

Contact: Andrea Anania

MODIFICATIONS IN BANKING AND BROKER RELATIONSHIPS

Actions Requested: Consider recommending to the Board (see page 2 for details):

- Approval of the list of financial institutions, subject to the limitations specified as to purpose and maximum amount;
- Increases and decreases of maximum deposits;
- A name change; and
- A deletion.

Executive Summary:

FINANCIAL INSTITUTIONS:

Iowa Code §12C.2 requires the Board of Regents to approve financial institutions that serve as depositories. Approval must be entered by written resolution or order into the Board's minutes, distinctly naming the approved depository, as well as specifying the maximum amount which may be kept on deposit. The Regent Policy Manual requires that changes in banking and broker relationships be reviewed by the Investment Committee and be approved by the Board before institutions are permitted to use their services.

Each Regent institution periodically reviews its banking relationship needs. Some banking relationships, such as primary relationships, are bid on a competitive basis. Other banking relationships are maintained and analyzed on an "as needed" basis.

BROKERAGE FIRMS:

Regent Policy Manual §7.08(J.2) requires that brokerage firms be approved by the Investment Committee and by the Board before institutions are permitted to use their services.

The institutions shall have the discretion to execute transactions with approved brokerage firms. Selection of brokerage firms shall be based on the quality of execution rendered, the value of research information provided, the financial health of the brokerage firm, the general business integrity of the firm, the cost of services, and the overall efficiency in transacting business. After a brokerage firm is approved by the Board, the Investment Committee shall be notified if any of the above factors change and the institution no longer wants to execute transactions through that firm.

Once a brokerage firm is approved, the broker is approved for all Regent institutions. Board approval does not compel, but rather, permits an institution to do business with a brokerage firm. There were no changes to the list of brokerage firms from last year. Current brokerage firms include:

- A. G. Edwards & Sons, Inc.
- Kirkpatrick, Pettis, Smith, and Polian, Inc.
- Piper Jaffray Companies
- RBC Dain Rauscher
- Smith Barney, a division of Citigroup Global Markets
- Wells Fargo Brokerage Services LLC

**Board of Regents, State of Iowa
Financial Institutions
September 1, 2005**

UNIVERSITY OF IOWA	<u>Maximum Deposit</u>	<u>In Iowa</u>	<u>Outside Iowa</u>
Bank of America – Des Moines (DDA) ¹	\$150,000,000 50,000,000	X	
Wells Fargo Bank Iowa – Des Moines (DDA) ²	75,000,000	X	
US Bank Iowa – Cedar Rapids (DDA)	20,000,000	X	
US Bank – Iowa City (DDA)	20,000,000	X	
Iowa State Bank and Trust – Iowa City (DDA) ³	20,000,000	X	
Wells Fargo Bank Iowa – Atlantic ⁴		X	
Wells Fargo Bank – Minnesota ⁵			X
Wells Fargo Bank Ohio – Van Wert ⁴			X
IOWA STATE UNIVERSITY	<u>Maximum Deposit</u>	<u>In Iowa</u>	<u>Outside Iowa</u>
Bankers Trust – Des Moines ⁶	\$100,000,000	X	
Wells Fargo Bank – Des Moines ⁷	20,000,000	X	
First National Bank – Ames	1,000,000	X	
US Bank – Ames	1,000,000	X	
Chase Manhattan Bank Delaware ⁸			X
Wells Fargo Bank – Minnesota ⁹			X
Bank of America – Des Moines ¹⁰		X	
UNIVERSITY OF NORTHERN IOWA	<u>Maximum Deposit</u>	<u>In Iowa</u>	<u>Outside Iowa</u>
Wells Fargo Bank Iowa – Cedar Falls (DDA Account) ¹¹	\$20,000,000 30,000,000	X	
Union Planters Bank Iowa – Cedar Falls (DDA Account) ¹¹	\$20,000,000 20,000,000	X	
BNY Midwest Trust Company (Chicago) ¹²			X
Wells Fargo Bank – Minnesota ¹³			X
Union Planters Bank – Taylorville, Illinois ¹⁴			X
IOWA SCHOOL FOR THE DEAF	<u>Maximum Deposit</u>	<u>In Iowa</u>	<u>Outside Iowa</u>
US Bank – Council Bluffs	\$3,000,000	X	
Wells Fargo Bank – Des Moines ¹⁵		X	
IOWA BRAILLE AND SIGHT SAVING SCHOOL	<u>Maximum Deposit</u>	<u>In Iowa</u>	<u>Outside Iowa</u>
Union Planters Bank, N.A., a Regions Financial Company – Vinton	\$1,600,000 1,000,000	X	
US Bank – Cedar Rapids	\$350,000 750,000	X	
Farmers Savings Bank and Trust – Vinton	200,000	X	

- 1 Includes account for lockbox.
- 2 Includes various accounts required for bond issues, lockbox, and trust accounts for bond issues.
- 3 Includes trust fund for Auditorium Defeasance bond issue.
- 4 Controlled disbursement account.
- 5 Used for paying agent required by various bond resolutions, trust accounts for fund managers, and custodial accounts for University investments.
- 6 Concentration, lockbox, and controlled disbursement accounts.
- 7 Paying agent.
- 8 Controlled disbursement.
- 9 Paying agent.
- 10 Credit Card Processor.
- 11 Includes various accounts required by bond issues.
- 12 Paying agent.
- 13 Used for trust accounts for fund managers and custodial accounts for University investments.
- 14 Controlled disbursement.
- 15 Investment paying agent.