

**North Carolina Ancillary Governmental Participant Investment Program
("AGPIP")**

Enrollment Package

Executive Summary

North Carolina Department of State Treasurer (“NCDST”) maintains an Ancillary Governmental Participant Investment Program (“AGPIP”) in which the Treasurer is authorized to invest monies for governmental entities that are outside the North Carolina Retirement System. As part of that program, NCDST has established several investment pools (or “Funds”), as authorized by North Carolina law, for investment by participants in the AGPIP to help ensure these investments benefit from low cost professional management. NCDST has leveraged our existing relationship with BlackRock to offer two new funds managed by BlackRock: a Bond Index Fund (“BIF”) and an Equity Index Fund (“EIF”). The BIF and EIF maintain a low cost approach to investment through a passive index strategy. The BIF is designed to produce a return consistent with the Barclay’s U.S. Aggregate Bond Index benchmark, net of fees and the EIF is designed to produce a return consistent with the Morgan Stanley Capital International All Country World Index benchmark net of fees. The Short Term Investment Fund (“STIF”) managed internally by NCDST Investment Management Division is also an option in the program. Please refer to the Terms of Participation for the fees associated with the program.

This summary will provide general information, including:

- The AGPIP Fund Descriptions
- The Enrollment Process

AGPIP Funds are comprised of the BIF, the EIF and the STIF

The AGPIP Funds’ underlying investments are subject to risks including but not limited to, credit risk (the risk an issuer or other counterparty to an investment will not fulfill its obligations, or that negative perceptions of the issuer’s ability to make these payments will cause security prices to decline), liquidity risk (the risk that over a certain period of time an investment cannot be traded quickly enough in the market without impacting the market price), interest rate risk (the risk that changes in interest rates will adversely affect the fair value of debt instruments), currency risk (the risk that changes in the value of the dollar relative to other currencies impacts the value of your investments), country risk (the risk that foreign equity, bond, or currency markets, notably emerging markets, encounter political, economic, or financial instability or systemic failure), and general equity market risks.

For more information on the AGPIP Funds, email AGPIP@nctreasurer.com.

Enrollment Process

For participants to enroll into the EIF or BIF, the following requirements must be met:

- Meet Eligibility Criteria provided in the “Terms of Participation”
- Submit Notice of Intent via email to Investment Operations
- Execute Enrollment Package Acknowledgement Page
- Submit Irrevocable Trust documentation for Local Government Other Post-Employment Benefits (OPEB) and/or Law Enforcement Officer Special Separation Allowance (LEOSSA) Trusts
- Execute Deposit Agreement & Initial Allocation Form (**Appendix A**)
- Complete the Deposit Form (**Appendix B**)
- Establish Short Term Investment Fund (STIF) Account (**Appendix C**)
- Execute Signature Card for STIF Account (**Appendix D**)
- Execute W9 (**Appendix E**)
- Complete Tax Questionnaire-EIF Only (**Appendix F**)

The participant must email AGPIP@nctreasurer.com with the intent to enroll prior to execution of all required forms. All forms and agreements must be executed by an authorized representative of the participant. The participant must send a scanned copy of the executed documents via email to AGPIP@nctreasurer.com with the originals via mail to NCDST, IMD-Investment Operations, and 3200 Atlantic Ave, Raleigh NC 27604. Upon completion of the requirements listed above, NCDST will transfer monies from your STIF account into the AGPIP Funds based on your initial allocation directions as stated in the Deposit Agreement (Appendix A). NCDST anticipates it will take up to 5 business days to move your monies into the Funds. Confirmation will be provided upon completion via email.

North Carolina Ancillary Governmental Participant Investment Program

Terms of Participation

Administration: North Carolina Department of State Treasurer (“NCDST”).

For AGPIP participants that exercise investment discretion over the allocation of their monies, NCDST will not advise potential participants on whether their monies are best invested in the AGPIP Funds relative to other investment opportunities, nor will NCDST offer advice as to allocations between the various AGPIP Funds.

Statutory Authority: N.C.G.S. 147-69.3 (a), (b), (e); for STIF, 147-69.1 (c); for BIF, 147-69.2 (b) (1) to (b) (6); for EIF, N.C.G.S. 147-69.2 (b) (8).

Fund Names: Bond Index Fund (BIF), Equity Index Fund (EIF) and Short Term Investment Fund (STIF)

External Manager: BlackRock Institutional Trust Company, N.A. and BlackRock Financial Management, Inc. (together “BlackRock”)

NCDST has retained BlackRock as the external manager for the BIF and the EIF. BlackRock is one of the world’s largest investment managers, with assets under management of \$4.64 trillion stated as of December 31, 2015. A significant portion of BlackRock’s business is focused on passive index strategies.

The STIF is internally managed by NCDST, Investment Management Division.

Custodian: Bank of New York Mellon (“BNYM”) for BIF and STIF assets. State Street is custodian for BlackRock for the EIF assets. Account statements for all Funds will be provided by BNYM.

Fund Description: **Bond Index Fund (BIF):** The BIF invests in high quality debt securities eligible under N.C.G.S. 147-69.2 (b) (1)-(6). The BIF maintains a low cost approach to investment grade fixed income assets through a passive strategy. The BIF is designed to produce a return consistent with the Barclay’s U.S. Aggregate Bond Index benchmark.

Public Equity Index Fund (EIF): The EIF invests primarily in US and non-US equity securities eligible under N.C.G.S. 147-69.2 (b)(8) with the objective of closely approximating the capitalization weighted total return of the markets for global publicly traded equity securities while maintaining a low cost approach. The EIF is designed to produce a return consistent with the Morgan Stanley Capital International All Country World Index benchmark.

Short Term Investment Fund (STIF): The STIF invests in highly liquid money market instruments and short to intermediate Treasuries, Agencies, and AAA-rated corporate obligations pursuant to N.C.G.S. 147-69.1(c)(1)-(7). The STIF is designed to preserve capital, provide liquidity, and produce a return consistent with the iMoneyNet First Tier Institutional Money Market Fund Net Index benchmark.

For more information on all the Funds and “*Information About BTC, 16 Things You Should Know*” can be requested via email at AGPIP@nctreasurer.com. It is important to note that the BIF is a newly separate account held at Bank of New York Mellon and has little historical performance. The BlackRock US Debt Index Fund fact sheet is meant for informational purposes only. It is representative strategy to BIF and is also managed to match the risk and composition of the Barclay’s U.S. Aggregate Bond Index. Also, the ACWI Equity Index Fund “B” is meant for informational purposes only. It is a representative strategy to EIF and is also managed to match the risk and composition of the Morgan Stanley Capital International All Country World Index.

Principal Risks:

While BIF and EIF may potentially offer a higher rate of return than traditional short-term investment portfolios such as STIF, participants should be aware of important risks involved in investing in the BIF and EIF. First, BIF and EIF could lose money over short or long periods of time as the Funds are not bank deposits, are not guaranteed by the State of North Carolina, NCDST, or BlackRock, Inc. and may lag the rate of inflation. Second, neither BIF nor EIF is necessarily a complete investment program and returns may lag the returns of a balanced portfolio with comparable risk. Third, BIF and EIF provide only limited liquidity and, monies invested in the BIF and EIF should not be needed for immediate disbursement. *See Liquidity section below.*

The BIF is designed for longer-term investing in fixed income assets and investment in the BIF carries inherent risk (including loss of principal) due to the BIF's exposure to market volatility along with increased interest rate risk due to the longer duration of the BIF portfolio than the STIF. Other risks include:

- **Market risks.** The price and/or liquidity of a bond fluctuates based on political, regulatory, market and economic developments both domestically and internationally.
- **Interest Rate Risk.** The price of a bond declines when interest rates rise. The prices of bonds held are also affected by their respective maturities or due dates. Longer maturity bonds generally have a greater sensitivity to changes in interest rates.
- **Liquidity Risks:** Market and trading conditions can make it more difficult to sell or buy securities at a favorable price or time. Consequently, BIF may have to accept a lower price to sell a security, sell other securities to raise cash or give up an investment opportunity, any of which could have a negative effect on BIF's performance.
- **Credit Risk.** BIF is subject to the risk that the issuer of a bond will fail to make timely payments of interest and principal which could cause the price of the bond to decline or become illiquid.
- **Pre-payment Risk.** BIF's investments in asset-backed and mortgage-backed securities may experience an increase in prepayments of underlying collateral creating a risk of having to reinvest payments at lower interest rates. However, if the collateral backing these types of securities defaults or slows down the anticipated level of prepayments, the bond could suffer from a decline in value.

The EIF may experience periods of declines in market value due to any or all of the following risks:

- **Equity Investment Risk.** The price of an equity security fluctuates based on changes in the issuer's financial condition and overall market and economic conditions. Equity securities are subject to changes in value that may be more volatile than other asset classes.
- **Foreign Investment Risk.** EIF may suffer losses due to political, legal, economic and geographic events affecting a non-U.S. issuer or market. The prices of non-U.S. securities may be more volatile than those of securities issued by U.S. corporations or other U.S. entities. Securities of non-U.S. issuers denominated in non-U.S. currencies will expose the Fund to fluctuations in foreign currency exchange prices.
- **Mid-Capitalization Companies Risk.** Compared to large-capitalization companies, mid-capitalization companies may be less stable and more susceptible to adverse developments, and their securities may be more volatile and less liquid.
- **Small-Capitalization Companies Risk.** Compared to mid- and large-capitalization companies, small-capitalization companies may be less stable and more susceptible to adverse developments, and their securities may be more volatile and less liquid.
- **Emerging Markets Risk.** Investments in emerging markets are subject to a greater risk of loss than investments in developed markets due to the potential for greater market volatility, lower trading volume, inflation, currency devaluations, limitations on foreign investment, and political and/or economic instability. In addition, settlement, registration and custody may be less reliable as compared to developed markets. Risks traditionally associated with investments in emerging markets, including economic, political, liquidity and currency risks.
- **Derivatives Risk.** Investments in derivatives (such as futures contracts, forward contracts, swaps and options) may reduce the EIF's returns and/or increase volatility. Fluctuations in the values of derivatives may not correlate perfectly with the overall securities markets. The other party in the

transaction may not fulfill its contractual obligation. The possible lack of a liquid secondary market for derivatives could expose the EIF to losses.

Like BIF and EIF, there is no secondary source of payment for the STIF, such as insurance or guarantees by NCDST, the State of North Carolina or any other private or governmental entity. STIF is subject to certain risks including:

- **Stable Net Asset Value Risk:** Although NCDST attempts to manage STIF such that it maintains a stable NAV of \$1.00 per share, there is no guarantee that it will be able to do so. STIF is not registered under the Investment Company Act of 1940 or regulated by the Securities and Exchange Commission.
- **Interest Rate Risks:** The prices of the fixed income securities in which STIF will invest rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed income securities fall. However, market factors, such as demand for particular fixed income securities, may cause the price of certain fixed income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed income securities with longer maturities. NCDST will seek to manage this risk by purchasing short-term securities.
- **Credit Risks:** Credit risk is the possibility that an issuer of a fixed income security held by STIF will default on the security by failing to pay interest or principal when due. If an issuer defaults, STIF will lose money. NCDST will seek to manage this risk by purchasing high quality securities.
- **Liquidity Risks:** Market and trading conditions can make it more difficult to sell or buy securities at a favorable price or time. Consequently, STIF may have to accept a lower price to sell a security, sell other securities to raise cash or give up an investment opportunity, any of which could have a negative effect on STIF's performance.
- **Special transactions:** Special transactions are transactions into which STIF may enter, including, but not limited to, repurchase agreements and delayed delivery transactions. Special transactions are exposed to credit and market risk in the event of a counterparty default.
- **Other risks:** STIF may be exposed to other risks depending on the actual securities purchased and held, including, but not limited to prepayment risks, call risks, sector concentration, and variable yields over time.

Eligibility:

The following funds or entities are among those eligible to invest in the AGPIP Funds:

- The specific funds listed in N.C.G.S. 147-69.2(a), and
- Unless a specific statute indicates otherwise:
 - Any official, board or commission of the State of North Carolina
 - Any local government of the State of North Carolina
 - Any other public authority of the State of North Carolina
 - Any school administrative unit, local ABC board, or community college of the State of North Carolina

Minimum Balance:

The minimum balance to open a new account in either EIF or BIF will generally be \$100,000 in each account. NCDST reserves the right to establish a de minimis account value, close participant accounts in BIF and EIF falling below such de minimis value, and transfer the proceeds of applicable participant accounts to their STIF account. There is no de minimis for a STIF account.

Restrictions:

In order to participate in the AGPIP, the participant entering into a Deposit Agreement with the Treasurer agrees to the Terms of Participation contained herein as well as all the representations and warranties contained in the Deposit Agreement between the participant and NCDST. NCDST has the discretion, without prior notice, to make changes to the AGPIP Funds, including but not limited to external manager, fees, investment guidelines, or strategy. When practicable, NCDST will seek to provide at least one month's prior notice before changing a fundamental policy and/or an AGPIP Fund.

NCDST may restrict a participant's activity or participation in any one of the AGPIP Funds in their sole discretion.

Liquidity:

It is acknowledged that the BIF and the EIF are less liquid than the short-term investments in STIF. Liquidity constraints, including contributions or withdrawals, must be taken into consideration when making allocations into the BIF or EIF. Withdrawals from the BIF and EIF are only processed on the first day of the month and notice of withdrawal or transfer must be made at least five (5) business days before the end of the month.

Upon the occurrence or reasonable anticipation of an event that has a material impact on liquidity or operations of the AGPIP Funds, NCDST may in their discretion limit contributions to or withdrawals from the any one of the AGPIP Funds based on what it deems to be in the best interest of the Fund. These limitations shall be reasonably tailored to the time period over which the event will have a material impact.

Deposits & Withdrawals: At least five (5) business days before the end of the month, the participant must provide NCDST with notice, using the Form in Appendix B, of any deposit or withdrawal from any investment in BIF, EIF and STIF. Deposits into and withdrawals from the EIF and BIF are only processed on the first business day of each calendar month and if notice is received during the last five business days of any calendar month, such request will not be processed until the first business day of the following calendar month. In extraordinary circumstances, intra-month withdrawals may be permitted on a case-by-case basis at the sole discretion of NCDST.

Fees & Expenses:

BIF: Investment Management fees are 2.5 bps up to \$750 million total fund assets and 2 bps once total fund assets are above \$750 million. Industry standard administrative, custody, performance measurement, reporting and other charges will be applied to BIF and will not be itemized at the participant level. NCDST has the authority to assess a separate administrative fee of up to 15 bps to cover its reasonable costs including, but not limited to, legal, accounting, auditing, and other administration fees. This separate fee is currently waived; however, NCDST has discretion to impose this fee in the future.

EIF: Investment Management fees are 2 bps. Industry standard administrative, custody, performance measurement, reporting and other charges will be applied to EIF and will not be itemized at the participant level. NCDST has the authority to assess a separate administration fee of up to 15 bps to cover its reasonable costs including, but not limited to, legal, accounting, auditing, and other administration fees. This separate fee is currently waived; however, NCDST has discretion to impose this fee in the future.

STIF: Fund fees and charges have historically been approximately 3 bps annualized. Administrative, custody, performance measurement, and reporting charges will be applied to STIF and will not be itemized at the participant level.

Reporting:

The BIF/EIF are managed and reported on a cumulative total return basis, which includes realized income and the appreciation or depreciation of fair market value. A monthly account statement reflecting account activity will be generated and made available to each participant via email.

The STIF is currently maintained and reported on an amortized cost basis.

Performance information at the Fund level will be made available on at least a quarterly basis.

Monitoring/Evaluation: NCDST staff will oversee the Funds through periodic assessments and performance monitoring. NCDST and BlackRock will meet at least annually.

NCDST recognizes that all investments go through cycles and therefore there will be periods of time in which the investment objectives are not met or when the external managers fail to meet their performance expectations. NCDST accepts the principle that, in the absence of specific circumstances

requiring immediate action, patience and a longer-term perspective will be employed when evaluating investment performance.

Enrollment:

Enrollment requires execution of the acknowledgement in this Enrollment Packet and Deposit Agreement and establishing a STIF account with NCDST if the participant does not have an existing account. All transactions into/from the BIF and EIF will be processed through the participant's STIF account. **All future deposits and withdrawals must include allocation instructions on the Deposit or Withdrawal Form found at www.nctreasurer.com.** Participants who fail to make allocation instructions on the Deposit Form will remain in the STIF.

NCDST Contact:

AGPIP@nctreasurer.com

Disclosures:

The furnishing of these terms is not intended to constitute investment advice or the offering an investment product. NCDST is undertaking its statutory responsibility pursuant to applicable law, including NCGS 147.69.2 and 147-69.3. There is no agreement or understanding between NCDST and any AGPIP participant under which the latter receives advice from NCDST concerning investments to be used as a primary basis for the participant's investment decisions relating to the Funds.

For participants that are Local Government Other Post-Employment Benefits Trust ("OPEB Trust") established pursuant to NCGS Section 150-30.1 or Local Government Law Enforcement Officer Special Separation Allowance Trust ("LEOSSA Trust") established pursuant to NCGS Section 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 selection the Trust's trustees.

By signing and acknowledging this Enrollment Form, the participant acknowledges that: (1) the AGPIP Funds have liquidity limitations, volatility of returns, and risk of loss, including the potential for loss of the principal invested; (2) NCDST is not providing investment advice to the participant; (3) that investing in the AGPIP Funds is only suitable for participants who are willing to bear the economic risks of the investment; and (4) that the participant will carefully review and consider all potential risks and costs before enrolling and investing.

The undersigned acknowledges that he or she is a duly Authorized Representative of the Participant and has caused this Enrollment Form Packet to be executed by its Authorized Representative as of the date below:

Participating Entity: _____

By: _____	_____
Name (Type or Print)	Signature
_____	_____
Title	Date

Authorized Representative of Participant

Name: _____
Title: _____
Address: _____

Telephone: _____
Fax: _____
Email: _____

Primary Contact

Name: _____
Title: _____
Address: _____

Telephone: _____
Fax: _____ :
Email: _____

APPENDIX A: DEPOSIT AGREEMENT

**Treasurer of the State of North Carolina Deposit Agreement for Investment in
Ancillary Governmental Participant Investment Program (“AGPIP”)
Equity Index Fund Pursuant to NCGS § 147-69.2(b) (8)
Bond Index Fund Pursuant to NCGS §§ 147-69.2(b) (1) through (6) and/or
Short Term Investment Fund Pursuant to NCGS §§ 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 North Carolina Department of State Treasurer (“Treasurer”), who in turn will invest the Monies.

WHEREAS, pursuant to NCGS § 147-69.2 (b2), 147-69.2 (b4), 147-69.2 (b5) or 147-69.2 (d), 147-69.5, or other such enabling legislation authorizing Participant to invest in the 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 North Carolina General Statute section 147-69.2(b)(8), (ii) a portfolio of fixed income instruments (“Bond Index Fund” or “BIF”) as permitted by North Carolina General Statute sections 147-69.2(b)(1) through (6) and/or (iii) certain other fixed income instruments as permitted by North Carolina General Statute section 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 NCGS Section 150-30.1 or Local Government Law Enforcement Officer Special Separation Allowance Trust (“LEOSSA Trust”) established pursuant to NCGS Section 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 selection the Trust’s 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, NCDST, 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 NCGS § 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 NCGS 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 guidelines 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 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. Under N.C.G.S. § 147-69.2 (b2) to (d), the Treasurer may also assess a fee not to exceed 15 basis points to defray the reasonable costs of administering the EIF and BIF.

Section 4. Deposits and Withdrawals. In order to participate in an investment in EIF and/or BIF, if applicable, each Participant is required to establish a STIF account with the Treasurer. Additional information regarding the establishment of a STIF account can be found at <https://www.nctreasurer.com/fod/Resources/BankingHandbook.pdf>. The STIF account created by the Participant will be used to move Monies into and out of the investments in EIF and/or BIF (if applicable) and as further described below.

- a) *Minimum Account Balance.* The minimum balance to open a new account in either EIF or BIF 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.* The Participant must provide the Treasurer with at least five (5) business days' notice prior to the end of the month ("Notice") of any deposit into or withdrawal from an investment in EIF or BIF by using the form in Appendix B. **Deposits into and withdrawals from investments in EIF and/or BIF are permitted only on the first business day of each calendar month.** Therefore, if a Notice of deposit or withdrawal is received after 10:00 am on the 5th business day prior to the end of any calendar month, such deposit or withdrawal request will not be processed until the first business day of the next ensuing calendar month. Payments on withdrawals will be made to the Participant upon settlement of all trades.
- c) *Transfers between EIF, BIF and/or STIF.* Transfers between investments in EIF, BIF and/or STIF are permitted, subject to all of the limitations on deposits, withdrawals and other procedural requirements provided in this Section 4.

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: _____

(Type or Print)

By:

Name (Type or Print)

Signature

Title

Date

Authorized Representative

Name: _____

Title: _____

Address: _____

Tel: _____ Fax: _____

E-mail: _____

Primary Contact (for statements and communications, if different from Authorized Representative)

Name: _____

Title: _____

Address: _____

Tel: _____ Fax: _____

E-mail: _____

Acknowledged and Agreed

Authorized Representative of Department of State Treasurer

Date: _____

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)	60%
Bond Index Fund (BIF)	
As permitted by NCGS 147-69.2 (b) (1-6)	40%
Short Term Investment Fund (STIF)	
As permitted by NCGS 147-69.2 (b) (1)	0%
Total	100%

Not to Exceed 100%

APPENDIX B: DEPOSIT FORM

Ancillary Governmental Participant Investment Program
Deposit & Withdrawal Form

Instructions: The Participant must provide at least five (5) business day notice prior to the end of the month for any deposit into or withdrawal/transfer from an investment in EIF, BIF and/or the STIF. **Requests will be processed on the first business day of each calendar month.** This form is required for any deposit or withdrawal transaction.

Example: If a request is received during the last five (5) business days of June, NCDST has discretion not to process such request until the first business day of August.

Transaction Type: Deposit Entity Name: _____ Budget Code/Name (State Only): _____ STIF Account Number: _____ Request Amount: _____ Effective Date: _____	Authorized Representative: _____ Title: _____ Telephone Number: _____ Email: _____ Signature: _____ Date Submitted: _____
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Please designate investment amount in the table below. The Participant is responsible for determining if it has statutory authority to invest in a particular fund.

DEPOSIT			Dollar Amount
	Equity Index Fund (EIF)		\$
	Bond Index Fund (BIF)		\$
	Short Term Investment Fund (STIF)		\$
	Total		\$ 0.00

*All Non-State Agencies: Please Initiate Deposit from your banking account using:
<https://www.nctreasurer.com/fod/Pages/Wire-In-Without-CMCS.aspx>

****State Agencies please initiate deposit using a CMCS Requisition.**

WITHDRAWAL			Dollar Amount
	Equity Index Fund (EIF)		\$
	Bond Index Fund (BIF)		\$
	Short Term Investment Fund (STIF)		\$
	Total		\$ 0.00

*All Non-State Agencies: Please Initiate Withdrawal from your STIF account using:
<https://www.nctreasurer.com/fod/Banking%20Forms/USD-Wire.pdf>

****State Agencies please initiate withdrawal using a CMCS Requisition.**

Transfers between EIF, BIF, and/or STIF: Transfers between investment funds are permitted, subject to the limitations and other procedural requirements provided in the Deposit Agreement.

Please submit request to: AGPIP@nctreasurer.com