

1 AN ACT concerning public moneys.

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 11 and 11.1 as follows:

6 (15 ILCS 520/11) (from Ch. 130, par. 30)

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

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

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

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

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

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

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

3 (6) Obligations issued, assumed, or guaranteed by
4 the International Finance Corporation, the principal of
5 which is not amortized during the life of the obligation,
6 but no such obligation shall be accepted at more than 90%
7 of its 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
12 that amount of funds deposited exceeding the insurance
13 limitation provided by the Federal Deposit Insurance
14 Corporation or the National Credit Union Administration
15 or other approved share insurer: (i) securities, (ii)
16 mortgages, (iii) letters of credit issued by a Federal
17 Home Loan Bank, or (iv) loans covered by a State Guaranty
18 under the Illinois Farm Development Act.

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

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

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

1 acceptable to the State Treasurer.

2 (Source: P.A. 87-510; 87-575; 87-895; 88-93.)

3 (15 ILCS 520/11.1) (from Ch. 130, par. 30.1)

4 Sec. 11.1. The State Treasurer may, in his or her
5 discretion, accept as security for State deposits insured
6 certificates of deposit or share certificates issued to the
7 depository institution pledging them as security and may
8 require security in the amount of 125% of the value of the
9 State deposit. Such certificate of deposit or share
10 certificate shall:

11 (1) be fully insured by the Federal Deposit Insurance
12 Corporation, the Federal Savings and Loan Insurance
13 Corporation or the National Credit Union Share Insurance Fund
14 or issued by a depository institution which is rated within
15 the 3 highest classifications established by at least one of
16 the 2 standard rating services;

17 (2) be issued by a financial institution having assets
18 of \$15,000,000 ~~\$30,000,000~~ or more; and

19 (3) be issued by either a savings and loan association
20 having a capital to asset ratio of at least 2%, by a bank
21 having a capital to asset ratio of at least 6% or by a credit
22 union having a capital to asset ratio of at least 4%.

23 The depository institution shall effect the assignment of
24 the certificate of deposit or share certificate to the State
25 Treasurer and shall agree, that in the event the issuer of
26 the certificate fails to maintain the capital to asset ratio
27 required by this Section, such certificate of deposit or
28 share certificate shall be replaced by additional suitable
29 security.

30 (Source: P.A. 85-803.)

31 Section 10. The Public Funds Deposit Act is amended by
32 changing Section 1 as follows:

1 (30 ILCS 225/1) (from Ch. 102, par. 34)

2 Sec. 1. Deposits. Any treasurer or other custodian of
3 public funds may deposit such funds in a savings and loan
4 association, savings bank, or State or national bank in this
5 State. When such deposits become collected funds and are not
6 needed for immediate disbursement, they shall be invested
7 within 2 working days at prevailing rates or better. The
8 treasurer or other custodian of public funds may require such
9 bank, savings bank, or savings and loan association to
10 deposit with him or her securities guaranteed by agencies and
11 instrumentalities of the federal government equal in market
12 value to the amount by which the funds deposited exceed the
13 federally insured amount. Any treasurer or other custodian of
14 public funds may accept as security for public funds
15 deposited in such bank, savings bank, or savings and loan
16 association any securities or other eligible collateral
17 authorized by Sections 11 and 11.1 of the Deposit of State
18 Moneys Act (15 ILCS 520/11 and 11.1) or Section 6 of the
19 Public Funds Investment Act (30 ILCS 235/6). Such treasurer
20 or other custodian is authorized to enter into an agreement
21 with any such bank, savings bank, or savings and loan
22 association, with any federally insured financial institution
23 or trust company, or with any agency of the U.S. government
24 relating to the deposit of such securities. Any such
25 treasurer or other custodian shall be discharged from
26 responsibility for any funds for which securities are so
27 deposited with him or her, and the funds for which securities
28 are so deposited shall not be subject to any otherwise
29 applicable limitation as to amount.

30 No bank, savings bank, or savings and loan association
31 shall receive public funds as permitted by this Section,
32 unless it has complied with the requirements established
33 pursuant to Section 6 of the Public Funds Investment Act.

34 (Source: P.A. 91-211, eff. 7-20-99.)

1 Section 15. The State Officers and Employees Money
2 Disposition Act is amended by changing Section 2c as follows:

3 (30 ILCS 230/2c) (from Ch. 127, par. 173a)

4 Sec. 2c. Every such officer, board, commission,
5 commissioner, department, institution, arm or agency is
6 authorized to demand and receive a bond and securities in
7 amount and kind satisfactory to him from any bank or savings
8 and loan association in which moneys held by such officer,
9 board, commission, commissioner, department, institution, arm
10 or agency for or on behalf of the State of Illinois, may be
11 on deposit, such securities to be held by the officer, board,
12 commission, commissioner, department, institution, arm or
13 agency for the period that such moneys are so on deposit and
14 then returned together with interest, dividends and other
15 accruals to the bank or savings and loan association. The
16 bond or undertaking and such securities shall be conditioned
17 for the return of the moneys deposited in conformity with the
18 terms of the deposit.

19 Whenever funds deposited with a bank or savings and loan
20 association exceed the amount of federal deposit insurance
21 coverage, a bond, ~~or~~ pledged securities, or other eligible
22 collateral shall be obtained. Only the types of securities or
23 other eligible collateral which the State Treasurer may, in
24 his or her discretion, accept for amounts not insured by the
25 Federal Deposit Insurance Corporation or the Federal Savings
26 and Loan Insurance Corporation under Section 11 of "An Act in
27 relation to State moneys", approved June 28, 1919, as
28 amended, may be accepted as pledged securities. The market
29 value of the bond or pledged securities shall at all times be
30 equal to or greater than the uninsured portion of the deposit
31 unless the funds deposited are collateralized pursuant to a
32 system established by the State Treasurer to aggregate
33 permissible securities received as collateral from financial

1 institutions in a collateral pool to secure State deposits of
2 the institution that have pledged securities to the pool.

3 All securities deposited by a bank or savings and loan
4 association under the provisions of this Section shall remain
5 the property of the depository and may be stamped by the
6 depository so as to indicate that such securities are
7 deposited as collateral. Should the bank or savings and loan
8 association fail or refuse to pay over the moneys, or any
9 part thereof, deposited with it, the officer, board,
10 commission, commissioner, department, institution, arm or
11 agency may sell such securities upon giving 5 days notice to
12 the depository of his intention to so sell such securities.
13 Such sale shall transfer absolute ownership of the securities
14 so sold to the vendee thereof. The surplus, if any, over the
15 amount due to the State and the expenses of the sale shall be
16 paid to the bank or savings and loan association. Actions may
17 be brought in the name of the People of the State of Illinois
18 to enforce the claims of the State with respect to any
19 securities deposited by a bank or savings and loan
20 association.

21 No bank or savings and loan association shall receive
22 public funds as permitted by this Section, unless it has
23 complied with the requirements established pursuant to
24 Section 6 of "An Act relating to certain investments of
25 public funds by public agencies", approved July 23, 1943, as
26 now or hereafter amended.

27 (Source: P.A. 85-257.)

28 Section 20. The Public Funds Investment Act is amended
29 by changing Section 6 as follows:

30 (30 ILCS 235/6) (from Ch. 85, par. 906)

31 Sec. 6. Report of financial institutions.

32 (a) No bank shall receive any public funds unless it has

1 furnished the corporate authorities of a public agency
2 submitting a deposit with copies of the last two sworn
3 statements of resources and liabilities which the bank is
4 required to furnish to the Commissioner of Banks and Real
5 Estate or to the Comptroller of the Currency. Each bank
6 designated as a depository for public funds shall, while
7 acting as such depository, furnish the corporate authorities
8 of a public agency with a copy of all statements of resources
9 and liabilities which it is required to furnish to the
10 Commissioner of Banks and Real Estate or to the Comptroller
11 of the Currency; provided, that if such funds or moneys are
12 deposited in a bank, the amount of all such deposits not
13 collateralized or insured by an agency of the federal
14 government shall not exceed 75% of the capital stock and
15 surplus of such bank, and the corporate authorities of a
16 public agency submitting a deposit shall not be discharged
17 from responsibility for any funds or moneys deposited in any
18 bank in excess of such limitation.

19 (b) No savings bank or savings and loan association
20 shall receive public funds unless it has furnished the
21 corporate authorities of a public agency submitting a deposit
22 with copies of the last 2 sworn statements of resources and
23 liabilities which the savings bank or savings and loan
24 association is required to furnish to the Commissioner of
25 Banks and Real Estate or the Federal Deposit Insurance
26 Corporation. Each savings bank or savings and loan
27 association designated as a depository for public funds
28 shall, while acting as such depository, furnish the corporate
29 authorities of a public agency with a copy of all statements
30 of resources and liabilities which it is required to furnish
31 to the Commissioner of Banks and Real Estate or the Federal
32 Deposit Insurance Corporation; provided, that if such funds
33 or moneys are deposited in a savings bank or savings and loan
34 association, the amount of all such deposits not

1 collateralized or insured by an agency of the federal
2 government shall not exceed 75% of the net worth of such
3 savings bank or savings and loan association as defined by
4 the Federal Deposit Insurance Corporation, and the corporate
5 authorities of a public agency submitting a deposit shall not
6 be discharged from responsibility for any funds or moneys
7 deposited in any savings bank or savings and loan association
8 in excess of such limitation.

9 (c) No credit union shall receive public funds unless it
10 has furnished the corporate authorities of a public agency
11 submitting a share deposit with copies of the last two
12 reports of examination prepared by or submitted to the
13 Illinois Department of Financial Institutions or the National
14 Credit Union Administration. Each credit union designated as
15 a depository for public funds shall, while acting as such
16 depository, furnish the corporate authorities of a public
17 agency with a copy of all reports of examination prepared by
18 or furnished to the Illinois Department of Financial
19 Institutions or the National Credit Union Administration;
20 provided that if such funds or moneys are invested in a
21 credit union account, the amount of all such investments not
22 collateralized or insured by an agency of the federal
23 government or other approved share insurer shall not exceed
24 50% of the unimpaired capital and surplus of such credit
25 union, which shall include shares, reserves and undivided
26 earnings and the corporate authorities of a public agency
27 making an investment shall not be discharged from
28 responsibility for any funds or moneys invested in a credit
29 union in excess of such limitation.

30 (d) Whenever a public agency deposits any public funds
31 in a financial institution, the public agency may enter into
32 an agreement with the financial institution requiring any
33 funds not insured by the Federal Deposit Insurance
34 Corporation or the National Credit Union Administration or

1 other approved share insurer to be collateralized by any of
2 the following classes of securities, provided there has been
3 no default in the payment of principal or interest thereon:

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

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

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

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

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

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

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

32 (8) In an amount equal to at least market value of
33 that amount of funds deposited exceeding the insurance
34 limitation provided by the Federal Deposit Insurance

1 Corporation or the National Credit Union Administration
2 or other approved share insurer: (i) securities, (ii)
3 mortgages, (iii) letters of credit issued by a Federal
4 Home Loan Bank, or (iv) loans covered by a State Guaranty
5 under the Illinois Farm Development Act.

6 (9) Certificates of deposit or share certificates
7 issued to the depository institution pledging them as
8 security. The public agency may require security in the
9 amount of 125% of the value of the public agency deposit.
10 Such certificate of deposit or share certificate shall:

11 (i) be fully insured by the Federal Deposit
12 Insurance Corporation, the Federal Savings and Loan
13 Insurance Corporation, or the National Credit Union
14 Share Insurance Fund or issued by a depository
15 institution which is rated within the 3 highest
16 classifications established by at least one of the 2
17 standard rating services;

18 (ii) be issued by a financial institution
19 having assets of \$15,000,000 or more; and

20 (iii) be issued by either a savings and loan
21 association having a capital to asset ratio of at
22 least 2%, by a bank having a capital to asset ratio
23 of at least 6% or by a credit union having a capital
24 to asset ratio of at least 4%.

25 The depository institution shall effect the assignment of
26 the certificate of deposit or share certificate to the public
27 agency and shall agree that, in the event the issuer of the
28 certificate fails to maintain the capital to asset ratio
29 required by this Section, such certificate of deposit or
30 share certificate shall be replaced by additional suitable
31 security.

32 (e) The public agency may accept a system established by
33 the State Treasurer to aggregate permissible securities
34 received as collateral from financial institutions in a

1 collateral pool to secure public deposits of the institutions
2 that have pledged securities to the pool.

3 (f) The public agency may at any time declare any
4 particular security ineligible to qualify as collateral when,
5 in the public agency's judgment, it is deemed desirable to do
6 so.

7 (g) Notwithstanding any other provision of this Section,
8 as security a public agency may, at its discretion, accept a
9 bond, executed by a company authorized to transact the kinds
10 of business described in clause (g) of Section 4 of the
11 Illinois Insurance Code, in an amount not less than the
12 amount of the deposits required by this Section to be
13 secured, payable to the public agency for the benefit of the
14 People of the unit of government, in a form that is
15 acceptable to the public agency securities,---mortgages,
16 letters--of--credit--issued--by--a-Federal-Home-Loan-Bank,-or
17 loans-covered-by-a-State-Guaranty--under--the--Illinois--Farm
18 Development--Act--in-an-amount-equal-to-at-least-market-value
19 of-that-amount-of-funds--deposited--exceeding--the--insurance
20 limitation---provided---by---the--Federal--Deposit--Insurance
21 Corporation-or-the-National-Credit--Union--Administration--or
22 other-approved-share-insurer.

23 (h) (e) Paragraphs (a), (b), (c), and (d), (e), (f), and
24 (g) of this Section do not apply to the University of
25 Illinois, Southern Illinois University, Chicago State
26 University, Eastern Illinois University, Governors State
27 University, Illinois State University, Northeastern Illinois
28 University, Northern Illinois University, Western Illinois
29 University, the Cooperative Computer Center and public
30 community colleges.

31 (Source: P.A. 91-324, eff. 1-1-00; 91-773, eff. 6-9-00.)

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