

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.