

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. (1) 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) Notwithstanding subparagraph (1), a political subdivision which has or expects to accrue in the current budget year an amount of public funds that exceeds operating funds by at least thirty-three percent may invest amounts exceeding thirty-three percent of operating funds in certificates of deposit at federally insured depository institutions approved pursuant to [chapter 12C](#) which mature within sixty-three months or less provided that the political subdivision invests an amount reasonably expected to be expended during the current budget year or within fifteen months of receipt in investments pursuant to subparagraph (1).

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](#).

7. A joint investment trust organized pursuant to [chapter 28E](#) whose primary function is to invest public funds shall report to the general assembly not later than January 1 of each

year the amount of any trust royalty, residual payment, administrative or service fee, or other fee paid by the trust, the services performed for the fee, and the person receiving the fee.

92 Acts, ch 1156, §17; 96 Acts, ch 1187, §76; 97 Acts, ch 185, §2; 2000 Acts, ch 1208, §21, 25; 2003 Acts, ch 179, §92; 2018 Acts, ch 1114, §1

Referred to in §12B.10B, 12B.14, 28E.5, 279.29, 331.555, 357A.11, 384.21