Questions from Mark Stevens followed by answers and then an email from Shannon Schultz providing more overview of working with South Central.

Questions:

- Although you've relayed the historical returns, am I correct to understand that there is no guarantee of any positive return? But that, to adhere to WI statutes, there is a guarantee against any loss of principal balance?
- Are the interest rates listed below net of the management fees? I'm guessing they are not.
- Is there a diversification of purchase within the account to provide any FDIC/NCUA protections? Of SIPC if this is more of a brokered product?
- The management fee schedule is tiered. Is the calculation a simple assignment of one percentage based on the month-end balance (e.g. $500K is assessed .75%)? Or is it a 1.0% fee for the first $10K, .95% on the next $40K, .90% on the next $100K, etc?
- The library director/board have wished for online access to the WI LGIP account where the endowment fund is currently placed, and I've had to decline (and attempted to explain that there was nothing to view beyond the monthly statement excerpt we send them). What access is provided electronically to the appropriate individuals?
- Are monthly statements provided electronically or mailed? For purposes of up-to-date accounting records and as a control measure, is there an ability for finance staff to receive the statements?

Here are the answers to your questions:

- Although you've relayed the historical returns, am I correct to understand that there is no guarantee of any positive return? But that, to adhere to WI statutes, there is a guarantee against any loss of principal balance?
    - **Please keep in mind that the only funds you can invest are "gifts" to the library (donations, endowments, etc.). No direct funding from the village or the county can be placed in this account. Per library law (Chapter 43), those funds must be held by the municipality.**
    - **The SCLS Foundation is a private, nonprofit 501c3 and does not adhere to the WI statutes for preserving principal. Values will fluctuate, are subject to bond and stock market performance, and may go down in value. I hope I was not misleading in my previous email; I was referencing library law, not municipal law, and was referring specifically to the requirements that the funds be gifts and donations only, and that the library board retains exclusive control of the funds.**
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- Are the interest rates listed below net of the management fees? I'm guessing they are not.

- **Actually, they are. Performance numbers are net of First Business Bank management fees.**

- Is there a diversification of purchase within the account to provide any FDIC/NCUA protections? Of SIPC if this is more of a brokered product?
  - **Any funds in the money market are FDIC insured. First Business Bank specifically uses money markets that offer that protection and will use multiple FDIC insured money markets if the balance exceeds $250K. This is not a brokerage account so SPIC coverage does not apply.**

- The management fee schedule is tiered. Is the calculation a simple assignment of one percentage based on the month-end balance (e.g. $500K is assessed .75%)? Or is it a 1.0% fee for the first $10K, .95% on the next $40K, .90% on the next $100K, etc?
  - **The admin fees that SCLS assigns each month are based on the beginning balance for the month x the fee based on their balance. So, to use your example, if a library has $500,000 in the account at the beginning of the month, that fee would be $312.50. Here is a more detailed view of the monthly fees by tier:**

Tier	library $ in SCLSF min	library $ in SCLSF max	monthly SCLS fee
	$ 500.00	$ 10,000.00	-0.000833333
1	$ 10,001.00	$ 50,000.00	-0.000791667
2	$ 50,001.00	$ 150,000.00	-0.00075
3	$ 150,001.00	$ 250,000.00	-0.000708333
4	$ 250,001.00	$ 1,000,000.00	-0.000625
5	$ 1,000,001.00		-0.000416667

- The library director/board have wished for online access to the WI LGIP account where the endowment fund is currently placed, and I've had to decline (and attempted to explain that there was nothing to view beyond the monthly statement excerpt we send them). What access is provided electronically to the appropriate individuals?
  - **The appropriate individuals will receive the monthly statement that we prepare. The library director/board will not have electronic access to the First Business Bank Trust and Investments website because there are other libraries' holdings in that account as well. The SCLS Foundation manages the administration fees and reporting. We can also provide a quarterly report for participants.**

- Are monthly statements provided electronically or mailed? For purposes of up-to-date accounting records and as a control measure, is there an ability for finance staff to receive the statements?

- **We email monthly statements. We can send them to whomever the library wishes to receive the report, and that request must come directly from the library.**

Regarding the additional questions, you may view the Wealth Management Investment Policy at https://www.sclsfoundation.org/about/documents.

Regarding your request for references, I have asked a few of those libraries for permission to share their contact information. I will do so when I hear back from them.

I will also follow up with an agreement specific to the library.

Shannon M. Schultz, Director
South Central Library System
Phone: 608-246-7975

I have the agreement and the references completed. The agreement is very simple; we require the completed agreement form (attached), with signatures of the library director and board president. If you complete the approval and signatures at your library board meeting, can and email it back to me.

To set up the Watertown Public Library Fund account, we require a minimum deposit of $500.00. Please make out a check to the "South Central Library System Foundation" in any amount you wish to deposit over $500.00, and be sure to note that the funds are for Watertown Public Library on the memo line. Then mail the check and the signed agreement to me at:

Shannon Schultz, System Director
South Central Library System Foundation
1650 Pankratz Street
Madison, WI 53704

When I receive the check, I will initiate the creation of the Watertown Public Library Fund account, and email you a copy of the agreement. You will then begin receiving your monthly statements via email.

In addition, we will create a "Donate" button on the SCLSF website, which you can either direct prospective donors to or add to your own library website, so that any donors can make electronic donations to your fund via PayPal, debit, or credit card. You can see how this works by visiting https://www.sclsfoundation.org/giving.

Last, the following are non-SCLS member library accountholders that you may contact:

Melissa Anderson, Director
Jefferson Public Library (Bridges Library System)
920-674-7733
manderson@jeffersonwilibrary.org

Jodi Kessel Szpiszar, Director
Johnson Creek Public Library (Bridges Library System)
920-699-3741
kszpiszar@johnsoncreeklibrary.org

Susan Heskin, Director
Superior Public Library (Northern Waters Library Service)
715-394-8876
heskins@superiorlibrary.org

Please let me know if you have any questions or require further assistance.

Just one more clarification: in response to one of Mark's questions, I stated that interest rates are net of First Business Bank management fees. To clarify, the FFB fees are for direct management of the funds, and they are built into the tiered fees that the SCLSF charges, which includes our staff time for administration and reporting. It just seems a little confusing when I read it back over, as it implies that there are two sets of fees, but there is only one. (I hope I didn't confuse things more!)

Shannon M. Schultz, Director
South Central Library System
Phone: 608-246-7975