

CHARTER TOWNSHIP OF GARFIELD
TOWN BOARD MEETING
May 27, 2025

Supervisor McManus called the Town Board Meeting to order at the Garfield Township Hall on May 27, 2025 at 6:00 p.m.

Pledge of Allegiance

Roll Call of Board Members

Present: Molly Agostinelli, Chuck Korn, Laurie Lapp, Chloe Macomber, Joe McManus, Lanie McManus and Denise Schmuckal,

Also in Attendance: Township Manager Chris Barsheff

1. Public Comment (6:00)

Noah Karburg, the new DPW director, introduced himself to the board and stated that he looks forward to working with the township.

2. Review and Approval of the Agenda - Conflict of Interest (6:02)

Agostinelli moved and Korn seconded to approve the agenda as presented.

Yeas: Agostinelli, Korn, Schmuckal, Lapp, L. McManus, Macomber, J. McManus
Nays: None

3. Consent Calendar (6:02)

a. Minutes

May 13, 2025 (Recommend Approval)

b. Bills

(i) General Fund \$61,923.25
(Recommend Approval)

(ii) Gourdie-Fraser
Developer's Escrow Fund – Storm Water Reviews,
Utility Plan Review, Oversight & Closeout \$ 2,461.25
General 3,395.00
Park Funds/DNR Trust Fund 700.00

Total \$ 6,556.25
(Recommend Approval)

c. Consideration of Fairfield Hotel Water Main Extension Close-out & Turnover Documents (Recommend Approval)

d. Consideration of nominating Laurie Lapp to serve a three-year term on the Joint Recreational Authority Commission (Recommend Approval)

Schmuckal moved and Korn seconded to adopt the consent calendar as presented.

Yeas: Schmuckal, Korn, Agostinelli, Lapp, L. McManus, Macomber, J. McManus

Nays: None

4. Items Removed from the Consent Calendar

None

5. Correspondence (6:05)

a. GT County Road Commission Update 5/16/25

6. Reports

a. Engineering Report/Construction Update

The report was included in packets.

b. County Commissioner's Report (6:05)

County Commissioners Lauren Flynn and Fern Spence reported that the BOC had a study session with the city regarding the downtown campus. They added that the BOC passed a septic ordinance which will be effective on January 1, 2026. Spence added that she attended a Safe Routes to School audit and noted that traffic on Franke Road goes very fast.

c. MMR Report (6:09)

Amy Fairchild, Operations Manager, stated that there were 349 calls in April. MMR offices are located in their new building and an accelerated EMT class will be beginning soon. Two new ambulances came to Garfield Township and MMR continues to be fully staffed.

d. Township Manager's Report (6:11)

Barsheff noted that that a study on Gray, Cedar and Harris Roads indicated that most crashes happened with young drivers or old drivers and trimming vegetation and increased signage may help. He indicated that the Potter Road repairs are being borne by the Road Commission but that the Road Commission is asking for a cost share with Long Lake Township for improvements to Barney Road. Barsheff stated that he attended an MTA managers meeting last week and met with Blair Township regarding the Silver Lake Milfoil SAD. The cost of the SAD will be reassessed.

e. Supervisor's Report (6:17)

J. McManus reported that the county is recommending that the BPW board be reduced from 11 members to 9 members. The BPW Board voted to recommend such action to the county board and is now waiting for county board to act on the recommendation. He indicated that he attended a TC

Tourism meeting and also toured the Creekside and Stoneridge developments. Township staff has been on the lookout for any new homeless encampments and McManus is hoping to set up a demonstration for board members of the new drone purchased by Metro Fire.

7. Unfinished Business

a. Consideration of amending the contract with Human Resource Partners (6:21)

Barsheff stated that the amendment added the positions of *trustee* and *supervisor* to the compensation study being done for the township. The total cost for the study will now be \$8,500.00.

Schmuckal moved and Agostinelli seconded to amend the contract with Human Resource Partners for the addition of two positions at a final cost of \$8,500.00 and to allow the Supervisor to sign the amendment.

*Yeas: Schmuckal, Agostinelli, Macomber, Korn, Lapp, L. McManus,
J. McManus*

Nays: None

8. New Business

a. Consideration of Revised Investment Policy, Resolution 2025-11-T (6:25)

It is the Treasurer's statutory duty and responsibility to do the investing on behalf of the Township. However, the investment policy is set by the Township Board and defines the parameters in which the Treasurer can invest the Township's surplus funds. Macomber stated that she updated the policy as indicated in the attachment included in board packets.

Schmuckal moved and Korn seconded to adopt Resolution 2025-11-T, Revised Investment Policy.

*Yeas: Schmuckal, Korn, Macomber, Lapp, Agostinelli, L. McManus,
J. McManus*

Nays: None

b. Consideration of MSHDA CDBG Grant for Habitat for Humanity – Letter of Intent (6:28)

Planning Director John Sych said that the TCHC and BATA project would like to pursue a Community Development Block Grant (CDBG) for infrastructure for some of the homes to be Habitat for Humanity Homes. To make the application, TCHC may only access the available CDBG funds by having the Township make application on its behalf to MSDHA. An agreement would be established between the Township and TCHC as the owner of the land. The grant would specifically benefit Habitat for Humanity and the construction of fifteen (15) single family lots as part of the development. To initiate the process, a Letter of Intent must be submitted by the Township to MSHDA and submitted to MSHDA by June 2, 2025. Alisa Korn, from the Traverse City Housing Commission, added that

that Phase One is ahead of schedule and \$4.2 million was received for Phase Two leaving only a small gap in funding. This CDBG grant is crucial and would make the housing project competitive for the October tax credit awards. Board members asked questions and discussed the grant.

Schmuckal moved and Lapp seconded THAT the Letter of Intent for CDBG funding for fifteen new Habitat for Humanity homes in the Bay Area Transportation Authority (BATA) and Traverse City Housing Commission (TCHC) Transit-Oriented Mixed-Use Planned Unit Development (PUD) be APPROVED and forwarded to MSHDA.

Yeas: Schmuckal, Lapp, Agostinelli, Korn, L. McManus, Macomber, J. McManus
Nays: None

c. Consideration of quote for mulch at Silver Lake Recreation Area (6:40)

Barsheff stated that a quote was received for four inches of mulch for the playground area at the Silver Lake Park in the amount of \$2,550.00.

Agostinelli moved and Macomber seconded to accept the quote from Deering Tree Service for four inches of mulch for the play area at Silver Lake Recreation Area in the amount of \$2,550.00.

Yeas: Agostinelli, Macomber, Schmuckal, Korn, L. McManus, Lapp, J. McManus
Nays: None

d. Consideration of Hiring a summer intern for the Building and Parks Department (6:43)

Barsheff indicated that there was an opportunity to hire an intern at \$18/per hour for the Building and Parks Department.

Schmuckal moved and Korn seconded to hire an intern for eight weeks at a wage of \$18.00 per hour for the Building and Parks Department.

Yeas: Schmuckal, Korn, Lapp, Agostinelli, L. McManus, Macomber, J. McManus
Nays: None

e. Discussion of Inspection and Maintenance of Privately Owned Fire Hydrants, Ordinance #42 (6:45)

Township Engineer Jennifer Graham indicated that in the past, owners have had the ability to install private hydrants. Connections pose a risk to the infrastructure overall and in an effort to keep track of all hydrant inventory, she encourages Board to rescind Ordinance 42 which allows for private hydrants.

Korn moved to begin proceeding to eliminate the Ordinance #42 and schedule a public hearing on the matter for June 10, 2025. Schmuckal seconded the motion.

*Yeas: Korn, Schmuckal, Macomber, L. McManus, Agostinelli, Lapp,
J. McManus*

Nays: None

- f. Township Manager Performance Evaluation (Closed session) (6:58)**
Macomber moved and Schmuckal seconded to move into closed session at 7:01pm pursuant to 15.268 Section 8(1)(a) of the Open Meetings Act.

*Yeas: Macomber, Schmuckal, Lapp, L. McManus, Agostinelli, Korn,
J. McManus*

Nays: None

Agostinelli moved and Schmuckal seconded to come out of closed session at 7:40pm.

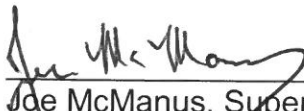
*Yeas: Agostinelli, Schmuckal, Macomber, Lapp, Korn, L. McManus,
J. McManus*

Nays: None

- 9. Public Comment: (7:00)**
None

- 10. Other Business (7:41)**

- 11. Adjournment**
McManus adjourned the meeting 7:43pm.



Joe McManus, Supervisor
Charter Township of Garfield
3848 Veterans Drive
Traverse City, MI 49686



Lanie McManus, Clerk
Charter Township of Garfield
3848 Veterans Drive
Traverse City, MI 49686

**CHARTER TOWNSHIP OF GARFIELD
GRAND TRAVERSE COUNTY, MICHIGAN**

RESOLUTION 2025-11-T

RESOLUTION ADOPTING A REVISED INVESTMENT POLICY

WHEREAS, the Charter Township of Garfield Investment policy has been revised and updated with minor modifications and brought to the Charter Township of Garfield Board for review.

NOW, THEREFORE, BE IT RESOLVED:

1. **THAT** the revised Charter Township of Garfield Investment Policy, attached hereto as Exhibit "A" and made a part of this resolution, is hereby adopted by the Charter Township of Garfield.
2. **THAT** the previous Charter Township of Garfield Investment Policy, adopted by resolution 2022-03-T, is hereby repealed.
3. **THAT** this resolution and the Investment Policy attached hereto shall be in full force and effect from and after its approval.

Moved: Denise Schmuckal

Supported: Chuck Korn

Ayes: Schmuckal, Korn, Macomber, Lapp, L. McManus, Agostinelli, J. McManus

Nays: None

Absent and Excused: None

By:



Lanie McManus, Clerk
Charter Township of Garfield

CERTIFICATE

I, Lanie McManus, Clerk of the Charter Township of Garfield, do hereby certify that the above is a true and correct copy of Resolution 2025-11-T which was adopted by the Township Board of the Charter Township of Garfield on the 27th day of May 2025.

Dated: 5-28-2025



Lanie McManus, Clerk
Charter Township of Garfield



GARFIELD CHARTER TOWNSHIP INVESTMENT POLICY

1.0 Policy:

It is the policy of GARFIELD CHARTER TOWNSHIP to invest public funds in a manner which will ensure the preservation of capital while providing the best investment return with the maximum security, meeting the daily cash flow demands of the Township, and conforming to all state and local statutes governing the investment of public funds.

2.0 Scope:

This investment policy applies to all financial assets of GARFIELD CHARTER TOWNSHIP. These funds are accounted for in the GARFIELD CHARTER TOWNSHIP **Comprehensive Annual Financial Report** and include:

2.1 Funds:

- 2.1.1 General Fund
- 2.1.2 Fire Fund
- 2.1.3 Trust and Agency
- 2.1.4 Receiving Funds
- 2.1.5 Special Revenue Funds
- 2.1.6 Capital Project Funds
- 2.1.7 Individual Retiree Health Benefits Funds
- 2.1.8 (Any new fund created by GARFIELD CHARTER TOWNSHIP'S LEGISLATIVE BODY, unless specifically exempted.)

Individual employee retirement funds and deferred compensation are excluded from this policy.

3.0 Prudence:

Investments shall be made with judgment and care- under circumstances then prevailing- which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

3.1 The standard of prudence to be used by investment officials shall be the “**prudent person**” and/or “**prudent investor**” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy 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 and appropriate action is taken to control adverse developments.

4.0 Objective:

Funds of GARFIELD CHARTER TOWNSHIP will be invested in accordance with Act No. 20 of the Public Acts of Michigan of 1943, as amended by Act 196 of 1997; being Sections 129.91 through 129.93 of the Michigan Compiled Laws, Act No. 367 of the Public Acts of 1982 and in accordance with GARFIELD CHARTER TOWNSHIP’S RESOLUTIONS 98-9-T, 2006-1-T, 2022-03-T, 2025-11-T and in accordance with the objectives and procedures set forth in the following order of importance:

4.1 Safety:

Safety of principal is the foremost objective of the investment program. Investments of GARFIELD CHARTER TOWNSHIP shall be undertaken in a manner that seeks to ensure the

preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2 Liquidity:

GARFIELD CHARTER TOWNSHIP'S investment portfolio will remain sufficiently liquid to enable GARFIELD CHARTER TOWNSHIP to meet all operating requirements, which might be reasonably anticipated.

4.3 Return on Investments:

The GARFIELD CHARTER TOWNSHIP investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with GARFIELD CHARTER TOWNSHIP'S investment risk constraints and the cash flow characteristics of the portfolio.

4.4 Maintain Public Trust:

All participants in the investment process shall seek to act responsibly as custodians of the public trust. The Investment Officer (Township Treasurer) shall recognize the investment portfolio is subject to public review and evaluation. In addition, the overall investment program shall be designed and managed with a degree of professionalism worthy of public trust. The Investment Officer shall also avoid any transaction that might knowingly impair public confidence in GARFIELD CHARTER TOWNSHIP'S ability to govern effectively.

5.0 Delegation of Authority:

Authority to manage GARFIELD CHARTER TOWNSHIP'S Investment program is derived from Michigan Public Act No. 20 of the Public Acts of Michigan of 1973, as amended by Act No. 196 of 1997, being sections 129.91 through 129.93 of the Michigan Compiled Laws, Act No. 367 of the Public Acts of 1982; along with GARFIELD CHARTER TOWNSHIP'S Resolution # 98-9-T dated June 30, 1998, and Resolution #2025-11-T.

The Township Treasurer is designated as the INVESTMENT OFFICER of GARFIELD CHARTER TOWNSHIP and is responsible for investment decisions and activities. The Township Treasurer and Deputy Treasurer shall develop and maintain written administrative procedures for the daily operation of the investment program, consistent with the investment policy. In the absence of the Township Treasurer, the Deputy Treasurer will assume all related investment responsibilities. No Person may engage in investment transactions except as provided under the terms of this policy and the administrative procedures established by the GARFIELD CHARTER TOWNSHIP TREASURER.

5.1 Investment Procedures:

The Township Treasurer shall establish written investment policy procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Township Treasurer. In the absence and unavailability of the Township Treasurer, the Deputy Treasurer is authorized to conduct the daily business of the Township Treasurer's Office

under the established terms of the written investment policy procedures, rules and regulations as adopted by the Township Treasurer.

6.0 Ethics and Conflicts of Interest:

Officer and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the GARFIELD CHARTER TOWNSHIP BOARD any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of GARFIELD CHARTER TOWNSHIP.

7.0 Authorized Financial Dealers and Institutions:

The Township Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Michigan. These may include “**primary dealers**” or “**regional dealers**” that qualify under **Security & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule)**. No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Township Treasurer with the following: audited financial statements, proof of registration with the Financial Industry Regulatory Authority, trading resolution, proof of state registration, completed broker/dealer questionnaire and certification of having read the GARFIELD CHARTER TOWNSHIP investment policy and depository contracts.

7.1

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Township Treasurer.

7.2

A current audited financial statement is required to be on file for each financial institution and broker/dealer in which GARFIELD CHARTER TOWNSHIP invests.

8.0 Authorized & Suitable Investments:

The Investment Officer (Township Treasurer) is empowered by Statute and Resolution to invest surplus funds of GARFIELD CHARTER TOWNSHIP in allowable investments pursuant to Public Act No. 20, as amended, as follows:

8.0(a) Bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States government.

8.0(b) Certificates of deposit, certificate of deposit account registry services (CDARS), savings accounts, deposit accounts, insured cash sweep (ICS) accounts, or depository receipts of a financial institution which is eligible to be a depository of surplus funds belonging to the State under Sections 5 or 6 of Act No. 105 of the Public Acts of 1855 as amended, being sections 21.145 and 21.146 of the Michigan Compiled Laws. No maturity shall extend beyond five years.

8.0(c) Commercial paper rated at the time of purchase within the highest classification established by not less than two (2) standard rating services and which matures not more than two hundred seventy (270) days after the date of purchase.

8.0(d) In United States government of federal agency obligation

repurchase agreements.

8.0(e) In Banker's Acceptances of United States banks.

8.0(f) Money Market Mutual funds registered under the Investment Company Act of 1940, Title 1 of Chapter 686, 54 Stat. 789, 15 USC 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles by the Township. This authorization is limited to securities whose intention is to maintain a net asset value (NAV) of one (1) dollar per share. (Money Market Mutual Funds stay at \$1 NAV if invested in US Treasuries)

8.0(g)(1) Investment Pools composed of investment obligations described in subdivisions (a) through (g) of Act 20 PA 143, as amended through December 31, 1997, if purchased through an inter-local agreement under the Urban Cooperation Act of 1967, 1967 (Excess) PA 7, MCL 124.501 to 124.512.

(2) The policy authorizes investments in INVESTMENT POOLS organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118 and under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150. A thorough investigation of the pool/fund is required prior to investing, and on a continual basis.

8.1 Master Repurchase Agreement

GARFIELD CHARTER TOWNSHIP has elected not to involve themselves with REPURCHASE AGREEMENTS.

8.2 Non-Allowable Investments

Description of Investments which **DO NOT** comply with the requirements of Public Act 20 of 1943, as amended (MCL 129.91) The following potential investments are not securities but are contractual agreements between a broker or

dealer and an investor. They are not investments in the underlying securities. Repurchase agreements are contractual agreements specifically authorized by the ACT, while these contractual agreements are not mentioned in the ACT and are therefore specifically excluded.

- **CATS-** Certificates of Accrual on Treasury Securities were originated by Salomon Brothers in 1984
- **COUGRS-** Certificates on Government Receipts (“COUGRS”) were originated by A. G. Becker
- **ETRs-** Easy Growth Treasury Receipts (“EATERS”) were issued by Dean Witter
- **TBRs-** Treasury Bond Receipts (“Teddy Bears”) were originated by E. F. Hutton
- **TIGRs-** Treasury investment Growth Receipts (“TIGERS”) were issued by Merrill Lynch
- **TRs-** Treasury Receipts, the generic form of zero coupons were issued by a group of dealers. “TR’s” are also the generic term used to reference the family or “zoo” of Proprietary/ Government-Guaranteed Receipts
- **ZCTOs-** Zero Coupon Treasury Obligations (“ZITCOS”) were originated by Lehman Brothers
- **CMO’s-** Pools (not mutual funds) of GNMA’s packaged as a bond and are classical derivations per the October 14, 1994, edition of the Wall Street Journal, “those arcane securities, whose returns are based on or derived from some underlying asset or index”.
- **Brokered CDARS -** Some brokers and dealers have programs whereby \$250,000 federally insured, certificates of deposit from numerous institutions are packaged in million dollar multiples and sold on an average yield of all the institutions participating in the package. This type of arrangement does not fall under the authority for investment pools under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, the Surplus

Funds Investment Pool Act, 1982PA367, 129.111 to 129.118 or the Local Government Investment Pool Act, 1985PA 121, MCL 129.141 to 129.150 and is therefore NOT appropriate.

9.1 Investment Pools/Mutual Funds:

A thorough investigation and due diligence of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement process), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statement and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how it is assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

10.0 Collateralization:

The State of Michigan does not require Collateralization. Non-negotiable, non-collateralized Certificates of Deposit, as is the law in the State of Michigan, shall be evidenced by a Safekeeping Receipt from the issuing bank. All securities purchased by GARFIELD CHARTER TOWNSHIP under this section shall be properly designated as an asset of the TOWNSHIP. Non-negotiable, non-collateralized Certificates of Deposits are allowable for Township investment provided that the Investment Officer has done creditworthiness work on the banking institution.

If collateral is required, it will always be held by an independent third party with whom GARFIELD CHARTER TOWNSHIP has a current written custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied and retained by GARFIELD CHARTER TOWNSHIP.

The right of collateral substitution is not granted.

11.0 Safekeeping and Custody:

All security transactions entered into by GARFIELD CHARTER TOWNSHIP shall be conducted on a cash or **delivery-versus-payment (DVP)** basis at the discretion of the Township Treasurer. Securities will be held by a third party custodian, with a written custodial agreement, designated by the Township Treasurer and evidenced by safekeeping receipt and proof of SPIC insurance will be required.

12.0 Diversification:

GARFIELD CHARTER TOWNSHIP will diversify its investments by security type and institution. To ensure that GARFIELD CHARTER TOWNSHIP does not over concentrate in any one institution or investment, GARFIELD CHARTER TOWNSHIP shall, subject to the limitations imposed by the number of qualified local institutions within the immediate area, limit its investments to no more than 5% in any one

issuer. With the exception of U.S. Treasury securities and government agencies, will attempt not to have more than fifty (50) percent of GARFIELD CHARTER TOWNSHIP'S total investment portfolio vested in a single security type. It's the policy of GARFIELD CHARTER TOWNSHIP to diversify its investment portfolio. Assets held in common cash fund and other investment funds shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, individual financial institution(s) or a specific class of securities. Diversification strategies shall be determined and revised by the Township Treasurer from time to time to meet the diversification objectives (to reduce overall portfolio risks while attaining market average rates of return).

13.0 Maximum Maturities:

To the extent possible, GARFIELD CHARTER TOWNSHIP will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, GARFIELD CHARTER TOWNSHIP will not directly invest in securities more than five (5) years from the date of purchase. The portfolio's weighted average maturity is targeted at approximately 3 years or less, subject to the Township Treasurer's discretion based on prevailing and expected future market conditions, cash flow needs, and other factors. It is anticipated that holdings will be spread across different maturities to provide opportunity to re-assess options for maturing securities.

14.0 Internal Control:

The Township Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

15.0 Performance Standards:

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs.

15.1 Market Yield (Benchmark):

The GARFIELD CHARTER TOWNSHIP investment strategy is passive. Given this strategy, the basis used by the Township Treasurer to determine whether market yields are being achieved shall be to identify a comparable US Treasury instrument as the benchmark which matches the portfolio investment duration, i.e., 90-day U.S. Treasury Bill, 6-month U.S. Treasury Bill, Average Fed Funds Rate, etc.

16.0 Reporting:

The Township Treasurer shall provide the GARFIELD CHARTER TOWNSHIP BOARD quarterly investment reports, which provide a clear picture of the status of the current investment portfolio. The management report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories that exceed 5%, possible changes in the portfolio structure going forward and thoughts on investment strategies. The GARFIELD CHARTER TOWNSHIP

BOARD may elect to reduce the foregoing reporting requirement so that the Township Treasurer shall submit a report less frequently, but in no event less than annually. The TOWNSHIP BOARD may request additional information from time to time, when deemed necessary by the BOARD to remain sufficiently informed of the status of the TOWNSHIP'S investment portfolio.

Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- Average life and final maturity of all investments listed.
- Coupon, discount or earning rate.
- Par Value, Amortized Book Value and Market Value.
- Percentage of the portfolio represented by each investment category.

17.0 Investment Policy Adoption:

The GARFIELD CHARTER TOWNSHIP investment policy shall be adopted by resolution of the GARFIELD CHARTER TOWNSHIP'S legislative authority (TOWNSHIP BOARD). The GARFIELD CHARTER TOWNSHIP TOWN BOARD shall review the policy annually and the GARFIELD CHARTER TOWNSHIP TOWN BOARD must approve modifications made thereto.

18.0 Glossary:

*Because this policy is to be available to the public as well as the governing body, it is important that a glossary of related terminology be part of the policy.

Agencies: Federal agency securities and/or Government-sponsored enterprises.

Asked: The price at which securities are offered.

Banker's Acceptance (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Benchmark: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

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 and those purchased through a broker/dealer are typically negotiable.

Certificate of Deposit Account Registry Service (CDARS): A service provided by a network of participating banks to provide full insurance coverage on large CD deposits. When an amount greater than the federally (FDIC) insured limit of \$250,000 is deposited with a participating bank, that amount is broken into smaller amounts, less than \$250,000 and placed into CD's issued by other banks in the network.

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 deposits of public money.

Comprehensive Annual Financial Report (CAFR): The official annual report for the CHARTER TOWNSHIP OF GARFIELD. It includes five (5) combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

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 (DVP): There are two methods of delivery of securities: (1) Delivery versus Payment and (2) 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 exchange of a signed receipt for the securities.

Derivatives: (1) Financial instruments whose return profile is linked to, or deviated from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) Financial contracts based upon notional 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., savings and loans, small business firms, students, farmers, farm cooperatives and exporters.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

Federal Funds Rate: The rate of interest at which Fed funds are traded. The Federal Reserve through open-market operations currently sets the rate.

Federal Home Loan Banks (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLB's is to liquefy the housing related assets of its members who must purchase stock in the district bank.

Federal National Mortgage Association (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under 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 corporations purchased 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 principal 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 that are members of the system.

Government National Mortgage Association (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. Security holder is protected by full faith and credit of the U.S.

Government. The FHA, VA, or FmHA mortgages back Ginnie Mae securities. The term “pass-through” is often used to describe Ginnie Mae’s.

Insured Cash Sweep (ICS): A service provided by a network of participating banks that allows for large deposits to be fully insured. When an amount greater than the federally (FDIC) insured limit of \$250,000 is deposited with a participating bank, that amount is broken into smaller amounts, less than \$250,000 and placed into other participating banks in the network.

Investment: Investments shall be defined as debt obligations and shall not include Certificates as Deposit which should be considered deposits. This is the same definition as used by GASB in the pronouncement number 40 for disclosure purposes.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

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 a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement: A written contract covering all future transactions between the parties to repurchase-reverse purchase agreements that establish each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

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, bankers' acceptances, etc.) are issued and traded.

Offer: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

Open Market Operations: Purchases and sales of Government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

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 informed oversight. Primary dealers include Security and Exchange Commission (SEC)-registered securities broker-dealers, banks and a 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 states the trustee may invest in a security if it is one, which a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital would buy.

Qualified Public Depository: A financial institution that 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 obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

Repurchase Agreement (RP or REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP’s extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, which is, increasing bank reserves.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities and Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

See 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 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 Bonds: Long-term coupon-bearing U.S. Treasury Securities issued as direct obligations of the U.S. Government and having initial maturities of more than ten years.

Treasury Notes: Medium-term coupon-bearing U.S. Treasury Securities issued as direct obligations of the U.S. Government and having initial maturities from two to ten years.

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

- (a) **Income yield** is obtained by dividing the current dollar income by the current market price for the security.
- (b) **Net yield or Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with adjustment spread over the period from the date of purchase to the date of maturity of the bond.