

## INTERGOVERNMENTAL AGREEMENT FOR PERMITTED INVESTMENTS

The Illinois Office of the State Comptroller (“IOC”) and the Office of the Illinois State Treasurer (“Treasurer”) (collectively, “the Parties”), pursuant to the Intergovernmental Cooperation Act (5 ILCS 220/1 *et seq.*), do hereby enter into this Intergovernmental Agreement for Permitted Investments (“Agreement”).

**WHEREAS**, IOC and Treasurer are public agencies as defined under the Intergovernmental Cooperation Act;

**WHEREAS**, IOC has certain obligations prescribed under Illinois law to maintain the State's central fiscal accounts, and order payments into and out of the funds held by Treasurer;

**WHEREAS**, pursuant to Section 22.5 of the Deposit of State Moneys Act, 15 ILCS 520, (“Act”), Treasurer is permitted to invest in privately placed debt instruments issued by IOC to assist IOC to pay outstanding vouchers; and

**WHEREAS**, Treasurer, in consultation with IOC, shall exercise its authority and discretion to invest any money in the Treasury, to fulfill the State’s responsibilities and promote operations in an efficient and cost-effective manner.

**NOW, THEREFORE**, the Parties do hereby agree as follows:

1. Term. The term of this Agreement shall begin upon the date of full execution by the Parties and shall continue until terminated by one of the Parties as provided herein.
2. Termination. This Agreement may be terminated by either Party for any or no reason upon 180 days’ prior written notice to the other Party.
3. Investment Authority. Following execution of this Agreement, Treasurer may enter into an agreement with IOC to invest in privately placed debt instruments funded by the State’s investment portfolio. To effectuate the investment, the Treasurer shall initiate a transfer of funds from the Treasury to the extent permitted by the Act. At any time, and from time to time outstanding, such investments shall not, in the aggregate, exceed \$2,000,000,000.
4. Fund Selection and Availability. IOC and Treasurer will jointly determine the (a) suitability, applicability, and statutory authority of each fund for investment in privately placed debt instruments; and (b) projected amount available from each fund within the State’s investment portfolio for each Investment, as defined below.
5. Individual Investments. A separate agreement (“Investment Agreement”) shall be entered into between the Parties for each investment in a debt instrument pursuant to this Agreement (each, an “Investment”) and in accordance with the Act. For each Investment, Treasurer, in its discretion, shall invest an amount not less than \$50,000,000, nor greater than \$250,000,000.
6. Interest Rate. The market established variable rate to which the interest rate for any investment under this Agreement shall be tied will be 100 basis points, plus one of the following: (a) the prevailing London Interbank Offered Rate (“LIBOR”) in a timeframe agreed upon by the parties;

(b) the Federal Funds Rate; or (c) an equivalent market established variable rate. In no case shall such interest rate exceed the lesser of the penalty rate established under the State Prompt Payment Act or the timely pay interest rate under Section 368a of the Illinois Insurance Code.

7. Deposit of Investments. Any Investment under this Agreement shall be deposited into the General Revenue Fund or Health Insurance Reserve Fund as determined by IOC.
8. Investment Period. Each Investment shall have a maturity date of thirty days to twenty-four months. Within 60 calendar days following the maturity date, IOC shall pay to Treasurer all principal. All interest accrued during the investment period shall be paid upon the maturity date. For any balance of principal outstanding not paid to Treasurer within 60 calendar days of the maturity date, or any balance of interest accrued not paid to Treasurer upon the maturity date, IOC shall pay Treasurer a penalty of 300 basis points (3.00%) above the interest rate set forth in the Investment Agreement unless waived by Treasurer in writing.
9. Early Repayment. Early repayment investment terms shall be established in each individual Investment Agreement entered into by the Parties pursuant to this Agreement.
10. Assignment. This Agreement may not be assigned, in whole or in part, by either Party for any reason, without the prior written consent of the other Party.
11. Reporting. IOC and Treasurer shall jointly determine a reporting mechanism that estimates savings with regards to each investment. Any agreed upon report shall be performed following the conclusion of the repayment of each investment.
12. Records Retention. Pursuant to applicable retention schedules, the Parties shall maintain for the appropriate time periods adequate books, records, and supporting documents. If an audit, litigation, or other action involving the records is begun before the end of the applicable record retention period, the records shall be retained until all issues arising out of the action are resolved. Notice shall be given to the Parties or their successors in accordance with paragraph 17 of this agreement in the event the Parties become aware of an audit, litigation, or other action.
13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. Any claim against the State or a State agency arising out of this Agreement must be filed exclusively with the Illinois Court of Claims, 705 ILCS 505/1 *et seq.*, when said claim is within the jurisdiction of the Court of Claims.
14. Entire Agreement. This Agreement contains the entire agreement between the Parties and supersedes all previous agreements and proposals, oral or written, regarding the matters addressed herein. This Agreement may be amended upon the mutual written agreement of the Parties.
15. Severability. If any provision in this Agreement is held to be invalid, illegal, void, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not be affected.
16. Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision thereof.



17. Notices. All notices required to be given pursuant to this Agreement shall be in writing and addressed to the parties or their successors at their respective addresses set forth below. All such notices shall be deemed duly given if e-mailed, personally delivered, or if deposited in the United States mail, registered or certified return receipt requested.

**To Treasurer:**

Office of the Illinois State Treasurer  
Rodrigo Garcia  
100 W. Randolph Street, Suite 15-600  
Chicago, Illinois 60601

**To IOC:**

Illinois Office of the Comptroller  
Chasse Rehwinkel  
100 W. Randolph Street, Suite 15-500  
Chicago, Illinois 60601

18. Signature Authority and Counterparts. The undersigned certify that they are authorized to legally bind their respective Party to this Agreement by signing it on their respective Party's behalf. This Agreement may be executed in counterparts, each of which shall be considered to be one and the same agreement, binding on all Parties hereto, notwithstanding that all Parties are not signatories to the same counterpart. Duplicated signatures, signatures transmitted via facsimile, or signatures contained in a portable document format document shall be original for all purposes.

**IN WITNESS WHEREOF**, each Party has executed this Intergovernmental Agreement on the dates indicated below.

**OFFICE OF THE ILLINOIS STATE  
TREASURER**

\_\_\_\_\_  
Michael W. Frerichs  
Treasurer

By: \_\_\_\_\_  
G. Allen Mayer, Chief of Staff

Date: \_\_\_\_\_

**ILLINOIS OFFICE OF THE STATE  
COMPTROLLER**

\_\_\_\_\_  
Susana A. Mendoza  
Comptroller

By: \_\_\_\_\_  
Kevin Schoeben, Assistant Comptroller

Date: 9/27/18

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Treasurer

By: [Redacted Signature]  
G. Allen Mayer, Chief of Staff

Date: 9-27-18

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By: \_\_\_\_\_  
Kevin Schoeben, Assistant Comptroller

Date: \_\_\_\_\_



**SUPPLEMENTAL SIGNATURE PAGE TO  
INTERGOVERNMENTAL AGREEMENT**

This Agreement entered into between the Office of the Illinois State Treasurer and Illinois Office of the Comptroller is being supplemented with this signature page to comply with 30 ILCS 105/9.02(a)(1) that requires:

Any new contract or contract renewal in the amount of \$250,000 or more in a fiscal year, or any order against a master contract in the amount of \$250,000 or more in a fiscal year, or any contract amendment or change to an existing contract that increases the value of the contract to or by \$250,000 or more in a fiscal year, shall be signed or approved in writing by the chief executive officer of the agency, and shall also be signed or approved in writing by the agency's chief legal counsel and chief fiscal officer.

In accordance with this statute, the additional individuals listed below sign this Agreement.

**OFFICE OF ILLINIOIS STATE  
TREASURER**

By:  \_\_\_\_\_  
Gwendolyn E. Drake  
General Counsel

Date: 9/27/2018

By:  \_\_\_\_\_  
Rodrigo Garcia  
Deputy Treasurer &  
Chief Investment Officer

Date: 09/27/2018

**ILLINOIS OFFICE OF STATE  
COMPTROLLER**

By: \_\_\_\_\_  
John Gay  
Chief Legal Counsel

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Marvin Becker  
Assistant Comptroller

Date: \_\_\_\_\_

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