

A newsletter published for Iowa schools by IPASeducation

## CELEBRATING 20+ YEARS OF SERVICE TO IOWA SCHOOLS

Considerable history has come and gone since we began managing investment pools for Iowa school districts, community colleges, area education agencies and others, more than 20 years ago.

In 1986, when the first joint investment trust for Iowa school districts was formed, our company (then known as Iowa Investment Advisors) played a key role in launching the program, serving as its investment advisor, administrator and marketer. In 1991, when the infamous Iowa Trust defrauded more than \$75 million from Iowa public agencies, those invested in the Iowa school's program could rest easy, knowing their funds were invested in high quality, short-term instruments.

In 2008, when the nation's largest money market fund "broke the buck" and ceased operations, leaving investors to pay the losses, schools invested through the IPASeducation Program continued to enjoy yields that exceeded national averages.

When local governments in Nebraska, Oklahoma, and South Dakota needed experienced investment professionals to assist in the operation of their programs, they turned to Miles Capital.

Today, Miles Capital continues to earn the trust of local government entities across the Midwest. As a result, we presently manage and/or administer more than \$950 million in short-term investments for cities, counties, schools and other municipal or educational entities.

All of us at Miles Capital are proud of our many years of helping educational institutions to improve the return on their short-term investments while focusing on the goals of safety and liquidity. We look forward to creating even more exciting and satisfying history together.

## NOT A PARTICIPANT OF IPASEDUCATION...IT'S EASY

If you are not currently a participant of IPASeducation, we are here to make it easy for you to join the Program -- giving your educational institution a competitive investment alternative.

All of the forms and fund information, in the form of a prospectus, are included in this packet and an IPASeducation administrator is just a phone call away at 866-720-2995.

Required Forms:

1. Application Form.
2. Board resolution authorizing investment in accordance with Iowa Law including a money market mutual fund under Iowa Code Section 12B.10(5)(f). Note: If your investment policy already states you are authorized to invest in a money market mutual fund under Iowa Code Section 12B.10(5)(f), you do not need to have your board pass a new resolution.
3. Board resolution authorizing investment in specific depositories in order to participate in the FTA Program.

The forms can also be found on our website [www.IPASeducation.org](http://www.IPASeducation.org) under the forms and reports link. Please contact Bryant Sheriff at 866-720-2995 or [bsheriff@miles-capital.com](mailto:bsheriff@miles-capital.com) with any questions about opening an account or if you have any questions about the IPASeducation Program.

## IPASEDUCATION AT A GLANCE

### ABOUT THE PROGRAM

- Daily liquidity and longer-term investment alternatives devoted exclusively for Iowa educational institutions
- Compliant with Iowa Code Chapter 12B.10
- Fiduciary management with guiding principles of safety first, liquidity second, and yield third
- Excellent complement to existing bank relationships

### LIQUIDITY

- Provides a liquid investment alternative, the Institutional Money Market Fund, created exclusively for use by Iowa educational institutions
- Registered and regulated by the Securities and Exchange Commission (SEC)

### LONGER-TERM INVESTMENTS

- Provides competitive bidding program for certificates of deposit from 20 Iowa banks through a FTA Program
- Provides a Flexible Withdrawal Certificate of Deposit (Flex-CD) for the investment of bond proceeds during project construction

### ONLINE ACCESS

- Provides a unique internet-based administration system, IPASonline™, that allows for real-time transaction capabilities
- Provides a Vendor Pay feature allowing bill payment directly from participant accounts

### CUSTOMER SERVICE

- Provides toll-free phone access directly to experienced representatives who can personally assist with any inquiry

### WEBSITE

- Current yield, interest rates, forms, reports and much more information about IPASeducation can be found at [www.IPASeducation.org](http://www.IPASeducation.org)

### THE FIRM

- All services including investment management, administration, and marketing provided by Miles Capital, an Iowa-based organization
- Over 20 years of experience dedicated to public fund investment services

## INVESTMENT COMMENTARY

Although money market funds have struggled to provide yields above zero, the IPASeducation fund yield has consistently exceeded benchmarks and peers over the past year, helping clients offset budget pressures that seem to have no end in sight. The economic downturn has led to stress on already strapped school budgets, but the outlook is turning brighter and we expect change to be the hallmark of 2010. While the current low rate environment will persist for the remainder of the year, we appreciate the opportunity to help clients preserve capital to provide students a bright future.

The Federal Reserve holds the key to better money market rates, and that key will likely remain under the doormat for the balance of 2010. The Fed is reluc-

tant to raise rates because the economic recovery remains unsteady, but as time passes without a second economic swoon, the recovery will gain traction and inflation concerns will increase. Once unemployment begins to drop, the Fed will start pulling levers behind the scenes to tighten monetary policy before raising rates outright. However, we have time before this becomes reality.

Consumers are holding tight to their purse strings in the face of 9.7% unemployment, so unemployment must decline before consumer spending picks up. While strong corporate profitability will allow companies to reinvest in capital, they are less likely to add to staff this early in the recovery. In this classic "chicken and egg" scenario, companies

don't want to add jobs before consumers start spending, and consumers are reluctant to spend before the job market improves. However, better recent auto sales may signal a bit of consumer optimism. The simple passage of time without a "double-dip" may help lift our collective spirits, but that means substantial economic improvement (and thus, rising money market rates) will be a long, slow road.

Money market investors will not see significantly better rates in 2010 because the Fed will stay on hold. This year will be transitional for the markets as the economy shifts toward growth, and we appreciate the opportunity to help you navigate these waters.

*The IPASeducation Program's money market investment vehicle is the Institutional Money Market Fund (the Fund). The WB Capital Mutual Funds are distributed by Foreside Distribution Services, LP, Miles Capital, Inc. is the investment advisor.*

*Shares of the Fund are not deposits of, or obligations of, or guaranteed by, any bank or its affiliates, nor are they federally insured by the FDIC. Investment in the Fund involves risk, including the possible loss of principal.*

*An investment in the Fund is not insured or guaranteed by the FDIC or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00/share, it is possible to lose money by investing in the Fund.*

***An investor should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information about the investment company can be found in the Fund's prospectus. To obtain a prospectus, please call 866-720-2995 or visit [www.IPASeducation.org](http://www.IPASeducation.org). Please read the prospectus carefully before investing.***

Mutual Funds are: Not FDIC Insured / May Lose Value / No Bank Guarantee

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