

AGENDA
North Carolina Land and Water Fund
Executive Committee Meeting
November 17, 2025, 1:00 p.m. – 4:00 p.m.

This meeting will be held via teleconference and will have a physical location on the 4th floor of the Nature Research Center located at 121 West Jones Street, Raleigh, NC in room 4508. If any member of the public would like to join the meeting via MS Teams or in person, please contact Terri Murray at teresa.murray@dncr.nc.gov or 919-707-9400 in advance for links or directions.

Committee Members:

John Wilson (Chair), Ann Browning, Jimmy Broughton, Clement Riddle

COMMENCEMENT

1) Call to Order (Chair)

a) Welcome

b) Roll call

c) Compliance with General Statute § 138A-15

General Statute § 138A-15 mandates that the Chair inquire as to whether any Trustee knows of any conflict of interest or the appearance of a conflict of interest with respect to matters on the agenda. If any Trustee knows of a conflict of interest or the appearance of a conflict of interest, please state so at this time.

d) Please put cell phones on vibrate or turn off, and if guests are joining remotely, mute your audio and turn off your video unless you are called upon to speak

e) Revisions, additions, and adoption of the agenda

f) Approval of committee meeting minutes from August 12, 2025

2) Executive Director's update (Will Summer)

PUBLIC COMMENTS

The public is invited to make comments to the committee (Chair)

The NCLWF Guidelines and Practices Manual states that comments shall be limited to subjects of business falling within the jurisdiction of the NCLWF. The NCLWF welcomes public comments on general issues. Comments will not be allowed on individual projects before the NCLWF for funding during the regular meeting. Comments will be limited to three minutes per person.

BUSINESS

1) Review of Guidelines and Practices

Staff will present suggested updates to the following items in the NCLWF Guidelines and Practices:

a) Review of MPP-001 Administrative Costs and Caps for Grant Contracts (Will Summer)

- b) Review of MPP-005 Guidelines Establishing Minimum Criteria (Will Summer)**
- c) Review of STW-003 Board Resolution to Establish Endowment (Will Summer)**
- d) Review of STW-004 Board Resolution to Invest Endowment (Will Summer)**
- e) Review of STW-005 NC Conservation Easement Endowment Fund Deposit Agreement (Will Summer)**

ADJOURNMENT

North Carolina Land and Water Fund Executive Committee Meeting Minutes

August 12, 2025, 1 :00 - 3:00 pm

The meeting was held via Teams with a physical location in the Nature Research Center, Room 4508. All Committee Members in attendance were on Teams.

Committee Members present: John Wilson, Jimmy Broughton, Ann Browning, Clement Riddle

Committee Members not present: None.

Additional Board Members present: Terry Shelton.

Staff Present: Will Summer, Terri Murray, Christina Benton, Damon Hearne, Donna Morris, Justin Mercer, Marissa Hartzler, Zoe Hansen Burnet, Ginny King

Visitors present (virtually): Sarah Noah, Mountain Valleys RC&D

Call to Order (John Wilson, Chair)

The meeting was called to order by John Wilson at 1:01 p.m.

1. Welcome
2. Compliance with General Statute § 138A-15
 - a. No conflicts of interest were noted.
3. Revisions, Additions and Adoption of the Agenda
 - a. Motion to approve the agenda was made by Ann Browning, seconded by Clement Riddle, and unanimously approved.

Executive Committee Minutes:

John Wilson asked if anyone had any questions or changes to the minutes. Ann Browning motioned to approve the minutes with no revisions and Jimmy Broughton seconded. Motion was approved unanimously.

Executive Director's Update (Will Summer)

Will Summer introduced our new business officer Ginny King and Terry Shelton, our new trustee. He gave updates on other trustee changes and agenda overview.

Public Comments

No public requests for comment.

Business

1) Available Funds (Terri Murray)

Terri Murray provided an overview of the available funds showing recurring funding and returned funds from last fiscal year. An approximation of the license plate revenue was also included in these amounts.

2) Consideration of additional funding through DEQ (Steve Bevington)

Steve Bevington presented an overview of additional NCDEQ funding that may be available for three 2025 applications. Ann Browning made the motion to recommend to the Board, Clement Riddle seconded. Motion passed unanimously. Jimmy Broughton had to step away from the meeting.

3) Consideration of additional funds for Hurricane Helene impacts (Damon Hearne)

Damon Hearne presented the request from Mountain Valleys RC&D for additional funds to address the increased demand for their program as a result of Hurricane Helene. Ann Browning motioned to recommend increasing the award of project 2024-417 by \$194,750 and to increase the scope. Second from Clement Riddle.

4) Allocation of funding for 2025 applications (Will Summer)

Will Summer presented how allocations have been handled in the past along with the current application breakdown by program type. He shared his concerns for deviating from the previous funding allocation. Clement Riddle motioned for 80% to acquisition and 20% to restoration, innovative stormwater, and planning grants. Ann Browning seconded. Motion passed unanimously.

Adjournment Motion made at 2:17 pm by Ann Browning, seconded by Jimmy Broughton, and unanimously approved.

Action Item

Staff member: Will Summer

Agenda Item 1a) MPP-001 Administrative Costs and Caps for Grant Contracts

Background

Since 2003, NCLWF has offered grant recipients reimbursement of administration costs associated with completing a NCLWF grant. State agencies are not eligible to apply for reimbursement for administrative costs under current practices, nor are other entities working on their behalf. Staff would like to amend this practice to clarify eligibility and allow for non-state organizations assisting with the project to be reimbursed.

As a Multiple Program Practice, the Acquisition Committee will also review markup on November 18 to discuss changes to reimbursement limits on this practice.

Staff recommendation

Add a section to the guidelines stating that State agencies are not eligible for reimbursement of administration costs incurred by state employees but that they may seek reimbursement for administration costs for non-State organizations assisting with the project.

Committee action needed

Approve, amend, or deny the staff recommendation and make a recommendation to the Board as appropriate.

Attachments: draft MPP-001 text (redline)

Multiple Program Guidelines and Practices:

Administrative Costs and Caps for Grant Contracts (MPP-001)

Background: The NCLWF recognizes that grant recipients incur administrative costs in the process of managing projects. The purpose of these Guidelines and Practices is to 1) clarify that only administrative costs directly necessary to the management of a NCLWF grant contract are reimbursable and 2) establish a cap on administrative costs for acquisition projects.

Guidelines and Practices:

1. Staff may approve requests for ~~Eligible~~ administration costs incurred during the course of project implementation. Eligible costs include the direct labor costs associated with progress reporting, reimbursement requests, and project scope, budget, and schedule management.
2. Costs not eligible for reimbursement include audits, direct phone costs, direct postage costs, grant recipient's overhead (indirect) cost, including, rent, utilities, insurance costs, facility costs, general office, general phone, and general postage costs.
- 2.3. State agencies are not eligible for reimbursement of administration costs incurred by state employees but may seek reimbursement for administration costs for non-state organizations assisting with the project.
- 3.4. For acquisition projects, the total amount to be reimbursed will be up to 10% of the total transaction costs (e.g., appraisal, survey, baseline documentation report, legal fees for preparation and recordation of easement) of the project not to exceed \$25,000.

Action Item**Staff member: Will Summer**

Agenda Item 1b) MPP-005 Guidelines Establishing Minimum Criteria**Background**

Our general statute specifies that NCLWF trustees establish guidelines for minimum criteria:

"§ 143B-135.242. North Carolina Land and Water Fund Board of Trustees: powers and duties.

(a) Allocate Grant Funds. – The Trustees shall allocate moneys from the Fund as grants. A grant may be awarded only for a project or activity that satisfies the criteria and furthers the purposes of this Part.

(b) Develop Grant Criteria. – The Trustees shall develop criteria for awarding grants under this Part..."

As this language is interpreted, NCLWF's criteria should be pass/fail metrics that would qualify projects for funding only if they meet a minimum threshold. In 2018, the board approved guidelines for this purpose, but slight legislative changes in the underlying purposes and criteria in our statute since then require these to be updated.

Staff have adjusted the guidelines to reflect the current statutory language and simplified the reference to prevent needing to revisit this again if similar changes are made in the future.

Staff recommendation

Update MPP-005 to be consistent with the statute per the attached redline.

Committee action needed

Approve, amend, or deny the staff recommendation and make a recommendation to the Board as appropriate.

Attachments: draft MPP-005 text (redline), draft MPP-005 text (clean)

Multiple Program Guidelines and Practices:

Guidelines Establishing Minimum Criteria Under G.S. § 143B-135.242 for Approval of Grants for Projects (MPP-005)

Background: In order for the North Carolina Land and Water Fund to approve the award of a grant for a project, the project must meet the minimum criteria stated in these Guidelines and Practices. If a project meets the minimum criteria, a grant may be awarded for the project, but neither the project nor the applicant is entitled to a grant. Whether or not a project that meets the minimum criteria in these Guidelines and Practices is awarded a grant is within the sound discretion of the North Carolina Land and Water Fund Board of Trustees taking into account all the purposes of Part 41 of Article 2 of Chapter 143B of the North Carolina General Statutes.

Guidelines and Practices:

In order for a project to be eligible for a grant, the project must meet the requirements of the following sections:

1. A Project must be submitted by an eligible applicant, per G.S. 143B-135.238.÷

2. ~~A State agency.~~

~~a. A local government unit.~~

~~b. A nonprofit corporation whose primary purpose is the conservation, preservation, or restoration of our State's cultural, environmental, or natural resources.~~

2. A Project must meet one of the purposes established for the Fund in G.S. 143B-135.234(c).÷

~~a. To acquire land for riparian buffers for the purposes of providing environmental protection for surface waters and urban drinking water supplies and establishing a network of riparian greenways for environmental, educational, and recreational uses.~~

~~b. To acquire conservation easements or other interests in real property for the purpose of protecting and conserving surface waters and enhancing drinking water supplies, including the development of water supply reservoirs.~~

~~c. To coordinate with other public programs involved with lands adjoining water bodies to gain the most public benefit while protecting and improving water quality.~~

~~d. To restore previously degraded lands to reestablish their ability to protect water quality.~~

~~e. To facilitate planning that targets reductions in surface water pollution.~~

~~f. To finance innovative efforts, including pilot projects, to improve stormwater management, to reduce pollutants entering the State's waterways, to improve water quality, and to research alternative solutions to the State's water quality problems.~~

- ~~g. To provide buffers around military bases or for State matching funds for the Readiness and Environmental Protection Initiative, a federal funding initiative that provides funds for military buffers.~~
- ~~h. To acquire land that represents the ecological diversity of North Carolina, including natural features such as riverine, montane, coastal, and geologic systems and other natural areas to ensure purposes. To acquire land that contributes to the development of a balanced State program of historic properties.~~

3.

~~—3. A Project must contribute to at least one of the goalsgoals stated in G.S. 143B-135.234(b).below:~~

- ~~a. The significant enhancement and conservation of water quality in the State,~~
- ~~b. The objectives of the various basinwide management plans for the State's river basins and watersheds,~~
- ~~c. The promotion of regional integrated ecological networks insofar as they affect water quality,~~
- ~~d. The specific areas targeted as being environmentally sensitive,~~
- ~~e. The preservation of water resources with significant recreational or economic value and uses,~~
- ~~f. The development of a network of riparian buffer greenways bordering and connecting the State's waterways that will serve environmental, educational, and recreational uses,~~
- ~~g. Water supply availability and the public's need for resources adequate to meet demand for essential water uses. Criteria developed pursuant to this subdivision may include consideration of the likelihood of a proposed water supply project ultimately being permitted and built,~~
- ~~a. The protection or preservation of land with outstanding natural or cultural heritage values,~~
- ~~a. The protection or preservation of land that contains a relatively undisturbed and outstanding example of a native North Carolina ecological community that is now uncommon; contains a major river or tributary, watershed, wetland, significant littoral, estuarine, or aquatic site, or important geologic feature; or represents a type of landscape, natural feature, or natural area that is not currently in the State's inventory of parks and natural areas,~~
- ~~h. The protection or preservation of a site or structure that is of such historical significance as to be essential to the development of a balanced State program of historic properties, or~~
- ~~i. Significant contribution to the geographic distribution of funds as appropriate in relation to a project that serves at least one of the purposes listed in Section 2 hereof.~~

~~—4. A Project must be supported by a complete application on the forms provided by the N.C. Land and —Water Fund.~~

~~5. -A Project must not use any grant funds to satisfy compensatory mitigation requirements under- 33 USC §1344 or G.S. § 143-214.11.~~

Trustees may establish additional guidelines and rating systems, per G.S. § 143B-135.242(c), which shall be approved by the Board and published before applications are released each grant cycle.

The trustees shall have sole discretion in awarding funds to projects that meet the minimum criteria above. Trustees may consider additional factors in their decisions at their discretion.

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Multiple Program Guidelines and Practices:

Guidelines Establishing Minimum Criteria Under G.S. § 143B-135.242 for Approval of Grants for Projects (MPP-005)

Background: In order for the North Carolina Land and Water Fund to approve the award of a grant for a project, the project must meet the minimum criteria stated in these Guidelines and Practices. If a project meets the minimum criteria, a grant may be awarded for the project, but neither the project nor the applicant is entitled to a grant. Whether or not a project that meets the minimum criteria in these Guidelines and Practices is awarded a grant is within the sound discretion of the North Carolina Land and Water Fund Board of Trustees taking into account all the purposes of Part 41 of Article 2 of Chapter 143B of the North Carolina General Statutes.

Guidelines and Practices:

In order for a project to be eligible for a grant, the project must meet the requirements of the following sections:

1. A Project must be submitted by an eligible applicant, per G.S. 143B-135.238.
2. A Project must meet one of the purposes established for the Fund in G.S. 143B-135.234(c).
3. A Project must contribute to at least one of the goals stated in G.S. 143B-135.234(b).
4. A Project must be supported by a complete application on the forms provided by the N.C. Land and Water Fund.
5. A Project must not use any grant funds to satisfy compensatory mitigation requirements under 33 USC §1344 or G.S. 143-214.11.

Trustees may establish additional guidelines and rating systems, per G.S. 143B-135.242(c), which shall be approved by the Board and published before applications are released each grant cycle.

The trustees shall have sole discretion in awarding funds to projects that meet the minimum criteria above. Trustees may consider additional factors in their decisions at their discretion.

Versions	Revisions
June 5, 2018	Original Effective Date

Action Item

Staff member: Will Summer

Agenda Item 1c) STW-003 Board Resolution to Establish Endowment

Background

This section is a historical reference for a board resolution in 2005 to establish an endowment and stewardship program and is no longer current.

Staff recommendation

Remove STW-003 from the draft manual for 2026.

Committee action needed

Approve, amend, or deny the staff recommendation and make a recommendation to the Board as appropriate.

Attachments: STW-003 (original)

Stewardship Program Guidelines and Practices:

Board Resolution to Establish Endowment (STW-003)

Background: This resolution was passed by the board to provide support for pursuing necessary legislation and direction for staff to establish the Stewardship Program as it exists currently.

Resolution: Sense of the Board of Trustees of the Clean Water Management Trust Fund Regarding Stewardship of Conservation Easements

The Board recognizes that stewardship and management of conservation easements are essential to protect both water quality and the public’s investment.

The Board is committed to providing adequate funds for stewardship of permanent conservation easements.

The Board appreciates and supports the work of land trusts and other grantees that receive Clean Water Management Trust Fund stewardship funds in monitoring and stewarding permanent conservation easements.

The Board desires to increase accountability and control of the funds that the Clean Water Management Trust Fund provides to land trusts and other grantees that receive Clean Water Management Trust Fund stewardship funds for stewardship.

The Board will not provide any new stewardship funds directly to land trusts and other grantees that receive Clean Water Management Trust Fund stewardship funds to be managed as private endowments.

The Board supports legislation authorizing establishment of a Clean Water Management Trust Fund Stewardship Endowment Fund as a nonreverting special revenue fund in the 2005 General Assembly.

The Board directs CWMTF staff and land trusts and other grantees that receive Clean Water Management Trust Fund stewardship funds to work together to address concerns raised by land trusts and other grantees that receive Clean Water Management Trust Fund stewardship funds and to report back to the Board in 2005.

Effective Date

Versions	Revisions
July 11, 2005	Original Effective Date

Action Item

Staff member: Will Summer

Agenda Item 1d) STW-004 Board Resolution to Invest Endowment

Background

This section is a historical reference for a board resolution in 2005 to establish an endowment and stewardship program and is no longer current.

Staff recommendation

Amend STW-004 per the attached revised document.

Committee action needed

Approve, amend, or deny the staff recommendation and make a recommendation to the Board as appropriate.

Attachments: STW-004 (original), STW-004 (revised)

Stewardship Program Guidelines and Practices:

Board Resolution to Invest Endowment (STW-004)

Background: In 2008, legislative changes to the statute language permitted NCLWF to utilize a broader range of investment tools for its endowment. After meetings with staff and representatives from the State Treasurers Office, the Board deliberated and passed the following guidelines.

Resolution:

RESOLUTION OF THE BOARD OF TRUSTEES OF THE NC CLEAN WATER MANAGEMENT TRUST FUND DECLARING OFFICIAL INTENT TO INVEST FUNDS OF THE NC CONSERVATION EASEMENT ENDOWMENT FUND WITH THE NORTH CAROLINA STATE TREASURER PURSUANT TO NCGS SECTION 147-69.2

THE BOARD OF TRUSTEES OF THE NC CLEAN WATER MANAGEMENT TRUST FUND HEREBY FINDS, DECLARES AND RESOLVES AS FOLLOWS:

WHEREAS, the North Carolina Conservation Easement Endowment Fund ("Endowment") was established by North Carolina General Statute ("NCGS") § 13A-253.2 on July 16, 2008; and

WHEREAS, the Clean Water Management Trust Fund ("CWMTF") Board of Trustees authorized initial investment of the Endowment with the NC State Treasurer in the Long-Term Investment Fund ("LTIF"); and

WHEREAS, the Equity, Long-Term and Short-Term Fixed Income Funds ("Funds") pursuant to NCGS Section 147-69.2 consists of contributions made by local governments, public authorities and other entities authorized to make contributions to the Funds, which contributions are subject to the withdrawal terms of the Funds; and

WHEREAS, the Endowment is listed as an eligible participant in the Funds on line 17i of NCGS Section 147-69.2; and

WHEREAS, the CWMTF Board of Trustees has reviewed the Funds and the investment options available with the NC State Treasurer.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE NC CLEAN WATER MANAGEMENT TRUST FUND (THE "BOARD") BY A MOTION PASSED BY A MAJORITY AT THEIR MEETING AT THE NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER IN RALEIGH, NORTH CAROLINA ON FEBRUARY 13, 2012:

The Board authorizes diversifying the investment of the Endowment into equity, long term and short term investments as a prudent investment strategy; and

The Board acknowledges and approves the investment of the Endowment with the North Carolina Department of State Treasurer in the Funds (the "Investment") pursuant to the terms and conditions of a deposit agreement for investment in public equity, long term and short term fixed income ("Agreement") between NCLWF and the NC State Treasurer; and

The Board authorizes the CWMTF Board of Trustees Chair ("Board Chair"), the CWMTF Board Stewardship Committee Chair, and any appropriate officers, managers and representatives of CWMTF designated by the CWMTF Board Chair ("Authorized Representatives") to finalize said terms of the Agreement with the Treasurer in a manner consistent with action by the Board of Trustees as this meeting and to execute and deliver the Agreement, to take any other actions deemed necessary or appropriate to consummate the transactions provided for therein, and to cause the investment to be made; and

The Board acknowledges that all actions heretofore taken by any of the Authorized Representatives of CWMTF acting on behalf of CWTMF in furtherance of the foregoing resolutions are hereby ratified, adopted, approved and confirmed in all respects; and

The Board acknowledges that the Authorized Representatives of CWMTF acting on behalf of CWMTF are hereby authorized to take all such other actions as they may deem necessary or appropriate to give effect to the forgoing resolutions.

Effective Date

Versions	Revisions
February 13, 2012	Original Effective Date

Stewardship Program Guidelines and Practices:

Stewardship Endowment Investment and Management (STW-004)

Background: In 2008, the legislature authorized G.S. 143B-135.236 establishing the North Carolina Conservation Easement Endowment Fund (NCCEEF) that permitted the NCLWF to utilize a broader range of investment tools for a stewardship endowment. This permitted use of a Bond Index Fund (BIF) and Equity Index Fund (EIF), in addition to the existing Short-Term Investment Fund (STIF), per G.S. 147-69.2 and G.S. 147-69.3.

Deposit agreements between the NCLWF and the Office of the State Treasurer permit investment in the Ancillary Government Participant Investment Program at the direction of the Board.

Staff informs the Board annually of the deposits previously approved in awarded projects to establish endowment principal for new properties enrolled in the stewardship program. Staff also recommends for Board approval transaction(s) necessary to maintain the balance target asset allocations as determined by the Board. The Board shall authorize all transactions within the NCCEEF and periodically review the asset allocations among the investment funds. Since the initial deposit into the three investment funds in 2012, the asset allocations have remained at 70% in the EIF, 22% in the STIF, and 8% in the BIF.

Guidelines and Practices: The Board shall authorize the investment into and rebalancing of the NCCEEF annually. Staff shall report to the trustees the number of new projects enrolled in the NCCEEF and the amount required to fully fund their stewardship. Staff shall also report the most recent NCCEEF investment fund balances and make recommendations for rebalancing the asset allocation including any withdrawals necessary to fund annual Stewardship Program operations consistent with STW-002. The allocation between the three investment funds shall be at the sole discretion of the Board. The Executive Director will be authorized by the Board to sign for and execute NCCEEF transactions.

Effective Date

Versions	Revisions
	Original Effective Date

Action Item

Staff member: Will Summer

Agenda Item 1e) STW-005 NC Conservation Easement Endowment Fund Deposit Agreement

Background

This section is a reference document for the deposit agreement established between the NCLWF and the NC State Treasurer's Office. While it is still a valid and important document, it is neither a guideline nor practice and does not need to be referenced in this manual.

Staff recommendation

Remove STW-005 from the draft manual for 2026.

Committee action needed

Approve, amend, or deny the staff recommendation and make a recommendation to the Board as appropriate.

Attachments: STW-005 (original)

Stewardship Program Guidelines and Practices:

NC Conservation Easement Endowment Fund Deposit Agreement (STW-005)

Background: The following agreement outlines the terms and conditions under which the NCLWF Board and the Office of the State Treasurer will manage operations regarding the endowment.

Agreement:

**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" or "Applying Entity"), 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 has taken full cognizance of and understands 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 of the allocation of its investment between any of the EIF, BIF, and/or STIF, as applicable. The initial allocation shall be made on the form set forth in Appendix A attached hereto and the signatory of such form is a duly authorized representative of the Participant. Allocations thereafter shall be set forth on the deposit/withdrawal/transfer form as set forth in the sample form in Appendix B to be signed on an ongoing basis 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 rebalance.

f) The Participant acknowledges that 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 Participant acknowledges, represents, warrants and agrees that 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.

j) The Participant acknowledges that the furnishing of this Deposit Agreement and the Enrollment Packet for the BIF, EIF and STIF is not intended to constitute investment advice or the offering of an investment product. The Treasurer is undertaking the 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 BIF, EIF, or STIF.

k) The Participant acknowledges that: (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) that investing in the BIF, EIF or STIF is only suitable for participants who are willing to bear the economic risks of the investment; (4) that the participant will carefully review and consider all potential risks and costs before enrolling and investing.

l) The undersigned understands and acknowledges that 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 policy or strategy.

m) The Participant acknowledges and represents that it (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 acknowledges and represents the following (check the correct box in (i) and (ii)):

i) The Participant IS / ☒ IS NOT 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 Monies and confirms that:

A. ☒ None of the Monies constitutes "Proceeds of Municipal Securities" or "Municipal Escrow Investments" as those terms are defined under the Municipal Advisor Rules;

OR

B. Some or all of the Monies 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 the foregoing acknowledgements, representations, warranties and agreements 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 herein.

Section 3. Fees. The Participant acknowledges, represents, warrants and agrees that fees, expenses, and charges will be deducted from their 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 State 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 at <https://www.nctreasurer.com/fod/Resources/BankingHandbook.pdf>.

- 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 Section4.
- 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.

Appendix A

(If no initial allocation is made, all funds will be deposited by default into the STIF)

Initial Investment Allocation Election: The undersigned participant must designate investment allocation below by percentage amount in the section below. This will be the allocation in which monies currently in the fund will be allocated and such allocation will occur on or about thirty days after the transition to the EIF and the BIF.

Equity Index Fund (EIF)	By Percentage
As permitted by NCGS 147-69.2 (b) (8)	70%
Bond Index Fund (BIF)	
As permitted by NCGS 147-69.2 (b) (1-6)	8%
Short Term Investment Fund (STIF)	
As permitted by NCGS 147-69.2 (b) (1)	22%
Total	100%

Not to Exceed 100%

Effective Date

Versions	Revisions
June 21, 2012	Original Effective Date
May 21, 2021	Deposit agreement and Attachment A updated