

COLLATERAL CUSTODIAL AGREEMENT
(EXHIBIT B: For Collateral Security Agreement for Nevada
Public Deposits Secured Under Pooled Collateral Method)

This **COLLATERAL CUSTODIAL AGREEMENT** to accept and collateralize public funds deposits (“Agreement”) is made and entered into on the date last herein written by and between the state of Nevada acting through its Office of the State Treasurer, (“Treasurer”); _____ with its principal place of business in _____ (“Depository”); and _____ with its principal place of business in _____ (“Custodian”).

WHEREAS, chapter 356 of the Nevada Revised Statutes (NRS) and chapter 356 of the Nevada Administrative Code (NAC) authorizes the Treasurer to enter into this Agreement, subject to the approval of the Nevada Board of Finance; and

WHEREAS, the Depository desires to act as a depository for public funds as described in NRS 356.360; and

WHEREAS, the Treasurer oversees the program to monitor collateral that may be pledged as described in NRS 356.350; and

WHEREAS, the Depository has certain types of acceptable securities as ascribed to it in subsection 1 of NRS 356.360 (collectively “Collateral”) which may be pledged for the benefit of the Treasurer with the any insured state or national bank or insured credit union or savings and loan association, other than the Depository or an affiliation thereof, as collateral to secure deposits of public funds with the Depository; and

WHEREAS, the Depository has or intends by this Agreement to transfer said Collateral that the Depository pledges to the Custodian; and

WHEREAS, the Custodian has agreed to accept and hold said Collateral in trust for the benefit of the Treasurer to secure deposits of public funds so deposited at the Depository; and

WHEREAS, the Collateral Security Agreement incorporates this Agreement by its terms and requires this Agreement to be maintained as a permanent record with the Collateral Security Agreement; and

WHEREAS, this Agreement shall become effective on the date approved by the Nevada Board of Finance;

NOW THEREFORE, in consideration for the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed that the Custodian will accept all Collateral that may be delivered from time to time by the Depository and that it will hold the same in trust for the Treasurer for its use and benefit and subject to the powers and the duties as follows:

1. **Pledge of Collateral.** The Depository hereby pledges and grants for the benefit of the Treasurer, a continuing security interest in and assigns and pledges acceptable securities as pledged Collateral to and held by the Custodian to secure uninsured deposits of public funds held in the Depository pursuant to NRS chapter 356 and NAC chapter 356 under this Agreement. Custodian agrees to accept and retain all Collateral deposited with it by the Depository in the form in which it is received, subject to withdrawal or other disposition on written instructions of the Treasurer or his designated deputy as may be designated by the Treasurer in writing from time to time. The Depository shall be entitled to income on any and all interest, dividends, distributions and sums distributed or payable from such Collateral, and all proceeds and profits of any of said Collateral, unless Custodian has received prior notice from the Treasurer that the depository has failed to pay any part of any public deposit on demand of the Treasurer; in which event, all such income shall then be credited in accordance with the Treasurer's written instructions to the Custodian.
2. **Appointment and Duties of Bailee/Custodian.** The Depository hereby appoints a Custodian, and the Custodian agrees to act, as the Depository's bailee and custodian of the Collateral to be pledged pursuant NRS Chapter 356. The Custodian is acting as a bailee for hire and as such shall operate hereunder with reasonable care. The Custodian shall not be liable for loss or damage, including attorney's fees, resulting from its actions or omissions to act or otherwise, except for any such loss or damages arising out of its own negligence or willful misconduct. The Custodian shall have no obligation hereunder for costs, expenses, damages, liabilities, or claims, including attorney's fees, which are sustained or incurred by reason of any action or inaction by the Federal Reserve Book-Entry System, any clearing corporation or their successors or nominees. In no event shall the Custodian be liable to the Depository, the Treasurer, or any third party for special, indirect or consequential damages. The Custodian shall not have any additional duties other than those expressly provided in this Agreement and expressly stated in NRS chapter 356 and NAC chapter 356.
3. **Indemnification of Custodian.** The Depository agrees to indemnify the Custodian and to hold it harmless against any and all direct costs, expenses, damages, liabilities or claims, including reasonable attorney's fees and expenses, which the Custodian may sustain or incur or which may be asserted against the Custodian by reason of or as a result of any action taken or omitted by the Custodian in connection with operating under this Agreement, except those costs, expenses, damages, liabilities or claims arising out of the negligence or willful misconduct of the Custodian, unless otherwise agreed to by the Custodian and Depository.
4. **Location of Collateral.** The Depository agrees to deliver and place the Collateral with the Custodian reflecting the name of the Treasurer as the secured party. The Custodian agrees to acknowledge the receipt of the pledged Collateral and shall segregate such pledged Collateral from other collateral, if any, held by it for the account of the Depository. The Custodian shall not be responsible for determining the validity of the Collateral pledged as collateral from the Depository.

5. **Ownership, Additions, Release or Substitution of Collateral.** The Depository represents and warrants that it is the owner of the Collateral and that such Collateral are and will remain free and clear of any and all security interests, liens and claims of any other person, except for the security interest and pledge granted in this Agreement to the Treasurer. The Depository shall be deemed to repeat such representation with respect to Collateral delivered in addition to or in substitution of the existing Collateral. The Depository shall have the right at any time, with prior written approval of the Treasurer, to substitute acceptable Collateral of equal or greater fair market value. No Collateral may be substituted when the substitution is less than the existing fair market value without written approval of the Treasurer. No Collateral may be released without written approval of the Treasurer. The Depository shall provide the Treasurer with a statement for written approval of the respective values and type of the Collateral to be replaced and/or substituted at a lower fair market value. Upon written notification from the Treasurer or his designated Deputy that any Collateral is no longer needed as pledged Collateral, the Custodian shall release the Collateral to the Depository and be guided by the Depository's written instruction with respect thereto.
6. **Maintenance of Collateral.** The Depository agrees to take all steps required by it under applicable law to create, maintain and perfect the Treasurer's security interest in the Collateral granted by this Agreement. The Depository agrees to execute any additional documents or take whatever other action is requested by the Treasurer to perfect and continue the Treasurer's security interest in the Collateral.
7. **Security Calls.** The Custodian shall be under no duty to investigate any Collateral for security calls prior to maturity. If information as to a call is received, the Custodian shall notify Depository of any called or maturing securities and shall be guided by written instructions of Treasurer; provided, however that Depository has the right to freely substitute other Collateral of greater than or equal fair market value for such called or maturing securities .
8. **Reporting.** The Depository shall provide the Treasurer with evidence of pledged Collateral by reporting to the Treasurer as described in subsection 1(d) of NRS 356.360. The Custodian shall provide the Treasurer with evidence of pledged Collateral, a listing of acceptable securities including without limitation the fair market value of those securities held by the Custodian on behalf of the Treasurer on or before the fifth (5th) of each month for the preceding month.
9. **Continuously Maintain Agreement.** All parties agree that they will immediately upon execution of this Agreement keep and continuously maintain an executed copy of this Agreement, and such other customary writings and records sufficient to identify that Collateral which have been pledged to the Treasurer.
10. **Termination.** This agreement, NRS chapter 356 and NAC chapter 356 constitute the entire agreement among the parties, supersede any existing agreement among the parties hereto relative to the matters contained herein, and may be modified or

amended only by written amendment executed by all parties hereto. Any party to this Agreement may terminate its participation under this Agreement for any reason by giving written notification of termination to all other parties. Termination becomes effective ninety (90) days after the date the non-terminating parties receive such written notice of termination. The Custodian shall prior to the date of termination, transfer all eligible Collateral it holds pursuant to this Agreement either to another eligible the Custodian designated by the Depository or, if the Depository fails to make such a designation, to the Treasurer.

11. **Successors and Assigns.** This Agreement is continuing and binding upon Depository, its successors and assigns, and shall inure to the benefit of the parties hereto, and their respective successors; provided, however that this Agreement shall not be assignable by any party to this Agreement without prior written consent of all parties and the Nevada Board of Finance, except that Depository may assign to an affiliate or subsidiary of its parent corporation or successor by merger thereto, without such written consent.
12. **Default and Remedies.** The Depository and the Custodian shall be in default under the terms of this Agreement upon the failure to perform any of the material terms and conditions of this Agreement or failure to comply with any applicable provisions of NRS chapter 356 and NAC chapter 356. In the event of default, the non-defaulting party shall have all the rights and remedies of a secured party under this Agreement or provided for at law or in equity, by NRS chapter 356, NAC chapter 356 or by Nevada law.
13. **Service Fees.** The Depository acknowledges and agrees that the Depository shall compensate the Treasurer for services under this Agreement pursuant to a pro rata assessment as provided for in NRS 356.370. Any service charge or other compensation of any kind or nature whatsoever which is to be paid to the Custodian for the safekeeping of the Collateral as provided for in this Agreement shall be done exclusively by the Depository.
14. **Attorney's Fees.** In the event any party is required to commence any suit or action to enforce the terms of this Agreement, the prevailing party is entitled to recover its reasonable attorney's fees and costs.
15. **Audit.** Upon reasonable prior written notice, the books records, and documents of the Custodian, relevant to this Agreement, shall be subject to inspection, examination and audit by the Treasurer. The Custodian agrees to allow the Treasurer to review findings and results of any inspection, examination, and/or audit of the Custodian's books, records and documents, relevant to this Agreement, conducted by state or federal agencies which regulate its activities and which would not violate the Custodian's duty of confidentiality to other customers or any confidentiality requirements of the regulatory agencies.

16. **Notices.** All notices and other communications between the parties shall be in writing and addressed to the respective party at the address below. When any written notice, request, demand or report is required or may be given hereunder, it shall be deemed sufficient if the party giving such notice, request, demand, or other advice delivers the same to the other party by U.S. mail, postage prepaid, or by other superior mailing, or by hand delivery. All notices, requests, demands or reports delivered by mail or by hand will be deemed to have been given when received by any party hereto at the following addresses.

Treasurer: Office of the State Treasurer
Pooled Collateral Program
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786

Depository: _____

Custodian: _____

Any addressee may change the address to which notices are to be sent by notice of such change to the other addressees given as provided herein.

18. **Authorizations.** Both the Treasurer and the Depository agree to provide the Custodian with specimen signatures of those persons authorized to give instructions to the Custodian under this agreement, and the Custodian shall not incur any liability with respect to any action taken in reliance upon any written instruction which the Custodian shall in good faith believe to be genuine and to have been signed by a duly authorized person. The Treasurer further agrees to notify the Custodian of the identity of the person or Deputy who will be authorized to give instructions to the Custodian under this agreement.

19. **Amendments or Modifications.** No alteration, variation, amendment, modification or waiver of any provision of this Agreement or waiver of any right hereunder shall be valid or binding on any party hereto unless it is reduced to writing and is signed by all of the parties.

20. **Duplicate Originals.** Three (3) or more duplicate originals of this Agreement may be signed by the parties hereto, each of which shall be an original but all of which together shall constitute one and the same Agreement.

21. **Governing Law.** This Agreement shall be governed by the laws of the state of Nevada and, whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under said laws; provided, however, if any provision of this Agreement shall be construed to be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or remaining provisions in this Agreement. To the extent any terms of this Agreement are inconsistent with the provisions of NRS chapter 356 or NAC chapter 356, the provision of NRS chapter 356 and NAC chapter 356, as amended, shall control.

IN WITNESS THEREOF, the parties have executed this Agreement on the _____ day of _____, _____ by the undersigned duly authorized officers of the parties hereto.

ACCEPTED:

FOR TREASURER:

(Signature)

(Title)

FOR DEPOSITORY:

(Signature)

(Title)

FOR CUSTODIAN:

(Signature)

(Title)