

OFFICE OF THE TREASURER

The State Treasurer is the state's chief investment officer, managing a portfolio of more than \$9 billion in state funds and \$7 billion pooled from local governments. The Treasurer's office establishes sound investment policies to ensure the safekeeping of those funds, earn a high rate of return for taxpayers and local governments, and provide the necessary liquidity to pay the state's bills.

The Treasurer also administers the Bright Start College Savings Program, which enables families to combat the rising costs of college by earning tax-free money toward a child's higher education. The office also oversees several low-interest loan and financial aid programs aimed at spurring economic growth, providing assistance to farmers, enhancing Illinois communities and making homeownership a reality. The office's Unclaimed Property Division aims to reunite more than \$1 billion in lost and abandoned property and cash with its rightful owners and generate new revenue for the state. Financial education courses also are available for children and adults that focus on personal savings, debt reduction and identity theft.

Investing

As the state's banker, Treasurer Alexi Giannoulias is responsible for investing and protecting nearly \$17 billion taxpayer dollars. Approximately \$9 billion in the Treasurer's portfolio comes from taxes and fees paid to the state. Illinois lawmakers budget almost all of the tax dollars collected by the state each year, but these monies are not spent all at once. Investment earnings are used to fund schools, transportation improvements, hospitals and general government operations. The state has earned more than \$4 billion in investments since 1995.

The Treasurer's office invests approximately \$7 billion on behalf of local governments into pooled investments called The Illinois Funds to achieve better returns through safe investments. The Illinois Funds offers two investment options – the Money Market Fund and the Prime Fund, which each have earned Standard & Poor's AAA rating. The Money Market Fund provides a competitive rate of return and all the conveniences of a personal checking account. The Prime Fund is designed to enhance the yield on long-term investments. Through The Illinois Funds, government jurisdictions also can offer their constituents the convenience of E-Pay, which allows bill and fee payments from residents online, by phone or in person.



Treasurer Giannoulias has pledged to use his financial expertise to employ new investment strategies aimed at increasing state revenues and introduce innovative programs that invest in communities throughout Illinois.



The State Treasurer oversees the state's 529 Bright Start College Savings Program, which enables families to save and invest for a child's higher education.

Treasurer Giannoulias is committed to making the investment process transparent now and in the future. The office began posting investment summaries and benchmarks online for the first time in 2007. Giannoulias also crafted legislation that requires the Treasurer's office to post monthly investment updates as a means of holding the state more accountable for its investments.

Ethics

Upon taking office, Treasurer Giannoulias signed an executive order aimed at eliminating any perception that the Treasurer's office would engage in "pay-to-play" politics. The measure includes several restrictions on political contributions to the Treasurer's campaign fund, including banning contributions from banks; prohibiting contributions from office employees and contractors; requiring transparency in contract bids; banning lobbying by former employees; and forbidding gifts from lobbyists.

Bright Start

The Bright Start College Savings Program is Illinois' tax-exempt 529 college savings program, designed to help Illinois families and individuals nationwide save for future higher education expenses. Established in 2000, Bright Start boasts more than \$2.2 billion in assets and includes more than 142,000 accounts.

Treasurer Giannoulias recently negotiated a contract with a new program manager, OppenheimerFunds, which resulted in lower fees, higher-rated funds and new investment options, including popular Vanguard Funds. The changes are designed to save participants more money, provide greater flexibility and inspire more families to start saving for their children's future. As part of its contract, Oppenheimer also will give \$3.5 million in Bright Start scholarship funds to Illinois children.

Bright Start dollars may be applied toward expenses such as tuition, fees, books and supplies, and room and board at any accredited college — public or private — in the United States or abroad. For Illinois residents, Bright Start contributions are tax deductible while earnings and withdrawals are state tax exempt.

Low-Interest Loans

Under state law, the Treasurer's office has the authority to deposit state money at a reduced rate of interest in local financial institutions that offer specific community development projects and programs. Illinois is among 20 states nationwide that offers "Linked Deposits" to qualified individuals and businesses. The Linked Deposit program was created in the early 1980s to help Illinois farmers, and today nearly one out of every seven farmers in the state participates.

Upon taking office, Treasurer Giannoulias ordered a moratorium on linked deposits until guidelines were established to assure that the cost to the state was reasonable as compared to the benefits to Illinois families and communities. For the first time, the Treasurer's office has begun calculating the interest rate cost on every discount in real dollars to quantify the benefit created by the deposit. He also tightened its rules to prohibit approval of any new loan if the applicant could find money elsewhere to fund the project or if it would occur without additional financing. Linked deposits fall under three categories:

- **Cultivate Illinois** provide farmers and agriculture professionals access to capital for annual operating costs, long-term investments, alternative agriculture initiatives and drought or natural disaster recovery. Treasurer Giannoulias has committed a record \$4 billion over four years to Illinois farmers who need loans so they can stay competitive with other states. Cultivate Illinois also offers \$1,000 rebates to buyers of hybrid or fuel-efficient cars that reduce carbon emissions.
- **Opportunity Illinois** backs low-interest loans for consumers and community development agencies. Consumer loans are targeted for individuals with disabilities, National Guard and U.S. Military Reserve soldiers, and Illinoisans whose property has sustained weather-related damage. Community development loans focus on businesses and non-profit organizations that provide needed services to their communities.
- **Employ Illinois** provides business owners with low-interest loans to start, expand or save their businesses and increase or retain job opportunities in the state. Since its inception in 1995, nearly \$175 million has been deposited in the business loan program, sponsoring 200 projects and 13,000 new jobs in Illinois.



Treasurer Giannoulias with 2007 Excellence in Agriculture scholarship winners at the Illinois State Fair. Under the new Cultivate Illinois program, Giannoulias has pledged a record \$1 billion in deposits for each of the next four years for Illinois farmers and doubled the amount of loans available to farms for equipment and land, as well as seed, fertilizer and crop insurance.

Our Own Home

Our Own Home is geared toward potential homeowners who experience difficulty securing a conventional mortgage loan and property owners who need to refinance a mortgage to keep from losing their home to foreclosure. The objective is to keep Illinois homebuyers and homeowners in traditional lending programs rather than resorting to predatory lenders.

The Treasurer's office offers an incentive for lenders to approve loans by guaranteeing 10 percent of the mortgage value for the first five years of a mortgage. Prospective homeowners must have an annual income of \$75,000 or less and the price of their dwelling must be below the median home value for the county where it is located.

Unclaimed Property

The Treasurer's office is responsible for the safekeeping and return of lost, abandoned or forgotten cash and property commonly known as "unclaimed property." This property comes in all forms — from the contents of old safe deposit boxes and paid-up life insurance policies to long-lost bank accounts and entire estates.

As a means of returning these assets to their rightful owners, the Treasurer's office publishes the names of unclaimed property owners twice a year in local newspapers across the state. The office also maintains an online database at www.cashdash.net where property owners can file claims.

The office also auctions the contents of abandoned safe deposit box contents and holds the money for the rightful owners. Treasurer Giannoulis initiated a pilot program in 2007 to auction unclaimed property from safe deposit boxes on eBay, with aims to open up the auction to a worldwide audience, attract more bids and generate more revenue for the state.

Venture Capital

The Treasurer's office invests in Illinois-based private equity firms to attract, assist and retain quality technology businesses and jobs in Illinois, and encourage expansion of the state's science and technology sectors. Under the \$75 million program, the Treasurer invests in venture capital funds that commit to funding companies or projects in Illinois, ranging from \$400,000 to \$4 million. The money helps fund start-up businesses and allows companies to grow, creating jobs and providing a healthy return on the state's investment.

Financial Education

Each year, the Treasurer's office educates thousands of Illinois students and citizens through its Bank at School curriculum, Smart Women Smart Money symposiums and financial education seminars. All the resources are free and modified to the skills of participants.

The Financial Education Division provides Illinoisans with access to a variety of financial information. Current seminars and Smart Women Smart Money topics include identity theft prevention, money and credit management, investing and asset protection, and homeownership training. Through Bank At School, students learn the value of money management and saving for the future. The Treasurer's office pairs each school with a local bank that opens savings accounts for students.

Treasurer's Staff Members



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Aimee Pine	<i>Director, Scheduling</i>
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