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UNLIMITED

STATE GOVERNMENT  
FILED MAR 1 '01

SENATE FILE 323  
BY DRAKE

Passed Senate, Date <sup>(P.811)</sup> 3-26-01 Passed House, Date <sup>(P.1320)</sup> 4/23/01  
Vote: Ayes 47 Nays 0 Vote: Ayes 98 Nays 0  
Approved 5/2/01

A BILL FOR

1 An Act relating to the standard for investment of retirement  
2 funds by municipal utilities.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 323  
STATE GOVERNMENT

1 Section 1. Section 12B.10, subsection 6, Code 2001, is  
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. k. Investments by municipal utility  
4 retirement systems governed under chapter 412.

5 Sec. 2. Section 12B.10B, subsection 3, Code 2001, is  
6 amended by adding the following new paragraph:

7 NEW PARAGRAPH. j. Municipal utility retirement systems  
8 governed under chapter 412.

9 Sec. 3. Section 12B.10C, Code 2001, is amended by adding  
10 the following new subsection:

11 NEW SUBSECTION. 9. Municipal utility retirement systems  
12 governed under chapter 412.

13 Sec. 4. Section 412.4, Code 2001, is amended to read as  
14 follows:

15 412.4 PAYMENTS AND INVESTMENTS.

16 The council, board of waterworks trustees, or other board  
17 or commission, whichever is authorized by law to manage and  
18 operate any such waterworks, or other municipally owned and  
19 operated public utility, shall have the right and power to  
20 contract with any legal reserve insurance company authorized  
21 to conduct its business in the state, or any bank located in  
22 Iowa having trust powers for the investment of funds  
23 contributed to an annuity or pension system, for the payment  
24 of the pensions or annuities provided in such pension or  
25 annuity retirement system, and may pay the premiums or make  
26 the contribution of such contract out of the fund provided in  
27 section 412.2. Funds may be invested in any investments  
28 authorized for the Iowa public employees' retirement fund  
29 under section 97B.7, subsection 2, paragraph "b". Funds  
30 contributed to a bank pursuant to such a contract shall be  
31 invested in the manner prescribed in section 633.123A or  
32 chapter 633, division XX, part 4, subpart C, and may be  
33 commingled with and invested as a part of a common or master  
34 fund managed for the benefit of more than one public utility.

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EXPLANATION

1 This bill provides that investments by municipal utilities  
2 governed under Code chapter 412, which relates to municipal  
3 utility retirement systems, are not subject to the standards  
4 for investment of public funds specified in Code section  
5 12B.10, 12B.10B, or 12B.10C. The bill requires that  
6 investments by municipal utility retirement systems are  
7 subject to the standards which apply to investments for the  
8 Iowa public employees' retirement fund contained in Code  
9 section 97B.7, subsection 2, paragraph "b".

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SENATE FILE 323

S-3215

1 Amend Senate File 323 as follows:  
2 1. Page 1, by striking lines 27 through 29 and  
3 inserting the following: "section 412.2. Funds shall  
4 be invested in accordance with the investment policy  
5 for the retirement fund, as established by the  
6 governing body of the public utility. In establishing  
7 the investment policy, the governing body shall be  
8 governed by the standards stated in section 97B.7,  
9 subsection 2, paragraph "b", except that the public  
10 utility shall only invest in diversified commingled  
11 investment funds holding publicly traded securities.  
12 Funds".

By RICHARD F. DRAKE

*W/D 3/26/01 (p. 811)*  
S-3215 FILED MARCH 21, 2001

SENATE FILE 323

S-3229

1 Amend Senate File 323 as follows:  
2 1. Page 1, by striking lines 27 through 29 and  
3 inserting the following: "section 412.2. Funds shall  
4 be invested in accordance with the investment policy  
5 for the retirement fund, as established by the  
6 governing body of the public utility. In establishing  
7 the investment policy, the council, board or  
8 commission shall be governed by the standards set  
9 forth in section 97B.7, subsection 2, paragraph "b".  
10 However, permissible investments shall be limited to  
11 those investments authorized in section 12B.10,  
12 subsection 5, and investments in diversified  
13 commingled investment funds holding only publicly  
14 traded securities and under the management of an  
15 investment advisor registered with the federal  
16 securities and exchange commission under the  
17 Investment Advisor Act of 1940. Funds".

By RICHARD F. DRAKE

S-3229 FILED MARCH 26, 2001  
ADOPTED *3/26/01 (p. 811)*



1 Section 1. Section 12B.10, subsection 6, Code 2001, is  
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. k. Investments by municipal utility  
4 retirement systems governed under chapter 412.

5 Sec. 2. Section 12B.10B, subsection 3, Code 2001, is  
6 amended by adding the following new paragraph:

7 NEW PARAGRAPH. j. Municipal utility retirement systems  
8 governed under chapter 412.

9 Sec. 3. Section 12B.10C, Code 2001, is amended by adding  
10 the following new subsection:

11 NEW SUBSECTION. 9. Municipal utility retirement systems  
12 governed under chapter 412.

13 Sec. 4. Section 412.4, Code 2001, is amended to read as  
14 follows:

15 412.4 PAYMENTS AND INVESTMENTS.

16 The council, board of waterworks trustees, or other board  
17 or commission, whichever is authorized by law to manage and  
18 operate any such waterworks, or other municipally owned and  
19 operated public utility, shall have the right and power to  
20 contract with any legal reserve insurance company authorized  
21 to conduct its business in the state, or any bank located in  
22 Iowa having trust powers for the investment of funds  
23 contributed to an annuity or pension system, for the payment  
24 of the pensions or annuities provided in such pension or  
25 annuity retirement system, and may pay the premiums or make  
26 the contribution of such contract out of the fund provided in  
27 section 412.2. Funds shall be invested in accordance with the  
28 investment policy for the retirement fund, as established by  
29 the governing body of the public utility. In establishing the  
30 investment policy, the council, board or commission shall be  
31 governed by the standards set forth in section 97B.7,  
32 subsection 2, paragraph "b". However, permissible investments  
33 shall be limited to those investments authorized in section  
34 12B.10, subsection 5, and investments in diversified  
35 commingled investment funds holding only publicly traded

1 securities and under the management of an investment advisor  
2 registered with the federal securities and exchange commission  
3 under the Investment Advisor Act of 1940. Funds contributed  
4 to a bank pursuant to such a contract shall be invested in the  
5 manner prescribed in section 633.123A or chapter 633, division  
6 XX, part 4, subpart C, and may be commingled with and invested  
7 as a part of a common or master fund managed for the benefit  
8 of more than one public utility.

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SENATE FILE 323

AN ACT

RELATING TO THE STANDARD FOR INVESTMENT OF RETIREMENT FUNDS BY MUNICIPAL UTILITIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 12B.10, subsection 6, Code 2001, is amended by adding the following new paragraph:

NEW PARAGRAPH. k. Investments by municipal utility retirement systems governed under chapter 412.

Sec. 2. Section 12B.10B, subsection 3, Code 2001, is amended by adding the following new paragraph:

NEW PARAGRAPH. j. Municipal utility retirement systems governed under chapter 412.

Sec. 3. Section 12B.10C, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 9. Municipal utility retirement systems governed under chapter 412.

Sec. 4. Section 412.4, Code 2001, is amended to read as follows:

412.4 PAYMENTS AND INVESTMENTS.

The council, board of waterworks trustees, or other board or commission, whichever is authorized by law to manage and operate any such waterworks, or other municipally owned and operated public utility, shall have the right and power to contract with any legal reserve insurance company authorized to conduct its business in the state, or any bank located in Iowa having trust powers for the investment of funds contributed to an annuity or pension system, for the payment of the pensions or annuities provided in such pension or annuity retirement system, and may pay the premiums or make the contribution of such contract out of the fund provided in section 412.2. Funds shall be invested in accordance with the investment policy for the retirement fund, as established by the governing body of the public utility. In establishing the

investment policy, the council, board or commission shall be governed by the standards set forth in section 97B.7, subsection 2, paragraph "b". However, permissible investments shall be limited to those investments authorized in section 12B.10, subsection 5, and investments in diversified commingled investment funds holding only publicly traded securities and under the management of an investment advisor registered with the federal securities and exchange commission under the Investment Advisor Act of 1940. Funds contributed to a bank pursuant to such a contract shall be invested in the manner prescribed in section 633.123A or chapter 633, division XX, part 4, subpart C, and may be commingled with and invested as a part of a common or master fund managed for the benefit of more than one public utility.

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MARY E. KRAMER  
President of the Senate

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BRENT SIEGRIST  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 323, Seventy-ninth General Assembly.

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MICHAEL E. MARSHALL  
Secretary of the Senate

Approved 5/2, 2001

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THOMAS J. VILSACK  
Governor