

Contact: Andrea Anania

ANNUAL REVIEW OF BROKERAGE FIRMS AND FINANCIAL INSTITUTIONS

Action Requested: Approve proposed changes to the financial institutions as illustrated below; no changes to brokerage firms are requested.

Executive Summary: Regent Policy Manual §7.08J requires that changes in investment relationships be reviewed by the Audit/Compliance and Investment (ACIC) and approved by the Board before institutions are permitted to use their services.

SUI requests increases in maximum deposit limits for several banks where the University holds certificates of deposit for short-term investment and operating purposes.

FINANCIAL INSTITUTIONS: Iowa Code §12C.2 requires that the Board of Regents approve financial institutions that serve as depositories of its public funds. Approval must be entered by written resolution or order into the Board's minutes, distinctly naming each approved depository and specifying the maximum amount which may be kept on deposit.

BROKERAGE FIRMS: Once Board approval is granted, brokerage firms may be used by all Regent institutions.

Brokerage Firms as of October 2010

- ◆ D.A. Davidson & Co.
- ◆ Morgan Stanley Smith Barney
- ◆ Raymond James & Associates
- ◆ RBC Wealth Management
- ◆ Wells Fargo Brokerage Services LLC

Financial Institutions as of October 2010

<u>Institution</u>	<u>Location</u>	<u>Maximum Deposit</u>
UNIVERSITY OF IOWA		
Wells Fargo Bank	Iowa	\$700,000,000
Bank of America	Iowa	\$500,000,000
U.S. Bank	Iowa	\$500,000,000
Dubuque Bank & Trust	Iowa	<u>\$30,000,000</u> \$25,000,000
Hills Bank & Trust Company	Iowa	<u>\$30,000,000</u> \$25,000,000
MidwestOne Bank	Iowa	<u>\$30,000,000</u> \$25,000,000
University of Iowa Community Credit Union	Iowa	<u>\$30,000,000</u> \$25,000,000
West Bank	Iowa	<u>\$30,000,000</u> \$25,000,000
Wells Fargo Bank ¹	Minnesota	--
Wells Fargo Bank ²	Ohio	--
IOWA STATE UNIVERSITY		
Bankers Trust, Des Moines	Iowa	\$150,000,000
Bank of America	Iowa	\$100,000,000
U.S. Bank	Iowa	\$100,000,000
Wells Fargo Bank	Iowa	\$100,000,000
First National Bank, Ames	Iowa	\$25,000,000
Great Western Bank	Iowa	\$50,000,000
Wells Fargo Bank ¹	Minnesota	--

Financial Institutions as of October 2010 (continued)

<u>Institution</u>	<u>Location</u>	<u>Maximum Deposit</u>
UNIVERSITY OF NORTHERN IOWA		
Wells Fargo Bank	Iowa	\$30,000,000
Regions Bank	Iowa	\$30,000,000
U.S. Bank	Iowa	\$30,000,000
Regions Bank ²	Illinois	--
Wells Fargo Bank ¹	Minnesota	--
IOWA SCHOOL FOR THE DEAF		
U.S. Bank	Iowa	\$3,000,000
Wells Fargo Bank ²	Iowa	--
IOWA BRAILLE AND SIGHT SAVING SCHOOL		
Regions Bank	Iowa	\$1,600,000
U.S. Bank	Iowa	\$350,000

1. Custodial Account.

2. Controlled Disbursement Account.

Maximum deposit amounts are not required for custodial and controlled disbursement accounts.

Disclosures:

With respect to the financial institutions and brokers listed in this memorandum, the: (1) Regents; (2) University Presidents, Vice Presidents of Business and Finance, and Treasurers; and (3) Special School Superintendents and Directors of Business Operations disclose the following:

- ◆ From October 1, 2009, to December 31, 2009, President Miles was President and Chief Executive Officer of WB Capital Management, Inc., a wholly-owned subsidiary of West Bancorporation, which also owns West Bank, an approved financial institution (as part of a transaction by which Miles Capital Holdings, Inc. agreed to acquire WB Capital from West Bancorporation on December 31, 2009.) President Miles is not a shareholder or director of West Bancorporation or West Bank. President Miles has a loan from West Bank. Miles Capital Holdings, Inc., a company that President Miles controls, has a loan through West Bank.
- ◆ President Pro Tem Evans is a shareholder of U.S. Bank.
- ◆ Regent Downer is a shareholder of: (1) Midwest One Financial Group, holding company for MidwestOne Bank, N.A. of Iowa City; (2) U.S. Bancorporation, the parent company of U.S. Bank; and (3) Hills Bancorporation, holding company for Hills Bank and Trust Company. He also periodically performs legal services for Hills Bancorporation. Regent Downer has a renewal of credit at MidWestOne Bank, N.A.
- ◆ Regent Gartner controls a trust that owns shares of West Bank and Bank of America.
- ◆ SUI President Sally Mason is a director and shareholder of MidwestOne Bank.
- ◆ ISU President Gregory L. Geoffroy is a member of the Board of Directors of Bankers Trust of Des Moines.
- ◆ ISU Vice President Warren R. Madden is a shareholder of Ames National Corporation (ANC) and member of the Boards of Directors of ANC and First National Bank (FNB), Ames. ANC is a holding company that fully owns five banks, including First National Bank, Ames, which is on the list of financial institutions on page 2; the other four are not authorized to do business with the Regents institutions. Vice President Madden reports that ISU's Treasurer handles all decisions regarding activities or relationships when these institutions are involved; he is not involved.
- ◆ ISD Director of Business Operations Jim Heuer is a shareholder of U.S. Bank.