



**This meeting will be held in person  
In Public Meeting Room A  
Delta Administration Building  
7710 West Saginaw Highway  
Lansing, MI 48917**

**TOWNSHIP BOARD REGULAR MEETING  
AGENDA  
Monday, December 13, 2021 - 6:00 PM**

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**This meeting will be streamed live for viewing only at:**  
<https://us02web.zoom.us/j/83925619417?pwd=cDh2TUpiR0tGVGpMRUJvZUp2YU5Sdz09>  
**Meeting ID: 839 2561 9417**  
**Passcode: 316112**

*Please note all public comments must be made in person.*

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- I. CALL TO ORDER**
- II. OPENING CEREMONIES**
- III. ROLL CALL** – Members: Supervisor Kenneth R. Fletcher, Clerk Mary R. Clark, Treasurer Dennis R. Fedewa, Trustee Elizabeth (Beth) S. Bowen, Trustee Fonda J. Brewer, Trustee Andrea M. Cascarilla, and Trustee Karen J. Mojica
- IV. PRESENTATIONS AND PROCLAMATIONS**
  - 1. Great Lakes Christian College Women’s Soccer Team NCCAA Champions**
- V. SET/ADJUST AGENDA**
- VI. PUBLIC HEARINGS** - Members of the public at the meeting shall not speak unless recognized by the chair. Members of the public shall be limited to speaking for a maximum of three (3) minutes during a public hearing. Prior to speaking, members of the public must also identify themselves with their name and address.
- VII. COMMUNICATIONS**
- VIII. PUBLIC COMMENTS (maximum three minutes)**
- IX. INTRODUCTION OF ORDINANCES**
- X. PASSAGE OF ORDINANCES**
- XI. CONSENT AGENDA** – Anyone may request item(s) to be pulled from the consent agenda for discussion. If left on the consent agenda, the items will be voted on by a roll call vote of the Board en masse. Then, the individual item(s) will be discussed and voted upon.
  - 2. Poverty Exemption Guidelines Adoption for 2022**

The Assessing Department recommends that the Delta Township Board approve the resolution to adopt the 2022 Poverty Exemption Guidelines including the attached application form with instructions.

**XII. ITEMS REMOVED FROM CONSENT AGENDA FOR DISCUSSION**

**XIII. ITEMS ADDED TO AGENDA UNDER SECTION V. SET/ADJUST AGENDA**

**XIV. NEW ITEMS OF BUSINESS**

**3. [425 Agreement with City of Lansing](#)**

The Manager's Office recommends that the Delta Township Board approve the following resolution amending the 425 Agreement upon the terms and conditions contained in the second Amendment to the Agreement for Conditional Transfer of Property pursuant to 1984 PA 425 (the "Second Amendment")

**4. [Delta Mills Pickleball Court Maintenance](#)**

The Parks, Recreation and Cemeteries Department recommends that the Delta Township Board approves the sole source purchase for the repair of the Delta Mills Pickleball Courts from Floor Care Concepts of Wyoming, MI in the amount \$110,200.

**5. [Approval Request for Deviation to Investment Policy](#)**

The Accounting Department recommends that the Delta Township Board approve the deviation from the Investment Policy to allow for the Township's participation in Michigan Class Edge.

**XV. MANAGER'S REPORT**

**XVI. COMMITTEE OF THE WHOLE**

**XVII. CLOSED SESSION**

**XVIII. PUBLIC COMMENTS (maximum three minutes)**

**XIX. ADJOURNMENT**

**CHARTER TOWNSHIP OF DELTA**

**MARY R. CLARK, TOWNSHIP CLERK**  
**Phone (517) 323-8500**

*Individuals with disabilities attending Township meetings or hearings and requiring auxiliary aids or services should contact Township Manager and ADA Coordinator Brian T. Reed by email at [manager@deltami.gov](mailto:manager@deltami.gov) or calling (517) 323-8590 to inform him of the date of the meeting or hearing that will be attended. Copies of minutes may be purchased or viewed in the Clerk's Office from 8 a.m. to 5 p.m., Monday through Friday.*



**CHARTER TOWNSHIP OF DELTA  
RESOLUTION OF RECOGNITION FOR  
GREAT LAKES CHRISTIAN COLLEGE WOMEN’S SOCCER TEAM**

**WHEREAS**, on November 20, 2021, the Great Lakes Christian College Crusaders women’s soccer team defeated the Arlington Baptist University Patriots at the Austin-Tindall Sports Complex in Kissimmee, Florida by a score of two (2) to one (1) in the 2021 National Christian College Athletic Association Division II national championship game;

**WHEREAS**, the Crusaders should be commended for their success and perseverance throughout the COVID-19 Pandemic;

**WHEREAS**, the Crusaders overcame the adversity of the season, finishing with a record of 13 wins, four (4) losses, and one (1) tie;

**WHEREAS**, in just two seasons, the Crusaders dedication, hard work, and perseverance has earned them their first NCCAA Division II national championship;

**WHEREAS**, the entire Crusaders Women’s Soccer roster contributed to the national championship victory, including Rachel Wienclaw, Katarzyna Polek, Malia Fry, Randi Fitzgerald, Rachell Fitzgerald, Ashley Owens, Emily Rector, Kenzie Attard, Payton Olmstead, Brooke Pagel, Lauren Andrada, Jenna Melle, Rylie Kramer, Hannah Rossner, Morgan Chamberlain, Rylee Owens, Casey Conine, Breanna Vert, Abbie Numerick, Elena Alvarado, Solara Sheldon;

**WHEREAS**, the entire Crusaders Women’s Soccer coaching staff contributed to the national championship victory, including Sam Sibilski, Jason Barron, Marcus Charlick, Marquis DeLong, Gregory Louis, and John Hill; and

**WHEREAS**, the Crusaders national championship provides a sense of excitement and pride to the Delta Township community.

**NOW THEREFORE, BE IT RESOLVED**, that on this thirteenth day of December two-thousand twenty-one the Delta Township Board wishes to formally recognize the Great Lakes Christian College Crusaders Women’s Soccer Team for their 2021 NCCAA Division II National Championship, congratulate them for their exceptional achievements, and to wish them continued success in the future.

\_\_\_\_\_  
Kenneth R. Fletcher, Supervisor

\_\_\_\_\_  
Mary R. Clark, Clerk

\_\_\_\_\_  
Dennis R. Fedewa, Treasurer

\_\_\_\_\_  
Elizabeth S. Bowen, Trustee

\_\_\_\_\_  
Fonda J. Brewer, Trustee

\_\_\_\_\_  
Andrea M. Cascarilla, Trustee

\_\_\_\_\_  
Karen J. Mojica, Trustee



Supervisor Kenneth R. Fletcher  
Clerk Mary R. Clark  
Treasurer Dennis R. Fedewa  
Manager Brian T. Reed



Trustee Elizabeth S. Bowen  
Trustee Fonda J. Brewer  
Trustee Andrea M. Cascarilla  
Trustee Karen J. Mojica

Assessing Department

(517) 323-8520

**MEMO**

**TO: Supervisor Kenneth R. Fletcher and Delta Township Board**

**FROM: Ted Droste, Assessor**

**DATE: December 3, 2021**

**SUBJECT: Poverty Exemption guidelines for the 2022 Tax Year**

Pursuant to PA 390 of 1994 (MCL 211.7u) the adoption of guidelines for poverty exemptions are required of the Delta Township Board. In summary, “The principal residence of persons, who the Assessor and Board of Review determines by reason of poverty to be unable to contribute to the public charge, is eligible for exemption in whole or in part from taxation.”

The attached guidelines allow us to administer a poverty exemption claim in a consistent and impartial manner. The Township has used similar guidelines to the attached document since 1994. These guidelines are now required to be annually adopted by the Township Board.

Therefore, I present the following motion:

***“I move that the Delta Township Board approve the resolution to adopt the 2022 Poverty Exemption Guidelines including the attached application form with instructions.”***



**A Resolution to Modify Guidelines ("Exhibit A") for  
Poverty Exemptions from Property Taxes**

At a regular meeting of the Township Board of the Charter Township of Delta, Eaton County, Michigan (the "Township"), held on December 13, 2021 at 6:00 p.m.:

PRESENT: Trustees:

ABSENT: Trustees:

The following resolution was offered by Trustee \_\_\_\_\_ and seconded by Trustee \_\_\_\_\_:

**WHEREAS**, 1994 PA 390, which amended Section 7u of Act No. 206 of the Public Acts of 1993, being Section 211.7u of the Michigan Compiled Laws, requires that the local governing body of the unit to determine and make available to the public the policy and guidelines for granting of poverty exemptions;

**WHEREAS**, The adoption of guidelines for poverty exemptions is within the purview of the Township Board;

**WHEREAS**, The principal residence of persons, who the Supervisor/Assessor and Board of Review determines by reason of poverty to be unable to contribute to the public charge, is eligible for exemption in whole or in part from taxation under Public Act 390 of 1994 (MCL 211.7u);

**WHEREAS**, Section (5) of the Guidelines for Poverty Exemptions from Property Taxes provides for the establishment of maximum standards in Exhibit A;

**WHEREAS**, Based on the Federal Poverty Income Standards, the maximum standards set in Exhibit A may be modified from time to time by resolution of the Delta Charter Township Board of Trustees; and

**WHEREAS**, Pursuant to PA 390 of 1994, the Charter Township of Delta, Eaton County adopts the following guidelines and policy as provided in Exhibit A for the Board of Review to implement. The guidelines shall include but not be limited to the specific income and asset levels of the claimant and all persons residing in the household, including any property tax credits, returns filed in the current or immediately preceding year.

**THEREFORE, BE IT RESOLVED THAT**, to be eligible for a property poverty exemption in Delta Charter Township, an applicant must:

1. Own or occupy as a principal residence the property for which an exemption is requested;
2. File a completed application in the form required by the Township Assessor that has been witnessed and signed by the Supervisor, Assessor, Board of Review Member, or Notary Public;
3. File copies of federal income tax returns, state income tax returns (MI-1040), or a Poverty Exemption Affidavit, as appropriate and Homestead Property Tax Credit claims (MI-1040CR 1, 2, 3, or 4), and documentation for all income sources, including any property tax

credit forms and/or statement of benefits paid from Michigan Department of Social Services or Social Security Administration for all persons residing on the property/homestead;

4. Demonstrate that the applicant's and any persons residing in the homestead, assets shall not exceed the amounts in Exhibit A, excluding the principal residence. The applicants and any persons residing on the property shall not have an annual income level that does not exceed the federal poverty income guidelines and maximum asset standards provided in Exhibit A;

5. Produce a valid driver's license or other form of identification if requested;

6. Produce, if requested, a deed, land contract, or other evidence of ownership of the property for which an exemption is requested; and

7. Have on file with the Assessor's Office a current Principal Residence Exemption (PRE) affidavit.

**BE IT FURTHER RESOLVED THAT:**

1. The Board of Review may request from the applicant any supporting documents that may be utilized in determining a property poverty exemption request;

2. The completed property poverty exemption application must be filed after January 1<sup>st</sup>, but one day prior to the last day of the Board of Review in the year for which the exemption is sought;

3. The Supervisor/Assessor and the Board of Review shall follow this Resolution and Delta Charter Township's 2021 guidelines and policy for property tax poverty exemption in granting or denying an exemption, unless the Supervisor/Assessor and Board of Review determines there are substantial and compelling reasons why there should be a deviation from the policy and guidelines and these reasons are communicated in writing to the claimant;

4. That the Board of Trustees rescinds all prior resolutions that are inconsistent with or in conflict with this Resolution; and

5. That to conform to the provisions of 1994 PA 390, the Poverty Exemption Guidelines (Exhibit A) are hereby effective January 1, 2022.

AYES: Trustees:

NAYS: Trustees:

RESOLUTION DECLARED ADOPTED.

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Mary R. Clark

Delta Township Clerk



## EXHIBIT A

### DELTA CHARTER TOWNSHIP POVERTY EXEMPTION GUIDELINES

#### Minimum Income Standards

To be eligible for a poverty exemption, the applicant and all persons residing in the principal residence/homestead (combined) must have an annual income level that does not exceed the federal poverty income guidelines as defined and determined annually by the United States Department of Health and Human Services. Income sources include, but are not limited to, salaries, Social Security, rents, pensions, IRA's (individual retirement accounts), unemployment compensation, disability, government pensions, worker's compensation, dividends, claims and judgments from lawsuits, alimony, child support, friend or family contribution, reverse mortgage, and any other source of income. The guidelines are as follows:

#### 2022 Federal Poverty Income Guidelines

Number of Persons Residing in the Principal Residence	Maximum Total Income
1 person	\$12,880
2 persons	\$17,420
3 persons	\$21,960
4 persons	\$26,500
5 persons	\$31,040
6 persons	\$35,580
7 persons	\$40,120
8 persons	\$44,660
Each Additional Person	\$4,540



### **Minimum Asset Standards**

To be eligible for a poverty exemption, the applicant and all persons residing in the principal residence/homestead (combined) must not have assets that exceeds the Maximum Asset Standards, excluding the principal residence, and monies received pursuant to MCL 206.520 (homestead property tax credit). Assets include, but are not limited to, real estate other than the principal residence, personal property, recreational vehicles, checking/savings accounts, stocks, bonds, life insurance, retirement funds, etc. The Maximum Asset Standards are as follows:

### **2022 Maximum Asset Standards**

Number of Persons Residing in the Principal Residence	Maximum Total Assets
1 Person	\$25,000
2 Persons	\$31,000
3 persons	\$37,500
4 persons	\$43,750
5 persons	\$50,000
6 persons	\$56,250
7 persons	\$62,500
8 persons	\$68,750
9 or more persons	\$75,000

**DELTA CHARTER TOWNSHIP  
ASSESSING DEPARTMENT  
7710 W SAGINAW HWY  
LANSING, MI 48917  
(517) 323-8520**

**POVERTY EXEMPTION APPLICATION FOR 2022**

(UNDER MCL 211.7u - NEW REQUIREMENTS)  
**INCOME STANDARDS FOR 2022**

*It is recommended that you read this application before you fill it out. In some instances, you may not qualify.*

I/We, \_\_\_\_\_, being the owner(s) and resident(s) of the property listed below, desire to apply for tax relief under section 74 of the Michigan General Property Tax Act (which states, "The real property of persons who in the judgment of the assessor and board of review, by reason of Poverty, are unable to contribute towards the Public charges, are exempt for tax under this act.")

I/We also swear that this property is my, "Homestead property or Qualified Agricultural property," as defined in MCL 211.dd.

**NEW POVERTY EXEMPTION REQUIREMENTS EFFECTIVE 1994**

PA 390 of 1994 states that the poverty exemption shall not be granted to property owned by a corporation.

Starting 1995, PA 390 of 1994 states that the **governing body** of the local assessing unit shall determine the policies and guidelines that the local assessing unit will use when deciding whether to grant poverty exemptions.

PA 390 requires that the poverty exemption guidelines include the asset levels of the entire household. The determination of the amount of the asset levels is left to the discretion of the local governing body. Local governing bodies are required by the Act to set income and asset levels for their poverty exemption guidelines.

In order to qualify for the poverty exemption, the claimant must meet **all** tests set by the local governing body.

PA 390 requires that local assessing units make available to the public their policies and guidelines for the granting of poverty exemptions. The Board of Review shall follow the policies and guidelines of the local assessing unit when granting or denying a poverty exemption. The same standards shall apply to each claimant in the unit for the assessment year.

PA 390 requires that the poverty exemption guidelines set by the governing body of the local assessing unit include income and asset level. The Act further requires that the income levels NOT be set lower than the federal poverty income standards.

**PARTIAL POVERTY EXEMPTIONS:**

Beginning in 1995, PA 390 of 1994 authorizes partial poverty exemptions. A partial poverty exemption is an exemption of only a part of the taxable value of the property rather than the entire taxable value.

**FILING FOR THE POVERTY EXEMPTION:**

In order to be eligible for the poverty exemption, the claimant must do all the following **on an annual basis:**

- 1) Own and occupy as a homestead the property for which the exemption is requested.
- 2) File a Claim with the supervisor/assessor or board of review after January 1, but before the day prior to the last day of the Board of Review on a form provided by the local assessing unit.
- 3) Provide Federal and State income tax returns for all persons residing in the homestead including any property tax credit returns.
- 4) Produce a valid driver's license or other form of identification if requested.
- 5) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is being requested, if requested.
- 6) Meet the federal poverty income standards adopted by the governing body of the local assessing unit.
- 7) Meet the asset levels set by the governing body of the local assessing unit.

A claimant may Request a Poverty Exemption and Appeal the Property's Assessment to the March of Review.

**FEDERAL POVERTY INCOME STANDARDS:**

The following are the federal poverty income standards that the United States Office of Management and Budget recommend that federal departments and agencies use. *Delta Charter Township* has adopted these Income Levels for the basis of granting "Poverty Exemptions." These amounts are adjusted annually.

*To be eligible for a poverty exemption in Delta Charter Township **FOR 2021 your income may NOT exceed these guidelines.** If your income exceeds the levels listed below, you do not qualify for a Poverty Exemption:*

1 person.....	\$ 12,880
2 persons.....	\$ 17,420
3 persons.....	\$ 21,960
4 persons.....	\$ 26,500
5 persons.....	\$ 31,040
6 persons.....	\$ 35,580
7 persons.....	\$ 40,120
8 persons.....	\$ 44,660
For Each Additional Person add.....	\$ 4,540

**MAXIMUM ASSET STANDARDS TO BE ELIGIBLE FOR A POVERTY EXEMPTION**  
*(PA 390 of 1994 states that the poverty exemption guidelines established by the governing body of the local assessing unit shall include an asset level test)*

Delta Township has adopted the following MAXIMUM ASSET STANDARDS for a household to be eligible for a POVERTY EXEMPTION. The below asset levels DO NOT include the value of your homestead. (Per Tribunal ruling 08-13-97, Docket #236230, and the equity of the homestead should not be included within the asset test to be valid).

1 person .....	\$ 25,000
2 persons .....	\$ 31,000
3 persons.....	\$ 37,500
4 persons.....	\$ 43,750
5 persons.....	\$ 50,000
6 persons.....	\$ 56,250
7 persons.....	\$ 62,500
8 persons.....	\$ 68,750
9 persons or more.....	\$ 75,000

**If your household assets exceed this amount you are NOT eligible for a POVERTY EXEMPTION.**

Please fill out the following forms to be considered for a poverty exemption by the Delta Township Board of Review.

## Application for MCL 211.7u Poverty Exemption

This form is issued under the authority of the General Property Tax Act, Public Act 206 of 1893, MCL 211.7u.

MCL 211.7u of the General Property Tax Act, Public Act 206 of 1893, provides a property tax exemption for the principal residence of persons who, by reason of poverty, are unable to contribute toward the public charges. This application is to be used to apply for the exemption and must be filed with the Board of Review where the property is located. This application may be submitted to the city or township the property is located in each year on or after January 1.

**To be considered complete, this application must:** 1) be completed in its entirety, 2) include information regarding all members residing within the household, and 3) include all required documentation as listed within the application. Please write legibly and attach additional pages as necessary.

<b>PART 1: PERSONAL INFORMATION —</b> Petitioner must list all required personal information.				
Petitioner's Name			Daytime Phone Number	
Age of Petitioner	Marital Status	Age of Spouse	Number of Legal Dependents	
Property Address of Principal Residence		City	State	ZIP Code
<input type="checkbox"/> Check if applied for Homestead Property Tax Credit		Amount of Homestead Property Tax Credit		
<b>PART 2: REAL ESTATE INFORMATION</b>				
List the real estate information related to your principal residence. Be prepared to provide a deed, land contract or other evidence of ownership of the property at the Board of Review meeting.				
Property Parcel Code Number		Name of Mortgage Company		
Unpaid Balance Owed on Principal Residence	Monthly Payment	Length of Time at this Residence		
Property Description				
<b>PART 3: ADDITIONAL PROPERTY INFORMATION</b>				
List information related to any other property owned by you or any member residing in the household.				
<input type="checkbox"/> Check if you own, or are buying, other property. If checked, complete the information below.			Amount of Income Earned from other Property	
1	Property Address	City	State	ZIP Code
	Name of Owner(s)	Assessed Value	Date of Last Taxes Paid	Amount of Taxes Paid
2	Property Address	City	State	ZIP Code
	Name of Owner(s)	Assessed Value	Date of Last Taxes Paid	Amount of Taxes Paid

**PART 4: EMPLOYMENT INFORMATION** — List your current employment information.

Name of Employer			
Address of Employer	City	State	ZIP Code
Contact Person	Employer Telephone Number		

**PART 5: INCOME SOURCES**

List all income sources, including but not limited to: salaries, Social Security, rents, pensions, IRAs (individual retirement accounts), unemployment compensation, disability, government pensions, worker's compensation, dividends, claims and judgments from lawsuits, alimony, child support, friend or family contribution, reverse mortgage, or any other source of income, for all persons residing at the property.

Source of Income	Monthly or Annual Income (indicate which)

**PART 6: CHECKING, SAVINGS AND INVESTMENT INFORMATION**

List any and all savings owned by all household members, including but not limited to: checking accounts, savings accounts, postal savings, credit union shares, certificates of deposit, cash, stocks, bonds, or similar investments, for all persons residing at the property.

Name of Financial Institution or Investments	Amount on Deposit	Current Interest Rate	Name on Account	Value of Investment

**PART 7: LIFE INSURANCE** — List all policies held by all household members.

Name of Insured	Amount of Policy	Monthly Payments	Policy Paid in Full	Name of Beneficiary	Relationship to Insured

**PART 8: MOTOR VEHICLE INFORMATION**

All motor vehicles (including motorcycles, motor homes, camper trailers, etc.) held or owned by any person residing within the household must be listed.

Make	Year	Monthly Payment	Balance Owed

<b>PART 9: HOUSEHOLD OCCUPANTS</b> — List all persons living in the household.				
First and Last Name	Age	Relationship to Applicant	Place of Employment	\$ Contribution to Family Income

<b>PART 10: PERSONAL DEBT</b> — List all personal debt for all household members.					
Creditor	Purpose of Debt	Date of Debt	Original Balance	Monthly Payment	Balance Owed

<b>PART 11: MONTHLY EXPENSE INFORMATION</b>			
The amount of monthly expenses related to the principal residence for each category must be listed. Indicate N/A as necessary.			
Heating	Electric	Water	Phone
Cable	Food	Clothing	Health Insurance
Garbage	Daycare		Car Expense (gas, repair, etc.)
Other (type and amount)	Other (type and amount)		Other (type and amount)
Other (type and amount)	Other (type and amount)		Other (type and amount)

**NOTICE:** Per MCL 211.7u(2)(b), federal and state income tax returns for all persons residing in the principal residence, including any property tax credit returns, filed in the immediately preceding year or in the current year must be submitted with this application. Federal and state income tax returns are not required for a person residing in the principal residence if that person was not required to file a federal or state income tax return in the tax year in which the exemption under this section is claimed or in the immediately preceding tax year.

#### **PART 11: POLICY AND GUIDELINES ACKNOWLEDGMENT**

The governing body of the local assessing unit shall determine and make available to the public the policy and guidelines used for the granting of exemptions under MCL 211.7u. In order to be eligible for the exemption, the applicant must meet the federal poverty guidelines published in the prior calendar year in the Federal Register by the United States Department of Health and Human Services under its authority to revise the poverty line under 42 USC 9902, or alternative guidelines adopted by the governing body of the local assessing unit so long as the alternative guidelines do not provide income eligibility requirements less than the federal guidelines. The policy and guidelines must include, but are not limited to, the specific income and asset levels of the claimant and total household income and assets. The combined assets of all persons must not exceed the limits set forth in the guidelines adopted by the local assessing unit.

The applicant has reviewed the applicable policy and guidelines adopted by the city or township, including the specific income and asset levels of the claimant and total household income and assets.

#### **PART 12: CERTIFICATION**

I hereby certify to the best of my knowledge that the information provided in this form is complete, accurate and I am eligible for the exemption from property taxes pursuant to Michigan Compiled Law, Section 211.7u.

Printed Name	Signature	Date
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**This application shall be filed after January 1, but before the day prior to the last day of the local unit's December Board of Review.**

**Decision of the March Board of Review may be appealed by petition to the Michigan Tax Tribunal by July 31 of the current year. A July or December Board of Review decision may be appealed to the Michigan Tax Tribunal by petition within 35 days of decision. A copy of the Board of Review decision must be included with the petition.**

Michigan Tax Tribunal  
PO Box 30232  
Lansing MI 48909

Phone: 517-335-9760  
E-mail: [taxtrib@michigan.gov](mailto:taxtrib@michigan.gov)





Manager's Office

(517) 323-8590

## MEMORANDUM

**TO: Supervisor Kenneth R. Fletcher and the Delta Township Board**

**FROM: Brian Reed, Township Manager**

**DATE: December 13, 2021**

**SUBJECT: 425 Agreement with City of Lansing**

The 425 Agreement between Delta Township and Lansing that covers the GM property on the Southwest portion of the Township expires in 2025. It was mutually decided to renew this agreement with terms beneficial to each party for an additional 25 years. The advantage of extending this agreement clears any obstacles for new economic development in this area and provides clarity for an additional 25 years for the Township and City.

Modifications to the agreement moving forward include:

1. Clarifications for responsibilities for service delivery - Delta Township provides police, fire and ems protection, planning and zoning, trade inspections, water and sewer, and other routine day to day Township services to these properties. City of Lansing provides Assessing and Tax administration.
2. Changes to the revenue sharing:
  - a. Delta Township and Lansing will share 50/50% of the city income tax revenue for any new manufacturing plant
  - b. Delta Township and Lansing will begin sharing income tax on the existing GM LDT plant beginning in 2025, which will increase Delta's share 5% each year until it is 50%.
  - c. Lansing will be entitled to 1% administrative fee for the cost of collecting the total income tax.
  - d. Language clarifying when the City will remit revenue to the Township and allowing rights for the Township to audit of all shared taxes and revenue.
3. Delta Township and Lansing will share equally the cost of defense for any property tax appeals.
4. Language has been added that will permit an "Industrial Facilities Exemption" as well as a "Renaissance zone" on the property where a new manufacturing facility may be located.
5. The term of the 425 Agreement will be extended and terminate on December 31, 2046.

### Recommended Action:

***"I move to approve the following resolution amending the 425 Agreement upon the terms and conditions contained in the second Amendment to the Agreement for Conditional Transfer of Property pursuant to 1984 PA 425 (the "Second Amendment")"***

## RESOLUTION

A \_\_\_\_\_ meeting of the Board of Trustees (the “Board”) of the Charter Township of Delta (the “Township”) was held:

in the \_\_\_\_\_, within the boundaries of the Township,

electronically through \_\_\_\_\_ with identification number \_\_\_\_\_

on the \_\_\_\_ day of \_\_\_\_\_, 2021, at \_\_\_\_ o'clock in the \_\_.m.

PRESENT: \_\_\_\_\_

ABSENT: \_\_\_\_\_

The following resolution was offered by Trustee \_\_\_\_\_ and seconded by Trustee \_\_\_\_\_ .

**WHEREAS**, the Township and the City of Lansing (the “City”) (collectively, the “Parties”) entered into an Agreement for Conditional Transfer of Property Pursuant to 1934 PA 425, dated May 8, 2000, for the conditional transfer of property located within the Township (the “425 Agreement”); and

**WHEREAS**, the Parties amended the 425 Agreement to revise the boundaries through a First Amendment to the 425 Agreement (the “First Amendment”) on November 18, 2002; and

**WHEREAS**, the Parties desire to amend the 425 Agreement upon the terms and conditions contained in the Second Amendment to Agreement for Conditional Transfer of Property Pursuant to 1984 PA 425 (the “Second Amendment”), a copy of which is attached hereto and made a part hereof as Exhibit A; and

**WHEREAS**, the Board has determined that it would be in the best interests of the Township to enter into the Second Amendment upon the terms and conditions contained in the Second Amendment; and

**WHEREAS**, the Board desires to authorize and direct Kenneth Fletcher and Mary Clark, the Township’s Supervisor and Clerk, or their designees, to execute the Second Amendment and to make any revisions to the Second Amendment not inconsistent with this resolution, all of which are subject to the review and approval of the Township’s legal counsel.

**NOW, THEREFORE, BE IT RESOLVED** by the Township Board of the Township of Delta, Eaton County, Michigan, as follows:

1. The Board has determined that it would be in the best interests of the Township to enter into the Second Amendment upon the terms and conditions contained in the Second Amendment, a copy of which is attached hereto and made a part hereof as Exhibit A.

2. The Board authorizes and directs Kenneth Fletcher and Mary Clark, the Township's Supervisor and Clerk, or their designees, to execute the Second Amendment and to make any revisions to the Second Amendment not inconsistent with this resolution, all of which are subject to the review and approval of the Township's legal counsel.

3. All prior resolutions and parts of resolutions insofar as they may be in conflict with this resolution are hereby rescinded.

AYES: Trustees: \_\_\_\_\_

NAYS: Trustees: \_\_\_\_\_

RESOLUTION DECLARED ADOPTED.

State of Michigan )  
County of Eaton )<sup>ss:</sup>

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Township Board of the Charter Township of Delta, Eaton County, Michigan, at a \_\_\_\_\_ meeting held on \_\_\_\_\_, 2021, the original of which resolution is on file in my office. I further certify that notice of said meeting was given in accordance with the Open Meetings Act.

\_\_\_\_\_  
Mary Clark, Clerk  
Charter Township of Delta

**Exhibit A**

**SECOND AMENDMENT TO  
AGREEMENT FOR CONDITIONAL TRANSFER OF PROPERTY  
PURSUANT TO 1984 PA. 425**

This Second Amendment to Agreement for Conditional Transfer of Property (this “Second Amendment”) is made this \_\_\_\_\_ day of December, 2021 (the “Effective Date”), between the **CHARTER TOWNSHIP OF DELTA** (“Delta”), a Michigan charter township organized and operating under the Charter Township Act, MCL 42.1, *et seq.*, as amended, and the **CITY OF LANSING** (“Lansing”), a Michigan municipal corporation (individually, a “Party” and collectively, the “Parties”).

**WHEREAS**, the Parties entered into an agreement, dated May 8, 2000, for the conditional transfer of property located within the Township (the “425 Agreement”); and

**WHEREAS**, the Parties amended the 425 Agreement to revise the boundaries through a First Amendment, dated November 18, 2002 (“First Amendment”); and

**WHEREAS**, the Parties desire to amend the 425 Agreement upon the terms and conditions contained in this Second Amendment; and

**WHEREAS**, except as previously amended by the First Amendment and by this Second Amendment, the remaining terms and conditions contained in the 425 Agreement shall remain in full force and effect.

**NOW, THEREFORE**, it is agreed as follows:

1. Subsection 2.4.B. of the 425 Agreement is amended in its entirety as follows:
  - B. Delta shall be responsible for building and trade inspections, permitting, and plan review. All fees associated with any inspection, permit, or plan review, including, but not limited to, those denominated above, shall be at the rate or cost assessed by Delta. Delta shall collect and retain all inspection, permit, and plan review fees. Any appeals of decisions of the building official shall be heard by the Delta Board of Appeals.
2. Subsection 2.5.B. of the 425 Agreement is amended in its entirety as follows:
  - B. Delta shall conduct preliminary and final review with respect to all plans of development within the Transferred Area. Delta shall be accorded agency status under the Zoning Code of Lansing.
3. Section 3.1 of the 425 Agreement is amended in its entirety as follows:

Section 3.1 Revenue Sharing and Taxing Collection.

During each year commencing with the year following the year in which this Agreement is adopted, and each year thereafter, Lansing shall annually remit:

A. To Delta fifty percent (50%) of Lansing's ad valorem property tax revenue collected on the taxable value of all real and taxable personal property within the Transferred Area, including all interest, penalties, late fees, and collection fees due thereon. Lansing shall be entitled to an administrative fee for the cost of assessing and collecting ad valorem property tax in an amount equal to what is allowed under the General Property Tax Act. In the event of an appeal of taxable value by any landowner or interested party in the Transferred Area, the Parties will jointly determine the defense of the appeal and any proposed resolution. Delta shall be responsible for fifty percent (50%) of the cost of defense and make payment of the same to Lansing.

B. To Delta fifty percent (50%) of Lansing's industrial facilities tax revenue collected on all property within the Transferred Area for which an industrial facilities exemption certificate ("IFEC") is in effect.

C. To Delta, fifty percent (50%) of the infrastructure improvement and service payment ("IISP") which Lansing collects in consideration of Lansing's representations set forth in any Tri-Party Agreement that may be entered into between Lansing, GM, and Delta concurrently with this Agreement, as well as any Tri-Party Agreement that may be entered into between Lansing, Ultium Cells LLC, and Delta concurrently with the Second Amendment.

D. To Delta, a percentage of all income tax revenue collected by the City from within the Transferred Area, based on the following schedule:

- i. For income earned on the part of the Transferred Area commonly known as the Lansing Delta Plant ("LDT") and east of a line approximately 350 feet west of the centerline of the former right of way known as Guinea Road, including without limitation the facility located thereon, and beginning in 2025,
  - a. In the first year, Delta shall receive five percent (5%),
  - b. In the second year, Delta shall receive ten percent (10%),
  - c. In the third year, Delta shall receive fifteen percent (15%),
  - d. In the fourth year, Delta shall receive twenty percent (20%),
  - e. In the fifth year, Delta shall receive twenty-five percent (25%),
  - f. In the sixth year, Delta shall receive thirty percent (30%),

- g. In the seventh year, Delta shall receive thirty-five percent (35%),
- h. In the eighth year, Delta shall receive forty percent (40%),
- i. In the ninth year, Delta shall receive forty-five percent (45%),
- j. In the tenth year, and thereafter for the duration of the 425 Agreement, Delta shall receive fifty percent (50%);
- ii. If and when a new factory or employer is operational on the part of the transferred Area west of a line approximately 350 west of the centerline of the former right of way known as Guinea Road, more specifically described in Exhibit "A-2", for income earned at said new factory or employer, Delta shall receive fifty percent (50%);
- iii. At all times and for all income earned in the Transferred Area, Lansing shall be entitled to an administrative fee for the cost of collecting income tax in an amount equal to one percent (1%) of the total income tax revenue received.

E. Should any real or personal property taxes be reduced, limited, or eliminated by legislation or other legal process with respect to any real or personal property or class of property subject to the tax sharing formula provided at subparagraphs (A) and (B) of this section then any substitute tax or source of revenue which the legislation or other legal process may provide or authorize Lansing to collect in lieu of said taxes shall likewise be allocated and remitted to Delta in an amount reasonably equivalent to that remitted to Delta as provided in subparagraphs (A) and (B) above for the prior year.

4. Section 3.3 of the 425 Agreement is amended in its entirety as follows:

Section 3.3 Gifts, Grants, Etc.

All gifts, grants, assistance funds, bequests, or other funds from any private or public source, including without limitation state and federal grants for infrastructure, given to either Party with respect to the Transferred Area and activity performed upon or within the Transferred Area, shall belong to the Party that received the Funds (collectively, "Funds"). Any infrastructure constructed with Funds received by or provided by a Party shall belong to that Party. Except as otherwise provided in this Agreement, Lansing shall annually pay to Delta the equivalent of the amount of state and federal revenue sharing payments based upon the population of the Transferred Area, if any, that Delta would have received if the Transferred Area remained with Delta.

5. A new Section 3.4 shall be added to the 425 Agreement as follows:  
Section 3.4 Certain Transferred Property Subjected to Development Incentives.

A. The Parties acknowledge and agree that the City may apply for and be granted a Renaissance Zone pursuant to 1996 P.A. 376 for only that area of the Transferred Property that is legally described in Exhibit “A-2,” attached, which if granted would reduce the tax revenues collected.

B. The Parties acknowledge and agree that the City may establish an Industrial Facilities Exemption pursuant to 1974 P.A. 198 for only that area of the Transferred Property that is legally described in Exhibit “A-2,” attached, which if granted would reduce the tax revenues collected.

6. A new Section 3.5 shall be added to the 425 Agreement as follows:

Section 3.5 Remittance of Shared Taxes and Revenue.

Lansing shall remit to Delta, within sixty (60) days of Lansing’s receipt of any tax or other revenue described in Section 3.1 (collectively, the “Shared Taxes and Revenue”), Delta’s share of the Tax and Other Revenue.

7. A new Section 3.6 shall be added to the 425 Agreement as follows:

Section 3.6 Audit Rights.

When remitting the Shared Taxes and Revenue to Delta, Lansing shall provide to Delta a detailed summary accounting of the Shared Taxes and Revenue. Delta shall be entitled, upon reasonable notice to Lansing, to inspect, examine and make copies of Lansing’s books, documents and records of the Shared Taxes and Revenue. The inspection shall occur at Lansing’s offices. Any inspection, examination, or copying of Lansing’s books, documents and records shall occur within three (3) years of Delta’s receipt of the Shared Taxes and Revenue.

8. Section 4.1 of the 425 Agreement is amended as follows:

Section 4.1 Term.

The term of this 425 Agreement commenced on May 8, 2000 and pursuant to the Second Amendment shall terminate on December 31, 2046. Delta and Lansing may renew this 425 Agreement for additional terms for such period as permitted by law by an affirmative vote of the legislative body of each party to this 425 Agreement. The additional terms shall be on the same

terms and conditions as stated in this 425 Agreement, as amended, unless the Parties shall agree otherwise in writing.

9. Miscellaneous. The following miscellaneous provisions are agreed to by the Parties:

A. Except as specifically modified above by this Second Amendment, the 425 Agreement remains unmodified and unchanged by the Parties. The 425 Agreement shall continue in full force and effect and is hereby ratified and affirmed by this Amendment.

B. This Second Amendment shall be construed, interpreted and enforced under the laws of the State of Michigan.

C. This Second Amendment shall be binding upon and shall inure to the benefit of the Parties, their successors and assigns

D. All terms that are not defined by this Second Amendment shall have the same meaning as those terms described in the 425 Agreement.

E. This Second Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall together be construed as one in the same Second Amendment. Electronic and facsimile signatures will be binding.

F. In the event of any conflict between the terms of this Second Amendment and the terms of the 425 Agreement, the terms of this Second Amendment shall govern and control.

***/SIGNATURES APPEAR ON THE FOLLOWING PAGE/***





## **EXHIBIT A-2**

### Legal Description:

ENTIRE SEC 32, EXC E 350 FT OF SEC 32, ALSO EXC COM 405 FT W OF SE COR SEC 32, TH N 665.5 FT, W 2236.43 FT TO W LINE OF SE 1/4 SAID SEC, S 676.5 FT TO S LINE SAID SEC, E 2236.75 FT TO BEG, AND ALSO EXC LANDS USED FOR GUINEA AND NIXON RDS & MILLETT& DAVIS HWYS; 548 ACRES +/- ; SEC 32 T4N R3W, 23-50-40-32-250-001

**SECOND AMENDMENT TO  
AGREEMENT FOR CONDITIONAL TRANSFER OF PROPERTY  
PURSUANT TO 1984 PA. 425**

This Second Amendment to Agreement for Conditional Transfer of Property (this “Second Amendment”) is made this \_\_\_\_\_ day of December, 2021 (the “Effective Date”), between the **CHARTER TOWNSHIP OF DELTA** (“Delta”), a Michigan charter township organized and operating under the Charter Township Act, MCL 42.1, *et seq.*, as amended, and the **CITY OF LANSING** (“Lansing”), a Michigan municipal corporation (individually, a “Party” and collectively, the “Parties”).

**WHEREAS**, the Parties entered into an agreement, dated May 8, 2000, for the conditional transfer of property located within the Township (the “425 Agreement”); and

**WHEREAS**, the Parties amended the 425 Agreement to revise the boundaries through a First Amendment, dated November 18, 2002 (“First Amendment”); and

**WHEREAS**, the Parties desire to amend the 425 Agreement upon the terms and conditions contained in this Second Amendment; and

**WHEREAS**, except as previously amended by the First Amendment and by this Second Amendment, the remaining terms and conditions contained in the 425 Agreement shall remain in full force and effect.

**NOW, THEREFORE**, it is agreed as follows:

1. Subsection 2.4.B. of the 425 Agreement is amended in its entirety as follows:

B. Delta shall be responsible for building and trade inspections, permitting, and plan review. All fees associated with any inspection, permit, or plan review, including, but not limited to, those denominated above, shall be at the rate or cost assessed by Delta. Delta shall collect and retain all inspection, permit, and plan review fees. Any appeals of decisions of the building official shall be heard by the Delta Board of Appeals.

2. Subsection 2.5.B. of the 425 Agreement is amended in its entirety as follows:

B. Delta shall conduct preliminary and final review with respect to all plans of development within the Transferred Area. Delta shall be accorded agency status under the Zoning Code of Lansing.

3. Section 3.1 of the 425 Agreement is amended in its entirety as follows:

Section 3.1 Revenue Sharing and Taxing Collection.

During each year commencing with the year following the year in which this Agreement is adopted, and each year thereafter, Lansing shall annually remit:

A. To Delta fifty percent (50%) of Lansing's ad valorem property tax revenue collected on the taxable value of all real and taxable personal property within the Transferred Area, including all interest, penalties, late fees, and collection fees due thereon. Lansing shall be entitled to an administrative fee for the cost of assessing and collecting ad valorem property tax in an amount equal to what is allowed under the General Property Tax Act. In the event of an appeal of taxable value by any landowner or interested party in the Transferred Area, the Parties will jointly determine the defense of the appeal and any proposed resolution. Delta shall be responsible for fifty percent (50%) of the cost of defense and make payment of the same to Lansing.

B. To Delta fifty percent (50%) of Lansing's industrial facilities tax revenue collected on all property within the Transferred Area for which an industrial facilities exemption certificate ("IFEC") is in effect.

C. To Delta, fifty percent (50%) of the infrastructure improvement and service payment ("IISP") which Lansing collects in consideration of Lansing's representations set forth in any Tri-Party Agreement that may be entered into between Lansing, GM, and Delta concurrently with this Agreement, as well as any Tri-Party Agreement that may be entered into between Lansing, Ultium Cells LLC, and Delta concurrently with the Second Amendment.

D. To Delta, a percentage of all income tax revenue collected by the City from within the Transferred Area, based on the following schedule:

- i. For income earned on the part of the Transferred Area commonly known as the Lansing Delta Plant ("LDT") and east of a line approximately 350 feet west of the centerline of the former right of way known as Guinea Road, including without limitation the facility located thereon, and beginning in 2025,
  - a. In the first year, Delta shall receive five percent (5%),
  - b. In the second year, Delta shall receive ten percent (10%),
  - c. In the third year, Delta shall receive fifteen percent (15%),
  - d. In the fourth year, Delta shall receive twenty percent (20%),
  - e. In the fifth year, Delta shall receive twenty-five percent (25%),
  - f. In the sixth year, Delta shall receive thirty percent (30%),
  - g. In the seventh year, Delta shall receive thirty-five percent (35%),
  - h. In the eighth year, Delta shall receive forty percent (40%),
  - i. In the ninth year, Delta shall receive forty-five percent (45%),
  - j. In the tenth year, and thereafter for the duration of the 425 Agreement, Delta shall receive fifty percent (50%);

- ii. If and when a new factory or employer is operational on the part of the transferred Area west of a line approximately 350 west of the centerline of the former right of way known as Guinea Road, more specifically described in Exhibit "A-2", for income earned at said new factory or employer, Delta shall receive fifty percent (50%);
- iii. At all times and for all income earned in the Transferred Area, Lansing shall be entitled to an administrative fee for the cost of collecting income tax in an amount equal to one percent (1%) of the total income tax revenue received.

E. Should any real or personal property taxes be reduced, limited, or eliminated by legislation or other legal process with respect to any real or personal property or class of property subject to the tax sharing formula provided at subparagraphs (A) and (B) of this section then any substitute tax or source of revenue which the legislation or other legal process may provide or authorize Lansing to collect in lieu of said taxes shall likewise be allocated and remitted to Delta in an amount reasonably equivalent to that remitted to Delta as provided in subparagraphs (A) and (B) above for the prior year.

4. Section 3.3 of the 425 Agreement is amended in its entirety as follows:

Section 3.3 Gifts, Grants, Etc.

All gifts, grants, assistance funds, bequests, or other funds from any private or public source, including without limitation state and federal grants for infrastructure, given to either Party with respect to the Transferred Area and activity performed upon or within the Transferred Area, shall belong to the Party that received the Funds (collectively, "Funds"). Any infrastructure constructed with Funds received by or provided by a Party shall belong to that Party. Except as otherwise provided in this Agreement, Lansing shall annually pay to Delta the equivalent of the amount of state and federal revenue sharing payments based upon the population of the Transferred Area, if any, that Delta would have received if the Transferred Area remained with Delta.

5A new Section 3.4 shall be added to the 425 Agreement as follows:

Section 3.4 Certain Transferred Property Subjected to Development Incentives.

A. The Parties acknowledge and agree that the City may apply for and be granted a Renaissance Zone pursuant to 1996 P.A. 376 for only that area of the Transferred Property that is legally described in Exhibit “A-2,” attached, which if granted would reduce the tax revenues collected.

B. The Parties acknowledge and agree that the City may establish an Industrial Facilities Exemption pursuant to 1974 P.A. 198 for only that area of the Transferred Property that is legally described in Exhibit “A-2,” attached, which if granted would reduce the tax revenues collected.

6. A new Section 3.5 shall be added to the 425 Agreement as follows:

Section 3.5 Remittance of Shared Taxes and Revenue.

Lansing shall remit to Delta, within sixty (60) days of Lansing’s receipt of any tax or other revenue described in Section 3.1 (collectively, the “Shared Taxes and Revenue”), Delta’s share of the Tax and Other Revenue.

7. A new Section 3.6 shall be added to the 425 Agreement as follows:

Section 3.6 Audit Rights.

When remitting the Shared Taxes and Revenue to Delta, Lansing shall provide to Delta a detailed summary accounting of the Shared Taxes and Revenue. Delta shall be entitled, upon reasonable notice to Lansing, to inspect, examine and make copies of Lansing’s books, documents and records of the Shared Taxes and Revenue. The inspection shall occur at Lansing’s offices. Any inspection, examination, or copying of Lansing’s books, documents and records shall occur within three (3) years of Delta’s receipt of the Shared Taxes and Revenue.

8. Section 4.1 of the 425 Agreement is amended as follows:

Section 4.1 Term.

The term of this 425 Agreement commenced on May 8, 2000 and pursuant to the Second Amendment shall terminate on December 31, 2046. Delta and Lansing may renew this 425 Agreement for additional terms for such period as permitted by law by an affirmative vote of the legislative body of each party to this 425 Agreement. The additional terms shall be on the same

terms and conditions as stated in this 425 Agreement, as amended, unless the Parties shall agree otherwise in writing.

9. Miscellaneous. The following miscellaneous provisions are agreed to by the Parties:

A. Except as specifically modified above by this Second Amendment, the 425 Agreement remains unmodified and unchanged by the Parties. The 425 Agreement shall continue in full force and effect and is hereby ratified and affirmed by this Amendment.

B. This Second Amendment shall be construed, interpreted and enforced under the laws of the State of Michigan.

C. This Second Amendment shall be binding upon and shall inure to the benefit of the Parties, their successors and assigns

D. All terms that are not defined by this Second Amendment shall have the same meaning as those terms described in the 425 Agreement.

E. This Second Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall together be construed as one in the same Second Amendment. Electronic and facsimile signatures will be binding.

F. In the event of any conflict between the terms of this Second Amendment and the terms of the 425 Agreement, the terms of this Second Amendment shall govern and control.

***/SIGNATURES APPEAR ON THE FOLLOWING PAGE/***

**IN WITNESS WHEREOF**, the Parties hereto have executed this 425 Agreement on the date above first written by authority of the respective Lansing City Council and Delta Township Board of Trustees.

**CHARTER TOWNSHIP OF DELTA,  
a Michigan charter township**

**CITY OF LANSING,  
a Michigan municipal corporation**

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: Township Supervisor

Its: \_\_\_\_\_

and

and

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: Township Clerk

Its: \_\_\_\_\_

**Approved as to form:**

**Approved as to form:**

**CHARTER TOWNSHIP OF DELTA  
ATTORNEY**

**LANSING CITY ATTORNEY**

By: \_\_\_\_\_

By: \_\_\_\_\_



## **EXHIBIT A-2**

### Legal Description:

ENTIRE SEC 32, EXC E 350 FT OF SEC 32, ALSO EXC COM 405 FT W OF SE COR SEC 32, TH N 665.5 FT, W 2236.43 FT TO W LINE OF SE 1/4 SAID SEC, S 676.5 FT TO S LINE SAID SEC, E 2236.75 FT TO BEG, AND ALSO EXC LANDS USED FOR GUINEA AND NIXON RDS & MILLETT & DAVIS HWYS; 548 ACRES +/- ; SEC 32 T4N R3W, 23-50-40-32-250-001



**To: Supervisor Kenneth R. Fletcher and the Delta Township Board**

**From: Marcus Kirkpatrick, Parks, Recreation & Cemeteries Director**

**Date: December 8, 2021**

**Re: Delta Mills Pickleball Court Maintenance**

The Delta Township Parks Department is requesting approval to purchase and install a new surface for the Delta Mills Pickleball Courts. The Parks Department has been gathering information to support the proposal to resurface the courts. Along with the township facility history and information provided from the Floor Care Concepts, a company based out of Wyoming, MI, our department has completed independent research on facilities around the state that have recently installed the Herculan Polyurethane surface.

This is a sole source item that is only available from one distributor in Michigan. The Department is recommending the purchase of the Herculan TC Pro to provide a long-term solution for the Township pickleball courts. The Township purchasing policy requires any purchase over \$25,000.00 to be formally bid and approved by the Township Board; however, the purchasing policy also allows for Sole Source Purchasing, stating: In recognition that certain products and services are clearly superior and/or compatible with Township operations, the Township Manager may determine that a specific product or vendor be the sole source of purchasing for the Township. In doing so, the items will be purchased without a formal bidding process.

**Chronology:**

April 2014 – The Parks Department submitted a Land & Water Conservation Fund grant to the DNR. The grant was to convert the two Delta Mills Tennis Courts into six Pickleball Courts. The grant’s project was awarded in December of 2014 at \$65,000 (\$32,500 grant & \$32,500 township match).

July 2016 – The pickleball courts project was completed and play began.

Over the years, the “pickleball craze” was on and the number of players increased. We have measured as much as 40% of residents in the Delta Mills Pickleball group. During the recent pandemic, there was a measurable increase of players at times when the group did not meet. These were residents and included all ages.

Staff and volunteers provided annual maintenance on the courts which usually included crack sealing and adding FFE to make the experience more enjoyable. Staff continued to research and explore companies that could provide preventative and long-term maintenance for the courts. The company, which completed the project, was no longer in business and finding other companies was difficult. Any repairs that could be made would only include resurfacing which was only good for 1-2 years. Parks & Engineering staff made annual visits to the courts to determine if additional drainage could be installed to help with rainwater challenges. It was determined that to address the drainage issue, the courts would have to be demolished and rebuilt.



January 2019 - Staff began to work with the local Pickleball Ambassador, also a Delta resident, on maintenance options for courts. The recent build complex, The Lake Odessa Pickle Bowl, was shared and known to be constructed with a new material. The new material, Herculan TC Pro, was noted to only have one U.S. distributor. More importantly, the material was noted to work well with removing water from the court surfaces and to eliminate challenges for courts with poor drainage.

August 2021 – Along with the U.S. Pickleball Ambassador, Parks staff met with a representative from Floor Care Concepts, which specializes in gym floor refinishing. Floor Care Concepts, distributor of Herculan TC Pro, inspected the Delta Mills and Sharp Park pickleball & tennis courts. The representative provided quotes for each of the locations. It was also noted that the East Lansing Parks & Recreation Department was considering the same surface for its upcoming tennis/pickleball courts renovations. The East Lansing courts were known to have the same challenges that we face here in Delta.

November 2021 - Parks staff members visited the pickleball courts in Lake Odessa. These courts were resurfaced with the Herculan Polyurethane material in 2017, so they had experienced several years of Michigan seasons. The courts were in pristine condition to the point they looked like they were still brand new. There were no seams visible from the installation and there were no cracks or structural damage visible. Testing the playing surfaces, we noticed the uniformity throughout and felt the “cushioning” component of the rubberized material. We did notice a few cosmetic things related to painting, fading due to sunlight, and watermarks due to standing water.

Staff had a phone conversation with Garrett Thelen from the Holland Parks & Recreation Department regarding the basketball court they installed using the Herculan Polyurethane surface in 2018. Mr. Thelen informed us that initially they were going to do a complete renovation of their basketball court that included tearing up and re-doing an asphalt or concrete surface. They saw the option of resurfacing their court instead as a cheaper alternative and after speaking with the company, chose to go forward with it. The company came out to their facility and did an extremely thorough job with the prep work before installation. This involved filling all cracks to the existing surface down to the foundation so the cracks would not expand any further and then clearing off the surface to insure a smooth surface installation. Since having the courts resurfaced, the Holland Parks & Recreation Department has been pleased with the surface that they will be resurfacing their tennis courts in 2022 with the same material. They highly recommended this surface.

Staff had a phone conversation with Annette DaLiao-Burchell, whom is the President of the Gogebic-Iron Range Tennis Association and head coach of the Ironwood (Michigan) high school’s women’s tennis teams. They had two outdoor tennis courts resurfaced with the Herculan Polyurethane surface back in 2011, and Mrs. DaLiao-Burchell had nothing but positive things to say about their new courts. She mentioned that Ironwood is the 10th snowiest city in the United States, so their courts go through some tough conditions yearly. Over the past decade, their courts have not had any cracks, frost heaves, undulations or anything occur. She said the surface of the courts are still in like-new condition and they are wonderful. They installed the 6mm surface rather than the 4mm option. The feedback received regarding the wear and tear on a person’s body has been great, especially from their senior population. It has allowed their participants to feel less joint pain and has increased the usage from this age group. Additionally, this new surface even allows participants to play in slight rain as it does not get as slick as a traditional tennis surface would.

The only repairs Mrs. DaLiao-Burchell described were:

1. Every six years they have asked the installation company to return to re-paint the surface because of color fading due to sunlight.
2. When they first installed the material, the edges of the tennis courts went right to the surrounding grass/dirt. After several years of the sealant wearing, a one-foot edge was needed around the court. They poured concrete to move the grass/dirt back as a buffer. This allowed the installation company to resurface the edges of the courts.

With staff research and items listed below, we find the Herculon TC Pro is the best maintenance solution for our courts at Delta Mills Park:

- ... Herculon TC Pro has been installed in and around Michigan since 2011.
- ... Herculon TC Pro will solve our challenges of badly cracked playing surfaces.
- ... The forgiveness of the rubberized surface will reduce trauma to joints.
- ... The surface provides an amazing anti-slip property, minimizing unintended slips and strains, further reducing player injuries. The surface also stays “grippy” when wet.

If approved, the surface would be installed in spring 2022. Due to the condition of the courts and their popularity with the community, we are requesting approval for the item despite the fact that it was not specifically budgeted in the FY 2022 budget. If necessary, a budget amendment will be proposed in FY 2022.

Therefore, I present the following motion for your consideration:

***“I move that the Delta Township Board approves the sole source purchase for the repair of the Delta Mills Pickleball Courts from Floor Care Concepts of Wyoming, MI in the amount \$110,200. I further move that the Township Manager be authorized and directed to sign the purchase authorization forms”***





Accounting Department

(517) 323-8510

**To: Supervisor Kenneth R. Fletcher and the Delta Township Board**  
**From: Courtney Nicholls, Finance Director/Deputy Treasurer**  
**Date: December 13, 2021**  
**Subject: Approval Request for Deviation to Investment Policy**

Administration of the Township's investments is governed by the Investment Policy, which was adopted in June of 2016. Township assets are held at Insight Investments, Raymond James, Michigan Class, and JP Morgan Chase. JP Morgan Chase is the checking account that holds the funds for the day to day financial obligations of the Township. Insight Investments and Raymond James hold the Townships longer term portfolio. Michigan Class hold funds that could be needed in the short term – funds are transferred to and from JP Morgan Chase and Michigan Class as needed.

Recently Michigan Class opened a new type of fund with the goal of providing an enhanced yield, while still allowing for as needed access to the funds. Michigan Class is organized under Act 7 of 1967 (ex session), more commonly known as the Urban Cooperation Act. The Township has participated with Michigan Class since 1998. The Township investment policy allows for funds to be invested in Joint Interlocal Investment Ventures formed under this Act, however, it does have a restriction that the fund must have a "constant net asset value per share of \$1.00." Having a constant net asset value of \$1.00 is possible when the instruments that are invested in are of a very short term nature (e.g. a weighted average maturity of under 60 days). This new Michigan Class fund will use longer duration investments with a weighted average maturity over 60 days that may cause the NAV to fluctuate from \$1.00. The investments would still have a low sensitivity to market risks. Due to the very challenging investment environment for the type of investments that the Township is allowed to purchase, I am recommending that we take advantage of this new opportunity with our trusted partners at Michigan Class.

The Investment Policy allows for the Township Board to approve a deviation from the policy, which is what is being requested at this time. Our auditor from Maner Costerisan has reviewed the memo and investment opportunity and did not have any concerns. More information about the new Michigan Class Edge fund, including the differences from the standard Michigan Class Fund, is provided with this memo.

Therefore, I present the following motion for your consideration:

***"I move that the Delta Township Board approve the deviation from the Investment Policy to allow for the Township's participation in Michigan Class Edge."***

# Give your portfolio an **EDGE**

Michigan  
**CLASS**<sup>®</sup>

**NEW!**

## Michigan **CLASS** **EDGE**

EDGE is a new weekly liquidity investment option designed for Michigan CLASS Participants that seeks to generate a higher yield while complementing the daily liquidity offered by Michigan CLASS for Michigan public agencies. EDGE is best suited for medium-term investments and strategic reserves.

Complement your investment management strategy with EDGE by gaining exposure to a diversified portfolio of high-quality securities for your local government's investment needs. Enhance your ability to manage your assets more efficiently and effectively while maintaining safety and liquidity.

### DETAILED PORTFOLIO FEATURES:

#### ENHANCED YIELD



Earn an enhanced yield through exposure to longer-duration, strategic investments at fixed points along the yield curve.

#### WITHDRAWALS



Withdrawals are available five business days after the request is made. With EDGE, investments continue to accrue interest during the five-day redemption period.

#### REPORTING



EDGE Participants can conveniently access transaction confirmations and monthly statements on-demand via the Online Participant Portal.

#### ACCOUNTS




With EDGE, your local government will enjoy unlimited subaccounts and monthly transactions; seamlessly transfer between all of your Michigan CLASS accounts.

Michigan  
**CLASS**<sup>®</sup>

 [www.michiganclass.org](http://www.michiganclass.org)

 [info@michiganclass.org](mailto:info@michiganclass.org)

 13623 Acacia Lane  
DeWitt, MI 48820

# INVESTING MADE EASY

Which investment option best suits your local government's needs?

Investment Option	Michigan CLASS	Michigan CLASS EDGE
Portfolio Type	Prime-style fund	Enhanced cash
Purpose	Short-term liquidity	Intermediate liquidity
Rating	'AAAm'	'AAAf/S1'*
Liquidity Offered	Daily	Weekly
Minimum Investment	None	None
Online Reporting	Transaction confirms, monthly & on-demand statements	Transaction confirms, monthly & on-demand statements
Withdrawals	Unlimited	As needed
Accounts	Unlimited	Unlimited
Dividend Rate	Apply Daily	Accrue Daily
WAM	≤60 days	>60 days

## ELIGIBLE INVESTMENTS

Michigan CLASS investments are made in accordance with Michigan State Law. For a complete description of permitted investments, please refer to the EDGE Investment Policy available on our website.

Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. Michigan CLASS is rated 'AAAm' by S&P Global Ratings. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit [www.spglobal.com](http://www.spglobal.com).

Michigan CLASS EDGE is rated 'AAAf/S1' by FitchRatings. The 'AAAf' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit [www.fitchratings.com](http://www.fitchratings.com). Ratings are subject to change and do not remove credit risk. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**



## **Compiled Policy Manual**

<b>Title:</b>	<b>Investment Policy</b>
<b>Adoption Date:</b>	<b>June 15, 1998</b>
<b>Revision Date:</b>	<b>June 20, 2016</b>

### **1. Policy**

It is the policy of Delta Charter Township (“the Township”) to invest funds in a manner which will provide preservation of capital, meet the daily liquidity needs of the Township, diversify the Township’s investments, conform to all local and state statutes governing the investment of public funds, and generate market rates of return.

This Investment Policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal and investment management of the Township’s funds. It replaces any previous investment policy or investment procedures of the Township.

This Investment Policy was adopted by resolution of the Township Board on June 20, 2016.

### **2. Scope**

This investment policy applies to all financial assets of the Township. These assets are accounted for in the various funds of the Township’s Annual Financial Audit Report and include:

- General Fund
- Special Revenue Funds
- Internal Service Funds
- Capital Project Funds
- Enterprise Funds
- Trust and Agency Fund
- Debt Service Funds
- Component Units
- Any new fund created by the Township, unless specifically exempted by the Township Board.

This policy does not apply to pension, deferred compensation, and retiree healthcare trust fund assets which are administered externally, and not subject to Act 20, P.A. of 1943; as amended.

Cash may be pooled for investment purposes. The investment income derived from the pooled investment account shall be allocated to the contributing funds based upon the proportion of the respective average daily balances relative to the total pooled balance in the investment portfolio.

### **3. Investment Objectives**

The Township's principal investment objectives are:

- Preservation of capital and protection of investment principal.
- Maintenance of sufficient liquidity to meet anticipated cash flows.
- Attainment of a market rate of return.
- Diversification to avoid incurring unreasonable market risks.
- Conformance with all applicable Township policies, State statutes, and Federal regulations.

### **4. Delegation of Authority**

In accordance with Section 121.91 of Act 20 of 1943, as amended, the Township Board has designated the Finance Director as the Township's Investment Officer. As such, the Finance Director is vested with the responsibility for managing the Township's investment program and for implementing this Investment Policy. The Finance Director may delegate the authority to conduct investment transactions and to manage the operation of investment portfolio to other specifically authorized staff members. No person may engage in an investment transaction except as expressly provided under the terms of this Investment Policy.

The Finance Director shall establish written procedures and internal controls for the operation of the Township's investment program, designed to prevent loss of public funds due to fraud, error, misrepresentation, and imprudent actions.

The Township may engage the support services of outside investment advisors in regard to its investment program, so long as it can be demonstrated that these services produce a net financial advantage or necessary financial protection of the Township's financial resources.

### **5. Prudence**

The standard of prudence to be used for managing the Township's assets is the Michigan Prudent Investor Rule, found in Section 700.1502 of Act 386 of 1998. It states, "A fiduciary shall invest and manage assets held in a fiduciary capacity as a prudent investor would, taking into account the purposes, terms, distribution requirements expressed in the governing instrument, and other

circumstances of the fiduciary estate. To satisfy this standard, the fiduciary must exercise reasonable care, skill, and caution.”

The Township’s overall investment program shall be designed and managed with a degree of professionalism that is worth of the public trust. The Township recognizes that no investment is totally riskless and that the investment activities of the Township are a matter of public record. Accordingly, the Township recognizes that occasional measured losses may be desirable in a diversified portfolio and shall be considered within the context of the overall portfolio’s return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the Township.

The Finance Director and other authorized persons acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the Township Board and appropriate action is taken to control adverse developments.

**6. Ethics and Conflicts of Interest**

Township employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the Township’s investment program, or that could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Employees shall disclose to the Township Manager any material financial interests in financial institutions that conduct business with the Township.

**7. Selection of Authorized Financial Institutions and Broker/Dealers**

The Finance Director shall maintain a list of authorized financial institutions and broker/dealers approved for investment purposes by the Township Board and it shall be the policy of the Township to purchase securities only from those authorized firms. Financial institutions on this list shall be reviewed periodically based on rating agency reports but no less than annually.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Finance-Director with the following: audited financial statements for the most recent fiscal year; certification of having received the Township’s investment policy and agreement to comply with its terms (see Appendix I); proof of National Association of Security Dealers certification; and proof of State registration, where applicable.

Alternatively, if the Township has engaged the services of an investment advisory firm, the authorized Investment Advisor may utilize the Investment Advisor's list of broker/dealers when executing transactions on behalf of the Township. The Investment Advisor's approved list of broker/dealers shall be provided to the Township on an annual basis or upon request. In addition, the authorized Investment Advisor shall provide a written receipt of this Investment Policy and agreement to conduct transactions on behalf of the Township in accordance with this Investment Policy. The authorized Investment Advisor shall provide such certification on an annual basis or upon any revision to this Investment Policy.

#### **8. Authorized Securities and Transactions**

Investments for the Township shall be made in accordance with Act 20 of 1943 as amended, MCL 129.91-129.96, Investment of Surplus Funds of Political Subdivisions, and Act 40 of 1932, as amended, MCL 129.12-129.14, Depositories for Public Moneys. Any revisions or extensions of these statutes will be assumed to be part of this Investment Policy immediately upon being enacted.

This Investment Policy further restricts the investment of Township funds to the following types of securities and transactions:

U.S. Treasury Obligations: Treasury bills, Treasury notes, Treasury bonds, and Treasury STRIPS with maturities not exceeding ten years from the date of trade settlement.

Federal Instrumentality Securities: Debentures, discount notes, callable securities, step-up securities and stripped principal or coupons with maturities not exceeding ten years from the date of trade settlement.

Non-negotiable Certificates of Deposit in financial institutions as defined in MCL 129.16, that are eligible to be a depository of funds belonging to the State of Michigan with maturities not exceeding ten years from the date of trade settlement. Not more than 25% of the Township's total portfolio may be invested in certificates of deposit of any one financial institution.

Commercial Paper with an original maturity of 270 days or less that is rated within the two highest classifications at the time of purchase by at least two Nationally Recognized Statistical Rating Organizations (NRSROs). Not more than 25% of the Township's portfolio may be invested in the commercial paper of any one issuer, and the aggregate investment in commercial paper shall not exceed 70% of the Township's total portfolio.

Obligations of Michigan or any of its political subdivisions with maturities not exceeding ten years from the date of trade settlement that are rated at the time of purchase A, A2 or the equivalent by at least one NRSRO. The aggregate investment in such obligations shall not exceed 40% of the Township's total portfolio.

Money Market Mutual Funds registered under the Investment Company Act of 1940 that: 1) are "no-load" (no commission or fee shall be charged on purchases or sales of shares); 2) have a constant net asset value of \$1.00 per share; 3) limit assets of the fund to securities authorized in MCL 129.91 as legal investments; 4) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and 5) have a rating of AAA or the equivalent by one or more NRSROs.

Joint Interlocal Investment Ventures organized under Act 7 of 1967, MCL 124.501 to 124.512, Urban Cooperation Act of 1967 (Ex Sess.), that are "no-load"; have a constant net asset value per share of \$1.00; limit assets of the fund to securities authorized in MCL 129.91 as legal investments; have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and are rated AAA, Aaa or the equivalent by a NRSRO.

Investment Pools organized under Act 367 of 1982, MCL 129.111 to 129.118, Surplus Funds Investment Pool Act, that are "no-load"; have a constant net asset value per share of \$1.00; limit assets of the fund to securities authorized in MCL 129.91 as legal investments; have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and are rated AAA, Aaa or the equivalent by a NRSRO.

Investment Pools organized under Act 121 of 1985, MCL 129.141 to 129.150, Local Government Investment Pool Act that are "no-load"; have a constant net asset value per share of \$1.00; limit assets of the fund to securities authorized in MCL 129.91 as legal investments; have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and are rated AAA, Aaa or the equivalent by a NRSRO.

It is the intent of the Township that the foregoing list of authorized securities be strictly interpreted. Any deviation from this list must be pre-approved by the Township Board.

It is the intent of the Township to diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. The asset allocation in the portfolio should be flexible depending upon the outlook for

the economy, the securities markets and the Township's anticipated cash flow needs.

**9. Investment Maturity, Liquidity, and Cash Management**

The portfolio shall remain sufficiently liquid to meet all cash requirements that may be reasonably anticipated. To the extent possible, investments shall be matched with anticipated cash flows and known future liabilities. Investments shall be limited to maturities not exceeding ten years from the date of trade settlement, unless specifically authorized by the Township Manager and Treasurer.

**10. Safekeeping and Custody**

The Township Board shall approve one or more banks to provide safekeeping and custodial services for the Township. A Township approved safekeeping agreement shall be executed with each custodian bank. To be eligible, a bank must be eligible to be a depository of funds belonging to the State of Michigan.

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. Ownership of all securities shall be perfected in the name of the Township. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities, except non-negotiable Certificates of Deposit, Investment Pools, Joint Interlocal Investment Ventures and Money Market Mutual Funds, purchased by the Township will be delivered by book entry and will be held in third-party safekeeping by the Township approved custodian bank, its correspondent bank or the Depository Trust Company (DTC).

The Township's custodian will be required to furnish the Township monthly reports of holdings of securities as well as a report of monthly safekeeping activity.

**11. Performance Benchmarks**

The Township's investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance of the portfolio shall be compared to the average yield on the U.S. Treasury security that most closely corresponds to the portfolio's weighted average effective maturity.

**12. Reporting**

Monthly, the Finance Director shall submit to the Township Manager and Treasurer, and quarterly to the Township Board, an investment report listing the investments held by the Township, the current market value of the investments and performance results. The report shall include a summary of investment earnings during the period.

Annually, the Finance Director shall submit to the Township Board a report of the Township's investment program in a form acceptable to the Township Manager.

**13. Investment Policy Adoption**

The Investment Policy shall be adopted by resolution of the Township Board. It shall be reviewed annually by the Finance Director, Township Manager, and Township Treasurer and may be amended by the Township Board as conditions warrant.

Appendix I

Broker/Dealer Certification

I certify that I have received a copy of the Investment Policy of Delta Township which was adopted June 20, 2016, and I agree to comply with the terms of the policy regarding the buying or selling of securities.

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Title

\_\_\_\_\_  
Firm Name

\_\_\_\_\_  
Date



## **GLOSSARY**

**ACT 20 OF 1943:** Michigan Laws, regulating municipal investments, as amended.

**ACT 196 OF 1997:** which amended Public Act 20 of 1943.

**AGENCIES:** Federal agency securities.

**BID:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure depositions of public monies.

**COUPON:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DEBENTURE:** A bond secured only by the general credit of the issuer.

**DELIVERY VERSUS PAYMENT or RECEIPT:** There are two methods of delivery of securities, delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**DERIVATIVES:** (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leverage factor, or (2) financial contracts based upon estimated amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**DISCOUNT:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g. S&L's, small business firms, students, farmers, farm cooperatives and exporters.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

**FEDERAL FUNDS RATE:** The rate of interest at which Federal funds are traded. The Federal Reserve through open-market operations currently pegs this rate.

**FEDERAL HOME LOAN BANKS (FHLB):** The institutions that regulate and lend to saving and loan associations. The Federal Home Loan Banks play a role similar to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principle and interest.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks are members of the system.

**FINANCIAL INSTITUTION:** A state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United State government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

**FUNDS:** The money of a public corporation, the investment of which is not otherwise subject to a public act of this state or bond authorizing ordinance or resolution of a public corporation that permits investment in fewer than all of the investment options listed in subsection (1) or imposes one or more conditions upon an investment in an option listed in subsection (1) of Section 1 of Act 196 of 1997, amending Act 20 of 1943.

**GOVERNING BODY:** The legislative body, council, commission, board, or other body having legislative powers of a public corporation.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value.

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE:** The price at which security is trading and could presumably be purchased or sold.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

**PORTFOLIO:** Collection of securities held by an investor.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) - registered securities broker-dealers, banks, and few unregulated firms.

**PRUDENT PERSON RULE:** An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state-the so-called legal list. In other state, the trustee may invest in a security if it one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**PUBLIC CORPORATION:** A county, city, village, township, port district, drainage district, special assessment district, or metropolitan district of this state, or a board, commission, or another authority or agency created by or under an act of the legislature of this state.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**RATE OF RETURN:** The yield obtained on a security based on its purchase price or its current market price.

**REPURCHASE AGREEMENT (RP OR REPO):** An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase.

**SAFEKEEPING:** A federal reserve bank or other institution, which is qualified to hold securities for safekeeping.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SEC RULE 15C3-1:** See Uniform Net Capital Rule.

**STRUCTURED NOTES:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g. call features, step-up coupons, floating rate coupons, and derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

**TREASURY BOND:** Long-term U.S. Treasury securities having initial maturities of more than ten years.

**TREASURY NOTES:** Intermediate U.S. government debt securities with maturities of one to ten years.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage.