

**MEMORANDUM**

**To:** Banking Committee  
**From:** Board Office  
**Subject:** Modification of Institutional Banking Relationships  
**Date:** September 9, 2002

**Recommended Action:**

Recommend the Board approve the list of financial institutions, subject to the limitations specified as to purpose and maximum amount, as detailed on the accompanying tables (pages 3 and 4).

**Executive Summary:**

**Requirements**      Iowa Code §12C.2 requires the Board of Regents to approve financial institutions that serve as depositories.

Regent Policy Manual §7.34(H) states that proposed changes to banking relationships shall be reviewed by the Banking Committee and approved by the Board. The institutions are requesting Board approval of changes to the list of financial institutions.

**Proposed Changes**      The proposed changes are reflected in the tables on pages 3 and 4 and listed by institution as follows:

**SUI**      The University reported name changes from the Firststar Bank Iowa – Cedar Rapids and the Firststar Bank – Iowa City to the US Bank Iowa – Cedar Rapids and the US Bank – Iowa City.

The University requested that the Firststar Wisconsin bank be deleted. The UIHC lockbox is now posted directly to the US Bank-Iowa City account.

**ISU**      The University reported a name change from the Firststar Bank – Ames to the US Bank – Ames.

The University requested arbitrage rebate be deleted from Bankers Trust in Des Moines. The University also requested that Bank of America – Des Moines be added as credit card processor.

**UNI**      The University of Northern Iowa requested that Firststar Bank Iowa – Cedar Falls (DDA Account) and Wells Fargo Bank Iowa – Atlantic (Controlled Disbursement Account) be deleted.

**ISD**      The school reported a name and location change from the Firststar Bank – Cedar Rapids to the US Bank – Council Bluffs.

**IBSSS**      The school reported a name change from the Firststar Bank – Cedar Rapids to the US Bank – Cedar Rapids.

---

**Background and Analysis:**

Strategic Plan      The Board's strategic plan, Key Result Area 4, requires the Board to exercise effective stewardship of institutional resources to maintain the confidence and support of the public in the utilization of existing financial resources.

Iowa Code /  
Regent Policy  
Manual      Iowa Code §12C.2 requires Board approval of financial institutions 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.

Depositories must be located within the state of Iowa, except as prescribed by law. The Regent institutions use banks outside the state for accounts established pursuant to bond issuances, as allowed by law, and controlled disbursement accounts. Controlled disbursement accounts carry negative or very small positive balances until the universities transfer funds from Iowa banks to bring the account balances back to zero.

Iowa Code §12B.10C requires agents for public funds custodial agreements to obtain security or documentation of ownership or title evidencing public funds investments. The Regent institutions maintain custodial agreements as required by law. Custodial agreements do not apply to public funds invested under provisions of bond resolutions or indentures, notes, certificates, warrants, or other evidences of indebtedness.

Iowa Code requirements are incorporated into the Regent Policy Manual §7.34(H), which states that proposed changes to banking relationships shall be reviewed by the Banking Committee and approved by the Board.

Banking  
Relationships  
Process      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 comprehensive listing of financial institutions utilized by the Regent institutions is reviewed by the Banking Committee and approved by the Board when changes are necessary. The Board last approved the listing of financial institutions at its November 2001 meeting.

---

**Board of Regents, State of Iowa  
Financial Institutions  
September 9, 2002**

<u><b>UNIVERSITY OF IOWA</b></u>	Maximum Deposit	Location of Institution	
		Iowa	Outside Iowa
Wells Fargo Bank Iowa – Des Moines (DDA) <sup>1</sup>	\$75,000,000	X	
FirststarUS Bank Iowa – Cedar Rapids (DDA)	20,000,000	X	
FirststarUS Bank – Iowa City (DDA)	20,000,000	X	
Iowa State Bank and Trust – Iowa City (DDA) <sup>2</sup>	20,000,000	X	
Wells Fargo Bank Iowa – Atlantic <sup>3</sup>		X	
Bank One – Chicago <sup>4</sup>			X
Firststar Wisconsin <sup>5</sup>			X
Wells Fargo Bank – Minnesota <sup>6</sup>			X
Wells Fargo Bank Ohio – Van Wert <sup>7</sup>			X

<sup>1</sup> Includes various accounts required for bond issues, lockbox, and trust accounts for bond issues.

<sup>2</sup> Includes trust fund for Auditorium Defeasance bond issue.

<sup>3</sup> Controlled disbursement account.

<sup>4</sup> Trust fund for Human Biology Research Facility (HBRF) bonds.

<sup>5</sup> ~~Lockbox for UIHC – clearing account only.~~

<sup>6</sup> Used for paying agent required by various bond resolutions, trust accounts for fund managers, and custodial accounts for University investments.

<sup>7</sup> Controlled disbursement.

<u><b>IOWA STATE UNIVERSITY</b></u>	Maximum Deposit	Location of Institution	
		Iowa	Outside Iowa
Bankers Trust – Des Moines <sup>8</sup>	\$75,000,000	X	
Wells Fargo Bank – Des Moines <sup>9</sup>	20,000,000	X	
First National Bank – Ames	1,000,000	X	
FirststarUS Bank – Ames	1,000,000	X	
Chase Manhattan Bank Delaware <sup>10</sup>			X
Wells Fargo Bank – Minnesota <sup>11</sup>			X
Bank of America – Des Moines <sup>12</sup>		X	

<sup>8</sup> ~~Arbitrage rebate with eC~~ concentration account, lockbox, and controlled disbursement ~~added effective 7/1/97~~ accounts.

<sup>9</sup> Paying agent.

<sup>10</sup> Controlled disbursement.

<sup>11</sup> Paying agent.

<sup>12</sup> Credit Card Processor.

**Board of Regents, State of Iowa  
Financial Institutions (continued)  
September 9, 2002**

<b><u>UNIVERSITY OF NORTHERN IOWA</u></b>	<u>Maximum Deposit</u>	<u>Location of Institution</u>	
		<u>Iowa</u>	<u>Outside Iowa</u>
Wells Fargo Bank Iowa – Cedar Falls (DDA Account) <sup>13</sup>	\$20,000,000	X	
Union Planters Bank – Cedar Falls <sup>14</sup>	20,000,000	X	
<del>Firststar Bank Iowa – Cedar Falls (DDA Account)</del>	<del>8,000,000</del>	<del>X</del>	
<del>Wells Fargo Bank Iowa – Atlantic<sup>15</sup></del>	<del>10,000</del>	<del>X</del>	
Bank of New York (St. Louis) <sup>16</sup>			X
Wells Fargo Bank – Minnesota <sup>17</sup>			X
Union Planters Bank – Goreville, Illinois <sup>18</sup>			X

<sup>13</sup> Includes various accounts required by bond issues.

<sup>14</sup> Includes various accounts required by bond issues.

~~<sup>15</sup> Controlled disbursement.~~

<sup>16</sup> Paying agent.

<sup>17</sup> Used for trust accounts for fund managers and custodial accounts for University investments.

<sup>18</sup> Controlled disbursement.

<b><u>IOWA SCHOOL FOR THE DEAF</u></b>	<u>Maximum Deposit</u>	<u>Location of Institution</u>	
		<u>Iowa</u>	<u>Outside Iowa</u>
<del>FirststarUS Bank – Cedar Rapids Council Bluffs</del>	<del>\$3,000,000</del>	<del>X</del>	
Wells Fargo Bank – Des Moines <sup>19</sup>		X	

<sup>19</sup> Investment paying agent.

<b><u>IOWA BRAILLE AND SIGHT SAVING SCHOOL</u></b>	<u>Maximum Deposit</u>	<u>Location of Institution</u>	
		<u>Iowa</u>	<u>Outside Iowa</u>
Union Planters Bank	\$1,000,000	X	
<del>FirststarUS Bank – Cedar Rapids</del>	<del>750,000</del>	<del>X</del>	
Farmers Savings Bank and Trust – Vinton	200,000	X	