

Contact: Andrea Anania

**ANNUAL REVIEW OF BROKERAGE FIRMS AND FINANCIAL INSTITUTIONS**

**Action Requested:** Recommend that the Board approve this annual review. Changes include:

- ▶ SUI - an increase in the maximum deposit amount with Bank of the West; and
- ▶ ISU - the addition of Bank of the West and an increase in the maximum deposit amount with Great Western Bank.

**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.

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 September 12, 2012**

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

**Financial Institutions as of September 12, 2012**

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

Financial Institutions as of September 12, 2012 (continued)

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

- ◆ Regent Miles has a loan from West Bank. Miles Capital Holdings, Inc., a company that Regent Miles controls, has a loan through West Bank.
- ◆ Regent Evans is a shareholder of Hills Bancorporation.
- ◆ 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 Downer is also a Class B shareholder in Berkshire, Hathaway, Inc., owner of MidAmerican Energy.
- ◆ SUI President Sally Mason is a shareholder of MidwestOne Bank.
- ◆ ISU President Steven Leath 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 1; 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.