

1 AMENDMENT TO SENATE BILL 989

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 989 on page 1, by  
3 replacing line 1 with the following:

4 "AN ACT concerning public funds."; and

5 on page 2, by inserting immediately below line 8 the  
6 following:

7 "Section 7. The Deposit of State Moneys Act is amended  
8 by changing Sections 11 and 11.1 as follows:

9 (15 ILCS 520/11) (from Ch. 130, par. 30)

10 Sec. 11. Protection of public deposits; eligible  
11 collateral.

12 (a) For deposits not insured by an agency of the federal  
13 government, the State Treasurer, in his discretion, may  
14 accept as collateral any of the following classes of  
15 securities, provided there has been no default in the payment  
16 of principal or interest thereon:

17 (1) Bonds, notes, or other securities constituting  
18 direct and general obligations of the United States, the  
19 bonds, notes, or other securities constituting the direct  
20 and general obligation of any agency or instrumentality  
21 of the United States, the interest and principal of which

1 is unconditionally guaranteed by the United States, and  
2 bonds, notes, or other securities or evidence of  
3 indebtedness constituting the obligation of a U.S. agency  
4 or instrumentality.

5 (2) Direct and general obligation bonds of the  
6 State of Illinois or of any other state of the United  
7 States.

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

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

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

16 (6) Obligations issued, assumed, or guaranteed by  
17 the International Finance Corporation, the principal of  
18 which is not amortized during the life of the obligation,  
19 but no such obligation shall be accepted at more than 90%  
20 of its market value.

21 (7) Illinois Affordable Housing Program Trust Fund  
22 Bonds or Notes as defined in and issued pursuant to the  
23 Illinois Housing Development Act.

24 (8) Any securities or other eligible collateral  
25 allowed under Section 1 of the Public Funds Deposit Act  
26 (30 ILCS 225/1) or subsection (d) of Section 6 of the  
27 Public Funds Investment Act (30 ILCS 235/6(d)).

28 (b) The State Treasurer may establish a system to  
29 aggregate permissible securities received as collateral from  
30 financial institutions in a collateral pool to secure State  
31 deposits of the institutions that have pledged securities to  
32 the pool.

33 (c) The Treasurer may at any time declare any particular  
34 security ineligible to qualify as collateral when, in the

1 Treasurer's judgment, it is deemed desirable to do so.

2 (d) Notwithstanding any other provision of this Section,  
3 as security the State Treasurer may, in his discretion,  
4 accept a bond, executed by a company authorized to transact  
5 the kinds of business described in clause (g) of Section 4 of  
6 the Illinois Insurance Code, in an amount not less than the  
7 amount of the deposits required by this Section to be  
8 secured, payable to the State Treasurer for the benefit of  
9 the People of the State of Illinois, in a form that is  
10 acceptable to the State Treasurer.

11 (e) Notwithstanding any other provision of this Section,  
12 as security the State Treasurer may, in his or her  
13 discretion, accept a security arrangement established among  
14 participating financial institutions.

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

16 (15 ILCS 520/11.1) (from Ch. 130, par. 30.1)

17 Sec. 11.1. The State Treasurer may, in his discretion,  
18 accept as security for State deposits insured certificates of  
19 deposit or share certificates issued to the depository  
20 institution pledging them as security and may require  
21 security in the amount of 125% of the value of the State  
22 deposit. Such certificate of deposit or share certificate  
23 shall:

24 (1) be fully insured by the Federal Deposit Insurance  
25 Corporation, the Federal Savings and Loan Insurance  
26 Corporation or the National Credit Union Share Insurance Fund  
27 or issued by a depository institution which is rated within  
28 the 3 highest classifications established by at least one of  
29 the 2 standard rating services;

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

32 (3) be issued by either a savings and loan association  
33 having a capital to asset ratio of at least 2%, by a bank

1 having a capital to asset ratio of at least 6% or by a credit  
2 union having a capital to asset ratio of at least 4%.

3 The depository institution shall effect the assignment of  
4 the certificate of deposit or share certificate to the State  
5 Treasurer and shall agree, that in the event the issuer of  
6 the certificate fails to maintain the capital to asset ratio  
7 required by this Section, such certificate of deposit or  
8 share certificate shall be replaced by additional suitable  
9 security.

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

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

13 (30 ILCS 225/1) (from Ch. 102, par. 34)

14 Sec. 1. Deposits. Any treasurer or other custodian of  
15 public funds may deposit such funds in a savings and loan  
16 association, savings bank, or State or national bank in this  
17 State. When such deposits become collected funds and are not  
18 needed for immediate disbursement, they shall be invested  
19 within 2 working days at prevailing rates or better. The  
20 treasurer or other custodian of public funds may require such  
21 bank, savings bank, or savings and loan association to  
22 deposit with him or her securities guaranteed by agencies and  
23 instrumentalities of the federal government equal in market  
24 value to the amount by which the funds deposited exceed the  
25 federally insured amount. Any treasurer or other custodian of  
26 public funds may accept as security for public funds  
27 deposited in such bank, savings bank, or savings and loan  
28 association any securities or other eligible collateral  
29 authorized by the Deposit of State Moneys Act (15 ILCS 520/)  
30 or subsection (d) of Section 6 of the Public Funds Investment  
31 Act (30 ILCS 235/6(d)). Such treasurer or other custodian is  
32 authorized to enter into an agreement with any such bank,

1 savings bank, or savings and loan association, with any  
2 federally insured financial institution or trust company, or  
3 with any agency of the U.S. government relating to the  
4 deposit of such securities. Any such treasurer or other  
5 custodian shall be discharged from responsibility for any  
6 funds for which securities are so deposited with him or her,  
7 and the funds for which securities are so deposited shall not  
8 be subject to any otherwise applicable limitation as to  
9 amount.

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

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

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

17 (30 ILCS 230/2c) (from Ch. 127, par. 173a)

18 Sec. 2c. Every such officer, board, commission,  
19 commissioner, department, institution, arm or agency is  
20 authorized to demand and receive a bond and securities in  
21 amount and kind satisfactory to him from any bank or savings  
22 and loan association in which moneys held by such officer,  
23 board, commission, commissioner, department, institution, arm  
24 or agency for or on behalf of the State of Illinois, may be  
25 on deposit, such securities to be held by the officer, board,  
26 commission, commissioner, department, institution, arm or  
27 agency for the period that such moneys are so on deposit and  
28 then returned together with interest, dividends and other  
29 accruals to the bank or savings and loan association. The  
30 bond or undertaking and such securities shall be conditioned  
31 for the return of the moneys deposited in conformity with the  
32 terms of the deposit.

1           Whenever funds deposited with a bank or savings and loan  
2 association exceed the amount of federal deposit insurance  
3 coverage, a bond, ~~or~~ pledged securities, or other eligible  
4 collateral shall be obtained. Only the types of securities or  
5 other collateral which the State Treasurer may, in his or her  
6 discretion, accept for amounts not insured by the Federal  
7 Deposit Insurance Corporation or the Federal Savings and Loan  
8 Insurance Corporation under Section 11 of "An Act in relation  
9 to State moneys", approved June 28, 1919, as amended, may be  
10 accepted as pledged securities. The market value of the bond  
11 or pledged securities shall at all times be equal to or  
12 greater than the uninsured portion of the deposit unless the  
13 funds deposited are collateralized pursuant to a system  
14 established by the State Treasurer to aggregate permissible  
15 securities received as collateral from financial institutions  
16 in a collateral pool to secure State deposits of the  
17 institutions that have pledged securities to the pool.

18           All securities deposited by a bank or savings and loan  
19 association under the provisions of this Section shall remain  
20 the property of the depository and may be stamped by the  
21 depository so as to indicate that such securities are  
22 deposited as collateral. Should the bank or savings and loan  
23 association fail or refuse to pay over the moneys, or any  
24 part thereof, deposited with it, the officer, board,  
25 commission, commissioner, department, institution, arm or  
26 agency may sell such securities upon giving 5 days notice to  
27 the depository of his intention to so sell such securities.  
28 Such sale shall transfer absolute ownership of the securities  
29 so sold to the vendee thereof. The surplus, if any, over the  
30 amount due to the State and the expenses of the sale shall be  
31 paid to the bank or savings and loan association. Actions may  
32 be brought in the name of the People of the State of Illinois  
33 to enforce the claims of the State with respect to any  
34 securities deposited by a bank or savings and loan

1 association.

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

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

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

11 (30 ILCS 235/6) (from Ch. 85, par. 906)

12 Sec. 6. Report of financial institutions.

13 (a) No bank shall receive any public funds unless it has  
14 furnished the corporate authorities of a public agency  
15 submitting a deposit with copies of the last two sworn  
16 statements of resources and liabilities which the bank is  
17 required to furnish to the Commissioner of Banks and Real  
18 Estate or to the Comptroller of the Currency. Each bank  
19 designated as a depository for public funds shall, while  
20 acting as such depository, furnish the corporate authorities  
21 of a public agency with a copy of all statements of resources  
22 and liabilities which it is required to furnish to the  
23 Commissioner of Banks and Real Estate or to the Comptroller  
24 of the Currency; provided, that if such funds or moneys are  
25 deposited in a bank, the amount of all such deposits not  
26 collateralized or insured by an agency of the federal  
27 government shall not exceed 75% of the capital stock and  
28 surplus of such bank, and the corporate authorities of a  
29 public agency submitting a deposit shall not be discharged  
30 from responsibility for any funds or moneys deposited in any  
31 bank in excess of such limitation.

32 (b) No savings bank or savings and loan association

1 shall receive public funds unless it has furnished the  
2 corporate authorities of a public agency submitting a deposit  
3 with copies of the last 2 sworn statements of resources and  
4 liabilities which the savings bank or savings and loan  
5 association is required to furnish to the Commissioner of  
6 Banks and Real Estate or the Federal Deposit Insurance  
7 Corporation. Each savings bank or savings and loan  
8 association designated as a depository for public funds  
9 shall, while acting as such depository, furnish the corporate  
10 authorities of a public agency with a copy of all statements  
11 of resources and liabilities which it is required to furnish  
12 to the Commissioner of Banks and Real Estate or the Federal  
13 Deposit Insurance Corporation; provided, that if such funds  
14 or moneys are deposited in a savings bank or savings and loan  
15 association, the amount of all such deposits not  
16 collateralized or insured by an agency of the federal  
17 government shall not exceed 75% of the net worth of such  
18 savings bank or savings and loan association as defined by  
19 the Federal Deposit Insurance Corporation, and the corporate  
20 authorities of a public agency submitting a deposit shall not  
21 be discharged from responsibility for any funds or moneys  
22 deposited in any savings bank or savings and loan association  
23 in excess of such limitation.

24 (c) No credit union shall receive public funds unless it  
25 has furnished the corporate authorities of a public agency  
26 submitting a share deposit with copies of the last two  
27 reports of examination prepared by or submitted to the  
28 Illinois Department of Financial Institutions or the National  
29 Credit Union Administration. Each credit union designated as  
30 a depository for public funds shall, while acting as such  
31 depository, furnish the corporate authorities of a public  
32 agency with a copy of all reports of examination prepared by  
33 or furnished to the Illinois Department of Financial  
34 Institutions or the National Credit Union Administration;



1 provided that if such funds or moneys are invested in a  
2 credit union account, the amount of all such investments not  
3 collateralized or insured by an agency of the federal  
4 government or other approved share insurer shall not exceed  
5 50% of the unimpaired capital and surplus of such credit  
6 union, which shall include shares, reserves and undivided  
7 earnings and the corporate authorities of a public agency  
8 making an investment shall not be discharged from  
9 responsibility for any funds or moneys invested in a credit  
10 union in excess of such limitation.

11 (d) Whenever a public agency deposits any public funds  
12 in a financial institution, the public agency may enter into  
13 an agreement with the financial institution requiring any  
14 funds not insured by the Federal Deposit Insurance  
15 Corporation or the National Credit Union Administration or  
16 other approved share insurer to be collateralized by  
17 securities, mortgages, letters of credit issued by a Federal  
18 Home Loan Bank, a collateral pool established in accordance  
19 with the Deposit of State Moneys Act (15 ILCS 520/),  
20 securities or other eligible collateral approved by the State  
21 Treasurer under the Deposit of State Moneys Act (15 ILCS  
22 520/), securities or other eligible collateral under Section  
23 1 of the Public Funds Deposit Act (30 ILCS 225/1), or loans  
24 covered by a State Guaranty under the Illinois Farm  
25 Development Act in an amount equal to at least market value  
26 of that amount of funds deposited exceeding the insurance  
27 limitation provided by the Federal Deposit Insurance  
28 Corporation or the National Credit Union Administration or  
29 other approved share insurer.

30 Notwithstanding any other provision of this Section, as  
31 security the public agency may, in its discretion, accept a  
32 security arrangement established among participating  
33 financial institutions.

34 (e) Paragraphs (a), (b), (c), and (d) of this Section do

1 not apply to the University of Illinois, Southern Illinois  
2 University, Chicago State University, Eastern Illinois  
3 University, Governors State University, Illinois State  
4 University, Northeastern Illinois University, Northern  
5 Illinois University, Western Illinois University, the  
6 Cooperative Computer Center and public community colleges.  
7 (Source: P.A. 91-324, eff. 1-1-00; 91-773, eff. 6-9-00.)".