Creation of Local Government Investment Pool

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March 2, 2021
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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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?