

**For Use by Local Governments, Public Authorities and Other Entities  
Eligible to Participate in the Local Government Other Post-Employment Benefits Fund**

**Contribution Agreement**

**Treasurer of the State of North Carolina**

Section 1. General. The undersigned participant (“Participant”) understands and acknowledges that it may contribute funds from time to time to the Local Government Other Post-Employment Benefits Fund (the “OPEB Fund”) managed by the Department of State Treasurer (the “Treasurer”), to be held and invested in (i) public equity and derivative securities (“Public Equity”) as permitted from time to time by North Carolina General Statute (“NCGS”) § 147-69.2(b)(8), and/or (ii) certain obligations, asset-backed securities, repurchase agreements, time deposits and/or commercial paper (collectively “Fixed Income Obligations”) as permitted from time to time by NCGS §§ 147-69.2(b)(1) through (6).

Participant understands and acknowledges that investments in Public Equity may be effected through investments made by the Treasurer in individual, common, or collective trust funds of banks, trust companies, and group trust funds of investment advisory companies or through other investment vehicles or investment management arrangements as may be permitted by statute from time to time, as long as the investment manager has assets under management of at least \$100 million. The trustee of any such third party trust (“Third Party Trustee”) shall be appointed by the Treasurer and the investment manager of any such other investment vehicle or investment management arrangement shall be approved by the Treasurer (“Third Party Manager”). Participant further understands and acknowledges that investments may be effected by the Treasurer through third party custodial, underwriting and brokerage arrangements (“Third Party Custodians and Brokers”).

Section 2. Representations, Warranties and Related Covenants. As a condition to its investment, Participant acknowledges, represents, warrants and agrees that:

(i) Contributions to the OPEB Fund are irrevocable and that assets of the OPEB Fund may only be used to provide other post-employment benefits to individuals who are former employees, or beneficiaries of former employees of Participant and are entitled to other post-employment benefits payable by Participant within the meaning of NCGS § 147-69.4.

(ii) Investments in the OPEB Fund are subject to, among other things: general investment risks (including the risk of the loss of capital); investment manager risk (which includes the risk that poor security selection by the manager will cause the investment to underperform relevant benchmarks or other investments with similar objectives); interest rate risks; and credit risks (including, where applicable, custodial credit risks, which is the risk that in the event of the failure of the counterparty, the Treasurer will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party).

(iii) Participant has taken full cognizance of and understands all of the risk factors related to investments in the OPEB Fund.

(iv) Participant is able to bear the economic risk of investments in the OPEB Fund.

(v) Participant has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of investment in the OPEB Fund.

(vi) Participant acknowledges that the Treasurer is solely responsible for determining the allocation of investments in the OPEB Fund between Public Equity and Fixed Income Obligations, subject to the limitations

described herein, and that the Treasurer will allocate investments in the OPEB Fund in accordance with the investment guidelines attached hereto as Attachment A (the "Investment Guidelines"). Participant acknowledges and agrees that the Investment Guidelines for the OPEB Fund may be changed from time to time with the consent of the majority of the participants in the OPEB Fund (voting in accordance with the then most recent end-of-period account values).

(vii) Participant acknowledges that its investment in the OPEB Fund is suitable for Participant based upon its other securities holdings and financial situation and needs and that Participant has adequate means of providing for possible contingencies.

(viii) Participant understands that it is not permitted to sell, transfer or assign any of its interest in the OPEB Fund. In order to liquidate its investment, Participant will be required to follow the procedures described in Section 4 of this agreement, including certifying that the withdrawal is permitted under NCGS § 159-30(g). The risk of any decline in the value of an investment in the OPEB Fund during the interval between any permitted withdrawal date, as further described in Section 4 of this agreement, is borne by Participant.

Further, Participant acknowledges, represents, warrants and agrees that (i) it is a local government, public authority, an entity eligible to participate in the Local Government Employee's Retirement System, or a local school administrative unit that may make contributions to the OPEB Fund under NCGS § 159-30(g) and § 147-69.4; (ii) is exempt from federal income tax under Section 115 of the Code and the Constitution of the United States as an instrumentality of the State of North Carolina; (iii) the investment by Participant described herein has been duly authorized by all necessary corporate action of Participant; and (iv) Participant has the requisite corporate power and authority to execute and deliver this document and to contribute the funds for investment as described herein; and (v) the Treasurer has the power and authority under NCGS § 147-69.2(b)(8) and applicable law to appoint a Third Party Trustee or Third Party Trustees to hold the funds contributed to the OPEB Fund for investments in Public Equity.

Participant will notify the Treasurer immediately if it has reason to believe that the foregoing acknowledgements, representations, warranties and agreements may cease to be true.

Section 3. Fees. Participant understands, acknowledges and agrees that customary fees will be charged against OPEB Fund's investment by Third Party Trustees, Third Party Managers and/or Third Party Custodians and Brokers. Participant also understands, acknowledges and agrees that the Treasurer will also charge fees to Participant against the portion of the OPEB Fund invested in Public Equity, as permitted by NCGS § 147-69.2(b4), equal to fifteen (15) basis points per year, which the Treasurer will use to defray its internal costs of administering the OPEB Fund. All third party and Treasurer fees shall be deducted from the OPEB Fund.

Section 4. Contributions and Withdrawals. In order to participate in an investment in the OPEB Fund, Participant is required to establish a Short Term Investment Fund ("Participant STIF") account with the Treasurer. Additional information regarding the establishment of a Participant STIF account can be found at <http://www.nctreasurer.com>. The Participant STIF account created by Participant will be used to move funds into and out of the investments in the OPEB Fund, as further described below.

(i) *Minimum Contributions.* The minimum initial contribution required to make an investment in the OPEB Fund is \$100,000. Subsequent contributions in investments in the OPEB Fund must be made in \$25,000 increments.

(ii) *Minimum Account Balance.* The minimum account balance that must be maintained in an investment in the OPEB Fund is \$100,000 in each account, unless overall market valuation has caused the balance in such account to drop below \$100,000.

(iii) *Procedures for Contributions and Withdrawals.* Participant must provide the Treasurer with at least five (5) business days notice of any contribution to or withdrawal from the OPEB Fund using the Contribution Form or Withdrawal Request Form attached hereto, as appropriate. **Contributions to and withdrawals from the OPEB Fund are permitted only on the first business day of each calendar month except that contributions**

**will also be permitted on June 30 at each year.** If a notice of contribution or withdrawal is received during the last five (5) business days of any calendar month, such contribution or withdrawal request will not be processed until the first business day of the calendar month after the next ensuing calendar month. **Participant may deposit proposed contributions in its Participant STIF account at any time during a month and such deposits (including accrued interest) accepted by the Treasurer for contribution to the OPEB Fund will be contributed to the OPEB Fund on the next processing date.**

(iv) *Other Limits on Withdrawals.* No withdrawals will be permitted during the first twelve (12) months after any investment in the OPEB Fund. After such time, Participant will be permitted to make no more than two (2) withdrawals from any investment in the OPEB Fund during any twelve (12) month period. Notwithstanding the foregoing, emergency withdrawals may be permitted, subject to the approval of a Deputy State Treasurer (determined in their sole discretion, on a case-by-case basis) and provided that Participant (i) reimburse the Treasurer for any expenses associated with such emergency withdrawal and (ii) pay any penalties charged by the Treasurer.

**Section 5. RELIANCE BY THIRD PARTY TRUSTEES.** PARTICIPANT EXPRESSLY AGREES THAT ALL OF THE ACKNOWLEDGEMENTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS MADE HEREIN MAY BE RELIED UPON BY ANY THIRD PARTY TRUSTEE APPOINTED BY THE TREASURER.

*[Signature Page Follows]*

The undersigned has caused this Application to be executed by its Authorized Representative as of the date written below.

\_\_\_\_\_  
Name of Participant (Type or Print)

By:

\_\_\_\_\_  
Name (Type or Print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**Authorized Representative**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

**Initial Proposed Contribution to the OPEB Fund:** \$ \_\_\_\_\_\*

**Acknowledged and Agreed**

\_\_\_\_\_  
Treasurer, State of North Carolina

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

\* Any accrued interest in the Participant STIF account with respect to the contribution will also be contributed to the OPEB Fund.

## ATTACHMENT A

### INVESTMENT GUIDELINES FOR OPEB FUND

The OPEB Fund may be invested in Public Equity and both short-term and long-term Fixed Income Obligations as provided in the Contribution Agreement with Participant.

The assets of the OPEB Fund will be invested within the following ranges:

	<b><u>Target</u></b>	<b>Allocation Range</b>	
		<b><u>Bottom</u></b>	<b><u>Top</u></b>
Long-term Fixed Income Obligations	15.0%	10.0%	30.0%
Short-term Fixed Income Obligations	15.0%	0.0%	30.0%
Total Fixed Income Obligations	30.0%	20.0%	40.0%
Public Equity	70.0%	60.0%	80.0%

Temporary imbalances may occur as a result of withdrawals, contributions and changes in asset values. Rebalancings will occur as soon as practicable. Investments may be held temporarily in short-term Fixed Income Obligations pending reinvestment in long-term Fixed Income Obligations and/or Public Equity.