

**Agreement
Between
The County of Oakland
and**

The City of Rochester Hills

This Agreement is made between Oakland County, a Michigan Constitutional Corporation, whose address is 1200 N. Telegraph Road, Pontiac, Michigan 48341("County") and the City of Rochester Hills, 1000 Rochester Hills Drive, Michigan, 48309 ("Participant"). In this Agreement, the County and the Participant may be referred to individually as "Party" or jointly as "Parties."

In consideration of the mutual promises, obligations, representations and assurances in this Agreement, the Parties agree as follows:

1. **Purpose of Agreement.** Pursuant to the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 *et seq.* the Parties enter into this Agreement to place surplus funds into an investment pool which the Oakland County Treasurer ("Treasurer") shall manage, invest, or reinvest the money on behalf of the Participant in the same manner as surplus county funds under 1943 PA 20, MCL 129.91 *et se.* Participation in the Local Government Investment Pool ("LGIP") is offered on a continuous basis to public entities in Oakland County, Michigan.
2. **Terms.**
 - 2.1. **Opening An Account.** Requests can be accepted until 10:00 a.m. on the date of investment; however, participants are urged to contact the County on the prior business day whenever practical. A properly completed application indicating all individuals authorized to transact for the account must be received for each account before redemption can be honored. Applications should be mailed to:

LGIP
Oakland County Treasurer
Investments Unit
1200 N Telegraph Rd. Department 479
Pontiac, MI 48341-0479
 - 2.2. **Separate Accounts.** Each Participant shall have their funds maintained in a separate account designated by name and number. Each account shall show the deposits, earnings and withdrawals of the Participant.
 - 2.3. **Transaction Size and Investment Term.** An account must be opened with an initial investment of \$100,000. Subsequent transactions are not restricted in size.

Participants are encouraged, however, to consider the cost effectiveness of small transfers. Funds transferred to the LGIP should be considered longer-term funds and should remain in the portfolio for thirty (30) days or more. The LGIP should not be used as a money market type fund.

2.4. **Dividends and Distributions.** Net investment income is declared as a dividend to each Participant account. Dividends are accrued throughout the month and automatically reinvested in additional shares on the first day following month end. Participant's share of earnings will be based on their daily average account balance as a percent of all participants in the portfolio.

2.5. **How to Invest in the Portfolio.** Investments can be made through any of the following methods:

2.5.1. **By Wire:** Funds received by wire are invested for same day credit when the portfolio staff is notified prior to 10:00 a.m. on the date of investment. Investments are made on the assumption that the funds will be received and your account is automatically credited without waiting for the actual receipt of the funds. If unavoidable circumstances prevent the transfer of funds, it will be necessary for the portfolio to deduct the interest accrued for that date from the account's monthly dividend distribution. In the event this is necessary the Participant will always be contacted to discuss the circumstances and a follow up letter outlining the details will be provided. Advise the portfolio staff by 10:00 a.m. of your daily investment transactions by calling (248) 858-0626.

Instruct your bank to wire federal funds in the amount of your investment to:

PNC Bank
ABA #041000124
For credit to Account # 4255065437
Oakland County Transfer Account
FBO: LGIP - *Your Name*

2.5.2. **By Mail:** Checks drawn on your bank account should be made payable to the Oakland County Treasurer and mailed as follow:

LGIP
Oakland County Treasurer
Investment Unit
1200 N Telegraph Rd, Department 479
Pontiac, MI 48341-0479

Investment by check will delay credit to your account and the anticipated loss in earnings should be compared with the cost of a wire.

2.6. **Withdraws from the Portfolio.** Redemption can be made on any U.S. banking day provided that the Federal Wire system is available and that the County is also open. There are no redemption fees or withdrawal penalties; however, the LGIP must have a client authorization form on file before a redemption can be honored. All redemptions are executed by ACH transfer to the pre-established instructions on file

with the LGIP. Withdrawals can be any size up to the public units account balance. Prior day notice of pending withdrawals is required for both the efficient operations of the portfolio and for cost efficient transfers.

A redemption request can be made by either of the following methods:

2.6.1. **By E-mail:** Redemption requests by e-mail must be signed by "the Authorized Public Official" as indicated on the official application and must indicate the amount of the redemption, the LGIP account name, and the requested payment date. E-mail redemption requests received by the portfolio staff prior to 4:00 p.m. will be processed the next business day. The LGIP will ACH your redemption to your authorized bank account for credit in Federal Funds. Redemption requests received after 4:00 p.m. will be processed the day following the next business day.

E-mail redemption requests to **Both:** nepn@oakgov.com & sutherlands@oakgov.com.

2.6.2. **By Letter:** Redemption requests by letter must indicate the amount of the redemption, the LGIP account name, and the requested payment date. Requests must be signed by "the Authorized Public Official" as indicated on the official application. Mail withdrawal requests will be honored the day following the receipt of the written request. Letter redemption requests can be faxed. Faxed letter requests received by the portfolio staff prior to 4:00 p.m. will be processed the next business day.

Fax or mail the request to:

LGIP
Oakland County Treasurer
Investment Unit
1200 N Telegraph Rd., Department 479
Pontiac, MI 48341-0479

Or by Fax: (248) 858-1810

2.7. **Monthly Statements.** Statements are mailed to Participants on a monthly basis. Statements contain the following information:

2.7.1. *Average Monthly Yield* is an arithmetic average of the "Daily Yields" for the period.

2.7.2. *Effective Yield* assumes reinvestment of the monthly dividend at the current "Average Monthly Yield." It is slightly higher due to the effect of monthly compounding.

2.7.3. *Account Balance* reflects the ending balance for your account.

2.7.4. *Account Summary (year-to-date)* reflects the accumulated calendar year-to-date dividend paid.

2.7.5. *Account Activity* describes each account transaction during the month.

2.8. Duties and Powers of the Treasurer:

- 2.8.1. The Treasurer shall invest the money in the investment pool with the degree of judgment and care, under circumstances then prevailing, that a person of prudence, discretion, and intelligence exercises in the management of his or her own affairs, not for speculation, but for investment, considering the probable safety of his or her capital as well as the probable income to be derived from an investment of his or her capital.
- 2.8.2. The Treasurer may use safekeeping depositories for the holding of securities. Security in the form of collateral, surety bond, or another form may be taken for the deposits or investments of an investment pool.
- 2.8.3. If a default occurs in the payment of principal, interest, or other income of an investment of the investment pool, the treasurer may do one (1) or more of the following:
 - 2.8.3.1. Institute a proceeding to collect the matured principal, interest, or other income.
 - 2.8.3.2. Accept a compromise, adjustment, or disposition of the matured principal, interest, or other income as the county treasurer considers advisable for the purpose of protecting the money invested in the investment pool.
 - 2.8.3.3. Accept a compromise or adjustment as to future payments of principal, interest, or other income as the county treasurer considers advisable for the purpose of protecting money invested in the investment pool.
- 2.8.4. An order or warrant shall not be issued upon a Participant's account in an amount greater than the total of the account to which that order or warrant applies. If an order or warrant for an amount greater than the total of the account to which the order or warrant applies is issued and the order or warrant is paid, the county treasurer shall be personally liable under his or her official bond for the overdraft resulting from the payment.

2.9. Investment Policies.

- 2.9.1. Assets will be vested in a manner which will seek the highest investment return consistent with the preservation of principal; to manage the LGIP portfolio to meet the daily liquidity needs of participants; to ensure compliance with all Michigan statutes governing the investment of public funds; and to administer the LGIP in a manner which enables Participants to comply with generally accepted accounting principles and the Governmental Accounting Standards Board's (GASB) reporting requirements.

2.9.2. The Treasurer will manage the portfolio in accordance with certain risk limiting provisions which help maintain a stable net asset value (NAV) of \$1.00 per share. Although the LGIP cannot guarantee a \$1.00 share price, this goal is facilitated as follows:

2.9.2.1. The LGIP is managed in accordance with the "2a-7 like pool" risk limiting requirements of GASB Statement No. 31.

2.9.2.2. The portfolio securities are valued by the amortized cost method, and on a monthly basis this valuation is compared to current market to monitor any variance.

2.9.2.3. At the time of purchase, portfolio securities must have a remaining maturity of three years or less.

2.9.2.4. Whenever possible, investments are limited to short-term, high quality credits that can be readily converted into cash with little price variation.

2.10. **Investment Management.**

2.10.1. The Treasurer and the Investment Unit of the Treasurer's office serve as investment adviser to the portfolio. The Treasurer and his staff are responsible for the direct management of the investments; the development of cash management policies; forecasting cash receipts and disbursements; procurement of banking services, and the issuance and management of the County's debt.

2.10.2. The Treasurer's investment staff, subject to approved policies and guidelines issued by the Oakland County Board of Commissioners, make investment decisions for the portfolio and execute orders to buying and selling of securities on behalf of the portfolio. The Treasurer has contracted with JPMorgan Chase Bank, N.A. (which may change from time to time based on the direction of the Treasurer) to provide Custody services for the portfolio.

2.11. **Management Fees.**

2.11.1. Pool participants are charged an all-inclusive .037% annual management fee, which is deducted from the earnings prior to distribution to participants. For example, the *annual fee* for each \$1,000 invested in the LGIP is \$0.37. The fee is totally transparent to participants.

2.11.2. The management fee is based on both Direct and indirect costs associated with the operation of the investment pool and therefore, can change from time to time based on changes in those costs.

2.12. **Performance.** The County's portfolio has consistently exceeded its investment objective of providing investors with a high level of current investment income consistent with the constants of its primary objective of preservation of principal. Keep in mind that past performance does not indicate how the portfolio will perform

- in the future. The portfolio is subject to several risks such as stock market risk, interest rate risk, credit risk and management risk, all of which could lower investment return.
- 2.13. **Yield Information.** The portfolio yield is available on a daily basis by calling the Treasurer's Investment staff at (248) 858-0626. Yields are quoted net of the management and administration fee.
- 2.13.1. The "Daily Yield" refers to the income generated by your investment on that day, expressed as an annual percentage. Both the Daily Yield and the Average Monthly Yield reflect the same methodology-averaged over the applicable period.
- 2.13.2. The "Effective Yield" assumes that the income earned is reinvested based on the stated period. It is slightly higher due to the effect of monthly compounding.
- 2.14. **Net Asset Value (Nav).** The NAV of the portfolio is determined at the close of each business day. It is calculated by adding the amortized cost value of all portfolio securities and other assets, deducting actual and accrued liabilities, and dividing by the number of units (shares) outstanding.
- 2.15. **Valuation.** The portfolio is valued by the amortized cost valuation technique, which does not take into account unrealized gains and losses. Externally managed pools are permitted to use this method of valuation pursuant to Rule 2a- 7 of the Securities and Exchange Commission; provided, certain risk limiting conditions are met to minimize share price fluctuations. The portfolio adheres to these rules pursuant to its investment guidelines.
- 2.15.1. The amortized cost valuation method values securities at their acquisition cost adjusted for amortization of premium or accretion of discount rather than at their value based on current market factors. While this method provides certainty of valuation, it may result in periods during which values as determined by amortized cost are higher or lower than the price the LGIP would receive if the individual securities were sold. To monitor the extent of any fluctuation, the LGIP portfolio is marked-to-market on a monthly basis and the market-based valuation is compared to the amortized cost valuation.
- 2.16. **Maintenance Of Constant Share Price.** Shares are purchased and redeemed at their NAV which, barring extraordinary circumstances, will maintain the constant price of \$1.00 per share. Management procedures used to facilitate this end include minimizing market and credit risks while maintaining sufficient liquidity through investments in short-term, high quality credits that can readily be converted into cash with limited price variation.
- 2.17. **Safekeeping Policies.**
- 2.17.1. Established safekeeping policies of the portfolio ensure that securities purchased by the Treasurer's office are held in a manner that maximizes the

Treasurer's ability to maintain control over such securities at all times. All deliverable security transactions are conducted as delivery versus payment (DVP); i.e., the custody bank will not release the funds to pay for purchased securities until securities are delivered, regardless of settlement date. Portfolio securities are required to be held in the portfolio's custody account and kept separate from all securities owned by the bank. The ownership and title to such securities remain vested in the Treasurer, the legal custodian of the securities. The Trust Department of J.P. Morgan (current portfolio custodian), holds the portfolio's securities, in custody, if items are deliverable.

- 2.17.2. Repurchase Agreements, if used, are collateralized at 105% with U.S. Treasury and/or federal agency securities. A custodial bank holds the collateralized securities for the portfolio until the agreement(s) matures. Provisions of the repurchase agreement require the securities to be marked to market on a daily basis. At the time of pricing, market value must equal at least 105% of the repurchase agreement principal, plus accrued interest in the case of term repurchase agreements.
- 2.18. **GASB Statement No.3.** Pooled investment funds, like the LGIP, are recognized as an investment type under GASB Statement No.3; which states that if a governmental entity invests in a Pool managed by another government, no disclosure of the individual deposits and investments of the Pool nor disclosure of the credit risk category is required by the participating public entity. These disclosures are provided in the audited financial statements of the County. Investment in the County portfolio (LGIP) should be treated as an investment with a market value equal to the value of the entity's investment. In the case of the LGIP, the value would be the dollar value of the individual participant account value as of the reporting date.
- 2.19. **Audit And Compliance.** The County's external auditor examines the financial statements and the portfolio as of the close of each fiscal year. The external auditor also assesses the accounting principles used and the management of the portfolio and evaluates the overall financial statement presentation. The audited financial statements and the Independent Auditor's Report are available for participant review. The portfolio also presents monthly performance data and portfolio market valuation to the Finance Committee of the Board of Commissioners for their review.
- 2.20. **Change Of Authorization.** The LGIP application permits the "Authorized Public Official" to delegate authority to other individuals to act on their behalf in communicating transaction information to the LGIP. If there is a change in the status of any of the authorized individuals, it is the responsibility of the " Authorized Public Official" to immediately notify the portfolio staff. Maintaining up-to-date records prevents possible delays in transfers and ensures the integrity of the program.
- 2.21. **Closing An Account.** Participants should contact portfolio staff for assistance in closing an account.
 - 2.21.1. You may close your account at any time (except as stated otherwise in this Client Agreement). The same signatures required for making withdrawals are required to close the account.

- 2.21.2. We reserve the right to close your account at any time for any reason. We will try to notify you in advance should this be necessary, but we are not obliged to do so. We also reserve the right to close your account if a zero balance remains for over forty-five (45) days.
 - 2.21.3. If we close your account, we will send you a check for your final balance, if any, minus applicable service fees.
- 2.22. **Account Errors and Problem Resolution Procedures.** If you think there has been an error in an electronic transaction, including the wrong amount of cash dispensed, an automatic deposit or a transfer that has not been credited properly, or an incorrect record, contact us as soon as possible. We will investigate and resolve each problem as quickly as possible. As soon as you contact us, we will start our investigation. If you tell us orally, we may require that you send us your complaint or question in writing within ten (10) business days.
- 2.22.1. You have a responsibility to review your account statements in a timely manner and to notify us promptly of any errors. You must notify us in writing within thirty (30) days after we send or make available to you your account statement and accompanying items of any errors, discrepancies, or unauthorized transactions not involving an electronic funds transfer. If you fail to do so, we will not be liable for debits or charges to your account resulting from such errors, discrepancies or lack of authorization.
 - 2.22.2. You also agree that any suit you bring based on an account error, discrepancy, or unauthorized transaction must be brought within one year after the date of the first account statement on which the error, discrepancy, or unauthorized transaction appears.
 - 2.22.3. If, by mistake, funds to which you are not entitled are deposited into your account, we have the right to remove these funds from the account at any time without prior notice to you. If there are insufficient funds in the account to correct the mistake, we may charge your other accounts for the necessary funds.
 - 2.22.4. We must acknowledge your letter within thirty (30) days, unless we have corrected the error by then. Within ninety (90) days, we must either correct the error or explain why we believe the bill was correct.
- 2.23. **Emergency Circumstances.**
- 2.23.1. The Treasurer can postpone payment of redemption proceeds for up to seven calendar days. In addition, the Treasurer can suspend redemptions and/or postpone payments of redemption proceeds beyond seven calendar days at times when the New York Stock Exchange is closed or during emergency circumstances, as determined by the U.S. Securities and Exchange Commission.
 - 2.23.2. Notwithstanding any other term or provision of this Contract, the County shall not be liable to the Participant for any failure of performance hereunder if such failure is due to any cause beyond the reasonable control of the County and the County cannot reasonably accommodate or mitigate

the effects of any such cause. Such cause shall include, without limitation, acts of God, fire, explosion, vandalism, any law, order, regulation, direction, action, or request of the United States government or of any other government, national emergencies, insurrections, riots, wars, strikes, lockouts, work stoppages, or other labor difficulties. Reasonable notice shall be given to the Participant of any such event.

- 2.24. **Fraud.** The County will not be responsible for any account losses due to fraud, so long as we reasonably believe that the person transacting business on an account is authorized to do so. Please take precautions to protect yourself from fraud. Keep your account information private, and immediately review any account statements that we send to you. Contact the Treasurer immediately about any transactions you believe to be unauthorized.
- 2.25. **Our Responsibility to You.** If we do not complete a transfer to your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:
- 2.25.1. If, through no fault of ours, you did not have enough money in your account to make the transfer.
 - 2.25.2. If the transfer would have caused you to exceed your available credit.
 - 2.25.3. If circumstances beyond our control, or natural disasters such as fire or flood, prevented the transfer, despite reasonable precautions taken by us.
 - 2.25.4. If we fail to stop payment on an automatic recurring transfer as you requested, but we did not receive your stop payment instructions at least three business days before the transfer was scheduled to be made, or
 - 2.25.5. If through no fault of ours, the money in your account was attached, subject to legal process or was blocked in some other way, or
- 2.26. **Our Right To Refuse Deposits.** We may, at our discretion, refuse to accept funds for deposit to your account for any reason, including but not limited to:
- 2.26.1. Checks with multiple payees or endorsements, if we are unable to verify all signatures.
 - 2.26.2. Checks which we have reason to doubt are collectible.
 - 2.26.3. We will, to the extent practicable, try to facilitate your transaction by the best means available. Your account will not be credited until collection or processing is completed.
- 2.27. **Withdrawal Refusals.** In some instances, we may refuse a request for a withdrawal from an account. The following is a list of the most common reasons we refuse withdrawal requests:
- 2.27.1. If the funds you wish to withdraw are not yet available.
 - 2.27.2. If there are insufficient funds in your account.

2.28. Legal Process.

- 2.28.1. We may comply with any writ of attachment, adverse claim, execution, garnishment, tax, levy, restraining order, subpoena, warrant or other legal process which we believe (correctly or otherwise) to be valid. A fee for processing will be assessed. If we are not fully reimbursed for our record research, photocopying and handling costs by the party which served the process, we may charge such costs to your account, in addition to the minimum legal process fee.
- 2.28.2. Forfeited Accounts. If your account is seized by or forfeited to the United States government or a state government, you no longer have title to the account, and the funds in it will no longer earn interest, even if the funds are eventually returned to you.
- 2.28.3. Freedom of Information Act Requests: We will comply with Freedom of Information Act (MCL 15.231 *et. seq*) requests concerning the LGIP.
- 2.29. **No Employee-Employer Relationship.** Nothing in this Agreement shall be construed as creating an employer-employee relationship between the County (including any of its employees) and the Participant (including any of its employees).
- 2.30. **No Indemnification.** Each Party shall be responsible for the acts and/or omissions of its employees. Nothing in this Agreement shall be construed as creating an obligation to indemnify or defend the other Party for any claim, damage or liability arising out of or stemming from services provided pursuant to this Agreement.
- 2.31. **No Third Party Beneficiaries.** Except as provided for the benefit of the Parties, this Agreement does not and is not intended to create any obligation, duty, promise, contractual right or benefit, right to indemnification, right to subrogation and/or any other right in favor of any other person or entity.
- 2.32. **Reservation of Rights.** This Agreement does not, and is not intended to impair, divest, delegate, or contravene any constitutional, statutory, and/or other legal right, privilege, power, obligation, duty or immunity of the Parties.
- 2.33. **Agreement Modifications or Amendments.** Any modifications, amendments, recessions, waivers, or releases to this Agreement must be in writing and agreed to by both Parties.
- 2.34. **Duration.** This Agreement and any subsequent amendments shall be for a term of two years from the date the Agreement is signed by both parties. Unless the Agreement is terminated, the Agreement will be renewed automatically for successive two-year terms.
- 2.35. **Termination.**

2.35.1. Either Party may terminate this Agreement upon thirty (30) days written notice to the Other Party. Termination may be for any reason including convenience.

2.35.2. Upon termination the County Treasurer or his Agent shall provide the Participant with all funds belonging to the Participant and a statement of all transactions, the earnings rate, and the dividend/interest from the date of the last statement to the date of termination.

2.36. **Entire Agreement.** This Agreement represents the entire Agreement between the Parties and supercedes all other Agreements between the Parties governing the matters described here. The language of this Agreement shall be construed as a whole according to its fair meaning, and not construed strictly for or against any Party.

The Parties have taken all actions and secured all approvals necessary to authorize and complete this Agreement. The persons signing this Agreement on behalf of each Party have legal authority to sign this Agreement and bind the Parties to the terms and conditions contained here. This Agreement is not effective unless it is authorized by a resolution of the governing body of the Participant and a copy of that resolution is attached to this Agreement.

For the City of Rochester Hills _____ :

Date

For the County of Oakland:

Andy Meisner
Oakland County Treasurer

Date

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