

CLEVELAND PUBLIC LIBRARY

Finance Committee

October 17, 2017

**RESOLUTION TO AUTHORIZE UPDATED INSTITUTIONAL FEE SCHEDULE WITH
PNC INSTITUTIONAL ASSET MANAGEMENT FOR THE CLEVELAND PUBLIC
LIBRARY ENDOWMENT ACCOUNT**

WHEREAS, On June 17, 1982, the Board of Trustees of the Cleveland Public Library authorized the National City Bank, now known as PNC Institutional Asset Management (“PNC”), to manage the Library’s endowment investments and to be custodian of funds at the rates quoted in July of 1982; and

WHEREAS, On September 18, 1997, the Board of Library Trustees authorized the Library to execute the Agency Agreement which reappointed National City Bank, now known as PNC, as manager and custodian of the Library’s endowment funds at the rates which are currently in place today; and

WHEREAS, PNC from time to time re-evaluates their fee structure and has notified the Library that it is attempting to reduce the large number of different fee schedules it utilizes by consolidating schedules and eliminating discounts. The Library has received notice that it will no longer be eligible for a discounted fee and will be subject to an updated institutional fee schedule which provides for tiered fee rates that decrease as the value of assets increases; and

WHEREAS, Performing a fee analysis based on the August 30, 2017 endowment market value of \$23,270,878, the updated institutional fee schedule would cost the Library an additional \$16,534 in fees annually as compared to the current fee schedule in place. Based upon the current value of the portfolio, the proposed fees total .41% versus .34% based on the current fee schedule; and

WHEREAS, The total portfolio has been performing well according to the priorities and guidelines set forth in the Library’s Investment Policy as approved by this Board on June 16, 2016. The updated fee schedule provides for lower tiers and as assets grow, the cost in basis points decrease; and

WHEREAS, The Board of Trustees of the Cleveland Public Library has considered this updated institutional fee schedule and finds it acceptable; now therefore be it

RESOLVED, That this Board approves the updated institutional fee schedule with PNC Institutional Asset Management for the Cleveland Public Library’s Endowment Account and further authorizes the Executive Director, CEO or his designee, to execute said documents, subject to the review and approval of the Chief Legal Officer.



May 17, 2017

Cleveland Public Library
Attn: Carrie Krenicky
525 Superior Ave.
Cleveland, OH 44114

Re: Cleveland Public Library Endowment, Account 21-75-501-4453885

Dear Carrie:

Your business is very important to PNC Institutional Asset ManagementSM, and we are committed to providing you with quality service and a range of appropriate financial solutions to help you attain your organization's financial goals. We continuously invest in experienced investment professionals, state-of-the-art technology and innovative product enhancements – all designed to give you an edge in the financial world.

We strive to maintain fair, competitive fees for our service and from time to time re-evaluate our fee structure. We are pleased to inform you that the following institutional fee schedule will apply to the above referenced account effective June 1, 2017. This change provides a lower tier schedule, which eliminates the need to discount from a higher fee schedule, which is currently in place.

Please review the following schedule and return an executed copy for our records at your earliest convenience. Should you have any questions regarding this change, please call me at 216-222-9736 or e-mail at Glen.Danahey@pnc.com. Thank you very much for entrusting the needs of your organization to us. It is our pleasure to serve you.

Sincerely,

A handwritten signature in blue ink that reads "Glen Danahey".

Glen E. Danahey, CIMA®, AIF®, ChFC
Senior Vice President & Senior Institutional Investment Advisor

The PNC Financial Services Group, Inc. ("PNC") uses the marketing name PNC Institutional Asset ManagementSM for various discretionary and non-discretionary institutional investment activities conducted by PNC Bank, National Association ("PNC Bank"), which is a **Member FDIC**, and investment management activities conducted by PNC Capital Advisors, LLC, a registered investment adviser ("PNC Capital Advisors"). Standalone custody, escrow, and directed trustee services; FDIC-insured banking products and services; and lending of funds are also provided through PNC Bank. PNC does not provide legal, tax, or accounting advice unless, with respect to tax advice, PNC Bank has entered into a written tax services agreement. PNC does not provide services in any jurisdiction in which it is not authorized to conduct business. PNC Bank is not registered as a municipal advisor under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Act"). Investment management and related products and services provided to a "municipal entity" or "obligated person" regarding "proceeds of municipal securities" (as such terms are defined in the Act) will be provided by PNC Capital Advisors. "PNC Institutional Asset Management" is a service mark of The PNC Financial Services Group, Inc.

Investments: Not FDIC Insured. No Bank Guarantee. May Lose Value.

Fee Schedule — Cleveland Public Library Endowment, Account #21-75-501-4453885

<p>Schedule of Compensation</p>	<ul style="list-style-type: none"> • .50% on first \$10,000,000 • .35% on next \$10,000,000 • .30% on next \$30,000,000 • .25% on next \$50,000,000 and the balance
<p>Compensation Notes</p>	<ul style="list-style-type: none"> • The annual fees above are based on the total market value of assets as of the billing date • One-fourth of the above fee will be charged each quarter for the previous quarter • \$500 per account maintenance charge - WAIVED • Minimum annual compensation: \$7,500 • No additional service or upkeep charge for investing cash balances daily • No additional security processing and settlement charge for investment purchases or sales
<p>Disclosure</p>	<p>PNC fee schedules are subject to change from time to time, and any future increases or decreases shall be applied to all accounts subject to these rates.</p> <p>PNC and its affiliates may also receive compensation from the mutual fund company or other financial services provider for advisory and other services to funds that may be held in your account. This compensation is in addition to the account level fee and is set forth in a separate disclosure grid available from your relationship manager. PNC and its affiliates refers to affiliates of The PNC Financial Services Group, Inc. which provide advisory and/or administrative, transfer agency, custody, omnibus record keeping and other services to and receive compensation from certain mutual funds and the financial services industry in general. The compensation earned by PNC and its affiliates from mutual fund investments is calculated as a percentage of the daily amounts invested in such mutual funds.</p> <p>The fee from any portion of your account invested in one or more portfolios of mutual funds advised by PNC affiliates (other than money market funds) will be reduced by 15%. There is no reduction of the account level fee for amounts invested in any money market mutual fund.</p> <p>Mutual fund shares are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other agency. An investment in mutual funds involves risks, including the possible loss of principal. Investments in money market mutual funds are neither insured nor guaranteed by the U.S. government and there can be no assurance that a money market fund will be able to maintain a stable \$1.00 net asset value. The compensation earned by PNC Bank and its affiliates from mutual fund investments is calculated as a percentage of the daily amounts invested in such mutual funds. You may receive a mutual fund prospectus by contacting your PNC Relationship Manager.</p>

Cleveland Public Library

By:

Signature

Date

Print Name and Title

Please keep a copy of this Fee Letter in your files and send the original to: Glen E. Danahey, Senior Vice President & Senior Institutional Investment Advisor, PNC Institutional Asset Management, 1900 E. 9th Street, 15th floor, Cleveland, Ohio 44114

NEGOTIATED FEE SCHEDULE
for
THE CLEVELAND PUBLIC LIBRARY ENDOWMENT FUND
September, 1997

A 25% discount will be applied to the following schedule:

<u>25% Discount</u>	
.810% \$ 8.10	\$10.80 / \$1,000 on the first \$250M
.6075% \$ 6.075	\$ 8.10 / \$1,000 on the next \$750M
.405% \$ 4.05	\$ 5.40 / \$1,000 on the next \$4,000M
.30375% \$ 3.0375	\$ 4.05 / \$1,000 on the balance

<u>Mkt Value</u>	<u>Fee w/out discount</u>	<u>Fee w/ discount</u>
\$8.5 million	\$44,550	\$33,412.50
10 million	50,625	37,968.75
12 million	58,725	44,043.75

Christopher J. Gray, Vice Pres.
National City Bank

[Signature]
Cleveland Public Library