



**Department of Insurance
State of Arizona**
Financial Affairs Division – Trust Deposit Unit
2910 North 44th Street, Suite 210
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**U.S. BANK NATIONAL ASSOCIATION
AS CUSTODIAN FOR ARIZONA STATE TREASURER
AND ARIZONA DEPARTMENT OF INSURANCE**

CUSTODY AGREEMENT

This Custody Agreement (the "Agreement"), made as of this ____ day of _____, 20____, among U.S. Bank National Association, in its capacity as custodian, hereinafter called "Institution", the Arizona State Treasurer, hereinafter called "State Treasurer", the Arizona Department of Insurance, hereinafter called "ADOI", and the _____ (N.A.I.C. Number _____), hereinafter called "Company", wherein the Institution shall perform safekeeping duties and provide services as described in this Agreement with respect to Eligible Securities and other property held hereunder.

Recitals

- A. In accordance with Arizona Revised Statutes or pursuant to a Security Deposit Agreement between the State Treasurer, ADOI and Company, Company is required to deliver and maintain a deposit to transact business in the State of Arizona.
- B. Institution desires to provide custodial services with regard to the deposit.
- C. Institution, State Treasurer, ADOI and Company desire to enter into the following agreement for the provision of custodial services.

Terms

1. Definitions. These terms shall have the meanings provided below.
 - 1.1 Account. The custodial account established by Institution for Company to maintain the deposit required by the ADOI.
 - 1.2 Eligible Securities. Securities qualified by statute, rule, order or other determination of the ADOI as specifically set forth in Appendix A as may be amended from time to time.
 - 1.3 Account Value. At any given time, the sum of the lesser of the market value, par value or amortized value of each Eligible Security held in the Account that meets the qualifications of Appendix A or a subset thereof as defined by the ADOI in Appendix A.
 - 1.4 Minimum Account Balance. A specific Account Value set by the ADOI and as may be amended from time to time, which shall at a minimum be equal to the amount of deposit required under Arizona law, and which Company is required to continuously maintain in the Account. The initial Minimum Account Balance for the Account shall be \$ _____ (_____ Dollars). The Minimum Account Balance may be amended by the ADOI at any time by written notice to the Institution and Company ("MAB Change Notice").
2. Deposit by Company. Company agrees to deliver and continuously maintain in the Account Eligible Securities that qualify under Appendix A or a subset thereof as defined by ADOI in Appendix A and to maintain an Account Value at least equal to the Minimum Account Balance specified by the ADOI from time to time in accordance with the terms of this Agreement.
 - 2.1 Exchanges of Eligible Securities. Company may exchange Eligible Securities in the Account from time to time so long as the Account Value, after giving effect to the exchange, is at least equal to the Minimum Account Balance.

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2.2 Excess Deposit. In the event the Account Value exceeds the Minimum Account Balance, Company may withdraw securities or receive distributions from the Account so long as the Account Value, after the withdrawals or distributions, is at least equal to the Minimum Account Balance.

2.3 Deficient Deposit. If at any time the Account Value falls below the Minimum Account Balance, Company agrees that it will not make any withdrawals, transfers or receive any distributions from the Account in accordance with Section 18 hereof.

2.4 MAB Change Notices. Company agrees that, by the close of business on the business day after receipt of a MAB Change Notice, it shall deliver to Institution Eligible Securities qualifying under Appendix A or a subset thereof as defined by the ADOI in Appendix A so that the Account Value is at least equal to the new Minimum Account Balance. In the event Company fails to timely deliver additional qualifying Eligible Securities to comply with the MAB Change Notice, the deposit shall be considered deficient under Section 2.3 hereof.

3. Monitoring of Minimum Account Balance by Institution. Institution shall monitor the Account Value and notify the Company and ADOI if the Account Value falls below the Minimum Account Balance. Institution shall not permit Company to make any withdrawal, disbursement, exchange, or transfer of Eligible Securities or other property from the Account if the Account Value, after giving effect to such transaction, would be less than the Minimum Account Balance. Institution shall not be responsible for the failure of the Account Value to be at least equal to the Minimum Account Balance solely due to changes in the market value or amortized value of deposited securities during any given business day. However, Institution shall provide written notice by facsimile or electronic mail to the ADOI and Company by no later than 10:00 a.m. MST on the next business day if, at the close of business on any business day, the Account Value of the Account is less than the Minimum Account Balance.

3.1 Confirmation of Account Value by Institution. In addition to the notices required under Sections 2 and 3 hereof, upon receipt of a MAB Change Notice, Institution shall, by facsimile or electronic mail, confirm to the ADOI and the Company the current Account Value and the difference between the Account Value and the new Minimum Account Balance set forth in the MAB Change Notice.

4. Custodial Services. Unless otherwise agreed to by ADOI, Institution shall open Account within two business days of receiving all necessary Account opening documentation. Institution shall accept for deposit into the Account only Eligible Securities. Institution shall safekeep all property delivered to it, shall identify such property on its books and records as held in trust for the State Treasurer, shall receive the income attributable thereto, and shall hold, invest, disburse or otherwise dispose of such income and principal, or its proceeds, pursuant to the provisions of this Agreement.

4.1 All book-entry securities shall be identified in the Institution's automated and paper records as such. Access to perform safekeeping duties and provide services under this Agreement shall be restricted to authorized Institution personnel only.

4.2 Institution shall identify the full name of Company, or an abbreviation of Company name that is acceptable to the ADOI, in its automated and paper records for Company's account information and shall not change or modify Company name within its records without prior written approval from the ADOI. The Institution shall refer any written or verbal instruction that it receives from Company to change or modify Company's name to the ADOI for authorization prior to making any change or modification.

5. Responsibility for Assets. Institution shall be responsible for losses of or damage to the securities or other property under its care, custody and control or under the care, custody and control of its nominee, its agents or a depository selected by it, including but not limited to any loss of or damage to securities occasioned by the negligence or dishonesty of any officers or employees of Institution, nominee, agents or depository, or burglary, robbery, holdup, theft or mysterious disappearance, including loss by damage or destruction. In the event of loss of or damage to the securities under the care, custody and control of Institution or its nominee, a depository or other agent of Institution, Institution shall, upon demand by Company, promptly replace such securities with like kind and quality, together with all rights and privileges pertaining to such securities, or, if acceptable to Company, deliver cash to the custodial account equal to the then fair market value of the securities. Under no circumstances, however, shall Institution be liable for consequential damages under this Agreement for causes beyond its control, which causes shall be war, insurrection, nuclear fission or fusion, radioactivity, seismic activity, earth movement, volcanism, flood, windstorm, hurricane, tornado or lightning.

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6. Examination by Supervisory Authorities. Institution agrees that at any time upon demand of an examiner contracted or employed by the ADOI, Institution will prepare and deliver to such examiner a written verification of all securities and other property held in the Account by Institution as custodian for Company, including such securities which have been deposited by Institution with a Depository (as hereinafter defined), and such verification shall be signed by an officer of Institution.

7. Investment Services.

7.1 Institution shall have no responsibility to and shall not initiate any investment, reinvestment or divestment of the property held by it under this Agreement, without direction from Company except as otherwise provided in this Agreement. Any charges by the Institution with respect to investment services shall be at the prices listed in Appendix B hereto.

7.2 Except as provided in Section 2.3, 2.4 or 18, Company may withdraw and exchange securities or other property from the Account, from time to time so long as the Account Value, after giving effect to withdrawal or exchange, does not fall below the Minimum Account Balance.

7.3 Except as provided in Section 2.3, 2.4 or 18, so long as the Account Value is at least equal to the Minimum Account Balance, Institution may disburse interest coupon payments, principal paydowns, cash from maturities on securities in its custody, or any other income or proceeds received by it on securities held in Account.

7.4 All sales, purchases, exchanges or other transactions respecting securities or other property which may be made by Institution for the account of Company shall be made only pursuant to instructions from Company or of Company's designated representative, and in accordance with the conditions set forth in this Agreement. In the absence of such instructions, Institution shall have no responsibility for the investment or reinvestment of such property nor liability for any omission to act in the absence of instructions.

7.5 If an acquisition initiated by Company results in a debit balance at settlement of such transaction, Institution shall be entitled to charge interest on such debit balance.

7.6 Company, and not Institution, shall be responsible for all money, securities and/or other property delivered to any broker or other person specified by Company in such manner as Company may direct.

7.7 Institution's duties hereunder shall continue until such time as such duties shall terminate as hereinafter provided or until such time as such duties shall be altered in writing, and executed by the Company, State Treasurer, the ADOI, and consented to by Institution.

8. Capital Changes. It shall be the responsibility of Company to furnish Institution with notification of the declaration, record and payment dates of any dividends or other distributions and of any calls or other capital changes or of information requiring special action concerning each of the securities subject to this Agreement whenever such information is not readily available from reporting services or publications generally accepted and utilized by the securities industry. No knowledge of the above described securities information shall be imputed to the Institution prior to the time it assumed custodial responsibility for any security.

9. Depository. Institution may utilize the services of the Federal Reserve Institution or any depository (hereinafter called "Depository"), which is now or hereinafter approved by the Director of the ADOI for the purpose of book-entry deposit and maintenance in Depository of all securities eligible under applicable laws, regulation, and rulings except as limited by written instructions from Company or the ADOI to Institution. Institution may authorize Depository to hold the deposited securities, to receive the income and principal becoming due thereon, to surrender for payment maturing obligations and those called for redemption and to disburse and/or otherwise dispose of said deposited securities and the income thereof upon and pursuant to a written order by Company. Any income received from the surrender of coupons for payment will be credited as directed by Company. A Federal Reserve Institution may be used to hold securities of federal agencies that are available only through the Book Entry System of said Federal Reserve Institution.

10. Nominee Authorized. Institution is directed to transfer into the name of nominees selected by it, all registered securities from time to time held under this Agreement. Institution shall issue written notice to the ADOI of any transfer of registered securities into the name of Institution's nominee. Institution shall be responsible for the acts of its nominee with respect to such securities. To effect the transfer of registered

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securities into the name of Institution's nominee, to facilitate the collection of any payment thereon and to effect any other action in relation thereto or in order to meet any requirement thereof, Company authorizes Institution to execute in Company's name, and to deliver, any instrument determined by Institution to be appropriate in furtherance of the purposes hereof, and to guarantee in Institution's name as the signature of Company any signature so placed on such instrument. Institution will not permit book entry securities or securities issued or issuable in bearer form to be transferred to a Depository without having received prior written approval from the ADOI. Securities issued or issuable in bearer form which are held by Institution or transferred to a Depository shall be maintained in bearer form and not registered in the name of Institution's nominee or the Depository's nominee unless at the specific written request of Company.

11. Directions to Institution. All directions to the Institution from the State Treasurer, ADOI or Company shall be in writing and signed by the designated representatives of Company or the authorized personnel of the State Treasurer or ADOI, as appropriate. Notwithstanding Section 23 hereunder and unless Institution is otherwise notified by the ADOI, directions from Company, State Treasurer or ADOI relating to account transactions may be transmitted to the Institution by facsimile or electronic mail and will be deemed received upon telephonic confirmation of receipt by the Institution if facsimile or upon sending if electronic mail. Institution shall not be required to comply with any direction, which in its judgment may subject it to liability or expense, or to prosecute or defend any action, unless indemnified in manner and amount satisfactory to it.

12. Proxies. Institution shall not vote proxies. All proxies shall be forwarded to Company.

13. Statements and Reports. Institution shall furnish periodic statements in a form acceptable to the ADOI and State Treasurer for accounts of this type and shall deliver the same to Company or to any representative designated by Company. Institution shall furnish monthly reports in a form acceptable to the ADOI and the State Treasurer within 5 working days following each month end, which itemizes all account activity with detailed descriptions and classifications of securities and other property held hereunder according to the ADOI's or State Treasurer's instructions. Institution shall separately furnish, in a form acceptable to the ADOI and State Treasurer, monthly reports itemizing all cash deposited into a companion account, such as a short-term money market funds account as a result of maturities, interest coupon payments or principal fund paydowns of Company's securities held hereunder.

14. PC-Based Data System. Institution shall provide secure Internet access or a PC-based data system software to State Treasurer and the ADOI that is compatible with the PC-based data systems of each to receive daily updated information regarding any changes in securities pledged pursuant to this Agreement. The PC-based data system shall include read and print options in menus that enable query by Company name or account number, and cusip numbers. The data system shall be compatible to common PC database and word processing software to enable State Treasurer and the ADOI to download and utilize Company's current account data. The timeliness of information in the Institution's PC-based data system shall be no less than transactions performed on the previous business day. At any time that Institution's PC-based data system is unavailable to the ADOI or State Treasurer for any reason, Institution shall deliver by facsimile transmission or electronic mail, a detailed report of all transactions performed upon Company Accounts for the business day when the data system was not available, by the close of the next business day, when so requested by ADOI or State Treasurer. In addition, Institution shall provide specific account information requested by the ADOI or State Treasurer by the close of the next business day by facsimile transmission, electronic mail or telephonically. Electronic and written notification provided by the Institution to the ADOI or State Treasurer shall clearly specify the type(s) of services and transaction(s) completed, such as release or distribution, receipt or deposit, maturity of a security to cash funds, or a principal funds paydown and shall include the cusip numbers of all affected securities.

15. Termination of Agreement. Upon termination and written direction of the State Treasurer, Institution shall transfer the property then held in the account for Company and Institution shall effect transfer of securities deposited by it on behalf of Company with the Depository to the new custodian, along with all records pertaining to the securities (with a copy of the records to Company). Upon termination, Company shall pay all sums due Institution and shall indemnify Institution in the manner and amount satisfactory to it against all liability incurred in the performance of this Agreement.

16. Compensation. Except as hereafter provided, Institution shall be compensated for its services by Company in accordance with the charges set forth in Appendix B hereto. All charges including but not limited to, brokers' commissions resulting from security transactions and all security settlements and deliveries shall be paid by

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Company. The compensation or expenses charged by Institution for the services rendered under this Agreement shall not be charged to the assets held under this Agreement. However, so long as the Minimum Account Balance is maintained, Institution shall have the right to reduce income generated from such assets for funds that Institution has advanced or for fees owed to the Institution in order to effect the purchase of securities in accordance with the directions of Company. Under no circumstances shall Institution have the right to reduce, offset or encumber such assets with out-of-pocket costs or expenses incurred by it in effecting the sale of securities in accordance with the directions of Company. Notwithstanding the foregoing, so long as the Minimum Account Balance is maintained, Institution may reduce income generated from such assets for out-of-pocket costs or expenses incurred by it in effecting the purchase or sale of securities in accordance with the direction of Company, upon written authorization of Company subsequent to receipt by Company of an invoice itemizing the specific out-of-pocket costs or expenses incurred by the Institution.

17. Failure to Perform. Institution agrees to perform its safekeeping duties and related services described in this Agreement in accordance with prescribed time frames. Failure to act upon Company's, or as applicable, the ADOI's, proper and complete instructions shall constitute a failure by Institution to perform in accordance with this Agreement. The ADOI shall report and document to the State Treasurer with a notice to the Institution all incidents of Institution's failure to perform. The State Treasurer shall, upon recommendation and advisement from the ADOI and upon consideration of the written response from the Institution, determine and impose remedial actions appropriate to the frequency and types of incidents reported by the ADOI. Remedial actions instructed by the State Treasurer to the Institution may include a refund or abatement of fees, out-of-pocket costs and expenses charged to Company by the Institution in the course of a transaction that constituted an incident of the Institution's failure to perform, and reimbursement of a monetary loss experienced and documented by Company as a direct result of an incident of Institution's failure to perform.

18. Cessation of Distributions from Account. In the event the Account Value falls below the Minimum Account Balance as provided in Section 2.3 or 2.4 hereof or the Institution receives notice from the ADOI that Company is placed into receivership, liquidation, rehabilitation, supervision or similar proceedings, Institution will not distribute any Eligible Securities, income, interest, proceeds, cash balances or other property to Company and will hold all income, interest and cash balances, net of Institution's fees. Company may continue to make even exchanges of Eligible Securities with other Eligible Securities that meet the qualifications of Appendix A or a subset thereof as defined by the ADOI in Appendix A.

19. Citation Amendments. Any amendment to or repeal of any statute, rule or form cited above occurring during the term of this Agreement is incorporated herein by this reference.

20. Prohibition on Assignment. Company, or any receiver, liquidator, rehabilitator, supervisor or any similar appointee, may not assign this Agreement or any Eligible Securities, distributions, income or other property held under this Agreement without the prior written consent of the ADOI.

21. Designated Representatives. Company may provide written notice of its designated representatives who are authorized to act on its behalf in all matters concerning assets to be held in its account under this Agreement, in a manner acceptable to the Institution. Written notice shall be signed by an officer of Company who is duly authorized within its bylaws or an authorizing resolution of the board of directors of Company which has been certified by its corporate secretary and shall remain in effect until superseded by a subsequent written notice of designated representatives or by a written notice of termination for designations previously authorized. One or more designated representatives may act in all matters and be responsible for the duties of Company under this Agreement.

22. Cancellation. This agreement is subject to cancellation at any time by the Governor pursuant to A.R.S. § 38-511.

23. Notices. Except as otherwise provided herein, any notices required or permitted to be made hereunder shall be delivered personally or by facsimile or by overnight courier or mailed by certified or express mail, return receipt requested, or by electronic mail except for notice under Section 22 hereof to the following addresses and shall be deemed to have been received when delivered personally, upon telephonic confirmation of receipt of the facsimile, one business day after delivery to overnight courier, or three business days after mailing or upon sending if electronic mail:

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If to Company: _____

Email: _____

If to Institution: Mr. Angel Almendarez-Bautista, Trust Officer
U.S. Bank Institutional Trust & Custody
PD-OR-P6TD
111 SW 5th Avenue, 6th Floor
Portland, OR 97204
Facsimile 1-888-550-7152
Email: ADOI.requests@usbank.com

If to State Treasurer: Mr. Klint Tegland, Deputy State Treasurer of Operations
Office of the State Treasurer
1700 W. Washington
Phoenix, Arizona 85007
Facsimile 602-542-7176
Email: KlintT@aztreasury.gov

If to the ADOI: Mr. Steven Ferguson, Assistant Director
Arizona Department of Insurance
2910 N. 44th Street, Suite 210
Phoenix, Arizona 85018
Facsimile 602-364-3989
Email: sferguson@azinsurance.gov

IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be executed as of the date first written above.

COMPANY

By: _____
Name: _____
Title: _____
Federal Tax ID Number: _____

ARIZONA STATE TREASURER

By: _____
Name: Klint Tegland
Title: Deputy State Treasurer of Operations

ARIZONA DEPARTMENT OF INSURANCE

By: _____
Name: Steve Ferguson
Title: Assistant Director

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: Angel Almendarez-Bautista
Title: Trust Officer
Date: _____

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CONTACT THE TRUST DEPOSIT UNIT AT (602) 364-2712
FOR THE APPLICABLE APPENDIX A, PAGE 7
FOR YOUR NEW ACCOUNT**

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**APPENDIX B
FEE SCHEDULE
Effective August 1, 2008**

ANNUAL SCHEDULE OF FEES				
ANNUAL SERVICES	FEE	PER OCCURRENCE SERVICES	FEE	
Accounts: Administrative	\$384.00	Security Transactions	Book Entry	Physical
Online Access Reporting	No Charge		\$30.00	\$50.00
Holding (per security) (Money Market funds exclude from holding fee)	<u>Book Entry / Physical</u> \$30.00 / \$50.00	Outgoing Wire Transfers	\$20.00	
<p>If a Stop Payment is requested on a check, where the address on file is correct, there will be a \$25 fee assessed.</p> <p>Accounts closed will be charged a final semi-annual fee at the time of the action in addition to applicable fees</p>		Check Disbursement	\$10.00	
		Interest Collection	No Charge	
		Incoming Wire Transfer	No Charge	
		Account Set Up Fee	No Charge	
		Principal Paydown	No Charge	
All payments due must be paid prior to release of funds				

Fee invoices will be billed semi-annually August 1 – January 31 and February 1 – July 31

Late Payment Charge: Payment is due within 45 days from the date of mailing. U.S. Bank will debit the outstanding fee amount when income can cover the fee after the 45 days. Failure to submit payment within 45 days will result in a Late Payment Charge of \$50 which will be added to your next billing cycle.