The City of Auburn Hills
City Council Meeting
Minutes
February 27, 2017

CALL TO ORDER: Mayor McDaniel at 7:00 p.m.
LOCATION: City Council Chamber, 1827 N. Squirrel Road, Auburn Hills, MI 48326
Mayor McDaniel, Council Members Burmeister, Hammond, Kittle, Knight, Mitchell, and Verbeke
Absent: None
Also Present: City Manager Tanghe, Assistant City Manager Grice, Police Chief Olko, City Clerk Kowal, Community Development Director Cohen, Deputy Director of Public Works Herczeg, Finance Director/Treasurer Schulz, Recreation Director Marzolf, Seniors Admin. Asst. Leonard, Attorney Beckerleg, City Engineer Juidici.

13 Guests

4. APPROVAL OF MINUTES
4a. Regular City Council – February 13, 2017
Moved by Kittle; Seconded by Mitchell.
RESOLVED: To approve the February 13, 2017 City Council meeting minutes.
VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None

Resolution No. 17.02.026 Motion Carried (7 - 0)

5. APPOINTMENTS AND PRESENTATIONS
5a. Motion - Appointment of James Buster to Zoning Board of Appeals
James Buster explained that he is an attorney who practices commercial litigation, but his passion is in real estate law. He stated that he has been interested in the Zoning Board of Appeals since law school and it would be a pleasure and privilege to serve on the Board for the City.

Moved by Mitchell; Seconded by Verbeke.
RESOLVED: To confirm the appointment of James Buster to the Zoning Board of Appeals for a term ending December 31, 2018.
VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None

Resolution No. 17.02.027 Motion Carried (7 - 0)

6. PUBLIC COMMENT

7. CONSENT AGENDA
All items listed are considered to be routine by the City council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.
7a. Board and Commission Minutes


Moved by Kittle; Seconded by Burmeister.

RESOLVED: To approve the Consent Agenda item 7a.

VOTE: Yes:  Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke

No:  None

Resolution No. 17.02.028       Motion Carried (7 - 0)

8. OLD BUSINESS

8a. Public Hearing and Second Reading - Ordinance Amendment Alcohol in the Parks

8b. Public Hearing and Second Reading– Second Ordinance Amending Parks Alcohol

Mr. Grice explained that the proposed ordinance amendments would grant City Council the right to permit the sale and use of alcohol at certain City sanctioned events on City property. The change does not allow for the possession or use of alcohol in the parks on a regular basis.

Mr. Grice confirmed for Ms. Mitchell that adoption of the ordinances enables City Council to review future requests for alcohol to be included at certain City events. Staff would come before City Council on a particular event and ask for approval for that event.

Ms. Mitchell noted that the ordinance would not include the Community Center. She questioned if we would be looking to draft a policy for it. Mr. Grice explained that as the ordinance currently reads we could not make the change at the Community Center, because it is prohibited by ordinance. With this change, if Council decided that they wanted to make a change at the Community Center, this would open the doors so it could be done.

Mr. Tanghe clarified that this would allow for permission to grant a series of events, such as the Concerts in the Park series.

Ms. Mitchell stated that there are certain aspects of it the ordinance that she is more comfortable with. If we are going to approve a series of events, she requested that an evaluation be done midpoint in the series to decide if this is something that we want to continue. She stated that her comfort level is more around specific events such as Summerfest and having a licensed provider distribute the alcohol and not so much around individuals bringing their own beverages to the parks.

Mayor McDaniel commented that even if the ordinance were to be approved, Council would have the right to revoke a certain event as well.

Mr. Knight stated that he would not vote for a series of events. Mayor McDaniel noted that Council could re-evaluate the series half-way through to make sure there no issues and whether it makes sense to move forward. Mr. Tanghe assured the Council that if there were on-going problems, staff would pull the approval.

Ms. Hammond questioned if there would be more police presence at the concerts with this. Mr. Tanghe stated that the City is not planning to add any personnel for that purpose. If there were any issues, they would be reported accordingly and the police would respond accordingly. Chief Olko stated that it is not their intention to be present at the events, but are around the City and will respond to any call for assistance.

Mr. Knight expressed concern that there would be no one around that could do anything except call the police. Mayor McDaniel stated that there is always staff at these events who are able to enforce the rules if necessary. If it comes to a point where they can't handle it or the person becomes unruly, then the
appropriate action is to contact the police.

Mayor McDaniel opened the Public Hearing at 7:17 PM. Hearing no public comment, the Mayor closed the Public Hearing at 7:17 PM.

Moved by Kittle; Seconded by Verbeke.
RESOLVED: To accept the Second Reading and Adoption of Ordinance 17-888 to Amend Chapter 50, Parks and Recreation of the Auburn Hills City Code.
VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None
Resolution No. 17.02.029 Motion Carried (7 - 0)

Moved by Verbeke; Seconded by Knight.
RESOLVED: To accept the Second Reading and Adoption of Ordinance 17-889 to Amend Chapter 10, Amusements and Entertainments of the Auburn Hills City Code.
VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None
Resolution No. 17.02.030 Motion Carried (7 - 0)

9. NEW BUSINESS
9a. Motion - Approve resolution to join the Michigan Cooperative Liquid Asset Security System (CLASS) Investment Pool

Ms. Schulz explained the motion to participate in the Michigan Cooperative Liquid Asset Security System Investment Pool. She explained that this will better utilize funds that typically sit in the non-interest bearing checking account that cover the reoccurring predictable operating expenses. She stated that if approved, staff plans to initially utilize this pool for routine operational expenses starting with payroll. If the pool proves to be easy to manage, we will refine our daily cash flow needs and may use it more robustly to continue to capture interest income currently not realized in the operating checking account. The vehicle is further supported by our investment consultants at AndCo Consulting. It has been reviewed for compliance with the City’s investment policy.

Mr. Knight questioned if CLASS will outperform the other places where we invest our money. Richard Garay, Marketing Director for Michigan CLASS, explained that because of the way the structure is in the banking industry, the banks are going to be slow to react to any type of increases and changes in the interest rate. He explained the difference in basis points and noted it fluctuates daily. Mr. Garay explained that they have close to $20 billion under management, of which $15 billion nationwide is in pools similarly organized as the MI CLASS pool. He pointed out that the Finance Director would have complete control of when it is used and there is no obligation to use it.

Ms. Hammond questioned the fees. Mr. Garay explained that the rate of return quote includes a management fee of 13 basis points. He stated that the management fee for operating the pool funds nationwide will never go higher than 13 basis points, however, management does reserve the right to abate these.

Ms. Mitchell questioned how the Board of Trustees members are determined. Mr. Garay explained that once a participant joins and have activated their account, they become eligible to be elected to serve on the Board. He noted that, generally, the Board members are staff of municipalities or if it is a county or township generally it is the elected treasurer, and in the case of school districts it is generally the business manager or the finance director of the school district.
Moved by Hammond; Seconded by Knight.
RESOLVED: To adopt the attached resolution and agreement to join the Michigan Cooperative Liquid Asset Security System Investment Pool. (Attachment A)
VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None
Resolution No. 17.02.031       Motion Carried (7 - 0)

9b. Motion – Approval of Site Plan and Tree Removal Permit / Pacific Drive Development
Mr. Cohen explained the request to construct a 50,000 square foot light industrial building located at the northeast corner of Pacific Rd and Taylor Rd. The project is estimated at $3.25 million. He stated that construction will not begin until the owner secures a tenant.

Ms. Hammond questioned how long approved site plans are held. Mr. Cohen confirmed they are held for one year. Jim Butler, PEA, stated that it is very likely that they will secure a tenant within the year.

Moved by Mitchell; Seconded by Burmeister.
RESOLVED: To accept the Planning Commission’s recommendation and approve the Site Plan and Tree Removal Permit for Pacific Drive Development, subject to the administrative review team’s conditions.
VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None
Resolution No. 17.02.032       Motion Carried (7 - 0)

9c. Motion – Approval of a text amendment to the Zoning Ordinance / Article IV. R-1A, R-1B, R-1C, R-1, R-2, R-3, and R-4 One Family Residential Districts
Mr. Cohen explained that the proposed text amendment to the zoning ordinance was drafted to implement the policy recommendations of the Northeast Corner Neighborhood Master Plan. He explained that the primary changes are to the R1A open space option to make the clustering of homes more economically feasible for developers. The new standards option will only apply to properties in the northeast corner neighborhood. Changes include allowing density to increase from 2.5 to 3 units per acre, reducing the required open space, using gross density when calculating the number of homes permitted, and eliminating the one acre private active park requirement for projects over ten acres. In addition, the option of building duplexes was added back into the ordinance to meet the market demand for this type of condominium living. A provision was also added to the one family residential districts to allow attached units via the PUD process.

Ms. Verbeke questioned how this will benefit the City. Mr. Cohen stated that this was presented to the residents. He explained that the developer will leave areas alone and will not destroy wetlands and trees if they are able to get the density they need and are able to cluster those lots in certain areas on the site. There was not enough density in areas in the existing option to make projects economically feasible. The City would like to have more residents in the community. More single family homes and this type of option would make that possible and increase the tax base. Ms. Verbeke stated that it is not our job to make developers more profitable by changing our ordinances. She stated her opinion that the reason the residential area in the northern side of town are not developed is because it is in the Pontiac School District, not because of these issues.

Mr. Knight stated that he is reluctant to give up an acre on a ten acre site just to make it easier to be developed as we end up with less open space. The elimination of wetlands allows for developers to put a lot more on the land that is left. He stated that he is not convinced to support this.
Mr. Kittle noted that the wetlands is part of the storm water management and is the responsibility of the homeowner to maintain it. It is a huge economic burden to these individuals going forward as these things start to fail and will need to be maintained.

Mayor McDaniel stated that he is comfortable with this as he knows there has been significant community engagement when it comes to single family homes. He stated that he not so sure that the demographic that they are targeting is the younger families that are looking for the schools. The baby boomers are looking for places to go to downsize, but still want their own home. Mayor McDaniel stated that he is comfortable with this because he knows there was active citizen engagement throughout this whole process. It stems back to our age friendly communities for a lifetime initiative.

Ms. Verbeke commented that Pontiac school district is failing and it is possible the district may close. If that happens and there is a change in the school district boundaries in this area, these properties will become very desirable. We are selling ourselves short by doing this. It is not in the City’s best interest. We have the PUD process which would allow for open space and some of the changes.

Mr. Cohen clarified that throughout the northeast corner, you can only develop conventionally at two units per acre. If you cluster your homes and stay out of the woods and wetlands, you are able to increase to three, which makes it much more attractive to do that as opposed to mowing everything down. When the Planning Commission talked to residents, they thought it made sense to make it more attractive for a developer to cluster the homes as opposed to creating a conventional track subdivision. The R1A is part of the PUD. Right now, if you were to develop a subdivision, you could only do two units per acre. But if you seek a PUD approval with the R1A option, you could go up to three.

Mr. Knight commented that item 3 refers to a one acre park designated for active recreational purposes. He stated that the language implies that it has to be an open ball field. If it were modified to say there is some type of active area for the residents, it could include a wooded area. He would like to keep the requirement, but not restrict it to open space.

Mr. Cohen clarified that in the existing ordinance, if you build a PUD over ten acres, you had to set aside one acre for an active park area. The Planning Commission thought that it made sense to have an extra acre of wooded area left alone and enjoyed as opposed to having an extra area of lawn. If the developer wants to provide an acre of active area, that is great, but we prefer that they preserve as much wooded area as possible, which is why it made sense to remove that provision.

Ms. Verbeke questioned if Squirrel Road can handle the increase in development. Mr. Juidici explained that a traffic study was done in 2009 in anticipation of developments along the corridor. The difference in what has been proposed here and the PUD changes, is not enough to significantly impact the amount of traffic generated by what development area remains. From a traffic standpoint, this change will not make much of a difference.

Moved by Mitchell; Seconded by Burmeister.
RESOLVED: To accept the Planning Commission’s recommendation and approve the enclosed Text Amendment to Article IV. R-1A, R-1B, R-1C, R-1, R-2, R-3, and R-4 One Family Residential Districts of the Zoning Ordinance. The amended ordinance shall be referenced as Ordinance 17-885.
VOTE: Yes: Burmeister, Hammond, Kittle, McDaniel, Mitchell
No: Knight, Verbeke

Resolution No. 17.02.033       Motion Carried (5 - 2)
9d. Motion – Approval of a text amendment to the Zoning Ordinance / Section 1836. Universal Design and Visitability

Mr. Cohen explained that the proposed amendment is to implement the policy recommendations of the age-friendly action plan. The ordinance encourages, but does not require, developers to incorporate universal design elements and features into their home designs. As an incentive, the City will offer expedited permitting and eligibility for PUD consideration. After reviewing the amendment with the Planning Commission, it was recommended that criteria be created to define the minimum standards that would create a universal design home. Five features were added to the ordinance as minimum standards; zero-step front door entryways, first floor master bedroom and bathroom with zero-step entry into the shower, 36 inch wide doorways and 42 inch wide hallways, 60 inch wide maneuvering radius in the kitchen and bathrooms, and first floor laundry room. At least 75% of the homes in the development must have these homes to qualify for PUD eligibility. The purpose of the ordinance is to raise awareness of the need for accessible home design and to let developers know that this is something important to the City.

Ms. Mitchell commented that this is a very appropriate thing to do. It is very inclusive and she is very much in support of this.

Mr. Kittle observed that the 36 inch doorway has to be looked at from an engineering standpoint with swing studies done, as it could be counter intuitive.

Moved by Kittle; Seconded by Verbeke.

RESOLVED: To accept the Planning Commission’s recommendation and approve the enclosed Text Amendment to add Section 1836. Universal Design and Visitability to the Zoning Ordinance. The amended ordinance shall be referenced as Ordinance 17-886.

VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None

Resolution No. 17.02.034  Motion Carried (7 - 0)

9e. Motion – Approval of a text amendment to the Zoning Ordinance / Section 1830. Planned Unit Development Option

Mr. Cohen explained that the proposed ordinance amendment is to add universal design as a desired public benefit. It is also recommended that the PUD qualification items be added for financial contributions for public spaces and improvements, contribution of equipment or assets, green building certification, and electric vehicle readiness.

Moved by Burmeister; Seconded by Hammond.

RESOLVED: To accept the Planning Commission’s recommendation and approve the enclosed Text Amendment to Section 1830. Planned Unit Development Option of the Zoning Ordinance. The amended ordinance shall be referenced as Ordinance 17-887.

VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None

Resolution No. 17.02.035  Motion Carried (7 - 0)

10. COMMENTS AND MOTIONS FROM COUNCIL

Ms. Hammond

- Commented on the amount of dust and dirt from the construction at Opdyke and Featherstone. She requested someone check it out. Mr. Cohen stated that staff will check it out in the morning.

- Had two coyotes in her yard at 5:00 PM the other night. They are back in the area so keep an eye on your pets and small children.
Mr. Burmeister

- Commented on the condition of Hamlin Road. Mr. Tanghe explained that Rochester Hills has applied for funding. Auburn Hills wrote a letter of support for funding of that road improvement.

Mr. Knight

- He and Mr. Burmeister attended the memorial for Dennis Dearing this morning. He was the third firefighter that was lost on duty for the City. The first was in 1945 in a motorcycle accident while responding to a fire. The second was in 1965 when a volunteer had a heart attack. It was a wonderful memorial gathering of fire and emergency from the area.
- Driving east bound on Auburn as you reach South Squirrel, there is angled parking. At night for older individuals, it is extremely difficult to realize that those parking spaces are not a right turn lane. They are not marked very well. He suggested a reflector be installed at the corner or paint the curb a bright white.
- He hosted his Cadillac Club at Fieldstone and used Crank caterer. They did an outstanding job. The food was excellent and the price was reasonable.
- Suggested the City give serious consideration to having one or two electric vehicles in its fleet as there would be cost savings and it uses alternate energy.

Ms. Verbeke

- Wished Mikey Gorak best wishes on her new adventure. She was an outstanding employee and we will definitely miss her here.
- Requested an update on the smell at the dump. Mr. Tanghe commented that Mr. Keenan has been working with the MDEQ. He stated that the City is on top of it and aware that there has been a more recent increase in the odor from the landfill. It has been of concern and there are reasons the MDEQ believes it is occurring and they are working with the landfill to take corrective action. He stated that he will send the information to Council.
- In regards to the 2016 Traffic Crash Report, the number two crash location was Lapeer and Harmon. Recently the area was changed. She questioned if it will still be considered an intersection next year for comparison purposes to see if it has improved. Chief Olko explained that it is still considered an intersection, but not the same kind of intersection.
- Announced that April 26th is the Steak and Burger Dinner at the Boys and Girls Club.

Ms. Mitchell

- Complimented staff that the Council packet was done extremely well. It was very detailed and had a lot of background information.
- Attended the Pontiac Youth Assistance Annual Breakfast with Chief Olko and Lt. Gagnon. The organization expressed gratitude for all the support that we have provided to them in the past. They gave a very detailed report on what they have been doing with the funds. She stated that she does not often, from this forum, recommend organizations to donate to, but if people are looking for one, the organization has that option on their webpage.
- Echoed Ms. Verbeke’s comments about appreciation and best wishes for Mikey Gorak. She served our community for over two decades and did a wonderful job doing so.
- Acknowledged that the proclamation request from Sikh had been received. She may be reaching out to members of staff for assistance as they have contacts at the University to help her better understand this organization and see if she can make a recommendation about what we can do as Council. We strive for everyone to have a positive Auburn Hills experience.
- Received feedback from a resident that they could not obtain a printed copy of the budget without paying for it. She stated that it is something that we approved when we approved the budget. Everyone is not computer literate, savvy or has access to technology. When we move into our budget discussions in the future, she would like to have more consideration around that to see if it is something we may want to revise.

Mayor McDaniel

- This day in 1994, Auburn Hills lost a firefighter in the line of duty. Many were present today to pay
tribute to him. He was not able to attend the memorial service today, but wanted the family to know that he was thinking of them today and that our community is forever grateful to Dennis Dearing and his family for his service. On behalf of the City Council our thoughts and prayers are with Dennis’ family. He thanked Chief Manning, City staff, and the neighboring departments on the exceptional memorial tribute.

11. CITY ATTORNEY’S REPORT
12. CITY MANAGER’S REPORT

Mr. Tanghe

- Distributed a report to Council containing an overview of the first six months of dispatching service with Oakland County.
- In the morning he will be attending the Michigan Strategic Fund Board of Directors meeting in Lansing for a recruitment of a rather significant company to our community.
- Followed up on the new shopping plaza with Starbucks. He stated that there is no shortage of business or traffic finding its way in and out of that development. It is important to acknowledge it because there was a concern without a curb cut in front of that shopping center, it would be problematic. The area has an internal circulation pattern that seems to be working well.
- Acknowledged Mr. Knight as he did the most beautiful invocation at the memorial service this morning.

13. ADJOURNMENT

Hearing no objections, the meeting adjourned at 8:18 PM.

________________________________    _______________________________
Kevin R. McDaniel, Mayor     Terri Kowal, City Clerk
ATTACHMENT A

Authorizing Resolution

WHEREAS, certain governmental units described in Schedule 1 attached to this Resolution (the “Public Agencies”) desire to enter into or have entered into an interlocal agreement substantially in the form attached hereto as Exhibit B (the “Participation Agreement”) for the purpose of exercising jointly the power each Public Agency has to invest its surplus funds; and

WHEREAS, the City of Auburn Hills is a Public Agency under the Participation Agreement and is authorized by Michigan law to invest its funds in certain investments (the “Permitted Investments”); and

Whereas, Act 7 of the Public Acts of the Extra Session of 1967, as amended, (the Urban Cooperation Act of 1967) authorizes the City of Auburn Hills to contract in the form of an interlocal agreement to provide for the manner of investment of surplus funds or proceeds of grants, gifts, or bequests to the parties to the interlocal agreement under the control of a legal or administrative entity created by that interlocal agreement.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS;

1. The City of Auburn Hills adopts the Participation Agreement substantially in the form of Exhibit B which is incorporated in the Resolution by reference thereto and agrees to join with other Public Agencies to become a Participant under the terms of the Participation Agreement and to accept additional Public Agencies as new Participants without subsequent action.

2. The City of Auburn Hills agrees to and concurs in the appointment of those Trustees either being appointed, to be appointed or currently serving as members of the Board of Trustees created under the Participation Agreement and recognizes those Trustees and their successors as the appointees of the City of Auburn Hills.

3. The City of Auburn Hills acknowledges and confirms the representation, warranties and covenants provided in the Participation Agreement to the Investment Advisor and Custodian under Participation Agreement, upon which they may respectively rely.

4. The City of Auburn Hills hereby authorizes Michelle Schulz (the “Authorized Officer”), to take the following actions with regard to the participation of the City of Auburn Hills in the Participation Agreement:

   a. Deliver a certified copy of this Resolution to Investment Advisor under the Participation Agreement.

   b. Execute and deliver all notices, directions and instruction required or permitted by the Participation Agreement from the City of Auburn Hills or Participant.

   c. Make contributions to the Investment Property as provided in the Participation Agreement and select all or part of the Surplus Funds (as defined in the Participation Agreement) to be contributed to the Investment Property.
d. Consent to an amendment to the Participation Agreement on behalf of the City of Auburn Hills, if such amendment is not materially adverse to the interest of the City of Auburn Hills, if necessary to conform to the Participation Agreement with law, or is a technical change necessary to facilitate the intent of the Participation Agreement.

5. The Participant understands and agrees that it shall not amend or repeal this Resolution except to the extent necessary to alter the limitations imposed on the Authorized Officer, to change Authorized Officers, or to withdraw from the Participation Agreement.

6. All resolutions and parts of resolution in conflict with this Resolution shall be, and hereby are, amended or repealed to the extent of such conflict.

RESOLUTION DECLARED ADOPTED.

STATE OF MICHIGAN )
COUNTY OF OAKLAND)

I, the undersigned duly appointed City Clerk for the City of Auburn Hills, Oakland County, Michigan do hereby certify that the foregoing is a true representation of the resolution passed at the City Council meeting of February 27, 2017.

IN WITNESS WHEREOF, I have hereunto affixed my official signature on this _____ day of March, 2017.

_______________________________
Terri Kowal, MMC
City Clerk
City of Auburn Hills
## ATTACHMENT A – SCHEDULE 1

### Michigan CLASS Participants as of January 2017

#### Cities/Villages

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Michigan CLASS Participants as of January 2017

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Total: 402
ATTACHMENT A – EXHIBIT B

This Participation Agreement dated as of October 1, 1991 (the "Participation Agreement") constitutes an interjoin agreement creating a legal entity pursuant to Section 5-10 of Act 7 of the Public Acts of the Extra Session of 1967, as amended (the "Uniform Cooperative Act of 1967"), entered into and among The Michigan Public Agencies that have entered into this Agreement for the purpose of combining funds available for investment and appointing an Investment Advisor.

(Article III, Restated With Amendments through December 31, 2011)

**TABLE OF CONTENTS**

**ARTICLE I**
- Definitions .............................................. 5

**ARTICLE II**
- Establishment .............................................. 9
  - 2.1 Establishment Purpose .......................... 9
  - 2.2 Name .................................................. 9
  - 2.3 Participation Requirements; Changes of Incumbency ........... 9
  - 2.4 Location .............................................. 9

**ARTICLE III**
- Participants ............................................. 10
  - 3.1 Method of Participation ......................... 10
  - 3.2 Exercise of Participant Rights ................. 10
  - 3.3 Election of Board of Trustees .................. 10
  - 3.4 Voting ............................................... 10
  - 3.5 Process ............................................. 10
  - 3.6 Contributions ...................................... 10
  - 3.7 Withdrawals ........................................ 10
  - 3.8 Receipt of Statements and Reports, Requests .............. 10
  - 3.9 Termination of Participation .................... 10

**ARTICLE IV**
- Board of Trustees ...................................... 14
  - 4.1 Establishment of Board ......................... 14
  - 4.2 General Powers .................................... 14
  - 4.3 Administration and Management ................. 14
  - 4.4 Time in Transitions, Rights of Indemnified Persons .......... 14
  - 4.5 Administration of Investments ................. 14
  - 4.6 Power to Contract, Engage, Rent and Employ .......... 15
  - 4.7 Employment ........................................ 15
  - 4.8 Nominating and Underwriting .................. 15
  - 4.9 Information Statement ........................... 15
  - 4.10 Contributions to Affiliates .................... 15
  - 4.11 Further Powers ................................... 15

**ARTICLE V**
- Trustees .................................................. 17
  - 5.1 Number and Qualification ....................... 17
  - 5.2 Term of Office .................................... 17
  - 5.3 Election of Trustees ............................. 17
  - 5.4 Management of Funds ............................ 17
  - 5.5 Removal of Trustees ............................. 17
  - 5.6 Vacancies .......................................... 17
  - 5.7 Fiduciaries ........................................ 17
  - 5.8 Officers ........................................... 17
  - 5.9 Trustees ........................................... 17
  - 5.10 Mission ............................................ 17

**ARTICLE VI**
- Investment Advisor ................................. 20
  - 6.1 Assignment ....................................... 20
  - 6.2 Duties and Obligations of the Investment Advisor .......... 20
  - 6.3 Investment Funds ................................. 20
  - 6.4 Learning Environment ................................ 20
  - 6.5 Successor .......................................... 20

**ARTICLE VII**
- Receipt of Statements and Reports, Requests .............. 22
  - 7.1 Assignment and Acceptance ..................... 22
  - 7.2 Ratification of Participation Agreement .............. 22
  - 7.3 Terms .............................................. 22
  - 7.4 Contract Price and Terms ........................ 22
  - 7.5 Reliance on Information .......................... 22
  - 7.6 Indemnification ................................... 22

**ARTICLE VIII**
- REMAINING PROVISIONS ............................... 27
  - 8.1 Representations and Warranties of Each Participant ........ 27
  - 8.2 Representations and Warranties of the Investment Advisor .... 27
  - 8.3 Representations and Warranties of the Corporation .......... 27

**ARTICLE IX**
- Rights of Participants ............................... 30
  - 9.1 Right of Ordinary Statute ........................ 30
  - 9.2 Right of Engagement ............................. 30
  - 9.3 Right of Termination ............................ 30
  - 9.4 Right to Effect Articulation .................... 30

**ARTICLE X**
- LIMITATION OF LIABILITY ................. 33
  - 10.1 Liability of Third Persons ...................... 33
  - 10.2 Liability of Trustees to Others ................ 33
  - 10.3 Indemnification .................................. 33
  - 10.4 Liability to Others ............................. 33
  - 10.5 Indemnification of Other Parties .............. 33

**ARTICLE XI**
- MISCELLANEOUS ....................................... 36
  - 11.1 Governing Law ................................... 36
  - 11.2 Amendments ...................................... 36
  - 11.3 Severability ...................................... 36
City Council Minutes – February 27, 2017
Page 16

"State" means the State of Michigan.

"Trustee Fund" means money which belongs to or is under the control of the Public Agency and is available for investment in Permitted Investments, not being required by law or agreement with bondholders to be segregated and invested in a specific manner.

"Trustee" means any member of the Board of Trustees created pursuant to Article IV.

"Valuation Procedure" means the procedures for determining the value of the Investment Property set forth in Exhibit D.

"Withdrawal Procedure" means the procedures for requesting payments out of the Investment Property set forth in Exhibit D.

"Zero Balance" means any Participant’s Balance that is less than or equal to $0.00.

ARTICLE II - ESTABLISHMENT

2.1. Establishment Purpose. Through the creation of the Board, the Participants hereby establish a separate legal and administrative entity organized and existing pursuant to the Act for the purpose of exercising jointly each participating Public Agency’s independent power to invest surplus funds.

2.2. Name. The name of the entity created by this Participation Agreement shall be "Michigan Cooperative Liquid Assets Securities System" ("CLASS") and the Board shall conduct the entity’s activities, execute all documents and cause to be used under that name. The Board may use such other designations, including Michigan CLASS, and they may adopt such other name or names as they deem proper and the entity may hold property and conduct its activities under such designations or names. The Board shall take such action as they, acting with the advice of counsel, shall deem necessary or appropriate to file or register such names in accordance with the laws of the State of the United States of America so as to protect and preserve the right of the entity in and to such names.

2.3 Participation Requirements. Changes of Incumbency
(a) Only those Public Agencies that have adopted this Participation Agreement and have complied with its provisions may become Participants.
(b) Each Public Agency adopting and executing this Participation Agreement and otherwise complying with the provisions hereof shall become a Participant, however only those Participants carrying greater than a Zero Balance are entitled to voting rights, as described in Section 1.4.

2.4. Location. Michigan CLASS shall maintain an office of record in the State and may maintain such other offices or places of business as the Board may determine to be in the interests of the Board, and notice of such change of the office of record shall be given to each Participant.

ARTICLE III - PARTICIPANTS

3.1. Method of Participation. Any Public Agency that wishes to become a party to this Participation Agreement may do so by adopting an Authorizing Resolution, such as, for example, the Authorizing Resolution attached hereto as Exhibit D, and, upon adoption, delivering a certified copy of the Authorizing Resolution to the Investment Advisor. A copy of this Participation Agreement shall be adopted through incorporation by reference into the Authorizing Resolution of the Public Agency. The Investment Advisor shall provide written notification to the Custodian and other Participants of the adoption of a new Participant. Any Public Agency that becomes a Participant shall have the same rights and obligations hereunder as any other Participant.

3.2. Duties of Participants. All rights of the Participants as set forth in this Participation Agreement shall be exercised by their respective Authorized Officers. Whenever in this Participation Agreement action is required or allowed to a Participant, such action shall be taken by the Authorized Officer on behalf of the Participant. All notices required to be sent to Participants shall be sent to the Authorized Officer.

3.3. Election of the Board of Trustees. The Participants shall elect the members of the Board.

3.4. Voting
(a) Subject to subsection (b) below, each Participant through its Authorized Officer shall be entitled to one vote as a matter of right with respect to the following matters: (i) Election of the Board; (ii) Amendment of the Participation Agreement; and (iii) Termination of the Participation Agreement.
(b) Any Participant whose Zero Balance as of any Record Date remains a Participant but has no voting rights as of such Record Date. A Participant shall regain voting rights upon a subsequent Record Date if on such subsequent Record Date, the Participant carries greater than a Zero Balance.

3.5. Procedure. An Authorized Officer may vote or proxies, provided that no proxy shall be voted unless it shall have been placed on file with the Secretary of Michigan CLASS or with such other Officer of Michigan CLASS as the Secretary may direct. All proxies shall be revocable at the option of the Authorized Officer at any time prior to the vote.

3.6. Contributions
(a) After the Participation Agreement is effective and the Investment Advisor Agreement is entered into with the Investment Advisor, each Participant shall have the right from time to time to deliver Investment Funds to the Custodian for credit to such Participant’s Book. A Participant that wishes to make such a delivery shall notify the Investment Advisor and follow the Contribution Procedure set forth in Exhibit A. Upon the receipt of a notice from a Participant, the Investment Advisor shall notify the Custodian, by written or electronic notification, of the amount and the amount to be invested in the Participant.

(b) The balance of a Participant shall be increased upon the delivery of Investment Funds by an amount equal to the amount of such Investment Funds.

(c) Upon receipt of a Participant’s Investment Funds, the Custodian shall deliver a confirmation to the Investment Advisor. The Investment Advisor shall note the increase in such Participant’s Balance, retain a copy of the confirmation in its records, and shall deliver the written confirmation of the delivery to the Participant.

(d) If the Investment Advisor has received notice that a Public Agency no longer qualifies as a Participant or that any funds delivered pursuant to Section 3.4 are not Investment Funds, the Investment Advisor shall request the Custodian to return to such Participant such funds, and such Participant shall bear all of the costs and liabilities associated with the delivery of such funds.

3.7. Withdrawals
(a) Each Participant shall have the right from time to time to request, in accordance with the Withdrawal Procedure set forth in Exhibit D, hereof, that the Investment Advisor notify the Custodian to pay to such Participant, or to its order, any amount (rounded to the nearest whole cent) that is less than or equal to the Participant’s Balance at the time that payment is made pursuant to such request.

(b) Upon the receipt of any withdrawal request, the Investment Advisor shall notify the Custodian, by written or electronic notification, of the withdrawal request from the Participant, and the requested amount (rounded to the nearest whole cent) shall be paid by the Custodian to or on behalf of such Participant.

(c) Whenever any payment is made to or to the order of a Participant pursuant to Section 3.7 hereof, such Participant’s Balance shall be reduced by the Investment Advisor by the amount of such payment.

(d) Subject to the terms and conditions of this Participation Agreement, the Custodian shall honor a Participant’s request, upon notice from the Investment Advisor, to pay to a Participant, any amount (rounded to the nearest whole cent) that is less than or equal to such Participant’s Balance at the time payment is made.

(e) Each Participant agrees that, without prior notice, the right to withdraw may be temporarily suspended or postponed for the whole or any part of any period (i) during which...
trading in securities generally on the New York Stock Exchange or the American Stock Exchange or over-the-counter market shall have been suspended or minimum prices or maximum daily changes shall have been established on such exchanges or market; (ii) a general banking moratorium shall have been declared by federal or state authorities; or (iii) there shall have occurred any outbreak, or material escalation, of hostilities, or other calamity or crisis, the effect of which on the financial markets of the United States is such as to make it impracticable (a) to dispose of the Investment Property because of the substantial losses which might be incurred or (b) to determine the Investment Property Value in accordance with the Valuation Procedures set forth in Exhibit C. The Investment Adviser shall determine on behalf of the Board, when an event occurs which, under this Section confers the Custodian to temporarily suspend or postpone a Participant’s rights to withdrawals, and shall immediately notify the Custodian and each Participant by telephone or electronic medium of such determination. Such a suspension or postponement shall take effect from the date of such notice and shall remain in effect until the Board determines that such suspension or postponement is no longer necessary.

3.0 Concept of Instruments and Payment: The Board may authorize the payment of any or all amounts accrued under this Agreement to be made by check or by wire transfer of funds payable to the order of the Board or to the order of any person or entity authorized to receive such payment.

3.1 Establishment of Board. The Board of Trustees shall be the翗e ent of the Board of Trustees, which is hereby created by this Participation Agreement as a separate entity.

3.2 General Powers. The Board shall serve as the Board of Trustees for the Participant and shall have exclusive and absolute control over the Investment Property to the same extent as if the Board were the sole owner of the Investment Property. In the event any part of the Investment Property is so designated, no powers granted by this Participation Agreement or any other instrument to the Investment Adviser or Custodian shall be considered powers of the Board which have been delegated for the purpose of the agreement with the Investment Adviser. The Board may perform such acts as it determines in its discretion as proper for carrying on the business of the Board. The enumeration of any specific powers shall not be construed to limit the powers of the Board. Such powers may be exercised with or without an order or other authority by any court. In construing the provisions of this Participation Agreement, the presumption shall be in favor of a grant of power to the Board.

3.3 Investment Management. The Investment Program. The Board shall have the power to subscribe for, invest in, redeem from, purchase or otherwise acquire, hold, sell, sell short, pledge, exchange, distribute or otherwise deal in or dispose of permitted Investments pursuant to the Michigan CLASS Investment Policy, attached hereto as Exhibit H-I. In accordance with Section 10.12(A) hereof, the Michigan CLASS Investment Policy may be amended upon providing Participants 30 days’ notice of such amendment. In the exercise of its powers, the Board shall be limited to Permitted Investments meeting the above criteria.

The general investment policy and objective of the Board shall be to provide to the Participants the preservation of capital and liquidity, while providing a competitive investment yield through investing in Permitted Investments. The Board shall appoint an Investment Adviser and the Board is directed to enter into the Investment Adviser Agreement with the Investment Adviser consistent with the terms of this Participation Agreement. The Investment Adviser Agreement shall not be for a term greater than 20 years, but may be subject to renewal for additional terms. The Investment Adviser shall have the power to manage the Investment Property, including the authority to exercise all powers vested by this Section with the Board under the designation of additional Investments as Permitted Investments.

4.0 Title to Investments. Rights as Holder of Investment Property. Legal title to all Investment Property shall be vested in the Board on behalf of the Participants and shall be held and transferred to the Board, except that the Board shall have full and complete power to cause legal title to any Investment Property to be held, if permitted by law, in the name of any other Person as nominee, in such form, in such manner and with such powers as the Board may determine, so long as in the opinion of the Board the interests of the Board and the Participants are adequately protected.

The Board shall have full and complete power to exercise all of the rights, powers and privileges appertaining to the ownership of the Investment Property to the same extent that any participant has such rights, powers and privileges.

4.1 Payment of Expenses. The Board shall have full and complete power:

(a) to incur and pay any charges or expenses which is the opinion of the Board are necessary or incidental to or for the carrying out of any of the provisions of this Participation Agreement;

(b) to pay any taxes or assessments payable and to bear and pay taxes imposed upon or against the Investment Property or paid against the Board itself or any part thereof;

(c) to reimburse itself for payment of such expenses and losses; and

(d) to pay appropriate remuneration or fees from the Investment Property to a Person with whom the Board has contracted or transacted business.

All payments or expenses incurred pursuant to this Section will be fully paid, or reimbursed, as determined in accordance with the terms of the Investment Adviser Agreement.

4.2 Power to Conserve, Protect, Maintain and Dispose. The Board is responsible for the investments of Michigan CLASS consistent with the investment policy established in this Participation Agreement and for the general supervision of the business and affairs of Michigan CLASS. Subject to the limitations expressed in Section 4.1 of this Participation Agreement, the Board shall have full and complete power to, and shall at all times, appoint, employ, retain, or contract with any Person of whatever qualifications (including any corporation, partnership, trust or other entity of which one or more of them may be an Affiliate) for the transaction of the affairs of the Board.

4.3 Insurance. The Board shall have full and complete power to purchase or cause to be purchased and pay for, for the benefit of the Investment Property and the Board, insurance policies and other insurance against losses of every nature arising by reason of holding or possessing any such Investment Property, which insurance policies or other insurance policies or arrangements to be maintained for the Board or such other Person as the Board shall determine.
might otherwise require unscheduled disposals of portfolio investments, but only to the extent permitted by law.

4.0. Remedies. Notwithstanding any provision in this Participation Agreement, when the Board deems that there is a significant risk that an obligor to Michigan CLASS may default or is in default under the terms of any obligation of Michigan CLASS, the Board shall have full and complete power to pursue any remedies permitted by law with which, in their sole judgment, are the interests of Michigan CLASS and the Board shall have full and complete power to enter into any investment, commitment or obligation of Michigan CLASS resulting from the pursuit of such remedies as are necessary or desirable to dispose of property acquired in pursuit of such remedies.

4.10. Information Statement. The Board shall have full and complete power to preserve, publish and disseminate an Information Statement regarding Michigan CLASS and to amend or supplement the same from time to time.

4.11. Contracting with Affiliates. To the extent permitted by law, the Board may enter into transactions with any Affiliate of any of the Trustees or any Affiliate of the Investment Advisor.

(a) each such transaction (or type of transaction) has, after disclosure thereof, been approved or ratified by the affirmative vote of a majority of the Board, including a majority of the Trustees who are not Affiliates of any person who is a party to the transaction with the Board; and

(b) such transaction (or type of transactions) is, in the opinion of the Board, on terms fair and reasonable to the Board and the Participants and at least as favorable to them as similar arrangements for comparable transactions with unaffiliated persons.

4.12. Further Powers. The Board shall have full and complete power to take all such actions, do all such matters and things, and execute all such instruments as it deems necessary, proper or desirable, in order to carry out, promote, or advance the purposes and purposes of Michigan CLASS although such actions, matters or things are not herein specifically mentioned. Any determination as to what is in the best interest of Michigan CLASS made by the Board in good faith shall be conclusive. In construing the provisions of this Participation Agreement, the presumption shall be in favor of a grant of power to the Board.

ARTICLE V
TRUSTEES

5.1. Number and Qualification.

(a) The Board shall have at least nine (9) but no more than thirteen (13) members.

(b) The members of the Board shall be comprised of at least one (1) but not more than four (4) members from each of the following Participant categories:

(i) Counties;
(ii) Cities/Villages;
(iii) Townships;
(iv) School Districts (including Intermediate School Districts); and
(v) Other Public Agencies not listed above (including community colleges).

The Board shall be the sole judge of the election and qualification of its members.

(c) Only a Person in Good Standing is eligible for election to the Board.

5.2. Term of Office. The term of office for a Trustee shall be three years or until a successor has been appointed and qualified, and such term shall begin at the meeting of the Board following the election. Trustees may serve any number of successive terms. The term of Trustees shall be staggered such that the term of at least one-third of all Trustees expire in any year.

5.3. Election of Trustees.

(a) Participants shall elect Trustees by a majority vote of those voting Participants in accordance with Section 3.4. Prior to each vote, the Board shall prepare a ballot containing sufficient candidates to assure that at least one but no more than four Trustees from each Participant category listed in Section 5.1(b) above may be elected.

(b) After each election, each Participant shall by this Participation Agreement be considered to have appointed each person elected by each vote as their Trustee unless and until removed pursuant to Resignation according to Section 5.4 or Removal according to Section 5.5.

5.4. Participation of Trustees. Any Trustee may resign without need for prior or subsequent accounting by notice in writing signed by the Trustees and delivered to the Board, and such resignation shall be effective upon such delivery, or at a later date specified in the written notice.

5.5. Removal of Trustees. As provided in Section 7 of the Act, the governing body of each Participant may, by resolution, remove one or more of the Trustees it appoints. A Trustee removed by a Participant will not be considered the appointee of that Participant, but shall remain a member of the Board unless removed by a majority of the Board. If a Participant elects to remove all of the Trustees it appointed, the Participant will be considered to have terminated its participation and withdrawn from this Participation Agreement. Any Trustee can be removed from the Board for all Participants for good cause by the action of at least two-thirds (2/3) of the remaining Trustees.

5.6. Vacancies. The term of office of a Trustee shall terminate and a vacancy shall occur in the event of the death, resignation, or removal for cause of any Trustee. If a Participant elects to remove all of the Trustees it appointed, the Participant will be considered to have terminated its participation and withdrawn from this Participation Agreement. Any Trustee can be removed from the Board for all Participants for good cause by the action of at least two-thirds (2/3) of the remaining Trustees.

5.7. Meetings.

(a) The annual meeting of the Board shall be the last meeting of the calendar year and shall be for the purpose of the election of officers, setting the calendar for regular meetings and other organizational matters, as provided in the Bylaws.

(b) Regular meetings of the Board shall be established annually in the method described in the Bylaws of the Board and may be held without notice at the time and place so established.

(c) Special meetings of the Board may be called at any time upon the call of the Chairperson or any two Trustees in the manner described in the Bylaws of the Board.

(d) A quorum of the Board shall be a majority of all Trustees appointed and serving. Any action of the Board may be taken at a meeting by a simple majority vote of those Trustees present and voting, provided a quorum is present, unless a supermajority is required by another Section of this Participation Agreement or by law of the State.

(e) Meetings of the Board shall be subject to the Open Meetings Act (Act No. 207 of 1976, being Sections 15.261-15.275).

(f) With respect to any Affiliate of any Trustee, Trustees who are so affiliated within the meaning of Section 4.11 of this Participation Agreement or otherwise interested in any action to be taken must disclose such affiliation or interest. Such Trustees may be counted for quantum purposes, but such Trustees shall not be entitled to vote upon any matter related to the affiliation or interest.

5.8. Bylaws. The Board shall adopt, and may, from time to time, amend or repeal Bylaws for the conduct of the business of the Board. And in such Bylaws, may among other things, define the duties of the respective officers, agents, employees, and representatives of the Board, and shall establish the rules of calling of meetings and determination of regular and special meetings.

5.9. Officers. The Board shall annually elect a Chairperson and other officers having the responsibilities and powers described in the Bylaws.
ARTICLE VI
INVESTMENT ADVISOR

6.1. Appointment
(a) The Board shall appoint an Investment Advisor for the purpose of fulfilling the responsibilities provided the Investment Advisor under this Participation Agreement, and such Participant hereby delegates to the Board the authority to enter into an agreement with the Investment Advisor for a period not to exceed 10 years and on the terms set forth in this Participation Agreement. Each Investment Advisor Agreement may be renewed for successive terms.

(b) The Investment Advisor shall be required pursuant to the Investment Advisor Agreement to accept such appointment and to agree to render the services and to assume the obligations set forth therein and in this Participation Agreement, for the compensation provided in the Investment Advisor Agreement.

6.2. Duties and Obligations of the Investment Advisor
(a) The duties of the Investment Advisor shall be those set forth in the Investment Advisor Agreement. Such duties may be modified by the Board from time to time. The Board may authorize the Investment Advisor to effect purchases, sales or exchanges of Investment Property on behalf of the Board or any authorized advisor, officer, employee, agent or member of the Board to effect such purchases, sales or exchanges pursuant to recommendations of the Investment Advisor, all without further action by the Board. Any and all of such purchases, sales or exchanges shall be deemed to be authorized by the Board. The Board has authorized the establishment of a primary fund for the investment of Surplus Funds of the Participants in Section 6.3 hereof, and may direct the Investment Advisor to effect transactions for specific investment characteristics pursuant to Section 6.3 of this Participation Agreement; the establishment thereof shall not require any further action of the Board. After such direction, any such establishment of specially designated Funds shall be deemed authorized by the Board.

(b) The Participants and the Board delegate no discretion to the Investment Advisor hereunder to invest Investment Property in any but Permitted Investments and the Investment Advisor shall expressly refuse to accept any delegation of such discretion. Except as set forth herein and subject to the discretion of the Board, the decision of how to invest or not to invest shall remain at all times under the control of the Board. The Investment Advisor is directed to cause Investment Property of each Participant to be invested in such Permitted Investments and consistent with the investment criteria set forth in Exhibit E, Exhibit F-1 or such other exhibits created pursuant to Section 6.3 hereof. The Investment Advisor shall have no additional discretion than that stated in this Participation Agreement in carrying out the directions set forth in Section 6.2 or Section 6.3.

(c) The Investment Advisor shall at no time have custody of, or physical control over, any of the Investment Property, upon payment of the Board, appoint a Custodian, as defined in the Participation Agreement, to receive, hold for reinvestment, and clear all Investment Property. The Investment Advisor shall not be liable for any act or omission of the Custodian, but shall be liable for the Investment Advisor’s acts and omissions as provided herein. Such Participant and the Board direct the Custodian to act, and the Custodian shall agree to act, in accordance with the instructions of the Investment Advisor.

(d) The types of Permitted Investments into which Investment Property shall be invested is determined by the Board pursuant to the Participation Agreement and, subject to Section 6.3 hereof, the Board designates the selection of investments within those Permitted Investments to the Investment Advisor. All actions of the Investment Advisor in selecting investments which meet the investment parameters prescribed herein and in implementing the sale or purchase of securities are taken on behalf of the Board.

6.3. Custodian
(a) The Investment Advisor shall cause the Custodian to establish a primary fund (the "Primary Fund") for the investment of Surplus Funds of the Participants. The Primary Fund shall be invested in Permitted Investments as set forth in Exhibit E and Exhibit F-1 hereof. Without waiving anything in this Participation Agreement to the contrary, the Investment Advisor may, upon the direction of the Board, establish such Primary Fund or designate any other fund to establish or invest in specially designated funds, in addition to the Primary Fund, with specified investment characteristics that may be more or less than the Permitted Investments, but may not be greater (the "Government Funds") and, together with the Primary Fund, the "Funds"). The Investment Advisor may cause the Custodian to establish such Funds as the Board or its designees has approved in writing. The investment characteristics of such Government Funds, if approved, shall be such that they are consistent with the characteristics of such Funds, if approved. If established, any such Government Funds shall be subject to all of the requirements, terms and conditions of such Funds and each Government Fund shall be set forth in a separate investment policy made on exhibit to this Participation Agreement. The Board shall designate the number or the number being inserted in theblank, the establishment of such Government Funds shall not be deemed an amendment of this Participation Agreement, stating that such contribution procedures shall be set forth in Section 6.3 hereof. A Participant may direct the Investment Advisor to invest its Surplus Funds in any of the established Funds. The Investment Advisor shall cause each such Fund to be established in the manner prescribed for it in Exhibit F-1 hereof. The establishment of such special sub-accounts and the amendment of the investment policy for such sub-account shall not be deemed an amendment of the Participation Agreement.

6.4 Special Sub-Accounts. Notwithstanding anything in this Participation Agreement to the contrary, the Investment Advisor from time to time may propose to the Participants that the Participants establish specially designated, restricted sub-accounts within any Fund with investment, withdrawal, contribution or other characteristics different, but no broader, than those set forth in this Participation Agreement. Such characteristics may include, without limitation, certain restrictions on amounts to be deposited, the types of permitted investments, the investment constraints and additional administrative fees. A Participant in its sole discretion may create such proposed special, restricted sub-accounts under any Fund and additional administrative fees. A Participant in its sole discretion may create such proposed special, restricted sub-accounts under any Fund and additional administrative fees, including fees on amounts that are earned pursuant to this Participation Agreement and subject to the terms and investment policies set forth in the proposal of the Investment Advisor until the time that the particular sub-account is approved by the Participants.

7.1. Appointment and Acceptance
(a) Subject to the approval of the Board, the Investment Advisor is directed and appointed to serve as Custodian and to provide notice of its appointment to the Custodian. The Custodian shall be required to accept the duties and obligations of the Custodian described in this Participation Agreement.

(b) The Investment Advisor may appoint, with the consent of the Custodian, or authorize the Custodian to utilize sub-custodians to serve as a Custodian in the performance of the obligations of the Custodian hereunder provided that the use of such sub-custodians is permitted under the law of the state, the use of sub-custodians will not render the performance of any provision of this Participation Agreement by any of the parties hereto invalid, illegal or permit the investment of the Board in the investment of the State, (c) the Investment Advisor shall use its best efforts to ensure that the collective interests of the Participants in the investment in the Property is fairly distributed on the records of each sub-custodian, (d) the Investment Advisor shall use its best efforts to ensure that the collective interests of the Participants in the investment in the Property is not diminished or adversely affected because of the Custodian’s use of a sub-custodian and (e) the sub-custodians in a bank or trust company, savings and loan association or credit union eligible to be a depository of surplus funds of the state under Sections 23 and 6 of the Act No. 305 of the Public Acts of 1907, as amended, being Sections 23.145 to 23.146 of the Michigan Compiled Laws. A sub-custodian does not include, and a Custodian may utilize, any Affiliate of the Custodian as a depository to hold or clear Investment Property or instruments evidencing permitted Investments made with Investment Property in the name of any nominee name of the Custodian on behalf of the Participants.

(c) The Custodian shall receive, hold for reinvestment, and clear all Investment Funds and Investment Property. The Custodian shall perform those functions with respect to Investment Funds and Investment Property as provided by this Participation Agreement and the Custodian Agreement.

(d) No Investment Funds or Investment Property received by the Custodian pursuant to this Participation Agreement shall be accounted for in any manner which might cause such Investment Funds or Investment Property to become assets or liabilities of the Custodian.

(e) With respect to school districts which are Participants, the Custodian and any sub-custodian utilized by the Custodian shall be deemed to be custodians for purposes of Section 121 of Act No. 434 of the Public Acts of 1907, as amended, being Section 300.1213 of the Michigan Compiled Laws, to be the depository of the funds of a school district from which a contribution under Section 3.6 was made and into which the instrument representing that contribution shall be deposited.

(f) The Custodian shall, within thirty (30) days of issuance, deliver a copy of its annual report to the Investment Advisor and the Board.
(a) The Custodian may resign upon the giving of at least ninety (90) days' written notice to the Investment Advisor.

(b) Subject to the approval of the Board, the Investment Advisor may remove the Custodian upon not more than sixty (60) days' written notice to the Custodian. Notwithstanding the foregoing, the removal of the Custodian shall not be deemed effective unless a successor shall have been chosen and accepted in the position.

7.5. Powers.

(a) (i) The Custodian is authorized and directed to open and maintain, and the Custodian shall open and maintain, one Account for each Fund established by the Investment Advisor in the name of "[Name of Custodian] as Custodian for [Name of Fund] for the Benefit of the Participants who are parties to a Participation Agreement dated as of October 1, 1992," and will accept for safekeeping and for credit to the Account, in accordance with the terms hereof, all Investment Funds delivered pursuant to Section 3.6 and Section 6.3 hereof, and the income or earnings derived therefrom, delivered to or collected in it for deposit in or in connection with the Account. The Custodian may accept funds hereunder and shall not be required to make an independent determination whether such funds are Investment Funds.

(iii) All securities and other non-cash Investment Property held in the Account shall be physically segregated from other securities and non-cash property in the possession of the Custodian and shall be identified as subject to this Participation Agreement.

(b) Only upon and in accordance with instructions of the Investment Advisor as provided herein shall the Custodian, for the account and risk of the Participants:

(i) receive and deliver Investment Funds and all other Investment Property;

(ii) exchange securities in temporary or bearer form for securities in definitive or registered form and surrender securities at maturity or earlier when advised for a call for redemption;

(iii) issue, execute, and deliver as Custodian, any and all documents or instruments (including but not limited to all declarations, affidavits and certificates of ownership) that may be necessary or appropriate to carry out the powers granted herein;

(iv) make any payments incidental to or in connection with this Section 7.30;

(v) sell, exchange or otherwise dispose of any and all Investment Property free and clear of any and all interests of any and all Participants, at public or private sale, with

7.4. Custodian Relationship: Records.

(a) The Custodian shall hold the Investment Property for the collective benefit of each of the Participants. The Investment Property shall be the property of the Participants and shall not be, or deemed to be, an asset or liability of the Custodian.

(b) The Custodian acknowledges that the records concerning the Investment Property shall be maintained by the Investment Advisor and that such records shall conclusively determine the interests of each Participant in the Investment Property, the Custodian hereby agrees that such records are conclusive and determinative of the interests of the Participants. The Investment Advisor shall cause such records to separately account for each Participant, and to show any deposits, earnings, withdrawals or fees associated with the Participant. Notwithstanding the foregoing, the Custodian shall maintain its own internal records concerning the Account and the transactions contemplated by the Participation Agreement.

7.5. Record-keeping.

(a) The Custodian shall keep and shall be fully protected if it relies upon the instructions actually received and given in writing or as otherwise provided by this Section by any authorized officer, employee or agent of the Investment Advisor, and all such instructions shall remain in full force and effect until cancelled or superseded by subsequent instructions received by the appropriate account officer of the Custodian. The authorized officers, employee or agents of the Investment Advisor shall be only such persons as are authorized by corporate resolution of the Investment Advisor duly certified in writing to the Custodian by the Investment Advisor's Secretary. The Custodian may rely on instructions received by general accepted methods of transmission acceptable to the Custodian which the Custodian believes in good faith to have been given by an authorized person. The Custodian may rely on instructions transmitted electronically through the Asset Management System ("AMS") or a customer data entry system or any similar electronic instruction system acceptable to the Custodian. The Custodian shall have no responsibility to assure that the instructions of the Investment Advisor conform to the Participation Agreement and may require actions to be taken which are authorized by law. The Custodian shall incur no liability as a result of any act or omission by the Custodian in accordance with instructions on which the Custodian is authorized to rely pursuant to the provisions of this Section 7.5.

(b) In the absence of bad faith or gross negligence on its part, the Custodian may conclusively rely, as to the truth and correctness of the statements expressed in notices, certificates or documents submitted to it, and the Custodian need not investigate any fact or matter stated in any such notice, certificate or document submitted to it or verify the accuracy of the contents thereof.

7.6. Substitution. The Investment Advisor on behalf of the Board shall be entitled to substitute the Custodian with any custodian approved by the Board in accordance with the Participation Agreement.
ARTICLE VIII
REPRESENTATIONS AND WARRANTIES

8.1. Representations and Warranties of Each Participant: Each Participant hereby represents and warrants that:

(a) the Participant has taken all necessary actions and has received all necessary approvals and consents in order to execute and deliver this Participation Agreement and to perform its obligations hereunder, including, without limitation, the appointment of the Investment Advisor; and

(b) the adoption and performance of the Participation Agreement does not violate the Participant’s charter or organizational documents or any applicable general law or other local ordinance, rule or regulation;

(c) the performance of this Participation Agreement has been duly authorized and this Participation Agreement is legal, valid and binding obligation of the Participation Agreement, as of the date specified therein, is true and complete and contain no material misstatement of fact or omission that renders them misleading; and

(d) the certificates delivered hereunder by the Participant pursuant to this Participation Agreement, as of the date specified therein, are true and complete and contain no material misstatement of fact or omission that renders them misleading; and

(e) the adoption and performance of the Participation Agreement does not conflict with or result in the breach or termination of, or otherwise prejudice any other person’s rights to terminate, or constitute a default, event of default or an event with notice or lapse of time, or both would constitute a default or an event of default under the terms of any contract or permit to which the Participant is a party or by which the Participant or its properties are bound.

8.2. Representations and Warranties of the Investment Advisor: The Investment Advisor represents and warrants to the Investment Advisor Agreement that:

(a) the Investment Advisor is a duly organized and validly existing corporation, duly qualified to do business in the State, and

(b) the performance of its duties described under this Participation Agreement and the execution, performance and delivery of the Investment Advisor Agreement have been duly authorized and are legal, valid and binding obligations of the Investment Advisor, enforceable against the Investment Advisor in accordance with their terms.

(c) it is a United States Securities and Exchange Commission registered investment advisor.

8.3. Representations and Warranties of the Custodian: The Custodian appointed by the Investment Advisor shall represent and warrant that:

ARTICLE IX
COVENANTS

9.1. Source of Contributions: Each Participant hereby represents that it will deliver, pursuant to Section 3.6 only Investment Funds that constitute Surplus Funds and are permitted to be invested pursuant to the laws of the State and any ordinance or local regulation applicable to such Participant, and that it will perform all actions required by the laws of the State and any ordinance or local regulation applicable to such Participant prior to such investment.

9.2. Truth of Representations and Warranties: Each party to this Participation Agreement hereby represents and warrants that it will deliver, pursuant to this Participation Agreement prior to the time any of the representations and warranties made by it in Article VIII hereof ceases to be true.

9.3. Compliance With Law: The parties agree that this Participation Agreement is intended to comply fully with all provisions of the Act.

ARTICLE X
AMENDMENT AND TERMINATION

10.1. Amendment.

(a) This Participation Agreement may be amended from time to time. The Participation Agreement may be amended upon:

(i) a two-thirds (2/3) majority approving vote of the Trustees appointed and present at a meeting of the Board;

(ii) following the approval of the Board, the simple majority approving vote of the Participants; and

(iii) following the approval of the Participants, the two-thirds (2/3) majority vote of the Board present at a meeting of the Board, reapproving the amendment.

(b) Notwithstanding the foregoing, the Board may, from time to time, upon a two-thirds (2/3) vote of the Board and after 45 days prior written notice to the Participants, amend or alter the provisions of this Participation Agreement without the vote of the Participants which it deems to be necessary to conform this Participation Agreement to the requirements of applicable laws or regulations or any interpretation thereof by a court or other governmental agency of competent jurisdiction, but the Board shall not be liable for failing to do so. Notwithstanding the foregoing, no amendment may be made pursuant to this Section 10.1(c) which would substantially alter the rights of the Participants or liability of the Participants or Trustees.

(c) Any amendment executed pursuant to Section 10.1(a) or (b) hereof will be effective thirty (30) days after the last affirmative vote is obtained as required by Section 10.1(a) or (b) hereof. A certification signed by a two-thirds (2/3) majority of the Board setting forth an amendment and stating that it is not void under any of the provisions of Section 10.1(c) or (d) hereof, shall be conclusive evidence of such amendment.

(d) The amendment of any Exhibit to this Participation Agreement shall not be considered an amendment to the Participation Agreement and may be made by the Board to the extent consistent with the terms of the Participation Agreement. An amendment to an Exhibit pursuant to this Section 10.1(d) shall not be made effective until 30 days after each Participant has received notice of the amendment.

10.2. Termination.

(a) This Participation Agreement may be terminated at any time pursuant to the following procedures:
(i) a three-quarters (3/4) majority approving vote of the Trustees appointed and serving;
(ii) following the approval of the Board, the simple majority approving vote of the Participants; and
(iii) following the approval of the Participants, the three-quarters (3/4) majority vote of the Trustees appointed and serving, reassigning the termination.

This Participation Agreement shall terminate automatically if:

(i) at any time after one year after the date of this Participation Agreement there are fewer than two Participants; or
(ii) the Board did not act to name a new Investment Advisor on or before the day that is immediately prior to the date on which the term of the Investment Advisor expires or the resignation or withdrawal of the Investment Advisor would otherwise become effective.

(c) Upon the termination of this Participation Agreement pursuant to this Section 10.2:

(i) the Custodian and the Investment Advisor shall carry on no business in connection with the Investment Property except for the purpose of protecting the value of the Investment Property, satisfying the Investment Property Liabilities and winding up its affairs in connection with the Investment Property;

(ii) the Investment Advisor shall proceed to wind up their affairs in connection with the Investment Property, and all of the powers and responsibilities of the Custodian and the Investment Advisor under this Participation Agreement shall continue, until the affairs of the Custodian and the Investment Advisor are in connection with the Investment Property shall have been wound up, including, but not limited to,

(a) the power to collect amounts owed, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining Investment Property to one or more persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay Investment Property Liabilities, and do all other acts appropriate to liquidate their affairs in connection with the Investment Property;

(b) provided, however, that any sale, conveyance, assignment, exchange, transfer, or other disposition of or substantially all of the Investment Property shall require approval of the principal terms of the transaction and the nature and amount of the consideration by not less than two-thirds (2/3) vote of the Board, agreed by all parties to this Participation Agreement.

(ii) After paying or making adequate provision for the payment of all Investment Property Liabilities, and upon receipt of such sales, indemnities and refunding agreements as each of the Custodian and the Investment Advisor deems necessary for their protection, the

Investment Advisor shall direct the Custodian to distribute the remaining Investment Property, in cash or in kind or partly in each, among the Participants according to their respective proportionate balances.

(d) Upon termination of this Participation Agreement and distribution to the Participants as herein provided, the Investment Advisor shall execute and deliver among the records maintained in connection with this Participation Agreement an instrument in writing setting forth the fact of such termination, and the Investment Advisor, the Custodian and the Participants shall thereupon be discharged from all further liabilities and duties hereunder, and the rights and benefits of all Participants thereafter shall cease and be vacated and discharged; provided that Section 4.1(a) of the Investment Advisor Agreement and Article XI hereof shall survive any termination of this Participation Agreement.

(e) If this Agreement is terminated pursuant to Section 10.2(b) hereof because of the expiration of the term of the Investment Advisor or resignation and/or withdrawal of the Investment Advisor, such expiration, resignation and/or withdrawal shall be deemed until the instruments contemplated by Section 10.2(b) hereof has been executed and lodged among the records maintained in connection with this Participation Agreement.

10.3. Power of Attorney. If permitted by applicable law, including without limitation, the act and the Investment Authority limits, the Board, by vote or written approval of two-thirds (2/3) of the Board appointed and serving, may select, or direct the organization of a corporation, association, trust, or other person with which Michigan CLASS may merge, or which shall take over the Investment Property and carry on the affairs of Michigan CLASS, and after receiving the affirmative vote of not less than a majority of all of the Participants, and a second affirmative vote of not less than two-thirds (2/3) of the Board appointed and serving, the Board may effect such merger or may sell, convey, and transfer the Investment Property to any such corporation, association, trust, or other person in exchange for cash, securities or other property of any kind, discharge or pay Investment Property Liabilities, and do all other acts appropriate to liquidate their affairs in connection with the Investment Property, and do all acts necessary to cause Michigan CLASS to cease to be a corporation, association, trust, or other person as provided in this Section 10.3, and sell, convey, assign, exchange, transfer, or otherwise dispose of all or any part of the Investment Property, and do all other acts necessary to effect the dissolution of Michigan CLASS, and for any other purpose in connection with the winding up and termination of Michigan CLASS, and for any other purpose in connection with the winding up and termination of the investment activities of Michigan CLASS.

ARTICLE 13: LIABILITY OF LIABILITY

11.1. Liability to Third Parties. No member or representative of a Participant shall be subject to any personal liability whatsoever to any person in connection with the Investment Property or the acts, obligations or affairs of the Board. No Trustee, officer, employee or agent, including the Investment Advisor and Custodian, of the Board shall be subject to any personal liability whatsoever to any person, in connection with the Investment Property or affairs of the Board, other than liability arising from such bad faith, willful misfeasance, gross negligence or reckless disregard of duty by such Trustee, officer, employee or agent, and all persons shall look solely to the Investment Property for satisfaction of claims of any nature arising in connection with the affairs of the Board. No member or officer of a Participant, Trustee, officer, employee or agent of the Board shall be liable to any suit or proceeding to enforce any such liability shall be on account thereof be held to any personal liability.

11.2. Liability of Trustees and Officers. No Trustee, officer, employee or agent of the Board shall be liable to the Board or to any Participant, Trustee, officer, employee or agent thereof for any damages caused by action or failure to act except for damages caused by bad faith, willful misfeasance, gross negligence or reckless disregard of duty. Any agreements with the Investment Advisor or the Custodian shall provide for the personal liability of the Investment Advisor or the Custodian, as the case may be, for a willful or negligent failure to take reasonable measures to restrict investments of Investment Property to those permitted by law and the Participation Agreement. The provisions of this Section shall not limit the liability of any agent of the Board (including the Investment Advisor or the Custodian) with respect to breaches by it of a contract between the agent and the Board.

11.3. Intemperation.
ARTICLE XII
CONCLUSION

12.1. Governing Law. This Participation Agreement is executed by the Participants and delivered in the State and with reference to the laws thereof, and the rights of all parties and the delivery, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State.

12.2. Counterparts. This Participation Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts, together, shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

12.3. Severability. The provisions of this Participation Agreement are severable, and if any one or more of such provisions (the "Conflicting Provisions") are in conflict with any applicable laws, the Conflicting Provisions shall be deemed never to have constituted a part of this Participation Agreement and this Participation Agreement may be amended pursuant to Section 6.1 hereof to remove the Conflicting Provisions; provided, however, that such conflict or amendment shall not affect or impair any of the remaining provisions of this Participation Agreement or render invalid or impair any action taken or omitted prior to the discovery or removal of the Conflicting Provisions.

12.4. Gender, Section Headings and Table of Contents.
(a) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.
(b) Any headings preceding the texts of the several Articles and Sections of the Participation Agreement and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Participation Agreement nor affect its meaning, construction or effect.

12.5. No Assignment. No party hereto may sell, assign, pledge or otherwise transfer any of its rights, benefits or interests under this Participation Agreement to any other Person, and any purported sale, assignment, pledge or other transfer shall be null and void.

12.6. No Partnership. Notwithstanding any provision hereof to the contrary, this Participation Agreement does not constitute an association of two or more Persons to carry on as co-owners a business for profit, and none of the parties intends this Participation Agreement to constitute a partnership or any other joint venture or association. Furthermore, none of the parties has any authority hereunder to bind personally or as agent for any other party in any manner whatsoever, except to the extent, if any, expressly provided elsewhere herein.

12.7. Notice. Unless otherwise specified in this Participation Agreement, all notices required to be sent under this Participation Agreement:
(a) shall be in writing addressed to the Authorized Officer if notice is to be given to a Participant; to the address identified in the Investment Advisor Agreement if to the Investment Advisor; and to the address identified in the Custodian Agreement if to the Custodian.
(b) shall be deemed to be sufficient if given by depositing the same in the United States mail, postage prepaid, addressed to the person entitled thereto at his address as it appears on the records maintained by the Investment Advisor; and
(c) shall be deemed to have been given on the day of such mailing.

12.8. Entire Agreement. This Participation Agreement shall constitute the entire agreement of the parties with respect to the subject matter and shall supersede all prior oral or written agreements in regard thereto.

12.9. Confidentiality.
(a) All information and recommendations furnished by the Investment Advisor to the Participants (that is marked confidential or is a trade secret and all information and directions furnished by the Investment Advisor to the Custodian shall be regarded as confidential by each such Person to the extent permitted by law. The Investment Advisor and the Custodian shall regard as confidential all information concerning the Investment Property and the affairs of the Participants or the Board. Nothing in this paragraph shall prevent any party from divulging information to civil, criminal, bank or securities regulatory authorities where such party may be exposed to civil or criminal proceedings or penalties for failure to comply.
(b) In the event that on-line terminals and similar electronic devices are used for communication from the Investment Advisor to the Custodian, the Investment Advisor agrees to safeguard and maintain the confidentiality of all passwords or numbers and to disclose them only to such of its employees and agents as reasonably require access to the information concerning the Investment Property. The Custodian agrees to safeguard and maintain the confidentiality of all passwords or numbers and to limit access to this information for the purpose of acting pursuant to this Participation Agreement. The Custodian may electronically record any instructions given by telephone, and any other telephone discussions with respect to the Account or transactions pursuant to this Participation Agreement.
(c) The Custodian may rely on the accuracy of all data received by it through electronic means and is held to be authorized by the investment advisor. Every person who uses the correct passwords to obtain information by electronic means or to make permissible transactions shall be presumed to have the Investment Advisor's authority unless the Investment Advisor proves all of the following:
(i) a person using a correct password was not authorized to have access to this information if the Custodian has knowledge of such unauthorized use;

EXHIBIT A
CONTRIBUTION PROCEDURES

1. A Participant shall provide notification to the Investment Advisor via methods acceptable to the Investment Advisor, indicating the amount to be invested, and if more than one Fund has been established by the Investment Advisor, into which Fund such amount shall be invested (there is no minimum investment). The Participant shall instruct its bank depository to wire Investment Funds to the corresponding Account at the Custodian.
2. Receipt of the Investment Advisor prior to the cut-off time established pursuant to the Michigan CLASS website, accessible at http://www.michiganclass.org, of notification of Investment Funds being deposited will cause the value of the Investment Funds to be credited and earn interest on the same Business Day.
3. Receipt by the Investment Advisor after the cut-off time established pursuant to the Michigan CLASS website, accessible at http://www.michiganclass.org, of notification of Investment Funds being deposited will cause the value of the Investment Funds to be credited and earn Interest on the next Business Day.
4. If Investment Funds for which notification of deposit has been given, are not received (except if the Participant can show the contribution procedures have been followed) by the end of the Business Day on which such notification is given, the Investment Advisor shall deduct the value of such Investment Funds from the Participant's Balance if previously credited.
5. Participants are prohibited from withdrawing Investment Funds credited to their Balance pursuant to (2) or (3) above, unless such Investment Funds are received by the Custodian.
City Council Minutes – February 27, 2017

EXHIBIT B
WITHDRAWAL PROCEDURES

1. The Participant shall provide notification to the Investment Advisor, via methods acceptable to the Investment Advisor indicating the amount to be withdrawn; and if not more than one fund has been established, from which fund such amount shall be withdrawn.

2. The Participant shall indicate the payee and indicate wire or ACH (electronic) instructions.

3. Requests for withdrawals received by the Investment Advisor by the cut-off time established pursuant to the Michigan CLASS website, accessible at http://www.michiganclass.org will be processed to permit payment on the Business Day.

4. Requests for withdrawals received by the Investment Advisor after the cut-off time established pursuant to the Michigan CLASS website, accessible at http://www.michiganclass.org, will be processed the following Business Day.

5. Participants may only request withdrawals of an amount not to exceed their balance at the time payment is made pursuant to such request.

6. Requests for withdrawals received in accordance with (3) above by the Investment Advisor shall be wired or processed through ACH in accordance with the Participant’s instructions after noon on such Business Day and the funds so wired or processed through ACH shall be immediately available.

EXHIBIT C
VALUATION PROCEDURES

Valuation of Investments

Under the FASB Accounting Standards Codification (ASC), SFAS 157 was incorporated into a fair value measurement framework that establishes a hierarchy that prioritizes the inputs to valuations techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities or the lowest priority to unobservable inputs. This framework emphasizes that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Various inputs are used in determining the value of CLASS’s portfolio investments.

At least daily, the Investment Property Value shall be determined on a market to market basis as follows:

The Investment Advisor shall determine the market value of the specific investment holdings for the Michigan CLASS portfolio. The market values shall be obtained from one or more sources the Program Administrator believes to be reliable for providing such information. A credit pricing source will be used by the Investment Advisor to price the underlying securities on a daily basis.

The market value of the collateral supporting repurchase agreements which are “delivery versus payment” shall be determined by the Michigan CLASS portfolio manager using the current bid price of the collateral securities obtained from Bloomberg LP.

The market value of the collateral supporting tri-party repurchase agreements shall be determined by the tri-party custodian. The tri-party custodian forwards a collateral report to the Michigan CLASS operations team every business day.

Accounting for Investments:

Security transactions are accounted for on the trade date. Realized gains and losses on sales of investments are calculated on an identified cost basis. Interest income, including any amortization of discount or premium, is recorded on an accrual basis.

EXHIBIT D
SAMPLE AUTHORIZING RESOLUTION

WHEREAS, certain governmental units described in Schedule 1 attached to this Resolution (the “Public Agencies”) desire to enter into or have entered into an interlocal agreement substantially in the form attached hereto as Exhibit D (the “Participation Agreement”) for the purpose of exercising jointly the power each Public Agency has to invest its surplus funds; and

WHEREAS, the Public Agency is a Public Agency under the Participation Agreement and is authorized by Michigan law to invest its funds in certain investments (the “Permitted Investments”); and

WHEREAS, Act 7 of the Public Acts of the Extra Session of 1967, as amended, (the Urban Cooperation Act of 1967) authorizes the Public Agency to contract in the form of an interlocal agreement to provide for the manner of investment of surplus funds or proceeds of grants, gifts, or bequests to the parties to the interlocal agreement under the control of a legal or administrative entity created by that interlocal agreement.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Governing Body adopts the Participation Agreement substantially in the form of Exhibit B which is incorporated in the Resolution by reference thereto and agrees to join with other Public Agencies to become a Participant under the terms of the Participation Agreement and to accept additional Public Agencies as new Participants without subsequent action.

2. The Governing Body agrees to and concurs in the appointment of those Trustees either being appointed, to be appointed or currently serving as members of the Board of Trustees created under the Participation Agreement and recognizes those Trustees and their successors as the appointees of the Public Agency.

3. The Governing Body acknowledges and confirms the representation, warranties and covenants provided in the Participation Agreement to the Investment Advisor and Custodian under Participation Agreement, upon which they may respectively rely.

4. The Governing Body hereby authorizes (the “Authority Officer”), to take the following actions with regard to the participation of the Public Agency in the Participation Agreement:

a. Deliver a certified copy of this Resolution to Investment Advisor under the Participation Agreement.

b. Execute and deliver all notices, directions and instructions required or permitted by the Participation Agreement from the Public Agency or Participant.

c. Make contributions to the Investment Property as provided in the Participation Agreement and select or part of the Surplus Funds (as defined in the Participation Agreement) to be contributed to the Investment Property.

d. Consent to an amendment to the Participation Agreement on behalf of the Public Agency if such amendment is not materially adverse to the interest of the Public Agency, is necessary to conform to the Participation agreement with law, or is a technical change necessary to facilitate the intent of the Participation Agreement.

5. The Participant understands and agrees that it shall not amend or repeal this Resolution except to the extent necessary to alter the limitations imposed on the Authority Officer, to change Authorized Officers, or to withdraw from the Participation Agreement.

6. All resolutions and parts of resolution in conflict with this Resolution shall be, and hereby are, amended or repealed to the extent of such conflict.

RESOLUTION DECLARED ADOPTED

[Signatures]
SCHEDULE I

The following are "Public Agencies" which propose to enter the Participation Agreement as Participants:

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EXHIBIT E  INVESTMENT CRITERIA

1. General Objectives
   (a) Legality: invest only in investments legally permissible to all Participants individually.
   (b) Safety: minimize risk by managing portfolio investments so as to preserve principal and maintain a stable asset value.
   (c) Liquidity: manage portfolio investments to ensure that cash will be available as required to finance Participants’ operations.
   (d) Yield: maximize current income to the degree consistent with legality, safety and liquidity.

2. Permitted Investments
   The Investment Advisor is hereby authorized by the Board to invest the Investment Property in any investment permissible to all Participants individually under the Investment Authority Act, provided that such investment is consistent with the general objectives set forth above and with any specific requirements for a particular investment that may be set forth in the definition of Permitted Investments.

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EXHIBIT F  INVESTMENT POLICY

Michigan CLASS Investment Policy

1.0 PURPOSE:

Michigan CLASS is an interloch investment program created by an interloch agreement of various Michigan public agencies of government established on or after October 13, 1988, and with amendments through December 31, 2011 (the "Participation Agreement") for the purpose of jointly investing surplus funds of the participating public agencies of government. Pursuant to the Participation Agreement and as authorized by the Urban Cooperation Act of 1967, 1967 (Ex-Sess) PA 97, a board of trustees was created to hold title to investments on behalf of each participant. Capitalized terms used in this policy shall have the meaning ascribed to them in the Participation Agreement.

2.0 SCOPE AND OBJECTIVE:

It is the obligation of Michigan CLASS to cause funds of its participants to be invested in a manner which complies with the Investment criteria contained in the Participation Agreement. Those investment criteria apply to all assets considered Investment Property under the Participation Agreement and specify the objectives of the program related to safety, liquidity and yield (return on investment).

The investments will be diversified by security type and in order to minimize risk and exposure. Concentration of investments will depend, among other factors, on market conditions, availability in terms of desired maturities, collateral and creditworthiness and on market yields.

3.0 DELEGATION OF AUTHORITY

The authority of the Board to manage the Investment Property is derived from the Participation Agreement approved by each Participant pursuant to the Urban Cooperation Act of 1967, 1967 (Ex-Sess) PA 97. Pursuant to the Participation Agreement and the Investment Advisor Agreement, the Board and the Participants have appointed Public Trust Advisors, LLC, as Investment Advisor for the purpose of facilitating an Investment Advisor Agreement between Public Trust Advisors, LLC and the Board and have delegated the authority to manage the Investment Property in accordance with the terms of the Participation Agreement and the Investment Advisor Agreement.

4.0 AUTHORIZED INVESTMENTS

Consistent with the Investment Criteria contained in the Participation Agreement and attached thereto as Exhibit E, the Board and the Investment Advisor are authorized to invest Investment Property in the following:

(a) US Treasury Bonds, Bills, Notes and Treasury Strips.
(b) Obligations of an agency or Instrumentality of the United States.
(c) Commercial paper rated at the time of purchase within the highest two classifications established by not less than two national ranking services (i.e., as of September 10, 2009, A-1 and A-1 by Standard & Poor’s Ratings Service, P-1 by Moody’s Investors Service, or P-1+ and F1 by Fitch, Inc.) that matures not more than 270 days after the date of purchase.
(d) Bankers’ acceptances issued by FDIC member United States banks.

(e) Repurchase agreements consisting of instruments listed in a sub-section (a) or (b). Repurchase agreements shall be 100% collateralized with Public Securities Association (PSA) Master Repurchase agreement on file and in tri-party custody agreement on file.

(f) Certificates of deposit of a financial institution eligible under law to be a depository of participant public agencies of government so long as such certificates of deposit are secured 100% at the time of issue by eligible collateral as listed on Schedule I for any amount of principal and accrued interest not insured by an agency of the United States.

(g) In addition to the investments authorized in subsection (f), certificates of deposit issued in accordance with all of the following conditions:
   a. The funds are initially issued through a financial institution that is not ineligible to be a depository of surplus funds belonging to the State of Michigan under section 6 of 1985 PA 335, MCL 21.144.
   b. The financial institution agrees for the maintenance of the funds in certificates of deposit in 1 or more insured depository institutions, as defined in 12 USC 1811, or 1 or more insured credit unions, as defined in 12 USC 1752, for the account of Michigan CLASS.
   c. The full amount of the principal and any accrued interest of each certificate of deposit is insured by an agency of the United States.
   d. The financial institution acts as custodian for Michigan CLASS with respect to each certificate of deposit.
   e. At the same time that the funds of Michigan CLASS are deposited and the certificate or certificates of deposit are issued, the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit unions equal to or greater than the amount of the funds initially invested by the Michigan CLASS through the financial institution.

(h) In addition to the investments authorized in subsection (f), deposit accounts that meet all of the following conditions:
   a. The funds are initially deposited in a financial institution that is not ineligible to be a depository of surplus funds belonging to the State of Michigan under section 6 of 1985 PA 335, MCL 21.144.
   b. The financial institution agrees for the maintenance of the funds in deposit accounts in 1 or more insured depository institutions, as defined in 12 USC 1813, or 1 or more insured credit unions, as defined in 12 USC 1752, for the account of Michigan CLASS.
   c. The full amount of the principal and any accrued interest of each deposit account is insured by an agency of the United States.
   d. The financial institution acts as custodian for Michigan CLASS with respect to each deposit account.
   e. On the same date that the funds of Michigan CLASS are deposited, the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit unions equal to or greater than the amount of the funds initially deposited by Michigan CLASS through the financial institution.

(i) Mutual funds registered under the investment company act of 1940, maintaining a $1.00 per share net asset value, and with authority to purchase investment vehicles that are legal for
direct investment by all participants in public agencies whose monies are invested in mutual funds that such participants acknowledge that the funds be placed in a special sub account created pursuant to the Participation Agreement, as amended.

(i) Any other investment permissible to all participants individually under Michigan law and authorized by the board.

5.0 SAFEGUARDING AND CUSTODY

As provided by the Participation Agreement and the Investment Advisor Agreement, all security transactions, including collateral for mortgage agreements and financial institution deposits, entered into on behalf of participants may be in a cash or direct delivery versus payment basis as determined by the Investment Advisor. Pursuant to the Participation Agreement and the Investment Advisor Agreement, the Investment Advisor has appointed a Custodian to receive, hold for reinvestment, and clear all Investment Funds and Investment property, as a fiduciary, in accordance with the Participation Agreement.

6.0 PRUDENCE

The standard of prudence to be used for managing the Investment Property is the "prudent investor" rule applicable to a fiduciary, which states that a prudent investor "shall exercise the judgment and care, under circumstances then prevailing, which men of prudence, discretion, and intelligence exercise in the management of property of another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of their rights."

7.0 ACKNOWLEDGEMENT

The Investment Advisor shall provide the broker or financial intermediary a copy of the Michigan CLASS Investment Policy and a form on which the broker or financial intermediary must acknowledge receipt of the Investment Policy and agree to comply with the said policy regarding the purchase and sale of securities.

8.0 REPORTS

In accordance with the Investment Advisor Agreement the Investment Advisor shall prepare or cause to be prepared a quarterly report and a written annual report, including the opinion of an independent public accountant to the Board of Trustees of Michigan CLASS within ninety days after the close of the fiscal year.

9.0 EFFECTIVE DATE

This policy shall become effective on the day following adoption by the Board of Trustees of the Participation Agreement (Michigan CLASS). Any amendment to this Investment Policy shall become effective thirty days (30 days) after each participant has received notice of the amendment.

Adopted: December 11, 2009
Last Amended: April 27, 2015

SCHEDULE 1

ELIGIBLE COLLATERAL

1. Assets considered acceptable to the Michigan state treasurer under Section 3 of the Surplus Funds in Treasury Act, 1819 PA 159, to secure deposits of state surplus funds.
2. Any of the following:
   a. Securities issued by the federal home loan mortgage corporation.
   b. Securities issued by the federal national mortgage association.
   c. Securities issued by the government national mortgage association.
3. Other securities considered acceptable to the depositor of public funds and the financial institution.
4. Any other collateral permissible by Michigan law and authorized by the Board, except that in no case shall an asset with a rating classification lower than A-1 by Standard & Poor's Ratings Service, P-1 by Moody's Investors Service or F1 by Fitch, Inc. be accepted as eligible collateral.