



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB0023

Introduced 1/26/2005, by Sen. Jacqueline Y. Collins

SYNOPSIS AS INTRODUCED:

15 ILCS 520/7.5 new	
15 ILCS 520/15	from Ch. 130, par. 34
15 ILCS 520/22.5	from Ch. 130, par. 41a
40 ILCS 5/1-110	from Ch. 108 1/2, par. 1-110

Amends the Deposit of State Moneys Act. Provides that a bank or savings and loan association is disqualified as a State depository upon making a loan to certain entities doing business in or with the government of Sudan until such time as the United Nations determines that the government of Sudan has taken sufficient and demonstrable steps to end human rights abuses in that nation. Amends the Illinois Pension Code. Prohibits the investment or deposit from the retirement system or pension fund to certain entities doing business in or with the government of Sudan until such time as the United Nations determines that the government of Sudan has taken sufficient and demonstrable steps to end human rights abuses in that nation. Effective immediately.

LRB094 03731 BDD 33740 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

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 15 and 22.5 and by adding Section 7.5 as
6 follows:

7 (15 ILCS 520/7.5 new)

8 Sec. 7.5. Mandatory rejection of certain proposals. The
9 State Treasurer must reject a proposal of any eligible
10 institution that, on or after the effective date of this
11 amendatory Act of the 94th General Assembly, makes a loan to
12 any individual, firm, corporation, agency, association, or
13 other entity for the purpose of doing business in or with the
14 government of Sudan until such time as the United Nations
15 determines that the government of Sudan has taken sufficient
16 and demonstrable steps to:

17 (i) ensure that the armed forces of Sudan and any
18 associated militias are not committing human rights
19 atrocities or obstructing human rights monitors or the
20 provision of humanitarian assistance;

21 (ii) demobilize and disarm militias supported or
22 created by the government of Sudan; and

23 (iii) allow full and unfettered humanitarian
24 assistance to all regions of Sudan, including Dafur.

25
26 (15 ILCS 520/15) (from Ch. 130, par. 34)

27 Sec. 15. (a) A bank or savings and loan association
28 approved as a depository shall cease to be an approved bank or
29 savings and loan association, and shall be disqualified by the
30 State Treasurer:

31 (1) Upon its failure to post a suitable bond or deposit

1 securities with the State Treasurer;

2 (2) Upon its failure or refusal to pay over public
3 moneys or any part thereof;

4 (3) Upon its becoming insolvent or bankrupt, or being
5 placed in the hands of a receiver;

6 (4) Upon a showing of unsatisfactory financial
7 condition through a report made to, or an examination made
8 by, the Comptroller of the Currency, the Commissioner of
9 Banks and Real Estate, or the Federal Home Loan Bank or its
10 successors;

11 (5) Upon making any loan that would require the
12 rejection of a proposal under Section 7.5 of this Act.

13 (b) No approved depository shall be disqualified by the
14 State Treasurer solely by reason of its acquisition by another
15 institution.

16 (Source: P.A. 89-508, eff. 7-3-96.)

17 (15 ILCS 520/22.5) (from Ch. 130, par. 41a)

18 Sec. 22.5. Permitted investments. The State Treasurer may,
19 with the approval of the Governor, invest and reinvest any
20 State money in the treasury which is not needed for current
21 expenditures due or about to become due, in obligations of the
22 United States government or its agencies or of National
23 Mortgage Associations established by or under the National
24 Housing Act, 1201 U.S.C. 1701 et seq., or in mortgage
25 participation certificates representing undivided interests in
26 specified, first-lien conventional residential Illinois
27 mortgages that are underwritten, insured, guaranteed, or
28 purchased by the Federal Home Loan Mortgage Corporation or in
29 Affordable Housing Program Trust Fund Bonds or Notes as defined
30 in and issued pursuant to the Illinois Housing Development Act.
31 All such obligations shall be considered as cash and may be
32 delivered over as cash by a State Treasurer to his successor.

33 The State Treasurer may, with the approval of the Governor,
34 purchase any state bonds with any money in the State Treasury
35 that has been set aside and held for the payment of the

1 principal of and interest on the bonds. The bonds shall be
2 considered as cash and may be delivered over as cash by the
3 State Treasurer to his successor.

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

18 The State Treasurer may not invest State money in any
19 savings and loan or building and loan association unless a
20 commitment by the savings and loan (or building and loan)
21 association, executed by the president or chief executive
22 officer of that association, is submitted in the following
23 form:

24 The Savings and Loan (or Building
25 and Loan) Association pledges not to reject arbitrarily
26 mortgage loans for residential properties within any
27 specific part of the community served by the savings and
28 loan (or building and loan) association because of the
29 location of the property. The savings and loan (or building
30 and loan) association also pledges to make loans available
31 on low and moderate income residential property throughout
32 the community within the limits of its legal restrictions
33 and prudent financial practices. The
34 Savings and Loan (or Building and Loan) Association further
35 pledges not to make a loan that would require the rejection
36 of a proposal under Section 7.5 of this Act.

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, with the approval of the Governor,
10 invest or reinvest any State money in the Treasury which is not
11 needed for current expenditure, due or about to become due, or
12 any money in the State Treasury which has been set aside and
13 held for the payment of the principal of and the interest on
14 any State bonds, in participations in loans, the principal of
15 which participation is fully guaranteed by an agency or
16 instrumentality of the United States government; provided,
17 however, that such loan participations are represented by
18 certificates issued only by banks which are incorporated under
19 the laws of this State or any other state or under the laws of
20 the United States, and such banks, but not the loan
21 participation certificates, are insured by the Federal Deposit
22 Insurance Corporation.

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
27 held for the payment of the principal of and the interest on
28 any State bonds, in any of the following:

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

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

36 (2.5) Bonds, notes, debentures, or other similar

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

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

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

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

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

28 (7) Short-term obligations of corporations organized
29 in the United States with assets exceeding \$500,000,000 if
30 (i) the obligations are rated at the time of purchase at
31 one of the 3 highest classifications established by at
32 least 2 standard rating services and mature not later than
33 180 days from the date of purchase, (ii) the purchases do
34 not exceed 10% of the corporation's outstanding
35 obligations, and (iii) no more than one-third of the public
36 agency's funds are invested in short-term obligations of

1 corporations.

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

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

10 (10) Repurchase agreements of government securities
11 having the meaning set out in the Government Securities Act
12 of 1986 subject to the provisions of that Act and the
13 regulations issued thereunder.

14 (11) Investments made in accordance with the
15 Technology Development Act.

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

18 (i) the federal land banks, federal intermediate
19 credit banks, banks for cooperatives, federal farm credit
20 banks, or any other entity authorized to issue debt
21 obligations under the Farm Credit Act of 1971 (12 U.S.C.
22 2001 et seq.) and Acts amendatory thereto;

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

25 (iii) the Commodity Credit Corporation; and

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

27 The Treasurer may, with the approval of the Governor, lend
28 any securities acquired under this Act. However, securities may
29 be lent under this Section only in accordance with Federal
30 Financial Institution Examination Council guidelines and only
31 if the securities are collateralized at a level sufficient to
32 assure the safety of the securities, taking into account market
33 value fluctuation. The securities may be collateralized by cash
34 or collateral acceptable under Sections 11 and 11.1.

35 (Source: P.A. 92-546, eff. 1-1-03; 92-851, eff. 8-26-02;
36 revised 9-19-02.)

1 Section 10. The Illinois Pension Code is amended by
2 changing Section 1-110 as follows:

3 (40 ILCS 5/1-110) (from Ch. 108 1/2, par. 1-110)

4 Sec. 1-110. Prohibited Transactions.

5 (a) A fiduciary with respect to a retirement system or
6 pension fund shall not cause the retirement system or pension
7 fund to engage in a transaction if he or she knows or should
8 know that such transaction constitutes a direct or indirect:

9 (1) Sale or exchange, or leasing of any property from
10 the retirement system or pension fund to a party in
11 interest for less than adequate consideration, or from a
12 party in interest to a retirement system or pension fund
13 for more than adequate consideration.

14 (2) Lending of money or other extension of credit from
15 the retirement system or pension fund to a party in
16 interest without the receipt of adequate security and a
17 reasonable rate of interest, or from a party in interest to
18 a retirement system or pension fund with the provision of
19 excessive security or an unreasonably high rate of
20 interest.

21 (3) Furnishing of goods, services or facilities from
22 the retirement system or pension fund to a party in
23 interest for less than adequate consideration, or from a
24 party in interest to a retirement system or pension fund
25 for more than adequate consideration.

26 (4) Transfer to, or use by or for the benefit of, a
27 party in interest of any assets of a retirement system or
28 pension fund for less than adequate consideration.

29 (5) Investment or deposit in any individual, firm,
30 corporation, agency, association, or other entity for the
31 purpose of doing business in or with the government of
32 Sudan until such time as the United Nations determines that
33 the government of Sudan has taken sufficient and
34 demonstrable steps to:

1 (i) ensure that the armed forces of Sudan and any
2 associated militias are not committing human rights
3 atrocities or obstructing human rights monitors or the
4 provision of humanitarian assistance;

5 (ii) demobilize and disarm militias supported or
6 created by the government of Sudan; and

7 (iii) allow full and unfettered humanitarian
8 assistance to all regions of Sudan, including Dafur.

9 (b) A fiduciary with respect to a retirement system or
10 pension fund established under this Code shall not:

11 (1) Deal with the assets of the retirement system or
12 pension fund in his own interest or for his own account;

13 (2) In his individual or any other capacity act in any
14 transaction involving the retirement system or pension
15 fund on behalf of a party whose interests are adverse to
16 the interests of the retirement system or pension fund or
17 the interests of its participants or beneficiaries; or

18 (3) Receive any consideration for his own personal
19 account from any party dealing with the retirement system
20 or pension fund in connection with a transaction involving
21 the assets of the retirement system or pension fund.

22 (c) Nothing in this Section shall be construed to prohibit
23 any trustee from:

24 (1) Receiving any benefit to which he may be entitled
25 as a participant or beneficiary in the retirement system or
26 pension fund.

27 (2) Receiving any reimbursement of expenses properly
28 and actually incurred in the performance of his duties with
29 the retirement system or pension fund.

30 (3) Serving as a trustee in addition to being an
31 officer, employee, agent or other representative of a party
32 in interest.

33 (Source: P.A. 88-535.)

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