

AN ACT concerning State government.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(9) 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 more than 270 days, but less than 5 years, from the date of purchase; and (ii) 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.

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

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

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

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

(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, 12 ~~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 invest or reinvest up to 5% of the College Savings Pool Administrative Trust Fund, the Illinois Public Treasurer 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: (i) the purchases do not exceed 1% of the corporation's or the limited liability company's outstanding common and preferred stock; (ii) no more than 10% of the total funds are invested in any one publicly traded corporation, partnership, or limited liability company; and (iii) 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 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.

Whenever the total amount of vouchers presented to the Comptroller under Section 9 of the State Comptroller Act exceeds the funds available in the General Revenue Fund by \$1,000,000,000 or more, then the State Treasurer may invest any State money in the Treasury, other than money in the General Revenue Fund, Health Insurance Reserve Fund, Attorney General Court Ordered and Voluntary Compliance Payment Projects Fund, Attorney General Whistleblower Reward and Protection Fund, and Attorney General's State Projects and Court Ordered Distribution Fund, which is not needed for current expenditures, 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 with the Office of the Comptroller in order to enable the

Comptroller to pay outstanding vouchers. At any time, and from time to time outstanding, such investment shall not be greater than \$2,000,000,000. Such investment shall be deposited into the General Revenue Fund or Health Insurance Reserve Fund as determined by the Comptroller. Such investment shall be repaid by the Comptroller with an interest rate tied to the London Interbank Offered Rate (LIBOR) or the Federal Funds Rate or an equivalent market established variable rate, but in no case shall such interest rate exceed the lesser of 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 State Treasurer and the Comptroller shall enter into an intergovernmental agreement to establish procedures for such investments, which market established variable rate to which the interest rate for the investments should be tied, and other terms which the State Treasurer and Comptroller reasonably believe to be mutually beneficial concerning these investments by the State Treasurer. The State Treasurer and Comptroller shall also enter into a written agreement for each such investment that specifies the period of the investment, the payment interval, the interest rate to be paid, the funds in the Treasury from which the Treasurer will draw the investment, and other terms upon which the State Treasurer and Comptroller mutually agree. Such investment agreements shall be public records and the State Treasurer shall post the terms of all such investment agreements on the State Treasurer's

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

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 of the Illinois Pension Code.

(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 10 ~~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 one-third ~~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. 99-856, eff. 8-19-16; 100-1107, eff. 8-27-18; revised 9-27-18.)

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