

Utah Money Management Council

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P. O. Box 142315
Salt Lake City, Utah 84114-2315
(801) 538-1883 (801) 538-1465 Fax
mmcouncil@utah.gov



MONEY MANAGEMENT COUNCIL MEETING
FRIDAY MARCH 21, 2014
AT THE UTAH STATE TREASURER'S OFFICE
350 NORTH STATE STREET
SUITE 180
3:00 PM

A G E N D A

1. APPROVAL OF THE MINUTES OF THE JANUARY 16, 2014 MEETING
2. MONTHLY AND QUARTERLY REPORTS
 - A) Division of Securities
 - B) Department of Financial Institutions
 - C) Deposit and Investment report update
 - D) Review of enforcement actions on financial institutions
3. UNIVERSITY OF UTAH-REQUEST FOR APPROVAL OF FOREIGN DEPOSITORY
4. OTHER BUSINESS AS NEEDED
5. SCHEDULE NEXT MEETING

In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this meeting should notify Kathy Wilkey, Administrative Assistant, at Room 180 State Capitol Building, (801) 538-1468.

Mark O. McRae, Chair
Bountiful City
790 South 100 East
Bountiful, UT 84010
Phone (801) 298-6090
mmcrae@bountifulutah.gov

Mark D. Watkins, Vice Chair
US Bank
170 South Main St., Ste 600
Salt Lake City, UT 84101
Phone (801) 534-6209
mark.d.watkins@usbank.com

Kirt Slauch
Key Bank
36 S. State Street, Ste 2500
Salt Lake City UT 84111
Phone (801) 297-5717
kirt_w_slauch@keybank.com

John B. Bond
Weber County
2380 Washington Blvd., Ste 350
Ogden, UT 84401
Phone (801) 399-8007
jbond@co.weber.ut.us

Douglas L. DeFries
Bank of Utah
2605 Washington Blvd.
Ogden, UT 84401
Phone (801) 409-5175
ddfries@bankofutah.com

**STATE MONEY MANAGEMENT COUNCIL-MINUTES
THURSDAY FEBRUARY 20, 2014**

The regular meeting of the State Money Management Council was held in the Offices of US Bank at 170 South Main Street, Suite 600, at 3:00 p.m., Thursday, February 20, 2014. In attendance were:

Mark Watkins, Chair
Kirt Slaugh, Vice Chair
Doug DeFries
John Bond
Ann Pedroza, Staff
Laurie Noda, Assistant Attorney General
David Damschen, Deputy State Treasurer
Christine Brandt, State Investment Officer
Tom Bay, Department of Financial Institutions
Betsy Ross, State Treasurer's Office
Mel Smith, University of Utah
Rob Muir, University of Utah
Scott Burnett, Zions Wealth Advisors
Diane Veltri, Zions Wealth Advisors

Nominate and Vote for Chair and Vice Chair

Mr. Watkins was nominated for Chair. Mr. Slaugh was nominated for Vice Chair. Council then voted Mr. Watkins as Chair and Mr. Slaugh as Vice Chair.

Minutes of January Meeting

The minutes of the January 16, 2014 meeting were approved unanimously.

Monthly Reports

Securities Division:

Ms. Black sent an e-mail informing the Council that there were no changes to either the Certified Dealers or the Certified Investment Advisors.

Financial Institutions' Report:

Mr. Bay then reviewed the monthly report as of January month end noting that Gunnison Valley Bank was still over 90% usage of their uninsured allotment. Mr. Bay indicated that he would send out the quarterly reminder to Gunnison Valley Bank. Mr. Bay then briefly reviewed the five financial institutions with the Council that are still under consent orders from the Federal Reserve Bank. He informed the Council that Holladay Bank will be released from their Consent Order within a month or so and First Utah Bank will be off soon after. Mr. Bay then informed the Council that The Village Bank will be merging with Cache Valley Bank and will then drop off the list. The other two institutions have made progress on their Consent Orders but a release date is further out. Council discussed the report and the information briefly.

Late Deposit and Investment Report Update:

Ms. Pedroza noted for the Council that there are 175 reports that have not been filed for the December 2013 reporting period. The second notice has not been sent out yet but will go out within a week.

Review of Enforcement Actions:

Mr. Damschen informed the Council that there were no new enforcement actions since the last meeting.

Acceptance of Reports:

It was motioned and seconded, and all of the above reports were accepted unanimously.

Review of State Treasurer's 12/31/13 D&I Report

Ms. Pedroza presented the report to the Council noting that it is generated on the Bloomberg system and has a composite rating of "A". Ms. Pedroza noted on the securities that Bloomberg had listed a BBB rating on she had written in the current ratings as Bloomberg only looks at Moody's and S&P and the Act allows for other NRSRO's. Ms. Pedroza then reviewed several securities noting that they all met the criteria for investment at time of purchase and all were stable in their rating criteria. Council then briefly reviewed the portfolio and made inquiries of Ms. Brandt.

Review Comments Regarding Rule 21

Ms. Pedroza informed the Council that copies of the two comments received were included in the packet. These were the only comments received and none were received from public entities. Both comments expressed concern that Paragraph 6-Limitations on Use of Reciprocal Deposits, was not needed. Council discussed the comments and the rule at length. In discussions it was noted that the rule can be changed if there are issues with the usage of these types of deposits. It was then noted by Mr. Slaugh that he would like to review the rule and its impact in a year. Council concurred. Council then voted unanimously to remove paragraph 6-Limitations on Use of Reciprocal Deposits.

Foreign Exchange Hedge-University of Utah

Mr. Muir from the University of Utah informed the Council that they collect funds from students that are participating in studies abroad six months before the University pays out for services to various agencies (travel agencies etc.), for their services to the students going abroad. Because of the changes that occur in currency markets the University charges the students more than the actual costs incurred at time of purchase. They would like to open a foreign exchange with Wells Fargo Bank to mitigate the overcharges. The University is asking the Council if they can do so under the new Rule 20-Foreign Deposits for Higher Education Institutions. Council discussed this at length with feedback from Mr. Damschen being that it may not fit under this section of the Act or Rule 20 that applies to this section. After further discussion, Ms. Noda asked that she be allowed to check some on the question and get back to the Council.

Schedule Next Meeting

The Council then scheduled the next meeting for March 20, 2014 at 3:00 p.m. in the offices of the State Treasurer at 350 North State Street, Room 180. With no other business before the Council, they adjourned at 4:32 p.m.

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Current List Certified Dealer
DATE:	March 21, 2014

The following is the list of Certified Dealers and Agent(s) effective March 21 2014:

Ameriprise Financial Services, Inc.

Agents:	Daniel S. Nelsen	7730 Union Park Avenue, Suite 300
		Midvale, UT 84047
	Bruce R. Wingrove	" "
	Rex Baxter	" "

Barclays Capital Inc.

Agents:	Peter Bjurstein	555 California Street, 30th Floor
		San Francisco, CA 94104

BNP Paribas Securities Corp.

Agents:	Amit Ashok Jogonal	2527 Camino Ramon
		San Ramon, CA 94583
	Alexandra Maria Linden	" "
	Paul Thomas Montaquila	" "
	Anthony Hoan Pham	" "
	Kari Prichard	" "

DA Davidson & Co.

Agents:	Hank Jenkins	1600 Broadway, Suite 1100
		Denver, CO 80202
	Traci Lohnes Salinas	7730 South Union Park Avenue, Suite 220
		Midvale, UT 84047
	Nicholas Yip	" "

George K. Baum & Company

Agents: Susan P. Gardner

Joseph C. Higginbottom

Frederic H. Jones

Stephen L. Strong

Brett C. Turnbull

4801 Main Street, Suite 500

Kansas City, MO 64112

1400 Wewatta Street, Suite 800

Denver, CO 80202

15 West South Temple, #1090

Salt Lake City, UT 84101

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4801 Main Street, Suite 500

Kansas City, MO 64112

Goldman Sachs & Co.

Agents: Ryan Newman

Chris Trinkus

200 West Street 5th Floor

New York, NY 10282

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Incapital LLC

Agents: William H. Money III

Marcus Nield

299 South Main Street, Suite 1317

Salt Lake City, UT 84111

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LPL Financial LLC

Agents: Stephen H. Beierlein

Timothy W. Floyd

Chad D. Waddoups

5929 South Fashion Point Drive

Ogden, UT 84403

2104 West Sunset Boulevard

St. George, UT 84770

7181 South Campus View Drive

West Jordan, UT 84084

Morgan Stanley

Agents: Cody Adams

Paul Barton

Deidre M. Cortney

Johnthomas L. Cumbow

Douglas Felt

Phil Fonfara

60 East South Temple 20th Floor

Salt Lake City, UT 84111

6510 S. Millcreek Drive, Suite 100

Holladay, UT 84121

3033 East 1st Avenue, Suite 820

Denver, CO 80206

50 North Laura Street, Suite 2000

Jacksonville, FL 32202

60 E. South Temple

Salt Lake City, UT 84111

1101 5th Avenue

San Rafael, CA 94901

Morgan Stanley cont.

Agents:	John Hallgren	60 East South Temple Salt Lake City, UT 84111
	Debra Lyman	6510 S. Millrock Drive, Suite 100 Holladay, UT 84121
	Thomas E. Nielson	" "
	John R. Ott	1101 5 th Avenue San Rafael, CA 94901
	Brian Parcell	60 E. South Temple Salt Lake City, UT 84111
	Angela Leach Pizzichini	3033 East 1 st Avenue, Suite 820 Denver, CO 80206
	Joseph A. Ranucci	50 North Laura Street, Suite 2000 Jacksonville, FL 32202
	F. Barton Reuling	6510 S. Millrock Drive, Suite 100 Holladay, UT 84121
	Robert H. Rose	60 East South Temple Salt Lake City, UT 84111
	Kenneth Webster	6510 S. Millrock Drive, Suite 100 Holladay, UT 84121

Pierpont Securities, LLC

Agents:	Jamison Yardley	299 South Main Street, Suite 1300 Salt Lake City, UT 84111
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Raymond James & Associates, Inc.

Agents:	Mark McKinnon	2825 East Cottonwood Parkway, Suite 500 Salt Lake City, UT 84124
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RBC Capital Markets, LLC

Agents:	Todd N. Adams	299 South Main Street, #2000 Salt Lake City, UT 84111
	Eric Ajlouny	345 California Street San Francisco, CA 94104
	Eddie Barber Jr.	299 South Main Street, #2000 Salt Lake City, UT 84111
	Scott Chappell	" "
	Robert S. Cheney	" "
	Walter Hall	345 California, 29 th Floor San Francisco, CA 94104
	Tracy L. Maltby	805 SW Broadway, Suite 1800 Portland, OR 97205

RBC Capital Markets, LLC cont.

Agents: Craig Martucci	299 South Main Street, #2000 Salt Lake City, UT 84111
Ronald N. Mason	" "
Bradley T. Miller	" "
Brent Peterson	805 SW Broadway, Suite 1800 Portland, OR 97205
Patrick Porter	299 South Main Street, Suite 2000 Salt Lake City, UT 84111
John Styrbicki	60 South 6 th Street Minneapolis, MN 55402
Russell Tobler	299 South Main Street, Suite 2000 Salt Lake City, UT 84111
Sam Vetas	" "
Michael Zetahmeyer	60 South 6 th Street Minneapolis, MN 55402

Robert W. Baird & Co. Incorporated

Agents: Donald Eckstein	4017 Hillsboro Pike Suite 403 Nashville, TN 37215
Dean R. Cottle	222 South Main Street, Suite 1840 Salt Lake City, UT 84101

UBS Financial Services Inc.

Agents: Don M. Bunnell	299 South Main, Suite 2100 Salt Lake City, UT 84111
Barry B. Bowen	" "
John Doke	100 Crescent Court, Suite 600 Dallas, TX 75201
Matthew J. Hufford	299 South Main, Suite 2100 Salt Lake City, UT 84111
Fred C. Luedke	100 Crescent Court, Suite 600 Dallas, TX 75201
Jim Madden	" "
Nat Mosley	" "
Christopher Soutas	299 South Main, Suite 2100 Salt Lake City, UT 84111

Wells Fargo Advisors LLC

Agents: Daniel Payne	201 South Main Street, Suite 160 Salt Lake City, UT 84101
David Payne	" "
Timothy Payne	" "

Wells Fargo Advisors LLC cont.

Agents: R. Dane Bradshaw

Josh G. Burgon

6550 South Millrock Drive
Holladay, UT 84121

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Wells Fargo Securities LLC

Agents: Benjamin Byington

Thomas Degenaars

Brandon Hodge

Larry Lundberg

Chandos Robertson

Ryan Stoker

Randy Church

299 South Main Street
Salt Lake City, UT 84111

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1445 Ross Avenue
Dallas, TX 75202

299 South Main Street
Salt Lake City, UT 84111

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Zions Bank Capital Markets

Agents: Veronica Atkinson

Kindra Corbin

Jacqueline Davies

Neil Decker

Wendy Jones

Brad Mayeda

Daniel Ricks

Ty Roberts

Ben Sehy

Kathy Sullivan

One South Main Street, 17th Floor
Salt Lake City, UT 84133

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Zions Direct, Inc.

Agents: Veronica Atkinson

Kindra Corbin

Jacqueline Davies

Neil Decker

Wendy Jones

Brad Mayeda

Daniel Ricks

Ty Roberts

Ben Sehy

Kathy Sullivan

One South Main Street, 17th Floor
Salt Lake City, UT 84133

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TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Current List Certified Investment Adviser
DATE:	March 21, 2014

The following is the list of Certified Investment Advisers and Investment Adviser Representative(s) effective March 21, 2014:

AllianceBernstein L.P.

Investment Adviser

Representatives:

Joseph E. Brienza	1225 17 th Street, Suite 2900	
	Denver, CO 80202	
Jeffrey F. Jagard	"	"
John Robb	"	"

Cutwater Asset Management

Investment Adviser

Representatives:

Mary Donovan	1700 Broadway, Suite 2050	
	Denver, CO 80290	
Bruce G. Ely	"	"
Marc H. McClure	"	"
Hal Nachtrieb	1900 Sixteenth Street, Suite 200	
	Denver, CO 80202	
David Witthohn	1700 Broadway, Suite 2050	
	Denver, CO 80290	

Moreton Asset Management, LLC

Investment Adviser

Representatives:

Jordan C. Hansen	709 East South Temple	
	Salt Lake City, UT 84102	
Andrew J. Robbins	"	"
Jason M. Williams	"	"

Morgan Stanley
Investment Adviser
Representatives:

Cody C. Adams	60 South Temple Salt Lake City, UT 84111
Paul Barton	6510 Millcreek Drive, Suite 100 Holladay, UT 84121
Douglas Felt	60 South Temple Salt Lake City, UT 84111
: John Hallgren	60 East South Temple Salt Lake City, UT 84111
Debra Lyman	6510 Millcreek Drive, Suite 100 Holladay, UT 84121
Thomas E. Nielson	" "
Brian Parcell	60 East South Temple Salt Lake City, UT 84111
F. Bart Reuling	6510 Millcreek Drive, Suite 100 Holladay, UT 84121
Robert H. Rose	60 East South Temple Salt Lake City, UT 84111
Kenneth Webster	6510 Millcreek Drive, Suite 100 Holladay, UT 84121

PFM Asset Management LLC

Investment Adviser

Representatives: Lauren Brant	1400 16 th Street, Suite 400 Denver, CO 80202
Christopher Blackwood	" "

Zions Wealth Advisors

DBA for Contango Capital Advisors Inc.

investment adviser

representatives: Greg Aiken	One South Main Street, 12 th Floor Salt Lake City, UT 84133
Brett Belliston	" "
Ben Blake	903 East 12300 South Draper, UT 84020
Scott R. Burnett	One South Main Street, 12 th Floor Salt Lake City, UT 84133
Charles D. Erb	One South Main, 17 th Floor Salt Lake City, UT 84133
Gary Mark Hill	One South Main Street, 12 th Floor Salt Lake City, UT 84133
Matthew R. Johnson	" "
Calob Johnston	40 East Street St. George, UT 84770
Brian Moore	One South Main Street, 12 th Floor Salt Lake City, UT 84113

Zions Wealth Advisors cont.
DBA for Contango Capital Advisors Inc.
investment adviser
representatives: Diane Veltri
David Warne

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THE UNIVERSITY OF UTAH

University of Utah

Foreign Depository Institution Request

March 2014



THE UNIVERSITY OF UTAH

Background for the University's Needs

- The University has been approved by the South Korean Ministry of Education to operate a campus in Incheon, South Korea
- The University has established a non-profit entity (100% subsidiary of the University) to operate its campus in South Korea ... University of Utah Asia Campus (UAC)
- UAC will operate two South Korean bank accounts; one primarily controlled by those at the Utah campus and one primarily controlled by those at the Incheon campus
- Expected revenues including subsidy in Year 1 range from \$4-6 million and \$14-16 million in Year 5
- University officials met with Korea Exchange Bank (KEB), Kookmin Bank (KB) and International Bank of Korea (IBK) during a November 2013 visit to South Korea
- Based on those meetings, it is the University's recommendation that it contracts with KEB, a wholly-owned subsidiary of the Hana Financial Group (HFG)



THE UNIVERSITY OF UTAH

Utah State Code

53B-7-601. Foreign bank accounts for higher education purposes.

- (1) As used in this section, "foreign depository institution" is as defined in Section 7-1-103.
- (2) In accordance with Subsection 51-7-4(1)(b)(iii), a higher education institution may deposit funds in a foreign depository institution for purposes of conducting academic, research, or clinical activities in the foreign country, if the:
 - (a) laws of the foreign country require the money to be deposited in the foreign country; or
 - (b) terms of a grant, gift, or contract require the funds to be deposited in the foreign country
- (3) The foreign depository institution in which funds are deposited under this section shall meet the requirements of rules made by the State Money Management Council under Section 51-7-18.

Compliance:

Under the University's agreement with the South Korean government to operate a campus in Incheon, South Korea, the University is required by law and by contract to maintain a bank account in South Korea.



THE UNIVERSITY OF UTAH

R628 of Money Management Council

1. Be insured or otherwise have similar protection if that country does not technically provide insurance
2. Be rated "A" or better by one National Recognized Statistical Rating Organization (NRSRO)
3. Be domiciled in a country in which the sovereign debt rating is "A" or better by NRSRO
4. Prohibited in any country sanctioned by Office of Foreign Assets Control (OFAC)
5. Prohibited in countries and territories on the Financial Task Force's (FAIT) list of high risk and non-cooperative jurisdictions
6. Financial Crimes Enforcement Network (FinCEN) advisories must be reviewed to ensure potential anti-money laundering and counter-terrorist financing risks are assessed
7. Institution may not be listed on the U.S. Treasury's Specially Designated Nationals List



THE UNIVERSITY OF UTAH

KEB Compliance with R628-20

- Rule: Be insured or otherwise have similar protection if that country does not technically provide insurance
 - Compliance: Depositor Protection Act of South Korea guarantees up to 50 million KRW (approximately \$45,000 in USD)
- Rule: Be rated "A" or better by one National Recognized Statistical Rating Organization (NRSRO)
 - Compliance: KEB ratings:
 - Moody's: A1
 - S&P: A-
 - Fitch: A-
- Rule: Be domiciled in a country in which the sovereign debt rating is "A" or better by NRSRO
 - Compliance: South Korea's sovereign debt ratings:
 - Moody's: Aa3
 - S&P: A+
 - Fitch: AA-



THE UNIVERSITY OF UTAH

KEB Compliance with R628 (con't)

- Rules
 - Prohibited in any country sanctioned by Office of Foreign Assets Control (OFAC)
 - Prohibited in countries and territories on the Financial Task Force's (FAIT) list of high risk and non-cooperative jurisdictions
 - Financial Crimes Enforcement Network (FINCEN) advisories must be reviewed to ensure potential anti-money laundering and counter-terrorist financing risks are assessed
 - Institution may not be listed on the U.S. Treasury's Specially Designated Nationals List
- Compliance
 - South Korea and/or KEB is not included in any such listings



THE UNIVERSITY OF UTAH

Financial Stability of KEB

- Hana Financial Group (HFG) owns KEB and Hana Bank, as well as other subsidiaries.
- As a result of incorporation under HFG, KEB achieves economies of scale, with a combined 1,000 branches nationwide, lower transaction fees/fee waivers, etc.
- KEB and Hana Bank ATMs are linked, customers can withdraw/deposit cash for free at both KEB and Hana Bank ATMs (total of over 5,800 ATMs).
- HFG is ranked 87th in the Worldwide Ranking by Asset Size (The Banker Top 150 Worldwide Ranking, July 2013)
- Highly recommended by a University of Utah alumni that served in the leadership of the Bank of Korea (US equivalent of the Federal Reserve Bank)
- In comparison to U.S. Banks:

	Asset Size	Equity to Asset Ratio	Tier 1 Capital Adequacy Ratio	Total Capital Adequacy Ratio
KEB	\$96 Billion (HFG is \$280B)	9.3%	11.9%	14.2%
Wells Fargo	\$1.4 Trillion	11.2%	12.3%	15.4%
Zions Bank	\$56 Billion	11.5%	11.8%	15.9%



THE UNIVERSITY OF UTAH

Other Factors

- ATM and Branch Network
 - 357 Korean branches, 17 in Incheon, ATMs provide 7 languages on screen and voice support in 6 languages
 - Use of Hana Bank ATMs as a result of incorporation under HFG
 - Combination allows KEB to achieve economies of scale, combined 1,000 branches nationwide and lower transaction fees (or fee waivers)
 - KEB and Hana Bank ATMs are linked, giving customers access to withdraw/deposit cash for free at both KEB and Hana Bank ATMs (over 5,800 ATMs)
 - Location of nearest branch to Incheon Campus
 - Songdo Sindosi Branch is less than 10 minutes' drive by car
 - Public bus line (91) connecting the campus area with the branch
 - Branch presently staffed with 2 bankers who are well versed in the English language and other skills to work with foreign clients
 - English friendliness
 - When we met with KEB in November 2013 they brought an American to the meeting
 - Very prepared with supplemental documents in English (Standard Company materials translated)
 - Impressions
 - They have followed up 2-3 times by e-mails to ask if we needed anything
 - KEB clearly made the best impression