

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Deposit of State Moneys Act is amended by
5 changing Sections 10, 11, and 22.5 as follows:

6 (15 ILCS 520/10) (from Ch. 130, par. 29)

7 Sec. 10. The State Treasurer may enter into agreement in
8 conformity with this Act with any bank or savings and loan
9 association relating to the deposit of securities. Such
10 agreement may authorize the holding by such bank or savings and
11 loan association of such securities in custody and safekeeping
12 solely under the instructions of the State Treasurer either (a)
13 in the office of such bank or savings and loan association, or
14 under the custody and safekeeping of another bank or savings
15 and loan association in this State for the depository bank or
16 savings and loan association, or (b) in ~~if the securities to be~~
17 ~~deposited are held in custody and safekeeping for such bank or~~
18 ~~savings and loan association by~~ a bank or a depository trust
19 company in the United States if the securities to be deposited
20 are held in custody and safekeeping for such bank or savings
21 and loan association ~~New York City, then in such New York bank~~
22 ~~or depository trust company.~~

23 (Source: P.A. 83-541.)

1 (15 ILCS 520/11) (from Ch. 130, par. 30)

2 Sec. 11. Protection of public deposits; eligible
3 collateral.

4 (a) For deposits not insured by an agency of the federal
5 government, the State Treasurer, in his or her discretion, may
6 accept as collateral any of the following classes of
7 securities, provided there has been no default in the payment
8 of principal or interest thereon:

9 (1) Bonds, notes, or other securities constituting
10 direct and general obligations of the United States, the
11 bonds, notes, or other securities constituting the direct
12 and general obligation of any agency or instrumentality of
13 the United States, the interest and principal of which is
14 unconditionally guaranteed by the United States, and
15 bonds, notes, or other securities or evidence of
16 indebtedness constituting the obligation of a U.S. agency
17 or instrumentality.

18 (2) Direct and general obligation bonds of the State of
19 Illinois or of any other state of the United States.

20 (3) Revenue bonds of this State or any authority,
21 board, commission, or similar agency thereof.

22 (4) Direct and general obligation bonds of any city,
23 town, county, school district, or other taxing body of any
24 state, the debt service of which is payable from general ad
25 valorem taxes.

1 (5) Revenue bonds of any city, town, county, or school
2 district of the State of Illinois.

3 (6) Obligations issued, assumed, or guaranteed by the
4 International Finance Corporation, the principal of which
5 is not amortized during the life of the obligation, but no
6 such obligation shall be accepted at more than 90% of its
7 market value.

8 (7) Illinois Affordable Housing Program Trust Fund
9 Bonds or Notes as defined in and issued pursuant to the
10 Illinois Housing Development Act.

11 (8) In an amount equal to at least market value of that
12 amount of funds deposited exceeding the insurance
13 limitation provided by the Federal Deposit Insurance
14 Corporation or the National Credit Union Administration or
15 other approved share insurer: (i) securities, (ii)
16 mortgages, (iii) letters of credit issued by a Federal Home
17 Loan Bank, or (iv) loans covered by a State Guarantee under
18 the Illinois Farm Development Act, if that guarantee has
19 been assumed by the Illinois Finance Authority under
20 Section 845-75 of the Illinois Finance Authority Act, and
21 loans covered by a State Guarantee under Article 830 of the
22 Illinois Finance Authority Act.

23 (9) Obligations of either corporations or limited
24 liability companies organized in the United States with
25 assets exceeding \$500,000,000 if: (i) the obligations are
26 rated at the time of purchase at one of the 3 highest

1 classifications established by at least 2 standard rating
2 services and mature more than 270 days, but less than 5
3 years, from the date of purchase; and (ii) the corporation
4 or the limited liability company has not been placed on the
5 list of restricted companies by the Illinois Investment
6 Policy Board under Section 1-110.16 of the Illinois Pension
7 Code.

8 (b) The State Treasurer may establish a system to aggregate
9 permissible securities received as collateral from financial
10 institutions in a collateral pool to secure State deposits of
11 the institutions that have pledged securities to the pool.

12 (c) The Treasurer may at any time declare any particular
13 security ineligible to qualify as collateral when, in the
14 Treasurer's judgment, it is deemed desirable to do so.

15 (d) Notwithstanding any other provision of this Section, as
16 security the State Treasurer may, in his discretion, accept a
17 bond, executed by a company authorized to transact the kinds of
18 business described in clause (g) of Section 4 of the Illinois
19 Insurance Code, in an amount not less than the amount of the
20 deposits required by this Section to be secured, payable to the
21 State Treasurer for the benefit of the People of the State of
22 Illinois, in a form that is acceptable to the State Treasurer.

23 (Source: P.A. 95-331, eff. 8-21-07.)

24 (15 ILCS 520/22.5) (from Ch. 130, par. 41a)

25 (For force and effect of certain provisions, see Section 90

1 of P.A. 94-79)

2 Sec. 22.5. Permitted investments. The State Treasurer may,
3 with the approval of the Governor, invest and reinvest any
4 State money in the treasury which is not needed for current
5 expenditures due or about to become due, in obligations of the
6 United States government or its agencies or of National
7 Mortgage Associations established by or under the National
8 Housing Act, 12 ~~1201~~ U.S.C. 1701 et seq., or in mortgage
9 participation certificates representing undivided interests in
10 specified, first-lien conventional residential Illinois
11 mortgages that are underwritten, insured, guaranteed, or
12 purchased by the Federal Home Loan Mortgage Corporation or in
13 Affordable Housing Program Trust Fund Bonds or Notes as defined
14 in and issued pursuant to the Illinois Housing Development Act.
15 All such obligations shall be considered as cash and may be
16 delivered over as cash by a State Treasurer to his successor.

17 The State Treasurer may, with the approval of the Governor,
18 purchase any state bonds with any money in the State Treasury
19 that has been set aside and held for the payment of the
20 principal of and interest on the bonds. The bonds shall be
21 considered as cash and may be delivered over as cash by the
22 State Treasurer to his successor.

23 The State Treasurer may, with the approval of the Governor,
24 invest or reinvest any State money in the treasury that is not
25 needed for current expenditure due or about to become due, or
26 any money in the State Treasury that has been set aside and

1 held for the payment of the principal of and the interest on
2 any State bonds, in shares, withdrawable accounts, and
3 investment certificates of savings and building and loan
4 associations, incorporated under the laws of this State or any
5 other state or under the laws of the United States; provided,
6 however, that investments may be made only in those savings and
7 loan or building and loan associations the shares and
8 withdrawable accounts or other forms of investment securities
9 of which are insured by the Federal Deposit Insurance
10 Corporation.

11 The State Treasurer may not invest State money in any
12 savings and loan or building and loan association unless a
13 commitment by the savings and loan (or building and loan)
14 association, executed by the president or chief executive
15 officer of that association, is submitted in the following
16 form:

17 The Savings and Loan (or Building
18 and Loan) Association pledges not to reject arbitrarily
19 mortgage loans for residential properties within any
20 specific part of the community served by the savings and
21 loan (or building and loan) association because of the
22 location of the property. The savings and loan (or building
23 and loan) association also pledges to make loans available
24 on low and moderate income residential property throughout
25 the community within the limits of its legal restrictions
26 and prudent financial practices.

1 The State Treasurer may, with the approval of the Governor,
2 invest or reinvest, ~~at a price not to exceed par,~~ any State
3 money in the treasury that is not needed for current
4 expenditures due or about to become due, or any money in the
5 State Treasury that has been set aside and held for the payment
6 of the principal of and interest on any State bonds, in bonds
7 issued by counties or municipal corporations of the State of
8 Illinois.

9 The State Treasurer may invest or reinvest up to 5% of the
10 College Savings Pool Administrative Trust Fund, the Illinois
11 Public Treasurer Investment Pool (IPTIP) Administrative Trust
12 Fund, and the State Treasurer's Administrative Fund that is not
13 needed for current expenditures due or about to become due, in
14 common or preferred stocks of publicly traded corporations,
15 partnerships, or limited liability companies, organized in the
16 United States, with assets exceeding \$500,000,000 if: (i) the
17 purchases do not exceed 1% of the corporation's or the limited
18 liability company's outstanding common and preferred stock;
19 (ii) no more than 10% of the total funds are invested in any
20 one publicly traded corporation, partnership, or limited
21 liability company; and (iii) the corporation or the limited
22 liability company has not been placed on the list of restricted
23 companies by the Illinois Investment Policy Board under Section
24 1-110.16 of the Illinois Pension Code.

25 The State Treasurer may, with the approval of the Governor,
26 invest or reinvest any State money in the Treasury which is not

1 needed for current expenditure, due or about to become due, or
2 any money in the State Treasury which has been set aside and
3 held for the payment of the principal of and the interest on
4 any State bonds, in participations in loans, the principal of
5 which participation is fully guaranteed by an agency or
6 instrumentality of the United States government; provided,
7 however, that such loan participations are represented by
8 certificates issued only by banks which are incorporated under
9 the laws of this State or any other state or under the laws of
10 the United States, and such banks, but not the loan
11 participation certificates, are insured by the Federal Deposit
12 Insurance Corporation.

13 Whenever the total amount of vouchers presented to the
14 Comptroller under Section 9 of the State Comptroller Act
15 exceeds the funds available in the General Revenue Fund by
16 \$1,000,000,000 or more, then the State Treasurer may invest any
17 State money in the Treasury, other than money in the General
18 Revenue Fund, Health Insurance Reserve Fund, Attorney General
19 Court Ordered and Voluntary Compliance Payment Projects Fund,
20 Attorney General Whistleblower Reward and Protection Fund, and
21 Attorney General's State Projects and Court Ordered
22 Distribution Fund, which is not needed for current
23 expenditures, due or about to become due, or any money in the
24 State Treasury which has been set aside and held for the
25 payment of the principal of and the interest on any State bonds
26 with the Office of the Comptroller in order to enable the

1 Comptroller to pay outstanding vouchers. At any time, and from
2 time to time outstanding, such investment shall not be greater
3 than \$2,000,000,000. Such investment shall be deposited into
4 the General Revenue Fund or Health Insurance Reserve Fund as
5 determined by the Comptroller. Such investment shall be repaid
6 by the Comptroller with an interest rate tied to the London
7 Interbank Offered Rate (LIBOR) or the Federal Funds Rate or an
8 equivalent market established variable rate, but in no case
9 shall such interest rate exceed the lesser of the penalty rate
10 established under the State Prompt Payment Act or the timely
11 pay interest rate under Section 368a of the Illinois Insurance
12 Code. The State Treasurer and the Comptroller shall enter into
13 an intergovernmental agreement to establish procedures for
14 such investments, which market established variable rate to
15 which the interest rate for the investments should be tied, and
16 other terms which the State Treasurer and Comptroller
17 reasonably believe to be mutually beneficial concerning these
18 investments by the State Treasurer. The State Treasurer and
19 Comptroller shall also enter into a written agreement for each
20 such investment that specifies the period of the investment,
21 the payment interval, the interest rate to be paid, the funds
22 in the Treasury from which the Treasurer will draw the
23 investment, and other terms upon which the State Treasurer and
24 Comptroller mutually agree. Such investment agreements shall
25 be public records and the State Treasurer shall post the terms
26 of all such investment agreements on the State Treasurer's

1 official website. In compliance with the intergovernmental
2 agreement, the Comptroller shall order and the State Treasurer
3 shall transfer amounts sufficient for the payment of principal
4 and interest invested by the State Treasurer with the Office of
5 the Comptroller under this paragraph from the General Revenue
6 Fund or the Health Insurance Reserve Fund to the respective
7 funds in the Treasury from which the State Treasurer drew the
8 investment. Public Act 100-1107 ~~This amendatory Act of the~~
9 ~~100th General Assembly~~ shall constitute an irrevocable and
10 continuing authority for all amounts necessary for the payment
11 of principal and interest on the investments made with the
12 Office of the Comptroller by the State Treasurer under this
13 paragraph, and the irrevocable and continuing authority for and
14 direction to the Comptroller and Treasurer to make the
15 necessary transfers.

16 The State Treasurer may, with the approval of the Governor,
17 invest or reinvest any State money in the Treasury that is not
18 needed for current expenditure, due or about to become due, or
19 any money in the State Treasury that has been set aside and
20 held for the payment of the principal of and the interest on
21 any State bonds, in any of the following:

22 (1) Bonds, notes, certificates of indebtedness,
23 Treasury bills, or other securities now or hereafter issued
24 that are guaranteed by the full faith and credit of the
25 United States of America as to principal and interest.

26 (2) Bonds, notes, debentures, or other similar

1 obligations of the United States of America, its agencies,
2 and instrumentalities.

3 (2.5) Bonds, notes, debentures, or other similar
4 obligations of a foreign government, other than the
5 Republic of the Sudan, that are guaranteed by the full
6 faith and credit of that government as to principal and
7 interest, but only if the foreign government has not
8 defaulted and has met its payment obligations in a timely
9 manner on all similar obligations for a period of at least
10 25 years immediately before the time of acquiring those
11 obligations.

12 (3) Interest-bearing savings accounts,
13 interest-bearing certificates of deposit, interest-bearing
14 time deposits, or any other investments constituting
15 direct obligations of any bank as defined by the Illinois
16 Banking Act.

17 (4) Interest-bearing accounts, certificates of
18 deposit, or any other investments constituting direct
19 obligations of any savings and loan associations
20 incorporated under the laws of this State or any other
21 state or under the laws of the United States.

22 (5) Dividend-bearing share accounts, share certificate
23 accounts, or class of share accounts of a credit union
24 chartered under the laws of this State or the laws of the
25 United States; provided, however, the principal office of
26 the credit union must be located within the State of

1 Illinois.

2 (6) Bankers' acceptances of banks whose senior
3 obligations are rated in the top 2 rating categories by 2
4 national rating agencies and maintain that rating during
5 the term of the investment.

6 (7) Short-term obligations of either corporations or
7 limited liability companies organized in the United States
8 with assets exceeding \$500,000,000 if (i) the obligations
9 are rated at the time of purchase at one of the 3 highest
10 classifications established by at least 2 standard rating
11 services and mature not later than 270 days from the date
12 of purchase, (ii) the purchases do not exceed 10% of the
13 corporation's or the limited liability company's
14 outstanding obligations, (iii) no more than one-third of
15 the public agency's funds are invested in short-term
16 obligations of either corporations or limited liability
17 companies, and (iv) the corporation or the limited
18 liability company has not been placed on the list of
19 restricted companies by the Illinois Investment Policy
20 Board under Section 1-110.16 of the Illinois Pension Code.

21 (7.5) Obligations of either corporations or limited
22 liability companies organized in the United States, that
23 have a significant presence in this State, with assets
24 exceeding \$500,000,000 if: (i) the obligations are rated at
25 the time of purchase at one of the 3 highest
26 classifications established by at least 2 standard rating

1 services and mature more than 270 days, but less than 10 ~~5~~
2 years, from the date of purchase; (ii) the purchases do not
3 exceed 10% of the corporation's or the limited liability
4 company's outstanding obligations; (iii) no more than
5 one-third ~~5%~~ of the public agency's funds are invested in
6 such obligations of corporations or limited liability
7 companies; and (iv) the corporation or the limited
8 liability company has not been placed on the list of
9 restricted companies by the Illinois Investment Policy
10 Board under Section 1-110.16 of the Illinois Pension Code.
11 ~~The authorization of the Treasurer to invest in new~~
12 ~~obligations under this paragraph shall expire on June 30,~~
13 ~~2019.~~

14 (8) Money market mutual funds registered under the
15 Investment Company Act of 1940, ~~provided that the portfolio~~
16 ~~of the money market mutual fund is limited to obligations~~
17 ~~described in this Section and to agreements to repurchase~~
18 ~~such obligations.~~

19 (9) The Public Treasurers' Investment Pool created
20 under Section 17 of the State Treasurer Act or in a fund
21 managed, operated, and administered by a bank.

22 (10) Repurchase agreements of government securities
23 having the meaning set out in the Government Securities Act
24 of 1986, as now or hereafter amended or succeeded, subject
25 to the provisions of that Act and the regulations issued
26 thereunder.

1 (11) Investments made in accordance with the
2 Technology Development Act.

3 For purposes of this Section, "agencies" of the United
4 States Government includes:

5 (i) the federal land banks, federal intermediate
6 credit banks, banks for cooperatives, federal farm credit
7 banks, or any other entity authorized to issue debt
8 obligations under the Farm Credit Act of 1971 (12 U.S.C.
9 2001 et seq.) and Acts amendatory thereto;

10 (ii) the federal home loan banks and the federal home
11 loan mortgage corporation;

12 (iii) the Commodity Credit Corporation; and

13 (iv) any other agency created by Act of Congress.

14 The Treasurer may, with the approval of the Governor, lend
15 any securities acquired under this Act. However, securities may
16 be lent under this Section only in accordance with Federal
17 Financial Institution Examination Council guidelines and only
18 if the securities are collateralized at a level sufficient to
19 assure the safety of the securities, taking into account market
20 value fluctuation. The securities may be collateralized by cash
21 or collateral acceptable under Sections 11 and 11.1.

22 (Source: P.A. 99-856, eff. 8-19-16; 100-1107, eff. 8-27-18;
23 revised 9-27-18.)

24 Section 99. Effective date. This Act takes effect upon
25 becoming law.