

INTERAGENCY AGREEMENT
BETWEEN

AND THE STATE OF WASHINGTON
OFFICE OF THE STATE TREASURER

THIS AGREEMENT is made and entered into by _____, hereinafter referred to as “Investor” and the State of Washington, Office of the State Treasurer, hereinafter referred to as “State” and collectively referred to as “Party” or “Parties.”

Whereas, R.C.W. 43.250 enables eligible government entities to participate with the State in providing maximum opportunities for the investment of surplus public funds consistent with the safety and protection of such funds;

Whereas, it is advantageous for the Investor to take advantage of the expertise and capacity of the State to manage long term investments;

Whereas, the State has the ability and is authorized by State law to separately manage the investment of the Core Balance on behalf of the Investor;

Whereas, the State’s investment strategy for separately managed accounts is set forth in its Policies and Procedures;

Whereas, the Investor has received and read a copy of the State’s Policies and Procedures with respect to separately managed accounts; and

Whereas, the Investor and the State understand that the purpose of this investment program is to invest the Investor’s funds on a long term basis and that funds of the Investor that may be needed to meet the Investor’s cash flow needs should not be invested in this program.

Purpose

The Investor has requested that the State manage the investment of the Investor’s Core Balance in an amount or amounts determined by the Investor, in a separately managed account, as provided in RCW 43.250.

Definitions

Capitalized terms not otherwise defined in this Agreement have the meanings set forth below:

“Agreement” means this interagency agreement, including all exhibits, and any amendments thereto.

“Core Balance” means funds or securities of the Investor available for long-term investment that have been deposited or transferred into the Separately Managed Account for management by the State. After the initial deposit of funds and/or transfer or securities made under this Agreement, any growth, or decline, in the value of the Separately Managed Account shall be reflected as part of the Core Balance.

“Due Care” means, with respect to the management and investment of funds in the Separately Managed Account, the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.

“Fee Schedule” means Exhibit C attached to this Agreement.

“Investment Policy” means the State investment policy, and any amendments thereto, relating to separately managed accounts attached as Exhibit A.

“Investment Procedures” means the State investment procedures, and any amendments thereto, relating to separately managed accounts attached as Exhibit B.

“Investor” means the _____ and its programs, employees, and authorized agents.

“Investor Contract Administrator” means the _____.

“Policies and Procedures” unless the context clearly states otherwise, means Exhibit A and Exhibit B of this Agreement.

“Separately Managed Account” or “Account” means an investment portfolio that is managed by OST that is separate and distinct from all other investment portfolios managed by OST.

“State” means the State of Washington, Office of the State Treasurer and its programs, employees, and authorized agents.

“State Contract Administrator” means the Deputy State Treasurer for Investments.

General Provisions

1. Entire Agreement: This Agreement, which includes Exhibits A, B, C and D and all amendments thereto, constitutes the entire agreement between the Parties and no other statements or representations, written or oral, shall be deemed a part thereof.

2. Amendments: This Agreement may be amended by mutual agreement of the Parties. Such amendments are not binding unless they are in writing and signed by personnel authorized to bind each of the Parties. Modifications to the State's Policies and Procedures will not require Amendment of this Agreement but will require fifteen (15) days' notice to Investor.
3. Modification by Written Notice: The Parties may agree to make certain modifications to the Agreement by providing written notice by the means specified in Section 19. Written notice may be used to make the following modifications without the need for an amendment to the overall Agreement:
 - A. Individuals authorized to direct investments on behalf of State or Investor.
 - B. Deposits to, or withdrawals from, the Account.
 - C. Agreed modifications to reports required of State.
 - D. Any other modification that does not substantially alter the rights and responsibilities of the Parties.
4. Standard of Care and Liability:
 - 4.1. The State agrees to act with Due Care when managing the investment of Investor funds deposited in the Separately Managed Account.
 - 4.2. The State will not be liable for any losses in Investor funds so long as the State is in compliance with this Agreement, R.C.W 43.250 and with its Policies and Procedures.
 - 4.3. The State will be responsible to the Investor for the State's own acts and omissions and those of its officers, employees, and agents including but not limited to claims or lawsuits brought by third parties resulting from such acts or omissions.
 - 4.4. The Investor will be responsible to the State for the Investor's own acts and/or omissions and those of its officers, employees, and agents, including, but not limited to claims or lawsuits brought by third parties resulting from such acts or omissions.
 - 4.5. In no event will the State be liable for any loss suffered by Investor as a result of the Investor's own actions.
5. Severability: If any provision of this Agreement is deemed to conflict with any statute or rule of law, that provision shall be deemed modified to conform to the statute or rule of law.

6. Governing Law: This Agreement is governed in all respects by, and construed in accordance with, the laws of the state of Washington. The venue of any action hereunder is exclusively in the Superior Court for Thurston County, Washington.

Investment Services

7. Creation of Separately Managed Account: The State will invest the funds of the Investor in a Separately Managed Account for the benefit of the Investor, pursuant to RCW 43.250. All funds deposited by the Investor into the Account will be invested and reinvested by the State in accordance with the State's Policies and Procedures.

- 7.1. The Account will be invested in a diversified portfolio with a risk profile that is similar to the risk profile of the State's core portfolio. The Account portfolio will seek to replicate, as closely as possible, the risk and return characteristics of the State's core portfolio by following a similar investment strategy and objective. By tracking the State's core portfolio, the Account will not deviate from its objective of safety, liquidity and yield. The Account's underlying assets will have the same credit quality as *US Treasury securities, Government Sponsored Enterprises (GSEs) and the Supranational Institutions*.
- 7.2. Any securities transferred to the Account as part of any deposit will be securities authorized for local government investment under R.C.W. 39.59.
- 7.3. The performance of the Account will be based on the total return of the portfolio utilizing the same performance benchmark as the State uses for its core portfolio. Total return takes into account changes in the market value of the portfolio.
- 7.4. The State will utilize the Local Government Investment Pool ("LGIP") to manage any cash that may be in the Account. Any cash invested in the LGIP for the Account will be in a separate account within the LGIP.

Funds invested in the LGIP are subject to the same risks and limitations as set forth in its prospectus for the LGIP and the Investor agrees to accept the risks of investing in the LGIP.

- 7.5. Risks of investing in the Account are outlined in this Agreement and in Exhibit D. Exhibit D must be signed by the Investor and returned before investment in the Account can occur. Further, the Investor acknowledges that it may, at the State's discretion, be asked to sign Exhibit D or similar document, in the future if the risks of

investing in the Account change, personnel changes at either the Investor or the State, or for any other reason the State deems appropriate.

8. The State shall keep an accurate and current inventory of all securities held within the Investor's Account. The inventory will contain precise identification of each security including, when applicable, the date of purchase and maturity date; CUSIP numbers; and other sources of identification.
9. Reporting: The State will provide the Investor monthly reports that include, but may not be limited to:
 - A list of individual securities held at the end of the reporting period.
 - Effective duration and final maturity of all investments listed.
 - Coupon, discount or earnings rate.
 - Par value, amortized book value and market value.
 - Realized gains or losses (if any).
 - All fees charged the Investor for that month.
 - A list of all transactions, other than overnight investments, executed during the reporting period.
10. Deposits or Transfers to Account: The Investor will make an initial deposit of _____ million (\$_____) of cash (and securities) into the Account within thirty days of executing this Agreement. To the extent that the Investor intends to deposit additional funds to the Account, the Investor must coordinate with the State the timing and amount of the additional deposit.
 - a. The State may set a minimum deposit amount in its Investment Policy for any future deposits to be made by the Investor.
 - b. The State reserves the right to reject, for any reason, future deposits to the Account.
 - c. The State may, at its discretion, use the LGIP to receive deposits.
11. Withdrawals from Account: The Investor acknowledges that funds deposited into the Account are not intended to be available for withdrawal. If the Investor determines that it must withdraw funds invested in the Account, the Investor must coordinate with the State the timing and amount of the withdrawal.

The Investor further acknowledges that:

- 11.1. Any withdrawal made can only be made in cash and not in securities.
- 11.2. Any withdrawal of funds will affect the State's management of the Account and may result in a loss and/or diminished future investment returns for the remaining balance.

11.3. Withdrawal of earnings are not considered to be a withdrawal under this Agreement.

11.4. The State may, at its discretion, deposit funds for withdrawal into the Investor's LGIP account.

Fee and Payment.

12. The annual fee for services that the State will charge the Investor shall be determined as set forth in Exhibit C.

Term, Termination and Termination Procedures

13. Term. This Agreement will begin on _____, 202_, and will have an initial term of three (3) years that will end on _____, 202_ unless earlier terminated as provided for under this Agreement. After the initial term, the Agreement will automatically renew each year unless either Party provides to the other Party, no later than ninety days prior to the Agreement renewal date of January 1st, written notice of its intent to terminate this Agreement.

14. Termination

14.1. Termination for Reduction in Core Balance. If at any time, the Investor's Core Balance falls below 50% of its initial deposit as a result of withdrawals made by the Investor, the State may terminate the Agreement with 30 days written notice.

14.2. Termination for Reduction in Funding or Withdrawal of Authority. In the event that any funding from the State is withdrawn, reduced, or limited, or the authority of the State to perform any of its duties is withdrawn, reduced, or limited in any way after the effective date of this Agreement the State may terminate this Agreement, in whole or in part, at any time by giving 60 calendar days' written termination notice to the Investor.

14.3. Termination for key person change. If either the State Treasurer or Deputy Treasurer for Investments within the Office of the State Treasurer responsible for investing funds in the Account ("Deputy Treasurer for Investments") changes during the term of this agreement, the Investor will have 120 days, upon notification of such change, to terminate this Agreement. The State covenants to notify the Investor within thirty days if there is a personnel change in the Deputy Treasurer for Investments position.

- 14.4. Termination for Breach. Either the State or the Investor is entitled, by written notice stating the date of termination, to cancel this Agreement in its entirety for breach of any of the terms herein, and to retain all other rights against the other Party as a result of the breach as provided by law. For purposes of this subsection, "breach" means one or more of the following events: (1) Either Party fails to perform their obligations in the manner or by the time and date required; (2) Either Party fails to perform or comply with any material term in this Agreement; (3) the State fails to exercise Due Care as required in Section 4 of this Agreement;
- 14.4.1. The notice of breach will provide a period not to exceed 30 days in which the other Party has an opportunity to cure.
- 14.4.2. If the breach remains after the Party alleged to have committed the breach has been provided the opportunity to cure, the other Party may do one or more of the following;
- 14.4.2.1. Exercise any remedy provided by law;
- 14.4.2.2. Terminate this Agreement and any related contracts or portions thereof, by written or verbal notice;
- 14.4.2.3. Seek damages.
- 14.5. Termination by Mutual Agreement. The State and the Investor may terminate this Agreement in whole or in part, at any time, by mutual agreement.
- 14.6. Termination for Changes in Maturity Schedules or Permitted Investments. If the State changes its Investment Policy by making a change to the maturity schedule of any investments or to the list of permitted investments, the Investor will have 30 days, upon notification of such change, to terminate this Agreement.

15. Termination Procedure

- 15.1. Upon termination of this Agreement,
- 15.1.1. The Investor may:
- Require a final accounting of investments and/or other funds due to the Investor.
- 15.1.2. The State may:

Return the Investor's Core Balance in the form of cash or securities, at the State's discretion, so long as the State acts with Due Care and in accordance with its Policies and Procedures.

Deduct any monthly fees, custody or wiring fees, or other amounts owed to the State including the actual costs incurred in terminating this Agreement.

- 15.2. Termination-related Obligations. Upon nearing the end of the final term of this Agreement, and without respect to either the cause or time of such termination, the State will take all reasonable and prudent measures to facilitate and ensure the orderly transition of cash and/or securities to the Investor and will make certifications to the Investor as to the accuracy of the investment-related information the State has provided.

The Investor understands that, upon termination of this Agreement, including termination resulting from expiration of the term, the Investor may still experience some loss and/or diminished investment return as a result of such termination. The Investor agrees to work with the State and provide as much advance notice as reasonably possible, but not fewer than thirty (30) days, if the Investor anticipates terminating the Agreement for any reason.

16. Waiver: In the event of any breach of the Agreement, no provision in this Agreement shall be construed, expressly or by implication, as a waiver by either Party of any right to insist upon the strict performance of any term or condition of the Agreement or to exercise or delay the exercise of any right or remedy provided in this Agreement or by law, or as the acceptance of (or payment for) services, or to release the other Party from any responsibilities or obligations imposed by this Agreement or by law. Acceptance by either Party of breach, or of unsatisfactory or deficient performance, with or without objection or reservation, shall neither waive the right to claim damages for breach nor constitute a waiver of requirements for complete and satisfactory performance of any obligation remaining to be performed by the other Party.

Contract Administration

17. State Contract Administrator: The State Contract Administrator will manage this Agreement on behalf of the State. The State will notify the Investor, in writing, in the event that there is a change in staffing and a new State Contract Administrator is appointed.

18. Investor Contract Administrator: The Investor Contract Administrator will manage this Agreement on behalf of the Investor. The Investor will notify the State, in writing, in the event that there is a change in staffing and a new Investor Contract Administrator is appointed.
19. Notice and Communication: Any notice or demand which, under this Agreement or applicable laws and regulations, must or may be given by the Investor or the State, will be in writing, properly addressed, and, as an alternative to personal delivery, made by the most expeditious means available, with regard given to the time sensitivity of notice or demand being made.

To the Investor:

To the State:

Office of the State Treasurer
State of Washington
Attn: Deputy State Treasurer Investments
Legislative Building, Room 230
PO Box 40200
Olympia, WA 98504-0200
invest@tre.wa.gov

- 19.1. Public Records. Any documents and records that are provided to the State may be determined to be public records under the Washington Public Records Act, Chapter 42.56 RCW, and as such may be subject to public disclosure.
20. Attorney's Fees and Costs. In the event of any controversy, claim or dispute arising out of this Agreement, each Party shall be solely responsible for the payment of its own legal expenses, including but not limited to, attorney's fees and costs.
21. Contract Execution. The signatories to this Agreement represent that they have the authority to bind their respective organizations to the Agreement.
22. Headings. The headings used herein are provided for convenience only and shall not control or affect the meaning or construction of any of the provisions.
23. Disputes. Except as otherwise provided in the Agreement, when a dispute arises between the Parties they will engage in good faith in negotiation or other non-litigation methods of dispute resolution prior to commencing litigation.
24. Force Majeure: Neither Party is responsible for any failure to perform its obligations under this Agreement caused by an event beyond its reasonable control, including but not limited

to, wars, riots, labor strikes, natural disasters, the infrastructure of the Internet, or any law, regulation, ordinance or other act or order of any court, government or governmental agency.

25. Counterparts. This Agreement may be executed in duplicate originals and each duplicate shall be deemed an original copy of the Agreement signed by each Party, for all purposes.

26. Acknowledgment. The Investor acknowledges and accepts the terms and conditions of this Agreement. The individuals signing below warrant that they have the authority to execute this Agreement on behalf of the State of Washington and the _____.

IN WITNESS WHEREOF, the Parties execute this Agreement.

APPROVED:

Name
Title

Date

APPROVED:

STATE OF WASHINGTON

JAMES ROSENKOETTER
Deputy State Treasurer

Date

APPROVED AS TO FORM:

THE STATE OF WASHINGTON
OFFICE OF THE ATTORNEY GENERAL

ROBERT J. FALLIS
Assistant Attorney General

Date