12C.16 Security for deposit of public funds.

1. Before a deposit of public funds is made by a public officer with a credit union in excess of the amount federally insured, the public officer shall obtain security for the deposit by one or more of the following:

a. The credit union may give to the public officer a corporate surety bond of a surety corporation approved by the treasury department of the United States and authorized to do business in this state, which bond shall be in an amount equal to the public funds on deposit at any time. The bond shall be conditioned that the deposit shall be paid promptly on the order of the public officer making the deposit and shall be approved by the officer making the deposit.

b. (1) The credit union may deposit, maintain, pledge and assign for the benefit of the public officer in the manner provided in this chapter, securities approved by the public officer, the market value of which is not less than one hundred ten percent of the total deposits of public funds placed by that public officer in the credit union. The securities shall consist of any of the following:

(a) Direct obligations of, or obligations that are insured or fully guaranteed as to principal and interest by, the United States of America or an agency or instrumentality of the United States of America.

(b) Public bonds or obligations of this state or a political subdivision of this state.

(c) Public bonds or obligations of another state or a political subdivision of another state whose bonds are rated within the two highest classifications of prime as established by at least one of the standard rating services approved by the superintendent of banking pursuant to chapter 17A.

(d) To the extent of the guarantee, loans, obligations, or nontransferable letters of credit upon which the payment of principal and interest is fully secured or guaranteed by the United States of America or an agency or instrumentality of the United States of America, a corporate central credit union organized under section 533.213, or a corporate credit union whose activities are subject to regulation by the national credit union administration, and the rating of any one of such credit unions remains within the two highest classifications of prime established by at least one of the standard rating services approved by the superintendent of banking by rule pursuant to chapter 17A. The treasurer of state shall adopt rules pursuant to chapter 17A to implement this section.

(e) First lien mortgages which are valued according to practices acceptable to the treasurer of state.

(f) Investments in 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. §80a-1 et seq., which is operated in accordance with 17 C.F.R. §270.2a-7.

(2) Direct obligations of, or obligations that are insured or fully guaranteed as to principal and interest by, the United States of America, which may be used to secure the deposit of public funds under subparagraph (1), subparagraph division (a), include investments in an investment company or investment trust registered under the federal Investment Company Act of 1940, 15 U.S.C. §80a-1 et seq., the portfolio of which is limited to the United States government obligations described in subparagraph (1), subparagraph division (a), and to repurchase agreements fully collateralized by the United States government obligations described in subparagraph (1), subparagraph division (a), if the investment company or investment trust takes delivery of the collateral either directly or through an authorized custodian.

2. If public funds are secured by both the assets of a credit union and a bond of a surety company, the assets and bond shall be held as security for a rateable proportion of the deposit on the basis of the market value of the assets and of the total amount of the surety bonds.

84 Acts, ch 1230, §20

C85, §453.16

85 Acts, ch 194, §3; 88 Acts, ch 1090, §1; 92 Acts, ch 1156, §25 – 30

C93, §12C.16
99 Acts, ch 117, §7, 15; 2006 Acts, ch 1040, §1; 2007 Acts, ch 174, §78; 2008 Acts, ch 1032, §3; 2008 Acts, ch 1191, §27; 2009 Acts, ch 41, §263; 2014 Acts, ch 1092, §7, 164, 165
Referred to in §12C.1