

AN ACT concerning State government.

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

Section 5. The State Treasurer Act is amended by changing Section 17 as follows:

(15 ILCS 505/17) (from Ch. 130, par. 17)

Sec. 17. The State Treasurer may establish and administer both a Public Treasurers' Investment Pool and an E-Pay program to supplement and enhance both the investment opportunities and the secure electronic payment options otherwise available to other custodians of public funds for public agencies in this State.

The Treasurer, in administering the Public Treasurers' Investment Pool, may receive public funds paid into the pool by any other custodian of such funds and may serve as the fiscal agent of that custodian of public funds for the purpose of holding and investing those funds.

The Treasurer may invest the public funds constituting the Public Treasurers' Investment Pool in the same manner, in the same types of investments and subject to the same limitations provided for the investment of funds in the State Treasury. The Treasurer shall develop, publish, and implement an investment policy covering the management of funds in the Public

Treasurers' Investment Pool. The policy shall be published each year as part of the audit of the Public Treasurers' Investment Pool by the Auditor General, which shall be distributed to all participants. The Treasurer shall notify all Public Treasurers' Investment Pool participants in writing, and the Treasurer shall publish in at least one newspaper of general circulation in both Springfield and Chicago any changes to a previously published investment policy at least 30 calendar days before implementing the policy. Any such investment policy adopted by the Treasurer shall be reviewed, and updated if necessary, within 90 days following the installation of a new Treasurer.

The Treasurer shall promulgate such rules and regulations as he deems necessary for the efficient administration of the Public Treasurers' Investment Pool and the E-Pay program, including specification of minimum amounts which may be deposited in the Pool and minimum periods of time for which deposits shall be retained in the Pool. The rules shall provide for the administration expenses of the Pool to be paid from its earnings and for the interest earnings in excess of such expenses to be credited or paid monthly to the several custodians of public funds participating in the Pool in a manner which equitably reflects the differing amounts of their respective investments in the Pool and the differing periods of time for which such amounts were in the custody of the Pool.

Upon creating a Public Treasurers' Investment Pool the

State Treasurer shall give bond with 2 or more sufficient sureties, payable to custodians of public funds who participate in the Pool for the benefit of the public agencies whose funds are paid into the Pool for investment, in the penal sum of \$150,000, conditioned for the faithful discharge of his duties in relation to the Public Treasurers' Investment Pool.

"Public funds" and "public agency", as used in this Section have the meanings ascribed to them in Section 1 of "An Act relating to certain investments of public funds by public agencies", approved July 23, 1943, as amended.

This amendatory Act of 1975 is not a limit on any home rule unit.

After the effective date of this amendatory Act of the 99th General Assembly, participation in the Public Treasurers' Investment Pool shall not be a prerequisite for participation in the Treasurer's E-Pay program.

(Source: P.A. 97-537, eff. 8-23-11.)

Section 10. The Deposit of State Moneys Act is amended by changing Sections 18 and 22.5 as follows:

(15 ILCS 520/18) (from Ch. 130, par. 37)

Sec. 18. The State Treasurer shall make a monthly report to the Governor giving a detailed statement of the balances on deposit in the several banks or savings and loan associations, and the amount paid by each such bank or savings and loan

association as interest on moneys so deposited. Such statement shall contain the name of each bank or savings and loan association, and the amount in such bank or savings and loan association subject to draft at the close of business on the last day of the month for which the report is made, and on the last day of the month next preceding. A copy of such report shall be retained by the Treasurer and shall be made available for inspection by the public at any reasonable time. The Treasurer may satisfy the requirements of this Section by posting the monthly report on the Treasurer's official Internet website.

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

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

(For force and effect of certain provisions, see Section 90 of P.A. 94-79)

Sec. 22.5. Permitted investments. The State Treasurer may, with the approval of the Governor, invest and reinvest any State money in the treasury which is not needed for current expenditures due or about to become due, in obligations of the United States government or its agencies or of National Mortgage Associations established by or under the National Housing Act, 1201 U.S.C. 1701 et seq., or in mortgage participation certificates representing undivided interests in specified, first-lien conventional residential Illinois mortgages that are underwritten, insured, guaranteed, or

purchased by the Federal Home Loan Mortgage Corporation or in Affordable Housing Program Trust Fund Bonds or Notes as defined in and issued pursuant to the Illinois Housing Development Act. All such obligations shall be considered as cash and may be delivered over as cash by a State Treasurer to his successor.

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

The State Treasurer may, with the approval of the Governor, invest or reinvest any State money in the treasury that is not needed for current expenditure due or about to become due, or any money in the State Treasury that has been set aside and held for the payment of the principal of and the interest on any State bonds, in shares, withdrawable accounts, and investment certificates of savings and building and loan associations, incorporated under the laws of this State or any other state or under the laws of the United States; provided, however, that investments may be made only in those savings and loan or building and loan associations the shares and withdrawable accounts or other forms of investment securities of which are insured by the Federal Deposit Insurance Corporation.

The State Treasurer may not invest State money in any

savings and loan or building and loan association unless a commitment by the savings and loan (or building and loan) association, executed by the president or chief executive officer of that association, is submitted in the following form:

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

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

The State Treasurer may, with the approval of the Governor, invest or reinvest any State money in the Treasury which is not needed for current expenditure, due or about to become due, or

any money in the State Treasury which has been set aside and held for the payment of the principal of and the interest on any State bonds, in participations in loans, the principal of which participation is fully guaranteed by an agency or instrumentality of the United States government; provided, however, that such loan participations are represented by certificates issued only by banks which are incorporated under the laws of this State or any other state or under the laws of the United States, and such banks, but not the loan participation certificates, are insured by the Federal Deposit Insurance Corporation.

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

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

(2) Bonds, notes, debentures, or other similar obligations of the United States of America, its agencies, and instrumentalities.

(2.5) Bonds, notes, debentures, or other similar obligations of a foreign government, other than the

Republic of the Sudan, that are guaranteed by the full faith and credit of that government as to principal and interest, but only if the foreign government has not defaulted and has met its payment obligations in a timely manner on all similar obligations for a period of at least 25 years immediately before the time of acquiring those obligations.

(3) 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.

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

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

(6) 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.

(7) Short-term obligations of either corporations or limited liability companies organized in the United States with assets exceeding \$500,000,000 if (i) the obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and mature not later than 270 days from the date of purchase, (ii) the purchases do not exceed 10% of the corporation's or the limited liability company's outstanding obligations, (iii) no more than one-third of the public agency's funds are invested in short-term obligations of either corporations or limited liability companies, and (iv) 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 ~~identified as a forbidden entity, as that term is defined in Section 1-110.6 of the Illinois Pension Code, by an independent researching firm that specializes in global security risk that has been engaged by the State Treasurer.~~

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

services and mature more than 270 days, but less than 5 years, from the date of purchase; (ii) the purchases do not exceed 10% of the corporation's or the limited liability company's outstanding obligations; (iii) no more than 5% of the public agency's funds are invested in such obligations of corporations or limited liability companies; and (iv) 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. The authorization of the Treasurer to invest in new obligations under this paragraph shall expire on June 30, 2019.

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

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

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

(11) Investments made in accordance with the

Technology Development Act.

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

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

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

(iii) the Commodity Credit Corporation; and

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

The Treasurer may, with the approval of the Governor, lend any securities acquired under this Act. However, securities may be lent under this Section only in accordance with Federal Financial Institution Examination Council guidelines 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.

(Source: P.A. 96-469, eff. 8-14-09; 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793 for the effective date of changes made by P.A. 96-795); 96-870, eff. 1-21-10; 97-277, eff. 8-8-11.)

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