

1 AN ACT in relation to the investment of public 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, with the approval of the
 3 Governor, invest or reinvest any State money in the Treasury
 4 which is not needed for current expenditure, due or about to
 5 become due, or any money in the State Treasury which has been
 6 set aside and held for the payment of the principal of and
 7 the interest on any State bonds, in participations in loans,
 8 the principal of which participation is fully guaranteed by
 9 an agency or instrumentality of the United States government;
 10 provided, however, that such loan participations are
 11 represented by certificates issued only by banks which are
 12 incorporated under the laws of this State or any other state
 13 or under the laws of the United States, and such banks, but
 14 not the loan participation certificates, are insured by the
 15 Federal Deposit Insurance Corporation.

16 The State Treasurer may, with the approval of the
 17 Governor, invest or reinvest any State money in the Treasury
 18 that is not needed for current expenditure, due or about to
 19 become due, or any money in the State Treasury that has been
 20 set aside and held for the payment of the principal of and
 21 the interest on any State bonds, in any of the following:

22 (1) Bonds, notes, certificates of indebtedness,
 23 Treasury bills, or other securities now or hereafter
 24 issued that are guaranteed by the full faith and credit
 25 of the United States of America as to principal and
 26 interest.

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

30 (2.5) Bonds, notes, debentures, or other similar
 31 obligations of a foreign government that are guaranteed
 32 by the full faith and credit of that government as to
 33 principal and interest, but only if the foreign
 34 government has not defaulted and has met its payment

1 obligations in a timely manner on all similar obligations
 2 for a period of at least 25 years immediately before the
 3 time of acquiring those obligations.

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

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

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

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

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

34 (8) Money market mutual funds registered under the

1 Investment Company Act of 1940, provided that the
2 portfolio of the money market mutual fund is limited to
3 obligations described in this Section and to agreements
4 to repurchase such obligations.

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

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

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

14 (i) the federal land banks, federal intermediate
15 credit banks, banks for cooperatives, federal farm credit
16 banks, or any other entity authorized to issue debt
17 obligations under the Farm Credit Act of 1971 (12 U.S.C.
18 2001 et seq.) and Acts amendatory thereto;

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

21 (iii) the Commodity Credit Corporation; and

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

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

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