

1 AN ACT in relation to the investment of public funds.

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 Section 22.5 as follows:

6 (15 ILCS 520/22.5) (from Ch. 130, par. 41a)

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

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

29 The State Treasurer may, with the approval of the  
30 Governor, invest or reinvest any State money in the treasury  
31 that is not needed for current expenditure due or about to

1 become due, or any money in the State Treasury that has been  
 2 set aside and held for the payment of the principal of and  
 3 the interest on any State bonds, in shares, withdrawable  
 4 accounts, and investment certificates of savings and building  
 5 and loan associations, incorporated under the laws of this  
 6 State or any other state or under the laws of the United  
 7 States; provided, however, that investments may be made only  
 8 in those savings and loan or building and loan associations  
 9 the shares and withdrawable accounts or other forms of  
 10 investment securities of which are insured by the Federal  
 11 Deposit Insurance Corporation.

12 The State Treasurer may not invest State money in any  
 13 savings and loan or building and loan association unless a  
 14 commitment by the savings and loan (or building and loan)  
 15 association, executed by the president or chief executive  
 16 officer of that association, is submitted in the following  
 17 form:

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

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

1 of the State of Illinois.

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

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

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

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

30 (2.5) Bonds, notes, debentures, or other similar  
31 obligations of a foreign government that are guaranteed  
32 by the full faith and credit of that government as to  
33 principal and interest, but only if the foreign  
34 government has not defaulted and has met its payment

1       obligations in a timely manner on all similar obligations  
2       for a period of at least 25 years immediately before the  
3       time of acquiring those obligations.

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

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

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

20          (6) Bankers' acceptances of banks whose senior  
21       obligations are rated in the top 2 rating categories by 2  
22       national rating agencies and maintain that rating during  
23       the term of the investment.

24          (7) Short-term obligations of corporations  
25       organized in the United States with assets exceeding  
26       \$500,000,000 if (i) the obligations are rated at the time  
27       of purchase at one of the 3 highest classifications  
28       established by at least 2 standard rating services and  
29       mature not later than 180 days from the date of purchase,  
30       (ii) the purchases do not exceed 10% of the corporation's  
31       outstanding obligations, and (iii) no more than one-third  
32       of the public agency's funds are invested in short-term  
33       obligations of corporations.

34          (8) Money market mutual funds registered under the

1 Investment Company Act of 1940, provided that the  
2 portfolio of the money market mutual fund is limited to  
3 obligations described in this Section and to agreements  
4 to repurchase such obligations.

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

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

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

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

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

21 (iii) the Commodity Credit Corporation; and

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

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

32 (Source: P.A. 90-655, eff. 7-30-98.)