



Creation of Local Government Investment Pool

Presented by

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Local Government Investment Pool (LGIP)

- ✓ LGIPs are cooperative investment products designed primarily for the investment of short-term funds in securities allowed under state laws regarding government investments of local governments, school districts, municipal authorities, and other types of governments
- ✓ There are over 144 LGIPs nationally and the majority obtain a rating from a Nationally Recognized Statistical Ratings Organization (NRSRO)
- ✓ Currently the only option for local government units keeping idle funds liquid is their bank account or the North Carolina Capital Management Trust (NCCMT), so there a need for greater diversification for the investment of idle funds



Basic LGIP governance structure

**STAKEHOLDERS –
North Carolina
Local Government
Units**



GOVERNANCE



SERVICE PROVIDERS

Investor Focused Service Providers

Investment Advisor & Administrator

Transfer Agent

Marketing/Share Distributor

Independent Service Providers

Custodian Bank

Legal Counsel

Auditor



Steps in creating a LGIP

- ✓ Draft Resolution, Interlocal Agreement, and Indenture of Trust
- Execute Resolution and corresponding Interlocal Agreement to form a trust
- Formation of Board of Trustees and adopt bylaws
- Obtain investment advisor
- Select additional service providers
 - Legal counsel
 - Audit firm
 - Custodial bank
 - Transfer agent
- Obtain a credit rating



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Interlocal Agreement

- The Trust and the Indenture establish the LGIP agency empowered by the Board of Trustees
- The LGIP and the Indenture shall survive the termination of this Agreement by one or both parties, the purpose of this Agreement
- No officer, agent or employee of any Party will be subject to any personal liability or accountability by reason of the execution of this Agreement
- Only those Local Government Units subject to N.C. Gen. Stat. Chapter 159, which adopt the Indenture by resolution may become Participants in the Trust
- After the establishment of the LGIP and execution of the Resolution and Indenture, either Party may resign or withdraw from the Indenture



Questions?

