

INTERLOCAL AGREEMENT

DATED MARCH 1, 2023

BY AND AMONG

**TOWN OF HOPE MILLS, NORTH CAROLINA,
LINCOLN COUNTY, NORTH CAROLINA,
CITY OF NEW BERN, NORTH CAROLINA,
CITY OF ROCKY MOUNT, NORTH CAROLINA, AND
GASTON COUNTY, NORTH CAROLINA**

For the Establishment of a
Commingled Investment Pool
Entitled:

North Carolina Cooperative Liquid Assets Securities System
(North Carolina CLASS)

INTERLOCAL AGREEMENT

THIS INTERLOCAL AGREEMENT is dated as of the 1st day of March, 2023 (the "Agreement"), and is by and among **TOWN OF HOPE MILLS, NORTH CAROLINA** ("Town of Hope Mills"), a local government and body politic and corporate of the State of North Carolina, **LINCOLN COUNTY, NORTH CAROLINA** ("Lincoln County"), a local government and body politic and corporate of the State of North Carolina, **CITY OF NEW BERN, NORTH CAROLINA** ("City of New Bern"), a local government and body politic and corporate of the State of North Carolina, **CITY OF ROCKY MOUNT, NORTH CAROLINA** ("City of Rocky Mount"), a local government and body politic and corporate of the State of North Carolina, and **GASTON COUNTY, NORTH CAROLINA** ("Gaston County"), a local government and body politic and corporate of the State of North Carolina (hereinafter, individually, a "Party" and collectively, the "Parties").

WITNESSETH:

WHEREAS, the provisions of Section 159-30 of the General Statutes of North Carolina, as amended or successor statute ("N.C. Gen. Stat."), enable any local government or public authority of the State of North Carolina (a "Local Government" or "Local Government Unit") to invest idle funds;

WHEREAS, under N.C. Gen. Stat. § 159-30(c)(10), moneys may be invested in a commingled investment pool established by interlocal agreement pursuant to N.C. Gen. Stat. § 160A-460 through 160A-464 (a "Local Government Investment Pool"), if the investments of the Local Government Investment Pool are limited to those qualifying for investment under N.C. Gen. Stat. § 159-30 governing the investment of monies of a Local Government Unit ("Permitted Investments");

WHEREAS, the Parties are executing this Agreement for the purpose of creating a Local Government Investment Pool, known as the "North Carolina Cooperative Liquid Assets Securities System (North Carolina CLASS)" (the "Trust"), solely for North Carolina Local Government Units, and the initial Parties to this Agreement will be the initial Local Government Units of the Trust (the "Initial Local Government Units");

WHEREAS, the Trust will be governed by the terms of an Indenture of Trust (the "Indenture"), in a form consistent with the form attached as Exhibit A hereto, executed by the Parties, which will provide for the deposit and investment of pooled funds in only Permitted Investments;

WHEREAS, the Initial Local Government Units anticipate that other Local Government Units may become participants in the Trust ("Participants") in the future by amendment or joinder to this Agreement and the Indenture as set forth in this Agreement and the Indenture; and

WHEREAS, pursuant to Articles 3, 12 and 20 of Chapter 160A of the North Carolina General Statutes, the Parties are authorized to enter into this Agreement.

NOW THEREFORE, in consideration of the respective rights, powers, duties and obligations hereinafter set forth herein, the Parties agree as follows:

ARTICLE I
PURPOSE AND LOCAL GOVERNMENT INVESTMENT POOL ESTABLISHED

1.01 Purpose. The purpose of this Agreement is to establish the Trust for the benefit of the Parties, a commingled investment pool limited to qualifying investments under N.C. Gen. Stat. § 159-30(c) governing the investment of monies of a Local Government Unit. The Parties agree that the Trust will be maintained pursuant to the provisions of the Indenture, substantially in the form of Indenture attached hereto as Exhibit A.

1.02 Local Government Investment Pool Established.

A. The Parties, through this Agreement and the Indenture, establish a joint agency empowered by the Board (as defined herein) under the Indenture to provide a trust fund in accordance with North Carolina law permitting Local Government Units, each of which must be a Local Government Unit of the State of North Carolina, to pool monies available from idle funds, which are not immediately required to be disbursed, with the same such monies held by other Local Government Units, in order to invest them and earn interest in accordance with, and as permitted by, the provisions of N.C. Gen. Stat. § 159-30 governing the investment of monies of a Local Government Unit.

B. After the initial execution of this Agreement and the Indenture, additional Local Government Units may become Participants in the Trust so long as Local Government Units comply with the provisions of this Agreement and the Indenture to become a Participant in the Trust, including but not limited to approval of the Local Government Unit's participation in the Trust by its governing body in accordance with Section 1.03 hereof and the execution and delivery of an amendment or joinder to this Agreement and the Indenture.

C. The structure, administration, management and operation of the Trust shall be governed by the terms of the Indenture and the bylaws of the Trust attached hereto as Exhibit B, as such bylaws may be amended from time to time in accordance with their terms and the terms of the Indenture (the "Bylaws").

D. The Trust shall be governed by a Board of Trustees (the "Board"), appointed in accordance with the Bylaws, and operating in accordance with the Bylaws and the Indenture.

E. Pursuant to the Indenture and the Bylaws, the Board shall be responsible for the operation of the Trust and for the investment of the assets of the Trust, and has the power to appoint, employ, retain, or contract with investment advisors, administrators, distributors, custodians and independent contractors to perform designated functions under the supervision of the Board. The Indenture will provide for the manner in which the charges and expenses that are necessary or incidental to the management and operation of the Trust shall be paid.

F. The Parties have not established a minimum contribution to the Local Government Investment Pool or a minimum obligation with regard to participation in the Local Government Investment Pool; provided that, from time to time, the Board may by resolution establish such minimums.

G. The manner in which ownership of property and assets of the Trust is allocated among the Participants and the manner in which property and assets are valued shall be set forth in the Indenture. The Trust will be divided into non-transferable units called Shares without par value. Title to the assets of the Trust is vested in the Board on behalf of the Participants, each of which has a beneficial interest in its allocable share of such assets.

H. Any Party may resign or withdraw from the Indenture and this Agreement pursuant to the terms of the Indenture and this Agreement, respectively, with no further responsibility or obligation to any other Party.

I. Each Parties' finance officer is responsible for the continued management, supervision and investment of the idle funds on behalf of such Party and as such will be the Authorized Representative of such Party under the Indenture. The finance officers of the respective Parties shall independently determine whether to invest or withdraw the funds of their respective Local Government Units in accordance with, and as permitted by, that Party's investment policies, if any, and the provisions of the N.C. Gen. Stat. § 159-30 governing the investment of monies of a Local Government Unit. The Parties authorize their respective finance officers to execute such documents necessary to effect the spirit and intent of this Agreement according to their statutory powers and internal investment policies, if any, including, but not limited to, the execution of the Indenture.

1.03 Joinder. In the event a Local Government Unit desires to become a party to this Agreement and to invest idle cash in the Local Government Investment Pool, such Local Government Unit must deliver to the Administrator the following:

- A. Evidence that the governing body of the Local Government Unit has adopted an authorizing resolution approving the Local Government Unit's (i) participation in the Trust, (ii) execution and delivery of an amendment or joinder to this Agreement and (iii) approval of the terms of the Indenture;
- B. An original executed copy of the amendment or joinder to this Agreement; and
- C. Execution and delivery of all forms deemed necessary by the Administrator.

All existing Parties shall execute an amendment to this Agreement in accordance with Section 2.02 for the purposes of adding such Local Government Unit into the Trust. Following such joinder, the term "Party" as used in this Agreement shall include such additional Local Government Unit.

ARTICLE II TERM, AMENDMENT, AND TERMINATION

2.01 Term. This Agreement commences on the date of its execution by the initial Parties and shall continue until terminated as provided in Section 2.04 below ("Term").

2.02 Amendments.

A. This Agreement may not be amended, changed, modified or altered without the written consent of the Parties.

B. Any Party may propose an amendment to this Agreement by submitting the proposed amendment and the reasons for the proposed amendment in writing to the other Parties in accordance with the notice provisions in Section 2.05 below. If the Parties agree to the proposed amendment, a written amendment to this Agreement shall be distributed to the Parties and executed.

C. The Parties may enter into amendments (i) in order to add an additional Local Government Unit to the Local Government Investment Pool or (ii) which do not have financial implications for any Party, in either case with the approval of and execution by their respective Authorized Representative (as defined in the Indenture). All other amendments shall require approval by the governing boards of each Party.

D. Unless otherwise provided in such amendment, an amendment to this Agreement shall become effective upon its execution by all of the Parties.

E. Notwithstanding the above, no amendment to the Agreement shall be entered into that is inconsistent with the terms of the Indenture.

2.03 No Waiver of Non-Compliance with Agreement. No provision of this Agreement shall be deemed to have been waived by any Party hereto unless such waiver shall be in writing and executed by the same formality as this Agreement. The failure of any Party hereto at any time to require strict performance by the other of any provision hereof shall in no way affect the right of the other Party to thereafter enforce the same. In addition, no waiver or acquiescence by a Party hereto of any breach of any provision hereof by another Party shall be taken to be a waiver of any succeeding breach of such provision or as a waiver of the provision itself.

2.04 Withdrawal; Termination. Any Party may withdraw from this Agreement and terminate its involvement in the Trust for any reason, or for no reason, by notifying the other Parties in writing in accordance with the notice provisions in Section 2.05 below, and withdrawing as a Participant in the Trust in accordance with the provisions of the Indenture. So long as there are at least two Parties remaining, this Agreement shall remain in effect.

2.05 Notice. Any notice required by this Agreement shall be in writing and delivered to the Parties at the following addresses:

For Town of Hope Mills: Town of Hope Mills, North Carolina
5770 Rockfish Road
Hope Mills, NC 28348
Attention: Finance Director

For Lincoln County: Lincoln County, North Carolina
PO Box 738
Lincolnton, North Carolina 28093
Attention: Finance Director

For City of New Bern: City of New Bern, North Carolina
300 Pollock Street
PO Box 1129
New Bern, NC 28563
Attention: Finance Director

With a copy to City of New Bern, North Carolina
300 Pollock Street
PO Box 1129
New Bern, NC 28563
Attention: City Manager

For City of Rocky Mount: City of Rocky Mount, North Carolina
City Hall
331 S. Franklin St.
Rocky Mount, NC 27804
Attention: Chief Internal Auditor & Finance Director

For Gaston County: Gaston County, North Carolina
128 West Main Avenue
Gastonia, NC 28053
Attention: Finance Director

With a copy to Gaston County, North Carolina
P.O. Box 1578
Gastonia, NC 28053
Attention: Finance Director

Such notices may be given by electronic means, including e-mail or secure electronic transmission containing applicable, so long as the receiving party acknowledges receipt of such notice in like manner.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF PARTIES

3.01 Representations and Warranties. Each Party hereby represents, covenants and warrants for the other's benefit as follows:

A. Each Party has all necessary power and authority to enter into this Agreement and the Indenture (the "Investment Pool Documents") and to carry out the transactions contemplated by the Investment Pool Documents, and the Investment Pool Documents have been duly authorized by resolution approved by its governing body. This Agreement is a valid and binding obligation of such Party and upon the execution and delivery of the Indenture, the Indenture will be a valid and binding obligation of such Party.

B. Each Party has authorized the finance officer to act as the Authorized Representative of such Party, and such finance officer shall remain responsible for the management, supervision and investment of the Party's idle funds.

C. Neither the execution and delivery of the Investment Pool Documents, nor the fulfillment of or compliance with their terms and conditions, nor the consummation of the transactions contemplated by the Investment Pool Documents, results in a breach of the terms, conditions and provisions of any agreement or instrument to which a Party is now a party or by which it is bound, or constitutes a default under any of the foregoing.

D. To the knowledge of each Party, there is no litigation or other court or administrative proceeding pending or threatened against such Party (or against any other person) affecting such Party's rights to execute or deliver the Investment Pool Documents or to comply with its obligations under the Investment Pool Documents. The Party's execution and delivery of this Agreement, and its compliance with its obligations under this Agreement, does not require the approval of any regulatory body or any other entity the approval of which has not been obtained.

ARTICLE IV OTHER PROVISIONS

4.01 Related Documents. The Parties acknowledge that the Indenture and Bylaws must be finalized and the Indenture shall be executed and the Bylaws adopted by the Board as soon as reasonably possible and in no event later than the creation of the Trust.

4.02 Entire Agreement. The terms and provisions contained herein, together with the Indenture and the Bylaws, constitute the entire agreement by and between the Parties hereto and shall supersede all previous communications, representations or agreements, either oral or written between the Parties hereto with respect to the subject matter hereof.

4.03 Assignment. No Party may sell or assign any interest in or obligation under this Agreement.

4.04 Governing Law; Venue.

A. This Agreement shall be governed by and interpreted in accordance with the laws of the State of North Carolina. All references to particular statutes shall mean as amended or replaced from time to time.

B. Venue for any dispute, breach or other legal action relating to the interpretation or implementation of this Agreement shall lie in a court of competent jurisdiction in the State of North Carolina.

4.05 Dispute Resolution. In the event of conflict or default that might arise for matters associated with this Agreement, the Parties agree to informally communicate to resolve the conflict. If any such dispute cannot be informally resolved, then such dispute, or any other matter arising under this Agreement, shall be subject to resolution in a court of competent jurisdiction. Such disputes, or any other claims, disputes or other controversies arising out of, and between the Parties shall be subject to and decided exclusively by the appropriate general court of justice of Wake County, North Carolina.

4.06 Severability. If any provision of this Agreement shall be determined to be unenforceable by a court of competent jurisdiction, such determination will not affect any other provision of this Agreement.

4.07 Counterparts. This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument that shall be sufficiently evidenced by any such original counterpart.

4.08 Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. No party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-

mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

4.09 Electronic Version of Agreement. Any Party may convert a signed original of this Agreement to an electronic record pursuant to a North Carolina Department of Natural and Cultural Resources approved procedure and process for converting paper records to electronic records for record retention purposes. Such electronic record of the Agreement shall be deemed for all purposes to be an original signed Agreement.

4.10 Liability of Officers and Agents. 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 or any other documents related to the transactions contemplated hereby. Such officers, agents or employees will be deemed to execute such documents in their official capacities only, and not in their individual capacities. This section will not relieve any such officer, agent or employee from the performance of any official duty provided by law.

4.11 Headings. Any headings preceding the text of the several articles and sections of this Agreement and any table of contents or marginal notes appended to copies hereof shall be solely for convenience of reference and shall neither constitute a part of this Agreement nor affect its meaning, construction or effect.

4.12 Regulatory Authority. Nothing in this Agreement shall restrict or inhibit a Party's police powers or regulatory authority.

4.13 Further Actions. The Parties agree to cooperate fully and execute any and all further documents and to take all further actions that may be necessary to give full force and effect to the intent of this Agreement.

{Signature Page Follows}

EXHIBIT A

Form of Indenture of Trust

**North Carolina Cooperative Liquid Assets Securities System
(North Carolina CLASS)**

Indenture of Trust

(Dated and Effective as of March 1, 2023)

TABLE OF CONTENTS

	Page
ARTICLE I THE TRUST	2
1.1 Name	2
1.2 Purpose; Participant Requirements	2
1.3 Contributions	2
1.4 Location	2
1.5 Nature of Trust.....	3
1.6 Definitions	3
ARTICLE II THE PARTICIPANTS	5
2.1 General Powers	5
2.2 Exercise of Participants' Rights	5
2.3 Voting	5
2.4 Participant Right to Require a Vote of the Board	5
2.5 Inspection of Records	6
2.6 Meetings of the Participants.....	6
2.7 Notice to Participants.....	6
2.8 Proxies	6
2.9 Record Date of Meetings and Votes	7
2.10 Number of Votes.....	7
ARTICLE III THE BOARD OF TRUSTEES	7
3.1 General Powers	7
3.2 Annual Report.....	8
3.3 Other Reports	8
3.4 Legal Title.....	8
3.5 Execution of Documents.....	8
3.6 Delegation; Committees, Bylaws; Policies; Procedures	8
3.7 Fiscal Year; Accounts	9
3.8 Payment of Expenses	9
3.9 Payment of Taxes.....	9
3.10 Insurance	9
3.11 Power to Contract, Appoint, Retain, and Employ.....	10
3.12 Seal	10
3.13 Information Statements.....	10
3.14 Trustees; Signatory Public Agencies and Participants.....	11
3.15 Further Powers	11
ARTICLE IV ADMINISTRATOR.....	11
4.1 Appointment	11
4.2 Duties of the Administrator	11
4.3 Termination.....	11
4.4 Successors	11
ARTICLE V CUSTODIAN.....	12
5.1 Appointment	12
5.2 Duties of the Custodian.....	12
5.3 Termination.....	12
5.4 Successors	12
ARTICLE VI INVESTMENT ADVISOR.....	12

TABLE OF CONTENTS

(continued)

	Page
6.1 Appointment	12
6.2 Duties of the Investment Advisor	12
6.3 Termination.....	12
6.4 Funds.....	12
6.5 Individualized Subaccounts	13
6.6 Successors	13
ARTICLE VII INVESTMENTS	13
7.1 Statement of Investment Objective.....	13
7.2 Restrictions Fundamental to the Trust.....	13
7.3 Permitted Investments.....	14
7.4 Disposition of Assets	14
7.5 Collection.....	14
7.6 Deposits	15
7.7 Valuation.....	15
7.8 Amendment of Restrictions	15
ARTICLE VIII LIMITATIONS OF LIABILITY	15
8.1 Liability to the Trust or to the Participants	15
8.2 Indemnification.....	16
8.3 Surety Bonds.....	16
8.4 Recitals	16
8.5 Reliance on Experts	16
ARTICLE IX INTERESTS OF PARTICIPANTS.....	17
9.1 General.....	17
9.2 Allocation of Shares.....	17
9.3 Evidence of Share Allocation	17
9.4 Redemption to Maintain Constant Net Asset Value for Constant Net Asset Value Funds.....	17
9.5 Redemptions	18
9.6 Suspension of Redemption; Postponement of Payment	18
9.7 Minimum Redemption	18
9.8 Defective Redemption Requests	18
ARTICLE X RECORD OF SHARES	19
10.1 Share Records	19
10.2 Maintenance of Records	19
10.3 Owner of Record.....	19
10.4 No Transfer of Shares	19
10.5 Limitation of Responsibility	19
10.6 Notices	19
ARTICLE XI TRUSTEES AND OFFICERS.....	20
11.1 Number and Qualification.....	20
11.2 Term.....	20
11.3 Resignation and Removal	20
11.4 Officers	20
11.5 Meetings.....	20

TABLE OF CONTENTS

(continued)

	Page
ARTICLE XII DETERMINATION OF NET ASSET VALUE AND NET INCOME	20
12.1 Net Asset Value	20
12.2 Constant Net Asset Value; Reduction of Allocated Shares	20
12.3 Retained Reserves.....	21
ARTICLE XIII RECORDING OF INDENTURE.....	21
13.1 Recording.....	21
ARTICLE XIV AMENDMENTS TO INDENTURE AND PERMITTED INVESTMENTS LIST; TERMINATION OF TRUST; DURATION OF TRUST	21
14.1 Amendment to Indenture or Permitted Investments List; Termination	21
14.2 Distribution upon Termination	22
14.3 Duration	22
ARTICLE XV MISCELLANEOUS.....	23
15.1 Governing Law; Venue.....	23
15.2 Electronic Signatures	23
15.3 Section Headings	23
15.4 Counterparts.....	23
15.5 Reliance by Third Parties.....	23
15.6 Provisions in Conflict with Law	24
15.7 Adoption by Local Government Units; Written Investment Policies of Participants; Resignation and Withdrawal of Participants.....	24

**A NORTH CAROLINA STATUTORY TRUST
INDENTURE OF TRUST**

WITNESSETH:

WHEREAS, the provisions of Section 159-30(c)(10) of Article 3 of Chapter 159 of the General Statutes of North Carolina, as amended and as may be further amended from time to time ("N.C.G.S.") entitled "The Local Government Budget and Fiscal Control Act" (the "Act") authorize any local government or public authority of the State of North Carolina (as each such term is defined in the Act) (a "Local Government Unit") to invest moneys in a commingled investment pool established by interlocal agreement pursuant to N.C.G.S. Chapter 160A, Article 20 (an "Investment Pool") if the investments of the Investment Pool are limited to those qualifying for investment under N.C.G.S. Section 159-30 governing the investment of monies of a Local Government Unit ("Permitted Investments");

WHEREAS, it is the intent of the Local Government Units that are a signatory hereto (the "Signatory Local Government Units") to create an investment pool, known as the North Carolina Cooperative Liquid Assets Securities System as a statutory trust created by interlocal agreement (the "Trust"), solely for North Carolina Local Government Units, and that this Indenture of Trust (the "Indenture") shall serve as the agreement for such purpose;

WHEREAS, it is the intent and purpose of this Indenture to provide for the investment and deposit of pooled funds by the Signatory Local Government Units only in Permitted Investments;

WHEREAS, each of the Signatory Local Government Units has determined that establishment of and participation in the Trust serves a governmental purpose for such Signatory Local Government Unit, including, but not limited to, providing for the investment and deposit of their idle funds subject to the limitations of the Act, and by entering into the Interlocal Agreement, the Signatory Local Government Units are able to take advantage of pooling their investments with other Local Government Units to increase the investments available to the Trust and to lower costs associated with the investment of their funds;

WHEREAS, under the authority of resolutions duly adopted by their respective governing bodies, the Signatory Local Government Units have entered into an Interlocal Agreement dated March 1, 2023 (the "Interlocal Agreement") pursuant to N.C.G.S. Chapter 160A, Article 20 in which the Signatory Local Government Units have agreed to create the Trust as an investment pool pursuant to this Indenture, which action serves a governmental purpose for such Local Government Units;

WHEREAS, each of the Signatory Local Government Units has undertaken all official action necessary and appropriate to become a party to the Interlocal Agreement and this Indenture for the purpose of establishing and participating in the Trust;

WHEREAS, the beneficial interests in the assets of the Trust funds created pursuant to the provisions of this Indenture shall be divided into non-transferable Shares;

WHEREAS, the Signatory Local Government Units anticipate that other Local Government Units may wish to become Participants by becoming parties to the Interlocal Agreement, approving this Indenture and becoming a party hereto;

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements contained herein, the parties hereto, now and hereafter added pursuant to the provisions herein, mutually undertake, promise, and agree for themselves, their respective representatives, successors, and assigns that all moneys, assets, securities, funds, and property now or hereafter acquired by the Trustees, their

successors and assigns under this Indenture shall be held and managed in trust for the equal and proportionate benefit of the Participants of record from time to time of Shares of beneficial interests herein, without privilege, priority, or distinction among such holders, and subject to the terms, covenants, conditions, purpose, and provisions hereof.

ARTICLE I THE TRUST

1.1 Name. Pursuant to the terms of this Indenture, a North Carolina trust is hereby established and the name of the trust shall be North Carolina Cooperative Liquid Assets Securities System (North Carolina CLASS). The Board shall conduct the Trust's activities, execute all documents, and sue or be sued under that name. The Board may use such other designations, including "North Carolina CLASS," or "NCCLASS," and may adopt such other name or names for the Trust as the Board deems proper, and the Trust may hold property and conduct its activities under such designations or names. The Board shall take such action as it, acting with the advice of counsel, shall deem necessary or appropriate to file or register such names in accordance with the laws of the State of North Carolina or the United States of America so as to protect and reserve the right of the Trust in and to such names.

1.2 Purpose; Participant Requirements.

(a) The purpose of the Trust is to provide a commingled investment pool established by interlocal agreement in accordance with North Carolina law permitting Local Government Units to pool idle funds in order to invest such funds and earn interest in accordance with, and as permitted by, the provisions of the N.C.G.S. Section 159-30 governing the investment of monies of a Local Government Unit.

(b) Only those Local Government Units that have adopted this Indenture, have executed and delivered an interlocal agreement with the other Local Government Units pursuant to § 160A-460 through 160A-464 of the General Statutes of North Carolina, as amended, and have complied with the provisions hereof are Participants.

(c) Each Local Government Unit taking all official action necessary to become a party to the Interlocal Agreement and this Indenture and executing the Interlocal Agreement and this Indenture, and otherwise complying with the provisions hereof, shall become a Participant upon depositing into the Trust the minimum total investment as that amount is established, from time to time, by the Board.

1.3 Contributions.

(a) The Board will hold in the Trust all such funds contributed by Participants for investment by the Board. No Participant will be required to appropriate funds or to levy taxes for investment in the Trust.

(b) All payments made by a Participant to the Trust, and all other money or property that lawfully becomes a part of the Trust, together with the income, appreciation or depreciation and expenses, if any, therefrom, shall be held, managed and administered in trust, pursuant to the terms of this Indenture. The Trustees accept the Trust and agree to perform the duties, responsibilities and obligations under this Indenture allocated to them as fiduciaries.

1.4 Location. The Trust shall maintain an office of record in the State of North Carolina that shall be the repository for the primary records of the Trust and may maintain such other offices or places of business as the Board may from time to time determine. The office of record may be changed from time

to time by resolution of the Board and notice of such change of the office of record shall be given to each Participant.

1.5 Nature of Trust.

(a) The Trust shall be a trust organized and existing under the laws of the State of North Carolina. The Participants shall be beneficiaries of the Trust, and their relationship to the Trust shall be solely in their capacity as Participants and beneficiaries in accordance with the rights conferred upon them hereunder.

(b) The Indenture is an agreement of indefinite term regarding deposit, redeposit, investment, reinvestment, and withdrawal of local government funds in accordance with the Local Government Finance Act and other laws of the State of North Carolina.

(c) The Board may authorize the creation of one or more different portfolios, including portfolios that do not seek to maintain a stable net asset value, provided that each such portfolio shall conform in all respects to the requirements of this Indenture.

(d) The Board may authorize the use of the names North Carolina CLASS and NCCLASS in conjunction with other products and services that provide investment, financial, or other cash management services to Local Government Units.

(e) Pursuant to Section 115 of the Code, the Trust is intended to be exempt from income tax. The Trustees shall take any and all actions necessary to ensure that the Trust obtains all appropriate qualifications and determination, to the extent necessary, that it is and continues to be exempt from income tax under Section 115 of the Code.

(f) This Indenture shall be construed and the Trust operated in a manner consistent with the intention that the Trust is to be exempt from income tax.

(g) The Trustees shall take no action which would adversely affect the tax-exempt status of the Trust. In the furtherance of their duties under this Indenture, the Trustees may rely on an opinion of independent counsel that any action which they are directed to take will not adversely affect the tax-exempt status of the Trust.

1.6 Definitions. As used in this Indenture, the following terms shall have the following meanings:

"Additional Funds" shall have the meaning set forth in Section 6.4 herein.

"Administrative Agreement" shall mean the agreement between the Board on behalf of the Trust and the Administrator.

"Administrator" shall mean the person or persons appointed, employed, or contracted with by the Board on behalf of the Trust pursuant to Article IV hereof.

"Authorized Representative" shall mean the finance officer of each Participant. Such Authorized Representative shall be the legal representative to act for and on behalf of each Participant.

"Business Day" means any day of the year other than (a) a Saturday or Sunday, (b) any day on which banks located in Raleigh, North Carolina, are required or authorized by law to remain closed, or (c) any day on which the New York Stock Exchange is closed.

"Board" shall mean the Board of Trustees as designated by the Signatory Local Government Units to administer and supervise the affairs of the Trust and such new or successor Trustees as shall be appointed as provided in Bylaws.

"Bylaws" shall mean the bylaws of the Trust as may be amended from time to time.

"Constant Net Asset Value Funds" means the Prime Fund and any Additional Funds that maintain a constant net asset value per Share.

"Custodian" shall mean any person or persons appointed, employed, or contracted with by the Investment Advisor on behalf of the Trust pursuant to Article V hereof.

"Custodian Agreement" shall mean the agreement between the Board on behalf of the Trust and the Custodian.

"Funds" shall have the meaning set forth in Section 6.4 herein

"Indenture" shall mean this Indenture of Trust as may be amended from time to time.

"Information Statement" shall mean an information statement or other descriptive document adopted as such by the Board from time to time and distributed to Participants and potential Participants.

"Investment Advisor" shall mean any person or persons appointed, employed, or contracted with by the Board on behalf of the Trust pursuant to Article VI hereof and shall include any authorized representative of the Investment Advisor.

"Investment Advisor Agreement" shall mean the agreement between the Board on behalf of the Trust and the Investment Advisor.

"Investment Policy" shall mean the investment policy established by the Board pursuant to Section 7.1 herein.

"Local Government" has the meaning set forth in the recitals.

"Local Government Unit(s)" has the meaning set forth in the recitals.

"N.C.G.S." means North Carolina General Statutes, as amended from time to time.

"Participants" shall mean the Local Government Units that are the Signatory Local Government Units as of the date this Indenture and any other Local Government Unit that becomes a participant in the Trust by the execution and delivery of an amendment or joinder to the Interlocal Agreement and complying with the other requirements of the Interlocal Agreement.

"Permitted Investments" has the meaning set forth in the recitals.

"Person" shall mean and include individuals, corporations, limited partnerships, general partnerships, joint stock companies or associations, joint ventures, associations, companies, trusts, banks,

trust companies, land trust, business trust, or other entities (whether or not legal entities) and governments and agencies and political subdivisions thereof.

"Prime Fund" shall have the meaning set forth in Section 6.4 herein.

"Public Body" has the meaning set forth in the recitals.

"Responsible Person" shall mean a person listed on the United States Treasury Department List of Primary Dealers or any equivalent successor to such list, or a savings and loan or a bank that is organized and existing under the laws of the United States of America or any state thereof and that has assets in excess of \$500 million.

"Share" shall mean the unit used to denominate and measure the respective pro rata beneficial interests of the Participants in the Trust Property as described in Article IX.

"Signatory Local Government Unit" has the meaning set forth in the recitals.

"Trust" shall mean the trust created by this Indenture.

"Trust Property" shall mean, as of any particular time, any and all moneys, properties, rights, or otherwise, tangible or intangible, that is transferred, conveyed, or paid to the Trust and all income, profits, and gains therefrom and which, at such time, is owned or held by, or for the account of, the Trust.

"Trustee" shall mean any member of the Board.

ARTICLE II THE PARTICIPANTS

2.1 General Powers. Subject to the provisions of this Indenture, the Participants shall have full, exclusive, and absolute power of supervision over the Trust and the affairs of the Trust.

2.2 Exercise of Participants' Rights. All rights of the Participants as set forth in this Indenture shall be exercised by their respective Authorized Representative. Wherever in this Indenture action is required by or permitted by a Participant, such action shall be taken by the Authorized Representative on behalf of the Participant. All notices required to be sent to Participants shall be sent to the Authorized Representative. Each Participant's Authorized Representative shall be responsible for the management, supervision and investment of such Participant's idle funds invested in the Trust.

2.3 Voting. Each Participant, through its Authorized Representative, shall be entitled to one vote as a matter of right with respect to the following matters:

- (a) Amendment of this Indenture;
- (b) Termination of the Trust; and
- (c) Reorganization of the Trust.

It shall not be necessary for any minimum number of Shares other than one to be allocated to a Participant for the Participant to be entitled to vote.

2.4 Participant Right to Require a Vote of the Board. The Participants shall, by an instrument or concurrent instruments in writing delivered to the Board signed by the lesser of 25 or ten

percent of the Participants, have the right to require a vote by the Board related to questions or consideration of such matters as determined by such Participants. Within 90 days of receipt of such instrument(s) or the following Board meeting, whichever occurs sooner, the Board shall be required to address the matters identified within the instrument(s) and be required to take action on the matter.

2.5 Inspection of Records. The records of the Trust shall be open to inspection by Participants at all reasonable times, provided that five (5) days written notice thereof is given to each of the Trustees.

2.6 Meetings of the Participants.

(a) Meetings of the Participants may be called at any time by a majority of the Board and shall be called upon written request of the lesser of 25 or ten percent of the Authorized Representatives. Such request shall specify the purpose(s) for which such meeting is to be called. Any such meeting shall be held within the State of North Carolina at such place, on such day and at such time as the Board shall designate, provided that a meeting requested by the Authorized Representatives shall be held within 60 days of such request or on such other date contained in the request but not less than 30 days from the date of the request.

(b) A majority of the Authorized Representatives entitled to vote shall constitute a quorum. An Authorized Representative may vote in person or by proxy (to the extent permitted by law). Any Authorized Representative may attend by conference telephone or similar communication equipment if all persons participating are able to communicate with each other.

(c) All meetings of Participants shall comply with all applicable requirements of all applicable laws including, without limitation, with N.C.G.S. Section 143-33C.

2.7 Notice to Participants.

(a) Any notice required to be given to the Participants including notice of all meetings of the Participants shall be given by delivering by mail or electronically the notice to the Authorized Representative of each Participant at the address shown in the records of the Trust.

(b) In the case of a meeting of the Participants any notice shall be delivered at least 20 days before the meeting. The notice shall state the time, place, and purposes of the meeting. Only business stated in the notice of a meeting shall be considered at such meeting. Any adjourned meeting may be held as adjourned without further notice.

(c) The Board may authorize the Administrator to maintain a website with respect to the Trust. Notices required to be given to the Participants may be posted to such website; provided, however, the Administrator shall post all notices to the website to the extent such notices are required to be posted on the website by applicable law, including, without limitation, with N.C.G.S. Section 143-33C.

(d) All notices to Participant shall comply with all applicable requirements of all applicable laws including, without limitation, with N.C.G.S. Section 143-33C.

2.8 Proxies.

(a) At any meeting of the Participants, any Authorized Representative entitled to vote may vote by proxy, provided that no proxy shall be voted at any meeting unless it shall have been placed on file with the Secretary of the Trust or with such other officer or agent of the Trust as the Secretary of the Trust may direct. Pursuant to a resolution of a majority of the Board, proxies may be solicited in the name

of one or more of the officers of the Trust. All proxies shall be revocable at the option of the Authorized Representative at any time prior to the vote.

(b) A proxy purporting to be executed by or on behalf of a Participant shall be deemed valid unless another Participant challenges the validity of such proxy at or prior to the vote. The burden of proving invalidity of a proxy shall rest on the challenger. Those Participants not involved in the challenge shall determine any such challenge, and their decision shall be final.

2.9 Record Date of Meetings and Votes. For the purposes of determining the Participants that are entitled to vote or act at any meeting or any adjournment thereof, or for the purpose of any other action, the Board may fix a date no more than 30 days prior to the date of any meeting or vote of the Participants or other action as a record date for delivering notice to the Participants. No Participant shall be entitled to vote at such meeting or any adjournment thereof, or to cast a ballot in such vote, unless it has a minimum of one Share allocated to it as of the record date. Any Participant becoming such prior to the meeting shall be entitled to vote at such meeting or any adjournment thereof or to cast a ballot in such vote and to be treated as a Participant for all purposes.

2.10 Number of Votes. Only Participants of record shall be entitled to vote, and each Participant shall be entitled to one vote without regard to the number of Shares allocated to it. The approval of at least a majority of those voting shall be sufficient to approve any action at a meeting of the Participants except as provided in Sections 7.8 and 14.1.

ARTICLE III THE BOARD OF TRUSTEES

3.1 General Powers.

(a) Subject to the rights of the Participants as provided herein, the Board shall have the authority over the Trust Property and the affairs of the Trust in order to administer the operation of the Trust, subject to the requirements, restrictions and provisions of this Indenture, including the power to delegate such functions of administration pursuant to Section 3.9 hereof. The Trustees may do and perform such acts and things as in their judgment and discretion, subject to the requirements and restrictions of this Indenture, as are necessary and proper for the administration of the Trust and the investment of the Trust Property. as are necessary and proper for conducting the affairs of the Trust or promoting the interest of the Trust and the Participants. The enumeration of any specific power or authority herein shall not be construed as limiting the aforesaid general power or authority or any specific power or authority. The Trustees may exercise any power authorized and granted to the Trustees by this Indenture. Such powers of the Trustees may be exercised without the necessity of any order of, or resort to, any court. The Board shall invest the assets of the Trust with the degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of the property of another, not in regard to speculation, but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of capital.

(b) As set forth in Section 1.3 herein, Participants are not required to appropriate funds or to levy taxes for investment in the Trust. Further, Trustees shall neither have the right nor the obligation to require or collect contributions from the Participants or to enforce or attempt to enforce any agreement that may attempt to require contributions to the Trust. The Trustees shall be accountable only for transfers and contributions made to the Trust in accordance with the terms of this Indenture.

3.2 Annual Report. The Board shall cause to be prepared at least annually:

(a) A report of operations containing a statement of assets and liabilities and statements of operations and of changes in net assets of the Trust prepared in conformity with United States generally accepted accounting principles;

(b) An opinion of an independent certified public accountant on such financial statements based on an examination of the books and records of the Trust made in accordance with United States generally accepted auditing standards;

(c) Sufficient information to establish compliance with the investment policy established in this Indenture; and

(d) Such other information as may be required by N.C.G.S. or by rules and regulations promulgated thereunder.

The Board shall cause copies of the annual report, together with the most recent Information Statement, to be delivered to all Participants of record within five Business Days from the receipt thereof.

3.3 Other Reports. The Board may also furnish to the Participants additional reports of operations and such other information as the Board may determine or as may be required by North Carolina law or by rules and regulations promulgated thereunder.

3.4 Legal Title.

(a) Legal title to all of the Trust Property shall be vested in the Trustees on behalf of the Participants, who shall be the beneficial owners; provided, however, the Trustees may cause legal title to all or a portion of the Trust Property to be held, on behalf of the Participants, by or in the name of the Trust, or in the name of any other Person as nominee, on such terms, in such manner, and with such powers as the Trustees may determine, so long as in their judgment the interest of the Trust is adequately protected.

(b) The right, title and interest of the Trustees in and to the Trust Property shall vest automatically in all persons who may hereafter become Trustees upon their due selection and qualification without any further act. Upon the resignation, disability, removal, adjudication as an incompetent, disqualification pursuant to the terms of this Indenture, or death of a Trustee, he or she (and in the event of his or her death, his or her estate) shall automatically cease to have any right, title or interest in or to any of the Trust Property, and the right, title and interest of such Trustee in and to the Trust Property shall vest automatically in the remaining Trustees without any further act.

3.5 Execution of Documents. All documents or instruments that require a signature shall be signed by the Chair or by such other person as so designated by resolution of the Board. The Board may authorize the use of facsimile, electronic or other legal signatures.

3.6 Delegation; Committees, Bylaws; Policies; Procedures. The Board shall have full and complete power to delegate, from time to time, to one or more Trustees (who may be designated as constituting a committee of the Board) or to officers, employees, or agents of the Trust (including without limitation the Administrator, the Custodian, and/or the Investment Advisor) the doing of such acts and things and the execution of such instruments as the Board may from time to time deem expedient and appropriate in the furtherance of the business affairs and purposes of the Trust. The Board may adopt and, from time to time, amend or repeal Bylaws, policies, or procedures for the conduct of the business of the

Trust. Such Bylaws, policies, or procedures may, among other things, define the duties of the respective officers, agents, employees, and representatives of the Trust.

3.7 Fiscal Year; Accounts. The Board shall have full and complete power to determine the fiscal year of the Trust and the method or form in which its accounts shall be kept and from time to time to change the fiscal year or method or form of accounts. Unless otherwise determined by the Board, the fiscal year of the Trust shall commence on January 1 and terminate on December 31.

3.8 Payment of Expenses.

(a) The Board shall have full and complete power:

(i) To incur and pay any charges or expenses that, in the opinion of the Board, are necessary or incidental to or proper for carrying out any of the purposes of this Indenture;

(ii) To reimburse others for the payment therefore; and

(iii) To pay appropriate compensation or fees from the funds of the Trust to persons with whom the Board has contracted or transacted business.

The Trustees may delegate the foregoing to the Administrator.

(b) The Trustees shall not be paid compensation for their general services as such. Trustees may be reimbursed for expenses reasonably incurred on behalf of the Board and for attendance at Board meetings and other Trust related activities.

(c) In no event shall the expenses of administration of the Trust be payable from any source other than Trust Property.

3.9 Payment of Taxes. The Board shall have full and complete power:

(a) To pay all taxes or assessments, of whatever kind or nature, validly and lawfully imposed upon or against the Trust or the Trustees in connection with the Trust Property or upon or against the Trust Property or income or any part thereof;

(b) To dispute, settle and compromise tax liabilities; and

(c) To file such tax returns as may be required to be filed by the applicable taxing authority.

The Trustees may delegate the foregoing to the Administrator.

3.10 Insurance. At all times, the Board, through the Administrator, shall maintain insurance policies insuring the Trust, the Trustees, officers, employees, and agents of the Trust individually against all claims and liabilities of every nature arising by reason of holding or having held any such office or position or by reason of any action alleged to have been taken or omitted by the Trust or any such person, officer, employee, and agent including any action taken or omitted that may be determined to constitute negligence, whether or not the Trust would have the power to indemnify such person against such liability. The Board shall have full power and authority to purchase and pay for such insurance entirely out of the Trust Property. Such insurance policies shall be in such amounts as the Board shall deem adequate to cover

all foreseeable tort and contract liability to the extent available at reasonable rates, and as set forth in Section 8.5, the Board may rely on the advice of experts in determining such amounts.

3.11 Power to Contract, Appoint, Retain, and Employ.

(a) The Board is responsible for the investments of the Trust consistent with the Investment Policy and for the general administration of the business and affairs of the Trust conducted by officers, agents, employees, administrators, investment advisors, distributors, or independent contractors of the Trust. The Trustees are not required to conduct the routine business of the Trust. Consistent with their responsibilities, the Board may appoint, employ, retain, or contract on behalf of the Trust with any persons the Board may deem necessary or desirable for the transaction of the affairs of the Trust, to:

- (i) Serve as Investment Advisor to the Trust;
- (ii) Serve as Administrator of the Trust;
- (iii) Serve as Custodian for the Trust;
- (iv) Furnish reports to the Trust and provide research, economic, and statistical data in connection with the Trust's investments;
- (v) Act as consultants, accountants, technical advisors, attorneys, brokers, underwriters, corporate fiduciaries, escrow agents, depositories, custodians, agents for collection, insurers or insurance agents, or in any other capacity deemed by the Board to be necessary or desirable;
- (vi) Act as attorney-in-fact or agent in the purchase or sale or other disposition of investments and in the handling, prosecuting, or other enforcement of any lien or security securing investments; or
- (vii) Assist in the performance of such other functions necessary in the management of the Trust.

(b) The same person may serve simultaneously as the Administrator and as the Investment Advisor, but no person serving as the Administrator or the Investment Advisor may serve as the Custodian.

3.12 Seal. The Board shall have full and complete power to adopt and use a seal for the Trust, but, unless otherwise required by the Board, it shall not be necessary for the seal to be placed on, and its absence shall not impair the validity of, any document, instrument, or other paper executed and delivered by or on behalf of the Trust.

3.13 Information Statements. The Board shall have full and complete power to prepare, publish, and distribute to the Participants or potential Participants one or more Information Statements regarding the Trust and to amend or supplement the same from time to time. The Information Statement for a particular fund shall include but not be limited to the following information related to such fund:

- (a) Credit standards for Trust investments;
- (b) The safekeeping practices utilized for the Trust;

- (c) Maximum and minimum account sizes;
- (d) Maximum and minimum transaction sizes for deposits to and withdrawals from Participants' accounts;
- (e) Instructions for establishing accounts and making deposits to and withdrawals from Participants' accounts;
- (f) The procedures for determining the value of the Trust Property and the net asset value per Share; and
- (g) The method for disclosure of administrative and associated costs incurred by the Trust.

3.14 Trustees; Signatory Public Agencies and Participants. No Signatory Local Government Unit or Participant, nor any of their respective officers, employees, agents or representatives shall have any liability under this Indenture as a result of service by its Authorized Representative as a Trustee.

3.15 Further Powers. The Board shall have full and complete power to take all such actions, do all such matters and things, and execute all such documents, instruments and certificates as they deem necessary, proper, or desirable in order to carry out, promote, or advance the interests and purposes of the Trust although such actions, matters, or things are not herein specifically mentioned. Any determination as to what is in the best interests of the Trust made by the Board in good faith shall be conclusive. In construing the provisions of this Indenture, the presumption shall be in favor of a grant of power to the Board.

ARTICLE IV ADMINISTRATOR

4.1 Appointment. The Board shall appoint one or more persons to serve as the Administrator of the Trust.

4.2 Duties of the Administrator. The duties of the Administrator shall be those set forth in an Administrative Agreement to be entered into between the Trust and the Administrator. Such duties may be modified by the Trustees, from time to time, by the amendment of the Administrative Agreement. The Administrative Agreement may authorize the Administrator to employ other Persons to assist it in the performance of its duties.

4.3 Termination. Any Administrative Agreement shall provide that it may be terminated without cause and without the payment of any penalty on at least 90 days' written notice. Nothing in this Indenture or in the Administrative Agreement shall limit or impair the right of the Board to terminate the Administrative Agreement for cause, or to suspend the authority of the Administrator to act for or on behalf of the Trust immediately upon written notice to the Administrator, upon a showing of reasonable cause to believe that the Administrator has committed a material breach of the Administrative Agreement or any of its fiduciary obligations to the Trust.

4.4 Successors. In the event that, at any time, the position of Administrator shall become vacant for any reason, the Board shall appoint, employ, or contract with a successor.

ARTICLE V CUSTODIAN

5.1 Appointment. The Board shall select and employ, with the advice of the Investment Advisor, a bank, savings and loan association or trust company in the State of North Carolina or otherwise in accordance with N.C.G.S. Section 159-31 as Custodian.

5.2 Duties of the Custodian. The duties of the Custodian shall be those set forth in a Custodian Agreement. Such duties may be modified by the Trustees, from time to time, by the amendment of the Custodian Agreement. The Custodian will have the authority as agent of the Board, subject to the restrictions and limitations set forth in this Indenture and the Custodian Agreement. The Custodian shall agree to act in accordance with the instructions of the Investment Advisor.

5.3 Termination. The Custodian may resign on not less than 90 days' written notice to the Board and may be terminated at any time without cause and without the payment of any penalty by the Trust on not less than 90 days' written notice to the Custodian.

5.4 Successors. In the event that, at any time, the Custodian shall resign or shall be terminated pursuant to the provisions of the Custodian Agreement, the Trustees shall appoint, employ or contract with a successor.

ARTICLE VI INVESTMENT ADVISOR

6.1 Appointment. The Board may appoint one or more persons to serve as the Investment Advisor of the Trust.

6.2 Duties of the Investment Advisor. The duties of the Investment Advisor shall be those set forth in an Investment Advisor Agreement to be entered into between the Board on behalf of the Trust and the Investment Advisor. Such duties may be modified by the Board from time to time. The Board may authorize the Investment Advisor to effect purchases, sales, or exchanges of Trust Property on behalf of the Board or may authorize any officer, employee, agent, or member of the Board to effect such purchases, sales, or exchanges pursuant to recommendations of the Investment Advisor, all without further action by the Board. Any and all of such purchases, sales, and exchanges shall be deemed to be authorized by the Board. The Investment Advisor Agreement may authorize the Investment Advisor to employ other persons to assist in the performance of the duties set forth in the Investment Advisor Agreement. The Investment Advisor shall at no time have custody of, or physical control over, any of the investment property.

6.3 Termination. The Investment Advisor may resign on not less than 90 days' written notice to the Board and may be terminated at any time without cause and without the payment of any penalty by the Trust on not less than 90 days' written notice to the Investment Advisor.

6.4 Funds. The Investment Advisor shall cause the Custodian to establish a primary fund (the "Prime Fund") for the investment of idle funds of the Participants. The Prime Fund shall be invested in Permitted Investments pursuant to the criteria and policies contained in this Indenture and the Investment Policy (collectively, the "Investment Policy of Prime Fund"). Notwithstanding anything in this Indenture to the contrary, the Investment Advisor may, upon the direction of the Board, cause the Custodian to establish specially designated funds, in addition to the Prime Fund, with specified investment characteristics (the "Additional Funds" and, together with the Prime Fund, the "Funds"). The Investment Advisor may cause the Custodian to establish such Additional Funds once the Board or its designee has approved in writing the investment characteristics of such Additional Funds. If established, any such Additional Fund

shall consist only of Permitted Investments, and the investment characteristics of each such Additional Fund shall be set forth in a separate Information Statement. The establishment of such Additional Funds shall not be deemed an amendment of this Indenture. A Participant may direct the Investment Advisor to invest its surplus funds in any of the established Funds. The Investment Advisor shall cause each such Fund to maintain accounts and reports separate from any other Fund. The Investment Advisor may choose to provide for a separate rating on each such Fund. All provisions of this Indenture and the Investment Advisor Agreement shall apply to any such Funds.

6.5 Individualized Subaccounts. Notwithstanding anything in this Indenture to the contrary, the Investment Advisor from time to time may propose to the Participants that the Participants establish individualized subaccounts within any Fund with investment, withdrawal, contribution, or other characteristics different, but no broader, than those set forth in this Indenture. Such characteristics may include, without limitation, certain restrictions on amounts to be deposited, the types of Permitted Investments to be made, and additional administration fees. A Participant in its sole discretion may request that the Investment Advisor create such proposed individualized subaccounts within any Fund on behalf of such Participant. Any subaccount that is created pursuant to this Section 6.5 shall be subject to the terms and investment policies set forth in the proposal of the Investment Advisor until the terms governing such subaccount are amended by the specific Participant having such subaccount. To amend such terms, the Participant must provide to the Investment Advisor a special investment policy governing such subaccount. Such investment policy may not be broader than the Investment Policy of the Prime Fund, or if a subaccount is created for an Additional Fund, such investment policy may not be broader than the investment policy of such Additional Fund and in no case shall it be broader than the Investment Policy and Permitted Investments. The establishment of such subaccounts and the amendment of the investment policy for such subaccount shall not be deemed an amendment of this Indenture. The Investment Advisor shall calculate the return realized by such subaccounts separate and apart from the returns realized by other subaccounts maintained for other Participants.

6.6 Successors. In the event that, at any time, the position of Investment Advisor shall become vacant for any reason, the Board shall appoint, employ, or contract with a successor.

ARTICLE VII INVESTMENTS

7.1 Statement of Investment Objective. The Trust is a local government investment pool trust and is established to provide safety, liquidity, service, and income to Local Government Units by investing in Permitted Investments in accordance with this Indenture, the Act and any other applicable provisions of law, as the same may be amended from time to time. The Board shall adopt an investment policy to achieve this objective (the "Investment Policy").

7.2 Restrictions Fundamental to the Trust. Notwithstanding anything in this Indenture that may be deemed to authorize the contrary, the Board:

(a) May not make any investment other than investments authorized by this Indenture, which constitute Permitted Investments and are consistent with the Investment Policy, and which are consistent with the investment policies and procedures set forth in the Information Statement and which are described therein, as the same may be amended from time to time, provided, however, the Board and the Trust shall not be responsible for insuring compliance with any investment restrictions provided for in a Participant's investment policy or elsewhere;

(b) May not borrow money or incur indebtedness whether or not the proceeds thereof are intended to be used to purchase Permitted Investments except as a temporary measure to facilitate

withdrawal requests that might otherwise require unscheduled dispositions of portfolio investments and only as and to the extent permitted by law;

(c) May not hold or provide for the custody of any Trust Property in a manner not authorized by law or by any institution or person not authorized by law; and

(d) May not buy securities from or sell securities to the Administrator, the Investment Advisor, the Custodian, or any Trustee or any affiliate, officer, director, employee, or agent of any of them.

7.3 Permitted Investments. The Board shall have full and complete power:

(a) to conduct, operate, and provide investment programs for the pooling of surplus funds of Local Government Units to take advantage of short-term investments and maximize net interest earnings;

(b) for such consideration as it may deem proper and as may be required by law, to deposit, to subscribe for, invest in, assign, transfer, exchange, distribute, and otherwise deal in or dispose of investment instruments that are Permitted Investments; and

(c) to contract for and enter into agreements with respect to the purchase and sale of Permitted Investments.

7.4 Disposition of Assets. The Board, through the Investment Advisor, shall have full and complete power to sell, exchange, or otherwise dispose of any and all Trust Property free and clear of any and all trusts and restrictions at public or private sale, for cash or on terms, with or without advertisement, and subject to such restrictions, stipulations, agreements, and reservations as they shall deem proper and to execute and deliver any deed, power, assignment, bill of sale, or other instrument in connection with the foregoing including giving consents and making contracts relating to Trust Property or its use.

7.5 Collection. The Board shall have full and complete power:

(a) to collect, sue for, receive, and receipt for all sums of money or other property due to the Trust;

(b) to consent to extensions of the time for payment or to the renewal of any securities, investments, or obligations;

(c) to engage or intervene in, prosecute, defend, compromise, abandon or adjust by arbitration or otherwise any actions, suits, proceedings, disputes, claims, demands, or things relating to the Trust Property;

(d) to foreclose any collateral, security, or instrument securing any investments, notes, bills, bonds, obligations, or contracts by virtue of which any sums of money are owed to the Trust;

(e) to exercise any power of sale held by the Board and to convey good title thereunder free of any and all trusts and in connection with any such foreclosure or sale to purchase or otherwise acquire title to any property;

(f) to be parties to reorganization and to transfer to and deposit with any corporation, committee, voting trustee, or other person, any securities, investments or obligations of any person who form a part of the Trust Property for the purpose of such reorganization or otherwise;

(g) to participate in any arrangement for enforcing or protecting the interests of the Trust as the owner or holder of such securities, investments, or obligations and to pay any assessment levied in connection with such reorganization or arrangement;

(h) to extend the time (with or without security) for payment or delivery of any debts or property and to execute and enter into release, agreements, and other instruments;

(i) to pay or satisfy any debts or claims upon any evidence that the Board shall deem sufficient; and

(j) to pursue any remedies permitted by law that in the judgment of the Board is in the interest of the Trust.

7.6 Deposits. Subject to the provisions of N.C.G.S. Sections 159-31 and 159-32, in such manner as may now and hereafter be permitted by this Indenture and applicable law, the Board shall have full and complete power to deposit any moneys or funds included in the Trust Property with an eligible public depository. Such deposits are to be subject to withdrawal in such manner as the Board may determine, and the Board shall have no responsibility for any loss that may occur by reason of the failure of the bank, trust company, or other banking institution with which the moneys, investments, or securities have been deposited. During the term of any such deposit, each such bank, trust company, or other banking institution shall comply, with respect to such deposit, with all applicable requirements of all applicable laws including, without limitation, with N.C.G.S. Sections 159-31 and 159-32.

7.7 Valuation. The Board shall have full and complete power to conclusively determine, in good faith, the value of any of the Trust Property and to revalue the Trust Property as the Board deems appropriate and consistent with the provisions of this Indenture. The procedures for valuing the Trust Property shall be set forth in the Information Statement.

7.8 Amendment of Restrictions. The restrictions set forth in Sections 7.2 and 7.3 hereof are fundamental to the operation and activities of the Trust and may not be changed without the affirmative vote of a majority of the Participants except that such restrictions may be changed by the Board so as to make Sections 7.2 and 7.3 hereof more restrictive when necessary to conform the investment program and activities of the Trust to the laws of the State of North Carolina and the United States of America as they may from time to time be amended.

ARTICLE VIII LIMITATIONS OF LIABILITY

8.1 Liability to the Trust or to the Participants. No Trustee, officer, or employee of the Trust shall be liable to the Trust or to any Participant, member of the Board, officer, employee, advisor, consultant, or agent of the Trust for any action or failure to act (including without limitation the failure to compel in any way any former or acting member of the Board to redress any breach of trust) except for bad faith, willful misfeasance, gross negligence, or reckless disregard of his or her duties. Any agreements with the Administrator, the Custodian, or the Investment Advisor shall provide for the liability of the Administrator, the Custodian, and the Investment Advisor, as the case may be, for a failure to take reasonable measures to restrict investments of Trust Property to those permitted by law and this Indenture. The provisions of this Section shall not limit the liability of any agent (including, without limitation, the Administrator, the Custodian, or the Investment Advisor) with respect to any breach of any contract between the agent and the Board.

8.2 Indemnification.

(a) The Trust shall indemnify, to the extent of the earnings of the Trust and the proceeds of any insurance policies, each of the Trustees and such officers or employees as designated by the Board to receive such indemnification, against all liabilities and expenses (including, without limitation, amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel fees) reasonably incurred in connection with the defense or disposition of any action, suit, or other proceeding, whether civil or criminal, in which the indemnified person may be involved or with which the indemnified person may be threatened, while in office or thereafter, by reason of being or having been a Trustee, officer, or employee except as to any matter as to which the indemnified person shall have been adjudicated to have acted in bad faith or with willful misfeasance or reckless disregard of his or her duties or gross negligence or, in the case of the Investment Advisor or the Administrator, in violation of the restrictions on investments of the Trust Property.

(b) The provisions of this Section shall not be construed to permit the indemnification of any agent of the Trust with respect to any breach of a contract between the agent and the Board.

(c) As to any matter disposed of by a compromise payment by the Board or any Trustee, officer, employee, advisor, consultant, or agent pursuant to a consent decree or otherwise, no indemnification either for such payment or for any other expense shall be provided unless the Board, after consultation with counsel and other experts deemed necessary, has determined that such compromise payment is or was in the best interests of the Trust.

(d) No Participant shall be liable to any person with respect to any claim for indemnity or reimbursement and any Trustee, officer, employee, advisor, consultant, or agent may satisfy any right to indemnity or reimbursement granted herein or to which they may be otherwise entitled only out of the earnings on the Trust. The Board may make advance payments in connection with indemnification provided that the person indemnified shall have given a written undertaking to reimburse the Trust in the event that it is subsequently determined that the person is not entitled to such indemnification.

(e) To the extent permitted by applicable laws, the Board shall also have full and complete power to indemnify or enter into agreements with respect to indemnification with any other person with whom the Trust has dealings.

8.3 Surety Bonds. No Trustee shall, as such, be obligated to give any bond or surety or other security for the performance of any of his or her duties.

8.4 Recitals. Any written instrument creating an obligation of the Trust shall be conclusively taken to have been executed by the Trustee, officer, employee, or agent of the Trust only in his or her capacity as Trustee, officer, employee, or agent of the Trust. Any written instrument creating an obligation of the Trust is not personally binding upon nor shall resort be had to the property of any Trustee, Participant, Authorized Representative, officer, employee, or agent of the Trust and only the Trust Property or a specific portion thereof shall be bound.

8.5 Reliance on Experts. Each Trustee and each officer, employee, or agent of the Trust shall, in the performance of his or her duties, be fully and completely justified and protected with regard to any act or failure to act resulting from reliance in good faith upon the records of the Trust, upon an opinion of counsel or upon reports made to the Trust by any of its officers or employees or by the Administrator, the Custodian, the Investment Advisor, accountants, appraisers, or other experts or consultants selected by the Board or officers of the Trust.

**ARTICLE IX
INTERESTS OF PARTICIPANTS**

9.1 General. The beneficial interests of the Participants hereunder in the Trust Property and the earnings thereon shall, for convenience of reference, be divided into Shares. Shares shall be used as units to measure the proportionate allocation to the respective Participants of the beneficial interests hereunder. The number of Shares that may be used to measure and represent the proportionate allocation of beneficial interests among the Participants is unlimited. All Shares shall be of one class representing equal distribution, liquidation, and other rights. The beneficial interests measured by the Shares shall not entitle a Participant to preference, preemptive, appraisal, conversion, or exchange rights of any kind with respect to the Trust or the Trust Property. Title to the Trust Property of every description is vested in the Trust on behalf of and for the beneficial interests of the Participants. The Participants shall have no interest in the Trust Property other than the beneficial interests conferred hereby and measured by their Shares, and the Participants shall have no right to call for any partition or division of any property, profits, rights, or interests of the Trust nor can the Participants be called upon to share or assume any losses of the Trust or suffer an assessment of any kind by virtue of the allocation of Shares to them.

9.2 Allocation of Shares.

(a) In their discretion, the Board may from time to time allocate Shares in addition to the then allocated Shares to such Participant for such amount and such type of consideration (including without limitation income from the investment of Trust Property) at such time(s) (including without limitation each Business Day in accordance with the maintenance of a constant net asset value per Share as set forth in this Indenture with respect to the Prime Fund), and on such terms as the Board may deem best. In connection with any allocation of Shares, the Board may allocate fractional Shares. From time to time, the Board may adjust the total number of Shares allocated without thereby changing the proportionate beneficial interests in the Trust. Reductions or increases in the number of allocated Shares may be made in order to maintain a constant net asset value per Share with respect to the Prime Fund as set forth in Section 12.2. Shares shall be allocated and redeemed as one hundredths (1/100ths) of a Share or any multiple thereof.

(b) Shares may be allocated only to a Participant of the Trust in accordance with this Indenture. Any Participant may establish more than one subaccount within the Trust for such Participant's convenience.

(c) There is no minimum amount of funds that may be maintained in an account in the Trust by a Participant at any one time, and there shall be no limit on the maximum that may be maintained by a Participant in any account; provided that the Board may, by resolution, change the minimum or set a maximum.

(d) If the Board changes the minimum total investment to an amount greater than the investment of any Participant at the time that such change becomes effective, the investment of such Participant shall not be redeemed without such Participant's consent.

9.3 Evidence of Share Allocation. Evidence of Share allocation shall be reflected in the records of the Trust, and the Trust shall not be required to issue certificates as evidence of Share allocation.

9.4 Redemption to Maintain Constant Net Asset Value for Constant Net Asset Value Funds. The Shares of the Trust with respect to Constant Net Asset Value Funds shall be subject to redemption pursuant to the procedure for reduction of outstanding Shares in order to maintain the constant net asset value per Share.

9.5 Redemptions. Payments by the Trust to Participants, and the reduction of Shares resulting therefrom, are referred to in this Indenture as redemptions for convenience. Any and all allocated Shares may be redeemed at the option of the Participant upon and subject to the terms and conditions provided in this Indenture. The Trust shall, upon application of any Participant, promptly redeem from such Participant allocated Shares for an amount per Share equivalent to the proportional interest in the net assets of the Trust at the time of the redemption. The procedures for effecting redemption shall be prescribed by the Board in the current Information Statement applicable to such Fund; provided, however, that such procedures shall not be structured so as to substantially and materially restrict the ability of the Participants to withdraw funds from the Trust.

9.6 Suspension of Redemption; Postponement of Payment.

(a) Each Participant, by its execution of this Indenture, agrees that the Board may, without the necessity of a formal meeting of the Board, temporarily suspend the right of redemption or postpone the date of payment for redeemed Shares for the whole or any part of any period:

(i) During which there shall have occurred any state of war, national emergency, banking moratorium, or suspension of payments by banks in the State of North Carolina or any general suspension of trading or limitation of prices on the New York Stock Exchange or American Stock Exchange (other than customary weekend and holiday closing); or

(ii) During which any financial emergency when or if disposal by the Trust of Trust Property is not reasonably practicable because of the substantial losses that might be incurred or it is not reasonably practicable for the Trust fairly to determine the value of its assets.

(b) Such suspension or postponement shall not in and of itself alter or affect a Participant's beneficial interests hereunder.

(c) Such suspension of payment shall take effect at such time as the Board shall specify, and thereafter there shall be no right of redemption or payment until the Board shall declare the suspension or postponement at an end.

(d) The suspension or postponement shall terminate on the first day on which the period specified in (a) above shall have expired (as to which the determination of the Board shall be conclusive).

(e) In the case of a suspension of the right of redemption or a postponement of payment for redeemed Shares, a Participant may either:

(i) Withdraw its request for redemption; or

(ii) Receive payment based on the net asset value existing after the termination of the suspension.

9.7 Minimum Redemption. There shall be a minimum of one Share that may be redeemed at any one time at the option of a Participant.

9.8 Defective Redemption Requests. In the event that a Participant shall submit a request for the redemption of a greater number of Shares than are then allocated to such Participant, such request shall not be honored and the Participant will be required to resubmit a request for redemption.

**ARTICLE X
RECORD OF SHARES**

10.1 Share Records. The Trust shall maintain records that shall contain:

- (a) The names and addresses of the Participants;
- (b) The number of Shares representing their respective beneficial interests hereunder;
- (c) A record of all allocations and redemptions.

and

Such records shall be conclusive as to the identity of the Participants to which Shares are allocated. Only Participants whose allocation of Shares is recorded in the Trust records shall be entitled to receive distributions with respect to Shares or otherwise to exercise or enjoy the rights and benefits related to the beneficial interests represented by the Shares. No Participant shall be entitled to receive any distribution nor to have notices given to it until it has given its appropriate address to the Trust.

10.2 Maintenance of Records. The Administrator, or such other person appointed by the Board, shall record the allocations of Shares in the records of the Trust.

10.3 Owner of Record. No Person becoming entitled to any Shares in consequence of the bankruptcy or insolvency of any Participant or otherwise by operation of law shall be recorded as the Participant to which such Shares are allocated unless such Person is otherwise qualified to become a Participant. If not qualified, such Person shall present proof of entitlement to the Board and if the Board, in its sole discretion, deems appropriate then be entitled to the redemption value of the Shares.

10.4 No Transfer of Shares. The beneficial interests measured by the Shares shall not be transferable, in whole or in part, other than to the Trust itself for purposes of redemption. However, Shares may be redeemed from one Participant's account and the proceeds deposited directly into another Participant's account upon instructions from an Authorized Representative of the respective Participant.

10.5 Limitation of Responsibility. The Board shall not, nor shall the Participants or any officer or other agent of the Trust, be bound to determine the existence of any trust, express, implied or constructive, or of any charge, pledge, or equity to which any of the Shares or any interest therein are subject or to ascertain or inquire whether any redemption of any such Shares by any Participant or its representatives is authorized by such trust, charge, pledge or equity, or to recognize any person as having any interest therein except the Participant recorded as the Participant to which such Shares are allocated. The receipt of moneys by the Participant in whose name any Share is recorded or by the duly authorized agent of such Participant shall be a sufficient discharge for all moneys payable or deliverable in respect of such Shares and from all responsibility to see the proper application thereof.

10.6 Notices. Any and all notices to which Participants hereunder may be entitled and any and all communications shall be deemed duly served or given if electronically or mailed, postage prepaid, addressed to Participants of record at the electronic or physical mailing addresses recorded in the records of the Trust.

**ARTICLE XI
TRUSTEES AND OFFICERS**

11.1 Number and Qualification. The Trustees shall be appointed as set forth in the Bylaws. The Board may, at any time and from time to time, increase the number of Trustees and set the initial terms for each additional Trustee; provided however, the number of Trustees shall not be less than three (3) nor more than thirteen (13). In the event the Board approves such an increase, the Board shall appoint qualified Authorized Representatives to a term not to exceed three years. By resolution, the Board may decrease the number of Trustees (but to never less than three) by not filling expiring terms.

11.2 Term. The term of office for a Trustee shall be three years (or less for certain initial Trustees or Trustees appointed upon expansion of the Board) or until a successor has been appointed and qualified, and such term shall begin at the meeting following the appointment. The terms shall be fixed so that approximately one-third of the terms expire annually. Trustees may succeed themselves in office.

11.3 Resignation and Removal. Any Trustee may resign or be removed as set forth in the Bylaws.

11.4 Officers. The Board shall annually elect officers as set forth in the Bylaws.

11.5 Meetings.

(a) All meetings of the Board shall at all times be in compliance with the laws of North Carolina, including, but not limited to, Article 33C of Chapter 143 (Open Meetings) North Carolina General Statutes ("N.C.G.S."), as amended.

(b) Meetings of the Board shall be called and held as set forth in the Bylaws.

**ARTICLE XII
DETERMINATION OF NET ASSET VALUE AND NET INCOME**

12.1 Net Asset Value. The net asset value of each allocated Share of the Trust shall be determined once on each Business Day at such time as the Board by resolution may determine. The method of determining net asset value shall be established by the Board and will be set forth in the Information Statement for such Fund.

12.2 Constant Net Asset Value; Reduction of Allocated Shares.

(a) As it pertains to the Prime Fund and any other Constant Net Asset Value Fund, the Board shall determine the net income (loss) of the Trust once on each Business Day and such net income (loss) shall be credited proportionately to the accounts of the Participants in such manner that the net asset value per Share of the Trust shall remain at \$1.00. Any change in the constant dollar value shall be made on a pro rata basis by increasing or reducing the number of each Participant's Shares. The method used for the determination of the net income of the Trust and the crediting thereof proportionately to the respective accounts of the Participants shall be determined by the Board and may be set forth in the Information Statement. The duty to make the daily calculations may be delegated by the Board to the Administrator, the Custodian, the Investment Advisor, or such other person as the Board by resolution may designate. Fluctuations in value will be reflected in the number of Shares allocated to each Participant. Each Participant will be deemed to have agreed to such reduction by its investment in the Trust and its adoption of this Indenture. The purpose of the foregoing procedure is to permit the net asset value per Share of the Trust to be maintained at \$1.00.

(b) The Board may discontinue or amend the practice of attempting to maintain the net asset value per Share at a constant dollar amount at any time and such modification shall be evidenced by notice to the Participants and in the Information Statement applicable to such Fund.

(c) Nothing in this Section prohibits the Board from establishing one or more Additional Funds pursuant to Section 6.4. Such Additional Funds may not be managed to maintain a constant net asset value as described in this Section provided that Participants that invest in such Additional Fund are provided notice thereof prior to such investment.

12.3 Retained Reserves. The Board may retain from earnings of the Trust in such amounts as deemed necessary to pay the expenses of the Trust and to meet other obligations of the Trust. In addition, the Board shall also have the power to establish such reasonable reserves from earnings as they believe may be required to protect the Trust and the Participants against contingent liabilities.

ARTICLE XIII RECORDING OF INDENTURE

13.1 Recording. This Indenture and any amendments hereto may be filed, registered, recorded, or lodged as a document of public record in such place or places and with such official or officials as may be required by law or as the Board may deem appropriate. An amended Indenture, containing or restating the original Indenture and all amendments therefore made, may be executed any time or from time to time by a majority of the Trustees and shall, upon filing, recording or lodging in the manner contemplated hereby, be conclusive evidence of all amendments contained therein and may thereafter be referred to in lieu of the original Indenture and the various amendments thereto. Each amendment so filed, recorded, or lodged shall be accompanied by a resolution of the Board reflecting the amendment and its effective date.

ARTICLE XIV AMENDMENTS TO INDENTURE AND PERMITTED INVESTMENTS LIST; TERMINATION OF TRUST; DURATION OF TRUST

14.1 Amendment to Indenture or Permitted Investments List; Termination.

(a) The provisions of this Indenture may be amended or altered, or the Trust may be terminated, by a vote of the Participants pursuant to Article II hereof; provided, however, any amendment of Sections 7.2 and 7.3 shall also be subject to Section 7.8. The Board may, from time to time by a two-thirds vote of the Trustees and after 30 days prior written notice to the Participants, amend or alter the provisions of the Indenture without the vote or assent of the Participants, that the Board, in good faith deems necessary or convenient for the administration and operation of the Trust or to the extent deemed by the Board in good faith to be necessary to conform this Indenture to the requirements of applicable laws or regulations or any interpretation thereof by a court or other governmental agency of competent jurisdiction, but the Board shall not be liable for failing so to do. Notwithstanding the foregoing, no amendment may be made pursuant to this Section that would:

(i) Change any rights with respect to any allocated Shares of the Trust by reducing the amount payable thereon upon liquidation of the Trust or that would diminish or eliminate any voting rights of the Participants except with the vote or written consent of two-thirds of the Participants entitled to vote thereon;

(ii) Cause any of the investment restrictions contained herein to be less restrictive without the vote or written consent of a majority of the Participants entitled to vote thereon;

(iii) Change the limitations on personal liability of the Participants and Trustees; or

(iv) Change the prohibition of assessments upon Participants.

(b) A certification signed by a majority of the Board setting forth an amendment and reciting that it was duly adopted by the Participants or by the Board or a copy of the Indenture, as amended, executed by a majority of the Board shall be conclusive evidence of such amendment.

(c) The Trust may be terminated by the vote of the majority of authorized Trustees, subject to the vote or written consent of Participants holding at least a majority of the Shares. Upon the termination of the Trust:

(i) The Trust shall carry on no business except for the purpose of terminating the Trust;

(ii) The Board shall proceed to terminate the Trust, and all of the powers of the Board and the Trustees under this Indenture shall continue until the affairs of the Trust have been terminated including without limitation the power to fulfill or discharge the contracts of the Trust, collect its assets, sell, convey, assign, exchange, transfer, or otherwise dispose of all or any part of the remaining Trust Property to one or more Persons at public or private sale for consideration that may consist in whole or in part of cash, securities, or other property of any kind, discharge or pay its liabilities and do all other acts appropriate to liquidate its assets; provided, however, that any sale, conveyance, assignment, exchange, transfer, or other disposition of all or substantially all of the Trust Property shall require approval of the principal terms of the transaction and the nature and amount of the consideration by affirmative vote of not less than a majority of the Board; and

(iii) After paying or adequately providing for the payment of all liabilities and upon receipt of such releases, indemnities, and refunding agreements as they deem necessary for their protection, the Board may distribute the remaining Trust Property, in cash or in kind or partly in each, among the Participants according to their respective proportionate allocation of Shares.

(d) Upon termination of the Trust and distribution to the Participants as herein provided, a majority of the Board shall execute and lodge among the records of the Trust an instrument in writing setting forth the fact of such termination, and the Board shall thereupon be discharged from all further liabilities and duties hereunder, and the right, title, and interest of all Participants shall cease and be canceled and discharged.

14.2 Distribution upon Termination. Upon the termination of the Trust, the Trustees shall, after paying or making provision for the payment of all of the liabilities of the Trust, dispose of all of the assets of the Trust exclusively for the purposes of the Trust, in such manner, or to such organization(s) organized and operated exclusively for charitable or educational purposes as shall at the time qualify as an exempt organization(s) under Section 501(c)(3) of the Code, or the corresponding provisions of any subsequent federal tax laws, as the Trustees shall determine. Any such assets not so disposed of shall be disposed of by the court of general jurisdiction in the county in which the principal office of the Trust is then located, exclusively for such purposes or to such organization or organizations as such court shall determine.

14.3 Duration. The Trust shall continue in existence in perpetuity, subject in all respects to the provisions of this Indenture.

**ARTICLE XV
MISCELLANEOUS**

15.1 Governing Law; Venue.

(a) This Indenture shall be governed by and interpreted in accordance with the laws of the State of North Carolina. All references to particular statutes shall mean as amended or replaced from time to time.

(b) Venue for any dispute, breach or other legal action relating to the interpretation or implementation of this Indenture shall lie in a court of competent jurisdiction in the State of North Carolina.

15.2 Electronic Signatures. The parties agree that the electronic signature of a party to this Indenture shall be as valid as an original signature of such party and shall be effective to bind such party to this Indenture. The parties agree that any electronically signed document (including this Indenture) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. No party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

15.3 Section Headings. Any headings preceding the text of the several Articles and Sections of the Indenture and any table of contents or marginal notes appended to copies hereof shall be solely for convenience of reference and shall neither constitute a part of this Indenture nor affect its meaning, construction or effect.

15.4 Counterparts. This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument that shall be sufficiently evidenced by any such original counterpart.

15.5 Reliance by Third Parties. Any certificate executed by an individual who, according to the then current records of the Trust, appears to be a Trustee hereunder or the Chair, Vice-Chair, Secretary or Treasurer of the Trust certifying to:

- (a) The number or identity of the Trustees or Participants;
- (b) The due authorization of the execution of any instrument or writing;
- (c) The form or results of any vote passed at a meeting of the Board or by the Participants;
- (d) The fact that the number of the Trustees or Participants present at any meeting or executing any written instruments satisfies the requirements of this Indenture;

- (e) The form of any bylaws, policies, or procedures adopted by the Board;
- (f) The identity of any officers elected by the Board; or
- (g) The existence of any fact or facts that in any manner relate to the affairs of the Trust,

shall be conclusive evidence as to the matters so certified in favor of any person dealing with the Board or the Trust and their successors.

15.6 Provisions in Conflict with Law. The provisions of this Indenture are severable and if the Board shall determine with the advice of counsel that any one or more of such provisions are in conflict with applicable federal or North Carolina laws, those conflicting provisions shall be deemed never to have constituted a part of this Indenture; provided, however, that such a determination by the Board shall not affect or impair any of the remaining provisions of this Indenture or render invalid or improper any action taken or omitted (including but not limited to the election of Trustees) prior to such determination.

15.7 Adoption by Local Government Units; Written Investment Policies of Participants; Resignation and Withdrawal of Participants.

(a) Any Local Government Unit meeting the requirements hereof may become a Participant of the Trust by:

(i) taking all required official action to adopt a resolution authorizing the execution of the Interlocal Agreement and this Indenture and providing a certified copy of such to the Board; and

(ii) executing an amendment or joinder agreement to the Interlocal Agreement and providing a certified copy of such to the Board.

(b) Such Local Government Unit shall execute and deliver an original executed counterpart of an amendment or joinder agreement to this Indenture.

(c) By joining in this Indenture, each Participant represents and agrees that to the extent it maintains a written investment policy, such investment policy shall permit the investment of such Participant's funds consistent with the provisions of this Indenture and the Permitted Investments list, as each of the same is amended from time to time.

(d) Any Participant may resign and withdraw from the Trust by sending written notice of such withdrawal to the Administrator and requesting the redemption of all Shares then held by it. Such resignation and withdrawal shall become effective upon withdrawal of the funds. No resignation and withdrawal by a Participant shall operate to annul this Indenture or terminate the existence of the Trust.

IN WITNESS WHEREOF, the undersigned Local Government Units of the State of North Carolina acting in the capacity of Signatory Local Government Units of the Trust have executed this Indenture as of March 1, 2023.

This Indenture of Trust was executed on behalf of the Signatory Local Government Units by the persons indicated below:

TOWN OF HOPE MILLS, NORTH CAROLINA

By: _____

Print Name: _____

Title: Finance Director

LINCOLN COUNTY, NORTH CAROLINA

By: _____

Print Name: _____

Title: Finance Director

CITY OF NEW BERN, NORTH CAROLINA

By: _____

Print Name: _____

Title: Finance Director

GASTON COUNTY, NORTH CAROLINA

By: _____

Print Name: _____

Title: Finance Director

CITY OF ROCKY MOUNT, NORTH CAROLINA

By: _____

Print Name: _____

Title: Finance Director

EXHIBIT B

Bylaws

**NORTH CAROLINA COOPERATIVE LIQUID
ASSETS SECURITIES SYSTEM
(NORTH CAROLINA CLASS)**

A North Carolina Statutory Trust
Established Under an Indenture of Trust

BYLAWS

Dated as of March 13, 2023

TABLE OF CONTENTS

		Page
ARTICLE I	GENERAL	1
Section 1.	Definitions	1
Section 2.	Principal Office.....	1
Section 3.	Other Offices	1
ARTICLE II	PARTICIPANTS.....	1
Section 1.	Action by Participants.....	1
Section 2.	Inspection of Records	2
ARTICLE III	TRUSTEES	2
Section 1.	Number and Qualification of Board of Trustees.....	2
Section 2.	Term.....	2
Section 3.	Resignation and Removal	3
Section 4.	Vacancies.....	3
Section 5.	Meetings	3
Section 6.	Quorum and Manner of Acting.....	4
Section 7.	Ethics Laws.....	4
ARTICLE IV	OFFICERS	4
Section 1.	General Provisions.....	4
Section 2.	Terms of Office and Qualifications	4
Section 3.	Removal.....	4
Section 4.	Powers and Duties of the Chair	5
Section 5.	Powers and Duties of the Vice Chair.....	5
Section 6.	Powers and Duties of the Treasurer	5
Section 7.	Powers and Duties of the Secretary	5
Section 8.	Powers and Duties of the Assistant Treasurers.....	5
Section 9.	Powers and Duties of the Assistant Secretaries	5
Section 10.	Reimbursement for Expenses	6
ARTICLE V	CONTRACTS, CHECKS AND DRAFTS	6
Section 1.	Contracts	6
Section 2.	Checks and Drafts.....	6
ARTICLE VI	FISCAL YEAR.....	6
ARTICLE VII	SEAL.....	6
ARTICLE VIII	OPEN RECORDS	6

TABLE OF CONTENTS
(continued)

	Page
ARTICLE IX POLICIES AND PROCEDURES.....	7
ARTICLE X AMENDMENTS.....	7

BYLAWS
OF THE
NORTH CAROLINA COOPERATIVE LIQUID ASSETS
SECURITIES SYSTEM (NORTH CAROLINA CLASS)

(dated as of March 13, 2023)

Established by an Interlocal Agreement dated March 1, 2023 and
governed by an Indenture of Trust dated as of March 1, 2023

ARTICLE I

GENERAL

Section 1. Definitions.

Unless otherwise stated herein, capitalized terms have the meanings assigned by the Indenture of Trust dated as of March 1, 2023, as amended from time to time (the "Indenture") and the Interlocal Agreement dated as of March 1, 2023, as amended from time to time (the "Interlocal Agreement") pursuant to which the Trust was formed.

Section 2. Principal Office.

The Trust shall maintain an office of record in the State of North Carolina. The initial office of record of the Trust shall be: North Carolina Cooperative Liquid Assets Securities System Investment Pool ("NC CLASS") in care of Matt Starr, Public Trust Advisors, LLC, 209 Lofty Oak Lane, Holly Springs, NC 27540. The office of record may be changed from time to time by resolution of the Trustees, and notice of such change of the office of record shall be given to each Participant.

Section 3. Other Offices.

The Trust may have offices or places of business within or outside the State of North Carolina as the Trustees may from time to time determine.

ARTICLE II
PARTICIPANTS

Section 1. Action by Participants.

Any action which may be taken by the Participants may be taken if a majority of the Participants entitled to vote thereon (or such larger proportion thereof as shall be required by law, the Indenture, or these Bylaws for approval of such matter) consent to the action in writing and the written consents are filed with the Secretary or the Administrator, as applicable, in the records of the Trust. Prompt notice shall be given of any Trust action approved by the Participants by less than unanimous written consent to those Participants who did not consent in writing to such action.

Action by the Participants shall be taken by such Participant's Authorized Representative. An "Authorized Representative" shall mean the finance officer of each Participant. Such Authorized Representative shall be the legal representative to act for and on behalf of each Participant.

Section 2. Inspection of Records.

The records of the Trust shall be open to inspection by the Participants at any time during usual business hours of the Trust, upon written demand on the Trust, for a purpose reasonably related to such Participant's interest as a Participant.

**ARTICLE III
TRUSTEES**

Section 1. Number and Qualification of Board of Trustees.

(a) The affairs of the Trust will be governed and managed by a Board of Trustees (the "Board"), consisting of no less than three trustees (the "Trustees"), each of which will be an Authorized Representative of a Participant.

(b) The initial Board will consist of the following five Trustees (the "Initial Trustees"), appointed by the initial Participants:

- (i) Drew Holland, initial term expires: December 31, 2025;
- (ii) Deanna Rios, initial term expires: December 31, 2025;
- (iii) Kim Ostrom, initial term expires: December 31, 2024;
- (iv) Abdul Baloch, initial term expires: December 31, 2024; and
- (v) Tiffany Murray, initial term expires: December 31, 2023.

(c) Except for the Initial Trustees, Trustees will be elected by the Board.

(d) The Board may, at any time and from time to time, increase the number of Trustees and set the initial terms for each additional Trustee; provided however, the number of Trustees shall not be less than three (3) nor more than thirteen (13). In the event the Board approves such an increase, the Board shall appoint qualified Authorized Representatives as Trustees. By resolution, the Board may decrease the number of Trustees (but to never less than three) by not filling expiring terms.

(e) Upon expansion of the Board after the Initial Trustees, the Board will endeavor to appoint qualified Trustees representative of the local government entity types that participate in the Trust from the following categories of Local Government Units (to the extent there are Participants in the Trust from such categories): (1) counties; (2) cities; and (3) other Public Authorities. The Board shall be the sole judge of the appointment and qualification of its Trustees.

(f) The appointment of any Trustee (other than an individual who was serving as a Trustee immediately prior to such election) shall not become effective unless and until such person has agreed in writing to serve as a Trustee and to be bound by the terms of the Indenture.

Section 2. Term.

Each Trustee's term of office will be for three years or until a successor has been appointed and qualified, commencing with the first meeting following the appointment; provided, however, (i) the term of office for Initial Trustees shall be as set forth above in Section 1(b), and (ii) the term of office for Trustees appointed upon the expansion of the Board, as described in Section 1(d), shall be for such term determined

at such time, not to exceed three (3) years. The terms shall be fixed so that approximately one-third of the terms expire annually. Trustees may succeed themselves in office. Vacancies on the Board will be filled ad interim by election by the Board for the unexpired term. Ad interim appointments will constitute a term of office.

Section 3. Resignation and Removal. Any Trustee may resign by tendering a signed or oral resignation to any officer. The resignation shall be effective upon tender or at a later date according to the terms of the resignation notice. Any Trustee may be removed for good cause by the affirmative vote of at least two-thirds of the remaining Trustees.

Section 4. Vacancies.

(a) Any vacancy in the Board shall be filled for the unexpired portion of the term of such Trustee as soon as practicable in accordance with Section 1(c), unless the Board has elected to decrease the size of the Board in accordance with Section 1(d).

(b) In the event of a vacancy, the remaining Trustees continuing in office, regardless of their number, shall have all the powers granted to the Board and shall discharge all their duties imposed upon the Board by these Bylaws and the Indenture.

(c) No vacancy shall operate to annul the Interlocal Agreement or the Indenture or to revoke any existing agency created pursuant to the terms of the Indenture.

(d) If a Trustee shall no longer be an Authorized Representative of a Participant, such person shall no longer be a Trustee and a vacancy will be deemed to have occurred.

(e) If a Local Government Unit fails to qualify as a Participant for a period of 30 days, any Authorized Representative of that Local Government Unit who is a Trustee shall no longer qualify as a Trustee and a vacancy will be deemed to have occurred.

Section 5. Meetings.

(a) All meetings of the Board shall at all times be in compliance with the laws of North Carolina, including, but not limited to, Article 33C of Chapter 143 (Open Meetings) North Carolina General Statutes ("N.C.G.S."), as amended (the "Open Meetings Law").

(b) Meetings of the Board shall be held from time to time upon the call of the Chair, the Vice Chair, the Secretary, the Treasurer or a majority of the Trustees. Regular meetings of the Board may be held at a time and place fixed by resolution of the Board but shall be held at least semi-annually.

(c) Notice of any other meeting shall be mailed or otherwise given not less than 48 hours before the meeting but may be waived in writing by any Trustee either before or after such meeting. Any notice of a meeting of the Board or a meeting of a committee of the Board shall be given as may be required by the Open Meetings Law. The attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting except where a Trustee attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

(d) The Board may hold meetings by conference call or other electronic means, so long as each Trustee is able to communicate with each of the other Trustees present, and the Board provides a location and means whereby members of the public may listen to the meeting and the notice of the meeting shall specify that location, or otherwise as may be permitted by the Open Meetings Law.

Section 6. Quorum and Manner of Acting.

(a) A majority of the Trustees shall be present in person or by audio or video teleconference at any regular or special meeting of the Trustees in order to constitute a quorum for the transaction of business at such meeting, and (except as otherwise required by law, the Indenture, or these Bylaws) the act of a majority of the Trustees present at any such meeting, at which a quorum is present, shall be the act of the Trustees.

(b) The Trustees present at a duly called meeting at which a quorum is initially present may continue to do business notwithstanding the withdrawal of Trustees, provided any action taken is approved by at least a majority of the required quorum for such meeting. In the absence of a quorum, a majority of the Trustees present may adjourn the meeting to a time and place specified in the order of adjournment.

(c) Any action of the Board or a committee of the Board may be taken at a meeting by vote of a majority of the Trustees present providing that a quorum is present.

(d) Any Trustee who has a conflict of interest as described in Section 7(b) may be counted for quorum purposes. Such Trustee shall not be entitled to vote on any such matter.

Section 7. Ethics Laws.

(a) The Trustees agree not to accept any gift from anyone doing business or seeking to do business with the Trust. Such prohibition shall be interpreted in a manner consistent with N.C.G.S. Section 133-32, as amended.

(b) Any Trustee who has a personal financial interest in, or who may derive a direct benefit from, any matter or action before the Board shall not vote on such matter or action. "Direct benefit" is defined in N.C.G.S. Section 14-234.

**ARTICLE IV
OFFICERS**

Section 1. General Provisions.

The Board shall annually elect, from among the Trustees, a Chair, a Vice Chair, a Secretary and a Treasurer, who shall have such duties as the Board shall deem advisable and appropriate. The Board may also elect or appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers or agents, who shall have such powers, duties, and responsibilities as the Board may deem to be advisable and appropriate.

Section 2. Terms of Office and Qualifications.

Except as otherwise provided by law, the Indenture, or these Bylaws, all officers shall hold office at the pleasure of the Trustees. Other than a Secretary-Treasurer, no person may hold more than one office at any one time. The Chair, Vice Chair, Treasurer and Secretary shall all be Trustees. Any other officer may be, but is not required to be, a Trustee.

Section 3. Removal.

The Trustees, by a majority vote at any regular or special meeting of the Trustees, may remove any officer with or without cause.

Section 4. Powers and Duties of the Chair.

(a) The Chair may call meetings of the Trustees when they deem necessary and in accordance with these Bylaws, and shall preside at all meetings of the Trustees.

(b) The Chair shall at all times exercise general supervision and direction over the affairs of the Trust.

(c) The Chair shall have: (i) the power to employ such subordinate officers, employees, and agents as required to transact the business of the Trust, (ii) the power to grant, issue, execute or sign such powers of attorney, proxies, or other documents as may be deemed advisable or necessary in furtherance of the interests of the Trust and (iii) the powers and duties as, from time to time, may be conferred upon or assigned by the Trustees.

Section 5. Powers and Duties of the Vice Chair.

In the absence or disability of the Chair, the Vice Chair shall perform all the duties and may exercise any of the powers of the Chair, subject to the control of the Trustees. The Vice Chair shall perform such other duties as may be assigned from time to time by the Trustees or the Chair.

Section 6. Powers and Duties of the Treasurer.

The Treasurer shall be the principal financial and accounting officer of the Trust. The Treasurer shall perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned by the Trustees.

Section 7. Powers and Duties of the Secretary.

(a) The Secretary shall keep the records of all action of the Participants in proper books provided for that purpose; may have custody of the seal of the Trust; and shall have charge of the Share transfer books, lists, and records unless the Trustees have delegated such duties to the Administrator.

(b) The Secretary shall (i) attend to the giving and serving of all notices by the Trust in accordance with the provisions of these Bylaws and as required by law, (ii) keep the minutes of all meetings of the Trustees and committees, and (iii) perform such other duties and have such other powers in addition to those specified in these Bylaws as the Trustees shall from time to time designate.

Section 8. Powers and Duties of the Assistant Treasurers.

In the absence or disability of the Treasurer, any Assistant Treasurer designated by the Trustees shall perform all the duties, and may exercise any of the powers, of the Treasurer. The Assistant Treasurers shall perform such other duties as from time to time may be assigned to them by the Trustees.

Section 9. Powers and Duties of the Assistant Secretaries.

In the absence or disability of the Secretary, any Assistant Secretary designated by the Trustees shall perform all of the duties, and may exercise any of the powers, of the Secretary. The Assistant Secretaries shall perform such other duties as from time to time may be assigned to them by the Trustees.

Section 10. Reimbursement for Expenses.

No Trustee shall be entitled to compensation arising from his or her position as Trustee. The Trust may, however, advance to the Trustees and officers, or reimburse the Trustees and officers for, all costs and expenses incurred in connection with attendance at meetings of the Trustees and committee meetings.

**ARTICLE V
CONTRACTS, CHECKS AND DRAFTS**

Section 1. Contracts.

The Board may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name and on behalf of the Trust, and such authority may be general or confined to specific instances.

Section 2. Checks and Drafts.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Trust shall be signed by such officer or officers or agent or agents of the Trust and in such manner as shall from time to time be determined by the Board.

**ARTICLE VI
FISCAL YEAR**

The fiscal year of the Trust shall begin on January 1 in each calendar year and shall end on December 31 of the following calendar year, provided, however that the Trustees may from time to time change the Trust's fiscal year.

**ARTICLE VII
SEAL**

The Board shall have full and complete power to adopt and use a seal for the Trust, but, unless otherwise required by the Board, it shall not be necessary for the seal to be placed on, and its absence shall not impair the validity of, any document, instrument, or other paper executed and delivered by or on behalf of the Trust.

**ARTICLE VIII
OPEN RECORDS**

Requests for public records of the Trust can be made pursuant to the North Carolina Public Records Law, as set forth in N.C.G.S. Chapter 132. All public records requests may be submitted directly to the Administrator by any person seeking records (the "Applicant"). All public records requests by Applicants must be made in accordance with this Article VIII. Applicants may be charged a fee for each request at a cost greater than the actual cost to the Administrator.

Pursuant to N.C.G.S. Section 132-1(a), the term "public records" shall mean all documents, papers, letters, maps, books, photographs, films, sound recordings, magnetic or other tapes, electronic data-processing records, artifacts, or other documentary material, regardless of physical form or characteristics, made or received pursuant to law or ordinance in connection with the transaction of public business by any agency of North Carolina government or its subdivisions. Agency of North Carolina government or its subdivisions shall mean and include every public office, public officer, or official (State or local, elected or

appointed), institution, board, commission, bureau, council, department, authority or other unit of government of the State or any county, unit, special district or other political subdivision of government.

Certain records may be privileged or otherwise confidential and protected from disclosure under North Carolina law and are not public records. Consequently, records that are confidential or privileged will not be disclosed in response to a public records request. Nothing set forth in this Article VIII shall be construed to abrogate the right of the Trustees or the custodian of the requested public records to withhold records that are confidential or protected by the privileges expressly contemplated by N.C.G.S. Chapter 132 or otherwise established under North Carolina law.

ARTICLE IX POLICIES AND PROCEDURES

The Trust shall comply with N.C.G.S. Section 159-30, as amended. The Board will engage the Investment Advisor to establish policies and procedures for the administration of the Trust in a manner consistent with N.C.G.S. Section 159-30, as amended, and such policies and procedures will be on file with the Board, will be available to all Participants, and will be annually presented to the Board.

ARTICLE X AMENDMENTS

These Bylaws, or any part of them, may be altered, amended, or repealed, or new Bylaws may be adopted, by a two-thirds vote of the Trustees. The Trustees shall in no event adopt Bylaws which are in conflict with the Indenture or the Interlocal Agreement, and any apparent inconsistency shall be construed in favor of the related provisions in the Indenture and the Interlocal Agreement.

CERTIFICATE OF ADOPTION OF BYLAWS

The foregoing Bylaws were duly adopted and approved by the Trustees of the Trust, on March 13, 2023.

Secretary