

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

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

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

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

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

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

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

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

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

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

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

34 (2) Bonds, notes, debentures, or other similar

1 obligations of the United States of America, its
2 agencies, and instrumentalities.

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

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

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

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

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

33 (8) Money market mutual funds registered under the
34 Investment Company Act of 1940, provided that the

1 portfolio of the money market mutual fund is limited to
2 obligations described in this Section and to agreements
3 to repurchase such obligations.

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

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

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

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

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

20 (iii) the Commodity Credit Corporation; and

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

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

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