

## Code of Iowa: Investment of Council Funds

For the purposes of this section of the code, Extension Councils are considered a subdivision of this state.

### 12B.10 Public funds investment standards.

Futures and options contracts are not permissible investments.

5. **Political subdivisions of this state**, including entities organized pursuant to chapter 28E whose primary function is other than to jointly invest public funds, **shall purchase and invest only in the following**:

- a. Obligations of the United States government, its agencies and instrumentalities.
- b. Certificates of deposit and other evidences of deposit at federally insured depository institutions approved pursuant to chapter 12C.
- c. Prime bankers' acceptances that mature within two hundred seventy days and that are eligible for purchase by a federal reserve bank, provided that at the time of purchase no more than ten percent of the investment portfolio shall be in investments authorized by this paragraph and that at the time of purchase no more than five percent of the investment portfolio shall be invested in the securities of a single issuer.
- d. Commercial paper or other short-term corporate debt that matures within two hundred seventy days and that is rated within the two highest classifications, as established by at least one of the standard rating services approved by the superintendent of banking by rule adopted pursuant to chapter 17A, provided that at the time of purchase no more than five percent of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification, and provided further that at the time of purchase no more than ten percent of the investment portfolio shall be in investments authorized by this paragraph and that at the time of purchase no more than five percent of the investment portfolio shall be invested in the securities of a single issuer.
- e. Repurchase agreements whose underlying collateral consists of the investments set out in paragraph "a" if the political subdivision takes delivery of the collateral either directly or through an authorized custodian. Repurchase agreements do not include reverse repurchase agreements.
- f. An open-end management investment company registered with the federal securities and exchange commission under the federal Investment Company Act of 1940, 15 U.S.C. § 80(a), and operated in accordance with 17 C.F.R. § 270.2a-7.
- g. A joint investment trust organized pursuant to chapter 28E prior to and existing in good standing on the effective date of this Act or a joint investment trust organized pursuant to chapter 28E after April 28, 1992, provided that the joint investment trust shall either be rated within the two highest classifications by at least one of the standard rating services approved by the superintendent of banking by rule adopted pursuant to chapter 17A and operated in accordance with 17 C.F.R. § 270.2a-7, or be registered with the federal securities and exchange commission under the federal Investment Company Act of 1940, 15 U.S.C. § 80(a), and operated in accordance with 17 C.F.R. § 270.2a-7. The manager or investment advisor of the joint investment trust shall be registered with the federal securities and exchange commission under the Investment Advisor Act of 1940, 15 U.S.C. § 80(b).
- h. Warrants or improvement certificates of a levee or drainage district.

Futures and options contracts are not permissible investments.

6. The following investments are not subject to this section:

- a. Investments by the public safety peace officers' retirement system governed by chapter 97A.
- b. Investments by the Iowa public employees' retirement system governed by chapter 97B.
- c. Investments by the Iowa finance authority governed by chapter 16.
- d. Investments by the state board of regents. However, investments by the state board of regents or institutions governed by the state board of regents are limited to the following:
  - (1) Those investments set out in subsection 4.
  - (2) The common fund for nonprofit organizations.
  - (3) Common stocks.
  - (4) For investments of short-term operating funds, the funds shall not be invested in investments having effective maturities exceeding sixty-three months.
- e. A pension and annuity retirement system governed by chapter 294.
- f. Investments by the statewide fire and police retirement system governed by chapter 411.
- g. Investments by the judicial retirement system governed by chapter 602, article 9.
- h. Investments under the deferred compensation plan established by the executive council pursuant to section 509A.12.
- i. Investments made by city hospitals as provided in section 392.6. However, investments by city hospitals are limited to the following:
  - (1) The same types of investments as the treasurer of state and other state agencies may make under this section.
  - (2) Investment in common stocks.
- j. Investments by the tobacco settlement authority governed by chapter 12E.
- k. Investments by municipal utility retirement systems governed under chapter 412. [R60, §804; C73, §918; C97, §1462; S13, §1462; C24, 27, 31, 35, 39, §7412; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §452.10] 84 Acts, ch 1194, §1; 84 Acts, ch 1230, §4; 85 Acts, ch 194, §1; 87 Acts, ch 105, §3; 88 Acts, ch 1027, §1; 88 Acts, ch 1187, §1; 90 Acts, ch 1233, §30; 91 Acts, ch 249, §1; 92 Acts, ch 1156, §16 C93, §12B.10 94 Acts, ch 1012, §1; 96 Acts, ch 1187, §75; 97 Acts, ch 185, §1; 2000 Acts, ch 1156, §1; 2000 Acts, ch 1208, §20, 25; 2001 Acts, ch 68, §2, 24; 2001 Acts, ch 102, §1; 2003 Acts, ch 179, §91

12B.10A Public investment maturity and procedural limitations.

- 1. The investment of public funds which are operating funds by a political subdivision shall be subject to the following:
  - a. As used in this section, "operating funds" means those funds which are reasonably expected to be expended during a current budget year or within fifteen months of receipt.
  - b. Operating funds must be identified and distinguished from all other funds available for investment.
  - c. Operating funds may only be invested in investments which mature within three hundred ninety-seven days or less and which are authorized by law for the investing public entity.
- 2. All investments of public funds by political subdivisions shall be subject to the following:
  - a. Each investment must be authorized by applicable law and the written investment policy of the political subdivision.
  - b. Each political subdivision whose investments involve the use of a public funds custodial agreement, as defined in section 12B.10C, shall comply with rules adopted

pursuant to section 12B.10C relating to those investments. All contracts providing for the investment of public funds shall be in writing and shall contain a provision requiring that all investments shall be made in accordance with the laws of this state.

c. A contract for the investment or deposit of public funds shall not provide for compensation of an agent or fiduciary based upon investment performance.

3. A treasurer of a political subdivision may invest funds of the political subdivision or agency that are not operating funds in investments having maturities longer than three hundred and ninety-seven days.

4. As used in this section, "public funds" means all funds that are public funds within the meaning of section 12C.1, subsection 2, paragraph "e", except state funds invested by the treasurer of state.

5. This section shall not be construed to supersede any provision of this chapter or of chapter 12C.

6. The following entities are not subject to this section:

a. The public safety peace officers' retirement system governed by chapter 97A.

b. The Iowa public employees' retirement system governed by chapter 97B.

c. The Iowa finance authority governed by chapter 16.

d. The state board of regents. However, investments by the state board of regents or institutions governed by the state board of regents are limited to the following:

(1) Those investments set out in section 12B.10, subsection 4.

(2) The common fund for nonprofit organizations.

(3) Common stocks.

(4) For investments of short-term operating funds, the funds shall not be invested in investments having effective maturities exceeding sixty-three months.

e. A pension and annuity retirement system governed by chapter 294.

f. The statewide fire and police retirement system governed by chapter 411.

g. The judicial retirement system governed by chapter 602, article 9.

h. The deferred compensation plan established by the executive council pursuant to section 509A.12.

i. The tobacco settlement authority governed by chapter 12E.