to, the State Treasurer Act, the Treasurer as Custodian of Funds Act, the Deposit of State Moneys Act, the Securities Safekeeping Act, and any other applicable statute;
- b) The Treasurer reasonably believes that deviating from this Policy is in the best interest of the taxpayers; and
- c) Within thirty (30) days of invoking emergency powers the Treasurer shall provide an explanation in writing to the Chief Internal Auditor and the Investment Policy Committee, a copy of which shall be posted on the Treasurer's website that includes the following:
 - i. The date and time that the emergency powers were invoked;
 - ii. The date and time that emergency powers were repealed;
 - iii. The Section or Sections of this Policy that were affected by the emergency or use of emergency powers; and
 - iv. The reason for invoking emergency powers resulting in the deviation from this Policy.

17.0 STATUTORY REFERENCES

Any statutory references in this policy shall include any amendments to or repeals of those statutes.

18.0 AMENDMENTS

The Treasurer reserves the right to amend this Policy at any time.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

Appendix A

**Investment Policy Statement for the State Investments Portfolio's Externally Managed
Municipal Securities**

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Investment Policy for Externally Managed Municipal Securities ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all funds under its control in a manner that provides the highest risk-adjusted investment return, using authorized instruments.

This Policy applies to all investments entered into by any of the Treasurer's external managers of municipal securities on or after the adoption of this Policy.

2.0 OBJECTIVE

The primary objective in the investment of State funds by any external manager of municipal securities is to ensure the safety of principal and provide the highest risk-adjusted investment return, using authorized instruments.

2.1 Safety

The safety of principal is an objective of the investment program. Investments managed externally on behalf of the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 7.0 of this Policy, is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate and credit risks.

2.2 Return on Investment

The investment portfolio shall be designed and constructed to obtain the highest available return, given the safety of principal objective. The external manager shall seek to obtain the highest available return, using the authorized investments set forth in Section 5.0 of this Policy.

The rate of return achieved on the externally managed funds shall be measured at regular intervals against the Bloomberg Barclays Intermediate US Treasury Index, or other indexes mutually agreed upon by the Treasurer and external manager, to determine the effectiveness of investment decisions in meeting the Treasurer's investment goals. The benchmark shall be reviewed annually by the Treasurer to ensure accuracy and relevance.

2.3 Sustainability

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. To achieve this objective, the Treasurer has a responsibility to recognize and evaluate risk factors that may have a material and relevant financial impact on the safety and/or performance of investments. Consistent with achieving the investment objectives set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The State Investments portfolio's investment officers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

3.0 ETHICS AND CONFLICTS OF INTEREST

External managing firm employees making investment decisions on behalf of the Treasurer shall refrain from personal business activity that could conflict or give the appearance of a conflict with this Policy or impair their ability to make impartial investment decisions. Any individuals with such a conflict or impairment shall disclose to the Treasurer any material conflicts of interest or impairment. If permitted by the Treasurer to proceed, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

4.0 BROKERS/DEALERS

The external manager, on behalf of the Treasurer, shall seek to provide a preference to qualified brokers/dealers that provide proof of minority-, female-, disabled-, and/or military veteran-owned or -managed status and brokers/dealers that provide proof that their corporate headquarters are located in the State of Illinois.

5.0 INVESTMENT PARAMETERS

The Treasurer has authorized the purchase of municipal securities, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520/1 *et seq.*), the Public Funds Investment Act (30 ILCS 235/1 *et seq.*), and the following:

- a) Municipal securities (“securities”) must be issued by any counties or municipal corporations of the State of Illinois;
- b) Securities may be taxable or tax exempt
- c) Securities must be interest-bearing;
- d) At a maximum, securities must have a maturity or pre-refunded date of ten (10) years from the time of purchase;
- e) Securities shall be rated within three (3) intermediate credit ratings of United States’ sovereign credit rating but not less than an A-, or an equivalent rating by at least one (1) accredited rating agency with nationally recognized expertise in rating bonds of states and their political subdivisions (“Rating Agency”), at the time of purchase;
- f) If the securities are credit enhanced with bond insurance policies, the external manager will apply the securities’ underlying credit ratings or bond insurer’ credit rating, whichever is greater. There will be no limit on the percentage of credit enhanced bonds with an underlying issuer rating not less than A-, or its equivalent by a Rating Agency, in the externally managed portfolio. For securities with credit enhancements with an underlying issuer rating below A-, or its equivalent by a Rating Agency, the external manager will not hold more than 10% of securities guaranteed by a single bond insurer in the externally managed portfolio. Bond insurance policies issued by the following companies are permissible, or other bond insurance policies mutually agreed upon by the Treasurer and external manager:
 - i. Assured Guaranty Municipal Corporation;
 - ii. Assured Guaranty Corporation;
 - iii. Build America Mutual; and
 - iv. National Public Finance Guarantee.
- g) Should a security be downgraded below A3/A-, the external managers will provide written notification to the Treasurer in order to determine the appropriate action (sell or hold) based on the perceived risk and expected return.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

6.0 INVESTMENT RESTRICTIONS

The Treasurer's external investment managers may not invest in the following types of investments:

- a) Any investments not authorized by this Policy, any other investment policy of the Treasurer, or applicable law are prohibited; or
- b) Any investments prohibited by Section 22.6 of the Deposit of State Monies Act.

7.0 DIVERSIFICATION

The externally managed municipal securities shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity or a specific issuer. In order to properly manage any risk attendant to the investment of State assets, the external managers shall not deviate from the following diversification guidelines unless specifically authorized by the Treasurer in writing:

- a) The Treasurer's external managers shall seek to achieve diversification in the portfolio by distributing investments among issuers and broker/dealers; and
- b) The externally managed municipal securities shall not contain investments that exceed the lesser of 25% of an issuance or \$5,000,000.00.

8.0 INTERNAL CONTROLS

The Treasurer's external managers shall establish a system of internal controls and written operational procedures and share them with the Treasurer. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

9.0 DUE DILIGENCE

The Treasurer's external managers will perform due diligence, including, but not limited to, research and financial analysis of municipal securities and legal compliance with federal and State laws, rules, and regulations, and the Treasurer's investment policies.

10.0 RISK MANAGEMENT

The Treasurer's external managers will establish risk management protocols to mitigate risk, including but not limited to, credit risks, liquidity risks, market risks, operational risks, reputational risks, and legal risks for the Treasurer.

11.0 LIMITATION OF LIABILITY

External managing firm employees making investment decisions on behalf of the Treasurer shall use the "prudent person" standard, which shall be applied in the context of managing an overall municipal securities portfolio. Such individuals who act in accordance with this Policy and exercise due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

12.0 REPORTING

The external investment manager shall present monthly reports to the Treasurer for review. The monthly reports shall contain sufficient information for the Treasurer to evaluate the investment portfolio; its effectiveness in meeting the Treasurer's standards for safety, liquidity, rate of return, and diversification; and the general performance of the portfolio. At a minimum, the following information shall be included in the monthly reports:

- a) Change in market value of the securities;
- b) Rating changes of the securities;
- c) Portfolio performance and characteristics;
- d) Benchmark comparison;
- e) Portfolio transaction detail and holdings, including any supporting research documentation; and
- f) Listing of all securities held with a rating less than A-, or equivalent, with supporting research documentation.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

Appendix B

**Investment Policy Statement for the State Investments Portfolio's Externally Managed
Investment Grade Credit Securities**

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Investment Policy for Externally Managed Investment Grade Credit Securities ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all funds under its control in a manner that provides the highest risk-adjusted investment return, using authorized instruments.

This Policy applies to all investments entered into by any of the Treasurer's external investment managers of investment grade credit securities on or after the adoption of this Policy.

2.0 OBJECTIVE

The primary objective in the investment of State funds by any external investment manager of investment grade credit securities is to ensure the safety of principal and provide the highest risk-adjusted investment return, using authorized instruments.

2.1 Safety

The safety of principal is an objective of the investment program. Investments managed externally on behalf of the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 7.0 of this Policy, is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate, and credit risks.

2.2 Return on Investment

The investment portfolio shall be designed and constructed to obtain the highest available return, given the safety of principal objective. The external manager shall seek to obtain the highest available return, using the authorized investments set forth in Section 5.0 of this Policy.

The rate of return achieved on the externally managed funds shall be measured at regular intervals against the Bloomberg Barclay's U.S. Corporate A+ 1-5 Index, or other indexes mutually agreed upon by the Treasurer and external manager, to determine the effectiveness of investment decisions in meeting the Treasurer's investment goals. The benchmark shall be reviewed annually by the Treasurer to ensure accuracy and relevance.

2.3 Sustainability

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238), the Treasurer's external investment managers shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence, and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. As such, consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer and its external investment managers shall prudently integrate sustainability factors into its investment processes.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The Treasurer's external investment managers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the frame work of the investment objectives.

3.0 ETHICS AND CONFLICTS OF INTEREST

External managing firm employees making investment decisions on behalf of the Treasurer shall refrain from personal business activity that could conflict or give the appearance of a conflict with this Policy or impair their ability to make impartial investment decisions. Any individuals with such a conflict or impairment shall disclose to the Treasurer any material conflicts of interest or impairment. If permitted by the Treasurer to proceed, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

4.0 BROKERS/DEALERS

The external investment manager, on behalf of the Treasurer, shall seek to provide a preference to qualified brokers/dealers that provide proof of minority-, female-, disabled-, and/or military veteran-owned or -managed status and brokers/dealers that provide proof that their corporate headquarters are located in the State of Illinois.

5.0 INVESTMENT PARAMETERS

The Treasurer has authorized the purchase of corporate securities, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520/1 *et seq.*), the Public Funds Investment Act (30 ILCS 235/1 *et seq.*), and the following:

- a) Securities must be issued by corporations or limited liability companies (“securities/security”) organized in the United States that have a significant presence in the State of Illinois and assets exceeding \$500,000,000;
- b) At the time of purchase, the maturity of the securities shall not exceed ten (10) years;
- c) Securities must be rated at the time of purchase by one of the three (3) highest classifications established by at least two (2) standard rating services, but not less than an A- long-term rating or equivalent;
- d) The corporation or limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-11.16 of the Illinois Pension Code;
- e) The Treasurer’s external investment managers will not purchase investment grade credit securities that are credit enhanced by mortgages or the collection of mortgages;
- f) Investment grade credit securities with credit enhancements based on tangible assets pledged as collateral for the bond will not exceed 20% of the overall externally managed portfolio; and
- g) Should a security be downgraded below A3/A-, or equivalent rating, the external managers will provide written notification to the Treasurer in order to determine the appropriate action (sell or hold) based on the perceived risk and expected return.

6.0 INVESTMENT RESTRICTIONS

The Treasurer’s external investment managers may not invest in the following types of investments:

- a) Any investments not authorized by this Policy, any other investment policy of the Treasurer, or applicable law are prohibited; or
- b) Any investments prohibited by Section 22.6 of the Deposit of State Monies Act.

7.0 DIVERSIFICATION

The externally managed investment grade credit securities shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity or a specific issuer. In order to properly manage any risk attendant to the investment of State assets, the external investment managers shall not deviate from the following diversification guidelines, unless specifically authorized by the Treasurer in writing:

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

- a) The Treasurer's external managers shall seek to achieve diversification in the portfolio by distributing investments among issuers and broker/dealers; and
- b) Purchases cannot exceed 10% of the corporation's or the limited liability company's outstanding obligations.

8.0 INTERNAL CONTROLS

The Treasurer's external investment managers shall establish a system of internal controls and written operational procedures and share them with the Treasurer. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

9.0 DUE DILIGENCE

The Treasurer's external investment managers will perform due diligence, including, but not limited to, research and financial analysis of investment grade credit securities and legal compliance with federal and State laws, rules, and regulations, and the Treasurer's investment policies.

10.0 RISK MANAGEMENT

The Treasurer's external investment managers will establish risk management protocols to mitigate risk, including but not limited to, credit risks, liquidity risks, market risks, operational risks, reputational risks, and legal risks for the Treasurer.

11.0 LIMITATION OF LIABILITY

External managing firm employees making investment decisions on behalf of the Treasurer shall use the "prudent person" standard, which shall be applied in the context of managing an overall investment grade credit portfolio or a portfolio containing both investment grade credit and municipal securities. Such individuals who act in accordance with this Policy and exercise due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

12.0 REPORTING

The external investment manager shall present monthly reports to the Treasurer for review. The monthly reports shall contain sufficient information for the Treasurer to evaluate the investment portfolio; its effectiveness in meeting the Treasurer's standards for safety, liquidity, rate of return, and diversification; and the general performance of the portfolio. At a minimum, the following information shall be included in the monthly reports:

- a) Change in market value of the securities;
- b) Rating changes of the securities;
- c) Portfolio performance and characteristics;

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective August 2020 through June 2021)
(Unaudited)**

- d) Benchmark comparison;
- e) Portfolio transaction detail and holdings, including any supporting research documentation; and
- f) Listing of all securities held with a rating less than A3/A-, or equivalent, with supporting research documentation

**FISCAL OFFICER RESPONSIBILITIES
INVESTMENT POLICY STATEMENT FOR THE STATE INVESTMENT PORTFOLIO
(EFFECTIVE OCTOBER 2019 THROUGH AUGUST 2020)
(UNAUDITED)**

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

1.0 POLICY

Under this instrument, the Office of the Illinois State Treasurer's Investment Policy Statement for the State Investments portfolio ("Policy"), it is the policy of the Office of the Illinois State Treasurer's Office ("Treasurer") to invest all moneys and securities deposited with the Treasurer (collectively, the "State Investments portfolio") in a manner that will provide safety to the principal investment, meet the State's daily cash flow demands, and seek the highest risk-adjusted investment return, using authorized instruments and supporting community development efforts, in accordance with all State statutes governing the investment of public funds.

This Policy applies to all investments of the State Investments portfolio entered into on or after the adoption of this instrument. Investments made prior to the adoption of this Policy will continue to be governed by the policy in effect at the time such investments were made, until the maturity or selling of such investments.

This Policy applies to any investment under the stewardship of the Treasurer for which no other specific investment policy exists.

2.0 INVESTMENT POLICY COMMITTEE

The Treasurer affirms the existence of the Investment Policy Committee. The Investment Policy Committee shall be chaired by the Treasurer and include the following members of the Treasurer's staff: Deputy Treasurer & Chief Investment Officer, Chief of Staff, Chief Financial Products Officer, Chief Legislative and Policy Officer, General Counsel, Director of State Investments and Banking, Director of Investment Analysis and Due Diligence, Director of Fiscal Operations, Director of IPTIP Investments, Director of ePAY and The Illinois Funds, Director of Portfolio and Risk Analytics, Director of Corporate Engagement & Investment Operations, State Investments - Portfolio Management Officer and anyone else deemed appropriate by the Treasurer.

The Deputy Treasurer & Chief Investment Officer, who bears responsibility for the administration, planning, development, and implementation of all financial and investment strategies per the direction of the Treasurer, shall assist the Treasurer in executing the duties and activities of the Investment Policy Committee.

3.0 OBJECTIVE

The primary objective in the investment of the State Investments portfolio is to ensure the safety of principal. In addition, it is the Treasurer's objective to manage liquidity for payment of the State's financial obligations and provide the highest investment return, using authorized instruments, while prudently exercising sustainable stewardship in its investment decision-making.

3.1 Safety

The safety of principal is the foremost objective of the state's investments. State Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 9.0 of this Policy, and investment stewardship is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate, and credit risks.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

3.2 Liquidity

The State Investments portfolio shall remain sufficiently liquid to enable the State to meet all operating and cash flow requirements that might be reasonably projected.

3.3 Return on Investment

The State Investments portfolio shall be designed and constructed to obtain the highest available return, given the objectives of safety of principal and liquidity. The Director of State Investments and Banking or equivalent thereto shall seek to obtain the highest available return, using authorized investments during budgetary and economic cycles as mandated by Section 1.0 of this Policy. When the Treasurer deposits funds in support of community development efforts, the rate of return may include benefits other than direct investment earnings, as authorized by Section 7 of the Deposit of State Moneys Act (15 ILCS 520/7).

The rate of return achieved on the State Investments portfolio shall be measured at regular intervals against relevant industry benchmarks, established by the Investment Policy Committee, to determine the effectiveness of investment decisions in meeting investment goals. The benchmarks shall be reviewed a minimum of every two (2) years to ensure accuracy and relevance.

3.4 Sustainability

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. To achieve this objective, the Treasurer has a responsibility to recognize and evaluate risk factors that may have a material and relevant financial impact on the safety and/or performance of investments. Consistent with achieving the investment objectives set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty.

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The State Investments portfolio's investment officers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

4.0 ETHICS AND CONFLICTS OF INTEREST

Authorized investment officers and employees in policy-making positions shall refrain from personal business activity that could (a) conflict, or give the appearance of a conflict, with proper execution of the investment program or (b) impair their ability to make impartial investment decisions. Such individuals shall disclose to the Treasurer any material and relevant financial interests, as determined by the Treasurer, in financial institutions that conduct business within the State, and they shall further disclose any personal financial investment positions that could be related to the performance of the State Investments portfolio. In addition, such individuals shall subordinate their personal investment transactions to those of the State Investments portfolio, particularly with regard to the time of purchases and sales.

5.0 AUTHORIZED BROKERS/DEALERS AND FINANCIAL INSTITUTIONS

The Treasurer shall maintain a list of approved financial institutions, which shall be utilized by authorized investment officers. Pursuant to 15 ILCS 505/30, the Treasurer shall review a financial institution's Community Reinvestment Act ("CRA") rating, record, and current level of financial commitment to the community prior to making a decision to utilize or determine the eligibility of such financial institutions. No State funds may be deposited in any financial institution unless the institution has a current satisfactory or outstanding rating under the Community Reinvestment Act of 1977. Exception to the CRA rating requirement may be granted, by the Deputy Treasurer, to financial institutions for participation in the Treasurer's Invest in Illinois-Community Development Linked Deposit and Access to Capital Programs. State funds may not be deposited in any financial institution unless the Treasurer's investment officers have conducted a safety and soundness review of the financial institution by consulting various bank rating services. If the financial institution has not yet been rated by the bank rating services, the institution may be eligible for a deposit that at maturity will not exceed \$250,000. The amount and duration of deposits shall be based on the safety and soundness review, in accordance with guidelines established by the Investment Policy Committee, and the diversification limits set forth in Section 9.0 of this Policy. No public deposit may be made, except in a qualified public depository, as defined by the Deposit of State Moneys Act (15 ILCS 520/et seq.).

The Treasurer shall maintain a list of approved security brokers/dealers, which shall be utilized by authorized investment officers. The security brokers/dealers shall be selected according to their creditworthiness and their financial significance in the State, which shall be measured in terms of the location of the broker/dealer's corporate office, the number of full-time employees, the size of its payroll, or the extent that the broker/dealer

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

has an economic presence in the State. The list may include “primary” dealers or regional dealers who qualify under Securities and Exchange Commission Rule 17 CFR § 15Cc3-1 (Net Capital Requirements for Brokers or Dealers).

All broker/dealers who wish to qualify to bid for investment transactions shall initially, and on a periodic basis upon request, provide to the Treasurer’s credit review staff documentation pertinent to firm’s financial condition, ownership status, registration with applicable government agencies, and any other documentation deemed necessary by the Treasurer. An annual review of the financial condition and registration of qualified bidders will be conducted by the Treasurer’s authorized investment officer(s). More frequent reviews may be conducted if warranted.

5.1 External Investment Consultants

To the extent that the Investment Policy Committee deems it advisable to hire external investment consultants, it may do so in accordance with the Treasurer’s procurement rules at 44 Ill. Admin. Code § 1400.

5.2 Preference for Broker/Dealers Owned by Minorities, Women, Military Veterans, and Persons with Disabilities

Pursuant to 15 ILCS 505/30, it shall be the aspirational goal of the Treasurer to use businesses owned by or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability for not less than 25% of the total dollar of purchases of investment securities, including, but not limited to, the use of broker/dealers. Beginning with fiscal year 2019, and at least annually thereafter, the Treasurer shall measure and report its utilization of broker/dealers owned or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability. The report shall be published on the Treasurer’s official website at least annually.

The terms "minority person", "woman", "person with a disability", "minority-owned business", "women-owned business", "business owned by a person with a disability", and "control" have the meanings provided in Section 1 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575). The terms "veteran", "qualified veteran-owned small business", "qualified service-disabled veteran-owned small business", "qualified service-disabled veteran", and “armed forces of the United States” have the meanings provided in Article 1 of the Illinois Procurement Code (30 ILCS 500).

To the greatest extent feasible within the bounds of financial and fiduciary prudence, it is the policy of the Treasurer to remove any barriers to the full participation in investment transactions afforded via the investment program by actively identifying and considering for hire brokers/dealers that provide proof of minority-, female-, disabled-, and/or veteran-owned or -managed status. The Treasurer shall establish a process by which said specially claimed statuses are verified, and a review shall be conducted at fixed intervals to ensure that special statuses continue to apply.

5.3 Preference for Broker/Dealers Headquartered in Illinois

The Treasurer shall seek to provide preference to qualified brokers/dealers that provide proof that their corporate headquarters is located in the State of Illinois. In doing so, the Treasurer shall establish a process to verify the location of broker/dealers’ corporate headquarters, and a review shall be conducted at fixed intervals to ensure that the Illinois-based location continues to apply.

Beginning with fiscal year 2019, and at least annually thereafter, the Treasurer shall measure and report its utilization of broker/dealers with headquarters located in the State of Illinois. The report shall be published on the Treasurer’s official website at least annually.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

6.0 AUTHORIZED AND SUITABLE INVESTMENTS

The following investments are authorized pursuant, subject to the Deposit of State Moneys Act (15 ILCS 520/22.5) and the Public Funds Investment Act (30 ILCS 235/2):

- a) Federally guaranteed obligations that receive the full faith and credit of the United States of America (“United States”) as to principal and interest;
- b) Obligations of agencies of the United States, as originally issued by the agencies. For purposes of this Section, the term “agencies of the United States” includes the following: federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 and Acts amendatory thereto, the federal home loan banks and the federal home loan mortgage corporation, and any other agency created or supported through an Act of Congress and issues United States dollar-denominated debt;
- c) Obligations of instrumentalities of the United States, as originally issued by the instrumentalities. For the purposes of this section, the term “instrumentalities of the United States” is an instrumentality created or supported through an Act of Congress and issues United States dollar-denominated debt;
- d) Obligations of a foreign government that are guaranteed by the full faith and credit of that government as to principal and interest and rated at one (1) of the three (3) highest classifications established by at least two (2) standard rating services, (upper medium grade for the long-term rating of A- and above or equivalent), and only if the foreign government has not defaulted and has met its payment obligations in a timely manner on all similar obligations for at least 25 years prior to the time of acquiring those obligations;
- e) Interest-bearing bonds, issued by counties or municipal corporations of the State of Illinois, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the State of Illinois or held under a custodial agreement at a financial institution. The bonds shall be rated at the time of purchase at one (1) of the three (3) highest classifications established by at least one (1) standard rating service with nationally recognized expertise in rating bonds of states and their political subdivisions, (upper medium grade for the long-term rating of A- and above or equivalent). The maturity or pre-refunded date(s) of the bonds authorized by this subsection shall, at the time of purchase, not exceed ten (10) years. Notwithstanding the foregoing, a longer maturity is authorized, if the State of Illinois has a put option to tender the bonds within ten (10) years from the date of purchase;
- f) Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 (1 U.S.C. § 78o-5);
- g) Commercial paper of a corporation or a limited liability company that is organized in the United States with assets exceeding \$500,000,000 and is rated at the time of purchase at one (1) of the two (2) highest classifications established by at least two (2) standard rating services (short-term rating of A-2 and above or equivalent);
- h) Obligations of either corporations or limited liability companies organized in the United States that have a significant presence in the State of Illinois, with assets exceeding \$500,000,000, and rated at the time of purchase at one (1) of the three (3) highest classifications established by at least two (2) standard rating services, (upper medium grade for the long-term rating of A- and above or equivalent). At the time of purchase, the maturity or pre-refunded date(s) shall not be less than 270 days and shall not exceed ten (10) years;
- i) Money market mutual funds registered under the Investment Company Act of 1940;

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

- j) Securities may be lent under this Policy only in accordance with Federal Financial Institution Examination Council guideline and only if the securities are collateralized at a satisfactory level to assure the safety of the securities, taking into account market value fluctuation. The securities may be collateralized by cash or collateral acceptable under Sections 11 and 11.1 of the Deposit of State Moneys Act. Securities lending cash collateral may be invested according to the Securities Lending Agreement between the Treasurer and the Treasurer's Agent;
- k) Interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et seq.);
- l) Interest-bearing accounts for the deposit of funds in support of local community development efforts;
- m) Dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the laws of the State of Illinois or the United States that maintains its principal office in the State of Illinois;
- n) The Illinois Public Treasurers Investment Pool, created under Section 17 of the State Treasurer Act (15 ILCS 505/17); and
- o) Investments made in accordance with the Technology Development Act (30 ILCS 265/1 et seq.).

6.1 Private Debt Placement

The Treasurer may invest any State money in the Treasury, excluding specific funds noted in the Deposit of State Moneys Act (15 ILCS 520/22/5), with the Office of the Illinois State Comptroller in order to pay vouchers, when the total amount of vouchers presented exceeds the funds available in the General Revenue Fund by \$1,000,000,000 or more. The total outstanding investments, at any given time, shall not exceed \$2,000,000,000.

The interest rate will be tied to the London Interbank Offered Rate (LIBOR) or the Federal Funds Rate or an equivalent market established variable rate. At no time shall the interest rate exceed the penalty rate established under the State Prompt Payment Act or the timely pay interest rate under Section 368a of the Illinois Insurance Code.

The Treasurer and Comptroller will mutually agree upon the funds in the Treasury that will be utilized for the investment(s).

The Treasurer and Comptroller shall enter into a written agreement that specifies the terms of each investment, including, but not limited to, the repayment of the principal and interest. The terms of each investment will be posted to the Treasurer's official website.

6.2 Administrative Trust Funds

Pursuant to the Deposit of State Moneys Act (15 ILCS 520/), the Treasurer may invest or reinvest up to 5% of the College Savings Pool Administrative Trust Fund, the Illinois Public Treasurer's Investment Pool (IPTIP) Administrative Trust Fund and the State Treasurer's Administrative Fund that is not needed for current expenditures due or about to become due in common or preferred stocks of publicly traded corporations, partnerships, or limited liability companies organized in the United States, with assets exceeding \$500,000,000 if:

- a) The purchases do not exceed 1% of the corporation's or the limited liability company's outstanding common and preferred stock.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

- b) No more than 10% of the total funds are invested in any one publicly traded corporation, partnership, or limited liability company.
- c) The corporation of the limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code.

7.0 INVESTMENT RESTRICTIONS

The following investment restrictions apply to the State Investments portfolio:

- a) Any investments not authorized by this or any other investment policy or applicable law are prohibited;
- b) Repurchase agreements may only be executed with approved financial institutions or broker/dealers that meet the Treasurer's standards, which include mutual execution of a Master Repurchase Agreement adopted by the Treasurer;
- c) Investments in derivative products and leveraging of assets through reverse repurchase agreements are prohibited;
- d) All qualified repurchase agreement dealers, commercial paper issuers and corporate bond issuers must have a corporate headquarters, corporate office, or operating location in the State of Illinois and that location must retain full-time staff employed within the State of Illinois or the dealer must have a significant economic presence in the State of Illinois as determined by the Treasurer;
- e) Commercial paper with a credit rating or evaluation that is derived from any factor other than the full faith and credit of the issuing institution and/or the guarantee of the parent company is prohibited;
- f) Obligations may not be purchased from a corporation or limited liability company that has been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code (40 ILCS 5);
- g) Asset-backed securities and mortgage-backed securities of any kind is prohibited; and
- h) Investments may not be made in any savings and loan association unless a commitment by the savings and loan association, executed by the president or chief executive officer of that association, is submitted in the form required by Section 22.5 of the Deposit of State Moneys Act (15 ILCS 520/22.5).

8.0 COLLATERALIZATION

The following shall apply:

- a) All State deposits, repurchase agreements, and securities lending shall be secured as required by the Treasurer and provided for by the Deposit of State Moneys Act (15 ILCS 520) and the Treasurer's Acceptable Collateral Listing, which may change from time to time. The Treasurer may take possession and title to any securities held as collateral and hold such securities until it is prudent to dispose of them.
- b) Securities lending cash or securities collateral shall have the meaning set forth in the Securities Lending Agreement between the Treasurer and a financial institution ("Treasurer's Agent"). The Treasurer's Agent may reinvest cash collateral as indicated in the Securities Lending Agreement. The Treasurer or Treasurer's Agent may take possession and title to any cash or securities held as

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

collateral and hold such securities according to the Securities Lending Agreement.

9.0 DIVERSIFICATION

The State Investments portfolio shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In order to properly manage any risk attendant to the investment of State assets, the State Investments portfolio shall not deviate from the following diversification guidelines, unless specifically authorized by the Treasurer in writing:

- a) The Treasurer shall seek to achieve diversification in the State Investments portfolio by distributing investments among authorized investment categories among financial institutions, issuers and broker/dealers.
- b) The State Investments portfolio shall not hold time deposits that constitute more than 10% of any single financial institution's total deposits.
- c) No financial institution shall at any time hold more than \$100,000,000 of time deposits other than community development deposits, described in Section 7 of the Deposit of State Moneys Act (15 ILCS 520/7). Provided, however, that financial institutions that, as a result of a merger or acquisition, hold deposits that exceed \$100,000,000.00 may continue to be eligible to hold deposits that do not exceed the amount of deposits held on the date of the merger or acquisition.
- d) The State Investments portfolio shall not contain investments that exceed the following diversification limits. These limits will apply to the total assets in the State Investments portfolio at the time of the origination or purchase. As maturities and or calls of instruments occur, these limits will be monitored and adjusted accordingly:
 - i. With the exception of cash equivalents, treasury securities and time deposits, as defined in Section 6.0 of this Policy, no more than 55% of the State Investments portfolio shall be invested in other investment categories;
 - ii. No more than one-third of the State Investments portfolio shall be invested in commercial paper;
 - iii. No more than 25% of the money market fund asset class may be placed with one money market fund investment option and the State Investments portfolio cannot be invested in more than 10% of each money market fund (including all share classes) at a given time;
 - iv. As much as 40% of the State Investments portfolio may be invested in time deposits when required by the cash flow of the State;
 - v. No more than ½ of 1% of the State Investments portfolio shall be invested in foreign government securities, not to exceed a five (5) year maturity, as defined in Section 6.0(l) of this Policy;
 - vi. No more than 55% of the State Investments portfolio shall be allocated to investments greater than two (2) years and less than or equal to three (3) years;
 - vii. No more than 30% of the State Investments portfolio shall be allocated to investments greater than three (3) years and less than or equal to four (4) years, not including foreign government securities;
 - viii. No more than 15% of the State Investments portfolio shall be allocated to investments greater

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

- than four (4) years and less than or equal to five (5) years;
- ix. No more than 10% of the State Investments portfolio shall be allocated to investments greater than five (5) years and no less than or equal to ten (10) years;
 - x. There shall be no limit to the percentage of the State Investments portfolio that may be allocated to investments with a 0- to 2-year maturity band; and
 - xi. No more than one-third of the State Investments portfolio shall be invested in obligations of corporations or limited liability companies as defined by Section 6.0(p) of this Policy.
- e) The investment portfolio shall not hold obligations of corporations or limited liability companies that exceed 10% of the corporation's or the limited liability company's outstanding obligations.

10.0 CUSTODY AND SAFEKEEPING

The custody and safekeeping of collateral will be handled by Illinois financial institutions selected in compliance with the Treasurer's procurement rules at 44 Ill. Adm. Code 1400. Financial institutions selected by the Treasurer to perform custody and safekeeping services will be required to enter into a contractual agreement approved by the General Counsel.

All security transactions entered into by the Treasurer shall be conducted on a delivery-versus- payment ("DVP") or receipt-versus-payment ("RVP") basis. Securities shall be held by a safekeeping agent designated by the Treasurer and evidenced by safekeeping receipts or a statement of holdings.

11.0 INTERNAL CONTROLS

The Treasurer and the Chief Investment Officer, with the assistance of the Investment Policy Committee, shall establish a system of internal controls and written operational procedures that shall be documented and filed with the Treasurer's Chief Internal Auditor for review. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

- a) **Asset Allocation:** The allocation of assets within investment categories authorized under Section 6.0 of this Policy shall be approved by the Chief Investment Officer in writing.
- b) **Competitive Bidding:** Authorized investment officers shall obtain competitive bids from at least three (3) broker/dealers prior to executing the purchase or sale of any authorized investments. Reverse inquiry investments, investments in a new issue, and investments defined under Sections 6(a)-(b) of this Policy purchased from the agency discount window are exempt from this provision.
- c) **Certificates of Deposit:** Authorized investment officers shall purchase certificates of deposit on the basis of a qualified financial institution's ability to pay a required rate of interest to the Treasurer, which is established daily. Such rate is generally determined on the basis of treasury or other appropriate market rates for a comparable term.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

12.0 LIMITATION OF LIABILITY

The standard of care to be used by authorized investment officers shall be the "prudent person" standard, which shall be applied in the context of managing an overall portfolio. Authorized investment officers, acting in accordance with written procedures and this Policy and exercising due diligence, will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

13.0 REPORTING

Monthly reports shall be presented by the Chief Investment Officer to the Investment Policy Committee for its review. The monthly report shall contain sufficient information to enable the Investment Policy Committee to review the investment portfolio, its effectiveness in meeting the needs of the Treasurer for safety, liquidity, rate of return, and diversification, and the general performance of the State Investments portfolio. The following information shall be included in the monthly reports:

- a) The total amount of funds held by the Treasurer;
- b) The asset allocation for the investments made by the Treasurer;
- c) The benchmarks established by the Treasurer;
- d) The current and historic return information;
- e) Any circumstances resulting in a deviation from the standards established in Section 9.0 of this Policy; and
- f) Impact of any material change in investment policy adopted during the month.

The Treasurer shall develop performance reports in compliance with established industry reporting standards within six (6) months following the adoption of this Policy. Such reporting standards shall be in accordance with Generally Accepted Accounting Principles ("GAAP").

14.0 EXTERNAL ADVISORY COMMITTEE

The Investment Policy Committee may convene an External Advisory Committee at the direction of the Treasurer to provide independent advice and counsel to the Investment Policy Committee on investment policy, investments, and investment related issues for the benefit of all Illinois citizens.

15.0 EMERGENCY POWERS

In the event of an emergency, the Treasurer may, at his or her discretion, invoke emergency powers and suspend any or all of the provisions of this Policy, provided that:

- a) The Treasurer shall, even in the event that emergency powers are invoked, comply with all State statutes governing the use and investment of the State Investments portfolio including, but not limited to, the State Treasurer Act, the Treasurer as Custodian of Funds Act, the Deposit of State Moneys Act, the Securities Safekeeping Act, and any other applicable statute;
- b) The Treasurer reasonably believes that deviating from this Policy is in the best interest of the taxpayers; and
- c) Within thirty (30) days of invoking emergency powers the Treasurer shall provide an explanation in

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

writing to the Chief Internal Auditor and the Investment Policy Committee, a copy of which shall be posted on the Treasurer's website that includes the following:

- i. The date and time that the emergency powers were invoked;
- ii. The date and time that emergency powers were repealed;
- iii. The Section or Sections of this Policy that were affected by the emergency or use of emergency powers; and
- iv. The reason for invoking emergency powers resulting in the deviation from this Policy.

16.0 STATUTORY REFERENCES

Any statutory references in this policy shall include any amendments to or repeals of those statutes.

17.0 AMENDMENTS

The Treasurer reserves the right to amend this Policy at any time.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

Appendix A

**Investment Policy Statement for the State Investments Portfolio's Externally Managed
Municipal Securities**

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Investment Policy for Externally Managed Municipal Securities ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all funds under its control in a manner that provides the highest risk-adjusted investment return, using authorized instruments.

This Policy applies to all investments entered into by any of the Treasurer's external managers of municipal securities on or after the adoption of this Policy.

2.0 OBJECTIVE

The primary objective in the investment of State funds by any external manager of municipal securities is to ensure the safety of principal and provide the highest risk-adjusted investment return, using authorized instruments.

2.1 Safety

The safety of principal is an objective of the investment program. Investments managed externally on behalf of the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 7.0 of this Policy, is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate and credit risks.

2.2 Return on Investment

The investment portfolio shall be designed and constructed to obtain the highest available return, given the safety of principal objective. The external manager shall seek to obtain the highest available return, using the authorized investments set forth in Section 5.0 of this Policy.

The rate of return achieved on the externally managed funds shall be measured at regular intervals against the Bloomberg Barclays Intermediate US Treasury Index, or other indexes mutually agreed upon by the Treasurer and external manager, to determine the effectiveness of investment decisions in meeting the Treasurer's investment goals. The benchmark shall be reviewed annually by the Treasurer to ensure accuracy and relevance.

2.3 Sustainability

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. To achieve this objective, the Treasurer has a responsibility to recognize and evaluate risk factors that may have a material and relevant financial impact on the safety and/or performance of investments. Consistent with achieving the investment objectives set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty.

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The State Investments portfolio's investment officers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

3.0 ETHICS AND CONFLICTS OF INTEREST

External managing firm employees making investment decisions on behalf of the Treasurer shall refrain from personal business activity that could conflict or give the appearance of a conflict with this Policy or impair their ability to make impartial investment decisions. Any individuals with such a conflict or impairment shall disclose to the Treasurer any material conflicts of interest or impairment. If permitted by the Treasurer to proceed, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

4.0 BROKERS/DEALERS

The external manager, on behalf of the Treasurer, shall seek to provide a preference to qualified brokers/dealers that provide proof of minority-, female-, disabled-, and/or military veteran-owned or -managed status and brokers/dealers that provide proof that their corporate headquarters are located in the State of Illinois.

5.0 INVESTMENT PARAMETERS

The Treasurer has authorized the purchase of municipal securities, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520/1 *et seq.*), the Public Funds Investment Act (30 ILCS 235/1 *et seq.*), and the following:

- a) Municipal securities (“securities”) must be issued by any counties or municipal corporations of the State of Illinois;
- b) Securities must be interest-bearing;
- c) At a maximum, securities must have a maturity or pre-refunded date of ten (10) years from the time of purchase;
- d) Securities shall be rated within three (3) intermediate credit ratings of United States’ sovereign credit rating but not less than an A-, or an equivalent rating by at least one (1) accredited rating agency with nationally recognized expertise in rating bonds of states and their political subdivisions (“Rating Agency”), at the time of purchase;
- e) If the securities are credit enhanced with bond insurance policies, the external manager will apply the securities’ underlying credit ratings or bond insurer’ credit rating, whichever is greater. There will be no limit on the percentage of credit enhanced bonds with an underlying issuer rating not less than A-, or its equivalent by a Rating Agency, in the externally managed portfolio. For securities with credit enhancements with an underlying issuer rating below A-, or its equivalent by a Rating Agency, the external manager will not hold more than 10% of securities guaranteed by a single bond insurer in the externally managed portfolio. Bond insurance policies issued by the following companies are permissible, or other bond insurance policies mutually agreed upon by the Treasurer and external manager:
 - i. Assured Guaranty Municipal Corporation;
 - ii. Assured Guaranty Corporation;
 - iii. Build America Mutual; and
 - iv. National Public Finance Guarantee.
- f) Should a security be downgraded below A3/A-, the external managers will provide written notification to the Treasurer in order to determine the appropriate action (sell or hold) based on the perceived risk and expected return.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

6.0 INVESTMENT RESTRICTIONS

The Treasurer's external investment managers may not invest in the following types of investments:

- a) Any investments not authorized by this Policy, any other investment policy of the Treasurer, or applicable law are prohibited; or
- b) Any investments prohibited by Section 22.6 of the Deposit of State Monies Act.

7.0 DIVERSIFICATION

The externally managed municipal securities shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity or a specific issuer. In order to properly manage any risk attendant to the investment of State assets, the external managers shall not deviate from the following diversification guidelines unless specifically authorized by the Treasurer in writing:

- a) The Treasurer's external managers shall seek to achieve diversification in the portfolio by distributing investments among issuers and broker/dealers; and
- b) The externally managed municipal securities shall not contain investments that exceed the lesser of 25% of an issuance or \$5,000,000.00.

8.0 INTERNAL CONTROLS

The Treasurer's external managers shall establish a system of internal controls and written operational procedures and share them with the Treasurer. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

9.0 DUE DILIGENCE

The Treasurer's external managers will perform due diligence, including, but not limited to, research and financial analysis of municipal securities and legal compliance with federal and State laws, rules, and regulations, and the Treasurer's investment policies.

10.0 RISK MANAGEMENT

The Treasurer's external managers will establish risk management protocols to mitigate risk, including but not limited to, credit risks, liquidity risks, market risks, operational risks, reputational risks, and legal risks for the Treasurer.

11.0 LIMITATION OF LIABILITY

External managing firm employees making investment decisions on behalf of the Treasurer shall use the "prudent person" standard, which shall be applied in the context of managing an overall municipal securities portfolio. Such individuals who act in accordance with this Policy and exercise due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

12.0 REPORTING

The external investment manager shall present monthly reports to the Treasurer for review. The monthly reports shall contain sufficient information for the Treasurer to evaluate the investment portfolio; its effectiveness in meeting the Treasurer's standards for safety, liquidity, rate of return, and diversification; and the general performance of the portfolio. At a minimum, the following information shall be included in the monthly reports:

- a) Change in market value of the securities;
- b) Rating changes of the securities;
- c) Portfolio performance and characteristics;
- d) Benchmark comparison;
- e) Portfolio transaction detail and holdings, including any supporting research documentation; and
- f) Listing of all securities held with a rating less than A-, or equivalent, with supporting research documentation.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

Appendix B

**Investment Policy Statement for the State Investments
Portfolio's Externally Managed Corporate Securities**

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Investment Policy for Externally Managed Corporate Securities ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all funds under its control in a manner that provides the highest risk-adjusted investment return, using authorized instruments.

This Policy applies to all investments entered into by any of the Treasurer's external managers of corporate securities on or after the adoption of this Policy.

2.0 OBJECTIVE

The primary objective in the investment of State funds by any external manager of corporate securities is to ensure the safety of principal and provide the highest risk-adjusted investment return, using authorized instruments.

2.1 Safety

The safety of principal is an objective of the investment program. Investments managed externally on behalf of the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 7.0 of this Policy, is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate, and credit risks.

2.2 Return on Investment

The investment portfolio shall be designed and constructed to obtain the highest available return, given the safety of principal objective. The external manager shall seek to obtain the highest available return, using the authorized investments set forth in Section 5.0 of this Policy.

The rate of return achieved on the externally managed funds shall be measured at regular intervals against the Bloomberg Barclay's U.S. Corporate A+ 1-3 Index, or other indexes mutually agreed upon by the Treasurer and external manager, to determine the effectiveness of investment decisions in meeting the Treasurer's investment goals. The benchmark shall be reviewed annually by the Treasurer to ensure accuracy and relevance.

2.3 Sustainability

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. To achieve this objective, the Treasurer has a responsibility to recognize and evaluate risk factors that may have a material and relevant financial impact on the safety and/or performance of investments. Consistent with achieving the investment objectives set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Sustainability factors may include, but are not limited to, the following:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
- b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
- c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
- d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
- e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The State Investments portfolio's investment officers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

3.0 ETHICS AND CONFLICTS OF INTEREST

External managing firm employees making investment decisions on behalf of the Treasurer shall refrain from personal business activity that could conflict or give the appearance of a conflict with this Policy or impair their ability to make impartial investment decisions. Any individuals with such a conflict or impairment shall disclose to the Treasurer any material conflicts of interest or impairment. If permitted by the Treasurer to proceed, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

4.0 BROKERS/DEALERS

The external manager, on behalf of the Treasurer, shall seek to provide a preference to qualified brokers/dealers that provide proof of minority-, female-, disabled-, and/or military veteran-owned or -managed status and brokers/dealers that provide proof that their corporate headquarters are located in the State of Illinois.

5.0 INVESTMENT PARAMETERS

The Treasurer has authorized the purchase of corporate securities, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520/1 *et seq.*), the Public Funds Investment Act (30 ILCS 235/1 *et seq.*), and the following:

- a) Securities must be issued by corporations or limited liability companies (“securities/security”) organized in the United States that have a significant presence in the State of Illinois and assets exceeding \$500,000,000;
- b) At the time of purchase, the maturity of the securities shall not be less than 270 days and shall not exceed ten (10) years;
- c) Securities must be rated at the time of purchase by one of the three (3) highest classifications established by at least two (2) standard rating services, but not less than an A- long-term rating or equivalent;
- d) The corporation or limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-11.16 of the Illinois Pension Code;
- e) The Treasurer’s external managers will not purchase corporate bonds that are credit enhanced by mortgages or the collection of mortgages;
- f) Corporate bonds with credit enhancements based on tangible assets pledged as collateral for the bond will not exceed 20% of the overall externally managed portfolio; and
- g) Should a security be downgraded below A3/A-, or equivalent rating, the external managers will provide written notification to the Treasurer in order to determine the appropriate action (sell or hold) based on the perceived risk and expected return.

6.0 INVESTMENT RESTRICTIONS

The Treasurer’s external investment managers may not invest in the following types of investments:

- a) Any investments not authorized by this Policy, any other investment policy of the Treasurer, or applicable law are prohibited; or
- b) Any investments prohibited by Section 22.6 of the Deposit of State Monies Act.

7.0 DIVERSIFICATION

The externally managed corporate securities shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity or a specific issuer. In order to properly manage any risk

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

attendant to the investment of State assets, the external managers shall not deviate from the following diversification guidelines, unless specifically authorized by the Treasurer in writing:

- a) The Treasurer's external managers shall seek to achieve diversification in the portfolio by distributing investments among issuers and broker/dealers; and
- b) Purchases cannot exceed 10% of the corporation's or the limited liability company's outstanding obligations.

8.0 INTERNAL CONTROLS

The Treasurer's external managers shall establish a system of internal controls and written operational procedures and share them with the Treasurer. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

9.0 DUE DILIGENCE

The Treasurer's external managers will perform due diligence, including, but not limited to, research and financial analysis of corporate securities and legal compliance with federal and State laws, rules, and regulations, and the Treasurer's investment policies.

10.0 RISK MANAGEMENT

The Treasurer's external managers will establish risk management protocols to mitigate risk, including but not limited to, credit risks, liquidity risks, market risks, operational risks, reputational risks, and legal risks for the Treasurer.

11.0 LIMITATION OF LIABILITY

External managing firm employees making investment decisions on behalf of the Treasurer shall use the "prudent person" standard, which shall be applied in the context of managing an overall corporate portfolio. Such individuals who act in accordance with this Policy and exercise due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

12.0 REPORTING

The external investment manager shall present monthly reports to the Treasurer for review. The monthly reports shall contain sufficient information for the Treasurer to evaluate the investment portfolio; its effectiveness in meeting the Treasurer's standards for safety, liquidity, rate of return, and diversification; and the general performance of the portfolio. At a minimum, the following information shall be included in the monthly reports:

- a) Change in market value of the securities;
- b) Rating changes of the securities;
- c) Portfolio performance and characteristics;

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective October 2019 through August 2020)
(Unaudited)**

- d) Benchmark comparison;
- e) Portfolio transaction detail and holdings, including any supporting research documentation; and
- f) Listing of all securities held with a rating less than A3/A-, or equivalent, with supporting research documentation.

**FISCAL OFFICER RESPONSIBILITIES
INVESTMENT POLICY STATEMENT FOR THE STATE INVESTMENT PORTFOLIO
(EFFECTIVE SEPTEMBER 2018 THROUGH OCTOBER 2019)
(UNAUDITED)**

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Office Investment Policy Statement for the State Investments portfolio ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all moneys and securities deposited with the Treasurer (collectively, the "State Investments portfolio") in a manner that will provide safety to the principal investment, meet the State's daily cash flow demands, and seek the highest risk-adjusted investment return, using authorized instruments and supporting community development efforts, in accordance with all State statutes governing the investment of public funds.

This Policy applies to all investments of the State Investments portfolio entered into on or after the adoption of this instrument. Investments made prior to the adoption of this Policy will continue to be governed by the policy in effect at the time such investments were made, until the maturity or selling of such investments.

This Policy applies to any investment under the control of the Treasurer for which no other specific investment policy exists.

2.0 INVESTMENT POLICY COMMITTEE

The Treasurer affirms the existence of the Investment Policy Committee. The Investment Policy Committee shall be chaired by the Treasurer and include the following members of the Treasurer's staff: Deputy Treasurer & Chief Investment Officer, Chief of Staff, Chief Financial Products Officer, Chief Legislative and Policy Officer, General Counsel, Director of State Investments and Banking, Director of Investment Analysis and Due Diligence, Director of Fiscal Operations, Director of IPTIP Investments, Director of ePAY and The Illinois Funds, the Portfolio Investments & Cash Management Officer, and anyone else deemed appropriate by the Treasurer.

The Deputy Treasurer & Chief Investment Officer, who bears responsibility for the administration, planning, development, and implementation of all financial and investment strategies per the direction of the Treasurer, shall assist the Treasurer in executing the duties and activities of the Investment Policy Committee.

3.0 OBJECTIVE

The primary objective in the investment of the State Investments portfolio is to ensure the safety of principal. In addition, it is the Treasurer's objective to manage liquidity for payment of the State's financial obligations and provide the highest investment return, using authorized instruments, while prudently exercising sustainable stewardship in its investment decision-making.

3.1 Safety

The safety of principal is the foremost objective of the state's investments. State Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 9.0 of this Policy, and investment stewardship is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate, and credit risks.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

3.2 Liquidity

The State Investments portfolio shall remain sufficiently liquid to enable the State to meet all operating and cash flow requirements that might be reasonably projected.

3.3 Return on Investment

The State Investments portfolio shall be designed and constructed to obtain the highest available return, given the objectives of safety of principal and liquidity. The Director of State Investments and Banking or equivalent thereto shall seek to obtain the highest available return, using authorized investments during budgetary and economic cycles as mandated by Section 1.0 of this Policy. When the Treasurer deposits funds in support of community development efforts, the rate of return may include benefits other than direct investment earnings, as authorized by Section 7 of the Deposit of State Moneys Act (15 ILCS 520/7).

The rate of return achieved on the State Investments portfolio shall be measured at regular intervals against relevant industry benchmarks, established by the Investment Policy Committee, to determine the effectiveness of investment decisions in meeting investment goals. The benchmarks shall be reviewed a minimum of every two (2) years to ensure accuracy and relevance.

3.4 Sustainability

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk- adjusted investment return using authorized instruments. To achieve this objective, the Treasurer has a responsibility to recognize and evaluate risk factors that may have a material and relevant financial impact on the safety and/or performance of investments. Consistent with achieving the investment objectives set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence and investment ownership.

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision- making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The State Investments portfolio's investment officers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

4.0 ETHICS AND CONFLICTS OF INTEREST

Authorized investment officers and employees in policy-making positions shall refrain from personal business activity that could (a) conflict, or give the appearance of a conflict, with proper execution of the investment program or (b) impair their ability to make impartial investment decisions. Such individuals shall

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

disclose to the Treasurer any material and relevant financial interests, as determined by the Treasurer, in financial institutions that conduct business within the State, and they shall further disclose any personal financial investment positions that could be related to the performance of the State Investments portfolio. In addition, such individuals shall subordinate their personal investment transactions to those of the State Investments portfolio, particularly with regard to the time of purchases and sales.

5.0 AUTHORIZED BROKERS/DEALERS AND FINANCIAL INSTITUTIONS

The Treasurer shall maintain a list of approved financial institutions, which shall be utilized by authorized investment officers. Pursuant to 15 ILCS 505/30, the Treasurer shall review a financial institution's Community Reinvestment Act ("CRA") rating, record, and current level of financial commitment to the community prior to making a decision to utilize or determine the eligibility of such financial institutions. No State funds may be deposited in any financial institution unless the institution has a current satisfactory or outstanding rating under the Community Reinvestment Act of 1977. Exception to the CRA rating requirement may be granted, by the Deputy Treasurer, to financial institutions for participation in the Treasurer's Linked Deposit and Access to Capital Programs. State funds may not be deposited in any financial institution unless the Treasurer's investment officers have conducted a safety and soundness review of the financial institution by consulting various bank rating services. If the financial institution has not yet been rated by the bank rating services, the institution may be eligible for a deposit that at maturity will not exceed \$250,000. The amount and duration of deposits shall be based on the safety and soundness review, in accordance with guidelines established by the Investment Policy Committee, and the diversification limits set forth in Section 9.0 of this Policy. No public deposit may be made, except in a qualified public depository, as defined by the Deposit of State Moneys Act (15 ILCS 520/*et seq.*).

The Treasurer shall maintain a list of approved security brokers/dealers, which shall be utilized by authorized investment officers. The security brokers/dealers shall be selected according to their creditworthiness and their financial significance in the State, which shall be measured in terms of the location of the broker/dealer's corporate office, the number of full-time employees, the size of its payroll, or the extent that the broker/dealer has an economic presence in the State. The list may include "primary" dealers or regional dealers who qualify under Securities and Exchange Commission Rule 17 CFR § 15Cc3-1 (Net Capital Requirements for Brokers or Dealers).

All broker/dealers who wish to qualify to bid for investment transactions shall initially, and on a periodic basis upon request, provide to the Treasurer's credit review staff documentation pertinent to firm's financial condition, ownership status, registration with applicable government agencies, and any other documentation deemed necessary by the Treasurer. An annual review of the financial condition and registration of qualified bidders will be conducted by the Treasurer's authorized investment officer(s). More frequent reviews may be conducted if warranted.

5.1 External Investment Consultants

To the extent that the Investment Policy Committee deems it advisable to hire external investment consultants, it may do so in accordance with the Treasurer's procurement rules at 44 Ill. Admin. Code § 1400.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

5.2 Preference for Broker/Dealers Owned by Minorities, Women, Veterans, and Persons with Disabilities

Pursuant to 15 ILCS 505/30, it shall be the aspirational goal of the Treasurer to use businesses owned by or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability for not less than 25% of the total dollar of purchases of investment securities, including, but not limited to, the use of broker/dealers. Beginning with fiscal year 2019, and at least annually thereafter, the Treasurer shall measure and report its utilization of broker/dealers owned or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability. The report shall be published on the Treasurer's official website at least annually.

The terms "minority person", "woman", "person with a disability", "minority-owned business", "women-owned business", "business owned by a person with a disability", and "control" have the meanings provided in Section 1 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575). The terms "veteran", "qualified veteran-owned small business", "qualified service-disabled veteran-owned small business", "qualified service-disabled veteran", and "armed forces of the United States" have the meanings provided in Article 1 of the Illinois Procurement Code (30 ILCS 500).

To the greatest extent feasible within the bounds of financial and fiduciary prudence, it is the policy of the Treasurer to remove any barriers to the full participation in investment transactions afforded via the investment program by actively identifying and considering for hire brokers/dealers that provide proof of minority-, female-, disabled-, and/or veteran-owned or -managed status. The Treasurer shall establish a process by which said specially claimed statuses are verified, and a review shall be conducted at fixed intervals to ensure that special statuses continue to apply.

5.3 Preference for Broker/Dealers Headquartered in Illinois

The Treasurer shall seek to provide preference to qualified brokers/dealers that provide proof that their corporate headquarters is located in the State of Illinois. In doing so, the Treasurer shall establish a process to verify the location of broker/dealers' corporate headquarters, and a review shall be conducted at fixed intervals to ensure that the Illinois-based location continues to apply.

Beginning with fiscal year 2019, and at least annually thereafter, the Treasurer shall measure and report its utilization of broker/dealers with headquarters located in the State of Illinois. The report shall be published on the Treasurer's official website at least annually.

6.0 AUTHORIZED AND SUITABLE INVESTMENTS

The Treasurer has authorized the following types of investments, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520) and the Public Funds Investment Act (30 ILCS 235):

- a) Securities that are guaranteed by the full faith and credit of the United States of America ("United States") as to principal and interest;
- b) Obligations of agencies and instrumentalities of the United States, as originally issued by the agencies and instrumentalities. For purposes of this Section, the term "agencies and instrumentalities of the United States" includes the following: federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 and Acts amendatory

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

- thereto, the federal home loan banks and the federal home loan mortgage corporation, and any other agency created by an Act of Congress and issues dollar- denominated debt;
- c) Interest-bearing savings accounts, interest-bearing certificates of deposit, or interest- bearing time deposits of a bank as defined by Section 2 of the Illinois Banking Act (205 ILCS 5/2);
 - d) Interest-bearing accounts or certificates of deposit of any savings and loan association incorporated under the laws of the State of Illinois, any other state, or the United States;
 - e) Interest-bearing accounts for the deposit of funds in support of local community development efforts;
 - f) Dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the laws of the State of Illinois or the United States that maintains its principal office in the State of Illinois;
 - g) Bankers' acceptances of banks whose senior obligations are rated in the top 2 rating categories by 2 national rating agencies and maintain that rating during the term of the investment;
 - h) Commercial paper of a corporation or a limited liability company that is organized in the United States with assets exceeding \$500,000,000 and is rated at the time of purchase at one (1) of the two (2) highest classifications established by at least two (2) standard rating services (i.e., not less than an A-1 short-term rating or equivalent rating);
 - i) Money market mutual funds registered under the Investment Company Act of 1940 (15 U.S.C. § 80a-1 *et seq.*) and rated at the highest classification by at least one (1) standard rating service (i.e., not less than a AAA long-term rating or equivalent rating);
 - j) The Illinois Funds, created under Section 17 of the State Treasurer Act (15 ILCS 505/17);
 - k) Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 (1 U.S.C. § 78o-5);
 - l) Interest-bearing bonds, at a price not to exceed par, issued by counties or municipal corporations of the State of Illinois, whether the interest earned thereon is taxable or tax- exempt under federal law. The bonds shall be registered in the name of the State of Illinois or held under a custodial agreement at a financial institution. The bonds shall be rated at the time of purchase at one (1) of the three (3) highest classifications established by at least one (1) standard rating service with nationally recognized expertise in rating bonds of states and their political subdivisions, (i.e., not less than an A- long-term rating or equivalent). The maturity or pre-refunded date(s) of the bonds authorized by this subsection shall, at the time of purchase, not exceed ten (10) years. Notwithstanding the foregoing, a longer maturity is authorized, if the State of Illinois has a put option to tender the bonds within ten (10) years from the date of purchase;
 - m) Securities of a foreign government that are guaranteed by the full faith and credit of that government as to principal and interest and rated at one (1) of the three (3) highest classifications established by at least two (2) standard rating services, (i.e., not less than an A- long-term rating or equivalent rating), and only if the foreign government has not defaulted and has met its payment obligations in a timely manner on all similar obligations for at least 25 years prior to the time of acquiring those obligations;

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

- n) Investments made in accordance with the Technology Development Act (30 ILCS 265/1 *et seq.*);
- o) The Treasurer may lend any securities acquired under this Policy. However, securities may be lent under this Policy only in accordance with Federal Financial Institution Examination Council guideline and only if the securities are collateralized at a level sufficient to assure the safety of the securities, taking into account market value fluctuation. The securities may be collateralized by cash or collateral acceptable under Sections 11 and 11.1 of the Deposit of State Moneys Act. Securities lending cash collateral may be invested according to the Securities Lending Agreement between the Treasurer and the Treasurer's Agent; and
- p) Obligations of either corporations or limited liability companies organized in the United States that have a significant presence in the State of Illinois, with assets exceeding \$500,000,000, and rated at the time of purchase at one (1) of the three (3) highest classifications established by at least two (2) standard rating services, (i.e., not less than an A- long-term rating or equivalent rating). At the time of purchase, the maturity or pre- refunded date(s) of the obligations authorized by this subsection shall not be less than 270 days and shall not exceed five (5) years.

6.1 Private Debt Placement

The Treasurer may invest any State money in the Treasury, excluding specific funds noted in the Deposit of State Moneys Act (15 ILCS 520/22/5), with the Office of the Illinois State Comptroller in order to pay vouchers, when the total amount of vouchers presented exceeds the funds available in the General Revenue Fund by \$1,000,000,000 or more. The total outstanding investments, at any given time, shall not exceed \$2,000,000,000.

The interest rate will be tied to the London Interbank Offered Rate (LIBOR) or the Federal Funds Rate or an equivalent market established variable rate. At no time shall the interest rate exceed the penalty rate established under the State Prompt Payment Act or the timely pay interest rate under Section 368a of the Illinois Insurance Code.

The Treasurer and Comptroller will mutually agree upon the funds in the Treasury that will be utilized for the investment(s).

The Treasurer and Comptroller shall enter into a written agreement that specifies the terms of each investment, including, but not limited to, the repayment of the principal and interest. The terms of each investment will be posted to the Treasurer's official website.

7.0 INVESTMENT RESTRICTIONS

The following restrictions apply to the Treasurer when investing the State Investments portfolio:

- a) Any investments not authorized by this or any other investment policy or applicable law are prohibited;
- b) Repurchase agreements may only be executed with approved financial institutions or broker/dealers that meet the Treasurer's standards, which include mutual execution of a Master Repurchase Agreement adopted by the Treasurer;
- c) All qualified repurchase agreement dealers must have a corporate headquarters, corporate office, or operating location in the State of Illinois and that location must retain full-time staff employed

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

within the State of Illinois or the dealer must have a significant economic presence in the State of Illinois as determined by the Treasurer;

- d) All qualified commercial paper issuers must have a corporate headquarters, corporate office, or operating location in the State of Illinois and that location must retain full-time staff employed within the State of Illinois or the issuer must have a significant economic presence in the State of Illinois as determined by the Treasurer;
- e) All qualified corporate bond issuers must have a corporate headquarters, corporate office, or operating location in the State of Illinois and that location must retain full-time staff employed within the State of Illinois or the issuer must have a significant economic presence in the State of Illinois as determined by the Treasurer;
- f) Investments may not be made in any savings and loan association unless a commitment by the savings and loan association, executed by the president or chief executive officer of that association, is submitted in the form required by Section 22.5 of the Deposit of State Moneys Act (15 ILCS 520/22.5);
- g) Asset-backed commercial paper is prohibited;
- h) Commercial paper with a credit rating or evaluation that is derived from any factor other than the full faith and credit of the issuing institution and/or the guarantee of the parent company is prohibited;
- i) Obligations may not be purchased from a corporation or limited liability company that has been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-110.16 of the Illinois Pension Code (40 ILCS 5); and
- j) The authorization of the Treasurer to invest in new obligations under Section 6.0(p) of this Policy shall expire on June 30, 2019.

8.0 COLLATERALIZATION

The following shall apply:

- a) All State deposits, repurchase agreements, and securities lending shall be secured as required by the Treasurer and provided for by the Deposit of State Moneys Act (15 ILCS 520) and the Treasurer's Acceptable Collateral Listing, which may change from time to time. The Treasurer may take possession and title to any securities held as collateral and hold such securities until it is prudent to dispose of them.
- b) Securities lending cash or securities collateral shall have the meaning set forth in the Securities Lending Agreement between the Treasurer and a financial institution ("Treasurer's Agent"). The Treasurer's Agent may reinvest cash collateral as indicated in the Securities Lending Agreement. The Treasurer or Treasurer's Agent may take possession and title to any cash or securities held as collateral and hold such securities according to the Securities Lending Agreement.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

9.0 DIVERSIFICATION

The State Investments portfolio shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In order to properly manage any risk attendant to the investment of State assets, the State Investments portfolio shall not deviate from the following diversification guidelines, unless specifically authorized by the Treasurer in writing:

- a) The Treasurer shall seek to achieve diversification in the State Investments portfolio by distributing investments among authorized investment categories among financial institutions, issuers and broker/dealers.
- b) The State Investments portfolio shall not hold time deposits that constitute more than 15% of any single financial institution's total deposits. Any deposits that constitute more than 10% of an institution's total deposits must qualify as community development deposits, described in Section 7 of the Deposit of State Moneys Act (15 ILCS 520/7).
- c) No financial institution shall at any time hold more than \$100,000,000 of time deposits other than community development deposits, described in Section 7 of the Deposit of State Moneys Act (15 ILCS 520/7). Provided, however, that financial institutions that, as a result of a merger or acquisition, hold deposits that exceed \$100,000,000.00 may continue to be eligible to hold deposits that do not exceed the amount of deposits held on the date of the merger or acquisition.
- d) The State Investments portfolio shall not contain investments that exceed the following diversification limits. These limits will apply to the total assets in the State Investments portfolio at the time of the origination or purchase. As maturities and or calls of instruments occur, these limits will be monitored and adjusted accordingly:
 - i. With the exception of cash equivalents, treasury securities and time deposits, as defined in Section 6.0 of this Policy, no more than 55% of the State Investments portfolio shall be invested in other investment categories;
 - ii. No more than one-third of the State Investments portfolio shall be invested in commercial paper;
 - iii. No more than 25% of the money market fund asset class may be placed with one money market fund investment option and the State Investments portfolio cannot be invested in more than 10% of each money market fund (including all share classes) at a given time;
 - iv. As much as 40% of the State Investments portfolio may be invested in time deposits when required by the cash flow of the State;
 - v. No more than ½ of 1% of the State Investments portfolio shall be invested in foreign government securities, not to exceed a five (5) year maturity, as defined in Section 6.0(l) of this Policy;
 - vi. No more than 55% of the State Investments portfolio shall be allocated to investments greater than two (2) years and less than or equal to three (3) years;
 - vii. No more than 30% of the State Investments portfolio shall be allocated to investments greater than three (3) years and less than or equal to four (4) years, not including foreign

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

government securities;

- viii. No more than 15% of the State Investments portfolio shall be allocated to investments greater than four (4) years and less than or equal to five (5) years;
 - ix. No more than 5% of the State Investments portfolio shall be allocated to investments greater than five (5) years and no less than or equal to ten (10) years;
 - x. There shall be no limit to the percentage of the State Investments portfolio that may be allocated to investments with a 0- to 2-year maturity band; and
 - xi. No more than 5% of the State Investments portfolio shall be invested in obligations of corporations or limited liability companies as defined by Section 6.0(p) of this Policy.
- e) The investment portfolio shall not hold obligations of corporations or limited liability companies that exceed 10% of the corporation's or the limited liability company's outstanding obligations.

10.0 CUSTODY AND SAFEKEEPING

The custody and safekeeping of collateral will be handled by Illinois financial institutions selected in compliance with the Treasurer's procurement rules at 44 Ill. Adm. Code 1400. Financial institutions selected by the Treasurer to perform custody and safekeeping services will be required to enter into a contractual agreement approved by the General Counsel.

All security transactions entered into by the Treasurer shall be conducted on a delivery-versus-payment ("DVP") or receipt-versus-payment ("RVP") basis. Securities shall be held by a safekeeping agent designated by the Treasurer and evidenced by safekeeping receipts or a statement of holdings.

11.0 INTERNAL CONTROLS

The Treasurer and the Chief Investment Officer, with the assistance of the Investment Policy Committee, shall establish a system of internal controls and written operational procedures that shall be documented and filed with the Treasurer's Chief Internal Auditor for review. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

- a) Asset Allocation: The allocation of assets within investment categories authorized under Section 6.0 of this Policy shall be approved by the Chief Investment Officer in writing.
- b) Competitive Bidding: Authorized investment officers shall obtain competitive bids from at least three (3) broker/dealers prior to executing the purchase or sale of any authorized investments. Reverse inquiry investments, investments in a new issue, and investments defined under Sections 6(a)-(b) of this Policy purchased from the agency discount window are exempt from this provision.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

- c) Certificates of Deposit: Authorized investment officers shall purchase certificates of deposit on the basis of a qualified financial institution's ability to pay a required rate of interest to the Treasurer, which is established daily. Such rate is generally determined on the basis of treasury or other appropriate market rates for a comparable term.

12.0 LIMITATION OF LIABILITY

The standard of care to be used by authorized investment officers shall be the "prudent person" standard, which shall be applied in the context of managing an overall portfolio. Authorized investment officers, acting in accordance with written procedures and this Policy and exercising due diligence, will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

13.0 REPORTING

Monthly reports shall be presented by the Chief Investment Officer to the Investment Policy Committee for its review. The monthly report shall contain sufficient information to enable the Investment Policy Committee to review the investment portfolio, its effectiveness in meeting the needs of the Treasurer for safety, liquidity, rate of return, and diversification, and the general performance of the State Investments portfolio. The following information shall be included in the monthly reports:

- a) The total amount of funds held by the Treasurer;
- b) The asset allocation for the investments made by the Treasurer;
- c) The benchmarks established by the Treasurer;
- d) The current and historic return information;
- e) Any circumstances resulting in a deviation from the standards established in Section 9.0 of this Policy; and
- f) Impact of any material change in investment policy adopted during the month.

The Treasurer shall develop performance reports in compliance with established industry reporting standards within six (6) months following the adoption of this Policy. Such reporting standards shall be in accordance with Generally Accepted Accounting Principles ("GAAP").

14.0 EXTERNAL ADVISORY COMMITTEE

The Investment Policy Committee may convene an External Advisory Committee at the direction of the Treasurer to provide independent advice and counsel to the Investment Policy Committee on investment policy, investments, and investment related issues for the benefit of all Illinois citizens.

15.0 EMERGENCY POWERS

In the event of an emergency, the Treasurer may, at his or her discretion, invoke emergency powers and suspend any or all of the provisions of this Policy, provided that:

- a) The Treasurer shall, even in the event that emergency powers are invoked, comply with all State statutes governing the use and investment of the State Investments portfolio including, but not

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

limited to, the State Treasurer Act, the Treasurer as Custodian of Funds Act, the Deposit of State Moneys Act, the Securities Safekeeping Act, and any other applicable statute;

- b) The Treasurer reasonably believes that deviating from this Policy is in the best interest of the taxpayers; and
- c) Within thirty (30) days of invoking emergency powers the Treasurer shall provide an explanation in writing to the Chief Internal Auditor and the Investment Policy Committee, a copy of which shall be posted on the Treasurer's website that includes the following:
 - i. The date and time that the emergency powers were invoked;
 - ii. The date and time that emergency powers were repealed;
 - iii. The Section or Sections of this Policy that were affected by the emergency or use of emergency powers; and
 - iv. The reason for invoking emergency powers resulting in the deviation from this Policy.

16.0 STATUTORY REFERENCES

Any statutory references in this policy shall include any amendments to or repeals of those statutes.

17.0 AMENDMENTS

The Treasurer reserves the right to amend this Policy at any time.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

Appendix A

**Investment Policy Statement for the State Investments Portfolio's Externally
Managed Municipal Securities**

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Investment Policy for Externally Managed Municipal Securities ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all funds under its control in a manner that provides the highest risk- adjusted investment return, using authorized instruments.

This Policy applies to all investments entered into by any of the Treasurer's external managers of municipal securities on or after the adoption of this Policy.

2.0 OBJECTIVE

The primary objective in the investment of State funds by any external manager of municipal securities is to ensure the safety of principal and provide the highest risk-adjusted investment return, using authorized instruments.

2.1 Safety

The safety of principal is an objective of the investment program. Investments managed externally on behalf of the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 7.0 of this Policy, is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate and credit risks.

2.2 Return on Investment

The investment portfolio shall be designed and constructed to obtain the highest available return, given the safety of principal objective. The external manager shall seek to obtain the highest available return, using the authorized investments set forth in Section 5.0 of this Policy.

The rate of return achieved on the externally managed funds shall be measured at regular intervals against the Bloomberg Barclays Intermediate US Treasury Index to determine the effectiveness of investment decisions in meeting the Treasurer's investment goals. The benchmark shall be reviewed annually by the Treasurer to ensure accuracy and relevance.

2.3 Sustainability

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk- adjusted investment return using authorized instruments. To achieve this objective, the Treasurer has a responsibility to recognize and evaluate risk factors that may have a material and relevant financial impact on the safety and/or performance of investments. Consistent with achieving the investment objectives set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence and investment ownership.

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The State Investments portfolio's investment officers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

3.0 ETHICS AND CONFLICTS OF INTEREST

External managing firm employees making investment decisions on behalf of the Treasurer shall refrain from personal business activity that could conflict or give the appearance of a conflict with this Policy, or impair their ability to make impartial investment decisions. Any individuals with such a conflict or impairment shall disclose to the Treasurer any material conflicts of interest or impairment. If permitted by the Treasurer to proceed, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

4.0 BROKERS/DEALERS

The external manager, on behalf of the Treasurer, shall seek to provide a preference to qualified brokers/dealers that provide proof of minority-, female-, disabled-, and/or veteran-owned or - managed status and brokers/dealers that provide proof that their corporate headquarters are located in the State of Illinois.

5.0 INVESTMENT PARAMETERS:

The Treasurer has authorized the purchase of municipal securities, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520/1 *et seq.*), the Public Funds Investment Act (30 ILCS 235/1 *et seq.*), and the following:

- a) Municipal securities ("securities") must be issued by any counties or municipal corporations of the State of Illinois;
- b) Securities must be interest-bearing and sold at a price that does not exceed par at the time of purchase;
- c) At a maximum, securities must have a maturity or pre-refunded date of ten (10) years from the time of purchase;

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

- d) Securities shall be rated within three (3) intermediate credit ratings of United States' sovereign credit rating but not less than an A-, or an equivalent rating by at least one (1) accredited rating agency with nationally recognized expertise in rating bonds of states and their political subdivisions ("Rating Agency"), at the time of purchase;
- e) If the securities are credit enhanced with bond insurance policies, the external manager will apply the securities' underlying credit ratings or bond insurer' credit rating, whichever is greater. There will be no limit on the percentage of credit enhanced bonds with an underlying issuer rating not less than A-, or its equivalent by a Rating Agency, in the externally managed portfolio. For securities with credit enhancements with an underlying issuer rating below A-, or its equivalent by a Rating Agency, the external manager will not hold more than 10% of securities guaranteed by a single bond insurer in the externally managed portfolio. Only bond insurance policies issued by the following companies are permissible:
 - i. Assured Guaranty Municipal Corporation;
 - ii. Assured Guaranty Corporation;
 - iii. Build America Mutual; and
 - iv. National Public Finance Guarantee.
- f) Should a security be downgraded below A3/A-, the external managers will provide written notification to the Treasurer in order to determine the appropriate action (sell or hold) based on the perceived risk and expected return.

6.0 INVESTMENT RESTRICTIONS

The Treasurer's external investment managers may not invest in the following types of investments:

- a) Any investments not authorized by this Policy, any other investment policy of the Treasurer, or applicable law are prohibited; or
- b) Any investments prohibited by Section 22.6 of the Deposit of State Monies Act.

7.0 DIVERSIFICATION

The externally managed municipal securities shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity or a specific issuer. In order to properly manage any risk attendant to the investment of State assets, the external managers shall not deviate from the following diversification guidelines unless specifically authorized by the Treasurer in writing:

- a) The Treasurer's external managers shall seek to achieve diversification in the portfolio by distributing investments among issuers and broker/dealers; and
- b) The externally managed municipal securities shall not contain investments that exceed the lesser of 25% of an issuance or \$2,000,000.00.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

8.0 INTERNAL CONTROLS

The Treasurer's external managers shall establish a system of internal controls and written operational procedures and share them with the Treasurer. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

9.0 DUE DILIGENCE

The Treasurer's external managers will perform due diligence, including, but not limited to, research and financial analysis of municipal securities and legal compliance with federal and State laws, rules, and regulations, and the Treasurer's investment policies.

10.0 RISK MANAGEMENT

The Treasurer's external managers will establish risk management protocols to mitigate risk, including but not limited to, credit risks, liquidity risks, market risks, operational risks, reputational risks, and legal risks for the Treasurer.

11.0 LIMITATION OF LIABILITY

External managing firm employees making investment decisions on behalf of the Treasurer shall use the "prudent person" standard, which shall be applied in the context of managing an overall municipal securities portfolio. Such individuals who act in accordance with this Policy and exercise due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

12.0 REPORTING

The external investment manager shall present monthly reports to the Treasurer for review. The monthly reports shall contain sufficient information for the Treasurer to evaluate the investment portfolio; its effectiveness in meeting the Treasurer's standards for safety, liquidity, rate of return, and diversification; and the general performance of the portfolio. At a minimum, the following information shall be included in the monthly reports:

- a) Change in market value of the securities;
- b) Rating changes of the securities;
- c) Portfolio performance and characteristics;
- d) Benchmark comparison;
- e) Portfolio transaction detail and holdings, including any supporting research documentation; and
- f) Listing of all securities held with a rating less than A-, or equivalent, with supporting research documentation.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

Appendix B

**Investment Policy Statement for the State Investments Portfolio's
Externally Managed Corporate Securities**

1.0 POLICY

Under this instrument, the Illinois State Treasurer's Investment Policy for Externally Managed Corporate Securities ("Policy"), it is the policy of the Illinois State Treasurer's Office ("Treasurer") to invest all funds under its control in a manner that provides the highest risk-adjusted investment return, using authorized instruments.

This Policy applies to all investments entered into by any of the Treasurer's external managers of corporate securities on or after the adoption of this Policy. The Treasurer's authorization to invest in corporate bonds shall expire on June 30, 2019.

2.0 OBJECTIVE

The primary objective in the investment of State funds by any external manager of corporate securities is to ensure the safety of principal and provide the highest risk-adjusted investment return, using authorized instruments.

2.1 Safety

The safety of principal is an objective of the investment program. Investments managed externally on behalf of the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To achieve this objective, diversification, as defined in Section 7.0 of this Policy, is required to ensure that the Treasurer prudently manages market, operational, reputational, financial, legal, sustainability, interest rate, and credit risks.

2.2 Return on Investment

The investment portfolio shall be designed and constructed to obtain the highest available return, given the safety of principal objective. The external manager shall seek to obtain the highest available return, using the authorized investments set forth in Section 5.0 of this Policy.

The rate of return achieved on the externally managed funds shall be measured at regular intervals against the Bloomberg Barclay's U.S. Corporate A+ 1-3 Index to determine the effectiveness of investment decisions in meeting the Treasurer's investment goals. The benchmark shall be reviewed annually by the Treasurer to ensure accuracy and relevance.

2.3 Sustainability

The Treasurer seeks to invest all funds under its control in a manner that provides the highest risk-adjusted investment return using authorized instruments. To achieve this objective, the Treasurer has a responsibility to recognize and evaluate risk factors that may have a material and relevant financial impact on the safety and/or performance of investments. Consistent with achieving the investment objectives set forth herein, the Treasurer and its agents shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence and investment ownership.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

The sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and helps assess the reliability of future cash flows and debt repayments. Similar to financial accounting, sustainability accounting has both confirmatory and predictive value, thus, it can be used to evaluate past performance and be used for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

The Treasurer shall develop policy guidelines to integrate material sustainability risks relevant to particular financial products, investment funds, companies, or government bodies, which shall be provided to internal and external investment managers to factor into their investment decision-making. The policy guidelines for integrating sustainability factors shall be reviewed and updated every two (2) years at a minimum to ensure consistency within the rapidly evolving global economy.

The State Investments portfolio's investment officers shall identify and select authorized investment options that meet the Treasurer's criteria for sustainable investing opportunities and risk parameters and fall within the framework of the investment objectives.

3.0 ETHICS AND CONFLICTS OF INTEREST

External managing firm employees making investment decisions on behalf of the Treasurer shall refrain from personal business activity that could conflict or give the appearance of a conflict with this Policy, or impair their ability to make impartial investment decisions. Any individuals with such a conflict or impairment shall disclose to the Treasurer any material conflicts of interest or impairment. If permitted by the Treasurer to proceed, such individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

4.0 BROKERS/DEALERS

The external manager, on behalf of the Treasurer, shall seek to provide a preference to qualified brokers/dealers that provide proof of minority, female, disabled, and/or veteran-owned or managed status and brokers/dealers that provide proof that their corporate headquarters are located in the State of Illinois.

5.0 INVESTMENT PARAMETERS

The Treasurer has authorized the purchase of corporate securities, subject to the provisions of the Deposit of State Moneys Act (15 ILCS 520/1 *et seq.*), the Public Funds Investment Act (30 ILCS 235/1 *et seq.*), and the following:

- a) Securities must be issued by corporations or limited liability companies ("securities/security") organized in the United States that have a significant presence in the State of Illinois and assets exceeding \$500,000,000;
- b) At the time of purchase, the maturity of the securities shall not be less than 270 days and shall not exceed five years;
- c) Securities must be rated at the time of purchase by one of the three (3) highest classifications established by at least two (2) standard rating services, but not less than an A- long-term rating or equivalent;

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

- d) The corporation or limited liability company has not been placed on the list of restricted companies by the Illinois Investment Policy Board under Section 1-11.16 of the Illinois Pension Code;
- e) The Treasurer's external managers will not purchase corporate bonds that are credit enhanced by mortgages or the collection of mortgages;
- f) Corporate bonds with credit enhancements based on tangible assets pledged as collateral for the bond will not exceed 20% of the overall externally managed portfolio; and
- g) Should a security be downgraded below A3/A-, or equivalent rating, the external managers will provide written notification to the Treasurer in order to determine the appropriate action (sell or hold) based on the perceived risk and expected return.

6.0 INVESTMENT RESTRICTIONS

The Treasurer's external investment managers may not invest in the following types of investments:

- a) Any investments not authorized by this Policy, any other investment policy of the Treasurer, or applicable law are prohibited; or
- b) Any investments prohibited by Section 22.6 of the Deposit of State Monies Act.

7.0 DIVERSIFICATION

The externally managed corporate securities shall be diversified to mitigate the risk of loss resulting from concentration of assets in a specific maturity or a specific issuer. In order to properly manage any risk attendant to the investment of State assets, the external managers shall not deviate from the following diversification guidelines, unless specifically authorized by the Treasurer in writing:

- a) The Treasurer's external managers shall seek to achieve diversification in the portfolio by distributing investments among issuers and broker/dealers; and
- b) Purchases cannot exceed 10% of the corporation's or the limited liability company's outstanding obligations.

8.0 INTERNAL CONTROLS

The Treasurer's external managers shall establish a system of internal controls and written operational procedures and share them with the Treasurer. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Investment Policy Statement for the State Investment Portfolio
(Effective September 2018 through October 2019)
(Unaudited)**

9.0 DUE DILIGENCE

The Treasurer's external managers will perform due diligence, including, but not limited to, research and financial analysis of corporate securities and legal compliance with federal and State laws, rules, and regulations, and the Treasurer's investment policies.

10.0 RISK MANAGEMENT

The Treasurer's external managers will establish risk management protocols to mitigate risk, including but not limited to, credit risks, liquidity risks, market risks, operational risks, reputational risks, and legal risks for the Treasurer.

11.0 LIMITATION OF LIABILITY

External managing firm employees making investment decisions on behalf of the Treasurer shall use the "prudent person" standard, which shall be applied in the context of managing an overall corporate portfolio. Such individuals who act in accordance with this Policy and exercise due diligence will be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and necessary action is taken to control adverse developments.

12.0 REPORTING

The external investment manager shall present monthly reports to the Treasurer for review. The monthly reports shall contain sufficient information for the Treasurer to evaluate the investment portfolio; its effectiveness in meeting the Treasurer's standards for safety, liquidity, rate of return, and diversification; and the general performance of the portfolio. At a minimum, the following information shall be included in the monthly reports:

- a) Change in market value of the securities;
- b) Rating changes of the securities;
- c) Portfolio performance and characteristics;
- d) Benchmark comparison;
- e) Portfolio transaction detail and holdings, including any supporting research documentation; and
- f) Listing of all securities held with a rating less than A3/A-, or equivalent, with supporting research documentation.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLINACE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Illinois (State), Office of the Treasurer, Fiscal Officer Responsibilities (the Office), which are comprised of the Statement of Assets and Other Debits, Liabilities and Accountabilities as of June 30, 2021, the related Statement of Investment Income for the year then ended and the related notes to the financial statements, and have issued our report thereon dated May 31, 2022. As described in Note B of the financial statements, the financial statements are prepared by the Office on the basis of the financial reporting provisions determined by the Illinois Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the State of Illinois. Our opinion was not modified with respect to this matter.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the Office is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Office's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant

deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a material weakness.

Office of the Treasurer's Response to the Finding

The Office's response to the internal control finding identified in our audit is described in the accompanying Schedule of Findings. The Office's response was not subjected to the procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Office's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Springfield, Illinois
May 31, 2022

**State of Illinois
Office of the Treasurer**

**Fiscal Officer Responsibilities
Schedule of Findings – Current Finding
For the Year Ended June 30, 2021**

2021-001 **Finding** (Inadequate Internal Controls Related to Review of Financial Statements)

The Office of the Treasurer (the Office) had inadequate internal controls over the Office's Fiscal Officer Responsibilities financial statement adjustment process.

During testing of the Statements of Assets and Other Debits, Liabilities and Accountabilities (financial statements), it was determined the Clearing Account Deposits and Deposits in Transit as well as the Agencies' Deposits Outside the State Treasury accounts were each understated by \$1,635,711,097.

As the Office collects deposits into the State Treasury from various State of Illinois agencies, the Office issues a non-negotiable draft for agencies to utilize in recording the deposits with the Illinois Office of the Comptroller (IOC). On occasion, an agency may deposit a non-negotiable draft with the IOC more than one time. These duplicate deposits are identified by the Office and correspondence with the responsible agency is initiated to rectify the duplication. At June 30, 2021, certain agencies had not corrected their duplicate deposits. The Offices cash account reconciliations at June 30, 2021 reported reconciling items which included both the duplicate deposit as well as any other deposits for the day the duplicate occurred. When preparing the financial statements, the Office recorded a journal entry to adjust Clearing Account Deposits and Deposits in Transit as well as Agencies' Deposits Outside the State Treasury accounts by the total of all reconciling items reported on their June 30, 2021 cash reconciliations. It was determined only the duplicate deposit portion of the reconciling items would have been double counted in the available cash balance reported by the IOC.

In accordance with the financial reporting provisions determined by the IOC, the Office's assets and liabilities should be properly reported in the financial statements and footnotes. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports to maintain accountability over the State's resources. Strong management controls, due diligence and fiduciary responsibility require procedures to include proper checks and balances and adequate supervision to ensure proper financial reporting.

Office management attributed the above conditions to not receiving timely responses from agencies to rectify their duplicate deposits, the acceptance and crediting of the duplicate deposits by the IOC, and the reconciliation and journal entry processes for paid non-negotiable drafts being performed at an aggregate instead of individual basis.

Failure to maintain adequate internal controls over the financial reporting process led to an error being identified in the financial statements, notes to the financial statements, and supplementary information. (Finding Code No. 2021-001, 2020-001)

Recommendation

We recommend the Office improve controls over the financial reporting process for the Fiscal Officer Responsibilities, specifically verifying information received to prepare financial statements is being appropriately reviewed to facilitate accurate year-end adjustments.

Office Response

The Office accepts the recommendation. The Office has adopted additional review and communication processes to identify and resolve agency duplications to facilitate accurate financial reporting and year-end adjustments. Further, the Office plans to work with the IOC to prevent duplicate non-negotiable drafts from being credited.