

This Custodial Agreement is made and entered into as of October 1, 2024 (the "Effective Date") by and between Principal Bank® ("Custodian") and the undersigned City of Merced ("Owner") as owner(s) in regard to the custody of certain assets of the Owner.

1. **The Account.** The Owner hereby appoints the Custodian as its agent to receive, hold and deal with, subject to the terms hereof, certain assets of the Owner (the "Account"). The Account shall consist of those assets, which the Owner notifies the Custodian shall be included in the Account, together with the income, proceeds and profits thereon. The Custodian agrees to (a) safely keep such assets separate from the assets of other trust accounts and (b) deposit such assets at depositories or agent depositories of the Custodian; provided, however, that the records of the Custodian at all times show that such assets are held on behalf of the Owner, notwithstanding registration in a nominee name as provided for in Section 9 (Registration of Securities).
2. **Investment Managers.** The Custodian shall act upon written direction from the Owner or from one or more investment managers duly appointed in writing by the Owner (each, an "Investment Manager"), unless otherwise specified herein. Any direction given by the Owner or from an Investment Manager may be given directly to the Custodian. The Owner shall furnish the Custodian with a written list of the names, signatures, and extent of authority of all persons authorized to direct the Custodian and otherwise act on behalf of the Owner under the terms of this Custodial Agreement and shall cause such Investment Manager to furnish the Custodian with a written list of the names and signatures of the persons who are authorized to represent such Investment Manager under this Custodial Agreement.
3. **Responsibilities of the Custodian.** The Custodian shall with respect to assets held under this Custodial Agreement:
 - (a) Invest and reinvest them as instructed by the Owner or Investment Manager, including in cash or other short-term investment vehicles or instruments as the Owner or Investment Manager considers advisable;
 - (b) Collect the income thereon and their proceeds upon sale, redemption or maturity;
 - (c) From time to time, on the written direction of Owner, make disbursements out of the Account to such persons, in such manner, in such amounts, and for such purposes as may be specified in such written direction. The Custodian shall be under no liability for any disbursement made by it pursuant to such direction;
 - (d) Endorse, assign and deliver assets as directed by the Owner in writing;
 - (e) As instructed by the Owner or Investment Manager, make, execute, acknowledge and deliver any and all certificates of ownership, documents of transfer, or other declarations necessary or appropriate to carry out the custodianship duties and powers;
 - (f) Deliver proxy and other materials for securities held in the Account, including offers to tender or exchange such securities, to the Owner or otherwise as the Owner may direct in writing;
 - (g) Utilize agents other than persons on its regular payroll and delegate to them such ministerial and other non-discretionary duties as it sees fit and to rely upon such information furnished by such agents;
 - (h) Decline to accept any asset which it deems to be unsuitable or inconsistent with its custodial operations;
 - (i) Invest money or assets of the Account in any registered investment company to which the Custodian or an affiliate of the Custodian provides services and receives compensation for providing such services as such investment may be directed by Owner or an agent of Owner;
 - (j) Invest available cash in the Account, pending disbursement or investment, in a cash management vehicle as designated by the Owner. Owner understands and agrees that cash management vehicles made available by the Custodian may include deposit accounts of the Custodian or an affiliate, and that such deposit vehicles are specifically authorized for use in the Account;
 - (k) With respect to valuation of assets held in the Account: (A) obtain the fair market value of publicly traded assets, including securities issued by the Owner, where such assets have a readily ascertainable market value; (B) rely on pricing direction received from the Owner to the extent any securities issued by the Owner are or become thinly traded and/or a readily ascertainable market value is not available; and (C) rely on pricing direction received from the Owner or its authorized agent for any non-publicly traded assets, including non-publicly traded securities issued by the Owner.

4. **Sub-Custodians.** The Custodian may at its discretion appoint and remove sub-custodians, which may be an affiliate of the Custodian, to carry out such of the provisions of this Custodial Agreement as the Custodian may from time to time direct. The Custodian shall be liable for the acts or omissions of a sub-custodian to the same extent as if the action or omission were performed by the Custodian itself, taking into account the facts and circumstances and the established local market practices and laws prevailing in the particular jurisdiction in which the Owner elects to invest.
5. **Directions.** The Custodian's duties with respect to assets will be that of custodian only. Upon receipt of oral directions as confirmed in writing, or written instructions from the Owner or Investment Manager, the Custodian agrees to execute necessary orders to effect such purchases, sales, subscriptions or exchanges of assets as directed. The Custodian shall be under no duty to review or recommend the purchase, retention, sale or other disposition of any asset purchased, retained, sold or otherwise disposed of at the instruction from the Owner or Investment Manager, or to take or omit any other action with respect to assets except in accordance with this Custodial Agreement. The Custodian shall not be liable for any loss or depreciation to assets resulting from any investments made upon the instruction from the Owner or Investment Manager.
6. **Statements.** If, within ninety (90) days after the Custodian mails to the Owner a statement with respect to the Account, the Owner has not given the Custodian written notice of any exception or objection thereto, the statement shall be deemed to have been approved. In such cases, the Custodian shall not be liable for any matters in such statements, except with respect to any acts or transactions as to which the Owner shall set forth in a written statement claiming negligence, willful misconduct or lack of good faith on the part of the Custodian which is filed with the Custodian during such ninety (90) day period.
7. **Special Investments.** As a matter of convenience, the Custodian may include in its reports the value of assets for which it does not maintain custody, including but not limited to investments in common or collective funds not administered by the Custodian, limited partnerships, and unregulated investment funds (each, a "Special Investment"). The Custodian may account for a Special Investment by means of "shadowed" recordkeeping in order to include the Special Investment's value on a composite statement for the Account that includes all of the Account's other investments. The Owner directs the Custodian to report those assets solely as a recordkeeping item on the account statements. The Custodian is not responsible for the accuracy of the information provided by the asset's custodian or other source, and does not certify that any information provided by the custodian or other source is true or correct, notwithstanding any subsequent statement to the contrary regarding the Special Investment. The Owner agrees to indemnify and hold the Custodian harmless from any and all liability resulting from errors caused by inaccurate reporting, failure of the asset's custodian to provide accurate information, and other errors and omissions related to the information supplied to the Custodian by the asset's custodian or other reporting source.
8. **Reporting.** The Custodian agrees to make available to the Owner: (i) an itemized statement showing the assets held in the Account as of the last day of the month and all receipts, disbursements, and transactions in the Account since the date of the last statement, and (ii) an annual report covering the most recent plan year of all receipts, disbursements and a market appraisal of assets held as of the end of such period. The Owner consents to receive such reports electronically.
9. **Registration of Securities.** The Custodian, in its sole discretion, may cause any or all of the securities under its custody and control pursuant to this Custodial Agreement to be registered in its name as the Custodian, or in the name of its nominee. The Custodian agrees to maintain such records as may be necessary to identify such securities as being a part of the assets held under this Custodial Agreement.
10. **Compensation.** The Custodian shall be entitled to be reimbursed for its expenses hereunder and to compensation for its services as may be agreed to, in writing, from time to time between the Owner and the Custodian. Such expenses and compensation, to the extent they are not paid by the Owner, shall be paid out of the assets held under this Custodial Agreement. The Custodian may also pay other expenses out of assets held under this Custodial Agreement as directed by the Owner.
11. **Security Interest.** To the extent not prohibited by applicable law, the Owner hereby agrees that Custodian shall have a continuing lien and security interest in any asset then held by the Custodian for the benefit of the Owner if the Custodian or any of its affiliates or agents: (a) advances financial assets under this Custody Agreement for any purpose; or (b) incurs expenses, charges, taxes, assessments, claims, liabilities or other indebtedness in connection with the performance of this Custodial Agreement.
12. **Payment from the Account.** In the event that any payment or disbursement is made from the Account pursuant to the Custodial Agreement and such payment or disbursement is not presented for payment for a period of no less than six (6) months following the date of issue, the Custodian may redeposit the funds in the Account unless otherwise directed by the Owner. The Custodian will follow the Owner's direction, which may include re-depositing the funds in the Account or placing the funds in the unclaimed property account in accordance with state unclaimed property laws.

13. **Termination.** The term of this Custodial Agreement is three years, and begins on October 1, 2024 and ends on September 30, 2027. The Owner and Custodian may mutually agree to extend the Agreement for up to two additional one year extensions with the maximum full Custodial Agreement term of five years. Notwithstanding the above, however, either party may at any time terminate this Custodial Agreement by giving sixty (60) days' notice in writing to the other party. Upon termination of this Custodial Agreement, the Custodian shall deliver to the Owner or upon its order, all assets in its possession and control hereunder after deducting therefrom any and all sums due to the Custodian as reimbursement for expenses and/or services as set forth in Section 10 (Compensation) and shall have no further custodial responsibilities for the assets in the Account. In the event that the Owner fails to appoint a successor custodian within sixty (60) days following receipt of the Custodian's notice of termination, the Custodian may, in its sole discretion and at the expense of the Owner, petition any court of competent jurisdiction for the appointment of a successor custodian or for other appropriate relief, and any such resulting appointment shall be binding upon all the parties. If a successor custodian cannot be located, either before or after any application has been made to any court, the Owner shall assume custodial responsibilities over the Account. All expenses of the Custodian in connection with the proceeding will be allowed as administrative expenses of the Account.
14. **Limitation of Liability and Indemnification.** The duties and obligations of the Custodian shall be limited to those expressly set forth in this Custodial Agreement. With respect to the performance of its duties under this Custodial Agreement, the Custodian is not a "fiduciary" as that term is defined in the Employee Retirement Income Security Act of 1974 (ERISA) and amendments thereto or any other fiduciary laws. The Custodian shall not be liable for any acts, failures to act, actions, or decisions made by any prior fiduciary, custodian, or trustee. The Custodian and its officers, directors and agents hereunder shall be reimbursed, indemnified, and held harmless by the Owner against any and all costs, losses, claims, damages, expenses and liabilities including, but not limited to, taxes, governmental charges, legal and attorney's fees and disbursements reasonably incurred by or imposed against the Account or the Custodian in connection with any claim made against it or in which it may be involved by reason of it being, or having been, a custodian hereunder. This indemnity does not extend to any liability, loss, claim, damage or expense arising from the gross negligence, willful misconduct or malfeasance on the part of the Custodian, its officers, agents or employees. The Custodian, its affiliates, and their officers, directors, employees or agents shall not be liable to the Owner for any actions or failures to act or for any errors of judgments made in good faith. The Custodian may decline to perform any action under this Custodial Agreement if, in the Custodian's reasonable opinion, such action would contravene applicable law, and the Custodian shall incur no liability for such determination.
15. **Consequential Damages.** Notwithstanding any other provision set forth herein, in no event shall the Custodian be liable for any indirect, consequential, special, incidental, or punitive damages of any kind whatsoever (including, without limitation, lost profits) with respect to the services provided pursuant to this Custodial Agreement, regardless of whether the Custodian has been advised of the possibility of such damages.
16. **Force Majeure.** Notwithstanding anything to the contrary in this Custodial Agreement, except as required by applicable law, the Custodian shall not be responsible or liable for its failure to perform under this Custodial Agreement or for any losses to the Account resulting from any event beyond the reasonable control of the Custodian, its agents or sub-custodians, including but not limited to nationalization, strikes, expropriation, devaluation, seizure, eminent domain or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Owner's property; or the breakdown, failure or malfunction of any utilities, telecommunications systems, or computer systems; or any order or regulation of any banking or securities industry, including changes in market rules and market conditions affecting the execution of settlement transactions; or poor or incomplete data provided by the Owner; or acts or war, terrorism, insurrection or revolution; pandemic; or acts of God; or any similar event, or any other unusual circumstances not reasonably within the control of the Custodian.
17. **Survival.** The provisions of Section 10 (Compensation), Section 11 (Security Interest), Section 13 (Termination), Section 14 (Limitation of Liability and Indemnification), Section 15 (Consequential Damages), and Section 16 (Force Majeure) shall survive the termination or expiration of this Custodial Agreement.
18. **Authority of Signers.** Each individual signing this Custodial Agreement represents and warrants that she or he has, individually or in concert with the other persons signing this Custodial Agreement on behalf of the same entity, the authority to sign this Custodial Agreement and thereby bind that entity to the terms and conditions of this Custodial Agreement. The Custodian may absolutely rely upon any and all such directions, instructions, or notices and shall be fully protected in acting in accordance therewith.
19. **Communication.** If a provision of this Custodial Agreement requires that a communication or document be provided by or to the Custodian in writing or written form, that requirement may also be satisfied by a facsimile transmission, electronic mail or other electronic transmission of text (including electronic records attached thereto), if the Custodian reasonably believes such communication or document has been signed, sent or presented (as applicable) by any

IN WITNESS WHEREOF, the undersigned have executed this Custodial Agreement to be effective as of the Effective Date.

City of Merced

Principal Bank

Signed _____

Signed _____



Name _____

Name

Scott Christensen

Business
Title _____

Business
Title

President - Principal Bank

Account Number: 10348700 and all related sub accounts

File Number(s): 10348700F

APPROVED AS TO FORM:

Craig Cornwell
City Attorney
City of Merced