

**12C.9 Investment of sinking funds — bond proceeds.**

1. The treasurer of state and all other state agencies authorized to invest funds and the treasurer or other designated financial officer of each political subdivision including each school corporation shall invest the proceeds of notes, bonds, refunding bonds, and other evidences of indebtedness, and funds being accumulated for the payment of principal and interest or reserves in investments set out in [section 12B.10, subsection 4](#), paragraph “a”, subparagraphs (1) through (9), [section 12B.10, subsection 5](#), paragraph “a”, subparagraphs (1) through (7), an investment contract, or tax-exempt bonds. The investment shall be as defined and permitted by section 148 of the Internal Revenue Code and applicable regulations under that section. An investment contract or tax-exempt bonds shall be 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](#).

2. Earnings and interest from investments pursuant to [subsection 1](#) shall be used to pay the principal or interest as the principal or interest comes due on the indebtedness or to fund the construction of the project for which the indebtedness was issued, or shall be credited to the capital project fund for which the indebtedness was issued.

[C27, 31, 35, §12775-b1; C39, §7420.43; C46, 50, 54, §454.35; C58, 62, 66, 71, 73, 75, 77, 79, 81, §453.9]

[84 Acts, ch 1230, §14; 91 Acts, ch 249, §2; 92 Acts, ch 1156, §23](#)

[C93, §12C.9](#)

[95 Acts, ch 25, §2; 2008 Acts, ch 1075, §2](#)