

AIG MATCHED FUNDING CORP.

September 29, 2008

Wells Fargo Bank, National Association
608 2nd Avenue South, 9th Floor
Minneapolis, Minnesota 55479

Attention: Institutional Trust Services

Re: Custody Agreement
Wells Fargo Bank, N.A., as Collateral Agent

Ladies and Gentlemen:

AIG Matched Funding Corp. (“AIGMFC”) will deposit cash and Securities (collectively referred to as the “Collateral”) with Wells Fargo Bank, National Association, as Collateral Agent (the “Collateral Agent”) to secure the obligations of AIGMFC to the South Dakota Conservancy District (the “District”) and The First National Bank in Sioux Falls, as trustee (the “Trustee”) pursuant to the Investment Agreement, dated as of July 13, 2004, as amended by Amendment No. 1, dated as of November 19, 2004 (as so amended, the “Investment Agreement”), a copy of which is attached hereto as Exhibit A and incorporated herein by reference, by and among AIGMFC, the District and the Trustee. Capitalized terms used herein but not defined herein shall have the same meanings as those set forth in the Investment Agreement. The Collateral will be held by the Collateral Agent, subject to the following terms and conditions:

1. Custody Account

(a) The Collateral Agent shall hold the Collateral deposited hereunder (or any substitutions thereof or additions thereto less any withdrawals therefrom) in a custody account (the “Custody Account”) for the benefit of the Trustee. The Custodian hereby accepts appointment as collateral agent and agrees to establish and maintain the Custody Account in the name of the Trustee and to hold therein the Collateral as provided hereunder as securities intermediary for the Trustee, as entitlement holder. The Custodian shall hold the Custody Account and the Collateral therein for the purpose of perfecting the Trustee's security interest in the Collateral and shall dispose of the Collateral only in accordance with the terms and conditions of this Agreement; provided, however, that, except for the performance of its duties hereunder, the Custodian shall have no responsibility with respect to the validity or the perfection of the security interest.

(b) The Collateral Agent shall identify the interest of the Trustee in the Collateral deposited hereunder and shall confirm to AIGMFC and the Trustee its receipt of the initial deposit of the Collateral.

(c) The Collateral Agent shall title the Custody Account as follows: “South Dakota Conservancy District and The First National Bank in Sioux Falls, as secured parties under the Custody Agreement, dated as of September 29, 2008, between AIGMFC and Wells Fargo Bank, National Association, relating to South Dakota Conservancy District Clean Water State Revolving Fund Revenue Bonds, Series 2001, Drinking Water State Revolving Fund Program Bonds, Series 2001, and State Revolving Fund Revenue Bonds, Series 2004”. The Custody Account shall be treated by the Collateral Agent as a “securities account” within the meaning of Section 8-501 of the uniform commercial code (“UCC”).

(d) The Collateral Agent confirms that it is a “securities intermediary”, as defined in Section 8-102(a)(14) of the UCC, and that in the ordinary course of its business it maintains securities accounts. Pursuant to Section 8-110(e)(1) of the UCC, for purposes of this Agreement, the securities intermediary’s jurisdiction is State of Minnesota. The Collateral Agent hereby agrees that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Custody Account shall be treated as a “financial asset” within the meaning of Section 8-102(a)(9) of the UCC.

2. Collateral

(a) The Collateral Agent shall only accept for deposit Collateral as permitted under the Investment Agreement.

(b) AIGMFC hereby grants to the Trustee a first priority perfected security interest in all the Collateral delivered or transferred to the Collateral Agent hereunder and in any and all proceeds of and distributions on such Collateral.

(c) Delivery of Collateral to the Collateral Agent under this Agreement shall be made in the following manner: in the case of cash, by wire transfer to the Collateral Agent of immediately available funds; in the case of Securities other than Book-Entry Securities, by physical delivery of the certificates to the Collateral Agent in suitable form for delivery and transfer or via other clearing mechanisms generally in use, accompanied by all documents as may be required to permit re-registration of such Securities by the Collateral Agent in the name of the Collateral Agent; provided, however, that the Collateral Agent shall not re-register, sell, pledge or otherwise dispose of any Securities unless an Event of Default under Section 5.1 of the Investment Agreement has occurred and is continuing; and in the case of Book-Entry Securities, by transfer and registration of such Book-Entry Securities in the name of the Collateral Agent to an account maintained at a Federal Reserve Bank or through any other mutually-agreed clearing mechanism for such Book-Entry Securities.

(d) Collateral deposited in a book-entry account at the Federal Reserve Bank of San Francisco or a securities depository may be commingled in the Collateral Agent’s book-entry account with securities belonging to its other customers but shall be segregated for the benefit of the Trustee on the books of the Collateral Agent.

(e) Upon receipt of a written request from the Trustee, the Collateral Agent shall allow the Trustee or its designated agent to conduct an inspection of the Collateral held in physical form hereunder. Upon receipt of a written request from the Trustee, the Collateral Agent shall provide the Trustee with a statement listing the Collateral held hereunder as of the date of such statement.

(f) Unless the Collateral Agent has received written notice from the Trustee that an Event of Default under the Investment Agreement has occurred and is continuing, the Collateral Agent shall invest all cash included in the Collateral in Securities at the written direction and at the sole risk of AIGMFC. Without limiting AIGMFC's rights pursuant to the preceding sentence, AIGMFC may direct the investment of any cash in Securities which are interest bearing overnight accounts or deposits of the Collateral Agent.

(g) Except as more specifically provided herein, all notices regarding the valuation, identity of the Collateral, substitution of the Collateral or withdrawal of the Collateral shall (i) if prepared by the Collateral Agent, be promptly provided in writing to AIGMFC and the Trustee, and (ii) if prepared by AIGMFC, be promptly provided in writing to the Collateral Agent and the Trustee.

3. Income

All payments of principal of and interest on any Collateral, if received by the Collateral Agent, shall, on the date of the receipt thereof be remitted to AIGMFC (i) except to the extent that the aggregate Collateral Value would be less than the Collateral Requirement upon such remittance or (ii) unless, prior thereto, the Collateral Agent has received written notice from the Trustee that an Event of Default under the Investment Agreement has occurred and is continuing, in which event the Collateral Agent shall hold such interest payments and dividends exclusively for and subject to the sole instructions of the Trustee. Any payment of principal of or interest on any Collateral received by the Collateral Agent and not remitted to AIGMFC due to a Collateral Value deficiency shall constitute cash Collateral until remitted to AIGMFC. In the case of any Collateral comprised of Securities, AIGMFC shall provide to the Collateral Agent a list of payments of principal of and interest on such Collateral one (1) Business Day prior to the date such payments are due. In the event that the amount of any payment listed on the list referred to in the preceding sentence (which listed amount may be recalculated by the Collateral Agent) is greater than the actual amount of such payment when received by the Collateral Agent and the Collateral Agent remits to AIGMFC such listed amount, AIGMFC shall promptly remit the amount of such excess to the Collateral Agent. The Collateral Agent shall have no responsibility whatsoever to determine whether an Event of Default has occurred or is continuing under the Investment Agreement.

4. Release of Collateral

AIGMFC shall, upon one (1) Business Day's notice to the Collateral Agent and the Trustee, be entitled to withdraw Collateral on any Business Day to the extent that the aggregate Collateral Value determined pursuant to Section 3.3 of the Investment Agreement exceeds the Collateral Requirement on such day. Such notice shall specify the Collateral to be withdrawn. The Collateral Agent shall deliver to AIGMFC the Collateral so specified before the

close of business on the first Business Day following receipt of such notice; provided, however, that only so much Collateral may be withdrawn as will not reduce the aggregate Collateral Value on the day of withdrawal to less than the Collateral Requirement on such day.

5. Substitution of Collateral

(a) AIGMFC shall, upon one (1) Business Day's notice to the Collateral Agent and the Trustee, be entitled on any Business Day to substitute for any Collateral other Collateral having the same or a greater Collateral Value at the time of substitution. Such notice shall specify the Collateral to be withdrawn. Not later than one (1) Business Day prior to the date of substitution AIGMFC shall notify the Collateral Agent and the Trustee of the substitute Collateral to be delivered to the Collateral Agent. The Collateral Agent shall as soon as practicable following receipt of the notice described in the first sentence of this Paragraph, but no later than 2:00 p.m. (New York City time) on the first Business Day following receipt of such notice, deliver to AIGMFC the Collateral so specified for withdrawal against delivery by AIGMFC of such substitute Collateral. All deliveries and substitutions of Collateral under this Agreement shall be made on a delivery versus payment basis.

(b) Whenever substitutions are made, notices describing the substituted Collateral are to be forwarded promptly by the Collateral Agent to AIGMFC and the Trustee. Any Collateral received in substitution plus any additional Collateral deposited hereunder shall become part of the Collateral pledged by AIGMFC pursuant to the Investment Agreement and shall be held in every respect subject to the terms and conditions hereof and of the Investment Agreement.

6. Return of Collateral

In addition to the Collateral Agent's obligation to deliver Collateral to AIGMFC pursuant to Paragraphs 4 and 5 hereof, if (i) the ratings on the long-term unsecured, unsubordinated debt obligations issued by the Guarantor shall be raised to or above "AA-", in the case of S&P, and to or above "Aa3", in the case of Moody's, or (ii) AIGMFC assigns its rights and obligations under the Investment Agreement to another entity pursuant to the terms and conditions thereof or (iii) AIGMFC shall have paid to the Trustee all principal and interest due the Trustee under the Investment Agreement, then the pledge of all Collateral hereunder and under the Investment Agreement shall be released and the Collateral Agent shall, on the first Business Day following the date on which AIGMFC shall have provided a written request to the Collateral Agent, promptly pay over and deliver and transfer to AIGMFC all of the Collateral.

7. Delays

In the event that in transferring or crediting Collateral from or to the Custody Account there is a delay arising out of the Collateral Agent's negligence or willful misconduct, the Collateral Agent will compensate AIGMFC at a rate calculated in accordance with the interbank compensation rules then in effect between major commercial banks in New York City. The Collateral Agent will provide AIGMFC with information in its possession reasonably required to assist AIGMFC to obtain such compensation from other persons in the event such delay is caused by such persons.

8. Default

(a) Upon receipt by the Collateral Agent of written notice from the Trustee that AIGMFC is in default under the Investment Agreement and the applicable cure period has elapsed, the Collateral Agent shall hold the Collateral for and subject to the sole instructions of the Trustee and shall deliver the Collateral to the Trustee in accordance with the instructions of the Trustee.

(b) If an Event of Default has occurred and is continuing, the Collateral shall be managed as follows: (i) the Collateral Agent shall hold subject to the lien of the Investment Agreement all payments of principal or interest received by it in respect of the Collateral and all proceeds thereof, and shall invest the same at the sole risk of AIGMFC in securities issued or guaranteed by the United States Government and having a remaining term to maturity of not more than thirty (30) days; and (ii) no substitution or release of Collateral pursuant to the terms of this Agreement shall be permitted.

9. Responsibilities and Indemnification

(a) AIGMFC agrees to be responsible for all fees and expenses of the Collateral Agent as AIGMFC and the Collateral Agent may mutually agree from time to time. The Collateral Agent shall not be liable for any loss or damage, including reasonable fees of counsel, resulting from its action or omission to act or otherwise, except for any such loss or damage arising out of its own negligence, bad faith or willful misconduct. The Collateral Agent shall have no obligation hereunder for costs, expenses, damages, liabilities or claims, including attorney's fees, which are sustained or incurred by reason of any action or inaction by the Book-Entry System, any Clearing Corporation or Trust Receipt Authority, or their successors or nominees. Except as provided in Paragraph 7 above, in no event shall the Collateral Agent be liable to the Trustee, AIGMFC or any third party for special, indirect or consequential damages, or lost profits or loss of business, arising under or in connection with this Agreement, even if the Collateral Agent is appraised of the likelihood of such damages. The Collateral Agent may, with respect to questions of law, apply for and obtain the advice and opinion of counsel, and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice or opinion.

(b) AIGMFC hereby agrees to indemnify the Collateral Agent for, and hold it harmless against any loss, liability or expense in connection with, arising out of or in any way related to the transactions contemplated and relationship established by this Agreement, or any action or omission by the Collateral Agent in connection with this Agreement, including the reasonable costs, expenses and attorneys fees of attorneys chosen by the Collateral Agent incurred in defending any such claim liability, except that AIGMFC shall not be liable for any loss, liability or expense that is determined to be the direct result of acts or omissions on the part of the Collateral Agent constituting negligence or willful misconduct. The Collateral Agent hereby agrees to indemnify AIGMFC for, and hold it harmless against any loss, liability or expense that is determined to be the direct result of acts or omissions on the part of the Collateral Agent constituting negligence or willful misconduct, including the reasonable costs, expenses and attorneys fees of attorneys chosen by AIGMFC, incurred in defending any such claim liability.

(c) Except as provided in the Investment Agreement, the Collateral Agent will be responsible for only those duties stated in this Agreement, as it may from time to time be amended, and no implied duties or obligations shall be read into this Custody Agreement against the Collateral Agent. The Collateral Agent will use the same care with respect to the safekeeping of the Collateral held by it hereunder as it uses in respect of its own similar property.

10. Notices

Notices required or authorized hereunder shall be in writing and delivered either by mail, postage prepaid, by hand delivery or by facsimile to the party to whom they are directed at the following addresses (or to such other address as any party hereto may from time to time designate by notices duly given in accordance with this paragraph):

(i) if to AIGMFC, at:

AIG Matched Funding Corp.
50 Danbury Road
Wilton, Connecticut 06897-4444
Attention: Chief Financial Officer
(with a copy to the General Counsel)
Telephone: (203) 222-4700
Telecopy: (866) 836-3889
Full Name and Account Number for payments:
The Bank of New York, New York
ABA# 021000018
A/C AIG Matched Funding Corp.
Acct. # 8900416130
Ref: # 564388

(ii) if to the Collateral Agent, at:

Wells Fargo Bank, N.A.
Institutional Trust Services
MAC N9303-09C
608 2nd Avenue South, 9th Floor
Minneapolis, Minnesota 55479
Attention: Scott Little
Telephone: (612) 667-6647
Facsimile: (612) 316-2026

Name and Account Numbers:

Cash:

Wells Fargo Bank, N.A.
ABA # 121000248
Account Name: Trust Wire Clearing
Account # 0000840245
For Further Credit to: S. Dakota Revolving Fund, 2001/04/05
Wells Fargo Account Number: 212 821 36
Attention: Scott Little

Book Entry Securities:

San Francisco Federal Reserve
WF SF/Trust
ABA # 121000248
For Further Credit to: S. Dakota Revolving Fund, 2001/04/05
Wells Fargo Account Number: 212 821 36

Depository Trust Company (DTC):

DTC Participant Number 2027
For Further Credit to: S. Dakota Revolving Fund, 2001/04/05
Wells Fargo Account Number: 212 821 36

Physical Securities:

Deutsche Bank
14 Wall Street, 4th Floor
Window 44
New York, NY 10015
Attention: Warren Holtzman/Account # 092192
212-618-2633
For Further Credit to: S. Dakota Revolving Fund, 2001/04/05
Wells Fargo Account Number: 212 821 36

(iii) if to the Trustee, at:

The First National Bank in Sioux Falls
100 South Phillips Avenue
Sioux Falls, South Dakota 57104-6706

Telephone: (605) 335-5180

Telecopy: (605) 357-7666

Full Name and Account Number for payments:

Name: The First National Bank in Sioux Falls

ABA # 091400021

A/C # 109-339-2

Ref: Trust Dept

Attn: Corporate Trust Dept

All instructions given to the Collateral Agent by telephone hereunder shall be immediately repeated back to AIGMFC to confirm that such instructions were correctly understood.

11. Monthly Statement

In addition to the requirements of Paragraph 5(b) above, on or prior to the 20th calendar day of each month the Collateral Agent shall furnish to the AIGMFC and the Trustee a statement listing the identity, location and Collateral Value of the Collateral held hereunder as of the last day of the prior month.

12. Confidentiality

The Collateral Agent agrees that it shall not disclose details or information relating to the Collateral and transactions effected with respect thereto, or the Investment Agreement to any affiliates or subsidiaries of the Collateral Agent or any department of the Collateral Agent other than Institutional Trust Services, except such details or information may be disclosed to directors, officers, employees or agents of the Collateral Agent who may have a need to know such information in connection with providing services hereunder. In addition, except as may be provided by judicial process or applicable law, the Collateral Agent shall not disclose such details or information to any other persons.

13. Governing Law

This Agreement will be governed by and construed in accordance with the laws of the State of New York, without regard to its conflict of laws principles.

14. Amendments and Resignation

Except as provided in the Investment Agreement, this Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. In the event of any conflict between the terms of this Agreement and the Investment Agreement, the terms of the Investment Agreement shall govern. This Agreement may be altered or amended only with the written consent of the parties

hereto, with prior written notice to and consent of the Trustee and the District (such consent not to be unreasonably withheld). The Collateral Agent may be replaced by AIGMFC or may resign at any time upon 30 days prior written notice to the parties hereto. No such replacement or resignation shall become effective until the acceptance of appointment by a successor to the Collateral Agent hereunder (which successor shall be acceptable to AIGMFC and the Trustee). If AIGMFC consents to the appointment of a successor and if the instrument of acceptance by such successor to the Collateral Agent shall not have been delivered to the Collateral Agent within 60 days of the Collateral Agent's giving its notice of resignation, then the Collateral Agent may petition any court of competent jurisdiction for the appointment of a successor. AIGMFC agrees not to unreasonably withhold its consent under this paragraph.

15. Assignment

This Agreement may not be assigned by any party hereto without the prior written consent of the Trustee, except that AIGMFC may assign this Agreement to any subsidiary of AIGMFC or any subsidiary of the Guarantor to which the Investment Agreement is assigned under Section 6.1 thereof, provided that the assignee shall assume all the rights and obligations of AIGMFC hereunder and that prior to such transfer the Guarantor shall confirm in writing to AIGMFC and the Trustee that the Guarantee shall remain in full force and effect after such assignment, and except that the Collateral Agent may assign this Agreement to any of its subsidiaries, provided that the assignee shall assume all rights and obligations of the Collateral Agent hereunder.

16. Headings

The headings of the Paragraphs hereof are included for convenience of reference only and do not form a part of this Custody Agreement.

17. Benefit of Agreement

The District and the Trustee are intended third party beneficiaries of this Agreement.

18. Severability of Provisions

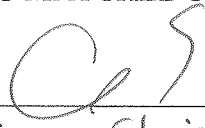
In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

19. Counterparts

This Agreement may be executed in two or more counterparts and such counterparts taken together shall be deemed to constitute one and the same agreement. This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto.

Very truly yours,

AIG MATCHED FUNDING CORP.



By: Chris Tolt
Title: VP

ACCEPTED AND AGREED TO AS OF THE
DATE HEREOF:

WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Collateral Agent

By:
Title:

The undersigned acknowledges receipt of the foregoing agreement and acknowledges that such agreement is acceptable to it in satisfaction of the requirements of clause (x) of Section 3.2 of the Investment Agreement identified above as a result of the downgrading of the rating of the Guarantor.

THE FIRST NATIONAL BANK IN SIOUX FALLS, as Trustee

By:
Title:

SOUTH DAKOTA CONSERVANCY DISTRICT

By:
Title:

Very truly yours,

AIG MATCHED FUNDING CORP.

By:
Title:

ACCEPTED AND AGREED TO AS OF THE
DATE HEREOF:

WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Collateral Agent


By: Scott R. Little
Title: Vice President

The undersigned acknowledges receipt of the foregoing agreement and acknowledges that such agreement is acceptable to it in satisfaction of the requirements of clause (x) of Section 3.2 of the Investment Agreement identified above as a result of the downgrading of the rating of the Guarantor.

THE FIRST NATIONAL BANK IN SIOUX FALLS, as Trustee

By:
Title:

SOUTH DAKOTA CONSERVANCY DISTRICT

By:
Title:

Very truly yours,

AIG MATCHED FUNDING CORP.

By:
Title:


ACCEPTED AND AGREED TO AS OF THE
DATE HEREOF:

WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Collateral Agent

By:
Title:

The undersigned acknowledges receipt of the foregoing agreement and acknowledges that such agreement is acceptable to it in satisfaction of the requirements of clause (x) of Section 3.2 of the Investment Agreement identified above as a result of the downgrading of the rating of the Guarantor.

THE FIRST NATIONAL BANK IN SIOUX FALLS, as Trustee



By: Kristie Wiederrich

Title: Asset Liabilities & Trust Officer

SOUTH DAKOTA CONSERVANCY DISTRICT

By:
Title:

Very truly yours,

AIG MATCHED FUNDING CORP.

By:
Title:

ACCEPTED AND AGREED TO AS OF THE
DATE HEREOF:

WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Collateral Agent

By:
Title:

The undersigned acknowledges receipt of the foregoing agreement and acknowledges that such agreement is acceptable to it in satisfaction of the requirements of clause (x) of Section 3.2 of the Investment Agreement identified above as a result of the downgrading of the rating of the Guarantor.

THE FIRST NATIONAL BANK IN SIOUX FALLS, as Trustee

By:
Title:

SOUTH DAKOTA CONSERVANCY DISTRICT



By: James Feeney
Title: Natural Resources Administrator