

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 Section 22.5 as follows:

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

7 (For force and effect of certain provisions, see Section 90
8 of P.A. 94-79)

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

1 The State Treasurer may, with the approval of the Governor,
2 purchase any state bonds with any money in the State Treasury
3 that has been set aside and held for the payment of the
4 principal of and interest on the bonds. The bonds shall be
5 considered as cash and may be delivered over as cash by the
6 State Treasurer to his successor.

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

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

1 The Savings and Loan (or Building
2 and Loan) Association pledges not to reject arbitrarily
3 mortgage loans for residential properties within any
4 specific part of the community served by the savings and
5 loan (or building and loan) association because of the
6 location of the property. The savings and loan (or building
7 and loan) association also pledges to make loans available
8 on low and moderate income residential property throughout
9 the community within the limits of its legal restrictions
10 and prudent financial practices.

11 The State Treasurer may, with the approval of the Governor,
12 invest or reinvest, at a price not to exceed par, any State
13 money in the treasury that is not needed for current
14 expenditures due or about to become due, or any money in the
15 State Treasury that has been set aside and held for the payment
16 of the principal of and interest on any State bonds, in bonds
17 issued by counties or municipal corporations of the State of
18 Illinois.

19 The State Treasurer may, with the approval of the Governor,
20 invest or reinvest any State money in the Treasury which is not
21 needed for current expenditure, due or about to become due, or
22 any money in the State Treasury which has been set aside and
23 held for the payment of the principal of and the interest on
24 any State bonds, in participations in loans, the principal of
25 which participation is fully guaranteed by an agency or
26 instrumentality of the United States government; provided,

1 however, that such loan participations are represented by
2 certificates issued only by banks which are incorporated under
3 the laws of this State or any other state or under the laws of
4 the United States, and such banks, but not the loan
5 participation certificates, are insured by the Federal Deposit
6 Insurance Corporation.

7 Whenever the total amount of vouchers presented to the
8 Comptroller under Section 9 of the State Comptroller Act
9 exceeds the funds available in the General Revenue Fund by
10 \$1,000,000,000 or more, then the State Treasurer may invest any
11 State money in the Treasury, other than money in the General
12 Revenue Fund, Health Insurance Reserve Fund, Attorney General
13 Court Ordered and Voluntary Compliance Payment Projects Fund,
14 Attorney General Whistleblower Reward and Protection Fund, and
15 Attorney General's State Projects and Court Ordered
16 Distribution Fund, which is not needed for current
17 expenditures, due or about to become due, or any money in the
18 State Treasury which has been set aside and held for the
19 payment of the principal of and the interest on any State bonds
20 with the Office of the Comptroller in order to enable the
21 Comptroller to pay outstanding vouchers. At any time, and from
22 time to time outstanding, such investment shall not be greater
23 than \$2,000,000,000. Such investment shall be deposited into
24 the General Revenue Fund or Health Insurance Reserve Fund as
25 determined by the Comptroller. Such investment shall be repaid
26 by the Comptroller with an interest rate tied to the London

1 Interbank Offered Rate (LIBOR) or the Federal Funds Rate or an
2 equivalent market established variable rate, but in no case
3 shall such interest rate exceed the lesser of the penalty rate
4 established under the State Prompt Payment Act or the timely
5 pay interest rate under Section 368a of the Illinois Insurance
6 Code. The State Treasurer and the Comptroller shall enter into
7 an intergovernmental agreement to establish procedures for
8 such investments, which market established variable rate to
9 which the interest rate for the investments should be tied, and
10 other terms which the State Treasurer and Comptroller
11 reasonably believe to be mutually beneficial concerning these
12 investments by the State Treasurer. The State Treasurer and
13 Comptroller shall also enter into a written agreement for each
14 such investment that specifies the period of the investment,
15 the payment interval, the interest rate to be paid, the funds
16 in the Treasury from which the Treasurer will draw the
17 investment, and other terms upon which the State Treasurer and
18 Comptroller mutually agree. Such investment agreements shall
19 be public records and the State Treasurer shall post the terms
20 of all such investment agreements on the State Treasurer's
21 official website. In compliance with the intergovernmental
22 agreement, the Comptroller shall order and the State Treasurer
23 shall transfer amounts sufficient for the payment of principal
24 and interest invested by the State Treasurer with the Office of
25 the Comptroller under this paragraph from the General Revenue
26 Fund or the Health Insurance Reserve Fund to the respective

1 funds in the Treasury from which the State Treasurer drew the
2 investment. This amendatory Act of the 100th General Assembly
3 shall constitute an irrevocable and continuing authority for
4 all amounts necessary for the payment of principal and interest
5 on the investments made with the Office of the Comptroller by
6 the State Treasurer under this paragraph, and the irrevocable
7 and continuing authority for and direction to the Comptroller
8 and Treasurer to make the necessary transfers.

9 The State Treasurer may, with the approval of the Governor,
10 invest or reinvest any State money in the Treasury that is not
11 needed for current expenditure, due or about to become due, or
12 any money in the State Treasury that has been set aside and
13 held for the payment of the principal of and the interest on
14 any State bonds, in any of the following:

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

19 (2) Bonds, notes, debentures, or other similar
20 obligations of the United States of America, its agencies,
21 and instrumentalities.

22 (2.5) Bonds, notes, debentures, or other similar
23 obligations of a foreign government, other than the
24 Republic of the Sudan, that are guaranteed by the full
25 faith and credit of that government as to principal and
26 interest, but only if the foreign government has not

1 defaulted and has met its payment obligations in a timely
2 manner on all similar obligations for a period of at least
3 25 years immediately before the time of acquiring those
4 obligations.

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

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

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

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

25 (7) Short-term obligations of either corporations or
26 limited liability companies organized in the United States

1 with assets exceeding \$500,000,000 if (i) the obligations
2 are rated at the time of purchase at one of the 3 highest
3 classifications established by at least 2 standard rating
4 services and mature not later than 270 days from the date
5 of purchase, (ii) the purchases do not exceed 10% of the
6 corporation's or the limited liability company's
7 outstanding obligations, (iii) no more than one-third of
8 the public agency's funds are invested in short-term
9 obligations of either corporations or limited liability
10 companies, and (iv) the corporation or the limited
11 liability company has not been placed on the list of
12 restricted companies by the Illinois Investment Policy
13 Board under Section 1-110.16 of the Illinois Pension Code.

14 (7.5) Obligations of either corporations or limited
15 liability companies organized in the United States, that
16 have a significant presence in this State, with assets
17 exceeding \$500,000,000 if: (i) the obligations are rated at
18 the time of purchase at one of the 3 highest
19 classifications established by at least 2 standard rating
20 services and mature more than 270 days, but less than 5
21 years, from the date of purchase; (ii) the purchases do not
22 exceed 10% of the corporation's or the limited liability
23 company's outstanding obligations; (iii) no more than 5% of
24 the public agency's funds are invested in such obligations
25 of corporations or limited liability companies; and (iv)
26 the corporation or the limited liability company has not

1 been placed on the list of restricted companies by the
2 Illinois Investment Policy Board under Section 1-110.16 of
3 the Illinois Pension Code. The authorization of the
4 Treasurer to invest in new obligations under this paragraph
5 shall expire on June 30, 2019.

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

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

14 (10) Repurchase agreements of government securities
15 having the meaning set out in the Government Securities Act
16 of 1986, as now or hereafter amended or succeeded, subject
17 to the provisions of that Act and the regulations issued
18 thereunder.

19 (11) Investments made in accordance with the
20 Technology Development Act.

21 For purposes of this Section, "agencies" of the United
22 States Government includes:

23 (i) the federal land banks, federal intermediate
24 credit banks, banks for cooperatives, federal farm credit
25 banks, or any other entity authorized to issue debt
26 obligations under the Farm Credit Act of 1971 (12 U.S.C.

1 2001 et seq.) and Acts amendatory thereto;
2 (ii) the federal home loan banks and the federal home
3 loan mortgage corporation;
4 (iii) the Commodity Credit Corporation; and
5 (iv) any other agency created by Act of Congress.

6 The Treasurer may, with the approval of the Governor, lend
7 any securities acquired under this Act. However, securities may
8 be lent under this Section only in accordance with Federal
9 Financial Institution Examination Council guidelines and only
10 if the securities are collateralized at a level sufficient to
11 assure the safety of the securities, taking into account market
12 value fluctuation. The securities may be collateralized by cash
13 or collateral acceptable under Sections 11 and 11.1.

14 (Source: P.A. 99-856, eff. 8-19-16.)

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