

North Carolina Department of State Treasurer
Deposit Agreement for Investment in Ancillary Governmental Participant Investment Program
(“AGPIP”)

Equity Index Fund Pursuant to N.C.G.S. § 147-69.2(b) (8)
Bond Index Fund Pursuant to N.C.G.S. §§ 147-69.2(b)(1)-(6)
and/or

Short-Term Investment Fund Pursuant to N.C.G.S. §§ 147-69.1(c) and 147-69.2(b)(1)

WHEREAS, pursuant to the North Carolina General Statutes, certain public entities that are not part of the North Carolina Retirement System, each an Ancillary Governmental Participant (“Participant”), may deposit monies (“Monies”) with the Treasurer of the State of North Carolina (“Treasurer”), who in turn will invest the Monies.

WHEREAS, pursuant to N.C.G.S. §§ 147-69.2(b2), 147-69.2(b4), 147-69.2(b5), or 147-69.2(d), or 147-69.5 or other such enabling legislation authorizing Participant to invest in AGPIP, certain Participants are authorized to direct the Treasurer as to the allocation of their investments;

WHEREAS, each Participant is exempt from federal income tax under Section 115 of the Internal Revenue Code of 1986 (“Code”), as amended, and the Constitution of the United States as an organization performing an essential government function or as an organization owned by an instrumentality of the State of North Carolina;

NOW THEREFORE, in consideration of the mutual promises and agreements herein contained, the parties hereto agree as follows:

Section 1. General. The undersigned Participant understands, agrees, and acknowledges that it may deposit Monies from time to time with the Treasurer. Subject to the restrictions of the Participant’s enabling legislation limiting the Participant’s investment options, these Monies may be held and invested in one or more of the following: (i) a portfolio of primarily equity securities (“Equity Index Fund” or “EIF”) as permitted by N.C.G.S. § 147-69.2(b)(8); (ii) a portfolio of fixed income instruments (“Bond Index Fund” or “BIF”) as permitted by N.C.G.S. §§ 147-69.2(b)(1) through (6) and/or (iii) certain other fixed income instruments as permitted by N.C.G.S. § 147-69.2(b)(1) (“Short-Term Investment Fund” or “STIF”).

The undersigned Participant understands and acknowledges that investments in the EIF are to be effected through investments made by the Treasurer in individual, common, or collective trust funds of banks, trust companies, and group trust funds of investment advisory companies as long as the investment manager has assets under management of at least \$100 million. The trustee of each such third-party trust (“Third-party Trustee”) shall be appointed by the Treasurer. The undersigned Participant further understands and acknowledges that investments in the BIF are effected through third-party investment management, custodial, and brokerage arrangements. The STIF is to be managed internally by the Treasurer and utilizes third-party custodial and brokerage arrangements.

The undersigned Participant understands, agrees and acknowledges that if the Participant is a Local Government Other Post-Employment Benefits Trust (“OPEB Trust”) established pursuant to N.C.G.S. § 150-30.1 or Local Government Law Enforcement Officer Special Separation Allowance Trust (“LEOSSA”

Trust”) established pursuant to N.C.G.S. §§ 147-69.5 and 159-30.2, the Participant has established an irrevocable trust by resolution or ordinance of the entity’s governing board. The resolution or ordinance states the purpose for which the OPEB Trust or LEOSSA Trust is created and the method for determining and selecting the trustees.

Section 2. Representations and Warranties. As a condition to its investment, the Participant acknowledges, represents, warrants and agrees that:

- a) The Participant recognizes that it is indirectly investing in equity securities (if the Participant is eligible for the EIF), debt instruments (if the Participant is eligible for the BIF) and/or short-term fixed income investments. BIF, EIF, and/or STIF may lose money over short or long periods of time as they are not bank deposits, are not guaranteed by the State of North Carolina, the Treasurer, or any private sector entity, and may lag the rate of inflation. Neither BIF, EIF, nor STIF is necessarily a complete investment program and returns may lag the returns of a balanced portfolio with comparable risk. BIF and EIF provide only limited liquidity and, Monies invested in the BIF and EIF should not be needed for immediate disbursement. The Participant recognizes that investments in EIF, BIF, and/or STIF are subject to, among other things: general equity and bond market investment risks (including, but not limited to, the risk of the loss of capital); investment manager risk (including, but not limited to, the risk that poor security selection by the manager will cause the investment to underperform relevant to benchmarks or other investments with similar objectives); interest rate risks; credit risks (including, where applicable, custodial credit risks, which is the risk that in the event of the failure of the counterparty, the Treasurer will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party); pre-payment risk; foreign equity risk; emerging market risk; and derivatives risk.
- b) The Participant is aware of, understands, and accepts all of the risk factors, including transition risk, related to investments in EIF, BIF, and/or STIF, as applicable.
- c) The Participant is able to bear the economic risk of investments in EIF, BIF and/or STIF, as applicable.
- d) The Participant has such knowledge and experience in financial and business matters that the Participant is capable of evaluating the merits and risks of an investment in the EIF, BIF and/or STIF.
- e) The Participant is solely responsible for determining the suitability of and the statutory authorization for its investment in the EIF, BIF, and/or STIF, as applicable. The Participant is solely responsible for determining the allocation of its investment between any of the EIF, BIF, and/or STIF, as applicable. Allocations shall be set forth on the deposit/withdrawal form and signed by a duly authorized representative of the Participant. The Participant acknowledges that the Treasurer shall not rebalance the Participant’s allocation on an ongoing basis in order to maintain the initial percentage allocation made by the Participant. The Participant shall be responsible for reviewing its monthly statements to determine if a rebalance is necessary and shall direct the Treasurer if such rebalance is to be effected. The Participant is responsible for directing the Treasurer as to the source and manner of any rebalancing.
- f) Its investment in the EIF, BIF, and/or STIF, as the case may be, is permissible under the Participant’s North Carolina statutory authority, is suitable for the Participant based upon its other

securities holdings, financial situation, liquidity requirements and that the Participant has adequate means of providing for possible contingencies.

- g) The Participant understands that it is not permitted to sell, transfer, or assign any of its investment. In order to liquidate its investment, the Participant will be required to follow the procedures described in Section 4 of this Deposit Agreement. The Participant understands and acknowledges that the Treasurer will use reasonable efforts when transferring money from one investment to another and that the risk of any decline in the value of an investment in EIF, BIF, and/or STIF during the interval between any permitted withdrawal date, as further described in Section 4 of this Deposit Agreement, is borne by the Participant.
- h) The Treasurer may at any time in its sole discretion change requirements for deposits, withdrawals, and transfers applicable to Participant accounts should the Treasurer in good faith determine that such changes would be in the collective interest of the EIF, BIF, and/or STIF.
- i) Further, the Participant acknowledges, represents, warrants and agrees that (i) it is exempt from federal income tax under Section 115 of the Code and the Constitution of the United States as an organization performing an essential government function or as an organization owned by an instrumentality of the State of North Carolina; (ii) the investment by the Participant described herein has been duly authorized by all necessary corporate action of the Participant; (iii) the Participant has the requisite corporate power and authority to execute and deliver this document and to deposit the Monies for investment as described herein; (iv) for any Participant authorized to invest with the Treasurer in the EIF, the Treasurer has the power and authority under N.C.G.S. § 147-69.2(b)(8) and applicable law to appoint a Third-party Trustee or Third-party Trustees to hold the monies and assets of the Participant; and (v) the Monies are public funds authorized by North Carolina and Federal law for deposit and investment with the Treasurer.
- j) This Deposit Agreement and the Enrollment Packet for the BIF, STIF, and EIF are not intended to constitute investment advice or the offering of an investment product. The Treasurer is undertaking statutory responsibility set out in N.C.G.S. § 147-69.3. There is no agreement or understanding between the Treasurer and any Participant under which the latter receives advice from the Treasurer concerning investments which are to be used as a primary basis for the Participant's investment decisions relating to the BIF, EIF, or STIF.
- k) (1) The BIF, EIF, and STIF can have liquidity limitations, volatility of returns, and risk of loss, including the potential for loss of the principal invested; (2) that Treasurer is not providing investment advice to the Participant; (3) investing in the BIF, EIF of STIF is only suitable for participants who are willing to bear the economic risks of the investment; (4) the participant will carefully review and consider all potential risks and costs before enrolling and investing.
- l) The Treasurer has the discretion, without prior notice, to make changes to the EIF and BIF, including but not limited to external manager, fees, investment guidelines, or strategy.
- m) The Participant (i) is not subject to any sanctions administered or enforced by the United States Office of Foreign Assets Control, the United Nations Security Council, the European Union, or other relevant sanctions authority; and (ii) has not and will not transfer funds into an account which have been derived from activities subject to sanctions administered or enforced by the United States Office of Foreign Assets Control, the United Nations Security Council, the

European Union, or other relevant sanctions authority.

- n) The Participant signing below represents, warrants, and covenants the following:
- i) The Participant is a “Municipal Entity” as that term is defined under the Municipal Advisor Rules (Section 15B of the Securities Exchange Act of 1934, as amended, and the applicable rules thereunder (Rule 15Ba1 et. seq.));
 - ii) The Participant has information concerning the source of the funds that are in, or that will be contributed to, its AGPIP account (“AGPIP Funds”) and confirms that none of its AGPIP Funds constitutes “Proceeds of Municipal Securities” or “Municipal Escrow Investments” as those terms are defined under the Municipal Advisor Rules
- o) The Participant will notify the Treasurer immediately if it has reason to believe that any of the foregoing acknowledgements, representations, warranties, and agreements are or may cease to be true. The Participant acknowledges, represents, warrants, and agrees that the Treasurer may at any time in its sole discretion make a mandatory payout of Participant accounts should the Treasurer in good faith determine that such a payout would be in the collective interest of the EIF, BIF, and/or STIF, or if a Participant has breached the requirements of this Deposit Agreement, AGPIP, or applicable law.

Section 3. Fees. The Participant acknowledges, represents, warrants, and agrees that fees, expenses, and charges will be deducted from its accounts by the Treasurer. As permitted by N.C.G.S. § 147-69.3(f), the Treasurer may apportion the reasonable costs of administration, management, and operation directly among each of the EIF, BIF, and STIF, and such costs will not be itemized at the Participant level. Such costs may include without limitation internal and external investment management and administrative fees and expenses.

Section 4. Deposits and Withdrawals. In order for entities to participate in AGPIP, they must open a STIF account with the Treasurer (if they do not already have one) and fund the account. The STIF account is used to move Monies into and out of the investments in BIF and/or EIF (if eligible). STIF deposits must be made by 10 a.m. to receive same day credit, otherwise, credit will be made the following business day. Additional information regarding the establishment of a STIF account can be found in the Department’s Banking Services Handbook at <https://www.nctreasurer.com/media/3791/open>.

- a) *Minimum Account Balance.* The minimum balance to open a new account in either BIF or EIF will generally be \$100,000 in each account. The Treasurer reserves the right to establish a de minimis account value, close Participant accounts below such de minimis value, and transfer the proceeds of applicable Participant account balances to their STIF account.
- b) *Procedures for Deposits and Withdrawals.* Once all the required enrollment documents have been completed, received, and eligibility for BIF/EIF has been confirmed and the elected accounts opened, the Participant should email a deposit and withdrawal form to AGPIP@nctreasurer.com for all accounts. BIF/EIF transactions can only be made once a month and must be submitted no later than 5 business days prior to the end of the calendar month. Transactions received 5 business days prior to the end of the calendar month will be processed on the last business day of the month and monies will be available the second business day of the next month. Should the BIF/EIF deposit

and withdrawal form be received in less than five (5) business days prior to the month end, the participant must submit a new deposit/withdrawal form for the next month five (5) business days prior to the end of the calendar month.

- c) *Transfers or reallocations between STIF, BIF, and or EIF.* Transfers/reallocations between investments in STIF, BIF, and or EIF are permitted, subject to all of the limitations on deposits, withdrawals, and other procedural requirements provided in this Section 4.
- d) A deposit and withdrawal form is not effective until it is confirmed in an email from the Treasurer to the Participant. The Participant is responsible for contacting the Treasurer if it does not receive a confirmation email.

Section 5. RELIANCE BY THIRD-PARTY TRUSTEES. THE PARTICIPANT EXPRESSLY AGREES THAT ALL OF THE ACKNOWLEDGEMENTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS MADE HEREIN MAY BE RELIED UPON BY ANY THIRD-PARTY TRUSTEE APPOINTED BY THE TREASURER.

The undersigned Ancillary Governmental Participant has caused this Deposit Agreement to be executed by its Authorized Representative as of the date written below.

Ancillary Governmental Participant: Town of ABC (if OPEB or LEOSSA write in full name here)
(Type or Print)

By: Mr. Town Manager
Name (Type or Print)

Mr. Town Manager
Signature

Town Manager, CFO
Title

05/25/2022
Date

Authorized Representative
Name: Mr. Finance Director
Title: Finance Director
Address: 123 Any Street
Any Town, NC 27000
Tel: 919-814-0000
Fax:
E-mail: FDirector@anytown.com

Primary Contact (for statements and communications, if different from Authorized Representative)
Name: Admin for Director
Title: Administrative Assistant
Address: 123 Any Street
Any Town, NC 27000
Tel: 919-814-0001
Fax:
E-mail: PointofContact@anytown.com

Acknowledged and Agreed:
Signed by Department of State Treasurer
Authorized Representative of Department of State Treasurer
Date: _____