

Sec. 4. This Act, being deemed of immediate importance, takes effect from and after its publication in the Ackley World-Journal, a newspaper published in Ackley, Iowa, and in The Toledo Chronicle, a newspaper published in Toledo, Iowa.

Approved May 24, 1985

I hereby certify that the foregoing Act was published in The Toledo Chronicle, Toledo, Iowa on May 29, 1985 and in the Ackley, World-Journal, Ackley, Iowa on May 30, 1985.

MARY JANE ODELL, *Secretary of State*

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## CHAPTER 190

### INVESTMENT POLICIES FOR CERTAIN STATE FUNDS

S.F. 27

AN ACT relating to the investment policies for funds available to certain state agencies.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 97B.7, subsection 2, paragraph b, Code 1985, is amended by striking the paragraph and inserting in lieu thereof the following:

b. Invest the portion of the retirement fund as in the judgment of the department is not needed for current payment of benefits under this chapter. The department shall determine the disposition and investment of moneys in the retirement fund. In the investment of the fund, the department shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs as provided in section 633.123, subsection 1.

The department shall give appropriate consideration to those facts and circumstances that the department knows or should know are relevant to the particular investment involved, including the role the investment plays in the total value of the retirement fund.

For the purposes of this paragraph, appropriate consideration includes, but is not limited to, a determination by the department that the particular investment is reasonably designed to further the purposes of the retirement system, taking into consideration the risk of loss and the opportunity for gain or other return associated with the investment and consideration of the following factors as they relate to the retirement fund:

- (1) The composition of the retirement fund with regard to diversification.
- (2) The liquidity and current return of the investments in the fund relative to the anticipated cash flow requirements of the retirement system.
- (3) The projected return of the investments relative to the funding objectives of the retirement system.

Consistent with this paragraph, investments made under this paragraph shall be made in a manner that will enhance the economy of this state, and in particular, will result in increased employment of the residents of this state.

If there is loss on the redemption or sale of securities, where invested as prescribed by law, neither the treasurer nor the department is personally liable, but the loss shall be charged against the retirement fund and there is appropriated from the retirement fund an amount as required for the loss. Expenses incurred in the sale and purchase of securities belonging to the retirement fund shall be charged to the retirement fund and there is appropriated from the retirement fund an amount as required for the expenses incurred. Investment management expenses shall be charged to the investment income of the retirement fund and there is appropriated from the retirement fund an amount as required for the investment management expenses, subject to the limitations stated in this subparagraph. The amount appropriated for a fiscal year under this subparagraph shall not exceed one-half percent of the market value of the retirement fund. The department shall report the investment management expenses for a fiscal year as a percent of the market value of the retirement fund in the annual report to the governor required in section 97B.4. A person who has signed a contract with the department for investment management purposes shall meet the requirements for doing business in Iowa sufficient to be subject to tax under rules of the department of revenue.

Sec. 2. Section 97B.8, unnumbered paragraph 1, Code 1985, is amended to read as follows:

A board is established to be known as the "Advisory Investment Board of the Iowa Public Employees' Retirement System", hereinafter called the "board", whose duties are to advise and confer with the department in matters relating to the investment of the trust funds of the Iowa public employees' retirement system. At least annually the board shall review the investment policies and procedures used by the department under section 97B.7, subsection 2, paragraph "b", and shall hold a public meeting on the investment policies and investment performance of the fund. Following its review and the public meeting, the board shall make recommendations to the department. The powers of the board are advisory and the department is not bound in the making of an investment, or adoption of an investment policy or procedure, by the recommendations of the board.

Sec. 3. Section 97B.57, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The information provided under this section shall include information on the investment policies and investment performance of the retirement fund. In providing this information, to the extent possible, the department shall include the total investment return for the entire fund, for portions of the fund managed by investment managers, and for internally-managed portions of the fund, and the cost of managing the fund per thousand dollars of assets. The performance shall be based upon market as well as book value, and shall be contrasted with relevant market indices and with performances of pension funds with similar investment policies and characteristics. This information shall be prepared and available to employees at least on an annual basis.

Sec. 4. Section 262.14, subsection 3, Code 1985, is amended by striking the subsection and inserting in lieu thereof the following:

3. Any portion of the funds may be invested by the board. In the investment of the funds, the board shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in their own affairs as provided in section 633.123, subsection 1.

The board shall give appropriate consideration to those facts and circumstances that the board knows or should know are relevant to the particular investment involved, including the role the investment plays in the total value of the board's funds.

For the purposes of this subsection, appropriate consideration includes, but is not limited to, a determination by the board that the particular investment is reasonably designed to further the purposes prescribed by law to the board, taking into consideration the risk of loss and the opportunity for gain or other return associated with the investment and consideration of the following factors as they relate to the funds of the board:

- a. The composition of the funds of the board with regard to diversification.
- b. The liquidity and current return of the investments relative to the anticipated cash flow requirements.

c. The projected return of the investments relative to the funding objectives of the board.

Consistent with this subsection, investments made under this subsection shall be made in a manner that will enhance the economy of this state, and in particular, will result in increased employment of the residents of this state.

Sec. 5. Section 633.123, subsection 1, Code 1985, is amended to read as follows:

1. Investments by fiduciaries. In acquiring, investing, reinvesting, exchanging, retaining, selling and managing property for the benefit of another, a fiduciary shall exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for the purpose of speculation, but with regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety, of their capital. Within the limitations of the foregoing standards, a fiduciary is authorized to acquire and retain every kind of property and every kind of investment, ~~specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks and shares, preferred or common,~~ which persons of prudence, discretion and intelligence acquire or retain for their own account.

Approved May 24, 1985

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**CHAPTER 191**  
**RAFFLES AT A FAIR**  
*S.F. 81*

**AN ACT** permitting a qualified organization to conduct a raffle at a fair if the organization has the permission of the sponsor of the fair and obtains a license to conduct the raffle.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 99B.5, subsection 1, paragraphs a and b, Code 1985, are amended to read as follows:

a. The raffle is conducted by the sponsor of the fair or a qualified organization licensed under section 99B.7 that has received permission from the sponsor of the fair to conduct the raffle.

b. The sponsor of the fair or the qualified organization has submitted a license application and a fee of fifteen dollars for each raffle, ~~and~~ has been issued a license, and prominently displays the license at the drawing area of the raffle.

Approved May 24, 1985