

# Senate Study Bill 2177

## Conference Committee Text

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1 1 Section 1. Section [412.4](#), Code 1995, is amended to read as  
1 2 follows:

1 3 412.4 LEGAL RESERVE INSURANCE.

1 4 The council, board of waterworks trustees, or other board  
1 5 or commission, whichever is authorized by law to manage and  
1 6 operate any such waterworks, or other municipally owned and  
1 7 operated public utility, shall have the right and power to  
1 8 contract with any legal reserve insurance company, authorized  
1 9 to conduct its business in the state, or any bank located in  
1 10 Iowa having trust powers for the investment of funds  
1 11 contributed to an annuity or pension system, for the payment  
1 12 of the pensions or annuities provided in such pension or  
1 13 annuity retirement system, and may pay the premiums or make  
1 14 the contribution of such contract out of the fund provided in  
1 15 section 412.2. Funds contributed to a bank pursuant to such a  
1 16 contract shall be invested in the manner prescribed in section  
1 17 633.123 or [633.123A](#), and may be commingled with and invested  
1 18 as a part of a common or master fund managed for the benefit  
1 19 of more than one public utility.

1 20 Sec. 2. Section 633.123, subsection 2, unnumbered  
1 21 paragraphs 3 and 4, Code 1995, are amended by striking the  
1 22 paragraphs.

1 23 Sec. 3. NEW SECTION. 633.123A INVESTMENTS IN INVESTMENT  
1 24 COMPANIES AND INVESTMENT TRUSTS.

1 25 1. Notwithstanding any other provision of law, a bank or  
1 26 trust company acting as a fiduciary, in addition to other  
1 27 investments authorized by law for the investment of funds by a  
1 28 fiduciary or by the instrument governing the fiduciary and in  
1 29 the exercise of its investment discretion or at the direction  
1 30 of another person authorized to direct investment of funds  
1 31 held by the fiduciary, may invest and reinvest such funds in  
1 32 the securities of an open-end or closed-end management  
1 33 investment company or investment trust registered under the  
1 34 federal Investment Company Act of 1940, 15 U.S.C. } 80a-1 et  
1 35 seq. Investment and reinvestment under this section is  
2 1 allowed as long as the portfolio of such investment company or  
2 2 investment trust consists substantially of investments not  
2 3 otherwise prohibited by section 633.123 or by the governing  
2 4 instrument.

2 5 Investment and reinvestment under this section is not  
2 6 precluded merely because the bank or trust company or an  
2 7 affiliate of the bank or trust company provides the services  
2 8 of an investment advisor, custodian, transfer agent,  
2 9 registrar, sponsor, distributor, or manager to the investment  
2 10 company or investment trust and receives a reasonable fee for  
2 11 the services.

2 12 2. This section is applicable to all fiduciaries whether  
2 13 the will, agreement, or other instrument under which they are  
2 14 acting now exists on or before the effective date of this  
2 15 section.

2 16 EXPLANATION

2 17 This bill creates a new section 633.123A which provides  
2 18 that all fiduciaries may invest and reinvest in open-end and  
2 19 closed-end management investment companies and investment  
2 20 trusts registered under the federal Investment Company Act of  
2 21 1940. Investment and reinvestment under this section is

2 22 allowed so long as the portfolio of such investment company or  
2 23 investment trust consists substantially of investments not  
2 24 otherwise prohibited by section 633.123 or by the governing  
2 25 instrument. Currently, such authority is provided in section  
2 26 633.123, the model Prudent Person Investment Act, and is  
2 27 limited to fiduciaries acting under the jurisdiction of the  
2 28 court.  
2 29 Section 412.4 is amended to conform with the creation of  
2 30 the new section.  
2 31 LSB 4228SC 76  
2 32 mj/cf/24