

1 AN ACT concerning State 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 deposit at reduced rates of
3 interest any State money in the State treasury that is not
4 needed for any current expenditure, due or about to become
5 due, in any financial institution in Illinois that agrees to
6 lend such money to units of local government in Illinois for
7 infrastructure projects concerning waste water treatment
8 facilities, sewer and water line improvements, and electrical
9 systems.

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

24 The State Treasurer may, with the approval of the
25 Governor, invest or reinvest any State money in the Treasury
26 that is not needed for current expenditure, due or about to
27 become due, or any money in the State Treasury that has been
28 set aside and held for the payment of the principal of and
29 the interest on any State bonds, in any of the following:

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

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

4 (2.5) Bonds, notes, debentures, or other similar
5 obligations of a foreign government that are guaranteed
6 by the full faith and credit of that government as to
7 principal and interest, but only if the foreign
8 government has not defaulted and has met its payment
9 obligations in a timely manner on all similar obligations
10 for a period of at least 25 years immediately before the
11 time of acquiring those obligations.

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

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

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

28 (6) Bankers' acceptances of banks whose senior
29 obligations are rated in the top 2 rating categories by 2
30 national rating agencies and maintain that rating during
31 the term of the investment.

32 (7) Short-term obligations of corporations
33 organized in the United States with assets exceeding
34 \$500,000,000 if (i) the obligations are rated at the time

1 of purchase at one of the 3 highest classifications
2 established by at least 2 standard rating services and
3 mature not later than 180 days from the date of purchase,
4 (ii) the purchases do not exceed 10% of the corporation's
5 outstanding obligations, and (iii) no more than one-third
6 of the public agency's funds are invested in short-term
7 obligations of corporations.

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

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

16 (10) Repurchase agreements of government securities
17 having the meaning set out in the Government Securities
18 Act of 1986 subject to the provisions of that Act and the
19 regulations issued thereunder.

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

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

24 (i) the federal land banks, federal intermediate
25 credit banks, banks for cooperatives, federal farm credit
26 banks, or any other entity authorized to issue debt
27 obligations under the Farm Credit Act of 1971 (12 U.S.C.
28 2001 et seq.) and Acts amendatory thereto;

29 (ii) the federal home loan banks and the federal
30 home loan mortgage corporation;

31 (iii) the Commodity Credit Corporation; and

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

33 The Treasurer may, with the approval of the Governor,
34 lend any securities acquired under this Act. However,

1 securities may be lent under this Section only in accordance
2 with Federal Financial Institution Examination Council
3 guidelines and only if the securities are collateralized at a
4 level sufficient to assure the safety of the securities,
5 taking into account market value fluctuation. The securities
6 may be collateralized by cash or collateral acceptable under
7 Sections 11 and 11.1.

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