

**781—15.1(12B) Scope.**

**15.1(1)** Iowa Code section 12B.10C requires the treasurer of state to adopt rules requiring the inclusion in public funds custodial agreements of any provisions necessary to prevent loss of public funds. A public funds custodial agreement is defined in Iowa Code section 12B.10C as any contractual agreement pursuant to which one or more persons including, but not limited to, investment advisors, investment companies, trustees, agents and custodians, are authorized to act as a custodian of or to designate another person to act as a custodian of public funds or any security or document of ownership or title evidencing public funds investments.

**15.1(2)** These rules shall apply to any public unit, as defined in 781—Chapter 13, which uses a public funds custodial agreement for the investment of public funds. Public funds are defined in Iowa Code section 12C.1(2) “b” as moneys of the state or a political subdivision or instrumentality of the state including a county, school corporation, special district, drainage district, unincorporated town or township, municipality, or municipal corporation or any agency, board, or commission of the state or a political subdivision; any court or public body noted in Iowa Code section 12C.1(1); a legal or administrative entity created pursuant to Iowa Code chapter 28E; or an electric power agency as defined in Iowa Code section 28F.2.

**15.1(3)** A public unit may only enter into a contractual arrangement pursuant to which a person is authorized to act as a custodian of public funds or any security or document of ownership or title evidencing public funds investments (including the safekeeping of investments owned by a public unit) if that person is the trust or safekeeping department of a national or state bank located in the state of Iowa that lawfully possesses and exercises fiduciary powers under applicable federal laws or the laws of the state of Iowa. Provided, however, the treasurer of state may exercise its discretion under Iowa Code section 12C.4 to enter into public funds custodial agreements with a custodian located outside the state of Iowa that lawfully possesses and exercises fiduciary powers under applicable federal or state laws. Each public unit whose investments involve the use of a public funds custodial agreement shall require the inclusion in the public funds custodial agreement those provisions contained in rule 15.2(12B) of this chapter.

**15.1(4)** Investments of public funds invested under the provisions of a resolution or indenture for the issuance of bonds, notes, certificates, warrants, or other evidences of indebtedness are not subject to these rules.

**15.1(5)** The public safety peace officers’ retirement system governed by Iowa Code chapter 97A, the Iowa public employees’ retirement system governed by Iowa Code chapter 97B, investments by the Iowa finance authority governed by Iowa Code chapter 16, the state fire and police retirement system governed by Iowa Code chapter 411, and the judicial retirement system governed by Iowa Code chapter 602, article 9, are not subject to these rules. These rules also do not apply to public funds custodial agreements entered into by the treasurer of state when such agreements are on behalf of any of the entities specified in this section.

**15.1(6)** These rules do not apply to custodial agreements between an open-end management investment company registered with the Federal Securities Exchange Commission under the Federal Investment Company Act of 1940, 15 U.S.C. Sec. 80(a) and a custodian bank.

**15.1(7)** These rules do not apply to custodial agreements entered into by a public unit or the treasurer of state for the purposes of securing public funds deposits under Iowa Code chapter 12C.

**15.1(8)** These rules do not apply to Treasury Direct accounts established by a public unit with a Federal Reserve Bank for the purpose of making direct purchases of United States Treasury bills, notes or bonds.