

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 discretion, may
11 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) Any collateral acceptable to the Federal Home
12 Loan Bank of Chicago or the Federal Home Loan Bank of Des
13 Moines, Iowa.

14 (9) Any securities or other eligible collateral
15 allowed under Section 1 of the Public Funds Deposit Act
16 (30 ILCS 225/1) or subsection (d) of Section 6 of the
17 Public Funds Investment Act (30 ILCS 235/6(d)).

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

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

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

1 (e) Notwithstanding any other provision of this Section,
 2 as security the State Treasurer may, in his or her
 3 discretion, accept a guaranty arrangement established among
 4 participating financial institutions.

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

6 (15 ILCS 520/11.1) (from Ch. 130, par. 30.1)

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

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

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

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

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

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

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

3 (30 ILCS 225/1) (from Ch. 102, par. 34)

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

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

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

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

8 (30 ILCS 230/2c) (from Ch. 127, par. 173a)

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

24 Whenever funds deposited with a bank or savings and loan
25 association exceed the amount of federal deposit insurance
26 coverage, a bond, ~~or~~ pledged securities, or other eligible
27 collateral shall be obtained. Only the types of securities or
28 other collateral which the State Treasurer may, in his or her
29 discretion, accept for amounts not insured by the Federal
30 Deposit Insurance Corporation or the Federal Savings and Loan
31 Insurance Corporation under Section 11 of "An Act in relation
32 to State moneys", approved June 28, 1919, as amended, may be

1 accepted as pledged securities. The market value of the bond
2 or pledged securities shall at all times be equal to or
3 greater than the uninsured portion of the deposit unless the
4 funds deposited are collateralized pursuant to a system
5 established by the State Treasurer to aggregate permissible
6 securities received as collateral from financial institutions
7 in a collateral pool to secure State deposits of the
8 institutions that have pledged securities to the pool.

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

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

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

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

3 (30 ILCS 235/6) (from Ch. 85, par. 906)

4 Sec. 6. Report of financial institutions.

5 (a) No bank shall receive any public funds unless it has
6 furnished the corporate authorities of a public agency
7 submitting a deposit with copies of the last two sworn
8 statements of resources and liabilities which the bank is
9 required to furnish to the Commissioner of Banks and Real
10 Estate or to the Comptroller of the Currency. Each bank
11 designated as a depository for public funds shall, while
12 acting as such depository, furnish the corporate authorities
13 of a public agency with a copy of all statements of resources
14 and liabilities which it is required to furnish to the
15 Commissioner of Banks and Real Estate or to the Comptroller
16 of the Currency; provided, that if such funds or moneys are
17 deposited in a bank, the amount of all such deposits not
18 collateralized or insured by an agency of the federal
19 government shall not exceed 75% of the capital stock and
20 surplus of such bank, and the corporate authorities of a
21 public agency submitting a deposit shall not be discharged
22 from responsibility for any funds or moneys deposited in any
23 bank in excess of such limitation.

24 (b) No savings bank or savings and loan association
25 shall receive public funds unless it has furnished the
26 corporate authorities of a public agency submitting a deposit
27 with copies of the last 2 sworn statements of resources and
28 liabilities which the savings bank or savings and loan
29 association is required to furnish to the Commissioner of
30 Banks and Real Estate or the Federal Deposit Insurance
31 Corporation. Each savings bank or savings and loan
32 association designated as a depository for public funds
33 shall, while acting as such depository, furnish the corporate

1 authorities of a public agency with a copy of all statements
2 of resources and liabilities which it is required to furnish
3 to the Commissioner of Banks and Real Estate or the Federal
4 Deposit Insurance Corporation; provided, that if such funds
5 or moneys are deposited in a savings bank or savings and loan
6 association, the amount of all such deposits not
7 collateralized or insured by an agency of the federal
8 government shall not exceed 75% of the net worth of such
9 savings bank or savings and loan association as defined by
10 the Federal Deposit Insurance Corporation, and the corporate
11 authorities of a public agency submitting a deposit shall not
12 be discharged from responsibility for any funds or moneys
13 deposited in any savings bank or savings and loan association
14 in excess of such limitation.

15 (c) No credit union shall receive public funds unless it
16 has furnished the corporate authorities of a public agency
17 submitting a share deposit with copies of the last two
18 reports of examination prepared by or submitted to the
19 Illinois Department of Financial Institutions or the National
20 Credit Union Administration. Each credit union designated as
21 a depository for public funds shall, while acting as such
22 depository, furnish the corporate authorities of a public
23 agency with a copy of all reports of examination prepared by
24 or furnished to the Illinois Department of Financial
25 Institutions or the National Credit Union Administration;
26 provided that if such funds or moneys are invested in a
27 credit union account, the amount of all such investments not
28 collateralized or insured by an agency of the federal
29 government or other approved share insurer shall not exceed
30 50% of the unimpaired capital and surplus of such credit
31 union, which shall include shares, reserves and undivided
32 earnings and the corporate authorities of a public agency
33 making an investment shall not be discharged from
34 responsibility for any funds or moneys invested in a credit

1 union in excess of such limitation.

2 (d) Whenever a public agency deposits any public funds
3 in a financial institution, the public agency may enter into
4 an agreement with the financial institution requiring any
5 funds not insured by the Federal Deposit Insurance
6 Corporation or the National Credit Union Administration or
7 other approved share insurer to be collateralized by
8 securities, mortgages, letters of credit issued by a Federal
9 Home Loan Bank, a collateral pool established in accordance
10 with the Deposit of State Moneys Act (15 ILCS 520/), any
11 collateral acceptable to the Federal Home Loan Bank of
12 Chicago or the Federal Home Loan Bank of Des Moines, Iowa, or
13 loans covered by a State Guaranty under the Illinois Farm
14 Development Act in an amount equal to at least market value
15 of that amount of funds deposited exceeding the insurance
16 limitation provided by the Federal Deposit Insurance
17 Corporation or the National Credit Union Administration or
18 other approved share insurer.

19 Notwithstanding any other provision of this Section, as
20 security the State Treasurer may, in his or her discretion,
21 accept a guaranty arrangement established among participating
22 financial institutions.

23 Notwithstanding any other provision of this Section, a
24 public agency may enter into an agreement with the financial
25 institution requiring any funds not insured by the Federal
26 Deposit Insurance Corporation, the National Credit Union
27 Administration, or other approved share insurer to be
28 collateralized by a bond, executed by a company authorized to
29 transact the kinds of business described in subsection (g) of
30 Section 4 of the Illinois Insurance Code (215 ILCS 5/4(g)),
31 in an amount not less than the amount of the deposits
32 required by this Section to be secured, payable to the public
33 agency for the benefit of the public agency, in a form that
34 is acceptable to the public agency.

1 (e) Paragraphs (a), (b), (c), and (d) of this Section do
2 not apply to the University of Illinois, Southern Illinois
3 University, Chicago State University, Eastern Illinois
4 University, Governors State University, Illinois State
5 University, Northeastern Illinois University, Northern
6 Illinois University, Western Illinois University, the
7 Cooperative Computer Center and public community colleges.
8 (Source: P.A. 91-324, eff. 1-1-00; 91-773, eff. 6-9-00.)

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