

Iowa Code

Section 12B.10 Public Funds Investment Standards.

4. a. The treasurer of state and all other state agencies authorized to invest funds shall only purchase and invest in the following:
 - (8) Investments authorized under subsection 7.

5. a. Political subdivisions of this state, including entities organized pursuant to chapter 28E whose primary function is other than to jointly invest public funds, shall purchase and invest only in the following:
 - (9) Investments authorized under subsection 7.

7. Notwithstanding sections 12C.2, 12C.4, 12C.6, 12C.6A, and any other provision of law relating to the deposits of public funds, if public funds are deposited in a depository, as defined in section 12C.1, any uninsured portion of the public funds invested through the depository may be invested in insured deposits or certificates of deposit arranged by the depository that are placed in or issued by one or more federally insured banks or savings associations regardless of location for the account of the public funds depositor if all of the following requirements are satisfied:
 - a. The full amount of the principal and any accrued interest on such public funds or each such certificate of deposit issued shall be covered by federal deposit insurance.
 - b. The depository, either directly or through an agent or subcustodian, shall act as custodian of the insured deposits or certificates of deposit.
 - c. On the same day that the public funds deposits are placed or the certificates of deposit are issued, the depository shall have received deposits in an amount eligible for federal deposit insurance from, and, with regard to certificates of deposit, shall have issued certificates of deposit to, customers of other financial institutions wherever located that are equal to or greater than the amount of public funds invested under this subsection by the public funds depositor through the depository.¹

Disclaimer: Neither Reich & Tang nor any of its affiliates provides legal advice. You should consult with your own legal advisor.

Prepared February 2014

¹ Highlight added editorially; participating banks should take note that the rule requires the bank to take reciprocal deposits in order to qualify under these provisions.