

CUSTODIAL AGREEMENT

This Custodial Agreement dated _____, 20____, is made and entered into by and among _____ (State Agency); _____ (depository bank) and _____ (custodian).

State agency and depository bank have requested that custodian undertake certain custodial functions in connection with certain securities pledged by depository bank to State Agency. Accordingly, custodian, State Agency, and depository bank agree as follows:

1. Common Ownership or Control. Custodian and depository bank hereby certify that custodian is not owned directly or indirectly by any parent corporation of depository bank and that custodian and depository bank do not have common controlling shareholders or a common majority of the board of directors or common directors with the ability to control or influence directly or indirectly the acts or policies of depository bank. Custodian and depository bank shall immediately notify PMIB of any change in ownership of either party that affects this certification and shall transfer the securities to another custodian that is acceptable to PMIB.

2. Maintenance of Account. Custodian will maintain a securities custody account (Account) in the name of depository bank to hold securities of depository bank, including securities designated from time to time by depository bank pursuant to the procedures provided for herein as being subject to a lien in favor of State Agency and from time to time deposited with or collected by custodian. From time to time hereafter, depository bank will send a written, facsimile, telephone or other communication (in form satisfactory to custodian) to custodian designating and identifying one or more securities then held by custodian in the Account, as being subject to a pledge and lien granted by depository bank to State Agency. Upon receipt of such communication and the securities described therein, custodian will (i) issue and deliver to each of State Agency and depository bank an identical joint safekeeping/custody receipt (JCR) identifying the securities and reflecting State Agency's status as a pledgee, and (ii) mark its books and records to reflect that State Agency is a lienholder. For purposes of this Agreement, the securities listed on all such JCR's are referred to herein as the "Pledged Securities." All Pledged Securities shall be held by custodian subject to the terms of this Agreement, and depository bank confirms and warrants that all such Pledged Securities are and will be subject to a lien in favor of State Agency and that custodian may deal with State Agency as a "secured party" under the Kansas Uniform Commercial Code.

3. Income. Until custodian has been notified in writing by State Agency that a default has occurred under any security agreement between State Agency and depository bank, custodian is authorized to deliver or pay over all principal payments, interest and other income received by custodian on the Pledged Securities to depository bank, or to deposit same in any account maintained by the depository bank (including, without limitation, the Account) and permit depository bank to withdraw or transfer same; provided, however, that if custodian receives a principal payment on a pledged security that constitutes the full repayment of the then-outstanding principal balance of such Pledged Security, custodian shall hold such principal payment in a cash collateral account maintained by the custodian in the name of depository bank as if, and to the same effect that it was included within the Pledged Securities. After receiving notification from State

Agency of an event of default under any security agreement between State Agency and depository bank, custodian shall hold all principal payments, interest and other income received by it with respect to the Pledged Securities, in a cash account maintained by custodian in the name of depository bank, and all such sums shall be held as if, and to the same effect that, it was included within the Pledged Securities.

4. Custodian's Obligation to Hold Securities. Custodian shall hold the Pledged Securities, including any pledged Securities that constitute additions or substitutions that were designated by depository bank under the procedures provided for herein in order to satisfy any security agreement between depository bank and State Agency, and shall not sell, transfer, assign, pledge (except as otherwise agreed to by State Agency and depository bank or as provided for herein), or otherwise utilize such Pledged Securities or any cash that is to be held as Pledged Securities pursuant to the provision in Section 2 above. Custodian shall have no duty or obligation to examine or determine if the Pledged Securities, including any Pledged Securities offered by depository bank as additions or substitutions, are permitted collateral under the applicable laws and regulations in effect from time to time, or if the value of any Pledged Securities is sufficient under such applicable laws or regulations.

5. Care of Property; Reliance on Instructions.

a. Custodian shall exercise the same care with respect to the Pledged Securities as custodian exercises with respect to custodian's own property. Custodian assumes responsibility only for loss to any Pledged Securities occasioned by the negligence of, or conversion, misappropriation or theft by custodian's agents and/or employees, and then only to the extent of the market value on the date of the discovery of the loss. Custodian, at its option, may insure itself against loss from any cause but shall be under no obligation to obtain insurance directly for the benefit of either State Agency or depository bank.

b. Custodian, at any time, without any resulting liability to it, may act in reliance on any instructions custodian believes to be genuine, including instructions by a signed writing (via telecopy or otherwise), by electronic communication or by telephone. Custodian may rely upon any instruction that is in writing if it purports to be signed by a representative of State Agency whose name has been furnished to custodian as being a designated individual authorized to give such instructions to custodian on behalf of State Agency (Authorized Representative) or if it purports to be signed by a representative of the depository bank (as applicable), without any duty to investigate or confirm the actual authority of such named representative. Custodian is expressly authorized to rely upon any facsimile copy of any written document (including any JCR) as if, and to the same effect that, an original executed copy thereof had been received by it from the party purporting to have executed it.

c. All credits, debits or transfers shall be deemed to have been completed at such time as recorded on custodian's books.

d. Custodian undertakes to perform only the duties expressly set forth in this agreement, and assumes no responsibility other than for the safekeeping and disposition of the Pledged Securities as provided for herein.

e. Transfer of securities to custodian may be accomplished by crediting the account of custodian with the Federal Reserve Bank of Kansas City, Missouri, or by delivery of physical certificates to custodian in negotiable form. State Agency and depository bank agree that custodian's use of the Federal Reserve and other third-party custodians, depositories, financial intermediaries and agents in connection with the Pledged Securities and transactions contemplated under this agreement is authorized and shall comply fully with all terms and conditions of this agreement regarding custodian's transfer and custody of the securities. State Agency and depository bank acknowledge and understand that all transfers of securities by the Federal Reserve are subject to the Federal Reserve's then applicable rules and procedures and operating letters.

6. Release of Securities. Depository bank shall transfer or deposit Pledged Securities to custodian which shall act as a financial intermediary. No Pledged Security shall be released or substituted without the written instruction of an Authorized Representative and an instruction (written, facsimile, telephone, electronic or otherwise) of a representative of depository bank, **except:**

a. on written notice of default sent by an Authorized Representative to custodian, custodian is authorized to release, deliver or transfer the Pledged Securities to the State Treasurer of Kansas without further authorization or consent of depository bank and without return or execution of JCR (describing the Pledged Security) that was issued to depository bank;

b. custodian shall thereupon provide written notice to depository bank of delivery or transfer to the state treasurer of the Pledged Securities; and

c. custodian shall therefore be discharged of all further responsibility with respect to the Pledged Securities.

Delivery to custodian of (i) a writing executed by an Authorized Representative releasing State Agency's lien on a Pledged Security, or (ii) the JCR describing the Pledged Security, if executed by an Authorized Representative, shall constitute a release and discharge by State Agency of any lien in and to such Pledged Security, and custodian is thereupon authorized to deliver or transfer such Pledged Security to depository bank or to any account or entity designated by depository bank. If custodian is required to transfer, deliver or sell any Pledged Securities pursuant to provisions of any statute or regulation applicable to securities pledged for state deposits, custodian is hereby expressly authorized to effect such transfer, delivery or sale pursuant to such statute or regulation, and upon doing so shall be released and discharged from any further duty or liability hereunder or otherwise with respect to such Pledged Securities.

7. Reporting. On a monthly basis, or as requested, custodian shall provide to the State Agency written notice stating the CUSIP and pool number, par value, interest rate and maturity date of all Pledged Securities. This notice shall be accepted by the State Agency as sufficient evidence of the depositing of Pledged Securities with custodian by depository bank.

8. Compensation. Depository bank agrees to pay custodian compensation for the services to be rendered under this Agreement based on rates which shall be determined by custodian from time to time.

9. **Indemnification.** State Agency subject to the Kansas Tort Claims Act, and depository bank agree, jointly and severally, to indemnify custodian from and hold it harmless against any liability in connection to, arising out of or in any way related to the transactions contemplated and relationship established by this agreement, **except** that State Agency and depository bank shall not be liable for any liability that is determined to be the direct result of acts or omissions on the part of custodian constituting negligence or willful misconduct **nor** shall State Agency be liable for any costs, attorneys fees or other expense in the defense of any claim by custodian.

10. **Entire Agreement, Modification or Amendment.** This agreement constitutes the entire agreement of the parties with respect to its subject matter and supersedes all prior oral or written agreements. No modification of or amendment to this agreement shall be binding unless in writing and executed by the parties.

11. **Termination.** This agreement shall terminate upon ten-business days' written notice of termination, signed by State Agency and depository bank. It is further provided that custodian may terminate this agreement upon ten (10) days' written notice to all other parties hereto. Upon any termination of this Agreement, custodian is authorized to transfer or deliver the Pledged Securities to any person, entity or account specified in any written instructions signed by State Agency and custodian, and if no such written instructions are received, then the Pledged Securities may be transferred or delivered to State Agency or any entity or account designated by State Agency, or, at custodian's sole discretion, may continue to be held by custodian until custodian receives written instructions signed by both State Agency and depository bank. Upon any termination, custodian may defer any transfer or delivery of the Pledged Securities until it has first received all JCR's issued by custodian with respect to the Pledged Securities, duly executed by State Agency and depository bank as applicable.

12. **Severability.** If any provision of this agreement is held to be unenforceable by a court of competent jurisdiction, the other terms and provisions shall not be affected and shall remain in full force and effect.

13. **Rights and Remedies.** The rights and remedies conferred on the parties shall be cumulative and the exercise or waiver of any right or remedy shall not preclude or inhibit the exercise of any additional rights and remedies.

14. **Headings.** Headings are for reference purposes only and shall not be construed as part of this agreement.

15. **Notices.** All notices shall be given to the party entitled to receive notices at the following addresses and telephone numbers:

a. Unless and until State Agency shall give written notice to depository bank and custodian to the contrary, the following person shall be authorized to act on behalf of State Agency and to give and receive all notices and otherwise act under this agreement:

b. Unless and until **depository bank** shall give written notice to State Agency and custodian to the contrary, the following person shall be authorized to act on behalf of depository bank and to give and receive all notices and otherwise act under this agreement:

Name: _____

Title: _____

Bank: _____

Address: _____

Address: _____

Telephone: _____

c. Unless and until **custodian** shall give written notice to State Agency and depository bank to the contrary, the following person shall be authorized to act on behalf of custodian and to give and receive all notices and otherwise act under this agreement:

Name: _____

Title: _____

Bank: _____

Address: _____

Address: _____

Telephone: _____

(Signatures required on next page)

16. This agreement shall be governed by the laws of the State of Kansas.

Custodian:

By: _____

Title: _____

Date: _____

Depository Bank:

By: _____

Title: _____

Date: _____

State Agency :

By: _____

Title: _____

Date: _____