

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 or her discretion,  
11 may 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) In an amount equal to at least market value of  
12 that amount of funds deposited exceeding the insurance  
13 limitation provided by the Federal Deposit Insurance  
14 Corporation or the National Credit Union Administration  
15 or other approved share insurer: (i) securities, (ii)  
16 mortgages, (iii) letters of credit issued by a Federal  
17 Home Loan Bank, or (iv) loans covered by a State Guaranty  
18 under the Illinois Farm Development Act.

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

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

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

1 acceptable to the State Treasurer.

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

3 (15 ILCS 520/11.1) (from Ch. 130, par. 30.1)

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

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

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

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

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

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

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

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

2 Sec. 1. Deposits. Any treasurer or other custodian of  
3 public funds may deposit such funds in a savings and loan  
4 association, savings bank, or State or national bank in this  
5 State. When such deposits become collected funds and are not  
6 needed for immediate disbursement, they shall be invested  
7 within 2 working days at prevailing rates or better. The  
8 treasurer or other custodian of public funds may require such  
9 bank, savings bank, or savings and loan association to  
10 deposit with him or her securities guaranteed by agencies and  
11 instrumentalities of the federal government equal in market  
12 value to the amount by which the funds deposited exceed the  
13 federally insured amount. Any treasurer or other custodian of  
14 public funds may accept as security for public funds  
15 deposited in such bank, savings bank, or savings and loan  
16 association any securities or other eligible collateral  
17 authorized by Sections 11 and 11.1 of the Deposit of State  
18 Moneys Act (15 ILCS 520/11 and 11.1) or Section 6 of the  
19 Public Funds Investment Act (30 ILCS 235/6). Such treasurer  
20 or other custodian is authorized to enter into an agreement  
21 with any such bank, savings bank, or savings and loan  
22 association, with any federally insured financial institution  
23 or trust company, or with any agency of the U.S. government  
24 relating to the deposit of such securities. Any such  
25 treasurer or other custodian shall be discharged from  
26 responsibility for any funds for which securities are so  
27 deposited with him or her, and the funds for which securities  
28 are so deposited shall not be subject to any otherwise  
29 applicable limitation as to amount.

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

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

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

3 (30 ILCS 230/2c) (from Ch. 127, par. 173a)

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

19 Whenever funds deposited with a bank or savings and loan  
20 association exceed the amount of federal deposit insurance  
21 coverage, a bond, ~~or~~ pledged securities, or other eligible  
22 collateral shall be obtained. Only the types of securities or  
23 other eligible collateral which the State Treasurer may, in  
24 his or her discretion, accept for amounts not insured by the  
25 Federal Deposit Insurance Corporation or the Federal Savings  
26 and Loan Insurance Corporation under Section 11 of "An Act in  
27 relation to State moneys", approved June 28, 1919, as  
28 amended, may be accepted as pledged securities. The market  
29 value of the bond or pledged securities shall at all times be  
30 equal to or greater than the uninsured portion of the deposit  
31 unless the funds deposited are collateralized pursuant to a  
32 system established by the State Treasurer to aggregate  
33 permissible securities received as collateral from financial

1 institutions in a collateral pool to secure State deposits of  
2 the institution that have pledged securities to the pool.

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

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

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

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

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

31 Sec. 6. Report of financial institutions.

32 (a) No bank shall receive any public funds unless it has

1 furnished the corporate authorities of a public agency  
2 submitting a deposit with copies of the last two sworn  
3 statements of resources and liabilities which the bank is  
4 required to furnish to the Commissioner of Banks and Real  
5 Estate or to the Comptroller of the Currency. Each bank  
6 designated as a depository for public funds shall, while  
7 acting as such depository, furnish the corporate authorities  
8 of a public agency with a copy of all statements of resources  
9 and liabilities which it is required to furnish to the  
10 Commissioner of Banks and Real Estate or to the Comptroller  
11 of the Currency; provided, that if such funds or moneys are  
12 deposited in a bank, the amount of all such deposits not  
13 collateralized or insured by an agency of the federal  
14 government shall not exceed 75% of the capital stock and  
15 surplus of such bank, and the corporate authorities of a  
16 public agency submitting a deposit shall not be discharged  
17 from responsibility for any funds or moneys deposited in any  
18 bank in excess of such limitation.

19 (b) No savings bank or savings and loan association  
20 shall receive public funds unless it has furnished the  
21 corporate authorities of a public agency submitting a deposit  
22 with copies of the last 2 sworn statements of resources and  
23 liabilities which the savings bank or savings and loan  
24 association is required to furnish to the Commissioner of  
25 Banks and Real Estate or the Federal Deposit Insurance  
26 Corporation. Each savings bank or savings and loan  
27 association designated as a depository for public funds  
28 shall, while acting as such depository, furnish the corporate  
29 authorities of a public agency with a copy of all statements  
30 of resources and liabilities which it is required to furnish  
31 to the Commissioner of Banks and Real Estate or the Federal  
32 Deposit Insurance Corporation; provided, that if such funds  
33 or moneys are deposited in a savings bank or savings and loan  
34 association, the amount of all such deposits not

1 collateralized or insured by an agency of the federal  
2 government shall not exceed 75% of the net worth of such  
3 savings bank or savings and loan association as defined by  
4 the Federal Deposit Insurance Corporation, and the corporate  
5 authorities of a public agency submitting a deposit shall not  
6 be discharged from responsibility for any funds or moneys  
7 deposited in any savings bank or savings and loan association  
8 in excess of such limitation.

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

30 (d) Whenever a public agency deposits any public funds  
31 in a financial institution, the public agency may enter into  
32 an agreement with the financial institution requiring any  
33 funds not insured by the Federal Deposit Insurance  
34 Corporation or the National Credit Union Administration or



1 other approved share insurer to be collateralized by any of  
2 the following classes of securities, provided there has been  
3 no default in the payment of principal or interest thereon:

4 (1) Bonds, notes, or other securities constituting  
5 direct and general obligations of the United States, the  
6 bonds, notes, or other securities constituting the direct  
7 and general obligation of any agency or instrumentality  
8 of the United States, the interest and principal of which  
9 is unconditionally guaranteed by the United States, and  
10 bonds, notes, or other securities or evidence of  
11 indebtedness constituting the obligation of a U.S. agency  
12 or instrumentality.

13 (2) Direct and general obligation bonds of the  
14 State of Illinois or of any other state of the United  
15 States.

16 (3) Revenue bonds of this State or any authority,  
17 board, commission, or similar agency thereof.

18 (4) Direct and general obligation bonds of any  
19 city, town, county, school district, or other taxing body  
20 of any state, the debt service of which is payable from  
21 general ad valorem taxes.

22 (5) Revenue bonds of any city, town, county, or  
23 school district of the State of Illinois.

24 (6) Obligations issued, assumed, or guaranteed by  
25 the International Finance Corporation, the principal of  
26 which is not amortized during the life of the obligation,  
27 but no such obligation shall be accepted at more than 90%  
28 of its market value.

29 (7) Illinois Affordable Housing Program Trust Fund  
30 Bonds or Notes as defined in and issued pursuant to the  
31 Illinois Housing Development Act.

32 (8) In an amount equal to at least market value of  
33 that amount of funds deposited exceeding the insurance  
34 limitation provided by the Federal Deposit Insurance

1 Corporation or the National Credit Union Administration  
2 or other approved share insurer: (i) securities, (ii)  
3 mortgages, (iii) letters of credit issued by a Federal  
4 Home Loan Bank, or (iv) loans covered by a State Guaranty  
5 under the Illinois Farm Development Act.

6 (9) Certificates of deposit or share certificates  
7 issued to the depository institution pledging them as  
8 security. The public agency may require security in the  
9 amount of 125% of the value of the public agency deposit.  
10 Such certificate of deposit or share certificate shall:

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

18 (ii) be issued by a financial institution  
19 having assets of \$15,000,000 or more; and

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

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

32 (e) The public agency may accept a system established by  
33 the State Treasurer to aggregate permissible securities  
34 received as collateral from financial institutions in a

1 collateral pool to secure public deposits of the institutions  
2 that have pledged securities to the pool.

3 (f) The public agency may at any time declare any  
4 particular security ineligible to qualify as collateral when,  
5 in the public agency's judgment, it is deemed desirable to do  
6 so.

7 (g) Notwithstanding any other provision of this Section,  
8 as security a public agency may, at its discretion, accept a  
9 bond, executed by a company authorized to transact the kinds  
10 of business described in clause (g) of Section 4 of the  
11 Illinois Insurance Code, in an amount not less than the  
12 amount of the deposits required by this Section to be  
13 secured, payable to the public agency for the benefit of the  
14 People of the unit of government, in a form that is  
15 acceptable to the public agency securities,---mortgages,  
16 letters--of--credit--issued--by--a-Federal-Home-Loan-Bank,-or  
17 loans-covered-by-a-State-Guaranty--under--the--Illinois--Farm  
18 Development--Act--in-an-amount-equal-to-at-least-market-value  
19 of-that-amount-of-funds--deposited--exceeding--the--insurance  
20 limitation---provided---by---the--Federal--Deposit--Insurance  
21 Corporation-or-the-National-Credit--Union--Administration--or  
22 other-approved-share-insurer.

23 (h) (e) Paragraphs (a), (b), (c), and (d), (e), (f), and  
24 (g) of this Section do not apply to the University of  
25 Illinois, Southern Illinois University, Chicago State  
26 University, Eastern Illinois University, Governors State  
27 University, Illinois State University, Northeastern Illinois  
28 University, Northern Illinois University, Western Illinois  
29 University, the Cooperative Computer Center and public  
30 community colleges.

31 (Source: P.A. 91-324, eff. 1-1-00; 91-773, eff. 6-9-00.)

32 Section 99. Effective date. This Act takes effect upon  
33 becoming law.