

**Contact: Andrea Anania**

**ANNUAL REVIEW OF BANKING AND BROKER RELATIONSHIPS**

**Action Requested:** Consider approval of the list of financial institutions as illustrated on page two, including two increases, an addition, a deletion, and a name change; subject to the limitations specified as to purpose and maximum amount.

**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 §7.08(J.2) requires that changes in investment relationships be reviewed by the Audit/Compliance and 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.

The universities report that interest rates offered on bank deposits are competitive with money market vehicles which may result in larger demand deposit balances.

**BROKERAGE FIRMS**

Regent Policy Manual §7.08(J.2) requires that brokerage firms be approved by the Audit/Compliance and 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 Audit/Compliance and 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 was one name change 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~~ UBS Financial Services, Inc.
- 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, 2006**

| <b>UNIVERSITY OF IOWA</b>                                                                 | <u>Maximum Deposit</u>              | <u>In Iowa</u> | <u>Outside Iowa</u> |
|-------------------------------------------------------------------------------------------|-------------------------------------|----------------|---------------------|
| Wells Fargo Bank – Iowa (DDA) <sup>1, 6, 7, 9</sup>                                       | <u>\$375,000,000</u><br>75,000,000  | X              |                     |
| Bank of America – Des Moines (DDA) <sup>1, 5</sup>                                        | 150,000,000                         | X              |                     |
| Iowa State Bank and Trust – Iowa City (DDA) <sup>7</sup>                                  | 20,000,000                          | X              |                     |
| US Bank Iowa – Cedar Rapids (DDA)                                                         | 20,000,000                          | X              |                     |
| US Bank – Iowa City (DDA)                                                                 | 20,000,000                          | X              |                     |
| Wells Fargo Bank – Atlantic <sup>2</sup>                                                  |                                     | X              |                     |
| Wells Fargo Bank – Minnesota <sup>4, 6, 8</sup>                                           |                                     |                | X                   |
| Wells Fargo Bank – Van Wert, Ohio <sup>2</sup>                                            |                                     |                | X                   |
| <b>IOWA STATE UNIVERSITY</b>                                                              | <u>Maximum Deposit</u>              | <u>In Iowa</u> | <u>Outside Iowa</u> |
| Bankers Trust – Des Moines <sup>1, 2, 5</sup>                                             | <u>\$150,000,000</u><br>400,000,000 | X              |                     |
| Wells Fargo Bank – Des Moines <sup>6</sup>                                                | 20,000,000                          | X              |                     |
| First National Bank – Ames                                                                | 1,000,000                           | X              |                     |
| US Bank – Ames                                                                            | 1,000,000                           | X              |                     |
| Chase Manhattan Bank – Wilmington, Delaware <sup>2</sup>                                  |                                     |                | X                   |
| Wells Fargo Bank – Minneapolis, Minnesota <sup>4, 6, 8</sup>                              |                                     |                | X                   |
| Bank of America – Des Moines <sup>3</sup>                                                 |                                     | X              |                     |
| <b>UNIVERSITY OF NORTHERN IOWA</b>                                                        | <u>Maximum Deposit</u>              | <u>In Iowa</u> | <u>Outside Iowa</u> |
| Wells Fargo Bank – Cedar Falls (DDA Account) <sup>9</sup>                                 | \$30,000,000                        | X              |                     |
| <del>Union Planters Bank Iowa</del> Regions Bank – Cedar Falls (DDA Account) <sup>9</sup> | 20,000,000                          | X              |                     |
| <del>BNY Midwest Trust Company (Chicago)<sup>6</sup></del>                                |                                     |                | X                   |
| Wells Fargo Bank – Minnesota <sup>4, 8</sup>                                              |                                     |                | X                   |
| <del>Union Planters Bank Iowa</del> Regions Bank – Taylorville, Illinois <sup>2</sup>     |                                     |                | X                   |
| <b>IOWA SCHOOL FOR THE DEAF</b>                                                           | <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 <sup>6</sup>                                                |                                     | X              |                     |
| <b>IOWA BRAILLE AND SIGHT SAVING SCHOOL</b>                                               | <u>Maximum Deposit</u>              | <u>In Iowa</u> | <u>Outside Iowa</u> |
| <del>Union Planters Bank, N.A., a Regions Financial Company</del> Regions Bank – Vinton   | \$1,600,000                         | X              |                     |
| US Bank – Cedar Rapids                                                                    | \$350,000                           | X              |                     |

DDA = Demand Deposit Account

1. Concentration.
2. Controlled Disbursement Account.
3. Credit Card Processor.
4. Custodial Accounts for University Investments.
5. Lockbox Included.
6. Paying Agent.
7. Trust Accounts for Bond Issues.
8. Trust Accounts for Fund Managers.
9. Various Accounts Required by Bond Issues.