

Utah Money Management Council

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MONEY MANAGEMENT COUNCIL MEETING
THURSDAY OCTOBER 17, 2013
AT THE UTAH STATE TREASURER'S OFFICE
ROOM 180
3:00 PM

A G E N D A

1. APPROVAL OF THE MINUTES OF THE SEPTEMBER 19, 2013 MEETING
2. MONTHLY 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. UPDATE OF PROGRESS MADE ON RULE DRAFTING
4. OTHER BUSINESS
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
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STATE MONEY MANAGEMENT COUNCIL-MINUTES
THURSDAY SEPTEMBER 19, 2013

The regular meeting of the State Money Management Council was held in the Offices of the State Treasurer, 350 North State Street, Suite 180 at 3:00 p.m., Thursday, September 19, 2013. In attendance were:

Mark McRae, Chair
Mark Watkins
John Bond
Doug DeFries
Ann Pedroza, Staff
David Damschen, Deputy State Treasurer
Tom Bay, Department of Financial Institutions
Michele Black, Securities Division
Scott Burnett, Zions Wealth Asset Management
Greg Aiken, Zions Wealth Advisors
Jason Williams, Moreton Asset Management
Andy Robbins, Moreton Asset Management
Marcus Nield, Incapital Inc.
William Money, Incapital Inc.
Betsy Ross, State Treasurer's Office

Minutes of August Meeting

The minutes of the August 15, 2013 meeting were approved unanimously.

Monthly and Quarterly Reports

Securities Division:

Ms. Black presented the changes to the Certified Investment Advisers and Certified Broker Dealer reports. On the Certified Dealer list, she noted that RBC Capital deleted one agent and Pierpont Securities deleted two agents and that there was a new Dealer on the list, Incapital LLC with two agents added. On the Certified Investment Advisers list, Zions Wealth Advisors added one new agent and deleted one agent. Council reviewed the lists briefly.

Financial Institutions' Report:

Mr. Bay presented the October 1, 2013 quarterly certification of public funds allotment for Qualified Depositories noting that there were no additions or deletions and no significant changes in allotments. Council reviewed the list briefly.

Mr. Bay then reviewed the monthly report as of August month end and noted that there were still five banks on the list with a reduced allotment and Gunnison Valley Bank is still using over 90% of their allotment.

Late Deposit and Investment Report Update:

Ms. Pedroza informed the Council that there are 56 reports that have not been filed for the June 2013 reporting period. She noted to the Council that she has begun to contact these public entities by phone. Council reviewed the report briefly.

Summary of reports with Corporates:

Ms. Pedroza provided a summary of approximately half of the public entities that are reporting investments in securities. Ms. Pedroza briefly ran through the list with the Council noting that a number of entities have taken advantage of the change in the law and have purchased at least one corporate security with a maturity longer than two years. It was noted that there are some issues with confirms from Moreton Financial who was providing a safekeeping receipt instead of a broker/dealer confirm. Ms. Pedroza has sent out inquiries by email to ask for more information and to clarify confirms. After further discussion, Council asked that the reports be checked to see if the entities in question provided a response to the investment policy question on the form. Ms. Pedroza then noted that Canyons School District reported a couple of securities there were over the 5% limit in any one issuer name at time of purchase. Also it appeared that brokers may be trading in and out of securities for commissions. The district responded by email that they require that the brokers provide a written explanation as to how it will benefit the school district to sell and purchase another security. Council discussed this at length. Council then instructed Ms. Pedroza to direct the district to sell these two securities back to the 5% limit at the time of purchase.

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.

Update of Progress made on Rule Drafting

Mr. Watkins reviewed the changes in the draft provided to the Council from the last meeting. He noted that definitions had been added and the definition of types of public funds was deleted. Another major change was clarifying the insured language. Mr. Watkins noted that he had contacted Mr. Smith at the University of Utah to make sure they were "Ok" with the language. Council discussed this proposed rule briefly. Mr. Damschen then provided a copy of language suggestions regarding reciprocal deposits from Mr. Bay and reviewed those suggestions with the Council. Mr. Damschen noted that Promontory has a cap of \$50 million with any one financial institution. Mr. Watkins asked if it was feasible to require that the firm providing the service has some type of errors/omissions insurance and then base the limit of what a public entity may put into these types of programs on that insurance. Council discussed this at length.

Other Business

No other business.

Schedule Next Meeting

The Council then scheduled the next meeting for October 17, 2013 at 3:00 p.m. in the offices of the State Treasurer. Council tentatively scheduled a meeting in November for the 21st. With no other business before the Council, they adjourned at 4:20 p.m.



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah
Department of Commerce
Division of Securities

FRANCINE A. GIANI
Executive Director

THOMAS A. BRADY
Deputy Director

KEITH WOODWELL
Director, Division of Securities

TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Current List Certified Dealer
DATE:	October 17, 2013

The following is the list of Certified Dealers and Agent(s) effective **October 17, 2013**:

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
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BNP Paribas Securities Corp.

Agents:	Amit Ashok Jugal	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

“ ”

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

“ ”

Incapital LLC

Agents: William H. Money III

Marcus Nield

299 South Main Street, Suite 1317

Salt Lake City, UT 84111

“ ”

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

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	" "
R. Dane Bradshaw	6550 South Millrock Drive Holladay, UT 84121
Josh G. Burgon	" "

Wells Fargo Securities LLC

Agents: Benjamin Byington

299 South Main Street
Salt Lake City, UT 84111

Thomas Degenaars

“ “

Brandon Hodge

“ “

Larry Lundberg

1445 Ross Avenue
Dallas, TX 75202

Chandos Robertson

299 South Main Street
Salt Lake City, UT 84111

Ryan Stoker

“ “

Randy Church

“ “

Zions Bank Capital Markets

Agents: Veronica Atkinson

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

Kindra Corbin

“ “

Jacqueline Davies

“ “

Neil Decker

“ “

Wendy Jones

“ “

Brad Mayeda

“ “

Daniel Ricks

“ “

Ty Roberts

“ “

Ben Sehy

“ “

Kathy Sullivan

“ “

Zions Direct, Inc.

Agents: Veronica Atkinson

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

Kindra Corbin

“ “

Jacqueline Davies

“ “

Neil Decker

“ “

Wendy Jones

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TO:	Money Management Council
FROM:	Michele Black, Division of Securities
RE:	Additions to the Certified Dealer List
DATE:	October 17, 2013

The following agents and firms have been added to the existing list for conducting investment transactions with public treasures pursuant to rule 16 of the State Money Management Council.

RBC Capital Markets, LLC

Agents: John Styrbicki
Michael Zetahmeyer

BNP Paribas Securities Corp.

Agents: Amit Ashok Jogal
Alexandra Maria Linden
Paul Thomas Montaquila
Anthony Hoan Pham
Kari Prichard

6/30/13
Late D&I reports
As of
10/17/13

College/Young MAD #1
Antimony Cemetery
East Garland Cemetery
Garden City Cemetery
Hyde Park Cemetery
Penrose Cemetery
So Summit Cemetery
Willard Cemetery

Millard Co Drain Dist #4
Rush Valley Wtr Dist

Freedom Academy
Liberty Academy
Open High School
Oquirrh Mtn Charter School
Pinnacle Canyon Academy
Tuacahn High School

Carbon Co Housing Auth

Beaver Co Waste Mgt SSD#5
Beaver Dam Village SS Dist
Duchesne Co SS Dist #2
Garfield Co SS Dist #1
Iron Co SS Dist #3
North Sanpete Ambulance Service
Pinon Forest SS Dist
Summit SS Dist
Weber Human Services
West Erda Imp Dist
White Hills SS Dist

Leeds Town
Mantua Town
Scipio Town
Woodruff Town

Utah College of Applied Tech

Bluff Waterworks SS Dist
Box Elder Co Serv Area #2
Box Elder/Willard Fld Control
Perry City Flood control
Bristlecone Wtr Imp Dist
Cache Co Drain Dist #6
E Duchesne Culinary Wtr Imp Dist
East Lewiston Drain Dist #4
Hansel Valley WtrShd Dist
Iowa String Drain Dist
Lake Shore & Benjamin Drain Dist
Mapleton Irrigation Co

R628-Money Management Council

R628-20 Foreign Deposits for Higher Education Institutions

R628-20-1. Purpose.

To provide guidelines to higher education institutions when depositing funds in foreign countries.

R628-20-2. Authority.

This rule is issued pursuant to Section 51-7-17(4)(a) and Section 53B-7-601.

R628-20-3. Scope.

This rule relates to funds of higher education institutions that are either required by law of a foreign country to be deposited in the foreign country or are required by the terms of a grant, gift, or contract to be deposited in the foreign country.

R628-20-4. Definitions.

(1) The following terms are defined in Section 51-7-3 of the Act and when used in this rule have the same meaning as in the Act:

- (a) "Council";
- (b) "Nationally Recognized Statistical Rating Organization" or "NRSRO".

(2) For purposes of this rule "FDI" means foreign depository institution as defined in Section 7-1-103 of the Utah Code.

R628-20-5. Requirements for Deposits.

(1) To be qualified for deposit under Section 53B-7-60 the FDI shall:

- (a) be insured or otherwise have a similar protection if that country does not technically provide insurance;
- (b) be rated "A" or better by one NRSRO; and
- (c) be domiciled in a country in which the sovereign debt rating is "A" or better by the NRSRO.

R628-20-6. Prohibited Deposits.

(1) Use of FDIs in any country or territory described below is prohibited.

- (a) Countries subject to sanctions by the Office of Foreign Assets Control (OFAC); and
- (b) Countries and territories on the Financial Action Task Force's (FATF) list of high risk and non-cooperative jurisdictions.

(2) Financial Crimes Enforcement Network (FinCEN) advisories must be reviewed by the higher education institution to ensure that potential anti-money laundering and counter-terrorist financing risks associated with any country are assessed, identified and avoided before establishing deposits in the FDI.

(3) The FDI may not be listed on the U.S. Treasury's Specially Designated Nationals (SDN) list.

R628-20-7. Approval by the Council.

- (1) The Council must approve the FDI.
- (2) Prior to approval by the Council, the higher education institution must present to the Council the reasoning and purpose for the deposit or investment.
- (3) Upon review of such reasoning and purpose, the Council will decide whether to give final approval to allow funds to be deposited in the FDI.
- (4) The Council will apply any restrictions to the approval it deems necessary to protect the funds in the possession of the FDI.
- (5) It is the responsibility of the higher education institution to monitor the restriction placed on the FDI and if violated, will notify the Council of the issue within 30 days of the violation and provide a plan of action to resolve the violation.

R628-20-8. Reporting by Higher Education Institutions of Foreign Deposits.

- (1) The higher education institution will file a written report with the Council on or before July 31 and January 31 of each year containing the following information for investments held on June 30 and December 31 respectively:
 - (a) Total market value of the deposit account which will include previous historical valuation date (up to 3 years);
 - (b) Total market value of uninsured deposits in the money market account, which will include previous historical valuation dates (up to 3 years);
 - (c) Debt rating of the FDI; and
 - (d) Debt rating of the country in which the FDI is located.

Very, Very rough draft with some ideas!

R628. Money Management Council

R528-21. Conditions and Procedures for the use of Reciprocal Deposits

R628-21-1. Authority: This rule is issued pursuant to Section 51-7-17(4)(b) and 51-7-18(2)(b)

R628-21-2. Scope: This rule applies to all public treasurers who purchase reciprocal deposits.

R628-21-3. Purpose: The purpose of this rule is to establish requirements for the investing of public funds in reciprocal deposits.

R628-21-4. For purposes of this rule the following terms are defined in Section 51-7-3 of the Act and when used in this rule have the same meaning as in the Act:

1. Council;
2. Commissioner;
3. Public funds;
4. Public treasurer;
5. Qualified depository;
6. Reciprocal deposits;

R628-21-5. General Rule.

1. A public treasurer may invest public funds in reciprocal deposits only through qualified depositories that use a deposit account registry service. The public funds placed with a qualified depository into reciprocal deposits does not apply towards the maximum public funds allotment for that qualified depository as described in R628-11.

2. Reciprocal deposits may only be initiated by qualified depository institutions and then re-deposited through a deposit account registry service as follows:

- a. in one or more FDIC insured depository institutions in amounts up to the relevant FDIC-insured deposit limit for a depositor in each depository institution; and
- b. in exchange for reciprocal FDIC-insured deposits made through the deposit account registry service to the qualified depository.

R628-21-? Limitation on use of reciprocal deposits.

The maximum amount of any public treasurers portfolio which can be invested in reciprocal deposits shall be as follows:

1. Portfolios of \$10,000,000 or less may not invest more than 10% of the total portfolio in reciprocal deposits.
2. Portfolios greater than \$10,000,000 but less than \$20,000,000 may not invest more than \$1,000,000 in reciprocal deposits.
3. Portfolios of \$20,000,000 or more may not invest more than 5% of the total portfolio in reciprocal deposits.

R628-21-? Insurance requirements for a deposit account registry service.

A deposit account registry service shall provide the public entity with proof of errors and omissions coverage equal to five percent of Utah public funds under management but not less than \$1,000,000 nor more than \$10,000,000 per occurrence.

R628-21-?. Reporting requirements.

1. A public entity shall file a written report with the Council of reciprocal deposits on or before July 31 and January 31 of each year for deposits held on June 30 and December 31 respectively.
2. Within 10 days of the end of each month, each qualified depository institution is to file a report with the commissioner of the total month-end amount of Utah public funds in reciprocal deposits initially deposited into the qualified depository institution and currently re-deposited in one or more FDIC insured depository institutions.