



RESOLUTION TITLE: TO APPROVE A RESOLUTION, ALLOWING THE COUNTY TO PARTICIPATE IN NORTH CAROLINA INVESTMENT POOL (NCIP)

WHEREAS, Gaston County ("Participant"), hereinafter "The County" throughout this document, desires to join with other State of North Carolina local governments or public authorities ("Local Governmental Units") to pool funds for investment as permitted by and pursuant to North Carolina General Statute (N.C.G.S. Section 159-30(c)(10) relating to a commingled investment pool established by interlocal agreement by two or more units of local government pursuant to N.C.G.S Sections 160A-460 through 160A-464 on containing only investments limited to those qualifying for investment under N.C.G.S. Section 159-30 (c); and N.C.G.S. Section 159-32; and,

WHEREAS, the Trust is a statutory trust formed under the laws of the State of North Carolina in accordance with the provisions of N.C.G.S. Section 159-30 (c) as set forth above.

NOW, THEREFORE, BE IT RESOLVED by the Gaston County Board of Commissioners as follows:

1. The County hereby approves and adopts, and thereby agrees to join as a Participant with other Local Government Units pursuant to N.C.G.S. Sections 159-30(c)(10) and 160A-460 through 160A-464 that certain trust (the "Trust") described in the Indenture of Trust entitled the North Carolina Investment Pool dated March 22, 2021 (the "Indenture"), as may be amended from time to time, the terms of which are incorporated herein by this reference and a copy of which shall be filed with the minutes of the meeting at which this Resolution was adopted.
2. The officers of the County, acting individually or collectively, are hereby authorized, empowered and directed to take all actions necessary or appropriate in the judgment of such officers to accomplish these resolutions, including the execution and delivery of the Indenture and all other documents, agreements, instruments and certificates contemplated by the Indenture or necessary or appropriate to join the Trust (collectively, the "Trust Documents"), with such changes or modifications as such officers determine to be necessary or advisable and in the best interest of the County (the signature of any such officer on the Trust Documents to be conclusive evidence of such determination).

DO NOT TYPE BELOW THIS LINE

I, Donna S. Buff, Clerk to the County Commission, do hereby certify that the above is a true and correct copy of action taken by the Board of Commissioners as follows:

NO.	DATE	M1	M2	CBrown	CCloninger	AFrale	BHovis	KJohnson	TKelcher	RWorley	Vote
2023-061	02/28/2023	TK	KJ	A	A	A	A	A	A	A	U

DISTRIBUTION:

Laserfiche Users

A=AYE, N=NAY, AB=ABSENT, ABS=ABSTAIN, U=UNANIMOUS

TO APPROVE A RESOLUTION, ALLOWING THE COUNTY TO PARTICIPATE IN NORTH CAROLINA
INVESTMENT POOL (NCIP)


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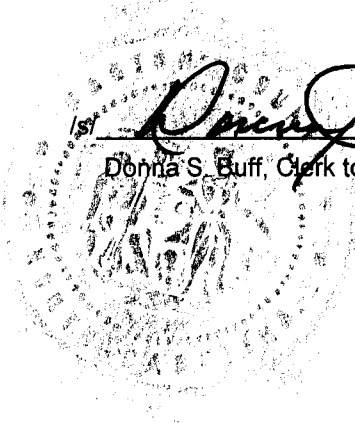
3. Any actions taken by any officer of the County prior to the adoption of the foregoing resolutions, in connection with actions described herein, are hereby ratified, confirmed, and approved.

The undersigned hereby certifies that the Board of Commissioners has enacted this Resolution, or another form of Resolution, a copy of which is enclosed, and that such Resolution is a true and correct copy of the original which is in my possession.

Adopted this 28th day of February 2023.

/s/ 
Chad Brown, Board Chair

/s/ 
Donnia S. Buff, Clerk to the Board





NORTH CAROLINA INVESTMENT POOL

SUPPLEMENT DATED DECEMBER 13, 2021 TO THE NORTH CAROLINA INVESTMENT POOL INFORMATION STATEMENT DATED MAY 3, 2021

This Supplement supplies additional information with respect to the North Carolina Investment Pool (the "Pool") and should be read in conjunction with the Pool Information Statement dated May 3, 2021, as supplemented to date. Terms used in this Supplement shall be as defined in the Information Statement.

Effective December 7, 2021, the Pool's investment advisor, PFM Asset Management (PFMAM), is now a subsidiary of U.S. Bancorp Asset Management, Inc. The acquisition was initially announced July 8. PFMAM will continue to operate as a separate registered investment advisor serving your Pool. A copy of the related press release is available on PFMAM's website in the following location: <https://www.pfmam.com/newsroom>.

The date of this Supplement is December 13, 2021.

**THIS IS A SUPPLEMENT TO THE INFORMATION STATEMENT DATED MAY 3, 2021. IT PROVIDES
ADDITIONAL INFORMATION ABOUT THE POOL. A COMPLETE INFORMATION STATEMENT, INCLUDING
ALL SUPPLEMENTS, IS AVAILABLE UPON REQUEST BY CONTACTING A POOL REPRESENTATIVE AT 1-
833-736-6247.**

PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE.



**NORTH CAROLINA
INVESTMENT POOL**

INFORMATION STATEMENT

May 3, 2021

PFM Asset Management LLC

Investment Advisor & Administrator

213 Market Street

Harrisburg, PA 17101

Phone (833) PFM – NCIP

Fax (888) 535-0120

www.investncip.com

This Information Statement contains important information on the North Carolina Investment Pool.
Please read the Information Statement carefully before you invest.

© 2021 North Carolina Investment Pool

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Part 1

Key Facts

Part 1 presents key facts about the Pool, including information on costs, policies, and how to place transaction orders. Part 1 is descriptive, not definitive, and is qualified by the information contained in Part 2.

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Part 2

Information Statement Addendum

Part 2 contains supplemental information to Part 1. Some of this information further defines or qualifies information presented in Part 1. There is also information on additional topics, such as the history of the Pool. Parts 1 and 2 together constitute the offering document for the Pool.

General Information

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Part 1 – Key Facts

Terms Used in This Document

Account Application The form to open a Pool account.

ACH Automated clearing house is a secure payment transfer system that connects all U.S. financial institutions. The ACH network acts as the central clearing facility for all Electronic Fund Transfer (EFT) transactions that occur nationwide.

Board of Trustees The governing body of the Pool.

Business Day Any Monday through Friday, exclusive of national and State of North Carolina holidays, on which both the bond market (as determined by the Securities Industry and Financial Markets Association “SIFMA”) and the Custodian are open for business. The Pool may close early on any days when the bond market closes early. In light of anticipated limited availability for money market securities and fixed income settlement capacity limitations, the Pool will not be open for business on Good Friday even if the primary trading markets are open.

Custodian The designated bank, agent, or trust company responsible for safeguarding financial assets and responsible for providing cash management services of the Pool.

Eastern Time East Coast time, either daylight or standard depending on time of year.

EON The Administrator's web-based information and transaction service.

FDIC Federal Deposit Insurance Corporation.

FINRA Financial Industry Regulatory Authority.

Fitch Ratings, Inc.

Fund Also known as the Liquid Portfolio.

GASB 79 Statement No. 79 of the Governmental Accounting Standards Board.

Indenture of Trust The Agreement through which the Pool was created.

Interlocal Agreement The Agreement to establish a commingled investment pool.

Internal Revenue Code The Internal Revenue Code of 1986, as amended.

Investment Advisor PFM provides investment management of the Liquid Portfolio.

MSRB Municipal Securities Rulemaking Board.

NAV The net asset value of Pool shares.

NRSRO Nationally recognized statistical rating organization.

NCIP North Carolina Investment Pool.

Participant A Unit of Local Government or other similarly authorized entity which adopts a Resolution to join and execute the Indenture of Trust, and invest in the Pool

PFM PFM Asset Management LLC, the Investment Advisor and Administrator.

Pool The trust known as the North Carolina Investment Pool (NCIP). A professionally managed commingled investment pool established pursuant to North Carolina General Statute §159-30(c)10 and provides additional services offered to Participants.

Liquid Portfolio The North Carolina Investment Pool Liquid Portfolio.

Administrator PFM manages, administers, and conducts the general business activities of the Pool.

Resolution The written record of the action taken by a Unit of Local Government to join the Pool and execute the Indenture of Trust. This written record may take the form of an ordinance or other official document.

Shares Units representing an equal proportionate share of beneficial interest in the assets of the Pool.

Standard & Poor's Standard & Poor's Rating Agency.

Trustees Members of the Pool's Board of Trustees.

Units of Local Government. Any county, city and county, city, town, special district, or any other political subdivision of the State of North Carolina, or any department, agency, or instrumentality thereof, or any political or public corporation of the State of North Carolina.

Portfolio Summary

NCIP Liquid Portfolio

Investment Objective

To earn the highest income consistent with preserving principal and maintaining liquidity, and to maintain a stable \$1.00 net asset value ("NAV").

Principal Investment Strategies

- The Liquid Portfolio invests exclusively in high-quality money market investments all of which are permitted pursuant to the North Carolina General Statute § 159-30. These investments include obligations of the U.S. Government and obligations guaranteed by the U.S. Government
- Obligations of U.S. Government Agencies and government sponsored enterprises
- State of North Carolina state and municipal obligations
- Commercial paper
- Bankers' acceptances
- Repurchase agreements collateralized by U.S. Government and agency obligations
- Collateralized or FDIC insured bank deposits or certificates of deposit
- Any investment authorized under North Carolina General Statute § 159-30

The Liquid Portfolio is managed to maintain a dollar-weighted average maturity of no more than 60 days and a dollar-weighted average life (final maturity, adjusted for demand features but not interest rate adjustments) of no more than 120 days. In addition, it only buys investments that have either a final or effective maturity (or, for repurchase agreements, a remaining term) of 397 days or less at the time of purchase.

The Investment Advisor may adjust exposure to interest rate risk, typically seeking to protect against possible rises in interest rates and to preserve yield when interest rates appear likely to fall.

The Liquid Portfolio has received a rating of AAAm from Standard & Poor's and AAAmmf from Fitch.

Main Risks

As with any similar pooled investment, there are several factors that could hurt the Liquid Portfolio's performance, cause Participants to lose money, or cause the Pool's performance to be less than that of other investments.

- **Interest rate risk** When short-term interest rates fall, the Pool's yield is likely to fall. When interest rates rise, especially if the rise is sharp or unexpected, the Pool's share price could fall.
- **Credit risk** The issuer of a security could fail to pay interest or principal in a timely manner. The credit quality of the Pool's holdings could change rapidly in certain markets, and the default or decline in credit quality of even a single investment could cause the Pool's share price to fall.
- **Liquidity risk** The Pool's share price could fall during times when there are abnormal levels of redemption requests or markets are illiquid.
- **Management risk** Performance could be hurt by decisions made by the Investment Advisor, such as choice of investments or timing of buy/sell decisions.

An investment in the Liquid Portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Liquid Portfolio seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Liquid Portfolio.

Management

Investment Advisor PFM Asset Management LLC.

Fees and Expenses

These are the fees and expenses Participants will pay when they buy and hold Shares in this Pool.

Annual Pool Operating Expenses

Fees and expenses shown are based on the Investment Advisory and Service Agreement between the Board of Trustees and PFM which is currently in effect and may be subject to certain fee waivers, reimbursements or subsidies.

Pool Investment Advisory and Administration fees	0.15%
Other operating expenses	0.02%
Total annual operating expenses	0.17%

The figures shown above are estimates and do not reflect the effects of any contractual or voluntary expense reductions, subsidies or reimbursements.

For more complete information on expenses of the pool and fee waivers, see "Expenses of the Pool."

Purchase and Sale of Pool Shares

Minimum Initial Investment No minimum.

Minimum Account Balance No minimum.

Minimum Holding Period 1 day.

You can place orders to buy or sell Shares by wire or ACH.

Placing Orders

To place orders, contact us at:

Online www.investncip.com

Phone 833-736-6247 (833-PFM-NCIP)

Wire transfer orders can be processed the same Business Day if they are received and accepted by the Administrator by 2:00 p.m. Eastern Time and if the Pool's Custodian receives federal funds by wire prior to the close of business. Wire orders received after 2:00 p.m. Eastern Time are processed on the next Business Day. ACH transfer orders are processed on the next Business Day if requested by 4:00 p.m. Eastern Time. ACH orders received after 4:00 p.m. Eastern Time are processed on the second Business Day after the Business Day on which they are received.

For more complete information on buying and selling Shares, see "Buying Shares" and "Redeeming Shares." For information on the potential tax consequences of investing in the Pool, see "Tax Information."

Investing

Opening an Account

Eligible Participants

A Participant in the Pool must be a Unit of Local Government that has adopted a Resolution and opened an account before investing in the Pool.

Portfolio Account Opening Process

To open an account:

- For an initial account only, complete the New Participant Application Form.
- Complete an Account Application Form.
- Complete the Contact Record Form.
- Complete the Contact and Permissions Form that includes each person from the participating entity who will interact with the account.
- Provide a copy of the adopted Resolution.
- Provide a completed IRS W-9 form.

Complete a separate Account Application Form for each account, signed by an authorized representative.

To obtain account forms, call 833-PFM-NCIP, e-mail CONTACT_NCIP@pfm.com or visit www.investncip.com to download them.

Mail or fax account documents to:

North Carolina Investment Pool
P.O. Box 11813
Harrisburg, PA 17108
Fax: 888-535-0120

Buying Shares

Once a Participant's application has been received and accepted by the Administrator, an investment in the Pool can be made using one of the methods in the table below. Funds used to purchase investments must be in U.S. dollars and must be drawn on a U.S. financial institution or a U.S. branch of a foreign bank.

NCIP will charge overdraft fees to a Participant when a wire is not received on the expected settlement date, or when an ACH transfer is refused.

All investments must meet the terms described in the "Portfolio Summary" section in Part I of this Information Statement.

NCIP
Information Statement — May 3, 2021

Method	Instructions	Additional information
Wire (same-day settlement)	<ul style="list-style-type: none"> Initiate the transaction online at www.investncip.com or by calling the Administrator at (833) PFM-NCIP before 2:00 p.m. Eastern Time. Provide the following information: <ul style="list-style-type: none"> Participant's account name and account number Amount being wired Name of bank sending wire Instruct your bank to initiate the wire on the same day to the Custodian. Detailed instructions can be obtained on the Internet at www.investncip.com or by calling the Administrator at (833) PFM-NCIP. 	<ul style="list-style-type: none"> The Pool does not charge fees for receiving wires. However, the sending bank may charge for wiring funds. To reduce potential bank fees, a Participant may use ACH transfer, which is described below. Important—A Participant must initiate an Internet transaction or notify the Administrator by telephone of a deposit before 2:00 p.m. Eastern Time, and a Federal Reserve wire or bank wire convertible to federal funds on a same-day basis must be received that day by the Custodian if the investment is to begin earning income that day. It is your responsibility as a Participant to ensure that immediately available funds are received by NCIP on the expected settlement date. The Pool reserves the right to charge a fee for funds not received on the settlement date.
ACH transfer (settles next Business Day)	<ul style="list-style-type: none"> Before making your first transfer, call the Administrator at (833) PFM-NCIP and register for ACH transfers. A Participant may initiate an online transaction at www.investncip.com or by calling the Administrator at (833) PFM-NCIP prior to 4:00 p.m. Eastern Time, and giving instructions for the movement of funds from its financial institution to its designated Pool account. 	<ul style="list-style-type: none"> Funds will transfer overnight and begin earning income the next Business Day. When using ACH to purchase Shares, the Administrator will instruct the Custodian to withdraw funds from the Participant's designated bank account. Before initiating an ACH, the Participant must provide written instructions designating the bank from which funds will be withdrawn. The written instructions must be signed by an authorized person. A Participant must notify the Administrator in writing of any changes to the specified banking instructions. The Pool reserves the right to charge a fee for funds not received on settlement date, including non-receipt due to a Participant's bank account having an ACH filter or ACH block.
Online	<ul style="list-style-type: none"> Before making your first online transaction, submit a Contact Record Form, which may be obtained either by calling the Administrator at (833) PFM – NCIP or by visiting www.investncip.com. Use EON to place wire or ACH orders with the Administrator. When buying shares by wire, instruct your bank to initiate the wire on the same day to U.S. Bank. Detailed instructions can be obtained on the Internet at www.investncip.com or by calling the Administrator at (833) PFM-NCIP 	

Redeeming Shares

A Participant may withdraw all or any portion of the funds in its Pool account at any time by redeeming Shares. Shares will be redeemed at the NAV per share next determined after receipt of a request for withdrawal in proper form.

The NAV determination is made at the conclusion of each Business Day. Funds may be withdrawn in any of the ways shown below.

Method	Instructions	Additional information
Wire (same-day settlement)	<ul style="list-style-type: none"> Initiate the transaction online at www.investncip.com or call the Administrator at (833) PFM-NCIP on any Business Day to request a withdrawal and the transfer of proceeds. If your request is received before 2:00 p.m. Eastern Time, funds will be wired on that same day. Requests received after 2:00 p.m. Eastern Time will be processed on the following Business Day. 	<ul style="list-style-type: none"> Funds may be transferred from the Pool by wire only according to the written banking instructions provided by an authorized person of the Participant. A Participant must notify the Administrator in writing of any changes to the specified banking instructions. Wire requests will not be honored if there is an insufficient Share balance to pay the wire.
ACH transfer (settles next Business Day)	<ul style="list-style-type: none"> Before making your first transfer, call the Administrator at (833) PFM-NCIP and register for ACH transfers. Initiate the transaction on the Internet at www.investncip.com or by calling the Administrator at (833) PFM-NCIP before 4:00 p.m. Eastern Time, and giving instructions for the movement of funds to its financial institution from its designated Pool account. 	<ul style="list-style-type: none"> Funds will transfer overnight and be available the next Business Day. Funds will remain invested in the Participant's designated Pool account until the day they are transferred. Funds may be transferred from the Pool by ACH to the financial institution designated in writing by an authorized person of the Participant. A Participant must notify the Administrator in writing of any changes to the specified banking instructions. The Pool will charge a fee for ACH redemptions that cannot be honored due to insufficient funds or other valid reasons.
Online	<ul style="list-style-type: none"> Before making your first online transaction, submit a Contact Record Form, which may be obtained either by calling the Administrator at (833) PFM-NCIP or by visiting www.investncip.com. Use EON to place wire or ACH orders with the Administrator. EON and multi-factor authentication is required for all EON access sessions. EON can be accessed through the Pool's website by selecting "Account Access." Instructions on how to setup EON access can be received by contacting the Administrator at (833) PFM-NCIP. 	

Emergencies: Right to Suspend Withdrawals

Suspending Withdrawals

The Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

Other Redemption Policies

The Pool may redeem Shares owned by a Participant to reimburse the Pool for any failure by that Participant to make full payment for Shares purchased by the Participant.

Redemption payments may be made in whole or in part in securities or other property of the Pool. Participants receiving any such securities or other property on redemption will bear any costs of sale.

Additional Account Features

The Pool offers certain additional account features at no extra charge, including:

- **Statements** Confirmations of each investment in and withdrawal from a Pool account will be made available online at www.investncip.com within two days of the transaction. A statement of each account will be provided online at www.investncip.com or mailed to specific statement recipients each. This statement will show the dividend paid and the account balance as of the statement date. The statement will also show total dividends paid during the calendar or fiscal year.
- **Information Services** Toll-free telephone service (833) PFM-NCIP is available to provide Participants with information including current yield, up-to-date account information and transaction history, and to receive instructions for the investment or withdrawal of funds.
- **Website** Account information and information regarding the Pool can be found at www.investncip.com. Participants can initiate transactions or access account information using EON. Unique usernames and passwords are assigned to each individual accessing EON and multi-factor authentication is required for all EON access sessions. EON can be accessed through the Pool's website by selecting "Account Access." Instructions on how to setup EON access can be

received by contacting the Administrator at (833) PFM-NCIP.

- **Information on Pool Holdings** The Pool discloses details of Portfolio holdings to Participants within five (5) business days of each month end.

Tax and Legal Information

We suggest that you check with your tax advisor or counsel before investing in the Pool. Relevant considerations include:

- Section 115(1) of the Internal Revenue Code, which provides that the gross income of a state or political subdivision does not include income derived from the exercise of any essential government function.
- Section 148 of the Internal Revenue Code (and related regulations) covering arbitrage rebate requirements and limitations, which may apply to anyone investing tax-exempt or tax-credit bond proceeds. States and municipalities may be required to pay the U.S. Treasury a portion of earnings they derive from the investment of tax-advantaged bond proceeds.

Use of Amortized Cost

The Board of Trustees has determined, in consultation with the Investment Advisor, that the Liquid Portfolio will be managed in accordance with GASB 79 requirements, as applicable, for the use of the amortized cost method of valuing its investment portfolio.

Financial Highlights

Once the Pool completes its first fiscal year of operations, the Pool's audited financial statements will be included in an Annual Report for the Pool's fiscal year then ended. The Annual Report will be available online at www.investncip.com or upon request.

Part 2 – Information Statement Addendum

General Information

Overview - The North Carolina Investment Pool

History and Purpose

NCIP is a commingled local government investment pool established to invest excess funds of its Participants in various short-term investments, in accordance with North Carolina General Statutes § 159-30. NCIP is duly authorized under North Carolina General Statutes § 159-30(c)(10), and was created by an interlocal agreement entered into in accordance with North Carolina General Statutes §§ 160A-461 through 464. NCIP has been established as a statutory trust for the benefit of the local governments and governed by a board of trustees (the "Trustees") comprised of representatives of those Units of Local Government who have become Participants. The Liquid Portfolio has been established under the Indenture of Trust to pool and invest funds of Participants to take advantage of economies of scale and to increase investment options for excess funds of the Participants.

Organization and Purpose

The Pool provides Participants comprehensive investment management and accounting services.

The net income of the Liquid Portfolio is calculated daily and dividends are declared daily and paid monthly. Each month, dividends are automatically re-invested in Shares of the Pool (*see Part 2 - Daily Income and Dividends of the Pool*).

The Liquid Portfolio seeks to provide Participants with the following features:

Preservation of Principal Investments in the Liquid Portfolio are made only in securities in accordance with North Carolina General Statutes § 159-30, and in accordance with policies designed to preserve capital. While the Pool seeks to maintain a stable NAV of \$1.00 per Share, it is possible to lose money investing in the Pool. **An investment in the Pool is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.**

Liquidity Investments in the Liquid Portfolio may be made, and Participants may withdraw funds from the Liquid Portfolio on any Business Day.

Income The Liquid Portfolio seeks to earn a competitive rate of income consistent with preserving principal and maintaining liquidity.

Convenience The Liquid Portfolio offers the option of investing by electronic funds transfer. Participants that invest the proceeds of debt issues in the Liquid Portfolio do not have to schedule investment maturities to meet project draw schedules. Participants can use EON to check account balances and activity, and to initiate transactions.

Professional Management Investments in the Liquid Portfolio are managed by investment professionals who are experienced in managing local government investment pools who follow both general economic and current market conditions affecting interest rates.

Diversification The Shares of the Liquid Portfolio represent beneficial interests in a diversified portfolio of high-quality instruments approved for investment by the Board of Trustees.

Accounting, Safekeeping and Separate Accounts The Liquid Portfolio accounts for each Participant's funds in compliance with governmental accounting and auditing requirements, and does all of the bookkeeping and safekeeping associated with the ownership of securities.

The Pool also provides recordkeeping.

For further information or assistance, call toll free (833) PFM-NCIP or e-mail CONTACT_NCIP@pfm.com.

The Indenture

Each Participant receives a copy of the Indenture of Trust (the "Indenture"); all general descriptions of its terms contained in this Information Statement are subject to the specific language of the Indenture itself. The Indenture permits the Trustees to issue an unlimited number of shares of beneficial interest in the Pool, from such series and classes as the Trustees from time to time may create and establish. Various Portfolios may be designed to meet the specific investment objectives and needs of Participants. At present, the Pool has one Portfolio available to Participants, the Liquid Portfolio. In the future the Pool may create other portfolios. Unless otherwise stated, this Information Statement applies only to the Liquid Portfolio.

Participants of a statutory trust may, under certain circumstances, be held personally liable for the obligations of the Liquid Portfolio. Therefore, the Indenture contains an express disclaimer of Participant liability to any third party for acts or obligations of the Liquid Portfolio.

The Indenture further provides that the Trustees will not be subject to personal liability to third parties in connection with Trust property or the affairs of the Trust, but nothing in the Indenture protects a Trustee against any liability to which he or she would otherwise be subject by reason of willful misconduct, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of office, or the failure to act in good faith in the reasonable belief that the action was in the best interests of the Pool.

Amendment and Termination of the Indenture

The Indenture may be amended by the affirmative vote of the holders of not less than a majority of the shares. The Trustees may also amend the Indenture by a two-thirds vote of the Trustees, and without the vote or consent of Participants, to establish additional series or portfolios, to make changes which the Trustees in good faith deem necessary or convenient for the administration and operation of the Liquid Portfolio, or if the Trustees deem it necessary to conform the Indenture to the requirements of applicable laws or regulations, but the Trustees shall not be liable for failing to do so.

No amendment may be made which would change any rights with respect to any shares of beneficial interest by reducing the amount payable thereon upon liquidation of the Liquid Portfolio or by diminishing or eliminating any voting rights pertaining thereto, except with the vote or consent of the holders of two-thirds of the shares outstanding and entitled to vote. Furthermore, no amendment may be made which would cause any of the investment restrictions contained in the Indenture to be less restrictive without the affirmative vote of a majority of the Participants. Finally, no amendment may be made which would change (i) the limitations on personal liability of Participants and Trustees, or (ii) the prohibition of assessments upon Participants, except with the vote or consent of the holders of two-thirds of the shares outstanding and entitled to vote.

The Indenture may be terminated by the vote of a majority of the authorized Trustees, subject to the approval of Participants holding at least a majority of the shares outstanding. Upon the termination of the Trust and after paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities, and refunding agreements as they deem necessary for their protection, the Trustees may distribute the remaining Pool property, in cash or in kind or partly in each, among the Participants according to their respective proportionate allocation of shares.

Operating Policies

The Liquid Portfolio has developed operating policies pertaining to deposits, withdrawals, wire and other electronic transactions. These operating policies are available to all Participants and may be amended from time to time. These policies have been developed for the protection of the Pool and its Participants. The policies are integral to the operation of the Pool and are binding on the Participants. The Pool discloses details of Portfolio holdings to Participants within five (5) business days of each month end.

Service Providers

Investment Advisor and Administrator PFM, an investment advisory firm with an office at 213 Market Street, Harrisburg, PA 17101, is the Pool's Investment Advisor and Administrator. The daily management of the investment affairs and research relating to the Pool is conducted by or under the supervision of PFM. PFM is registered under the Investment Advisers Act of 1940. Shares of the Pool are distributed by PFM's wholly owned subsidiary, PFM Fund Distributors, Inc., a member of FINRA and subject to the rules of the MSRB. PFM was established in July 2001 to conduct the investment advisory business in which its affiliate, Public Financial Management, Inc. had been engaged since 1980. PFM is also the investment advisor and/or administrator for 17 other local government investment pool programs, which provide services similar to those provided by the Pool, and for two registered investment companies.

Advisory Services. PFM as the Investment Advisor manages the investment of the assets of the Pool, including the placement of orders for the purchase and sale of investments, pursuant to the Advisory Agreement. The Investment Advisor obtains and evaluates such information and advice relating to the economy and the securities markets as it considers necessary or useful to manage continuously the assets of the Pool in a manner consistent with the Pool's investment objectives and policies. The Administrator also administers and maintains the Pool's website which provides access to EON. The Investment Advisory Services Agreement will remain in effect until the specified termination date, unless terminated sooner, and may not be assigned by PFM without the consent of the Board of Trustees. The Advisory Agreement may be terminated by PFM, at any time and without penalty, upon at least two hundred seventy (270) days' prior written notice to the Trust, and unless terminated, shall be in force until midnight on March 21, 2028. The Advisory Agreement may be terminated by the Board of Trustees as to any or all Portfolios on not more than one hundred twenty (120) days', nor less than sixty (60) days' notice to PFM.

Investment Transactions. The Investment Advisor is responsible for decisions to buy and sell securities for the Pool, and arranges for the execution of security transactions on behalf of the Pool. Purchases of securities are made from dealers, underwriters and issuers. Sales prior to maturity are made to dealers and other persons. Money market instruments bought from dealers are generally traded on a "net" basis, with dealers acting as principal for their own accounts without a stated commission, although the price of the instrument usually includes a profit to the dealer. Thus, the Pool does not normally incur any brokerage commission expense on such transactions. Securities purchased in underwritten offerings include a fixed amount of compensation to the underwriter, generally referred to as the underwriter's commission or discount. When securities are purchased or sold directly from or to an issuer, no commissions or discounts are paid.

The policy of the Pool regarding purchases and sales of securities is that primary consideration will be given to obtaining the most favorable price and efficient execution of transactions. In seeking to implement this policy, the Investment Advisor will effect transactions with those dealers whom the Investment Advisor believes provide the most favorable price and efficient execution. If the Investment Advisor believes such price and execution can be obtained from more than one dealer, it may give consideration to placing portfolio transactions with those dealers who also furnish research and other services to the Pool. Such services may include, but are not limited to, any one or more of the following: information as to the availability of securities for purchase or sale; statistical or factual information or opinions pertaining to investments; wire services; and appraisals or evaluations of portfolio securities. The services received by the Investment Advisor from dealers may be of benefit to it in the management of accounts of some or all of its other clients and may not in all cases benefit the Pool directly. While such services are useful and important in supplementing its own research and facilities, the Investment Advisor believes the value of such services is not determinable and does not significantly reduce its expenses. The Pool does not reduce the management fee paid to PFM by any amount that may be attributable to the value of such services.

Administrative Services. The Administrator also provides the following administrative services to the Pool in accordance with the Investment Advisory Service Agreement:

- *Customer Service.* Operation of an Internet website and a toll-free telephone facility to be used exclusively by Participants or by Public Entities in the State of North Carolina that are interested in investing in the Pool.
- *Administration and Marketing.* Maintenance of the books and records of the Pool, including Participant account records; supervision, under the general direction of the Board of Trustees, of all administrative aspects of operations; periodic updating and preparation of the Information Statement; preparation of tax returns, financial statements and reports for the Pool; supervision and coordination of the activities of the Custodian; determination of dividends and net asset value of the Pool in accordance with the policies of the

Pool; provision of office space, equipment and personnel to administer the Pool; printing and distribution of the Information Statement; preparation and distribution of other explanatory and promotional materials, and provision of technical assistance and guidance to Public Entities considering use of the Pool as an investment vehicle.

- **Participant Account Reports.** Preparation and provision to Participant of confirmation of each Participant investment and redemption transaction, and of monthly statements summarizing transactions, earnings, and assets of each Participant account.

Custodian U.S. Bank National Association is the custodian for the Pool. The Custodian holds cash and securities of the Pool. The Custodian does not participate in determining the investment policies of the Pool or in investment decisions. The Pool may invest in the Custodian's obligations and may buy or sell securities through the Custodian. Securities purchased under certain repurchase agreements may be held by other custodians agreed to by the Investment Advisor on the Pool's behalf, and the other parties to the repurchase agreements.

Auditor The financial statements of the Pool will be audited annually. Ernst & Young LLP is the auditor for the Pool.

Legal Counsel is Parker Poe Adams & Bernstein LLP.

Expenses of the Liquid Portfolio

The Pool has entered into arrangements for investment management, custodial, accounting, legal and audit services. All costs and expenses associated with the management of the Pool are processed and paid by the Administrator. All expenses related to operation of the Pool are paid from the income of the Pool (see "Daily Income and Dividends of the Pool").

PFM is paid an annual fee in monthly installments based on the following percentages of the average daily net assets of the Liquid Portfolio:

Average Daily Net Assets	Annual Rate
First \$1 billion	0.15%
Next \$1 billion	0.13%
Next \$1 billion	0.12%
Over \$3 billion	0.10%

PFM may, but shall not be obligated to, reduce a portion of its fees to assist the Pool in an attempt to maintain a positive yield. In the event that PFM elects to initiate a fee reduction, such fee reduction shall be applicable to the computation of the net asset value ("NAV") of the Liquid Portfolio on any day in which a fee reduction is applied. At any time after a fee reduction has been terminated, PFM may elect to have the amount of its accumulated reduced fees restored in whole or in part under the conditions described its Fee Deferral and Operating Expense Reimbursement Agreement with the Pool by way of a payment of fees in excess of the rate it was entitled to, prior to any fee reduction, all as set forth in the agreement. PFM may, but shall not be obligated to reimburse certain operating expenses of the Pool, other than PFM's fee, to limit these expenses of the Pool. PFM may elect to have the amount of the accumulated reimbursed expenses restored in whole or in part under the conditions described in the Fee Deferral and Operating Expense Reimbursement Agreement.

Tax Matters

Pursuant to Section 115(1) of the Internal Revenue Code, federal gross income does not include income derived from the exercise of any essential governmental function that accrues to a state or any political subdivision of a state.

Arbitrage Rebate The Internal Revenue Code generally requires issuers of tax-exempt obligations to rebate to the federal government their arbitrage profits derived from investment of gross proceeds in nonpurpose obligations. Various exceptions from the rebate requirements are available, and each Participant should consult with its bond counsel to determine whether and to what extent appropriate exceptions might be available. The

investment by Participants of gross proceeds of debt issues in the Pool will be an investment in a nonpurpose obligation and will be taken into account in determining any rebate liability.

Treatment of Administrative Costs of the Pool U.S. Treasury Regulations Title 26 Section 1.148-5 limits the ability for the expenses of an external commingled fund, like the Pool, to be treated as qualified administrative costs within the arbitrage rebate and yield restriction liability calculations. The limitations apply to an external commingled fund in which an individual Participant owns more than 10% of the beneficial interest of the fund. From time to time, the Pool may contain one or more Participants that individually own more than 10% of the beneficial interest of the fund. Therefore, Participants should consider the use of the gross yields of the Pool in all arbitrage rebate and yield restriction liability calculations.

The foregoing summary of federal income tax matters affecting Participants in the Pool does not purport to be complete. Participants should consult their bond counsel for advice as to the application of federal income tax law to their particular investment in the Pool.

Arbitrage Rebate Compliance

To further the objective of providing Participants with simplified arbitrage rebate compliance for proceeds of tax-exempt borrowings, the Pool has adopted the following recommended set of practices. The Administrator strongly recommends that they be followed to minimize the Participant's rebate compliance costs.

- 1) A Participant should deposit all the proceeds of a debt issue subject to arbitrage rebate in the Pool on the same day as they are received by the Participant. This will enable the Participant to track the investment and expenditure of these funds.
- 2) A Participant should identify all the proceeds of a debt issue subject to the same yield at the time of initial investment. A separate account should be established for each fund or group of funds having a different yield by completing an Account Application. The Administrator will provide advice on the number and type of accounts that will be needed to provide a clear audit trail.
- 3) Federal tax law requires issuers of tax-exempt obligations either to make certain rebate payments to the Federal government or to meet certain expenditure guidelines. If the Participant expects to meet one of the expenditure exceptions, it should notify the Administrator when making its initial investment so the Administrator can provide information regarding the expenditure of the proceeds of an issue.
- 4) If the Participant expects to make rebate payments, it should note that Federal tax law requires issuers of tax-exempt obligations to meet certain rebate payment requirements at least every five years. However, a Participant may need to account for its rebate liability on an annual basis. The Administrator can provide assistance with the preparation of rebate calculations, if requested. There will be a separate charge for each rebate calculation report (see Part 2 - Rebate Calculation Services for the Proceeds of Debt Issues).
- 5) If the Participant is eligible and has elected to pay a penalty in lieu of making rebate payments, it is the Participant's responsibility to notify the Administrator of this fact and provide the requested bond documents.
- 6) It is recommended that Participants not draw down the entire proceeds of a debt issue account before providing for any rebate requirement or penalty payment.

If any Participant and any parties related to the Participant own more than ten percent (10%) of the Shares of the Pool, such ownership may adversely affect the rebate liability of all Participants (see "Tax Matters").

Documentation of Market Price The Administrator will follow certain procedures to document that investments are purchased at a "market price" in accordance with requirements of the Internal Revenue Code and related rulings and regulations. These procedures include obtaining three bids or offers for all securities transactions on the secondary market, documenting transaction prices using independent pricing services, and following practices to avoid making "prohibited payments" or receiving "imputed receipts" (as these terms are used in the applicable U.S. Treasury regulations) that improperly reduce the yield on investments.

Rebate Calculation Services for the Proceeds of Debt Issues

With respect to proceeds of tax-exempt borrowings invested in the Pool, including funds whose cash flows are tracked through Participant accounts in the Pool, the Administrator will, upon request, provide interim rebate calculation estimates to enable Participants to estimate rebate liabilities for financial reporting purposes.

The Administrator will provide each Participant who so requests with a rebate calculation report for any given report period that summarizes calculations of:

- The allowable investment yield;
- Investment activities for the Report Period; and
- A calculation of the rebate liability at the end of the Report Period using the methodology prescribed by the applicable U.S. Treasury regulations.

When an account for the proceeds of a debt issue is opened, the Administrator will request certain information from a Participant, including information necessary to permit scheduling of the rebate calculation report or Rebate Exceptions Compliance Report. The Administrator will require additional information from a Participant, including copies of the official statement, non-arbitrage or tax certificate, debt issue resolution and similar documents, before the first such rebate calculation report or Rebate Exceptions Compliance Report can be prepared.

Normally, the rebate calculation report will be completed and furnished to the Participant for each debt issue no later than thirty (30) days after the Installment Computation Date, provided that the Participant has authorized its preparation and provided the necessary information to the Administrator, but a Participant may request that a rebate calculation report be completed at shorter intervals. Every effort will be made to honor such requests although no assurance can be given that reports can be completed in a shorter time period.

If an account is opened for the proceeds of a debt issue that have been invested outside of the Pool, the Administrator will require a rebate calculation report from the date of debt issuance to the date of investment in the Pool.

There will be a separate charge for each rebate calculation report. The fee for a rebate calculation report prepared by the Administrator will be billed separately to the Participant at the following rates for debt issues, the proceeds of which are invested exclusively through the Pool from their date of issuance until the date of calculation of the rebate calculation report:

Years of Investment Activity	Fee
1	\$1,250
2	\$1,600
3	\$1,950
4	\$2,300
5	\$2,650

There will be additional charges for refundings requiring allocations of transferred proceeds and for other calculations involving more extensive services. For proceeds of tax-exempt debt issues invested outside the Pool, due to differences of elapsed time since the issuance of the debt, types of investments, volume and type of transactions, number of funds, and condition and availability of records, the Administrator cannot charge a standard fee. However, at the request of the Participant, the Administrator will provide an estimated cost based on the Participant's specific circumstances.

In addition to the rebate calculation services offered by the Administrator, Participants also have the option of contracting directly with another service provider for rebate calculation services. If another service provider is used, the scope of the services provided, and the fees charged are entirely the responsibility of the Participant and its service provider.

Information on the Pool

The Pool is organized and operated in a manner and in accordance with investment objectives and policies intended to:

- Preserve principal.
- Provide liquidity so that Participants may have ready access to their pooled funds.
- Provide as competitive a level of current income as is consistent with preserving principal and maintaining liquidity.
- Place investments, document investment transactions, and account for all funds in a manner that is in accordance with the arbitrage rebate provisions of the Internal Revenue Code and applicable regulations, rulings and procedures for the proceeds of tax-exempt debt issues.

There can be no assurance that the investment objectives of the Pool will be achieved.

Permitted Investments

The Investment Advisor will invest available cash exclusively in authorized investments under the North Carolina General Statutes § 159-30(c).

- 1) Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States.
- 2) Obligations of the Federal Financing Bank, the Federal Farm Credit Bank, the Bank for Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Fannie Mae, the Government National Mortgage Association, the Federal Housing Administration, the Farmers Home Administration, the United States Postal Service.
- 3) Obligations of the State of North Carolina.
- 4) Bonds and notes of any North Carolina local government or public authority, subject to such restrictions as the secretary may impose.
- 5) Savings certificates issued by any savings and loan association organized under the laws of the State of North Carolina or by any federal savings and loan association having its principal office in North Carolina; provided that any principal amount of such certificate in excess of the amount insured by the federal government or any agency thereof, or by a mutual deposit guaranty association authorized by the Commissioner of Banks of the Department of Commerce of the State of North Carolina, be fully collateralized.
- 6) Prime quality commercial paper bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligation.
- 7) Bills of exchange or time drafts drawn on and accepted by a commercial bank and eligible for use as collateral by member banks in borrowing from a federal reserve bank, provided that the accepting bank or its holding company is either (i) incorporated in the State of North Carolina or (ii) has outstanding publicly held obligations bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligations.
- 8) Participating shares in a mutual fund for local government investment; provided that the investments of the fund are limited to those qualifying for investment under this subsection (c) and that said fund is certified by the Local Government Commission.
- 9) Evidences of ownership of, or fractional undivided interests in, future interest and principal payments on either direct obligations of the United States government or obligations the principal of and the interest on which are guaranteed by the United States, which obligations are held by a bank or trust company organized and existing under the laws of the United States or any state in the capacity of custodian.
- 10) Repurchase agreements with respect to either direct obligations of the United States or obligations the principal of and the interest on which are guaranteed by the United States if entered into with a broker or

dealer, as defined by the Securities Exchange Act of 1934, which is a dealer recognized as a primary dealer by a Federal Reserve Bank, or any commercial bank, trust company or national banking association, the deposits of which are insured by the Federal Deposit Insurance Corporation or any successor thereof if:

- a. Such obligations that are subject to such repurchase agreement are delivered (in physical or in book entry form) to the local government or public authority, or any financial institution serving either as trustee for the local government or public authority or as fiscal agent for the local government or public authority or are supported by a safekeeping receipt issued by a depository satisfactory to the local government or public authority, provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at a current market value, calculated at least daily, of not less than one hundred percent (100%) of the repurchase price, and, provided further, that the financial institution serving either as trustee or as fiscal agent for the local government or public authority holding the obligations subject to the repurchase agreement hereunder or the depository issuing the safekeeping receipt shall not be the provider of the repurchase agreement;
- b. A valid and perfected first security interest in the obligations which are the subject of such repurchase agreement has been granted to the local government or public authority or its assignee or book entry procedures, conforming, to the extent practicable, with federal regulations and satisfactory to the local government or public authority have been established for the benefit of the local government or public authority or its assignee;
- c. Such securities are free and clear of any adverse third-party claims; and
- d. Such repurchase agreement is in a form satisfactory to the local government or public authority.

The Pool is not registered as an investment company under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and, accordingly, is not subject to the provisions of the Investment Company Act of 1940 and the rules and regulations promulgated thereunder including rules relating to registered money market mutual funds.

Since the yield on the Liquid Portfolio may fluctuate daily, Participants should consult with their counsel or financial adviser as to the appropriateness of investing proceeds of tax-exempt bonds in the Liquid Portfolio in the event that covenants with bondholders or provisions of the Internal Revenue Code restrict the yield on investment of the bond proceeds.

The authorizing statute, charter, or bylaws of a Unit of Local Government or the trust indenture or ordinance or resolution under which the debt obligations of a Unit of Local Government are issued or its funds are invested, may contain investment restrictions which prohibit or otherwise limit investment in one or more of the above-described investments. Accordingly, the Unit of Local Government should consult with their legal counsel or financial adviser regarding the legality of investing bond proceeds in the Pool prior to participating in the Pool or investing in the Shares issued by the Pool.

Diversification Requirements

The Liquid Portfolio will limit investments in credit instruments to not more than 5% of the book value (at the time of purchase) of the total portfolio with any one issuer. Obligations issued and guaranteed as to principal and interest by the Government of the United States, its agencies or instrumentalities, any securities that are subject to repurchase agreements, and Federal Home Loan Bank letter of credit backed deposits are not subject to the 5% issuer limitation.

Liquidity Requirements

The Liquid Portfolio will not acquire any security other than: cash; direct obligations of the U.S. Government; or securities that will mature or are subject to a demand feature which is exercisable and payable within one business day (collectively, "Daily Liquid Assets") if, immediately after acquisition, the Portfolio would have invested less than 10% of its total assets in Daily Liquid Assets.

The Liquid Portfolio will not acquire any security other than: cash; direct obligations of the U.S. Government; government securities that are issued by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by Congress of the United States that are

issued at a discount to the principal amount to be repaid at maturity and have a remaining maturity of 60 days or less; or securities that will mature or are subject to a demand feature which is exercisable and payable within five business days (collectively, "Weekly Liquid Assets") if, immediately after acquisition, the NCIP Liquid Portfolio would have invested less than 30% of its total assets in Weekly Liquid Assets.

Investment Restrictions

The Trustees have adopted the following investment restrictions and fundamental investment policies for the Portfolios. These cannot be changed without approval of the Participants holding a majority of the outstanding shares of each Portfolio or series within a Portfolio to be affected by the change. No Portfolio will:

- 1) make any investment other than investments authorized by the Indenture, which constitute Permitted Investments and which are consistent with the investment policies and procedures set forth in the Information Statement and which are described therein, as the same shall may be amended from time to time.
- 2) make loans, provided that the Pool may make Permitted Investments (which may include securities lending);
- 3) borrow money or incur indebtedness except as a temporary measure to facilitate withdrawal requests which might otherwise require unscheduled dispositions of portfolio investments, and only as and to the extent permitted by law;
- 4) hold or provide for the custody of any Pool assets in a manner not authorized by law.
- 5) make an investment in any security with a final or effective maturity (or, for repurchase agreements, a remaining term) of 397 days or more.
- 6) The Liquid Portfolio may not invest more than 5% of net assets in the following illiquid investments (illiquid investments are securities that cannot be sold or disposed of in the ordinary course of business at approximately the value ascribed to it by the Liquid Portfolio), measured in aggregate. Illiquid investments include:
 - a. Restricted investments (those that, for legal reasons, cannot be freely sold).
 - b. Fixed time deposits with a maturity of more than seven days that are subject to early withdrawal penalties.
 - c. Any repurchase agreement maturing in more than seven days and not terminable at approximately the carrying value in the Liquid Portfolio before that time.
 - d. Other investments that are not readily marketable at approximately the carrying value in the Liquid Portfolio.

If the 5% limitation on investing in illiquid securities is adhered to at the time of investment, but later increases beyond 5% resulting from a change in the values of the Portfolio's securities or total assets, the Liquid Portfolio shall then bring the percentage of illiquid investments back into conformity as soon as practicably possible. NCIP believes that these liquidity requirements are reasonable and appropriate to assure that the securities in which the Liquid Portfolio invests are sufficiently liquid to meet reasonably foreseeable redemptions of shares.

Any rating requirement described under "Authorized Investments" will be applied at the time of purchase.

Daily Income and Dividends of the Liquid Portfolio

As of 2:00 p.m. Eastern Time each Business Day, the daily net income (as defined below) of the Liquid Portfolio is determined and declared as a dividend to Participants of record as of the close of business on that day. Shares purchased as of 2:00 p.m. Eastern Time begin earning income dividends on the date of purchase. Shares redeemed as of 2:00 p.m. Eastern Time each day do not earn income for that day. Earnings for Saturdays, Sundays and holidays are declared on the previous Business Day, except for month end.

For the purpose of calculating dividends, net income of the Pool consists of interest earned, plus any discount ratably amortized to the date of maturity plus or minus all realized gains and losses on the sale of securities prior to maturity, less ratably amortization of any premium and all accrued expenses of the Pool, including the fees payable to the Administrator (see "Expenses of the Pool").

Valuation of the Liquid Portfolio Shares

The Administrator, on behalf of the Liquid Portfolio, determines the NAV of Shares of the Liquid Portfolio as of 2:00 p.m. Eastern Time on each Business Day. The NAV per Share of the Liquid Portfolio is computed by dividing the total value of the securities and other assets of the Liquid Portfolio, less any liabilities, by the total number of outstanding Shares of the Liquid Portfolio. Liabilities include all accrued expenses and fees of the Pool, including fees of the Administrator, which are accrued daily (see "Expenses of the Portfolio").

For the purposes of calculating the NAV per Share of the Liquid Portfolio, investments held by the Pool will be valued at original cost, plus or minus any amortized discount or premium.

The result of this calculation will be a per Share value which is rounded to the nearest penny. Accordingly, the price at which Liquid Portfolio Shares are sold or redeemed will not reflect unrealized gains or losses on Liquid Portfolio securities which amount to less than \$.005 per Share. The Pool will endeavor to minimize the amount of such gains or losses. However, if unrealized gains or losses were to exceed \$.005 per Share, the amortized cost method of verification would not be used, and the NAV per Share of the Liquid Portfolio would change from \$1.00.

It is a fundamental policy of the Liquid Portfolio to maintain a NAV of \$1.00 per Share, but for the reasons discussed here, there can be no assurance that the NAV of the Liquid Portfolio's Shares will not vary from \$1.00 per Share. The market value basis NAV per Share for a Pool may be affected by general changes in interest rates resulting in increases or decreases in the value of securities held by the Liquid Portfolio. The market value of such securities will tend to vary inversely to changes in prevailing interest rates. Thus, if interest rates rise after a security is purchased, such a security, if sold, might be sold at a price less than its amortized cost. Similarly, if interest rates decline, such a security, if sold, might be sold at a price greater than its amortized cost. If a security is held to maturity, no loss or gain is normally realized as a result of these price fluctuations; however, withdrawals by Participants could require the sale of Pool securities prior to maturity.

The Administrator, and the Board of Trustees will periodically monitor, as they deem appropriate and at such intervals as are reasonable in light of current market conditions, the relationship between the amortized cost value per Share and a NAV per Share based upon available indications of market value. In the event that the difference between the amortized cost basis NAV per Share and market value basis NAV per Share exceeds 1/2 of 1 percent, the Administrator, the Board of Trustees will consider what, if any, corrective action should be taken to minimize any material dilution or other unfair results which might arise from differences between the two. This action may include the reduction of the number of outstanding Shares by having each Participant proportionately contribute Shares to the Pool's capital, suspension or rescission of dividends, declaration of a special capital distribution, sales of Pool securities prior to maturity to reduce the average maturity or to realize capital gains or losses, transfers of Pool securities to a separate account, or redemptions of Shares in kind in an effort to maintain the net asset value at \$1.00 per Share. If the number of outstanding Shares is reduced in order to maintain a constant NAV of \$1.00 per Share, Participants will contribute proportionately to the Pool's capital the number of Shares that represents the difference between the amortized cost valuation and market valuation of the Liquid Portfolio. Each Participant will be deemed to have agreed to such contribution by its investment in the Liquid Portfolio.

To minimize the possible adverse effects of changes in interest rates and to help maintain a stable NAV of \$1.00 per Share, the Liquid Portfolio will maintain a dollar-weighted average portfolio maturity of not more than sixty (60) days, a dollar-weighted average life (final maturity, adjusted for demand features but not interest rate adjustments) of no more than one-hundred and twenty (120) days and will not purchase any security with a remaining maturity of more than three hundred ninety-seven (397) days (except for floating rate and variable rate notes issued by the U.S. Government or its agencies or instrumentalities, which must have remaining maturities of 730 days or less), and will only invest in securities determined by the Investment Advisor to be of high-quality with minimal credit risk.

Yield Information

Current yield information for the Liquid Portfolio may, from time to time, be quoted in reports, literature and advertisements published by the Pool. The current yield of the Pool, which is also known as the current annualized yield or the current seven-day yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a value of one Share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one Share at the

beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by $365/7$.

The Liquid Portfolio may also quote a current effective yield from time to time. The current effective yield represents the current yield compounded to assume reinvestment of dividends. The current effective yield is computed by adding 1 to the net change in account value (exclusive of capital changes and income other than investment income) over a seven-day base period, raising the sum to a power of $365/7$, and subtracting 1 from the result. The current effective yield will normally be slightly higher than the current yield because of the compounding effect of the assumed reinvestment.

The Pool also may publish a “monthly distribution yield” on each Participant month-end account statement or provide it to Participants upon request. The monthly distribution yield represents the net change in the value of a hypothetical account with a value of one Share (normally \$1.00 per Share) resulting from all dividends declared during a month by the Pool expressed as a percentage of the value of one Share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

At the request of the Board of Trustees, or Participants, the Liquid Portfolio may also quote the current yield of the Liquid Portfolio from time to time on bases other than seven days for the information of its Participants.

The yields quoted by the Liquid Portfolio or any of its representatives should not be considered a representation of the yield of the Liquid Portfolio in the future, since the yield is not fixed. Actual yields will depend on the type, quality, yield and maturities of securities held by the Liquid Portfolio, changes in interest rates, market conditions and other factors.

Service Providers

Investment Advisor and Administrator

PFM Asset Management LLC
213 Market Street
Harrisburg, PA 17101-2141

Distributor

PFM Fund Distributors, Inc.
213 Market Street
Harrisburg, PA 17101-2141

Custodian

U.S. Bank, N.A.
800 Nicollet Mall
Minneapolis, MN 55402

Legal Counsel

Parker Poe Adams & Bernstein, LLP
620 South Tryon Street
Suite 800
Charlotte, NC 28202

Independent Auditors

Ernst & Young LLP
2005 Market Street
Suite 700
Philadelphia, PA 19103-7095

For More Information

We send each Participant annual reports containing independently audited financial statements for the Portfolio. We also provide monthly account summaries, which describe dividends declared and shares purchased through dividend reinvestment. Other individual account information is available upon request. To buy or sell shares of a Portfolio, make additional deposits, receive free copies of this document or the Portfolio's reports, or for general inquiries, please contact us:

By telephone: (833) 736-6247 / (833) PFM – NCIP

By e-mail: CONTACT_NCIP@pfm.com

By mail or fax:

North Carolina Investment Pool
P.O. Box 11813
Harrisburg, PA 17108
Fax: (888) 535-0120

On our website: www.investncip.com

This information statement provides detailed information about the Pool and its policies. Please read it carefully and retain it for future reference. For further information or assistance in investing, please call the toll-free number above or visit the Pool's website.

North Carolina Investment Pool
INDENTURE OF TRUST

Dated as of March 22, 2021

**213 Market Street
Harrisburg, PA 17101
Phone (800) 338-3383
Fax (800) 252-9551**

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INDENTURE OF TRUST

North Carolina Investment Pool

WITNESSETH:

WHEREAS, the provisions of Section 159 of the General Statutes of North Carolina, as amended and as may be further amended from time to time ("N.C.G.S."), entitled "The Local Government Finance Act" enable any local government or public authority of the State of North Carolina (a "Local Government" or "Public Authority," as applicable and together a "Local Government Unit") to invest moneys in a commingled investment pool established by interlocal agreement pursuant to N.C.G.S. Section 160A-460 through 160A-464 (an "Investment Pool") if the investments of the Investment Pool are limited to those qualifying for investment under N.C.G.S. ("Permitted Investments"); and,

WHEREAS, it is the intent of the initial Local Government Units signatory hereto (such Local Government Units, the "Signatory Local Government Units") to create an Investment Pool, known as the North Carolina Investment Pool (the "Trust") and that this Indenture of Trust (the "Indenture") shall serve as the agreement for such purpose; and,

WHEREAS, it is the intent and purpose of this Indenture to provide for the investment and deposit of pooled funds in only Permitted Investments by Local Government Units; and,

WHEREAS, by resolutions duly adopted, the Signatory Local Government Units hereby create the Trust as an Investment Pool pursuant to this Indenture, which action serves a governmental purpose for said Local Government Units and is, therefore, in the best interests of said Local Government Units, their officials, officers, and citizens in that such a program will offer professionally managed portfolios to meet investment needs, will result in economies of scale that will create greater purchasing powers, and will thereby lower the costs traditionally associated with the investment of the assets of said Local Government Units; and,

WHEREAS, each of the Signatory Local Government Units has duly undertaken all official actions necessary and appropriate to become a party to this Indenture for the purpose of establishing the Trust, and to perform hereunder, including, without limitation, the establishment of written investment policies and the enactment of any resolutions or the undertaking of other actions required pursuant to the Local Government Finance Act or other applicable law and regulations; and,

WHEREAS, it is proposed that the beneficial interest in the assets of the trust fund created pursuant to the provisions of this Indenture shall be divided into non-transferable Shares of beneficial interest, which shall be evidenced by a share register maintained by the Trustees or their agent, or by the Administrator; and,

WHEREAS, the Signatory Local Government Units anticipate that other Local Government Units may wish to become Participants by adopting this Indenture and becoming a party hereto;

NOW, THEREFORE, the recitals set forth above are adopted and incorporated into this Indenture. In consideration of the mutual promises, covenants and agreements contained herein, the parties hereto, now and hereafter added pursuant to the provisions herein, mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns that all monies, assets, securities, funds and property now or hereafter acquired by the Trustees, their successors and assigns under this Indenture shall be held and managed in trust for the equal and proportionate benefit of the holders of record from time to time of Shares of beneficial interest herein, without privilege, priority or distinction among such holders, and subject to the terms, covenants, conditions, purposes and provisions hereof as follows:

ARTICLE I– DEFINITIONS

For purposes of this Indenture, the following terms shall have the meanings set forth:

“Administrator” means the Trust Administrator appointed by the Trustees pursuant to Section 4.1 hereof and as constituted from time to time by agreement with the Trustees which has, or has been delegated, the responsibility for administering the Trust or any aspects of it.

“Adviser” means the Investment Adviser appointed by the Trustees pursuant to Section 4.1 hereof and constituted from time to time by agreement with the Trustees which has, or has been delegated, the responsibility to effect purchases, sales, or exchanges of Trust property on behalf of the Trustees and to provide advice to the Trustees regarding the investment of Trust assets.

“Affiliate” means with respect to a Person another Person directly or indirectly controlled, controlled by or under the common control with such Person, or any officer, director, partner or employees of such Person.

“Code” means the Internal Revenue Code and any regulations promulgated pursuant thereto. “Custodian” means a qualified financial institution selected by the Trustees pursuant to a Custodian Agreement for the purpose of receiving and holding Trust assets.

“Custodian Agreement” means the agreement between the Trustees on behalf of the Trust and Custodian.

“Designee” shall mean the individual designated as such by a Participant in writing. Such Designee shall be the legal representative to act on behalf of each Participant. Each Participant may designate Alternate Designees.

“Indenture” has the meaning set forth in the recitals.

“Investment Pool” has the meaning set forth in the recitals.

“Local Government Unit” has the meaning set forth in the recitals.

“N.C.G.S.” has the meaning set forth in the recitals.

“Participants” means the Local Government Units which adopts a Resolution to join and execute this Indenture.

“Permitted Investments” has the meaning set forth in the recitals.

“Person” means any individual, corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization, entity or Local Government Unit.

“Shares” shall have the meaning ascribed to such term in Section 7.1 hereof.

“Signatory Local Government Unit” has the meaning set forth in the recitals.

“Trust” has the meaning set forth in the recitals.

“Trust Property” means any and all property, real, personal or otherwise, tangible or intangible, which is transferred, conveyed or paid to the Trust and all income, profits and gains therefrom and which, at such time, is owned or held by, for the account of the Trust.

“Trustee” means any member of the Board of Trustees.

“Trustees” means individuals appointed by the Board of Trustees and, unless otherwise provided herein, approved by the Participants to administer and supervise the affairs of the Trust.

ARTICLE II– CREATION OF TRUST

2.1 Creation of Trust. By these present, a North Carolina statutory trust is hereby established by this Indenture. The Trust shall be called the “North Carolina Investment Pool”. The Trustees may use such other designations, including “NCIP”, as the Trustees deem proper. So far as may be practicable, the Trustees shall conduct the Trust’s activities, execute all documents and sue or be sued under that name or designation, which name or designation (and the word “Trust”) wherever used in this Indenture, except where the context otherwise requires, shall refer to the Trustees in their capacity as Trustees, and not individually or personally, and shall not refer to the officers, agents, employees, counsel, advisers, consultants, or accountants of the Trustee, nor shall such term refer to the Signatory Local Government Units or Participants. Should the Trustees determine that the use of such name or designation is not practicable, legal or convenient, they may use such other designation or they may adopt such other name for the Trust as they deem proper, and the Trust may hold property and conduct its activities under such designation or name. The Trustees shall take such action as they, acting with the advice of counsel, shall deem necessary or appropriate to file or register such name or designation in accordance with the laws of the State of North Carolina or the United States of America so as to protect and reserve the right of the Trust in and to such name or designation.

2.2 Contributions to the Trust.

(a) All contributions that a Participant makes to be invested by the Trustees shall be paid and delivered to the Trustees to be held in the Trust.

(b) All payments made by a Participant to the Trust, and all other money or property that lawfully becomes a part of the Trust, together with the income, appreciation or depreciation and expenses, if any, therefrom, shall be held, managed and administered in trust, pursuant to the terms of this Indenture. The Trustees accept this Trust and agree to perform the duties, responsibilities and obligations under this Indenture allocated to them as fiduciaries.

2.3 Trustees' Duties. The Trustees shall not have the right and shall not be subject to any duty to demand or collect contributions from the Participants, or from any other Person, or to enforce or attempt to enforce any agreement that may be considered to require contributions to this Trust. The Trustees shall be accountable only for transfers and contributions made to the Trust fund in accordance with the terms of this Indenture.

The powers, rights, and obligations of the Trustees shall be established and governed solely by this Indenture.

2.4 Qualification of Trust. This Trust is intended to be exempt from income tax pursuant to Section 115 of the Code, and shall be construed and operated in all respects consistently with that intention. The Trustees shall take no action which would adversely affect the tax-exempt status of the Trust. The Trustees may demand assurances satisfactory to them that any action which they are directed to take will not adversely affect the tax-exempt status of the Trust. The Trustees, or their Designee, shall take any and all actions necessary to ensure that the Trust obtains all appropriate qualifications and determination, to the extent necessary, that it is and continues to be exempt from income tax under Section 115 of the Code.

2.5 Purpose; Participant Requirements; Changes of Incumbency.

(a) The purpose of the Trust is to provide a surplus funds trust fund in accordance with North Carolina law permitting Local Government Units to pool monies available idle funds, which are not immediately required to be disbursed, with the same such monies in the treasuries of other Local Government Units, in order to invest them and earn interest in accordance with, and as permitted by, the provisions of the N.C.G.S. Section 159-30 or other laws of the State of North Carolina governing the investment of monies of a Local Government Unit, and as allowed by law. No Participant shall be required to appropriate any funds or levy any taxes to establish or contribute to this Trust. The Trustees may provide for the payment or repayment of any expenses from the earnings of the Trust.

(b) Only those Local Government Units which adopt this Indenture and have complied with the provisions of this section may become Participants. The Designee empowered to invest funds of each Local Government Unit or such other person designated by the Participant to serve in such capacity (an "Alternate Designee"), shall be the legal representative to act for and on behalf of such Local Government Unit for purposes of this Indenture.

(c) Each Local Government Unit adopting this Indenture, and otherwise complying with the provisions hereof, shall become a Participant only upon adopting this Indenture and depositing into the Trust the minimum total investment as that amount is established from time to time by the Trustees. Whenever the balance in a Participant's account is less than the minimum established by the Trustees, the Trustees may redeem the Shares and close the account; provided that thirty (30) days' prior notice shall be given to such Participant and redemption shall only be permitted if the Participant has not restored the balance in the account to the minimum amount established prior to the expiration of such thirty (30) day period which begins with the date of such notice. If the Trustees change the minimum total investment to an amount greater than the investment of any Participant at the time that such change becomes effective, the investment of such Participant shall not be redeemed without such Participant's consent.

(d) In the event that a Designee shall no longer be authorized to act on behalf of such Participant as a Designee, and in the absence of any duly-appointed Alternate Designee, any funds placed in the Trust by such Designee shall be held hereunder for the benefit of the Local Government Unit for which he or she was acting at the time the vacancy or termination of authority occurred. Any Designee assuming office, either to fill a vacancy in such office or to begin a new term following the expiration of the term in office of his or her predecessor, or otherwise becoming authorized to act as Designee on behalf of such Participant, shall become the succeeding legal representative of the Local Government Unit by the Local Government Unit filing written notification of such with the Trustees in a form acceptable to the Trustees.

2.6 Trustees; Signatory Public Agencies and Participants. No Signatory Local Government Unit or Participant, nor any or its officers, employees, agents or representatives shall have any liability under this Indenture as a result of service by its Designee as a Trustee.

2.7 Voting. Only Participants of record shall be entitled to vote. Each whole Share shall be entitled to one vote as to any matter to which it is entitled to vote and each fractional Share shall be entitled to a fractional vote. A proxy purporting to be executed by or on behalf of a Participant shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger. The Trustees shall determine any such challenge and their decision shall be final. The approval of the holders of at least a majority of the outstanding Shares shall be sufficient to approve any action at a meeting or other election of the Participants except as otherwise expressly required under this Indenture.

ARTICLE III - TRUST OPERATIONS

3.1 Powers of the Board of Trustees. Subject to the rights of the Participants as provided herein, the Trustees shall be the investment officer of the Trust and shall have authority over the Trust Property and the affairs of the Trust to administer the operation of the Trust, subject to the requirements, restrictions and provisions of this Indenture, including the power to delegate such functions of administration pursuant to Section 3.16 hereof. The Trustees may do and perform such acts and things as in their judgment and discretion, subject to the requirements and restrictions of this Indenture, as are necessary and proper for conducting the affairs of the Trust or promoting the interest of the Trust and the Participants. The enumeration of any specific power or authority herein shall not be construed as limiting the aforesaid general power or authority or any specific power or authority. The Trustees may exercise any power authorized

and granted to them by this Indenture. Such powers of the Trustees may be exercised without the necessity of any order of, or resort to, any court.

3.2 Permitted Investments. The Trustees shall have the following investment powers:

(a) To conduct, operate and provide an investment program for the pooling of idle funds of a Local Government to invest in the Permitted Investments as may be modified from time to time as provided in this Indenture;

(b) For such consideration as they may deem proper and as may be required by law, to subscribe for, assign, transfer, exchange, distribute and otherwise deal in or dispose of Permitted Investments; and

(c) To contract for, and enter into agreements with respect to, the purchase and sale of Permitted Investments.

3.3 Legal Title.

(a) Legal title to all of the Trust Property shall be vested in the Trustees on behalf of the Participants, who shall be the beneficial owners except that the Trustees shall have full and complete power to cause legal title to any Trust Property to be held, on behalf of the Participants, by or in the name of the Trust, or in the name of any other Person as nominee, on such terms, in such manner, and with such powers as the Trustees may determine, so long as in their judgment the interest of the Trust is adequately protected.

(b) The right, title and interest of the Trustees in and to the Trust Property shall vest automatically in all persons who may hereafter become Trustees upon their due selection and qualification without any further act. Upon the resignation, disability, removal, adjudication as an incompetent, disqualification pursuant to the terms of this Indenture, or death of a Trustee, he or she (and in the event of his or her death, his or her estate) shall automatically cease to have any right, title or interest in or to any of the Trust Property, and the right, title and interest of such Trustee in and to the Trust Property shall vest automatically in the remaining Trustees without any further act.

3.4 Disposition of Assets. In winding up the affairs of the Trust, the Trustees shall have full and complete power to sell, exchange or otherwise dispose of any and all Trust Property free and clear of any and all trusts and restrictions, at public or private sale, for cash or on terms, with or without advertisement, and subject to such restrictions, stipulations, agreements and reservations as they shall deem proper, and to execute and deliver any deed, power, assignment, bill of sale, or other instrument in connection with the foregoing including giving consents and making contracts relating to Trust Property or its use.

3.5 Taxes. The Trustees shall have full and complete power:

(a) To pay all taxes or assessments, of whatever kind or nature, validly and lawfully imposed upon or against the Trust or the Trustees in connection with the Trust Property or upon or against the Trust Property or income or any part thereof;

(b) To dispute, settle and compromise tax liabilities; and

(c) For the foregoing purposes to make such returns and do all such other acts and things as may be deemed by the Trustees to be necessary or desirable.

3.6 Rights as Holders of Trust Property. The Trustees shall have full and complete power to exercise on behalf of the Participants all of the rights, powers and privileges appertaining to the ownership of all or any Permitted Investments or other property forming part of the Trust corpus to the same extent that any individual might, and, without limiting the generality of the foregoing, to vote or give any consent, request or notice or waive any notice either in person or by proxy or power of attorney, with or without the power of substitution, to one or more persons, which proxies and powers of attorney may be for meetings or actions generally, or for any particular meeting or action, and may include the exercise of discretionary powers.

3.7 Delegation: Committees. The Trustees shall have full and complete power (consistent with their continuing exclusive authority over the management of the Trust, the conduct of its affairs, their duties and obligations as Trustees, and the management and disposition of the Trust Property), in addition to the delegation powers set forth in Section 3.16 hereof, to delegate from time to time to such one or more of their number (who may be designated as constituting a Committee of the Trustees) or to officers, employees or agents of the Trust (including, without limitation, the Administrator, the Adviser and the Custodian) the doing of such acts and things and the execution of such instruments, either in the name of the Trust or the names of the Trustees or as their attorney or attorneys, or otherwise as the Trustees may from time to time deem expedient and appropriate in the furtherance of the business affairs and purposes of the Trust.

3.8 Collection Powers. The Trustees shall have full and complete power:

(a) To collect, sue for, receive and receipt for all sums of money or other property due to the Trust including, without limitation, the power to file proofs of claim in any bankruptcy or insolvency matter;

(b) To consent to extensions of the time for payment, or to the renewal of any securities, investments or obligations;

(c) To engage or intervene in, prosecute, defend, compromise, abandon or adjust by arbitration or otherwise any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property;

(d) To foreclose any collateral, security or instrument securing any investments, notes, bills, bonds, obligations or contracts by virtue of which any sums of money are owed to the Trust;

(e) To exercise any power of sale held by the Trustees, and to convey good title thereunder free of any and all trusts, and in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property;

(f) To be parties to reorganization and to transfer to and deposit with any corporation, committee, voting trustee or other Person any securities, investments or obligations of any Person which form a part of the Trust Property, for the purpose of such reorganization or otherwise;

(g) To participate in any arrangement for enforcing or protecting the interests of the Trustees as the owners or holders of such securities, investments or obligations and to pay any assessment levied in connection with such reorganization or arrangement;

(h) To extend the time (with or without security) for payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(i) To pay or satisfy any debts or claims upon any evidence that the Trustees shall deem sufficient.

3.9 Powers: Payment of Expenses. The Trustees shall have full and complete power:

(a) To incur and pay charges or expenses which in the opinion of the Trustees are necessary or incidental to or proper for the carrying out any of the purposes of this Indenture;

(b) To reimburse others for the payment therefor; and

(c) To pay appropriate compensation or fees from the funds of the Trust to Persons with whom the Trust has contracted or transacted business.

The Trustees may pay themselves or any one or more of themselves reimbursement for expenses reasonably incurred by themselves or any one or more of themselves on behalf of the Trust.

Notwithstanding any provision of this Indenture to the contrary, in no event shall any expenses of administration of the Trust be payable from any source other than Trust Property.

3.10 Borrowing and Indebtedness. The Trustees shall not incur indebtedness on behalf of the Trust, or authorize the Trust to borrow money or incur indebtedness, except as expressly provided in Section 5.2(b) hereof.

3.11 Deposits. The Trustees shall have full and complete power to deposit, subject to the provisions of N.C.G.S. Sections 159-31 and 159-32, in such a manner as may now and hereafter be permitted by this Indenture or applicable law, any monies or funds included in the Trust Property and intended to be used for the payment of expenses of the Trust or the Trustees, with one or more banks, trust companies or other banking institutions whether or not such deposits will draw interest. Such deposits are to be subject to withdrawal in such manner as the Trustees may determine, and the Trustees shall have no responsibility for any loss which may occur by reason of the failure of the bank, trust company or other banking institution with which the monies, investments, or securities have been deposited. Each such bank, trust company or other banking institution shall comply, with respect to such deposit, with all

applicable requirements of all applicable laws including, without limitation, with N.C.G.S. Sections 159-31 and 159-32.

3.12 Valuation. The Trustees shall have full and complete power to conclusively determine in good faith the value of any of the Trust Property and to revalue the Trust Property as the Trustees deem appropriate consistent with the provisions of this Indenture.

3.13 Fiscal Year; Accounts. The Trustees shall have full and complete power to determine the fiscal year of the Trust and the method or form in which its accounts shall be kept and from time to time to change the fiscal year or method or form of accounts. The fiscal year shall be as set forth in the Bylaws.

3.14 Self-Dealing Prohibited.

(a) No Trustee, officer, employee or agent of the Trust shall cause or permit the Trust to make any investment or deposit, enter into any contract or other arrangement, or perform any act which confers or might reasonably be expected to confer any special benefit upon such Person or any Affiliate of such Person.

(b) The Trust shall not enter into any investment transaction with any Affiliate of the Trust, or with the Adviser or the Administrator or any Affiliate thereof, or with any other officer, director, employee or agent of the Trust or any Affiliate thereof. Provided, however, the Trust may deposit moneys and purchase and sell Permitted Investments from and to the Custodian or an Affiliate of the Custodian.

3.15 Investment Program. The Trustees shall use their best efforts to obtain, through the Adviser or other qualified Persons, a continuing and suitable investment program, consistent with the investment policies and objectives of the Trust, and the Trustees shall be responsible for reviewing and approving or rejecting the investment program presented by the Adviser or such other Persons. Subject to the provisions of this Indenture, the Trustees may delegate functions arising under this Section 3.15 to one or more Trustees or to the Adviser.

3.16 Power to Contract, Appoint, Retain and Employ. Subject to the provisions of this Indenture, the Trustees shall have full and complete power to appoint, employ, retain, or contract with any Person of suitable qualifications and high repute to perform any or all of the following functions under the supervision of the Trustees:

(a) Serve as the Trust's investment Adviser administrator or co-administrator pursuant to Article IV;

(b) Furnish reports to the Trustees and provide research, economic and statistical data in connection with the Trust's investments;

(c) Act as consultants, accountants, technical advisers, attorneys, brokers, underwriters, corporate fiduciaries, escrow agents, depositaries, custodians or agents for collection, insurers or insurance agents, registrars for Shares or in any other capacity deemed by the Trustees to be necessary or desirable;

(d) Investigate, select, and, on behalf of the Trust, conduct or engage others to manage relations with Persons acting in such capacities and pay appropriate fees to, and enter into appropriate contacts with, or employ, or retain services performed or to be performed by, any of them in connection with the investments acquired, sold, or otherwise disposed of, or committed, negotiated, or contemplated to be acquired, sold or otherwise disposed of;

(e) Substitute any other Person possessing the same minimum qualifications for any such Person, such replacement to be made in the same manner as the original selection;

(f) Act as attorney-in-fact or agent in the purchase or sale or other disposition of investments, and in the handling, prosecuting or other enforcement of any lien or security securing investments; and

(g) Assist in the performance of such ministerial functions necessary in the management of the Trust as may be agreed upon with Trustees.

3.17 Indemnification. Upon advice of counsel, the Trustees shall have full and complete power, to the extent of Trust property (as provided in Section 6.1) and as permitted by applicable laws, to indemnify or enter into agreements with respect to indemnification with any Person with whom the Trust has dealings, to such extent as the Trustees shall determine in accordance with law. The Trust is authorized to purchase insurance to provide such indemnification.

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

3.19 Further Powers. The Trustees shall have full and complete power to take all actions, do all such matters and things and execute all such agreements, documents and instruments as they deem necessary, proper or desirable in order to carry out, promote or advance the interests and purposes of the Trust although such actions, matters or things are not herein specifically mentioned. Any determination as to what is in the best interests of the Trust made by the Trustees in good faith shall be conclusive. In construing the provisions of this Indenture, the presumption shall be in favor of a grant of power to the Trustees. No provision in this Indenture, however, may be interpreted or construed in a manner which alters or reduces the duties of the Trustees to act as fiduciaries of the Trust. The Trustees shall not be required to obtain any court order to deal with the Trust Property.

ARTICLE IV - INVESTMENT ADVISER AND ADMINISTRATOR

4.1 Appointment. The Trustees are responsible for implementing the investment policy and program of the Trust and for supervising the officers, agents, employees, investment advisers, administrators, distributors, and independent contractors of the Trust. The Trustees are not required personally to conduct all of the routine business of the Trust and, consistent with their ultimate responsibility as stated herein, the Trustees may appoint, employ or contract with an Adviser and an Administrator, and may grant or delegate such authority to the Adviser and the Administrator or to any other Person whose services are obtained by the Adviser or the Administrator, as the Trustees may, in their sole discretion, deem to be necessary or desirable for the efficient management of the Trust, without regard to whether such authority is normally granted or delegated by Trustees or other fiduciaries.

4.2 Duties of the Adviser. The duties of the Adviser shall be those set forth in an Investment Advisory Agreement to be entered into between the Trust and the Adviser. Such duties may be modified by the Trustees, from time to time, by the amendment of the Investment Advisory Agreement subject to the limitations contained therein. Subject to the terms of this Indenture, the Trustees may authorize the Adviser to effect purchases, sales, or exchanges of Trust Property on behalf of the Trustees or may authorize any officer, employee, agent or Trustee to effect such purchases, sales, or exchanges pursuant to recommendations of the Adviser, all without further action by the Trustees. Any and all of such purchases, sales, and exchanges shall be deemed to be authorized by all the Trustees. The Investment Advisory Agreement may authorize the Adviser to employ other Persons to assist it in the performance of its duties. The Investment Advisory Agreement shall provide that it may be terminated without cause and without the payment of any penalty by the Trust on no less than sixty (60) days' written notice to the Adviser. Nothing in this Indenture or in the Investment Advisory Agreement shall limit or impair the right of the Trustees to terminate the said Investment Advisory Agreement for cause, or to suspend the authority of the Adviser to act for or on behalf of the Trust immediately upon written notice to the Adviser, upon a showing of reasonable cause to believe that the Adviser has committed a material breach of the Investment Advisory Agreement or any of its fiduciary obligations to the Trust.

4.3 Duties of the Administrator. The duties of the Administrator shall be those set forth in an Administration Agreement to be entered into between the Trust and the Administrator. Such duties may be modified by the Trustees, from time to time, by the amendment of the Administration Agreement. The Administration Agreement may authorize the Administrator to employ other Persons to assist it in the performance of its duties. The Administration Agreement shall provide that it may be terminated without cause and without the payment of any penalty by the Trust on no less than sixty (60) days' written notice to the Administrator. Nothing in this Indenture or in the Administration Agreement shall limit or impair the right of the Trustees to terminate the said Administration Agreement for cause, or to suspend the authority of the Administrator to act for or on behalf of the Trust immediately upon written notice to the Administrator, upon a showing of reasonable cause to believe that the Administrator has committed a material breach of the Administration Agreement or any of its fiduciary obligations to the Trust.

4.4 **Successors.** In the event that, at any time, the position of Adviser or of Administrator shall become vacant for any reason, the Trustees may appoint, employ or contract with a successor Adviser or Administrator.

ARTICLE V - INVESTMENTS

5.1 **Statement of Investment Policy and Objective.** Subject to the prohibitions and restrictions contained in Section 5.2 hereof, the general investment policy and objective of the Trustees shall be to provide to the Participants safety of capital, liquidity of funds, and investment income, in that order, by investing in Permitted Investments in accordance with this Indenture and any other applicable provisions of law, as the same may be amended from time to time.

5.2 **Restrictions Fundamental to the Trust.** Notwithstanding anything in this Indenture which may be deemed to authorize the contrary, the Trust:

(a) May not make any investment other than investments authorized by this Indenture, which constitute Permitted Investments and which are consistent with the investment policies and procedures set forth in the Information Statement and which are described therein, as the same shall may be amended from time to time;

(b) May not borrow money or incur indebtedness except as a temporary measure to facilitate withdrawal requests which might otherwise require unscheduled dispositions of portfolio investments, and only as and to the extent permitted by law;

(c) May not make loans, provided that the Trust may make Permitted Investments (which may include securities lending); and

(d) May not hold or provide for the custody of any Trust Property in a manner not authorized by law.

5.3 **Amendment of Restrictions.** The restrictions set forth in Section 5.2 hereof are fundamental to the operation and activities of the Trust and may not be changed without the consent of the Participants holding at least a majority of the Shares, except that such restrictions may be changed by the Trustees, without Participant consent, when necessary to conform the investment program and activities of the Trust to the laws of the State of North Carolina and the United States of America as they may from time to time be amended.

ARTICLE VI - LIMITATIONS OF LIABILITY

6.1 **Liability to Third Persons.** No Participant shall be subject to any personal liability whatsoever, in tort, contract or otherwise to any Person or Persons other than the Trust in connection with Trust Property or the affairs of the Trust; and no Trustee, officer, employee or agent (including without limitation, the Adviser, the Administrator, and the Custodian) of the Trust shall be subject to any personal liability whatsoever in tort, contract or otherwise, to any Person or Persons other than the Trust in connection with Trust Property or the affairs of the Trust, except that each shall be liable for its, his or her bad faith, willful misconduct, gross negligence or reckless disregard of its, his or her duties or for its, his or her failure to act in

good faith in the reasonable belief that its, his or her action was in the best interests of the Trust, and except that the Adviser and the Administrator shall each have liability for its, his or her failure to take reasonable measures to restrict investments of Trust Property to those permitted by law and this Indenture. All Persons other than the Trust shall look solely to the Trust Property for satisfaction of claims of any nature arising in connection with the affairs of the Trust. If any Participant, Trustee, officer, employee or agent (including, without limitation, the Adviser, the Administrator, and the Custodian) of the Trust is made a party to any suit or proceedings to assert or enforce any such liability, it, he or she shall not on account thereof be held to any personal liability. Provided, further, that notwithstanding anything in the foregoing to the contrary, any vendor, Adviser, consultant, administrator, or other third party, employed by or under contract with the Trust, shall be responsible to the Trust and its Participants as intended beneficiaries, to perform in accordance with the standards imposed in a contract with such party, by operation of law.

6.2 Liability to the Trust or to the Participants. No Trustee, officer, employee or agent (including, without limitation, the Adviser, the Administrator and the Custodian) of the Trust shall be liable to the Trust or to any Participant, Trustee, officer, employee or agent (including, without limitation, the Adviser, the Administrator, and the Custodian) of the Trust for any action or failure to act (including, without limitation, the failure to compel in any way any former or acting Trustee to redress any breach of trust) except for its, his or her own bad faith, willful misfeasance, gross negligence or reckless disregard of its, his or her duties, and except that the Adviser shall have liability for the failure to take reasonable measures to restrict investments of Trust Property to those permitted by law and this Indenture; *provided, however*, that the provisions of this Section 6.2 shall not limit the liability of any agent (including, without limitation, the Adviser, the Administrator, and the Custodian) of the Trust with respect to breaches by it of a contract between it and the Trust.

6.3 Indemnification.

(a) As used in this Section 6.3:

(1) "Trust Representative" means an individual who is or was a Trustee, officer, employee, or agent (including without limitation the Adviser, the Administrator, and the Custodian).

(2) "Liability" means any obligation to pay a judgment, settlement, penalty, fine, or costs and expenses incurred with respect to a Proceeding (including attorneys' fees and other professional fees).

(3) "Party" includes an individual who was, is, or is threatened to be named a defendant or respondent in a Proceeding.

(4) "Proceeding" means any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal.

(b) Except as provided in subsection (c) hereof, the Trust shall indemnify, defend, protect and hold harmless any Person from and against any and all Liabilities arising out of a Proceeding that such Person is a party to because of such Person's status as a Trust Representative if such Person's conduct was made in good faith, and (i) such Person reasonably believed that such conduct was in the Trust's best interests or, (ii) in the case of a criminal Proceeding, such Person had no reasonable cause to believe such conduct was unlawful.

(c) In no event may the Trust indemnify the Adviser or the Administrator for any Liability arising out of such Person's bad faith, willful misconduct, gross negligence or reckless disregard with respect to the restrictions on investments of the Trust Property. Further, the Trust shall not indemnify any Trust Representative under this Section 6.3 either (i) in connection with a Proceeding by or in the right of the Trust in which the Trust Representative was adjudged liable to the Trust, or (ii) in connection with any Proceeding charging improper personal benefit to such Person, in which such Person was adjudged liable on the basis that such personal benefit was improperly received in connection with a Proceeding by or in the right of the Trust.

(d) Except as provided in subsection (c) of this Section 6.3, the termination of any Proceeding by judgment, order, settlement, or conviction, or upon a plea of *nolo contendere* or its equivalent, is not of itself determinative that the Person did not meet the standard of conduct set forth in subsection (b) of this Section 6.3.

(e) No indemnification shall be made unless and until a specific determination has been made that indemnification is authorized under this Section 6.3. Such determination shall be made by the Trustees by a majority vote of a quorum, which quorum shall consist of Trustees not parties to the Proceeding. If such quorum cannot be obtained, the determination shall be made by a majority vote of a committee of Trustees designated by the Trustees, which committee shall consist of two or more Trustees not party to the Proceeding. Trustees who are parties to the Proceeding may participate in designating Trustees for the committee. If the said quorum cannot be obtained or the committee cannot be established, or if such quorum is obtained or committee is designated and such quorum or committee so directs, the determination may be made by independent legal counsel selected by a vote of the Trustees or the committee as specified above. If independent counsel determines that indemnification is required under this Section 6.3, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by the body that selected such counsel.

(f) The Trust may pay for or reimburse all costs and expenses incurred by a Trust Representative with respect to a Proceeding (including attorneys' fees and other professional fees) in advance of final disposition thereof if (i) the Trust Representative furnishes the Trust a written affirmation of such Person's good faith belief that such Person has met the standard of conduct described in subsection (b) of this Section 6.3 and agreeing to repay the advance if it is ultimately determined that indemnification is not authorized under this Section 6.3, and (ii) it is determined as provided in subsection (e) above that the facts then known would not preclude indemnification under this Section 6.3.

(g) Any indemnification of or advance of expenses to a Trust Representative pursuant to this Section 6.3 shall be reported in writing to the Participants as soon as practicable, if such indemnification of or advance of expenses arises out of a Proceeding by or on behalf of the Trust.

(h) No Trust Representative entitled to indemnification may take or be paid the same except out of the earnings of the Trust, and no Participant shall be personally liable to any such Trust Representative for all or any portion of such indemnity.

6.4 **Surety Bonds.** No Trustee shall, as such, be obligated to give any bond or surety or other security for the performance of any of his duties.

6.5 **Apparent Authority.** No purchaser, seller, transfer agent or other Person dealing with the Trustees or any officer, employee or agent of the Trust shall be bound to make any inquiry concerning the validity of any transaction purporting to be made by the Trustees or by such officer, employee or agent or make inquiry concerning or be liable for the application of money or property paid, transferred or delivered to or on the order of the Trustees or of such officer, employee or agent.

6.6 **Representative Capacity; Recitals.** Any written instrument creating an obligation of the Trust shall be conclusively taken to have been executed by a Trustee or an officer, employee or agent of the Trust only in his capacity as a Trustee under this Indenture or in his or her capacity as an officer, employee or agent of the Trust. Any written instrument creating an obligation of the Trust shall refer to this Indenture and shall contain a recital to the effect that the obligations thereunder are not personally binding upon, nor shall resort be had to the property of, any of the Trustees, Participants, officers, employees or agents of the Trust, and that only the Trust Property or a specific portion thereof shall be bound, and such written instrument may contain any further similar recital which may be deemed appropriate; *provided however*, that the omission of any recital pursuant to this Section 6.6 shall not operate to impose personal liability on any of the Trustees, Participants, officers, employees or agents of the Trust, or to void any obligations created in the instrument.

6.7 **Reliance on Experts.** Each Trustee, officer and employee of the Trust shall, in the performance of his or her duties, be fully and completely justified and protected with regard to any act or any failure to act resulting from reliance in good faith upon the books of account or other records of the Trust, upon an opinion of counsel or upon reports made to the Trust by any of its officers or employees or by the Adviser, the Administrator, the Custodian, accountants, appraisers or other experts or consultants selected with reasonable care by the Trustees or officers of the Trust.

6.8 **Insurance.** The Trustees shall obtain general and official liability and property damage insurance, errors and omission insurance and such other insurance as the Trustees may deem advisable for the protection of the Trust Property and the Trustees, Treasurers officers and employees of the Trust in the operation and conduct of the Trust in such amounts as the Trustees deem adequate to ensure against all claims and liabilities of every nature, to the extent such insurance may be available at reasonable rates. The cost of any and all such insurance shall be paid from Trust property as an expense of administration of the Trust.

ARTICLE VII - INTERESTS OF PARTICIPANTS

7.1 **Beneficial Interest.** The interest of the beneficiaries hereunder shall be divided into transferable units to be called Shares, all of one series except as permitted by Section 7.10, without

par value. The number of Shares authorized hereunder is unlimited. Except as otherwise permitted under Section 7.10 hereof, each Share shall represent an equal proportionate interest in the net assets of the applicable series within the Trust. All Shares issued hereunder including, without limitation, Shares issued in connection with a dividend in Shares or a split of Shares, shall be fully paid and nonassessable.

7.2 Title to Trust Property. Title to the Trust Property of every description and the right to conduct any affairs herein described are vested in the Trustees on behalf, and for the beneficial interest, of the Participants, and the Participants shall have no individual interest therein other than the beneficial interest conferred hereby and measured by their Shares, and they shall have no right to call for any partition or division of any property, profits, rights or interests of the Trust nor can they be called upon to share or assume any losses of the Trust or suffer an assessment of any kind by virtue of the allocation of Shares to them, except as expressly provided in this Indenture. Provided, further, that this provision shall not be interpreted or construed to modify or limit any of the rights of Participants expressed anywhere else in this Indenture or as provided by law. The beneficial interest hereunder measured by the Shares shall not entitle a Participant to preference, preemptive, appraisal, conversion, or exchange rights of any kind with respect to the Trust or the Trust Property, except as the Trustees may determine.

7.3 Evidence of Investment. Evidence of each Participant's investment shall be reflected in a Share Register maintained by or on behalf of the Trust in accordance with Section 8.1 hereof, and the Trust shall not be required to issue certificates as evidence of Share allocation.

7.4 Redemptions. In case any Participant at any time desires to dispose of its Shares, it may deposit a written request or other such form of request as the Trustees may from time to time authorize, at the office of the Administrator of the transfer agent or at the office of any bank or trust company, either in or outside of North Carolina which is a member of the Federal Reserve System and which the transfer agent has designated by the Trust for that purpose, together with an irrevocable offer in writing in a form acceptable to the Trustees to have the Shares redeemed by the Trust at the net asset value thereof per share, next determined as provided in the Information Statement after such deposit. Payment for redemption shall be made to the Participants within the number of business days specified in the Trust's current Information Statement, unless the date of payment is postponed pursuant to Section 7.5 hereof, in which event payment may be delayed beyond such period.

7.5 Suspension of Redemption; Postponement of Payment. Each Participant, by its adoption of this Indenture, agrees that the Trustees may, without the necessity of a formal meeting of the Trustees, temporarily suspend the right of redemption or postpone the date of payment for withdrawal of funds from the Trust for the whole or any part of any period;

(a) During which there shall have occurred any state of war, national emergency, act of God, banking moratorium or suspension of payments by banks in the State of North Carolina or any general suspension of trading or limitation of prices on the New York Stock Exchange or the Nasdaq Stock Market (other than customary week-end and holiday closing); or

(b) During which any emergency situation exists, as a result of which disposal by the Trust of Trust Property is not reasonably practicable because of the substantial losses which might be incurred, or it is not reasonably practicable for the Trust fairly to determine the value of its net assets.

Such suspension or postponement shall not alter or affect a Participant's beneficial interest hereunder or the accrued interest and earnings thereon. Such suspension or payment shall take effect at such time as the Trustees shall specify but not later than the close of business on the business day next following the declaration of suspension, and thereafter there shall be no right of redemption or payment until the Trustees shall declare the suspension or postponement at an end, except that the suspension or postponement shall terminate in any event on the first day on which the period specified in subsection (a) or in this subsection (b) shall have expired, as to which the determination of the Trustees shall be conclusive. In the case of a suspension of the right of redemption or a postponement of payment to a Participant, a Participant may either (i) withdraw its request for redemption or (ii) receive payment based on the net asset value next determined after the termination of the suspension.

7.6 Redemptions to Reimburse Trust for Loss on Nonpayment for Shares or for Other Charges. The Trustees shall have the power to redeem Shares owned by any Participant to the extent necessary (i) to reimburse the Trust for any loss it has sustained by reason of the failure of such Participant to make full payment for Shares purchased by such Participant, or (ii) to collect any charge relating to a transaction effected for the benefit of such Participant which is applicable to Shares as provided in the Information Statement. Any such redemption shall be effected at the redemption price determined in accordance with Section 7.4. hereof.

7.7 Redemptions Pursuant to Constant Net Asset Value Policy. The following provisions shall apply to any series or portfolio of investments of the Trust during any period that the Trustees, in their discretion, establish a policy of maintaining a constant net asset value per Share. If for any reason the net income of the Trust attributable to such Shares invested in the same portfolio shall, at the time of any determination thereof in accordance with the provisions set forth in the Information Statement be a negative amount, then the Trustees shall have power to cause the number of outstanding Shares of such series or portfolio to be reduced by requiring each Participant to contribute to the capital of the Trust such Participant's proportionate part of the total number of Shares which have an aggregate current net asset value equal as nearly as may be practicable to the amount of the Trust's net loss in respect of such series or portfolio. Each Participant, by becoming a registered holder of Shares, agrees to make any such contribution which may be required.

7.8 Redemptions in Kind. Payment for Shares redeemed pursuant to Section 7.4. may, at

the option of the Trustees, or such officer or officers as they may duly authorize for the purpose, in their complete discretion be made in cash, or in kind, or partially in cash and partially in kind. In case of payment in kind, the Trustees, or their delegate, shall have absolute discretion as to what security or securities shall be distributed in kind and the amount of the same, and the securities shall be valued for purposes of distribution at the figure at which they were appraised in computing the net asset value of the Shares.

7.9 Defective Redemption Requests. In the event that a Participant shall submit a request for the redemption of a greater amount than is then allocated to such Participant, such request shall not be honored and, each Participant, by its adoption of this Indenture, agrees that the Trustees shall have full and complete power to redeem no more than the proportionate amount allocated to such Participant, at a redemption price determined in accordance with Section 7.4 hereof, sufficient to reimburse the Trust for any fees, expenses, costs or penalties actually incurred by the Trust as a result of such defective redemption request.

7.10 Series or Class Designations. The Trustees, in their discretion, may authorize the division of Shares into two or more series, and within a series into two or more classes, and the different series or classes shall be established and designated, and the variations in the relative rights and preferences as between the different series or classes within a series shall be fixed and determined by the Trustees; provided that, all Shares shall be identical except there may be variations so fixed and determined between different series or classes within a series as to purchase price, right of redemption and the price, terms and manner of redemption, special and relative rights as to distributions on liquidation, conversion rights, and conditions under which the several series or classes shall have separate voting rights and separate investment restrictions.

ARTICLE VIII - RECORD OF SHARES

8.1 Share Register. The Share Register shall be kept by or on behalf of the Trustees, under the direction of the Trustees, and shall contain (i) the names and addresses of the Participants (including both a post office address for regular United States mail and a valid electronic mail address), (ii) the number of Shares representing their respective beneficial interests hereunder, and (iii) a record of all allocations and redemptions thereof. Such Share Register shall be conclusive as to the identity of the Participants to which the Shares are allocated. Only Participants whose allocation of Shares are recorded on such Share Register shall be entitled to receive distributions with respect to Shares or otherwise to exercise or enjoy the rights and benefits related to the beneficial interest hereunder represented by the Shares. No Participant shall be entitled to receive any distribution, nor to have notices given to it as herein provided, until it has given its appropriate address to such officer or agent of the Trust who shall keep the Share Register for entry thereon.

8.2 Registrar. The Trustees shall have full and complete power to employ a registrar. Unless otherwise determined by the Trustees the Share Register shall be kept by the Administrator which shall serve as the registrar for the Trust. The registrar shall record the original allocations of Shares in the Share Register. Such registrar shall perform the duties usually performed by registrars of certificates and shares of stock in a corporation, except as such duties may be modified by the Trustees.

8.3 Owner of Record. No Person becoming entitled to any Shares in consequence of the merger, reorganization, consolidation, bankruptcy or insolvency of any Participant or otherwise, by operation of law, shall be recorded as the Participant to which such Shares are allocated and shall only be entitled to the redemption value of such Shares. Until the Person becoming entitled to such redemption value shall apply for the payment thereof and present any proof of such entitlement as the Trustees may in their sole discretion deem appropriate, the

Participant of record to which such Shares are allocated shall be deemed to be the Participant to which such Shares are allocated for all purposes hereof, and neither the Trustees nor the registrar nor any officer or agent of the Trust shall be affected by any notice of such merger, reorganization, consolidation, bankruptcy, insolvency or other event.

8.4 No Transfers of Shares. The beneficial interests measured by the Shares shall not be transferable, in whole or in part, other than to a Local Government, or the Trust itself for purposes of redemption. Any attempted transfer to any other Person shall be void and of no effect.

8.5 Limitation of Fiduciary Responsibility. The receipt of the Participant in whose name any Share is recorded or of any party or agent in whose name any Share is recorded for the benefit of the Participant shall be a sufficient discharge for all moneys payable or deliverable in respect of such Shares and from all liability to see to the proper application thereof.

8.6 Notices. Any and all notices to which Participants are hereunder entitled and any and all communications shall be deemed duly served or given if (a) mailed, postage prepaid, addressed to Participants of record at their last known post office addresses, or (b) sent by electronic mail addressed to the Participants of record at their last known electronic mail address, in each case as recorded in the Share Register provided for in Section 8.1 hereof. Copies of such notices shall be provided to the Participant's Designee.

ARTICLE IX – RECORDS AND REPORTS

9.1 Inspection of Records. The records of the Trust shall be open to inspection by any Participant at all reasonable business hours. The Trustees shall use their best efforts to communicate administrative and investment decisions to Participants through a website to be established by the Trust.

9.2 Reports. The Trustees shall cause to be prepared at least annually: (i) a report or statements of financial operations of the Trust; (ii) an opinion of an independent certified public accountant on such report or financial statements based on an examination of the books and records of the Trust; and (iii) such other information as may be required by N.C.G.S. or by rules and regulations promulgated thereunder. A signed copy of such report and opinion shall be filed with the Trustees within one hundred twenty (120) days after the close of the period covered thereby. The Trustees shall cause copies of the annual report to be delivered to the Participants of record within one hundred twenty (120) days after the close of the period covered thereby. In addition, the Trustees shall furnish to the Participants at least quarterly an interim report containing such information as may be required by statute or regulation.

ARTICLE X - TRUSTEES AND OFFICERS

10.1 Number, Qualification and Succession of Trustees.

(a) The governing body of the Trust shall be the Board of Trustees, the membership of which shall be determined as herein provided and as provided in the Bylaws.

(b) The number of Trustees shall be fixed from time to time by resolution of the Trustees; provided that, the number of Trustees shall be at no time less than three (3) or more than seven (7). No reduction in the number of Trustees shall have the effect of removing any Trustee from office prior to the expiration of his or her term.

(c) The Trustees may be comprised of designees of the Participants ("Designees") and non-designees. Any Trustee who at the time of election or appointment is not a designee of a Participant is referred to herein as a "Non-Designee." The Trustees shall have the discretion to qualify Non-Designees based upon their professional experience and expected benefit to serving the interests of the Participants. A majority of the Trustees must be Designees. Designees from Participants must have representation from at least one (1) County and one (1) Municipal government. The number and qualifications of Non-Designee Trustees shall be as provided in the Bylaws. If a Designee of a Participant serves as a Trustee, and ceases to be a Designee, such person shall no longer be qualified to serve as a Trustee, and shall not, by virtue of ceasing to qualify as a Designee, be deemed to be a Non-Designee Trustee. The Trustees shall be natural persons.

(d) Trustees shall be elected or appointed as provided in Section 10.4 hereof. No such election or appointment shall become effective, however, until the elected or appointed person qualifies for such office by delivering to the President of the Board of Trustees a writing signed by him or her (i) accepting such election or appointment, and (ii) agreeing to be bound by the terms of this Indenture. Qualification must be completed within twenty (20) days after such person is notified of his or her appointment or election, and failure to meet this requirement shall void the appointment or election.

(e) Whenever a vacancy in the number of Trustees shall occur until such vacancy is filled, the Trustees or Trustee continuing in office, regardless of their number, shall have all the powers granted to the Trustees and shall discharge all the duties imposed upon the Trustees by this Indenture.

(f) Upon the appointment or election and qualification of any person to the office of Trustee, the Trust Property shall vest in such new Trustee without necessity of any further act or conveyance.

10.2 Signatory Local Government Units and Trustees. In accordance with Section 10.1(b), by the execution of this Indenture, the Signatory Local Government Units appoint the following persons as initial Trustees (the "Initial Trustees") for a Term of five (5) years: [Emily Lucas], and [Don Warn].

The Initial Trustees shall have all the powers of Trustees provided herein and shall have the power to appoint up to five (5) additional Trustees, to serve until the Board of Trustees has been elected in accordance with Section 10.4 hereof.

10.3 Vacancies.

(a) A Trustee's office shall be deemed vacant upon the occurrence of any one of the following events:

(i) If a person who was duly appointed or elected fails, neglects or refuses to qualify for office within twenty (20) days after the date he or she is notified of such appointment or election;

(ii) If a person who was duly appointed submits a written resignation to the Board of Trustees;

(iii) If a person who was duly appointed becomes disabled or dies during his or her term of office, or for whom a guardian or conservator has been appointed;

(iv) If a person who was duly appointed ceases to meet the requirements for the office of Trustee, as provided herein and in the Bylaws;

(v) If a person who was duly appointed is convicted of a felony or is or becomes the subject of an Order for Relief entered pursuant to the United States Bankruptcy Code (11 U.S.C. § 101 *et seq.*);

(vi) If a court of competent jurisdiction voids the appointment or removes a person duly appointed for any cause whatsoever, but only after his or her right to appeal has been waived or otherwise exhausted; or

(vii) If the person who was duly appointed is removed from office pursuant to Section 10.5 hereof.

(b) No vacancy in the office of any Trustee shall operate to annul this Indenture or to revoke any existing agency created pursuant to the terms of this Indenture, and title to any Trust Property held in the name of such Trustee and the other Trustees or otherwise, shall, in the event of a vacancy in the office of such Trustee, vest in the continuing or surviving Trustees without necessity of any further act or conveyance. In the case of a vacancy, the majority of the Board of Trustees continuing in office acting by resolution, may fill such vacancy.

10.4 Elections and Appointments; Term of Office.

(a) Trustees are appointed or elected for overlapping terms of three years by a vote of the Participants holding at least a majority of the outstanding Shares present and entitled to vote at an annual meeting or voting in an annual vote of Participant, herein called an "Annual Election." At any time the Board changes the number of Trustees it shall by the same action specify the number of three-year terms to be filled at the next Annual Election, but shall maintain as nearly equal as possible the number of three-year terms to be filled at each subsequent Annual Election. Trustees may succeed themselves in office. Candidates shall be nominated as provided in the Bylaws. The candidate(s) with the highest number of votes will be elected. The Board of Trustees shall, at the next meeting following the election, review the election returns and declare the appropriate candidate(s) elected.

(b) A Trustee remains in office until a vacancy occurs in his or her office as provided in Section 10.3 hereof, or until his or her successor is duly appointed and qualifies for office.

10.5 Resignation and Removal.

(a) Any Trustee may resign (without need for prior or subsequent accounting) by an instrument in writing signed by him or her and delivered to the President and such resignation shall be effective upon such delivery or at a later date according to the terms of the notice.

(b) Any Trustee may be removed with or without cause by action of two-thirds of the other Trustees.

(c) Upon ceasing to be a Trustee, such person shall execute and deliver such documents as the remaining Trustees shall require for the purpose of conveying to the Trust or the remaining Trustees any Trust Property held in the name of the resigning or removed Trustee. Upon the incapacity or death of any Trustee, his or her legal representative shall execute and deliver on his or her behalf such documents as the remaining Trustees shall require as provided in the preceding sentence.

10.6 Officers and Advisers. The Trustees shall annually designate a President who shall be the Chief Executive Officer of the Trust and a Vice President, who shall have such duties as the Trustees shall deem advisable and appropriate. The Trustees may elect or appoint, from among their number or otherwise, a Treasurer and a Secretary, who shall have such powers, duties and responsibilities as the Trustees may deem to be advisable and appropriate. The Trustees may elect or appoint, from among their number or otherwise, or may authorize the President to appoint, one or more Assistant Secretaries and Assistant Treasurers, and such other officers or agents, who shall have such powers, duties and responsibilities as the Trustees may deem to be advisable and appropriate. Two or more offices, except those of President and Vice President, may be held by the same person.

10.7 Bylaws; Quorum of Trustees.

(a) The Trustees may adopt and, from time to time, amend or repeal Bylaws for the conduct of the business of the Trust, and in such Bylaws, among other things, may define the duties of the respective officers, agents, employees and representatives of the Trust. Notwithstanding the foregoing, absent adoption of Bylaws addressing the same, the Trustees may define the duties of the respective officers, agents, employees and representatives of the Trust, and such other matters regarding administration of the Trust not specifically addressed in this Indenture, by resolution of the Board of Trustees.

(b) A quorum for the purposes of any meeting or vote of the Trustees shall consist of a majority of the Trustees entitled to vote at a meeting of the Board of Trustees.

ARTICLE XI - DETERMINATION OF NET ASSET VALUE AND NET INCOME: DISTRIBUTIONS TO PARTICIPANTS

11.1 Net Asset Value. The net asset value of each allocated Share of the Trust shall be determined by the method and frequency established by the Trustees and shall be set forth in an Information Statement as the same may be amended from time to time. The duty to make the calculations may be delegated by the Trustees to the Adviser, the Administrator, the Custodian or such other person as the Trustees by resolution may designate.

11.2 **Retained Reserves.** The Trustees may retain from the earnings of the Trust such amount as they may deem necessary to pay the debts and expenses of the Trust and to meet other obligations of the Trust, and the Trustees shall also have the power to establish such reasonable reserves from earnings as they believe may be required to protect the Trust and the Participants against contingent liabilities.

ARTICLE XII – CUSTODIAN

12.1 **Duties.** The Trustees shall employ a bank, savings and loan association or trust company in the State of North Carolina or otherwise in accordance with N.C.G.S. Section 159-31 as Custodian with authority as its agent, but subject to such restrictions, limitations and other requirements, if any, as may be contained in this Indenture, the Bylaws of the Trust or otherwise determined by resolution of the Board of Trustees, to perform the duties set forth in the Custodian Agreement to be entered into between the Trust and the Custodian.

12.2 **Appointment.** The Trustees shall have the power to select and appoint the Custodian for the Trust. The Custodian Agreement may be terminated at any time without cause and without the payment of any penalty by the Trust on not less than sixty (60) days' written notice to the Custodian.

12.3 **Disbursement and Collection Agent.** The Trustees may also authorize the employment of a Disbursement and Collection Agent from time to time to perform acts and services upon such terms and conditions, as may be agreed upon between the Custodian and said agent and approved by the Trustees; *provided, however*, that, in every case, such Disbursement and Collection Agent shall be a bank, savings and loan association or trust company duly organized in the State of North Carolina or otherwise in accordance with N.C.G.S. Section 159-31.

12.4 **Successors.** In the event that at any time the Custodian or the Disbursement and Collection Agent shall resign or shall be terminated pursuant to the provisions of the Custodian Agreement or disbursement and Collection Agreement, the Trustees shall appoint a successor thereto.

ARTICLE XIII - RECORDING OF INDENTURE

13.1 **Recording.** This Indenture and any amendments hereto shall be filed, registered, recorded or lodged as a document of public record in such place or places and with such official or officials as may be required by law or as the Trustees may deem appropriate. An amended Indenture, containing or restating the original Indenture and all amendments theretofore made, may be executed any time or from time to time by a majority of the Trustees and shall, upon filing, recording or lodging in the manner contemplated hereby, be conclusive evidence of all amendments contained therein and may thereafter be referred to in lieu of the original Indenture and the various amendments thereto.

ARTICLE XIV - AMENDMENTS TO INDENTURE AND PERMITTED INVESTMENTS LIST; TERMINATION OF TRUST; DURATION OF TRUST

14.1 Amendment to Indenture or Permitted Investments List; Termination.

(a) The provisions of this Indenture may be amended or altered, or the Trust may be terminated, by a vote of the Participants pursuant to Section 2.7 hereof. The Trustees may, from time to time by a two-thirds vote of the Trustees, and after 45 days prior written notice to the Participants, amend or alter the provisions of the Indenture, without the vote or assent of the Participants, which the Trustees, in good faith deem necessary or convenient for the administration and operation of the Trust, to establish and designate additional series or portfolios pursuant to Section 7.10 hereof, or to the extent deemed by the Trustees in good faith to be necessary to conform this Indenture to the requirements of applicable laws or regulations or any interpretation thereof by a court or other governmental agency of competent jurisdiction, but the Trustees shall not be liable for failing so to do. Notwithstanding the foregoing, no amendment may be made pursuant to this Section which would:

(i) change any rights with respect to any allocated Shares of the Trust by reducing the amount payable thereon upon liquidation of the series or portfolio or which would diminish or eliminate any voting rights of the Participants, except with the vote or written consent of Participants holding at least two-thirds of the Participants Shares entitled to vote thereon;

(ii) Cause any of the investment restrictions contained herein to be less restrictive except with the vote or written consent of Participants holding at least a majority of the Participants Shares entitled to vote thereon;

(iii) Change the limitations on personal liability of the Participants and Trustees except with the vote or written consent of Participants holding at least two-thirds of the Shares entitled to vote thereon; or

(iv) Change the prohibition of assessments upon Participants except with the vote or written consent of Participants holding at least two-thirds of the Shares entitled to vote thereon.

A certification signed by a majority of the Trustees setting forth an amendment and reciting that it was duly adopted by the Participants or by the Trustees or a copy of the Indenture, as amended, executed by a majority of the Trustees, shall be conclusive evidence of such amendment.

(b) The Trust may be terminated by the vote of the majority of authorized Trustees, subject to the vote or written consent of Participants holding at least a majority of the Shares. Upon the termination of the Trust pursuant to this Section 14.1(b), (i) the Trust shall carry on no business except for the purpose of winding up its affairs, (ii) the Trustees shall proceed to wind up the affairs of the Trust and all of the powers of the Trustees under this Indenture shall continue until the affairs of the Trust shall have been wound up, including, without limitation, the power to fulfill or discharge the contracts of the Trust, collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining Trust Property to one or more Persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities, and do all other acts appropriate to liquidate its affairs, provided, however, that any sale, conveyance, assignment, exchange, transfer, or other disposition of all or substantially all of the Trust Property shall require approval of the

principal terms of the transaction and the nature and amount of the consideration by affirmative vote of not less than a majority of the Trustees entitled to vote thereon, and (iii) after paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and refunding agreements as they deem necessary for their protection, the Trustees may distribute the remaining Trust Property, in cash or in kind or partly in each, among the Participants according to their respective proportionate allocation of Shares.

(c) Upon termination of the Trust and distribution to the Participants as herein provided, a majority of the Trustees shall execute and lodge among the records of the Trust an instrument in writing setting forth the fact of such termination, and the Trustees shall thereupon be discharged from all further liabilities and duties hereunder, and the right, title and interest of all Participants shall cease and be cancelled and discharged.

(d) A certification in recordable form signed by a majority of the Trustees setting forth an amendment and reciting that it was duly adopted by the Trustees as aforesaid or a copy of the Indenture, as amended, in recordable form, and executed by a majority of the Trustees, shall be conclusive evidence of such amendment.

14.2 Duration. The Trust shall continue in existence in perpetuity, subject in all respects to the provisions of this Article XIV.

14.3 Distribution upon Termination. Upon the termination of the Trust, the Trustees shall, after paying or making provision for the payment of all of the liabilities of the Trust, dispose of all of the assets of the Trust exclusively for the purposes of the Trust, in such manner, or to such organization(s) organized and operated exclusively for charitable or educational purposes as shall at the time qualify as an exempt organization(s) under Section 501(c)(3) of the Code, or the corresponding provisions of any subsequent federal tax laws, as the Trustees shall determine. Any such assets not so disposed of shall be disposed of by the court of general jurisdiction in the county in which the principal office of the Trust is then located, exclusively for such purposes or to such organization or organizations as such court shall determine.

ARTICLE XV – MISCELLANEOUS

15.1 Governing Law. This Indenture is executed by the Signatory Local Government Units and delivered in the State of North Carolina and with reference to the laws thereof, and the rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State of North Carolina (without regard to its conflicts of law rules). Venue for any dispute, breach or other legal action relating to the interpretation or implementation of this Indenture shall lie in a court of competent jurisdiction in the State of North Carolina.

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

15.3 Reliance by Third Parties. Any certificate executed by an individual who according to the then current records of the Trust appears to be a Trustee, the Secretary or

the Treasurer of the Trust, certifying to (a) the number or identity of Trustees or Participants, (b) the due authorization of the execution of any instrument or writing, (c) the results of any vote of Trustees or Participants, (d) the fact that the number of Trustees or Participants present at any meeting or executing any written instrument satisfies the requirements of this Indenture, or the form of any Bylaws adopted by, or the identity of any officers or any facts which in any manner relate to the affairs of the Trust, shall be conclusive evidence as to the matters so certified in favor of any Person dealing with the Trustees or any of them or the Trust and the successors of such Person

15.4 Provisions in Conflict with Law. The provisions of this Indenture are severable, and if the Trustees shall determine with the advice of counsel that any one or more of such provisions are in conflict with applicable federal or North Carolina laws, those conflicting provisions shall be deemed never to have constituted a part of this Indenture, *provided, however*, that such determination by the Trustees shall not affect or impair any of the remaining provisions of this Indenture or render invalid or improper any action taken or omitted (including, but not limited to, the election of Trustees) prior to such determination.

15.5 Section Headings. Any headings preceding the text of the several Articles and Sections of the Indenture and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall neither constitute a part of this Indenture nor affect its meaning, construction or effect.

15.6 Adoption by Local Government Unit; Written Investment Policies of Participants; Resignation and Withdrawal of Participants.

(a) Any Local Government Unit meeting the requirements hereof may become a Participant of this Trust by (i) taking all required official action to adopt to a Resolution authorizing the execution of this Indenture including, without limitation, adopting or otherwise having in effect a written investment policy consistent with this Indenture and the Permitted Investments list or amending or modifying any existing written investment policy not consistent with this Indenture or the Permitted Investments list, and (ii) furnishing the Trustees with satisfactory evidence that such official action has been taken. A copy of this Indenture may be adopted by executing a written instrument of adoption in such form as may be prescribed by the Trustees. Delivering an acknowledged copy of such instrument shall constitute satisfactory evidence of the adoption contemplated by this Section.

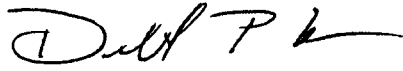
(b) By joining in or adopting this Indenture, each Participant agrees that it will maintain a written investment policy consistent with the provisions of this Indenture and the Permitted Investments list, as each of the same is amended from time to time.

(c) Any Participant may resign and withdraw from the Trust by sending a written notice to such effect to the President of the Trust and the Administrator and by requesting the redemption of all Shares then held by it or in accordance with any other procedure authorized by the Board of Trustees. Such resignation and withdrawal shall become effective upon the receipt thereof by the President of the Trust and the Administrator. No resignation and withdrawal by a Participant shall operate to annul this Indenture or terminate the existence of the Trust.

[Signatures appear on next page]

IN WITNESS WHEREOF, the undersigned Local Government Units of the State of North Carolina acting in the capacity of Signatory Local Government Units of the Trust have executed this Indenture together with the Trustees by the execution of the addenda, which are attached to this Indenture. By the execution of the addenda, the respective Trustees and Signatory Local Government Units are intending to adopt and be bound by the terms of this Indenture.

Buncombe County

By: 

Name: Donald Warn

Title: Finance Director/CFO

Wake County

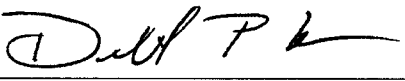
By: 

Name: Emily Lucas

Title: Chief Financial Officer

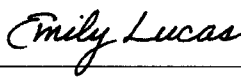
Addendum 1 – Initial Trustees

IN WITNESS WHEREOF, the undersigned Trustees have caused this Indenture of Trust to be executed as of the date first herein above set forth.

By: 

Name: Donald Warn

Title: Finance Director/CFO, Buncombe County

By: 

Name: Emily Lucas

Title: Chief Financial Officer, Wake County

By: _____

Name:

Title:

By: _____

Name:

Title:



Gaston County

Gaston County
Board of Commissioners
www.gastongov.com

Finance Board Action

File #: 23-054

Commissioner Worley - Finance - To Approve a Resolution for Gaston County to Participate in the North Carolina Investment Pool as Permitted by and Pursuant to NC General Statute Relating to a Commingled Investment Pool

STAFF CONTACT

Tiffany Murray - Finance - 704-866-3032

BUDGET IMPACT

N/A

BUDGET ORDINANCE IMPACT

N/A

BACKGROUND

It is the intent of the County that public funds will be invested to the extent possible to reduce the need for property tax revenues. Funds will be invested with the chief objectives of safety of principal, liquidity, and yield, in that order. All deposits and investments of County funds will be in accordance with N.C.G.S. 159-30. N.C.G.S. 159-30 (c)(10) allows for local governments to invest in a commingled investment pool established by interlocal agreement by two or more units of local government pursuant to G.S. 160A-460 through G.S. 160A-464, if the investments of the pool are limited to those qualifying for investment under this subsection (c). This resolution will allow the County the opportunity to participate in the investment pool and diversify the investment portfolio.

POLICY IMPACT

N/A

ATTACHMENTS

Resolution; NCIP Information Statement; NCIP Indenture of Trust

DO NOT TYPE BELOW THIS LINE

I, Donna S. Buff, Clerk to the County Commission, do hereby certify that the above is a true and correct copy of action taken by the Board of Commissioners as follows:

NO.	DATE	M1	M2	CBrown	CCloninger	AFraley	BHovis	KJohnson	TKelcher	RWorley	Vote
2023-061	02/28/2023	TK	KJ	A	A	A	A	A	A	A	U

DISTRIBUTION:

Laserfiche Users

A=AYE, N=NAY, AB=ABSENT, ABS=ABSTAIN, U=UNANIMOUS