



## Buncombe County Board of Commissioners

### Request for Board Action

**Meeting Date: 3/2/2021**

#### **New Business**

**Department:** Finance

**Presenter(s):** Don Warn

**Contact(s):** Don Warn

**Subject:** Creation of Local Government Investment Pool (LGIP)

**Brief Summary:** As a recap of the information presented to the Board of Commissioners on the creation of an LGIP at the December 7, 2020 Briefing meeting. LGIPs allowed by North Carolina State Statute, are cooperative investment products designed primarily for the investment of short-term idle cash of local governments, school districts, municipal authorities, and other types of governments.

Local governments typically invest their idle cash in State approved investment vehicles or keep it liquid by leaving the funds in the entities main bank or the North Carolina Capital Management Trust (NCCMT). Due to extremely low short-term interest rates, NCCMT has closed one of its funds, creating a need for more investment options to allow diversification of idle cash. This need can be satisfied through the creation of an LGIP.

LGIPs may be formed by two or more participating local government units entering into an Interlocal agreement for the creation of a trust. Governance of the trust is provided by the Board of Trustees that are elected by the participating members. The Trustees establish bylaws, provide oversight and contract with service providers for investment advisory services, legal counsel, audit and banking.

Finance staff have been working with their counterparts at Wake County on the creation of a new LGIP to provide an additional option for local government units to invest their idle cash. After meeting with the Local Government Commission (LGC) and NC Treasurer's legal staff twice, providing additional information and answers to their questions, Buncombe and Wake Counties are ready to move forward to create the LGIP. In order to form the LGIP, Buncombe County and Wake County need to execute a resolution authorizing the execution of an Interlocal Agreement to form a trust.

**Recommended Motion & Requested Action:** Approve the resolution authorizing execution of interlocal agreement creating a North Carolina investment pool and the accompanying Interlocal Agreement.

**County Manager's comments and Recommendation:** Approve resolution and interlocal agreement.