

**CUSTODY AGREEMENT**

**by and between**

**STATE TREASURER'S OFFICE, STATE OF SOUTH CAROLINA**

**and**

**THE BANK OF NEW YORK MELLON**

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>SECTION 1 – CUSTODY ACCOUNTS; INSTRUCTIONS.....</b>	<b>2</b>
1.1 Definitions .....	2
1.2 Custody, Establishment of Account, Training and Ancillary Services .....	5
1.3 Fees and Payment.....	6
1.4 Distributions .....	8
1.5 Authorized Instructions .....	8
1.6 Authentication .....	8
1.7 Security Procedure .....	8
1.8 On-Line Systems .....	9
<b>SECTION 2 – CUSTODY SERVICES .....</b>	<b>9</b>
2.1 Holding Securities .....	9
2.2 Subcustodians .....	9
2.3 Depositories.....	10
2.4 Agents.....	10
2.5 Custodial Agent Actions without Direction .....	10
2.6 Custodial Agent Actions with Direction .....	11
2.7 Foreign Exchange Transactions .....	12
<b>SECTION 3 – CORPORATE ACTIONS.....</b>	<b>12</b>
3.1 Notification.....	12
3.2 Direction .....	12
3.3 Partial Redemptions, Payments, Etc.....	12
<b>SECTION 4 – SETTLEMENT OF TRADES .....</b>	<b>13</b>
4.1 Trading Instructions .....	13
4.2 Contractual Settlement and Income .....	13
4.3 Trade Settlement.....	13
<b>SECTION 5 – DEPOSITS AND ADVANCES .....</b>	<b>13</b>
5.1 Deposits .....	13
5.2 Sweep and Float .....	13
5.3 Overdrafts and Indebtedness .....	14
5.4 Setoff .....	14
<b>SECTION 6 – TAXES, REPORTS AND RECORDS .....</b>	<b>14</b>
6.1 Tax Obligations .....	14
6.2 Pricing and Other Data .....	15
6.3 Statements and Reports .....	16
6.4 Review of Reports .....	16
6.5 Inspection of Books and Records; Record Retention.....	16
6.6 Required Disclosure .....	16

<b>SECTION 7 – PROVISIONS REGARDING CUSTODIAL AGENT .....</b>	<b>17</b>
7.1 Standard of Care .....	17
7.2 Duties .....	18
7.3 Limitation on Liability .....	18
7.4 Gains .....	18
7.5 Force Majeure .....	19
7.6 Indemnification of Custodian by Custodial Agent .....	19
<b>SECTION 8 – AMENDMENT; TERMINATION; ASSIGNMENT .....</b>	<b>19</b>
8.1 Amendment .....	19
8.2 Term .....	19
8.3 Termination by Custodial Agent .....	19
8.4 Termination for Default .....	20
8.5 Termination for Failure of Funding or Appropriation .....	21
8.6 Termination for Convenience .....	21
8.7 Successors and Assigns .....	23
8.8 Bankruptcy of Custodial Agent .....	23
8.9 Additional Termination Matters .....	23
<b>SECTION 9 – ADDITIONAL PROVISIONS .....</b>	<b>23</b>
9.1 Non-Custody Assets .....	24
9.2 Appropriate Action .....	24
9.3 Compliance with Laws .....	24
9.4 Governing Law; Jurisdiction; Venue .....	24
9.5 Representations .....	25
9.6 USA PATRIOT Act .....	25
9.7 Notices .....	25
9.8 Publicity .....	25
9.9 Waiver .....	25
9.10 Entire Agreement .....	25
9.11 Necessary Parties .....	26
9.12 Relationship of the Parties .....	26
9.13 Execution in Counterparts .....	26
9.14 Severability .....	26
9.15 Confidentiality .....	26
<b>EXHIBIT A – CROSS-TRADING INFORMATION .....</b>	<b>29</b>
<b>EXHIBIT B – ANCILLARY SERVICES AND CASH MANAGEMENT FEE SCHEDULE .....</b>	<b>31</b>
<b>EXHIBIT C – ANCILLARY SERVICES FEE SCHEDULE .....</b>	<b>33</b>
<b>EXHIBIT D – GLOBAL ASSET AND TRANSACTION FEES .....</b>	<b>36</b>

## AMENDED AND RESTATED CUSTODY AGREEMENT

This **CUSTODY AGREEMENT** (the "Agreement"), dated as of December 30 2013 ("Agreement"), is between the **STATE TREASURER'S OFFICE OF STATE OF SOUTH CAROLINA** with the State Treasurer being a constitutional officer pursuant to Article VI, Section 7 of the South Carolina Constitution (the "Custodian") and **THE BANK OF NEW YORK MELLON** (formerly known as, The Bank of New York), a bank organized under the laws of the state of New York (the "Custodial Agent") and shall be effective as of the first day of the month following the date above.

**WHEREAS**, the State Treasurer of South Carolina has full power to invest and reinvest all funds of the State and is the statutory custodian of the funds of the South Carolina Retirement Systems; and

**WHEREAS**, the State Treasurer of South Carolina and The Bank of New York Mellon previously entered into a Custody Agreement, dated April 27, 2007 (the "Prior Agreement") to provide custody services of certain property for which the Custodian acts as custodian; and

**WHEREAS**, the State Treasurer of South Carolina intends on entering into an new custody agreement based on The Bank of New York Mellon's proposal submitted to the Treasurer on or about January 2012 (and as later updated through the date of the May 14, 2013 Settlement Agreement); and

**WHEREAS**, as part of the RFP process, the State Treasurer of South Carolina sought and The Bank of New York Mellon proposed to provide ancillary services for the assets and accounts identified in the State of South Carolina Request for Proposal issued on November 22, 2011 ("Request for Proposal") and the Custodial Agent's responses to the Request for Proposal that are also to be the subject of the custody agreement, and it is intended that the ancillary services to be provided for such accounts and assets will be aided by using data obtained from the custody accounts maintained by The Bank of New York Mellon under the custody agreement; and

**WHEREAS**, the Prior Agreement covered: (i) public funds of the State of South Carolina (the "Public Funds"); and (ii) certain defined benefit pension funds as described in Title 9 of the South Carolina Code of Laws, as amended, (the "Pension Funds") for

which the Custodian is the statutory custodian under South Carolina law; and

**WHEREAS**, the Custodian and Custodial Agent desire to replace and supersede the Prior Agreement with this Agreement; and

**WHEREAS**, the purpose of this Agreement is to appoint the Custodial Agent to provide Custody Services for the Public Funds and the Pension Funds and to provide an opportunity for the Custodian and the South Carolina Retirement System Investment Commission ("RSIC") and/or the Public Employee Benefit Authority ("PEBA") to obtain ancillary services, as needed,

**NOW, THEREFORE**, the Custodian and the Custodial Agent, each intending to be legally bound, agree as follows:

## **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 Custodial Agent 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 or received by Custodial Agent or its agents in connection with the Agreement.

"Ancillary Services" shall mean those services, other than Custody Services and cash management services, to be provided by the Custodial Agent pursuant to this Agreement and as listed in Exhibits B or C.

"Authorized Instructions" shall have the meaning set forth in Section 1.5.

"Authorized Person" shall mean any Person authorized by the Custodian 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 Custodial Agent or a BNY Mellon Affiliate, as designated in a Certificate of Authorized Persons. 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 Custodial Agent may

conclusively rely on the authority of such Authorized Persons within the extent of their authority 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 Custodial Agent and relevant Depositories and Subcustodians are open for business.

"Certificate of Authorized Person" shall mean the written certificate designating Authorized Persons and the extent of their authority which the Custodian shall deliver to the Custodial Agent from time to time.

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

"Custody Services" shall mean all services provided by the Custodial Agent in the normal course of business when acting as custodian for a global institutional investor. Such services include, but are not limited to, safekeeping of the Public Funds and the Pension Funds, trade processing of assets acquired or disposed of (including, but not limited to, online security clearing, trade settlement, and electronic registration of all book entry and physically-held securities), cross-border settlements, asset servicing to facilitate the receipt of all economic benefits of ownership (including, but not limited to, income collection, cash processing, proxy notification, tax reclaims, and class action processing as requested by Custodian), regulatory reporting, accounting and monthly and annual reporting in compliance with standards issued by the Governmental Accounting Standards Board ("GASB"), asset valuation, manager reconciliations, on-line reporting (through Workbench or any subsequently adopted system with the same or improved features), and data interface with third-party providers. Such services are detailed in the RFP, the Custodial Agent's response to the RFP, the Master Trust/Custody RFP Questions and Answers, and documents and presentations created or made subsequent to the Custodial Agent's response to the RFP including the Custodial Agent's January 16, 2012 presentation in Columbia, S.C., the Custodial Agent's May 2, 2012 presentation in Boston, Mass., and the Custodial Agent's fee clarifications dated April 16, 2012 and June 6, 2012. Custody Services also include the services described in Section 9.1 of this Agreement regarding Non-Custody Assets.

"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 Custodial Agent.

"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 Custodial Agent to the Custodian.

"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 Custodial Agent from an Authorized Person and within the extent of the Authorized Person's authority.

"Pension Funds" shall mean assets of the State of South Carolina's five defined benefit pension plans as currently or subsequently described in Title 9 of the S.C. Code of Laws and any amendments thereto, including cash, Securities and other assets held by the Custodial Agent, and the Non-Custody Assets. These assets are held in a group trust under Section 401(a)(24) of the Internal Revenue Service Code.

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

"Public Funds" shall mean assets owned by the State of South Carolina or its agencies or instrumentalities invested pursuant to statute by the Custodian. Public Funds are comprised of separate and distinct funds, including, but not limited to, the Local Government Investment Pool, the General Fund, the State Investment Pool, the Insurance Reserve Fund, the S.C. Retirement Health Insurance (SCRHI) Fund, the Long-Term Disability Insurance (LTDI) Trust Fund, the Education Improvement Act Fund, and the S.C. Tuition Prepayment Fund.

"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 Custodial Agent.

"Subcontractor" or "subcontractor" means those third parties, if any, hired by Custodial Agent to provide services specifically for the Custodian covered under this Agreement. Such term does not include third party service providers and vendors engaged

by Custodial Agent to provide services to Custodial Agent and to or for all or a substantial portion of similarly situated clients of Custodial Agent, including Subcustodians, Data Providers, Depositories, Book-Entry Systems and/or BNY Mellon Affiliates.

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

"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 Custodial Agent to provide or to assist the Custodial Agent with providing value-added services requested by the Custodian.

"Written Instructions" shall mean written communications received by the Custodial Agent 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 Custodial Agent as available for use in connection with the services hereunder.

#### **1.2 Custody, Establishment of Account, Training and Ancillary Services.**

a. The Custodian hereby appoints the Custodial Agent as custodian of all Securities and cash at any time delivered to and held by the Custodial Agent under this Agreement. The Custodial Agent hereby accepts such appointment and agrees to establish and maintain accounts in which the Custodial Agent will hold Securities and cash separately for the Public Funds and the Pension Funds as provided herein and to further perform certain services as set forth in Section 9.1 of the Agreement as to Non-Custody Assets. Such accounts (each, an "Account," and collectively, the "Accounts") shall be in the name of the Custodian and shall be maintained as directed by the Custodian for accounting and reporting purposes. For the avoidance of doubt, Securities and other assets recorded by the Custodial Agent pursuant to Section 9.1 (Non-Custody Assets) shall be maintained under the prior sentence for reporting purposes only; however, the Custodial Agent may use the information collected and recorded for Non-Custody Assets in one or more Ancillary Services.

b. Pursuant to this appointment, the Custodial Agent shall perform Custody Services for the Public Funds and the Pension Funds as required by the Custodian.

c. The Custodial Agent shall perform training services for the Custodian, RSIC, and PEBA as follows:

(i) As part of its normal Custody Services and at no additional cost, the Custodial Agent shall provide training to the staff and employees of the Custodian, RSIC, and PEBA or their respective successors as described in pages 21 through 24 of the



Custodial Agent's response to the Custodian's RFP and training on new GASB pronouncements as stated on page 6 of the Master Trust/Custody RFP Questions and Answers.

REDACTED

**1.3 Fees and Payment.**

a. Custodial Agent will be compensated for its Custody Services with an annual fee as set forth in Exhibit D for services for assets and accounts identified by the Custodian in the Request for Proposal or as later updated. Custodial Agent will also be compensated for Global Asset and Transaction Fees above a designated threshold as provided in Exhibit D. Fees for Custody Services and Global Asset and Transaction Fees will be billed quarterly in arrears as required by subsection 1.3c below.

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c. For Custody Services and Global Asset and Transaction Fees, Custodial Agent shall submit a quarterly bill for services rendered in each Account to the Custodian and/or to RSIC or PEBA no later than two months following the close of a calendar quarter, at the address listed below. Invoices will be itemized by Account and provide any necessary detail as required by the Custodian and shall include cost breakdowns and backup.

- (i) Invoices for services for the Public Funds shall be directed to:

Custody Officer  
State Treasurer's Office  
PO Box 11778  
Columbia, SC 29211

Invoices in Adobe Portable Document Format (pdf) may be sent via email to [Clarissa.adams@sto.sc.gov](mailto:Clarissa.adams@sto.sc.gov).

- (ii) Invoices for services for the Pension Funds shall be directed to:

Custody Officer  
State Treasurer's Office  
PO Box 11778  
Columbia, SC 29211

Invoices in Adobe Portable Document Format (pdf) may be sent via email to [Clariss.adams@sto.sc.gov](mailto:Clariss.adams@sto.sc.gov).

A copy of the invoices for services for the Pension Funds shall be sent to:

SC Retirement System Investment Commission  
1201 Main Street  
Columbia, SC 29201

SC Public Employee Benefit Authority  
PO Box 11960  
Columbia, SC 29211-1960

d. Custody Fees, which are an administrative cost, and Global Asset and Transaction Fees shall be the obligation of the Account(s) for which they were incurred and shall be paid by either wire or direct debit as designated by the Custodian from time to time. Fees shall be paid within 30 days of receipt of the quarterly bills as provided in

Section 1.3.c of this Agreement.

**1.4 Distributions.** The Custodial Agent shall make distributions or transfers out of an Account pursuant to Written Instructions. Only Authorized Persons authorized by the State Treasurer's Office may, to the extent of each person's express authority provided by the Custodian to the Custodial Agent, instruct the Custodial Agent to make distributions from or transfers out of an Account for which assets are held by the Custodial Agent. In making payments to service providers pursuant to Written Instructions, the Custodian acknowledges that the Custodial Agent is acting as a paying agent, and not as the payor, for tax information reporting and withholding purposes.

**1.5 Authorized Instructions.** The Custodial Agent shall be entitled to rely upon any Oral or Written Instructions actually received by the Custodial Agent and reasonably believed by the Custodial Agent to be from an Authorized Person and within the scope of that Authorized Person's previously specified authority ("Authorized Instructions") and Section 1.4 above. The Custodian and Custodial Agent agree that Oral Instructions shall be given and relied upon only when the communication systems used to convey Written Instructions are inoperable. The Custodian agrees that an Authorized Person shall forward to the Custodial Agent Written Instructions confirming Oral Instructions by the close of business of the same day that such Oral Instructions are given to the Custodial Agent. The Custodian agrees that the fact that Written Instructions confirming Oral Instructions are not received or that contrary Written Instructions are received by the Custodial Agent shall in no way affect the validity or enforceability of transactions authorized by such Oral Instructions and effected by the Custodial Agent.

**1.6 Authentication.** If the Custodial Agent 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 Custodian understands and agrees that the Custodial Agent cannot determine the identity of the actual sender of such Written Instructions and that the Custodial Agent shall be entitled to conclusively presume that such Written Instructions have been sent by an Authorized Person. The Custodian shall be responsible for ensuring that only Authorized Persons transmit such Written Instructions to the Custodial Agent and that all Authorized Persons treat applicable user and authorization codes, passwords and authentication keys with extreme care.

**1.7 Security Procedure.** The Custodian acknowledges and agrees that it is fully informed of the protections and risks associated with the various methods of transmitting Written Instructions to the Custodial Agent and that there may be more secure methods of transmitting Written Instructions than the method selected by the sender. The Custodian 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.

**1.8 On-Line Systems.** If an Authorized Person elects to transmit Written Instructions through an on-line communication system offered by the Custodial Agent, the use thereof shall be subject to any terms and conditions contained in a separate written agreement. If the Custodian or an Authorized Person elects, with the Custodial Agent's prior consent, to transmit Written Instructions through an on-line communications service owned or operated by a third party, the Custodian agrees that the Custodial Agent 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 Custodian hereby authorizes the Custodial Agent to hold any Securities in registered form in the name of the Custodial Agent or one of its nominees. Securities held for the Custodian hereunder shall be segregated on the Custodial Agent's books and records from the Custodial Agent's own property. The Custodial Agent 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 Custodial Agent's or a BNY Mellon Affiliate's agreements with such Subcustodians which shall protect the Custodian's rights under this Agreement. Securities and cash deposited by the Custodial Agent 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 Custodial Agent or a BNY Mellon Affiliate for its clients. The Custodial Agent shall identify on its books and records the Securities and cash belonging to the Custodian, whether held directly or indirectly through Depositories or Subcustodians. In no event shall the Custodial Agent be liable for any Losses arising out of the Custodian's decision to hold 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 ("Country Risk Events").

### **2.2 Subcustodians.**

a. The Custodial Agent shall exercise reasonable care in the selection or retention, monitoring and continued use of Subcustodians in light of prevailing rules, practices, procedures and circumstances in the relevant market (the "Required Care").

b. With respect to any Losses incurred by the Custodian as a result of the acts or the failure to act by any Subcustodian ("Operational Losses," which specifically excludes Losses arising out of or relating to Country Risk Events), the Custodial Agent shall be liable for:

(i) Operational Losses with respect to Securities or cash held by the Custodial Agent with or through a BNY Mellon Affiliate; and

(ii) Operational Losses with respect to Securities or cash held by the Custodial Agent with or through a Subcustodian (other than a BNY Mellon Affiliate) to the extent that such Operational Losses were directly caused by failure on the part of the Custodial Agent to exercise Required Care.

c. With respect to all other Operational Losses not covered by clauses (a) and (b) above, the Custodial Agent shall take appropriate action to recover Operational Losses from such Subcustodian, and Custodial Agent's sole liability shall be limited to amounts recovered from such Subcustodian (exclusive of costs and expenses incurred by Custodial Agent).

d. In addition, the Custodial Agent shall be liable for repayment to the Custodian of cash credited to the Custodian's Account and credited to the Custodian's or the Custodial Agent's cash account at the Subcustodian that the Custodial Agent is not able to recover from the Subcustodian (other than as a result of Country Risk Events).

**2.3 Depositories.** The Custodial Agent 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. The Custodial Agent shall notify Custodian as soon as reasonably possible following the discovery of any action or inaction of a Depository which results in any Losses to the Custodian.

**2.4 Agents.** The Custodial Agent 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 Custodial Agent from its obligations hereunder.

**2.5 Custodial Agent Actions without Direction.** With respect to Securities held by the Custodial Agent, the Custodial Agent shall:

a. Receive income and other payments due to the Account and advise Custodian as promptly as practical of any such amounts due but not paid;

b. Carry out any exchanges of Securities or other corporate actions not requiring discretionary decisions;

c. Facilitate access by the Custodian 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 Custodian or its designee information (or summaries of information) that the Custodial Agent receives from Depositories or Subcustodians concerning Securities in the Account (excluding bankruptcy matters);

e. Forward to the Custodian or its designee an initial notice of bankruptcy and/or class action cases relating to Securities held in the Account and a notice of any required action related to such bankruptcy and/or class action cases as may be received by the Custodial Agent. In the absence of further direction from the Custodian, no further notification or action related to the bankruptcy or class action case shall be required;

f. Endorse for collection checks, drafts or other negotiable instruments received on behalf of the Account; and

g. Execute and deliver, solely in its custodial capacity, certificates, documents or instruments incidental to the Custodial Agent's performance under this Agreement.

**2.6 Custodial Agent Actions with Direction.** The Custodial Agent 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 Custodial Agent that the Custodian has entered into a separate securities lending agreement, provided that the Custodian executes such agreements as Custodial Agent may require in connection with such arrangements; and

d. Solely with respect to the Pension Fund, invest available cash in any collective investment fund, including a collective investment fund maintained by the Custodial Agent or an affiliate of the Custodial Agent for collective investment of employee benefit trusts or to deposit available cash in interest bearing accounts in the banking department of the Custodial Agent or an affiliated banking organization. To the extent that any investment is made in any such collective investment fund, the Custodian hereby represents and warrants: (i) the assets in the Account are part of a government plan within the meaning of Section 414(d) of the Code; (ii) the government plan is not subject to Federal income taxation; (iii) such government plan assets will only be used for the exclusive benefit of plan participants and beneficiaries; and (iv) the declaration of trust of the collective investment fund and the trust created thereby shall be a part of this Agreement and of the government plan. The Custodian agrees to notify the Custodial Agent immediately in the event any of the representations cease to be true. The Custodian 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 Custodial Agent hereunder, or any compensation of the collective investment fund trustee for the management of such fund. The Custodial Agent 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 Custodian acknowledges receipt of the notice entitled "Cross-Trading Information," a copy of which is attached to this Agreement as Exhibit A.

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

### **SECTION 3 – CORPORATE ACTIONS**

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

**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 Custodian's ownership of Securities, the Custodian or its designee shall be responsible for making any decisions relating thereto and for directing the Custodial Agent to act. In order for the Custodial Agent to act, it must receive Authorized Instructions using the Custodial Agent generated form or clearly marked as instructions addressed as the Custodial Agent may from time to time request, by such time as the Custodial Agent shall advise the Custodian or its designee. Absent the Custodial Agent's receipt of such Authorized Instructions by such deadline, the Custodial Agent 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 Custodial Agent shall promptly advise the Custodian 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 Custodial Agent, any Subcustodian or Depository holds any Securities affected by one of the events described, the Custodial Agent, 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 Custodian, an Authorized Person shall deliver to the Custodial Agent Authorized Instructions specifying all information necessary for the Custodial Agent to settle such purchase or sale. For the purpose of settling purchases of Securities, the Custodian shall provide the Custodial Agent 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 Custodial Agent shall, with the prior written approval of the Custodian, 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 Custodial Agent's actual receipt of final payment and may be reversed by the Custodial Agent to the extent that final payment is not received. Payment with respect to a transaction will not be "final" until the Custodial Agent 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 Custodian understands that when the Custodial Agent is instructed to deliver Securities against payment, delivery of such Securities and receipt of payment therefor may not be completed simultaneously. The Custodian assumes full responsibility for all risks involved in connection with the Custodial Agent's delivery of Securities pursuant to Authorized Instructions in accordance with local market practice.

## SECTION 5 – DEPOSITS AND ADVANCES

**5.1 Deposits.** The Custodial Agent may hold cash in Accounts or may arrange to have such cash held by a BNY Mellon Affiliate or Subcustodian. Where cash is on deposit with the Custodial Agent, 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 Custodial Agent 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 Custodian or its investment manager to investment vehicles offered by the Custodial Agent 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 Custodian acknowledges that, as part of the Custodial Agent's compensation, the Custodial Agent will earn interest on cash balances held by the Custodial Agent, including disbursement balances and balances arising from purchase and sale transactions, as disclosed in the Custodial Agent's float policy.



**5.3 Overdrafts and Indebtedness.** The Custodial Agent 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), the Custodian agrees to repay from the applicable Account, if appropriate, the Custodial Agent 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 Custodial Agent to its institutional custody clients in the relevant currency.

**5.4 Setoff.**

a. By the Custodial Agent. In the event of the non-payment of fees as provided in section 1.3 of this Agreement, the Custodial Agent has the right to debit cash in the Account for the Pension Funds ("Pension Funds Account") for any amount owed for services or for overdrafts and indebtedness referenced in Section 5.3 provided by the Custodial Agent in connection with the Pension Funds Account. The Custodial Agent has the right to debit cash in the applicable sub-account for Account for the Public Funds ("Public Funds Account") for any amount owed for services or for overdrafts and indebtedness referenced in Section 5.3 provided by the Custodial Agent in connection with any sub-account of the Public Funds Account. The Custodial Agent shall be entitled to collect from the appropriate Account in the Public Funds or the Pension Funds sufficient cash for reimbursement. If such cash is insufficient, the Custodial Agent shall provide notice of the insufficiency as provided in section 1.3c. If within 72 hours after providing this notice the Custodial Agent has not received Written Instructions to sell specific Securities in that Account or sub-account, as applicable, or cash to cure the insufficiency is neither deposited or otherwise generated within the applicable Account or sub-account, then the Custodial Agent may sell the Securities in that Account or sub-account, as applicable, to the extent necessary to obtain reimbursement. In this regard, the Custodial Agent 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, except to the extent that this Agreement provides the Custodian with greater rights or protections.

b. By the Custodian. The Custodian shall have all of its common law, equitable, and statutory rights of set-off. These rights shall include, but not be limited to, the Custodian's option to withhold for the purposes of set-off any moneys due to the Custodial Agent under this Agreement up to any amounts due and owing to the Custodian with regard to this Agreement, any other contract with any State department or agency, including any contract for a term commencing prior to the term of this Agreement, plus any amounts due and owing to the State for any other reasons including, without limitation, tax delinquencies, fee delinquencies, or monetary penalties relative thereto.

**SECTION 6 – TAXES, REPORTS AND RECORDS**

**6.1 Tax Obligations.** The Custodian 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 Custodian and any transaction related thereto. To

the extent that the Custodial Agent has received relevant and necessary information with respect to the Account, the Custodial Agent shall perform the following services with respect to Tax Obligations:

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

**6.2 Pricing and Other Data.** In providing Market Data related to the Account in connection with this Agreement, the Custodial Agent is authorized to use Data Providers. The Custodial Agent may follow Authorized Instructions in providing pricing or other Market Data, even if such instructions direct the Custodial Agent to override its usual procedures and Market Data sources. The Custodial Agent shall be entitled to rely without inquiry on all Market Data (and all Authorized Instructions related to Market Data) provided to it, and the Custodial Agent shall not be liable for any Losses incurred as a result of Market Data that contains errors or that is inaccurate or incomplete. For assets held by the Custodial Agent, the Custodial Agent shall be required to specify each Data provider or other source of Market Data used in preparing any reports or other information provided to the Custodian. For purposes of clarification, in preparing reports containing a listing of not-in-bank assets under Section 9.1, Custodial Agent shall not price not-in-bank assets under this Section 6.2, but shall record a price as provided by the investment manager or other third party. This information shall be available to Custodian electronically and in printed form, and shall specify the Data Provider and date of any Market Data used to price each Security. The Custodian 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 Custodial Agent shall not be required to inquire into the pricing of any Securities or other assets even though the Custodial Agent 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 Custodian's use of the Market Data. The additional terms and conditions can be found on the Data Terms Website. The Custodian 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 Custodian'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 Custodial Agent 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.**

a. The Custodial Agent shall make available to the Custodian a monthly report of all transfers to or from the Accounts and a statement of all holdings in the Pension Funds Account and separately for each Public Fund in the Public Funds Account as of the last Business Day of each month. Routine monthly reports and statements of holdings shall be available through the Custodial Agent's online system (Workbench, or its successor system) and shall be provided by Custodial Agent in an encrypted and/or password protected format. Ad hoc reports not made available through Workbench may be sent by Custodial Agent through e-mail that is not encrypted or password protected.

b. The Custodian 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 Custodian acknowledges that such transmissions are not encrypted and therefore are not secure. The Custodian 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 Custodial Agent shall not be responsible for any loss, damage or expense suffered or incurred by the Custodian or any person claiming by or through the Custodian as a result of the use of such methods.

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

**6.5 Inspection of Books and Records; Record Retention.** The Custodian, RSIC, PEBA, and the South Carolina Budget and Control Board shall have the right, at its own expense and with reasonable prior written notice to the Custodial Agent, to inspect the Custodial Agent's books and records directly relating to the Account during normal business hours or to designate an accountant to make such inspection. The Custodial Agent shall maintain Account Records for a period of seven (7) years from the date of the creation of each such Account Record.

**6.6 Required Disclosure.** With respect to Securities that are registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act") or that are issued by an issuer registered under the Investment Company Act of 1940, as amended, Section 14(b) of the Exchange Act and Rule 14b-2 promulgated thereunder require the Custodial Agent to disclose to issuers of such Securities, upon their request, the name, address and securities position of the Custodial Agent's clients who are "beneficial owners" (as defined in the Exchange Act) of the issuer's Securities, unless the beneficial owner objects to such disclosure. The Exchange 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 Custodial Agent shall contact the Custodian or (if the Custodian 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 Exchange Act.

With respect to Securities issued outside the United States, the Custodial Agent shall disclose information required by any Depository, the laws or regulations of the relevant jurisdiction, rules of the relevant stock exchange or organizational documents of an issuer. The Custodial Agent 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 Custodian agrees to supply the Custodial Agent with any required information if it is not otherwise reasonably available to the Custodial Agent.

## **SECTION 7 – PROVISIONS REGARDING CUSTODIAL AGENT**

### **7.1 Standard of Care.**

a. In performing Custody Services under this Agreement, the Custodial Agent shall exercise the standard of care, diligence, prudence and good faith as a professional custodian for securities would exercise in carrying out its duties and responsibilities. For the avoidance of doubt, in performing its duties pursuant to an Authorized Instruction from the Treasurer or an Authorized Person, the Custodial Agent is not performing such duties as a fiduciary in relation to the Treasurer or such Authorized Person, but as a service provider to the Treasurer. In addition, for the sake of clarity, in performing its duties and responsibilities regarding Custody Services under this Agreement, the Custodial Agent is not exercising investment or management authority or control and is not providing investment advice for a fee or other direct or indirect compensation and has no responsibility or authority to do so. Also, the Custodial Agent and the Treasurer agree that in performing its responsibilities regarding Custody Services under this Agreement for the Pension Funds, the Custodial Agent is not intended to be a "fiduciary" as that term is defined in Section 9-16-10 (4) of the South Carolina Code of Laws. For the sake of clarity, foreign exchange transactions effected by The Bank of New York Mellon or an affiliate, as described in Section 2.7, are transacted by The Bank of New York Mellon or its affiliate as a principal and not as a fiduciary.

b. Notwithstanding Section 7.1(a), to the extent that the Custodial Agent exercises discretionary authority or discretionary control respecting the management of the assets of the Public Funds or takes actions described in Section (4)(a) or (b) of Section 9-16-10 of the South Carolina Code of Laws with respect to the Pension Funds, the Custodial Agent shall exercise such authority or control with the care and skill required of a fiduciary. In carrying out such activities, the Custodial Agent shall act solely in the interest of the Pension Funds or Public Funds, as applicable, and shall act with the skill, care and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of activity of like

character and purpose.

c. Except as otherwise provided herein, the Custodial Agent shall be liable for Losses that arise out of the Custodial Agent's negligence, willful misconduct or breach of the applicable standard of care.

**7.2 Duties.** The duties of the Custodial Agent 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. The Custodial Agent agrees that it shall act in good faith in the performance of this Agreement, as required by South Carolina Code Ann. § 11-35-30.

**7.3 Limitation on Liability.**

a. The Custodial Agent shall not be liable to, or be required to indemnify, the Custodian for indirect, consequential or special damages arising in connection with this Agreement even if the Custodial Agent has been advised of the possibility of such damages;

b. The Custodial Agent 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;

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

d. The Custodial Agent 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 other than promptly notifying Custodian in writing of any such default or refusal;

e. The Custodial Agent 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 Custodian's or an Authorized Person's decision to invest in Securities or to hold cash in any currency; and

f. The Custodial Agent 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 Custodian of Securities or cash.

**7.4 Gains.** Where an error or omission has occurred under this Agreement, the Custodial Agent shall notify Custodian as soon as possible, but in no event later than seventy-two (72) hours following the discovery of such error or omission. Notification shall occur before Custodial Agent takes such remedial action as it considers appropriate

under the circumstances. Provided that the Custodian is put in the same or equivalent economic position as it would have been in if the error or omission had not occurred, Custodial Agent may retain any favorable consequences of its remedial action.

**7.5 Force Majeure.** Notwithstanding anything in this Agreement to the contrary, the Custodial Agent 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 Custodial Agent.

**7.6 Indemnification of Custodian by Custodial Agent.** To the fullest extent permitted by law, Custodial Agent shall defend and hold harmless Custodian for and against any and all suits or claims of any character (and all related damages, settlement payments, attorneys' fees, costs, expenses, losses or liabilities) by a third party which are attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property arising out of or in connection with services acquired hereunder or caused in whole or in part by any act or omission of Custodial Agent, regardless of whether or not caused in part by Custodian, and whether or not such claims are made by a third party or Custodian; however, if Custodian's negligent act or omission is subsequently determined to be the sole proximate cause of a suit or claim, the Custodian shall not be entitled to indemnification hereunder. Custodial Agent shall be given timely written notice of any suit or claim. Custodial Agent's obligations hereunder are in no way limited by any protection afforded under workers' compensation acts, disability benefits acts, or other employee benefit acts. This clause shall not negate, abridge, or reduce any other rights or obligations of indemnity which would otherwise exist. The obligations of this paragraph shall survive termination, cancelation, or expiration of the parties' agreement. This provision shall be construed fairly and reasonably, neither strongly for nor against either party, and without regard to any clause regarding insurance.

## **SECTION 8 – AMENDMENT; TERMINATION; ASSIGNMENT**

**8.1 Amendment.** This Agreement may be amended only by written agreement between the Custodian and the Custodial Agent, and such amendment requires the signature of the State Treasurer of South Carolina. Nothing in or purported to be in any Authorized Instruction(s) shall be construed to alter or amend in any way the terms of this Agreement.

**8.2 Term.** The initial term of this agreement shall begin as of the first day of the month following the date hereof and end ten (10) years after such date. Upon the mutual written agreement of the parties hereto, the term shall be renewable for up to two (2) additional one (1) year periods.

**8.3 Termination by Custodial Agent.** Custodial Agent may terminate this Agreement by providing the Custodian 180-day advance written notice of its election to terminate under this Section 8.3 if (i) Custodian materially breaches the terms of this Agreement and fails to cure such breach within ten (10) days (or more if authorized in

writing by the Custodial Agent) or (ii) Custodian fails to make payments under Section 1.3 when due.

#### **8.4 Termination for Default.**

a. The Custodian may, subject to paragraphs c. and d. of this clause, terminate this Agreement by delivering a written notice of default to the Custodial Agent that specifies the date of such termination, which shall be not less than ninety (90) days after the date of such notice, if the Custodial Agent fails to:

(i) Perform the services within the time specified in this Agreement or any extension;

(ii) Make progress, so as to endanger performance of this Agreement (but see paragraph b. of this clause); or

(iii) Perform any of the other material provisions of this Agreement (but see paragraph b. of this clause).

b. The Custodian's right to terminate this Agreement under subdivisions (a)(ii) and (a)(iii) of this clause, may be exercised if the Custodial Agent does not cure such failure within 10 days (or more if authorized in writing by the Custodian) after receipt of the notice from the Custodian specifying the failure.

c. If the Custodian terminates this Agreement, it may acquire, under the terms and in the manner the Custodian considers appropriate, services similar to those terminated, and the Custodial Agent will be liable to the Custodian for any excess costs for those services.

d. Except for defaults of subcontractors at any tier, the Custodial Agent shall not be liable for any excess costs if the failure to perform this Agreement arises from causes beyond the control and without the fault or negligence of the Custodial Agent. Examples of such causes include (i) acts of God or of the public enemy, (ii) acts of the Custodian in either its sovereign or contractual capacity, (iii) fires, (iv) floods, (v) epidemics, (vi) quarantine restrictions, (vii) strikes, (viii) freight embargoes, and (ix) unusually severe weather. In each instance the failure to perform must be beyond the control and without the fault or negligence of the Custodial Agent.

e. If the failure to perform is caused by the default of a subcontractor at any tier, and if the cause of the default is beyond the control of both the Custodial Agent and subcontractor, and without the fault or negligence of either, the Custodial Agent shall not be liable for any excess costs for failure to perform, unless the subcontracted services were obtainable from other sources in sufficient time for the Custodial Agent to meet the required delivery schedule.

f. If, after termination, it is determined that the Custodial Agent was

not in default, or that the default was excusable, the rights and obligations of the parties shall be the same as if the termination had been issued for the convenience of the Custodian under Section 8.6 hereof.

g. The rights and remedies of the Custodian in this clause are in addition to any other rights and remedies provided by law or under this Agreement.

**8.5 Termination for Failure of Funding or Appropriation.** If the General Assembly of the State of South Carolina fails to appropriate or, if under South Carolina law the expenditure of, sufficient funds to provide for the continuation of this Agreement is not authorized, or if a lawful order issued in or for any State fiscal year during the term of this Agreement reduces the funds appropriated or authorized in such amounts as to preclude the continuation of this Agreement, this Agreement shall terminate, in whole or in part, on the date said funds are no longer available without any termination charges or other liability incurring to the Custodian or the Pension Funds. The Custodian shall provide the Custodial Agent with notice not less than thirty (30) days prior to the date of termination if such time is available. Otherwise, prompt notice will suffice. In the event of the occurrence of the circumstance described in this paragraph, the Custodial Agent shall not prohibit or otherwise limit the Custodian's right to pursue and contract for, in good faith, alternate solutions and remedies as deemed necessary by the Custodian for the conduct of the Public Funds' or the Pension Funds' affairs. All provisions stated herein shall continue to apply in the event of any amendment of this Agreement.

**8.6 Termination for Convenience.**

a. **Pre-Termination.** Subject to the following, either party may terminate this Agreement for convenience. If either party believes that the business relationship covered by this Agreement is no longer beneficial or cooperative and there are not sufficient grounds for terminating this Agreement under Section 8.3 through 8.5, such party may propose the termination of this Agreement for convenience. Prior to such termination, the parties, for a period of 90 days, shall in good faith seek to resolve the concerns of the party raising such matters. If the parties are able to resolve the concerns of the party, this Agreement shall continue, except as the parties may agree pursuant to their discussions. If appropriate, the parties shall agree upon any amendments to this Agreement that are necessary to implement their mutual decisions. If the parties are unable to resolve the concerns of the party after 90 days, the party raising the concerns shall be able to terminate this Agreement for convenience.

b. **Termination.** Subject to Section a. above, a party shall give a written notice of the termination to the other party that sets forth the date of such termination, which shall be not less than ninety (90) days after the date of such notice.

c. **Custodial Agent's Obligations.** The Custodial Agent shall incur no further obligations in connection with the terminated work and on the date set in the notice of termination the Custodial Agent will stop work to the extent specified. The Custodial Agent shall also terminate outstanding orders and subcontracts as they relate to the



terminated work. The Custodial Agent shall settle the liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated work. The Custodial Agent must still complete any work not terminated by the notice of termination and shall continue ongoing obligations as are necessary to do so.

d. Compensation.

(i) The Custodial Agent shall submit a termination claim specifying the amounts due because of the termination for convenience together with cost or pricing data required for such claim. If the Custodial Agent fails to file a termination claim within one year from the effective date of termination, the Custodian may pay the Custodial Agent, if at all, an amount set in accordance with Subparagraph (c) of this Paragraph.

(ii) The Custodian and the Custodial Agent may agree to a settlement and that the settlement does not exceed the total contract price for services accepted under this Agreement plus settlement costs reduced by payments previously made by the Custodian;

(iii) Absent complete agreement under Subparagraph (ii) of this Paragraph d., the Custodian shall pay the Custodial Agent the following amounts, provided payments agreed to under Subparagraph (ii) shall not duplicate payments under this Subparagraph:

(1) contract prices for services accepted under this Agreement;

(2) costs reasonably incurred in performing the terminated portion of the work less amounts paid or to be paid for accepted services;

(3) reasonable costs of settling and paying claims arising out of the termination of subcontracts or orders pursuant to Paragraph (2) of this clause. These costs must not include costs paid in accordance with Subparagraph (d)(ii) of this paragraph;

(4) any other reasonable costs that have resulted from the termination. The total sum to be paid the Custodial Agent under this Subparagraph shall not exceed the total contract price plus the reasonable settlement costs of the Custodial Agent reduced by the amount of payments otherwise made and the contract price of work not terminated.

(iv) Custodial Agent must demonstrate any costs claimed, agreed to, or established under Subparagraphs (b) and (c) of this Paragraph using its standard record keeping system, provided such system is consistent with any

applicable Generally Accepted Accounting Principles.

**8.7 Successors and Assigns.** This Agreement is not assignable by either party without the prior written consent of the other, except that (i) the Custodial Agent 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 Custodial Agent shall, upon such succession and without any appointment or other action by the Custodian, be and become successor custodian hereunder. The Custodial Agent agrees to provide notice of such successor custodian to the Custodian. Any assignment in violation of this provision shall be voidable at the option of the non-assigning party. This Agreement shall be binding upon, and inure to the benefit of, the Custodian and the Custodial Agent and their respective successors and permitted assigns.

**8.8 Bankruptcy of Custodial Agent.**

a. Notice. In the event the Custodial Agent enters into proceedings relating to bankruptcy, whether voluntary or involuntary, the Custodial Agent agrees to furnish written notification of the bankruptcy to the Custodian. This notification shall be furnished within five (5) days of the initiation of the proceedings relating to the bankruptcy filing. This notification shall include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, and a listing of all Custodian contracts against which final payment has not been made. This obligation remains in effect until final payment under this Agreement.

b. Termination. This Agreement is voidable and subject to immediate termination by the Custodian upon the Custodial Agent's insolvency, including the filing of proceedings in bankruptcy.

**8.9 Additional Termination Matters.** Upon termination hereof for any reason, including a termination pursuant to Section 8.3, 8.4, 8.5, 8.6 or 8.8 hereof, the Custodian from the applicable Account(s) shall pay to the Custodial Agent such compensation as may be due to Custodial Agent, and shall likewise reimburse the Custodial Agent from the applicable Account(s) for other amounts payable or reimbursable to the Custodial Agent hereunder. Custodial Agent shall follow such reasonable Written Instructions concerning the transfer of custody of records, Securities and other items as the Custodian shall give; provided that (a) the Custodial Agent shall have no liability for shipping and insurance costs associated therewith, and (b) full payment shall have been made to the Custodial Agent 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 Custodial Agent may deliver to the Custodian 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.** Non-Custody Assets are securities and other assets not held by, delivered to, or under the control of the Custodial Agent, yet, as an accommodation by the Custodial Agent to the Custodian, are recorded by Custodial Agent on one or more Accounts. The Custodial Agent will provide consolidated recordkeeping services monthly, quarterly, and annually for Non-Custody Assets and will accurately reflect Non-Custody Assets on bank-issued audited statements and audited reports. Non-Custody Assets shall be designated on Custodial Agent's books and in all bank-issued audited reports and audited statements made available to Custodian, RSIC, or PEBA as "not-in-bank" or by other similar characterization. The Custodian acknowledges and agrees that it shall have no security entitlement against the Custodial Agent with respect to Non-Custody Assets, that the Custodial Agent shall rely, without independent verification, on information provided to Custodial Agent regarding Non-Custody Assets (including but not limited to positions and market valuations), and that the Custodial Agent shall have no responsibility whatsoever with respect to Non-Custody Assets or the accuracy of any information maintained on the Custodial Agent's books or set forth on account statements concerning Non-Custody Assets. Notwithstanding the foregoing, the Custodial Agent shall have a duty to accurately record information received by Custodial Agent (including, but not limited to, valuation, date of valuation, and provider of any pricing information) with respect to such Non-Custody Assets.

**9.2 Appropriate Action.** The Custodial Agent 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.

**9.3 Compliance with Laws.** During the term of this Agreement, the Custodial Agent shall comply with all applicable provisions of laws, codes, ordinances, rules, regulations, and tariffs.

**9.4 Governing Law; Jurisdiction; Venue.** This Agreement and any dispute, claim, or controversy related thereto shall be construed in accordance with and governed by the substantive laws of the state of South Carolina without regard to its conflict of laws provisions. The parties consent to the jurisdiction of a state court situated in Richland County, South Carolina in connection with any dispute hereunder. The Custodial Agent irrevocably waives any objection it may now or hereafter have to venue in such court and any claim that a proceeding brought in such court has been brought in an inconvenient forum. Custodial Agent agrees that any act by Custodian regarding this Agreement is not a waiver of either the Custodian's sovereign immunity or the Custodian's immunity under the Eleventh Amendment of the Constitution of the United States. Custodial Agent and Custodian consent that any papers, notices, or process necessary or proper for the initiation or continuation of any disputes, claims, or controversies relating to this Agreement; for any court action in connection therewith; or for the entry of judgment on any award made, may be served on Custodial Agent or Custodian by certified mail (return receipt requested) addressed to the relevant party at the address set forth on the signature page or such other address as either party may designate in writing to the other or by personal service or by any other manner that is permitted by law, in or outside South Carolina. Notice by certified mail is deemed duly given upon deposit in the United States mail.

**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 Custodian hereby acknowledges that the Custodial Agent 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 Custodial Agent must obtain, verify and record information that allows the Custodial Agent to identify the Custodian. Accordingly, prior to opening an Account hereunder, the Custodial Agent will ask the Custodian to provide certain information including, but not limited to, the Custodian's name, physical address, tax identification number and other information that will help the Custodial Agent to identify and verify the Custodian's identity, such as organizational documents, certificate of good standing, license to do business, or other pertinent identifying information. The Custodian agrees that the Custodial Agent cannot open an Account hereunder unless and until the Custodial Agent verifies the Custodian's identity in accordance with the Custodial Agent's CIP.

**9.7 Notices.** Except as otherwise provided herein, notices shall be in writing and shall be addressed to the Custodial Agent or the Custodian at the address set forth on the signature page or such other address as either party may designate in writing to the other. All notices shall be deemed duly given (1) upon actual delivery, if delivery is by hand, (2) upon receipt by the transmitting party of automated confirmation or answer back from the recipient's device if delivery is by telex, telegram, facsimile, or electronic mail, or (3) upon deposit into the United States mail, if postage is prepaid, a return receipt is requested, and either registered or certified mail is used.

**9.8 Publicity.** The Custodial Agent shall not publish any comments or quotes by any employees or officers of Custodian or any other State Agency, department, or office or include the Custodian in either news releases or a published list of customers without the prior written approval of the Custodian.

**9.9 Waiver.** The Custodian does not waive any prior or subsequent breach of the terms of this Agreement by making payments on this Agreement, by failing to terminate this Agreement for lack of performance, or by failing to strictly or promptly insist upon any term of this Agreement. Only the Custodian has actual authority to waive any of the Custodian's rights under this Agreement. Any waiver must be in writing.

**9.10 Entire Agreement.** This Agreement and any related fee agreement constitute the entire agreement with respect to the matters dealt with herein, and supersede all previous agreements, whether oral or written, and documents with respect to such matters.

**9.11 Necessary Parties.** All of the understandings, agreements, representations and warranties contained herein are solely for the benefit of the Custodian and the Custodial Agent, and, except as expressly provided in sections 1.2d and 6.5 of this Agreement, there are no other parties who are intended to be benefited by this Agreement.

**9.12 Relationship of the Parties.** Neither party hereto is an employee, partner, or joint venturer of the other. Neither party hereto has the right or ability to bind the other to any agreement with a third party or to incur any obligation or liability on behalf of the other party.

**9.13 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.

**9.14 Severability.** If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining provisions shall remain in full force and effect.

**9.15 Confidentiality.**

a. The Custodial Agent shall maintain as confidential all information concerning the business of the Custodian, RSIC, and PEBA, their financial affairs, relations with their clientele and employees and other State agencies, the investment strategies and holdings of any third-party private investment vehicle in which Pension Funds are invested, and any other information which may be specifically classified as confidential by the Custodian, RSIC, or PEBA in writing to the Custodial Agent. The use or disclosure by any party of any information concerning Public Funds or Pension Funds for any purpose not directly connected with the administration of the Custodian's, RSIC's, PEBA's, or the Custodial Agent's responsibilities under this Agreement is prohibited, except by written consent of the Custodian for Public Funds or RSIC or PEBA, as applicable, for Pension Funds. Notwithstanding the foregoing, the Custodial Agent may aggregate Public Fund or Pension Fund data with similar data of other clients of the Custodial Agent and may use such aggregated data for purposes of constructing statistical models so long as such aggregated data is sufficiently large enough that no Public Fund or Pension Fund data can be identified either directly or by inference or by implication. Notwithstanding the foregoing of this subsection a., the confidential information of the Custodian, RSIC and PEBA shall not include information or other data that (i) is generally available to the public other than as a result of a disclosure by the Custodial Agent or one of its affiliates in violation of this Agreement; (ii) is expressly identified by the Custodian as not being confidential or (iii) becomes available to the Custodial Agent on a non-confidential basis from a source other than the Custodian, provided that such source is not known by the Custodial Agent or any affiliate of the Custodial Agent to be bound by a confidentiality agreement with the Custodian or other obligation of confidentiality. In addition, Custodial Agent may disclose such confidential information to such third parties as directed by the Custodian, RSIC or PEBA and to regulatory agencies having jurisdiction

over the Custodial Agent who request confidential information.

b. Additionally, to the extent consistent with the South Carolina Freedom of Information Act, the Custodian, RSIC, and PEBA shall maintain as confidential all information which Custodial Agent specifies as confidential. To this end, the Custodial Agent's confidential information shall include any technical, financial, business, customer or consumer information in written, electronic, verbal or any other form. The confidential information of the Custodial Agent shall not include information or other data that (i) is generally available to the public other than as a result of a disclosure by the Custodian, RSIC or PEBA in violation of this Agreement; (ii) is expressly identified by the Custodial Agent as not being confidential or (iii) becomes available to the Custodian, RSIC or PEBA on a non-confidential basis from a source other than the Custodial Agent, provided that such source is not known by the Custodian, RSIC or PEBA to be bound by a confidentiality agreement with the Custodial Agent or other obligation of confidentiality.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

**Authorized Signer of:**  
**STATE TREASURER'S OFFICE,**  
**STATE OF SOUTH CAROLINA**

By: Curtis M. Loftis, Jr.  
Name: Curtis M. Loftis, Jr.  
Title: State Treasurer  
Date: December 19, 2013

**Authorized Officer of:**  
**THE BANK OF NEW YORK MELLON**

By: James M. Wenstrom  
Name: James M. Wenstrom  
Title: Vice President  
Date: December 30, 2013

**Address for Notice:**  
State Treasurer's Office  
PO Box 11778  
Columbia, SC 29211  
Attention: Custody Officer

**Address for Notice:**  
The Bank of New York Mellon  
135 Santilli Highway  
Everett, MA 02149  
Attention: Jim Wenstrom  
Vice President

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## 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 Custodian 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, C, D  
REDACTED