



**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**  
Treasurer-Tax Collector-Revenue Services



**DATE:** July 1, 2011  
**BOARD MEETING DATE:** July 26, 2011  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority

**TO:** Honorable Board of Supervisors  
**FROM:** Sandie Arnott, Treasurer-Tax Collector  
**SUBJECT:** Agreement with The Bank of New York Mellon Trust Company, N.A.

**RECOMMENDATION:**

Adopt a Resolution authorizing:

- 1) The Treasurer-Tax Collector to execute an Agreement with The Bank of New York Mellon Trust Company, N.A. to provide custody and safekeeping services for the San Mateo County Investment Pool for an amount not to exceed \$200,000 for a three (3) year term beginning July 1, 2011 through June 30, 2014; and
- 2) The Treasurer-Tax Collector or her designee to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate), and/or modify the contract services so long as the modified services are with the current or revised fiscal provisions.

**BACKGROUND:**

The Treasurer's Office has contracted with The Bank of New York Mellon Trust Company to provide custody and safekeeping services for the San Mateo County Investment Pool. On May 25, 2011, The Bank of New York Mellon Trust Company was selected through a Request for Proposal (RFP) process to continue providing these services. The current agreement with The Bank of New York Mellon expired on June 30, 2011.

**DISCUSSION:**

Based upon responses received from seven (7) banking institutions, the reviewing committee chose to remain with The Bank of New York Mellon for custodial services. Favorable attributes for the Bank of New York Mellon were their high S&P institutional rating of AA/A1+, their extensive custodial and safekeeping experience, competitive pricing, lowest failure rates in the industry and consistent with the department's disaster preparedness plan, their custodial securities are held outside of California. In addition, because of the established relationship between the County and The Bank of New York

Mellon, there will be no conversion issues.

Approval of this Agreement contributes to the Shared Vision 2025 outcome of a Collaborative Community by managing the financial assets of the County and maintaining the value of the investment pool through professional and efficient administration of the County departments, special districts, schools and cities.

The contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance as well as County requirements regarding non-discrimination and equal benefits. County Risk Management has reviewed and approved the Contractor's insurance coverage.

County Counsel has reviewed and approved the Resolution and the Agreement as to form and content.

**Performance Measure(s):**

<b>Measure</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Projected</b>
Dollar/Percent growth in County Pool due to investments	\$28,487,957/ 1.09%	\$26,5M/ 1.25%

**FISCAL IMPACT:**

The appropriation for this Agreement has been included in the Treasurer's FY 2011-2012 Recommended Budget, and will be included in future budget requests. The cost for custodial services will be approximately \$60,000.00 per year, and not to exceed \$200,000.00 for the three-year term.

## REQUEST FOR PROPOSAL PROCESS MATRIX

1.	General description of RFP	Custodial and Securities Lending Services
2.	List key evaluation criteria	<ul style="list-style-type: none"> <li>• Compliance with minimum RFP requirements</li> <li>• Completeness and clarity of proposal</li> <li>• Qualifications and experience of firm</li> <li>• Pricing</li> <li>• Experience and Reputation in the industry</li> <li>• Percentage of fails</li> <li>• Record of performance and regulatory issues</li> <li>• Financial stability</li> <li>• Ratings</li> <li>• Average asset size of public/nonpublic and non/California public funds</li> </ul>
3.	Where advertised	<ul style="list-style-type: none"> <li>• San Mateo County Times</li> <li>• San Mateo County Treasurer's Website</li> </ul>
4.	In addition to any advertisement, list others to whom the RFP announcement was sent	None
5.	Total number of RFP's sent to prospective proposers	7
6.	Number of proposals received	7
7.	Who evaluated the proposals	<ul style="list-style-type: none"> <li>• Charles M. Tovstein, Assistant Treasurer</li> <li>• Esther Garibay, Investment Specialist, Treasurer's Office</li> <li>• Joe Demee, Financial Services Manager, Treasurer's Office</li> <li>• Rachel Ridon, Investment Specialist, Treasurer's Office</li> <li>• Nilita Meitz, Exec. Assistant, Treasurer's Office</li> </ul>
8.	In alphabetical order, names of proposers (or finalists, if applicable) and location	<ul style="list-style-type: none"> <li>• Bank of New York Mellon (New York, NY)</li> <li>• Northern Trust Bank, (Chicago, IL)</li> <li>• State Street Bank and Trust, (Boston)</li> </ul>

**RESOLUTION NO. \_\_\_\_\_**

**BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA**

\* \* \* \* \*

**RESOLUTION A) AUTHORIZING THE TREASURER-TAX COLLECTOR TO EXECUTE AN AGREEMENT WITH THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. TO PROVIDE CUSTODY AND SAFEKEEPING SERVICES FOR THE SAN MATEO COUNTY INVESTMENT POOL FOR AN AMOUNT NOT TO EXCEED \$200,000 FOR A THREE (3) YEAR TERM BEGINNING JULY 1, 2011 THROUGH JUNE 30, 2014 AND B) AUTHORIZING THE TREASURER-TAX COLLECTOR OR HER DESIGNEE TO EXECUTE SUBSEQUENT AMENDMENTS AND MINOR MODIFICATIONS IN AN AMOUNT NOT TO EXCEED \$25,000.00.**

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**RESOLVED**, by the Board of Supervisors of the County of San Mateo, State of California, that

**WHEREAS**, on May 25, 2011, The Bank of New York Mellon Trust Company, N.A. was chosen through a Request for Proposal (RFP) to provide custody and safekeeping services for the County's Investment Pool; and

**WHEREAS**, The Bank of New York Mellon Trust Company provides the most efficient and cost effective custodial services in the market place for investment pools similar to San Mateo County; and

**WHEREAS**, There has been presented to this Board of Supervisors for its consideration and approval, an Agreement between the San Mateo County Treasurer's Office and The Bank of New York Mellon Trust Company for an amount not to exceed \$200,000 for a three-year term beginning July 1, 2011 and ending June 30, 2014.

**NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that the:

1. The Treasurer-Tax Collector is hereby authorized and directed to execute for and on behalf of the County of San Mateo said Agreement with The Bank of New York Mellon Trust Company, N.A. for an amount not to exceed \$200,000 for a three-year term beginning July 1, 2011 and ending June 30, 2014; and

2. The Treasurer-Tax Collector or her designee is authorized to execute subsequent amendments and minor modifications to said Agreement in an amount not to exceed \$25,000.

\* \* \* \* \*

**AGREEMENT BETWEEN THE COUNTY OF SAN MATEO AND  
THE BANK OF NEW YORK MELLON TRUST COMPANY N.A.  
(For Custody Services)**

THIS AGREEMENT for custody services, entered into this 1st day of July, 2011, by and between the **COUNTY OF SAN MATEO**, (hereinafter called "County," or "Client") and **THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION.**, (hereinafter called "Contractor" or "Custodian").

**WITNESSETH:**

WHEREAS, pursuant to Government Code, Section 31000, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof;

WHEREAS, it is necessary and desirable that Contractor be retained for the purpose of providing custody, and safekeeping services (the "Services" or "Custody Services") with respect to certain assets of the San Mateo County Investment Pool.

**NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:**

**1. Exhibits and Attachments; Definitions**

The following exhibits and attachments are incorporated herein by reference and made a part hereof to the same extent as though fully set forth herein.

**Exhibit A—The Custody Services —**

**Exhibit B—Fee Schedule**

Capitalized terms used herein that are not defined herein shall have the definitions assigned to such terms in Exhibit A hereto.

**2. Services to be performed by Contractor**

In consideration of the payments set forth herein and in Exhibit "B," Contractor shall perform Custody Services for County in accordance with, and subject to, the terms, conditions and specifications set forth herein and in Exhibit "A" hereto.

Exhibit A shall apply to the Custody Services only. To the extent that the Contractor is engaged by the County from time to time to provide services other than the Custody Services, including, without limitation, securities lending services, ("Supplemental Services"), such Supplemental Services shall be subject to the terms and conditions contained in a separate written agreement between the County and the Contractor and/or one or more BNY Mellon Affiliates.

**3. Payments**

In consideration of the Custody Services provided by Contractor in accordance with and subject to all terms, conditions and specifications set forth herein and in Exhibit "A," County shall make payment to Contractor based on the rates and in the manner specified in Exhibit "B." The County shall also reimburse the Contractor for out-of-pocket expenses (see Fee Schedule Exhibit B) that are a normal incident of the Custody Services provided hereunder. The County reserves the right to withhold payment if the quantity or quality of the work performed by the Contractor is not in compliance with the Contractor's obligations hereunder. In no event shall the County's total fiscal obligation for the three year term under this Agreement exceed TWO HUNDRED THOUSAND DOLLARS, \$200,000.00.

**4. Term and Termination**

The term of this Agreement shall be from July 1, 2011 through June 30, 2014.

This Agreement may be terminated by either party in accordance with section 8.2 of Exhibit A hereto.

**5. Reserved**

**6. Relationship of Parties**

Contractor agrees and understands that the Custody Services performed under this Agreement are performed as an independent Contractor and not as an employee of the County and that Contractor acquires none of the rights, privileges, powers, or advantages of County employees.

**7. Hold Harmless**

Contractor agrees to indemnify, defend, and hold harmless the County, its agents, officers, and employees from and against all Losses (including injury or death to any person and/or damage to any property), including reasonable attorney's fees and expenses, relating to or arising out of (i) Contractor's failure to comply with any federal, state or other law or regulation applicable to the Contractor and/or the Custody Services to be provided pursuant to this Agreement (ii) the bad faith, negligence, willful misconduct, of Contractor or the breach by the Contractor of its obligations under this Agreement.

**8. Assignability and Subcontracting**

Contractor shall not assign this Agreement or any portion thereof to a third party or engage any Subcontractor to provide services required by Contractor under this Agreement without the prior written consent of the County except that (i) the Contractor may assign this Agreement to any BNY Mellon Affiliate, and (ii) any entity, that shall by merger, consolidation, purchase, or otherwise, succeed to substantially all the institutional custody business of the Contractor shall, upon such succession and without any appointment or other action by the County, be and become successor custodian hereunder. The Contractor agrees to provide notice of such successor custodian to the County.

Any such assignment or engagement of a Subcontractor without the County's prior written consent shall give County the right to automatically and immediately terminate this Agreement.

Notwithstanding the foregoing, the County acknowledges that the Contractor has engaged The Bank of New York Mellon, a BNY Mellon Affiliate, to provide the Contractor with certain subcustodial, accounting and administrative services.

**9. Insurance**

The Contractor shall maintain all insurance coverages required by all laws applicable to the Contractor (including, without limitation, worker's compensation and employer's liability insurance, to the extent applicable) and otherwise in such amounts and covering such risks as the Contractor maintains for its own account or for the accounts of other similarly situated customers of the Contractor and is otherwise reasonable and customary in light of prevailing industry standards. The Contractor has provided the County with a description of the insurance coverages of the Contractor in effect as of the date hereof and shall, at the request of County from time to time, deliver a description of the Contractor's then-current insurance coverage(s), pending change in the limits of liability or of any cancellation or modification of the policy.

**10. Compliance with laws; payment of Permits/Licenses**

All Services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances and regulations applicable to the Contractor and/or the provision of the Services hereunder including, to the, including, to the extent so applicable, but not limited to, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and the Federal Regulations promulgated thereunder, as amended, the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, as amended which prohibits discrimination on the basis of handicap in programs and activities receiving any Federal or County financial assistance. The Services shall also be performed in accordance with all ordinances and regulations applicable, applicable to the Contractor including, but not limited to, applicable licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and State, Federal, County, or municipal law or regulations applicable to the Contractor, the requirements of the applicable law will take precedence over the requirements set forth in this Agreement.

**11. Non-Discrimination and Other Requirements**

A. Reserved



- B. *General non-discrimination.* Contractor agrees that in connection with the provision of the Services no person shall, on the grounds of race, color, religion, ancestry, gender, age (over 40), national origin, medical condition (cancer), physical or mental disability, sexual orientation, pregnancy, childbirth or related medical condition, marital status, or political affiliation be denied any benefits or subject to discrimination under this Agreement.
- C. *Equal employment opportunity.* Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to County of San Mateo upon request.
- D. *Violation of Non-discrimination provisions.* Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the County Manager, including but not limited to
  - i) termination of this Agreement;
  - ii) disqualification of the Contractor from bidding on or being awarded a County contract for a period of up to 3 years;
  - iii) liquidated damages of \$2,500 per violation;
  - iv) imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager.

To effectuate the provisions of this section, the County Manager shall have the authority to examine Contractor's employment records with respect to compliance with this paragraph and/or to set off all or any portion of the amount described in this paragraph against amounts due to Contractor under the Contract or any other Contract between Contractor and County.

Contractor shall report to the County Manager the filing by any person in any court of any complaint of discrimination or the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission or any other entity charged with the investigation of allegations within 30 days of such filing, provided that within such 30 days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include the name of the complainant, a copy of such complaint, and a description of the circumstance. Contractor shall provide County with a copy of their response to the Complaint when filed.

- E. *Compliance with Equal Benefits Ordinance.* With respect to the provision of employee benefits, Contractor shall comply with the County Ordinance which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse.
- F. I The Contractor shall comply fully with the non-discrimination requirements required by 41 CFR 60-741.5(a), which is incorporated herein as if fully set forth.

## **12. Compliance with Contractor Employee Jury Service Ordinance**

Contractor shall comply with the County Ordinance with respect to provision of jury duty pay to employees and have and adhere to a written policy that provides that its employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service in San Mateo County. The policy may provide that employees deposit any fees received

for such jury service with the Contractor or that the Contractor deduct from the employees' regular pay the fees received for jury service.

**13. Retention of Records, Right to Monitor and Audit**

The Contractor shall maintain all Account Records in accordance with the Contractor's records retention policies laws applicable to the Contractor but in no event for less than three years. The Contractor may maintain any such Account Record in a format or medium other than the format or medium in which such Account Record was originally created provided that such Account Record is readily accessible in such format or medium. Account Records required to be retained shall be made available for inspection by the County or by any other authorized representative of the County at the County's request during normal business hours of the Contractor, and upon reasonable prior notice, at Contractor's offices during the contract term and for such period following the expiration or termination of this Agreement as such Account Records are required to be retained by the Contractor pursuant hereto and copies thereof shall be furnished at the cost of the County if requested.

**14. Merger Clause**

This Agreement, including the Exhibit A and Exhibit B attached hereto and incorporated herein by reference, constitutes the sole and entire Agreement of the parties hereto and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement or specification set forth in this body of the Agreement conflicts with or is inconsistent with any term, condition, provision, requirement or specification in any Exhibit and/or attachment to this agreement, the provisions of this body of the agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications shall be in writing and signed by the parties.

**15. Controlling Law and Venue**

The validity of this Agreement and of its terms or provisions, as well as the rights and duties of the parties hereunder, the interpretation, and performance of this Agreement shall be governed by the laws of the State of California. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California. The parties agree that the establishment and maintenance of the Accounts, and all interests, duties and obligations with respect thereto, shall be governed by the laws of the state of California.

**16. Notices**

Any notice, request, demand, or other communication required or permitted hereunder shall be deemed to be properly given when both (1) transmitted via facsimile to the telephone number listed below and (2) either deposited in the United State mail, postage prepaid, or when deposited for overnight delivery with an established overnight courier that provides a tracking number showing confirmation of receipt, for transmittal, charges prepaid, addressed to:

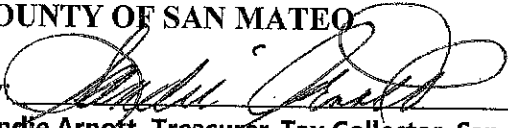
In the case of County, to:  
Treasurer-Tax Collector  
Sandie Arnott  
555 County Center, 1<sup>st</sup> Floor  
Redwood City, CA 94063-1665

In the case of Contractor, to:  
The Bank of New York Mellon Trust Company, National Association  
Richard A. Moreau  
400 South Hope Street  
Los Angeles, CA 90071-2806

In the event that the facsimile transmission is not possible, notice shall be given both by United States mail and an overnight courier as outlined above.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

COUNTY OF SAN MATEO

By:   
Sandie Arnott, Treasurer-Tax Collector, San Mateo  
County

Date: 7/8/11

ATTEST:

By: \_\_\_\_\_  
Clerk of Said Board

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, NATIONAL ASSOCIATION**

  
Contractor's Signature

Date: July 6, 2011

**EXHIBIT A**  
to  
**AGREEMENT (For Custody Services) BETWEEN THE COUNTY OF SAN MATEO**  
("County," or "Client") and  
**THE BANK OF NEW YORK MELLON TRUST COMPANY N.A.** ("Contractor" or  
"Custodian")  
dated as of the 1st day of July, 2011,

**THE CUSTODY SERVICES**

**SECTION 1 – CUSTODY ACCOUNTS; INSTRUCTIONS**

**1.1 Definitions.** Whenever used in this Agreement, the following words shall have the meanings set forth below:

"Account" or "Accounts" shall have the meaning set forth in Section 1.2.

"Account Records" means all material records maintained by the Custodian in the regular and ordinary course of business relating directly and exclusively to the Accounts, including, but not limited to, records of Account-specific transactions, Account activity, cost disbursements, and accounting and financial records, and any other similar Account-specific records created by Custodian or its agents in connection with the Agreement.

"Authorized Instructions" shall have the meaning set forth in Section 1.4.

"Authorized Person" shall mean any Person authorized by the Client to give Oral or Written Instructions with respect to one or more Accounts or with respect to foreign exchange, derivative investments or information and transactional web based services provided by the Custodian or a BNY Mellon Affiliate. Authorized Persons shall include Persons authorized by an Authorized Person. Authorized Persons, their signatures and the extent of their authority shall be provided by Written Instructions. The Custodian may conclusively rely on the authority of such Authorized Persons until it receives a Written Instruction to the contrary.

"BNY Mellon Affiliate" shall mean any direct or indirect subsidiary of The Bank of New York Mellon Corporation.

"Book-Entry System" shall mean the U.S. Federal Reserve/Treasury book-entry system for receiving and delivering securities, its successors and nominees.

"Business Day" shall mean any day on which the Custodian and relevant Depositories and Subcustodians are open for business.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Data Providers" shall mean pricing vendors, analytics providers, brokers, dealers, investment managers, Authorized Persons, Subcustodians, Depositories and any other Person providing Market Data to the Custodian.

"Data Terms Website" shall mean <http://www.bnymellon.com/products/assetservicing/vendoragreement.pdf> or any successor website the address of which is provided by the Custodian to the Client.

"Depository" shall include the Book-Entry System, the Depository Trust Company, Euroclear, Clearstream Banking S.A., the Canadian Depository System, CLS Bank and any other securities depository, book-entry system or clearing agency (and their respective successors and nominees) authorized to act as a securities depository, book-entry system or clearing agency pursuant to applicable law.

"Losses" shall mean, collectively, losses, costs, expenses, damages, liabilities and claims.

"Market Data" shall mean pricing or other data related to Securities and other assets. Market Data includes but is not limited to security identifiers, valuations, bond ratings, classification data, and other data received from investment managers and others.

"Non-Custody Assets" shall have the meaning set forth in Section 9.1.

"Oral Instructions" shall mean instructions expressed in spoken words received by the Custodian.

"Person" or "Persons" shall mean any entity or individual.

"Securities" shall include, without limitation, any common stock and other equity securities, depository receipts, limited partnership and limited liability company interests, bonds, debentures and other debt securities, notes or other obligations, and any instruments representing rights to receive, purchase, or subscribe for the same, or representing any other rights or interests therein (whether represented by a certificate or held in a Depository, with a Subcustodian or on the books of the issuer) that are acceptable to the Custodian.

"Subcustodian" shall mean a bank or other financial institution (other than a Depository) that is utilized by the Custodian or by a BNY Mellon Affiliate, in its discretion, in connection with the purchase, sale or custody of Securities or cash hereunder.

"Subcontractor" or "subcontractor" shall mean and shall only be deemed to be those third parties, if any, hired by Custodian to provide services specifically to Client pursuant to this Agreement and not services to or for all or a substantial portion of similarly situated clients of the Custodian. For the avoidance of doubt, Subcustodians, Depositories, Book-Entry Systems,

Data Providers and BNY Mellon Affiliates shall not be deemed to constitute "subcontractors" of the Custodian.

"Tax Obligations" shall mean taxes, withholding, certification and reporting requirements, claims for exemptions or refund, interest, penalties, additions to tax and other related expenses.

"Third Party Service Provider" shall mean a service provider hired by the Custodian to provide or to assist the Custodian with providing value-added services requested by the Client.

"Written Instructions" shall mean written communications received by the Custodian by S.W.I.F.T., overnight delivery, postal services, facsimile transmission, email, on-line communication system or other method or system, each as specified by the Custodian as available for use in connection with the services hereunder.

**1.2 Establishment of Account.** The Client hereby appoints the Custodian as custodian of all Securities and cash at any time delivered to the Custodian to be held under this Agreement. The Custodian hereby accepts such appointment and agrees to establish and maintain one or more accounts in which the Custodian will hold Securities and cash as provided herein. Such accounts (each, an "Account," and collectively, the "Accounts") shall be in the name of the Client. The Client acknowledges that the Custodian has engaged The Bank of New York Mellon, a BNY Mellon Affiliate, to provide the Custodian with certain subcustodial, accounting and administrative services.

**1.3 Distributions.** The Custodian shall make distributions or transfers out of an Account pursuant to Written Instructions. In making payments to service providers pursuant to Written Instructions, the Client acknowledges that the Custodian is acting as a paying agent, and not as the payor, for tax information reporting and withholding purposes.

**1.4 Authorized Instructions.** The Custodian shall be entitled to rely upon any Oral or Written Instructions actually received by the Custodian and reasonably believed by the Custodian to be from an Authorized Person ("Authorized Instructions"). The Client agrees that an Authorized Person shall forward to the Custodian Written Instructions confirming Oral Instructions by the close of business of the same day that such Oral Instructions are given to the Custodian. The Custodian may act on such Oral Instructions but is not obligated to do so until Written Instructions are received. The Client agrees that the fact Written Instructions confirming Oral Instructions are not received or that contrary Written Instructions are received by the Custodian shall in no way affect the validity or enforceability of transactions authorized by such Oral Instructions and effected by the Custodian. The Client agrees to bear the risk of errors if Oral Instructions are not given over recorded lines.

**1.5 Authentication.** If the Custodian receives Written Instructions that appear on their face to have been transmitted by an Authorized Person via (i) facsimile, email, or other electronic method that is not secure, or (ii) secure electronic transmission containing applicable authorization codes, passwords or authentication keys, the Client understands and agrees that the Custodian cannot determine the identity of the actual sender of such Written Instructions and that

the Custodian shall be entitled to conclusively presume that such Written Instructions have been sent by an Authorized Person. The Client shall be responsible for ensuring that only Authorized Persons transmit such Written Instructions to the Custodian and that all Authorized Persons treat applicable user and authorization codes, passwords and authentication keys with extreme care.

**1.6 Security Procedure.** The Client acknowledges and agrees that it is fully informed of the protections and risks associated with the various methods of transmitting Written Instructions to the Custodian and that there may be more secure methods of transmitting Written Instructions than the method selected by the sender. The Client agrees that the security procedures, if any, to be followed in connection with a transmission of Written Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

**1.7 On-Line Systems.** If an Authorized Person elects to transmit Written Instructions through an on-line communication system offered by the Custodian, the use thereof shall be subject to any terms and conditions contained in a separate written agreement. If the Client or an Authorized Person elects, with the Custodian's prior consent, to transmit Written Instructions through an on-line communications service owned or operated by a third party, the Client agrees that the Custodian shall not be responsible or liable for the reliability or availability of any such service.

## **SECTION 2 – CUSTODY SERVICES**

**2.1 Holding Securities.** Subject to the terms hereof, the Client hereby authorizes the Custodian to hold any Securities in registered form in the name of the Custodian or one of its nominees. Securities held for the Client hereunder shall be segregated on the Custodian's books and records from the Custodian's own property. The Custodian shall be entitled to utilize Subcustodians and Depositories in connection with its performance hereunder. Securities and cash held through Subcustodians shall be held subject to the terms and conditions of the Custodian's or a BNY Mellon Affiliate's agreements with such Subcustodians. Securities and cash deposited by the Custodian in a Depository will be held subject to the rules, terms and conditions of such Depository. Subcustodians may hold Securities in Depositories in which such Subcustodians participate. Unless otherwise required by local law or practice or a particular subcustodian agreement, Securities deposited with Subcustodians will be held in a commingled account in the name of the Custodian or a BNY Mellon Affiliate for its clients. The Custodian shall identify on its books and records the Securities and cash belonging to the Client, whether held directly or indirectly through Depositories or Subcustodians.

**2.2 Subcustodians.** The Custodian shall exercise reasonable care in the selection or retention of Subcustodians in light of prevailing rules, practices and procedures in the relevant market. Notwithstanding any other provisions hereof, with respect to any Losses incurred by the Client as a result of the acts or the failure to act by any Subcustodian (other than a BNY Mellon Affiliate), Custodian shall take appropriate action to recover such Losses from such Subcustodian, and Custodian's sole responsibility and liability to the Client shall be limited to amounts so received from such Subcustodian (exclusive of costs and expenses incurred by Custodian). In no event shall the Custodian be liable for any Losses arising out of the holding of

any Securities or cash in any particular country, including but not limited to, Losses resulting from nationalization, expropriation or other governmental actions; regulation of the banking or securities industry; exchange or currency controls or restrictions, devaluations or fluctuations; availability of Securities or cash or market conditions which prevent the transfer of property or the execution of Securities transactions or affect the value of property.

**2.3 Depositories.** The Custodian shall have no liability whatsoever for the action or inaction of any Depository or for any Losses resulting from the maintenance of Securities or cash with a Depository.

**2.4 Agents.** The Custodian may appoint agents, including BNY Mellon Affiliates, on such terms and conditions as it deems appropriate to perform its services hereunder. Except as otherwise specifically provided herein, no such appointment shall discharge the Custodian from its obligations hereunder.

**2.5 Custodian Actions without Direction.** With respect to Securities held hereunder, the Custodian shall:

- a. Receive income and other payments due to the Account;
- b. Carry out any exchanges of Securities or other corporate actions not requiring discretionary decisions;
- c. Facilitate access by the Client or its designee to ballots or online systems to assist in the voting of proxies received for eligible positions of Securities held in the Account (excluding bankruptcy matters);
- d. Forward to the Client or its designee information (or summaries of information) that the Custodian receives from Depositories or Subcustodians concerning Securities in the Account (excluding bankruptcy matters);
- e. Forward to the Client or its designee an initial notice of bankruptcy cases relating to Securities held in the Account and a notice of any required action related to such bankruptcy cases as may be received by the Custodian. No further action or notification related to the bankruptcy case shall be required;
- f. Endorse for collection checks, drafts or other negotiable instruments; and
- g. Execute and deliver, solely in its custodial capacity, certificates, documents or instruments incidental to the Custodian's performance under this Agreement.

**2.6 Custodian Actions with Direction.** The Custodian shall take the following actions in the administration of the Account only pursuant to Authorized Instructions:

- a. Settle purchases and sales of Securities and process other transactions, including, without limitation, free receipts and deliveries;



b. Take actions necessary to settle transactions in connection with futures or options contracts, short-selling programs, foreign exchange or foreign exchange contracts, swaps and other derivative investments;

c. Deliver Securities in the Account if an Authorized Person advises the Custodian that the Client has entered into a separate securities lending agreement, provided that the Client executes such agreements as Custodian may require in connection with such arrangements; and

d. Invest available cash in any collective investment fund, including a collective investment fund maintained by the Custodian or an affiliate of the Custodian for collective investment of employee benefit trusts or to deposit available cash in interest bearing accounts in the banking department of the Custodian or an affiliated banking organization. To the extent that any investment is made in any such collective investment fund, the Client hereby represents and confirms that the Account is a governmental plan within the meaning of Section 414(d) of the Code and the declaration of trust of said collective investment fund and the trust thereby created shall be a part of this Agreement and of the governmental plan. The Client agrees to notify the Custodian immediately in the event the Account ceases to be tax exempt. The Client expressly understands and agrees that any such collective investment fund may provide for the lending of its securities by the collective investment fund trustee and that such collective investment fund trustee will receive compensation for the lending of securities that is separate from any compensation of the Custodian hereunder, or any compensation of the collective investment fund trustee for the management of such fund. The Custodian is authorized to invest in a collective fund which invests in The Bank of New York Mellon Corporation stock in accordance with the terms and conditions of the Department of Labor Prohibited Transaction Exemption 95-56 (the "Exemption") granted to Mellon Bank, N.A. and its affiliates and to use a cross-trading program in accordance with the Exemption. The Client acknowledges receipt of the notice entitled "Cross-Trading Information," a copy of which is attached to this Agreement as Attachment A.

**2.7 Foreign Exchange Transactions.** Any foreign exchange transaction effected by the Custodian in connection with this Agreement may be entered with the Custodian or a BNY Mellon Affiliate acting as a principal or otherwise through customary channels. The Client may issue standing Written Instructions with respect to foreign exchange transactions, but the Custodian may establish rules or limitations concerning any foreign exchange facility made available to the Client.

### SECTION 3 – CORPORATE ACTIONS

**3.1 Notification.** The Custodian shall notify the Client or its designee of rights or discretionary corporate actions as promptly as practicable under the circumstances, provided that the Custodian has actually received notice of such right or discretionary corporate action from the relevant Subcustodian or Depository. Absent actual receipt of such notice, the Custodian shall have no liability for failing to so notify the Client.

**3.2 Direction.** Whenever there are voluntary rights that may be exercised or alternate courses of action that may be taken by reason of the Client's ownership of Securities, the Client or its designee shall be responsible for making any decisions relating thereto and for directing the Custodian to act. In order for the Custodian to act, it must receive Authorized Instructions using the Custodian generated form or clearly marked as instructions addressed as the Custodian may from time to time request, by such time as the Custodian shall advise the Client or its designee. Absent the Custodian's receipt of such Authorized Instructions by such deadline, the Custodian shall not be liable for failure to take any action relating to or to exercise any rights conferred by such Securities.

**3.3 Partial Redemptions, Payments, Etc.** The Custodian shall promptly advise the Client or its designee upon its notification of a partial redemption, partial payment or other action with respect to a Security affecting fewer than all such Securities held within the Account. If the Custodian, any Subcustodian or Depository holds any Securities affected by one of the events described, the Custodian, the Subcustodian or Depository may select the Securities to participate in such partial redemption, partial payment or other action in any non-discriminatory manner that it customarily uses to make such selection.

## **SECTION 4- SETTLEMENT OF TRADES**

**4.1 Trading Instructions.** Promptly after each purchase or sale of Securities by the Client, an Authorized Person shall deliver to the Custodian Written Instructions specifying all information necessary for the Custodian to settle such purchase or sale. For the purpose of settling purchases of Securities, the Client shall provide the Custodian with sufficient immediately available funds for all such transactions by such time and date as conditions in the relevant market dictate.

**4.2 Contractual Settlement and Income.** The Custodian may, as a matter of bookkeeping convenience, credit the Account with the proceeds from the sale, redemption or other disposition of Securities or interest, dividends or other distributions payable on Securities prior to its actual receipt of final payment therefor. All such credits shall be conditional until the Custodian's actual receipt of final payment and may be reversed by the Custodian to the extent that final payment is not received. Payment with respect to a transaction will not be "final" until the Custodian shall have received immediately available funds that under applicable local law, rule or practice are irreversible and not subject to any security interest, levy or other encumbrance, and that are specifically applicable to such transaction.

**4.3 Trade Settlement.** Transactions will be settled using practices customary in the jurisdiction or market where the transaction occurs. The Client understands that when the Custodian is instructed to deliver Securities against payment, delivery of such Securities and receipt of payment therefor may not be completed simultaneously. The Client assumes full responsibility for all risks involved in connection with the Custodian's delivery of Securities pursuant to Authorized Instructions in accordance with local market practice.

## SECTION 5 – DEPOSITS AND ADVANCES

**5.1 Deposits.** The Custodian may hold cash in Accounts or may arrange to have such cash held by a BNY Mellon Affiliate, Subcustodian, or with a Depository. Where cash is on deposit with the Custodian, a Subcustodian, or a BNY Mellon Affiliate, it will be subject to the terms of this Agreement and such deposit terms and conditions as may be issued by the Custodian or a BNY Mellon Affiliate or a Subcustodian, to the extent applicable, from time to time, including rates of interest and deposit account access.

**5.2 Sweep and Float.** Cash may be swept as directed by the Client or its investment manager to investment vehicles offered by the Custodian or to other investment vehicles. Cash may be uninvested when it is received or reconciled to an Account after the deadline to be swept into a target vehicle, or when held for short periods of time related to transaction settlements. The Client acknowledges that, as part of the Custodian's compensation, the Custodian will earn interest on cash balances held by the Custodian, including disbursement balances and balances arising from purchase and sale transactions, as disclosed in the Custodian's float policy.

**5.3 Overdrafts and Indebtedness.** The Custodian may, in its sole discretion, advance funds in any currency hereunder. If an overdraft occurs in an Account (including, without limitation, overdrafts incurred in connection with the settlement of securities transactions, funds transfers or foreign exchange transactions) or if the Client is for any other reason indebted to the Custodian, the Client agrees to repay the Custodian on demand or upon becoming aware of the amount of the advance, overdraft or indebtedness, plus accrued interest at a rate then charged by the Custodian to its institutional custody clients in the relevant currency.

**5.4 Securing Repayment.** In order to secure repayment of the Client's obligations to the Custodian, the Client hereby pledges and grants to the Custodian a continuing first lien and security interest in, and right of setoff against all of the Client's right, title and interest in and to all Accounts in the Client's name and the Securities, money and other property now or hereafter held in such Accounts (including proceeds thereof); provided that the Client does not grant the Custodian a security interest in any Securities issued by an affiliate of the Custodian (as defined in Section 23A of the Federal Reserve Act). The Client represents that it owns the Securities in the Account free and clear of all liens, claims, security interests, and the first lien and security interest granted herein shall be subject to no setoffs, counterclaims, or other liens prior to or on a parity with it in favor of any other party (other than specific liens granted preferred status by statute). The Client shall take any additional steps required to assure the Custodian of such priority security interest, including notifying third parties or obtaining their consent. The Custodian shall be entitled to collect from the Accounts sufficient cash for reimbursement, and if such cash is insufficient, to sell the Securities in the Accounts to the extent necessary to obtain reimbursement. In this regard, the Custodian shall be entitled to all the rights and remedies of a pledgee and secured creditor under applicable laws, rules or regulations as then in effect.

## SECTION 6 – TAXES, REPORTS AND RECORDS

**6.1 Tax Obligations.** The Client shall be liable for all taxes, assessments, duties and other governmental charges, including interest and penalties, with respect to any cash and Securities held on behalf of the Client and any transaction related thereto. To the extent that the Custodian has received relevant and necessary information with respect to the Account, the Custodian shall perform the following services with respect to Tax Obligations:

a. The Custodian shall, upon receipt of sufficient information, file claims for exemptions or refunds with respect to withheld foreign (non-United States) taxes in instances in which such claims are appropriate;

b. The Custodian shall withhold appropriate amounts, as required by United States tax laws, with respect to amounts received on behalf of nonresident aliens upon receipt of Written Instructions; and

c. The Custodian shall provide to the Client such information received by the Custodian that could, in the Custodian's reasonable belief, assist the Client or its designee in the submission of any reports or returns with respect to Tax Obligations. An Authorized Person shall inform the Custodian in writing as to which party or parties shall receive information from the Custodian.

**6.2 Pricing and Other Data.** In providing Market Data related to the Account in connection with this Agreement, the Custodian is authorized to use Data Providers. The Custodian may follow Authorized Instructions in providing pricing or other Market Data, even if such instructions direct the Custodian to override its usual procedures and Market Data sources. The Custodian shall be entitled to rely without inquiry on all Market Data (and all Authorized Instructions related to Market Data) provided to it, and the Custodian shall not be liable for any Losses incurred as a result of errors or omissions with respect to any Market Data utilized by the Custodian or the Client hereunder. The Client acknowledges that certain pricing or valuation information may be based on calculated amounts rather than actual market transactions and may not reflect actual market values, and that the variance between such calculated amounts and actual market values may be material. The Custodian shall not be required to inquire into the pricing of any Securities or other assets even though the Custodian may receive different prices for the same Securities or assets. Market Data may be the intellectual property of the Data Providers, which may impose additional terms and conditions upon the Client's use of the Market Data. The additional terms and conditions can be found on the Data Terms Website. The Client agrees to those terms as they are posted in the Data Terms Website from time to time. Certain Third Party Service Providers may not utilize the Client's directed price due to system constraints or differing data sources. Performance measurement and analytic services may use different data sources than those used by the Custodian to provide Market Data for the Account, which may result in differences between custodial reports and performance measurement and analytic reports.

**6.3 Statements and Reports.** The Custodian shall make available to the Client a monthly report of all transfers to or from the Accounts and a statement of all holdings in the Accounts as of the last Business Day of each month. The Client may elect to receive certain information electronically through the Internet to an email address specified by it for such

purpose. By electing to use the Internet for this purpose, the Client acknowledges that such transmissions are not encrypted and therefore are not secure. The Client further acknowledges that there are other risks inherent in communicating through the Internet such as the possibility of virus contamination and disruptions in service, and agrees that the Custodian shall not be responsible for any loss, damage or expense suffered or incurred by the Client or any person claiming by or through the Client as a result of the use of such methods.

**6.4 Review of Reports.** If, within ninety (90) days after the Custodian makes available to the Client a statement with respect to the Accounts, the Client has not given the Custodian written notice of any exception or objection thereto, the statement shall be deemed to have been approved, and in such case, the Custodian shall not be liable for any claims concerning such statements.

**6.5 Required Disclosure.** With respect to Securities issued in the United States, the Shareholders Communications Act of 1985 (the "Act") requires the Custodian to disclose to issuers, upon their request, the name, address and securities position of the Custodian's clients who are "beneficial owners" (as defined in the Act) of the issuer's Securities, unless the beneficial owner objects to such disclosure. The Act defines a "beneficial owner" as any person who has or shares the power to vote a security (pursuant to an agreement or otherwise) or who directs the voting of a security. The Custodian shall contact the Client or (if the Client has appointed an investment manager) the investment manager with respect to relevant Securities to make the decision whether it objects to the disclosure of the beneficial owner's name, address and securities position to any U.S. issuer that requests such information pursuant to the Act.

With respect to Securities issued outside the United States, the Custodian shall disclose information required by law, regulation, rules of a stock exchange or organizational documents of an issuer. The Custodian is also authorized to supply any information regarding the Accounts that is required by any law, regulation or rules now or hereafter in effect. The Client agrees to supply the Custodian with any required information if it is not otherwise reasonably available to the Custodian.

## **SECTION 7 – PROVISIONS REGARDING CUSTODIAN**

**7.1 Standard of Care.** In performing its duties under this Agreement, the Custodian shall exercise the standard of care and diligence that a professional custodian would observe in these affairs.

**7.2 Limitation of Duties and Liability.** Notwithstanding anything contained elsewhere in this Agreement, the Custodian's liability hereunder is limited as follows:

a. The duties of the Custodian shall only be those specifically undertaken pursuant to this Agreement and shall be subject to such other limits on liability as are set out herein;

b. The Custodian shall not be liable for Losses that do not arise out of the Custodian's negligence or willful misconduct;

c. The Custodian shall not be responsible for the title, validity or genuineness of any Securities or evidence of title thereto received by it or delivered by it pursuant to this Agreement or for Securities held hereunder being freely transferable or deliverable without encumbrance in any relevant market;

d. The Custodian shall not be responsible for the failure to receive payment of, or the late payment of, income or other payments due to the Account;

e. The Custodian shall have no duty to take any action to collect any amount payable on Securities in default or if payment is refused after due demand and presentment;

f. The Custodian may obtain the advice of counsel and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice;

g. The Custodian shall have no duty or responsibility to inquire into, make recommendations, supervise, or determine the suitability of any transactions affecting any Account and shall have no liability with respect to the Client's or an Authorized Person's decision to invest in Securities or to hold cash in any currency; and

h. The Custodian shall have no responsibility if the rules or procedures imposed by Depositories, exchange controls, asset freezes or other laws, rules, regulations or orders at any time prohibit or impose burdens or costs on the transfer to, by or for the account of the Client of Securities or cash.

**7.3 Losses.** Under no circumstances shall the Custodian be liable to, or be required to indemnify, the Client or any third party for indirect, consequential or special damages arising in connection with this Agreement. If the Custodian is liable, it shall be liable only to the extent Losses constitute direct damages.

**7.4 Gains.** Where an error or omission has occurred under this Agreement, the Custodian may take such remedial action as it considers appropriate under the circumstances and, provided that the Client is put in the same or equivalent position as it would have been in if the error or omission had not occurred, any favorable consequences of the Custodian's remedial action shall be solely for the account of the Custodian, without any duty to report to the Client any loss assumed or benefit received by it as a result of taking such action.

**7.5. Force Majeure.** Notwithstanding anything in this Agreement to the contrary, the Custodian shall not be responsible or liable for any failure to perform under this Agreement or for any Losses to the Account resulting from any event beyond the reasonable control of the Custodian.

**7.7 Indemnification.** To the extent permitted by applicable law, the Client shall indemnify and hold harmless the Custodian from and against all Losses, including reasonable counsel fees and expenses in third party suits and in a successful defense of claims asserted by the Client, relating to or arising out of the performance of the Custodian's obligations under this Agreement, except to the extent resulting from the Custodian's negligence or willful misconduct. This provision shall survive the termination of this Agreement.

## SECTION 8 – AMENDMENT; TERMINATION

8.1 **Amendment.** This Agreement may be amended only by written agreement between the Client and the Custodian.

8.2 **Termination.** Either party may terminate this Agreement by giving to the other party a notice in writing specifying the date of such termination, which shall be not less than ninety (90) days after the date of such notice. Upon termination hereof, the Client shall pay to the Custodian such compensation as may be due to Custodian, and shall likewise reimburse the Custodian for other amounts payable or reimbursable to the Custodian hereunder. Custodian shall follow such reasonable Written Instructions concerning the transfer of custody of records, Securities and other items as the Client shall give; provided that (a) the Custodian shall have no liability for shipping and insurance costs associated therewith, and (b) full payment shall have been made to the Custodian of its compensation, costs, expenses and other amounts to which it is entitled hereunder. If any Securities or cash remain in any Account after termination, the Custodian may deliver to the Client such Securities and cash. Except as otherwise provided herein, all obligations of the parties to each other hereunder shall cease upon termination of this Agreement.

## SECTION 9– ADDITIONAL PROVISIONS

9.1 **Non-Custody Assets.** As an accommodation to the Client, the Custodian may provide consolidated recordkeeping services pursuant to which the Custodian reflects on statements securities and other assets not held by, or under the control of, the Custodian. Non-Custody Assets shall be designated on Custodian's books as "shares not held" or by other similar characterization. The Client acknowledges and agrees that it shall have no security entitlement against the Custodian with respect to Non-Custody Assets, that the Custodian shall rely, without independent verification, on information provided by the Client or its designee regarding Non-Custody Assets (including but not limited to positions and market valuations), and that the Custodian shall have no responsibility whatsoever with respect to Non-Custody Assets or the accuracy of any information maintained on the Custodian's books or set forth on account statements concerning Non-Custody Assets.

9.2 **Appropriate Action.** The Custodian is hereby authorized and empowered, in its sole discretion, to take any action with respect to an Account that it deems necessary or appropriate in carrying out the purposes of this Agreement.

9.4 **Sovereign Immunity.** To the extent that in any jurisdiction the Client may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, the Client irrevocably agrees not to claim, and it hereby waives, such immunity.

**9.5 Representations.** Each party represents and warrants to the other that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind such party to this Agreement, and that the Agreement constitutes a binding obligation of such party enforceable in accordance with its terms.

**9.6 USA PATRIOT Act.** The Client hereby acknowledges that the Custodian is subject to federal laws, including the Customer Identification Program ("CIP") requirements under the USA PATRIOT Act and its implementing regulations, pursuant to which the Custodian must obtain, verify and record information that allows the Custodian to identify the Client. Accordingly, prior to opening an Account hereunder, the Custodian will ask the Client to provide certain information including, but not limited to, the Client's name, physical address, tax identification number and other information that will help the Custodian to identify and verify the Client's identity, such as organizational documents, certificate of good standing, license to do business, or other pertinent identifying information. The Client agrees that the Custodian cannot open an Account hereunder unless and until the Custodian verifies the Client's identity in accordance with the Custodian's CIP.

**9.7 Non-Fiduciary Status.** The Client hereby acknowledges and agrees that the Custodian is not a fiduciary by virtue of accepting and carrying out its obligations under this Agreement, is not acting as a collateral agent and has not accepted any fiduciary duties, responsibilities or liabilities with respect to its services hereunder.

**9.8 Necessary Parties.** All of the understandings, agreements, representations and warranties contained herein are solely for the benefit of the Client and the Custodian, and there are no other parties who are intended to be benefited by this Agreement.

**9.9 Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and said counterparts when taken together shall constitute but one and the same instrument and may be sufficiently evidenced by one set of counterparts.



**ATTACHMENT A  
TO  
EXHIBIT A**

**CROSS-TRADING INFORMATION**

As part of the Cross-Trading Program covered by the Department of Labor Prohibited Transaction Exemption ("PTE") 95-56 for Mellon Bank, N.A. and its affiliates ("BNY Mellon"), BNY Mellon is to provide to the Client the following information:

**I     The Existence of the Cross-Trading Program**

BNY Mellon has developed and intends to utilize, wherever practicable, a Cross-Trading Program for Indexed Accounts and Large Accounts as those terms are defined in PTE 95-56.

**II.   The "Triggering Events" Creating Cross-Trade Opportunities**

In accordance with PTE 95-56, three "Triggering Events" may create opportunities for Cross-Trading transactions. They are generally the following (see PTE 95-56 for more information):

1.     A change in the composition or weighting of the index by the independent organization creating and maintaining the index;
2.     A change in the overall level of investment in an Indexed Account as a result of investments and withdrawals on the Indexed Account's opening date, where the Indexed Account is a bank collective fund, or on any relevant date for non-bank collective funds; provided, however, a change in an Indexed Account resulting from investments or withdrawals of assets of BNY Mellon's own plans (other than BNY Mellon's defined contributions plans under which participants may direct among various investment options, including Indexed Accounts) are excluded as a "Triggering Events"; or
3.     A recorded declaration by BNY Mellon that an accumulation of cash in an Indexed Account attributable to interest or dividends on, and/or tender offers for portfolio securities equal to not more than .5% of the Indexed Account's total value has occurred.

**III.   The Pricing Mechanism Utilized for Securities Purchased or Sold**

Securities will be valued at the current market value for the securities on the date of the crossing transaction.

Equity Securities - the current market value for the equity security will be the closing price on the day of trading as determined by an independent pricing service; unless the security was added to or deleted from an index after the close of trading, in which case the price will be the opening price for that security on the next business day after the announcement of the addition or deletion.

Debt Securities - the current market value of the debt security will be the price determined by BNY Mellon as of the close of the day of trading according to the Securities and Exchange Commission's Rule 17a-7(b)(4) under the Investment Company Act of 1940. Debt securities that are not reported securities or traded on an exchange, will be valued based on an average of the highest current independent bids and the lowest current independent offers on the day of cross trading. BNY Mellon will use reasonable inquiry to obtain such prices from at least three independent sources that are brokers or market makers. If there are fewer than three independent sources to price a certain debt security, the closing price quotations will be obtained from all available sources.

#### IV     The Allocation Method

Direct cross-trade opportunities will be allocated among potential buyers or sellers of debt or equity securities on a pro-rata basis. With respect to equity securities, please note BNY Mellon imposes a trivial dollar amount constraint to reduce excessive custody ticket charges to participating accounts.

#### V.     Other Procedures Implemented by BNY Mellon for its Cross-Trading Practices

BNY Mellon has developed certain internal operational procedures for cross-trading debt and equity securities. These procedures are available upon request.

**EXHIBIT B**  
to  
**AGREEMENT (For Custody Services) BETWEEN THE COUNTY OF SAN MATEO**  
("County," or "Client") and  
**THE BANK OF NEW YORK MELLON TRUST COMPANY N.A.** ("Contractor" or  
"Custodian")  
entered into the 1st day of July, 2011,

**FEE SCCHEDULE**

In consideration of the services provided by Contractor in Exhibit "A", County shall pay Contractor based on the following fee schedule:



**BNY MELLON**  
ASSET SERVICING

**FEE SCHEDULE FOR**

**San Mateo County Treasurer's Office  
Custody Account at  
The Bank New York Mellon Trust Company, N.A  
Effective Date July 1, 2011**

In full consideration for the custody, safekeeping and securities lending services rendered to San Mateo County by The Bank of New York Mellon Company Trust, N.A., the County agrees to pay to custodian compensation for its services based on the following schedule:

**CUSTODY**

Fee will be derived from the higher of:

<u>Asset Market Value</u>	<u>Fee</u>
First \$2.0 Billion	.0025% (1/4 basis point)
Over \$2.0 Billion	.0010% (1/10 basis point)
Or	
\$50,000 minimum per year	

No transaction fees will be charged for the first 2,000 transactions. Any subsequent transactions over 2,000, transaction fees will be assessed according to the following schedule:

All Book Entry Buys, Sells, Redemptions	\$8 each
All Physical Buys, Sells, Redemptions	\$12 each

Any extraordinary charges or out-of-pocket expenses such as postage, insurance, shipping, express mail, messenger or SWIFT charges will be assessed as incurred.

**SECURITIES LENDING**

The earnings generated as a result of securities lending would be divided in the following manner:

San Mateo County	75%
The Bank of New York Trust Company, N.A.	25%

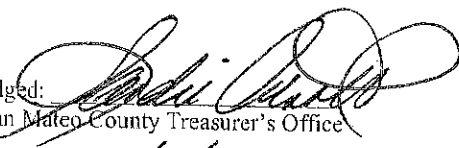
Fees are billed quarterly in arrears.



BNY MELLON  
ASSET SERVICING

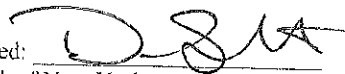
## NOTES

- We will pass through to the client any out-of-pocket expenses including, but not limited to, postage, courier expense, registration fees, stamp duties, custom reporting or custom programming, internal/external tax, legal or consulting costs, 1099 Cost Basis Reporting, and proxy voting expenses.
- We reserve the right to amend our fees if the service requirements change in a way that materially affects our responsibilities or costs. Support of other derivative investment strategies or special processing requirements (e.g. external cash sweep, etc.) may result in additional fees.
- A payment of approximately 1/12th of estimated annual fees will be paid monthly via an electronic debit with a quarterly true-up to actual fees incurred. Additional amounts due (or overpayments to be refunded) will be payable within 30 days. Fees not paid within 60 days of the date of the invoice will be subject to a late charge of 1.5% per month.
- BNY Mellon may earn indirect compensation for items including but not limited to overdrafts, float, bank deposits and Net Interest Revenue.
- The Bank of New York Mellon Corporation ("BNYM") has adopted an incentive compensation program designed (i) to facilitate clients gaining access to and being provided with explanations about the full range of products and services offered by BNYM and its subsidiaries and (ii) to expand and develop client relationships. This program may lead to the payment of referral fees and/or bonuses to employees of BNYM or its subsidiaries who may have been involved in a referral that resulted in the obtaining of products or services by Client covered by the Agreement to which this Fee Schedule relates or which may be ancillary or supplemental to such products or services. Any such referral fees or bonuses are funded solely out of fees and commissions paid with respect to all such services or products.
- This fee schedule is guaranteed for 3 years.

Acknowledged: 

San Mateo County Treasurer's Office

Date: 7/8/11

Acknowledged: 

Bank of New York Mellon Trust Company, N.A.

Date: July 5, 2011