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THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

AGREEMENT FOR DEFERRED COMPENSATION PLAN ADMINISTRATION SERVICES

I. PARTIES

A. Address

THIS AGREEMENT FOR DEFERRED COMPENSATION PLAN ADMINISTRATION SERVICES (the "Agreement") is made by and between the **CITY OF HOUSTON, TEXAS** ("City"), a home-rule city of the State of Texas, and **GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY** ("Contractor"), a Colorado corporation doing business in Texas.

The initial addresses of the parties, which one party may change by giving written notice to the other party, are as follows:

City

Director of Finance
or Designee
City of Houston
P.O. Box 5160
Houston, Texas 77251

Contractor

Great-West Life & Annuity Insurance Company
8515 East Orchard Road, 10T2
Green wood Village, CO 80111

Attention: Senior Vice President, Government Markets

The Parties agree as follows:

B. Table of Contents

This Agreement consists of the following sections:

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G. Fees

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J. Performance Standards

K. Stable Asset Value Fund Documents

C. Parts Incorporated

The above described exhibits are incorporated into this Agreement.

D. Controlling Parts

If a conflict among the sections of the Agreement and any of the exhibits arises, the sections of the Agreement control over the Exhibits.

E. Signatures

The Parties have executed this Agreement in multiple copies, each of which is an original.

WITNESS:

By:_____

Name:

Title:

GREAT-WEST LIFE & INSURANCE COMPANY

By:_____

Name: Gregory E. Seller

Title: Senior Vice President, Government Market

ATTEST/SEAL:

_____
City Secretary

CITY OF HOUSTON, TEXAS
Signed by:

_____
Mayor

APPROVED:

_____
Director, Finance Department

COUNTERSIGNED BY:

_____
City Controller

APPROVED AS TO FORM:

_____
Assistant City Attorney
L.D. File No. 0340800129001

DATE COUNTERSIGNED:

12-26-08

II. DEFINITIONS

As used in this Agreement, the following terms have the meanings set out below:

"Agreement" means this contract between the Parties, including all exhibits and any written amendments authorized by City Council and Contractor.

"Business Day" means any day that the New York Stock Exchange is open.

"Committee" means the City of Houston Deferred Compensation Advisory Committee.

"City" is defined in the preamble of this Agreement and includes its successors and assigns.

"City Attorney" means the City Attorney of the City's Legal Department, or the person he or she designates.

"Contractor" is defined in the preamble of this Agreement and includes its successors and assigns.

"Countersignature Date" means the date shown as the date countersigned on the signature page of this Agreement.

"Director" means the Director of the Department of Finance, or the person he or she designates.

"Documents" mean notes, manuals, notebooks, plans, computations, databases, tabulations, exhibits, reports, underlying data, charts, analyses, maps, letters, models, forms, photographs, the original tracings of all drawings and plans, and other work products (and any modifications or improvements to them) that Contractor prepares or provides under this Agreement.

"Investment Options" means those investment options set forth in Exhibit "I" attached to this Agreement and as may be amended from time to time by the Director.

"Parties" mean all the entities set out in the Preamble who are bound by this Agreement.

"Plan" means the City of Houston Deferred Compensation Plan set forth in Exhibit "H" to this Agreement and as may be amended from time to time.

III. DUTIES OF CONTRACTOR

A. Scope of Services

In consideration of the payments specified in this Agreement, Contractor shall provide all labor, material, and supervision necessary to perform the services described in Exhibit "A.".

B. Coordinate Performance

Contractor shall coordinate its performance with the Director and other persons that he or she may designate. Contractor shall promptly inform the Director and other person(s) of all significant events relating to the performance of this Agreement.

C. Payment of Subcontractors

Contractor shall make timely payments to all persons and entities supplying labor, materials, or equipment for the performance of this Agreement. CONTRACTOR SHALL DEFEND AND INDEMNIFY THE CITY FROM ANY CLAIMS OR LIABILITY ARISING OUT OF CONTRACTOR'S FAILURE TO MAKE THESE PAYMENTS. Contractor shall submit disputes relating to payment of MWBE subcontractors to arbitration in the same manner as any other disputes under the MWBE subcontract.

D. **RELEASE**

CONTRACTOR AGREES TO AND SHALL RELEASE THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH,

DAMAGE, OR LOSS IS CAUSED BY THE CITY'S SOLE OR CONCURRENT NEGLIGENCE AND/OR THE CITY'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY.

E. INDEMNIFICATION

CONTRACTOR AGREES TO AND SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR ARISING FROM PERFORMANCE UNDER THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:

(1) CONTRACTOR'S AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY IN NUMBERED PARAGRAPHS 1-3, "CONTRACTOR") ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS;

(2) THE CITY'S AND CONTRACTOR'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER CONTRACTOR IS IMMUNE FROM LIABILITY OR NOT; AND

(3) THE CITY'S AND CONTRACTOR'S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER CONTRACTOR IS IMMUNE FROM LIABILITY OR NOT.

CONTRACTOR SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY HARMLESS DURING THE TERM OF THIS AGREEMENT AND FOR FOUR YEARS AFTER THE AGREEMENT TERMINATES. CONTRACTOR'S INDEMNIFICATION IS LIMITED TO $500,000 PER OCCURRENCE. CONTRACTOR SHALL NOT INDEMNIFY THE CITY FOR THE CITY'S SOLE NEGLIGENCE.

F. INDEMNIFICATION-PATENT, COPYRIGHT, TRADEMARK, AND TRADE SECRET INFRINGEMENT)

CONTRACTOR AGREES TO AND SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") FROM ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) RESULTING FROM THE CITY'S USE OF ANY EQUIPMENT, SOFTWARE, PROCESS, OR DOCUMENTS CONTRACTOR FURNISHES DURING THE TERM OF THIS AGREEMENT INFRINGES ON A PATENT, COPYRIGHT, OR TRADEMARK, OR MISAPPROPRIATES A TRADE SECRET.

CONTRACTOR SHALL NOT SETTLE ANY CLAIM ON TERMS WHICH PREVENT THE CITY FROM USING THE EQUIPMENT, SOFTWARE, PROCESS, AND DOCUMENTS WITHOUT PRIOR NOTICE TO THE CITY.

WITHIN 60 DAYS AFTER BEING NOTIFIED OF A CLAIM OR MATTER FALLING WITHIN THIS SECTION III(F), CONTRACTOR SHALL, AT ITS OWN EXPENSE, EITHER (1) OBTAIN FOR THE CITY THE RIGHT TO CONTINUE USING THE EQUIPMENT, SOFTWARE, PROCESS, AND DOCUMENTS OR, (2) IF BOTH

PARTIES AGREE, REPLACE OR MODIFY THEM WITH COMPATIBLE AND FUNCTIONALLY EQUIVALENT PRODUCTS. IF NONE OF THESE ALTERNATIVES IS REASONABLY AVAILABLE, THE CITY MAY RETURN THE EQUIPMENT, SOFTWARE, OR DOCUMENTS, OR DISCONTINUE THE PROCESS, AND CONTRACTOR SHALL REFUND THE AMOUNTS THAT ARE REASONABLY ATTRIBUTABLE TO THE LOSS OF SUCH EQUIPMENT, SOFTWARE, OR DOCUMENTS, INCLUDING BUT NOT LIMITED TO ANY DAMAGE ARISING FROM THE CITY'S INABILITY TO USE SUCH EQUIPMENT, SOFTWARE OR DOCUMENTS.

G. **INDEMNIFICATION PROCEDURES**

(1) Notice of Claims. If the City or Contractor receives notice of any claim or circumstances which could give rise to an indemnified loss, the receiving party shall give written notice to the other party within 30 days. The notice must include the following:

(a) a description of the indemnification event in reasonable detail,

(b) the basis on which indemnification may be due, and

(c) the anticipated amount of the indemnified loss.

This notice does not estop or prevent the City from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice. If the City does not provide this notice within the 30 day period, it does not waive any right to indemnification except to the extent that Contractor is prejudiced, suffers loss, or incurs expense because of the delay.

(2) Defense of Claims

(a) Assumption of Defense. Contractor may assume the defense of the claim at its own expense with counsel chosen by it that is reasonably satisfactory to the City. Contractor shall then

control the defense and any negotiations to settle the claim. Within 10 days after receiving written notice of the indemnification request, Contractor must advise the City as to whether or not it will defend the claim. If Contractor does not assume the defense, the City shall assume and control the defense, and all defense expenses constitute an indemnification loss.

(b) Continued Participation. If Contractor elects to defend the claim, the City may retain separate counsel to participate in (but not control) the defense and to participate in (but not control) any settlement negotiations. Contractor may settle the claim without the consent or agreement of the City, unless it (i) would result in injunctive relief or other equitable remedies or otherwise require the City to comply with restrictions or limitations that adversely affect the City, (ii) would require the City to pay amounts that Contractor does not fund in full, (iii) would not result in the City's full and complete release from all liability to the plaintiffs or claimants who are parties to or otherwise bound by the settlement.

H. Insurance

Contractor shall maintain in effect certain insurance coverage, which is described as follows:

(1) Risks and Limits of Liability. Contractor shall maintain the following coverages and limits of liability:

(Coverage)	(Limit of Liability)
Workers' Compensation	Statutory for Workers' Compensation
Employer's Liability	Bodily Injury by accident $500,000 (each accident) Bodily Injury by Disease $500,000 (policy limit) Bodily Injury by Disease $500,000 (each employee)
Commercial General Liability: Including Broad Form Coverage, Contractual Liability, Bodily and Personal Injury, and Completed Operations	Bodily Injury and Property Damage, Combined Limits of $500,000 each Occurrence and $1,000,000 aggregate
Automobile Liability Insurance (for vehicles Contractor	$1,000,000 combined single limit per occurrence

uses in performing under this Agreement, including Employer's Owned, Non-Owned Hired Auto Coverage)

Professional Liability — $1,000,000 combined single limit per occurrence

Defense costs are excluded from the face amount of the policy.
Aggregate Limits are per 12-month policy period unless otherwise indicated.

(2) Form of Policies. The Director may approve the form of the insurance policies, but nothing the Director does or fails to do relieves Contractor from its duties to provide the required coverage under this Agreement. The Director's actions or inactions do not waive the City's rights under this Agreement.

(3) Issuers of Policies. The issuer of any policy shall have a Certificate of Authority to transact insurance business in Texas or have a Best's rating of at least B+ and a Best's Financial Size Category of Class VI or better, according to the most current edition Best's Key Rating Guide, Property-Casualty United States.

(4) Insured Parties. Each policy, except those for Workers' Compensation, Employer's Liability, and Professional Liability, must name the City (and its officers, agents, and employees) as Additional Insured parties on the original policy and all renewals or replacements.

(5) Deductibles. Contractor shall be responsible for and bear any claims or losses to the extent of any deductible amounts and waives any claim it may have for the same against the City, its officers, agents, or employees.

(6) Cancellation. Each policy must state that it may not be canceled, materially modified, or nonrenewed unless the insurance company gives the Director 30 days' advance written notice. Contractor shall give written notice to the Director within

five days of the date on which total claims by any party against Contractor reduce the aggregate amount of coverage below the amounts required by this Agreement. In the alternative, the policy may contain an endorsement establishing a policy aggregate for the particular project or location subject to this Agreement.

(7) Subrogation. Each policy must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the City, its officers, agents, or employees.

(8) Endorsement of Primary Insurance. Each policy, except Workers' Compensation and Professional Liability, must contain an endorsement that the policy is primary to any other insurance available to the Additional Insured with respect to claims arising under this Agreement.

(9) Liability for Premium. Contractor shall pay all insurance premiums, and the City shall not be obligated to pay any premiums.

(10) Subcontractors. Contractor shall require all subcontractors to carry insurance naming the City as an additional insured and meeting all of the above requirements except amount. The amount must be commensurate with the amount of the subcontract, but in no case less than $500,000 per occurrence. Contractor shall provide copies of insurance certificates to the Director.

(11) Proof of Insurance.

(a) Prior to execution of this Agreement, Contractor shall furnish the Director with Certificates of Insurance, along with an Affidavit from Contractor confirming that the Certificates accurately reflect the insurance coverage maintained. If requested in

writing by the Director, Contractor shall furnish the City with certified copies of Contractor's actual insurance policies.

(b) Contractor shall continuously and without interruption, maintain in force the required insurance coverages specified in this Section. If Contractor does not comply with this requirement, the Director, at his or her sole discretion, may

(1) immediately suspend Contractor from any further performance under this Agreement and begin procedures to terminate for default, or

(2) purchase the required insurance with City funds and deduct the cost of the premiums from amounts due to Contractor under this Agreement.

The City shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

(12) Other Insurance. If requested by the Director, Contractor shall furnish adequate evidence of Social Security and Unemployment Compensation Insurance, to the extent applicable to Contractor's operations under this Agreement.

I. Warranties

Contractor's performance shall conform to the professional standards prevailing in Harris County, Texas with respect to the scope, quality, due diligence, and care of the services and products Contractor provides under this Agreement.

J. Use of Work Products

(1) The City may use all notes, plans, computations, databases, tabulations, exhibits, photographs, reports, underlying data and other work products incorporated into any reports delivered to the City (collectively, the "Documents") that Contractor prepares or obtains under this Agreement.

(2) Contractor warrants that it owns the copyright to any of the Documents that are directly created by Contractor using solely its own materials.

(3) Contractor shall deliver the original Documents that Contractor directly prepares to the Director on request. Within five working days after this Agreement terminates, Contractor shall deliver to the Director the original Documents, and all other files and materials necessary for their use.

(4) If there are any Documents that are necessary for the operation of the Plan or the transfer of the Plan to a successor, Contractor shall arrange for such documents to be used by the City or delivered to the City, even if they were not "directly prepared" by Contractor.

K. Licenses and Permits

Contractor shall obtain, maintain, and pay for all licenses, permits, and certificates including all professional licenses required by any statute, ordinance, rule, or regulation. Contractor shall immediately notify the Director of any suspension, revocation, or other detrimental action against his or her license.

L. Compliance with Laws

Contractor shall comply with all applicable state and federal laws and regulations and the City Charter and Code of Ordinances.

M. Compliance with Equal Opportunity Ordinance

Contractor shall comply with City's Equal Employment Opportunity Ordinance as set out in Exhibit "B".

N. MWBE Compliance

Contractor shall comply with the City's Minority and Women Business Enterprise ("MWBE") programs as set out in Chapter 15, Article V of the City of Houston Code of Ordinances. Contractor

shall make good faith efforts to award subcontracts or supply agreements in at least 11% of the value of this Agreement to MWBEs. Contractor acknowledges that it has reviewed the requirements for good faith efforts on file with the City's Affirmative Action Division and will comply with them.

Contractor shall require written subcontracts with all MWBE subcontractors and shall submit all disputes with MWBEs to binding arbitration if directed to do so by the Affirmative Action Division Director. MWBE subcontracts must contain the terms set out in Exhibit "C". If Contractor is an individual person (as distinguished from a corporation, partnership, or other legal entity), and the amount of the subcontract is $50,000 or less, the subcontract must also be signed by the attorneys of the respective parties.

O. Drug Abuse Detection and Deterrence

(1) It is the policy of the City to achieve a drug-free workforce and workplace. The manufacture, distribution, dispensation, possession, sale, or use of illegal drugs or alcohol by contractors while on City Premises is prohibited. Contractor shall comply with all the requirements and procedures set forth in the Mayor's Drug Abuse Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31 ("Executive Order"), which is incorporated into this Agreement and is on file in the City Secretary's Office.

(2) Before the City signs this Agreement, Contractor shall file with the Contract Compliance Officer for Drug Testing ("CCODT"):

(a) a copy of its drug-free workplace policy,

(b) if applicable (e.g. no safety impact positions), the Drug Policy Compliance Agreement substantially in the form set forth in Exhibit "D," together with a written designation of all safety impact positions and,

(c) if applicable (e.g. no safety impact positions), the Certification of No Safety Impact Positions, substantially in the form set forth in Exhibit "E."

If Contractor files a written designation of safety impact positions with its Drug Policy Compliance Agreement, it also shall file every 6 months during the performance of this Agreement or on completion of this Agreement if performance is less than 6 months, a Drug Policy Compliance Declaration in a form substantially similar to Exhibit "F." Contractor shall submit the Drug Policy Compliance Declaration with respect to safety impact personnel, if any, to the CCODT within 30 days of the expiration of each 6-month period of performance and within 30 days of completion of this Agreement. The first 6-month period begins to run on the date the City issues its Notice to Proceed or if no Notice to Proceed is issued, on the first day Contractor begins work under this Agreement.

(3) Contractor also shall file updated designations of safety impact positions with the CCODT if additional safety impact positions are added to Contractor's employee work force.

(4) Contractor shall require that its subcontractors comply with the Executive Order, and Contractor shall secure and maintain the required documents for City inspection.

P. Conversion to Successor Recordkeeper and Custodian

Contractor shall cooperate with any successor in function and shall use its best efforts to assist in such entity's conversion program by furnishing such assistance and documentation that the Director may reasonably require for the transition. Contractor shall be responsible for the development, implementation, and success of any conversion program only to the extent that its cooperation and input are integral to the conversion process. Contractor shall provide timely and accurate records to a successor recordkeeper and custodian, including copies of all records maintained either in writing or electronically pursuant to this Agreement, with complete and accurate

descriptions and explanations of the fields, formats, and layouts of computerized records, regardless of whether such records were "directly prepared" by Contractor or not. Contractor shall not unreasonably delay transfer of the assets and shall cooperate with all reasonable requests by either the City or the successor in function during the conversion period.

Q. Preservation of Information

a. All information obtained by Contractor from the City, any Plan participant or beneficiary, or any Committee or City employee, whether the employee becomes a participant or not, shall be kept in absolute confidence and shall not be utilized by Contractor, its parent or any subcontractor, affiliate or any of their officers, directors, agents or employees in connection with any other matters of any other type or kind, nor shall such information be disclosed to any other person, firm, or corporation, unless the prior written consent of the Director has been obtained, or unless such disclosure is required by law.

b. Contractor shall maintain for no less than three years all data and records generated by it in connection with the Plan's investments, accounting, and operations, in the manner described in Exhibit "A" of this Agreement. All records, documents, and electronic accounting records relative to the Plans shall at all times remain the property of the City, notwithstanding the fact that the records may have been stored by Contractor. The City shall, at all times, have access to those records during normal business hours and with reasonable advance notice. This subsection shall survive termination of this Agreement.

R. Special Representations of Contractor

In addition to all other representations, covenants, and warranties contained in this

Agreement, Contractor represents that:

Neither Contractor, any officer, stockholder, director, employee, nor subsidiary of Contractor nor any subcontractor of Contractor nor any subcontractor of Contractor associated with administration or investments of the Plan is subject to any present litigation or administrative proceeding of or before any court or administrative body that would have a materially adverse effect on participants in the Plan, Contractor or any subcontractor of Contractor. To the best knowledge of Contractor, no litigation or proceeding presently threatened against it or any of its property or the property of any subcontractor, except that litigation or those administrative proceedings which have been fully disclosed to the City. Contractor, its subcontractors, subsidiaries and affiliates, to the best of Contractor's knowledge, are presently in compliance with all existing laws and regulations applicable to it, a violation of which would or could materially adversely affect its operations or would or could materially affect its ability to fulfill its obligations and undertakings set forth in this Agreement.

Contractor presently has no interest and shall not acquire or sell any interest, direct or indirect, that would conflict in any manner or degree with the performance of its services under this Agreement.

Contractor has the requisite knowledge, experience, licenses, permits and resources to fully and properly perform all of its duties and obligations and exercise all of its power as set forth herein and will assign highly qualified people to the City.

During the entire tenure of this Agreement, Contractor has an affirmative duty to immediately advise the Director in writing, if any of the representations contained in this Section are no longer correct.

S. Professional Conduct

Contractor shall assign only highly qualified employees and agents to the performance of its duties under this Agreement and act in good faith at all times in a professional manner. Whether or not Contractor is found to be a Plan fiduciary by a court of competent jurisdiction, Contractor represents and warrants that it shall at all times use the care, skill, diligence, and prudence of a fiduciary (the "Standard of Care").

In so doing, any possible conflict of interest between Contractor and the City shall be fully disclosed to the Director in advance and the Director's permission sought before Contractor engages in any activity deemed to be a conflict of interest with the Plan. Contractor represents that there is and will be no conflict of interest with respect to the investment options offered by Contractor to the Plan, both as to the Plan and the Participants, i.e., investment options offered by Contractor shall be those that Contractor believes are in the best interest of the Plan and/or participant and (other than for Contractor's retention of disclosed fees to which it is entitled under Exhibit "G" of this Agreement) the options offered shall have no relationship to the amount, if any, to the compensation Contractor, its agents, officers or employees may receive with respect to the offered options. Further, Contractor shall not withhold any relevant information of which is has knowledge about any of the investment options offered by the Plan.

T. Conflict of Interests of Contractor and City Employees

No officer, Council member or employee of the City shall have any financial interest, direct or indirect, in this Agreement or be financially interested, directly or indirectly, in the sale to the Plan of any materials, supplies or services, except on behalf of the Plan as an officer or employee. Any violation of this section shall constitute malfeasance in office of any officer, Council member or employee guilty thereof. Any violation of this section, with knowledge, express or implied, of the

Contractor shall render the contract involved voidable by the Director.

U. Performance Standards

Contractor shall undertake to meet the service performance standards set forth in Exhibit "J" attached to this Agreement, subject to the guidelines for measuring Contractor's performance under the standards and the dollar amount at risk for each standard.

V. Pay or Play

The requirements and terms of the City of Houston Pay or Play program, as set out in Executive Order 1-7, are incorporated into this Agreement for all purposes. Contractor has reviewed Executive Order No. 1-7 and shall comply with its terms and conditions as they are set out at the time of City Council approval of this Agreement.

IV. PAYMENT

A. Payment Terms

The City shall pay and Contractor shall accept fees at the prices provided in Exhibit "G" for all services provided by Contractor. The fees must only be paid from Allocated Funds, as provided below.

B. Expenses and Reimbursement

Reimbursable expenses include the following:

(1) the ordinary and reasonable cost, including any sales tax Contractor is legally required to pay, for copying, printing, postage, running computer analyses, messages, delivery services, long distance telephone calls, and any additional expenses listed in Exhibit "G" Contractor incurs during its performance of Additional Services under this Agreement; and

(2) the ordinary and reasonable costs of travel to points outside of Houston by Contractor's representatives, not to exceed the amount established under the City's then-current travel reimbursement policy for its employees, if the travel is reasonably necessary to accomplish a task and authorized by the Director.

C. Taxes

The City is exempt from payment of Federal Excise and Transportation Tax and Texas Limited Sales and Use Tax. Contractor's invoices to the City must not contain assessments of any of these taxes. The Director will furnish the City's exemption certificate and federal tax identification number to Contractor if requested.

D. Method of Payment

The City shall pay Contractor for services on the basis of monthly invoices submitted by Contractor and approved by the Director showing the hours worked in the preceding month and the corresponding hourly rate as described in Exhibit "G". The City shall make payments to Contractor at its address for notices within 30 days of receipt of an approved invoice.

If the City disputes any items in an invoice Contractor submits for any reason, including lack of supporting documentation, the Director shall temporarily delete the disputed item and pay the remainder of the invoice. The Director shall promptly notify Contractor of the dispute and request remedial action. After the dispute is settled, Contractor shall include the disputed amount on a subsequent regularly scheduled invoice or on a special invoice for the disputed item only.

E. Limit of Appropriation

(1) The City's duty to pay money to Contractor under this Agreement is limited in its entirety by the provisions of this Section.

(2) In order to comply with Article II, Sections 19 and 19a of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has appropriated and allocated the sum of $0.00 to pay money due under this Agreement (the "Original Allocation"). The executive and legislative officers of the City, in their discretion, may allocate supplemental funds for this Agreement, but they are not obligated to do so. Therefore, the parties have agreed to the following procedures and remedies:

(3) The City makes a Supplemental Allocation by issuing to Contractor a Service Release Order, or similar form approved by the City Controller, containing the language set out below. When necessary, the Supplemental Allocation shall be approved by motion or ordinance of City Council.

NOTICE OF SUPPLEMENTAL ALLOCATION OF FUNDS

By the signature below, the City Controller certifies that, upon the request of the responsible director, the supplemental sum set out below has been allocated for the purposes of the Agreement out of funds appropriated for this purpose by the City Council of the City of Houston. This supplemental allocation has been charged to such appropriation.

$ _____

(4) The Original Allocation plus all supplemental allocations are the Allocated Funds. The City shall never be obligated to pay any money under this Agreement in excess of the Allocated Funds. Contractor must assure itself that sufficient allocations have been made to pay for services it provides. If Allocated Funds are exhausted, Contractor's only remedy is suspension or termination of its performance under this Agreement, and it has no other remedy in law or in equity against the City and no right to damages of any kind.

F. Access to Data

The City shall, to the extent permitted by law, allow Contractor to access and make copies of documents in the possession or control of the City or available to it that are reasonably necessary for Contractor to perform under this Agreement.

The City does not, however, represent that all existing conditions are fully documented, nor is the City obligated to develop new documentation for Contractor's use.

G. Confidentiality - Mutual Nondisclosure

1. In order for Contractor or City personnel to perform the obligations under this Agreement, it may become necessary for either party to receive or have access to specifications, designs, plans, drawings, software, data prototypes, or other technical or business information of the other party that either existed before performance of work or was subsequently developed independent of the parties performance of contract obligations ("Background Information"), which is considered proprietary or confidential by the other party. In addition, information developed in connection with the performance of this Agreement ("Delivered Information"), which is provided under this Agreement is proprietary and confidential. All Background Information and all Delivered Information are collectively referred to in this Section as "Information".

2. The party to whom Information is disclosed, shall:

(a) hold the Information in confidence and protect it in accordance with the security regulations by which it protects its own proprietary or confidential information;

(b) restrict disclosure of the Information solely to those employees, agents and representatives with a need to know; and

(c) advise those employees, agents and representatives of their obligations with respect to the Information.

3. The party to whom Information is disclosed shall have no obligation to preserve the proprietary nature of any Information that:

(a) was previously known to it free and clear of any obligation to keep it confidential;

(b) except as otherwise provided under this Agreement, is disclosed to third parties by the disclosing party without restriction;

(c) is or becomes publicly available by other than unauthorized disclosure;

(d) is independently developed by it; or

(e) is disclosed in response to requests made under the Texas Public Information Act or a court order, or is permitted under applicable state or federal law. However, the party ordered to disclose the Information shall (i) give the disclosing party of the Information or Software prompt written notice of all such requests, and (ii) cooperate with the disclosing party's efforts to obtain a protective order protecting the Information or Software from disclosure.

4. Neither party shall be liable for the inadvertent or accidental disclosure of Information, if the disclosure occurs despite the exercise of a reasonable degree of care, which is at least as great as the care the party normally takes to preserve its own proprietary information of a similar nature.

5. All Information owned by Contractor or its suppliers and furnished to the City under this Agreement is the property of Contractor or the supplier, and unless otherwise expressly provided in the applicable Order, the City, its agents and representatives shall:

(a) use Information only to install, operate, or maintain the product(s) for which originally furnished or to perform an audit conducted by City employees or a third

party to assess Contractor's performance under the Agreement and the effectiveness of systems, software, and equipment provided by Contractor;

(b) use Information only for the City's internal business purposes;

(c) not reproduce or copy Information except as authorized under this Agreement unless the parties otherwise agree in writing;

(d) not use the Information to develop other software;

(e) return or destroy the Information and any copies when no longer needed or permitted for use with the product for which initially furnished; and

(f) not remove Information from the United States.

6. Upon request, the receiving party shall return to the furnishing party all Background Information received in tangible form that is not part of the Delivered Information.

V. TERM AND TERMINATION

A. Agreement Term

This Agreement is effective on January 1, 2009 and remains in effect for three (3) years unless sooner terminated under this Agreement.

B. Renewals

If the Director, at his or her sole discretion, makes a written request for renewal to Contractor at least 30 days before expiration of the then-current term and if sufficient funds are allocated, then, upon expiration of the initial term, this Agreement is renewed for two (2) successive one-year terms upon the same terms and conditions.

C. Termination for Convenience by City

The Director may terminate this Agreement at any time by giving 30 days written notice to Contractor. The City's right to terminate this Agreement for convenience is cumulative of all rights and remedies which exist now or in the future.

On receiving the notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement and cancel all existing orders and subcontracts that are chargeable to this Agreement. As soon as practicable after receiving the termination notice, Contractor shall submit an invoice showing in detail the services performed under this Agreement up to the termination date. The City shall then pay the fees to Contractor for services actually performed, but not already paid for, in the same manner as prescribed in Section IV unless the fees exceed the allocated funds remaining under this Agreement.

TERMINATION OF THIS AGREEMENT AND RECEIPT OF PAYMENT FOR SERVICES RENDERED ARE CONTRACTOR'S ONLY REMEDIES FOR THE CITY'S TERMINATION FOR CONVENIENCE, WHICH DOES NOT CONSTITUTE A DEFAULT OR BREACH OF THIS AGREEMENT. CONTRACTOR WAIVES ANY CLAIM (OTHER THAN ITS CLAIM FOR PAYMENT AS SPECIFIED IN THIS SECTION), IT MAY HAVE NOW OR IN THE FUTURE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM THE CITY'S TERMINATION FOR CONVENIENCE.

D. Termination for Cause

If Contractor defaults under this Agreement, the Director may either terminate this Agreement or allow Contractor to cure the default as provided below. The City's right to terminate this Agreement for Contractor's default is cumulative of all rights and remedies which exist now or in the future. Default by Contractor occurs if:

(1) Contractor fails to perform any of its duties under this Agreement;

(2) Contractor becomes insolvent;

(3) all or a substantial part of Contractor's assets are assigned for the benefit of its creditors; or

(4) a receiver or trustee is appointed for Contractor.

If a default occurs, the Director may, but is not obligated to, deliver a written notice to Contractor describing the default and the termination date. However, if the Director desires to terminate this Agreement based upon Contractor's default, the Director must deliver a written notice to Contractor describing the default and the proposed termination date. The termination date must be at least 90 days after the date of written notice. The Director, at his or her sole option, may extend the proposed termination date to a later date. If the Director allows Contractor to cure the default and Contractor does so to the Director's satisfaction before the termination date, then the termination is ineffective. If Contractor does not cure the default before the termination date, then the Director may terminate this Agreement on the termination date, at no further obligation of the City.

To effect final termination, the Director must notify Contractor in writing. After receiving the notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement, and promptly cancel all orders or subcontracts chargeable to this Agreement.

E. Termination for Cause by Contractor

Contractor may terminate its performance under this Agreement only if the City defaults and fails to cure the default after receiving written notice of it. Default by the City occurs if the City fails to perform one or more of its material duties under this Agreement. If a default occurs and Contractor wishes to terminate the Agreement, then Contractor must deliver a written notice to the Director describing the default and the proposed termination date. The date must be at least 30 days

after the Director receives notice. Contractor, at its sole option, may extend the proposed termination date to a later date. If the City cures the default before the proposed termination date, then the proposed termination is ineffective. If the City does not cure the default before the proposed termination date, then Contractor may terminate its performance under this Agreement on the termination date.

VI. MISCELLANEOUS

A. Independent Contractor

Contractor shall perform its obligations under this Agreement as an independent contractor and not as an employee of the City.

B. Severability

If any part of this Agreement is for any reason found to be unenforceable, all other parts remain enforceable unless the result materially prejudices either party.

C. Entire Agreement

This Agreement merges the prior negotiations and understandings of the Parties and embodies the entire agreement of the Parties. No other agreements, assurances, conditions, covenants (express or implied), or other terms of any kind, exist between the Parties regarding this Agreement.

D. Written Amendment

Unless otherwise specified elsewhere in this Agreement, this Agreement may be amended only by written instrument executed on behalf of the City (by authority of an ordinance adopted by the City Council) and Contractor. The Director is only authorized to perform the functions specifically delegated to him or her in this Agreement.

E. Applicable Laws

This Agreement is subject to the laws of the State of Texas, the City Charter and Ordinances, the laws of the federal government of the United States, and all rules and regulations of any regulatory body or officer having jurisdiction.

Venue for any litigation relating to this Agreement is Harris County, Texas.

F. Notices

All notices to either party to the Agreement must be in writing and must be delivered by hand, facsimile, United States registered or certified mail, return receipt requested, United States Express Mail, Federal Express, Airborne Express, UPS or any other national overnight express delivery service. The notice must be addressed to the party to whom the notice is given at its address set out in Section I of this Agreement or other address the receiving party has designated previously by proper notice to the sending party. Postage or delivery charges must be paid by the party giving the notice.

G. Captions

Captions contained in this Agreement are for reference only, and, therefore, have no effect in construing this Agreement. The captions are not restrictive of the subject matter of any section in this Agreement.

H. Non-Waiver

If either party fails to require the other to perform a term of this Agreement, that failure does not prevent the party from later enforcing that term and all other terms. If either party waives the other's breach of a term, that waiver does not waive a later breach of this Agreement.

An approval by the Director, or by any other employee or agent of the City, of any part of Contractor's performance does not waive compliance with this Agreement or establish a standard of

performance other than that required by this Agreement and by law. The Director is not authorized to vary the terms of this Agreement.

I. Inspections and Audits

City representatives may have the right to perform, or have performed, (1) audits of Contractor's books and records relating to the services performed pursuant to this Agreement, and (2) inspections of all places where work is undertaken in connection with this Agreement with reasonable prior notice and during Contractor's business hours. Contractor shall keep its books and records available for this purpose for at least 3 years after this Agreement terminates. This provision does not affect the applicable statute of limitations.

J. Enforcement

The City Attorney or his or her designee may enforce all legal rights and obligations under this Agreement without further authorization. Contractor shall provide to the City Attorney all documents and records that the City Attorney requests to assist in determining Contractor's compliance with this Agreement, with the exception of those documents made confidential by federal or State law or regulation.

K. Ambiguities

If any term of this Agreement is ambiguous, it shall not be construed for or against any party on the basis that the party did or did not write it.

L. Survival

Contractor shall remain obligated to the City under all clauses of this Agreement that expressly or by their nature extend beyond the expiration or termination of this Agreement, including but not limited to, the indemnity provisions.

M. Publicity

Contractor shall make no announcement or release of information concerning this Agreement unless the release has been submitted to and approved, in writing, by the Director.

N. Parties In Interest

This Agreement does not bestow any rights upon any third party, but binds and benefits the City and Contractor only.

O. Successors and Assigns

This Agreement binds and benefits the Parties and their legal successors and permitted assigns; however, this provision does not alter the restrictions on assignment and disposal of assets set out in the following paragraph. This Agreement does not create any personal liability on the part of any officer or agent of the City.

P. Business Structure and Assignments

Contractor shall not assign this Agreement at law or otherwise or dispose of all or substantially all of its assets without the Director's prior written consent. Nothing in this clause, however, prevents the assignment of accounts receivable or the creation of a security interest as described in §9.406 of the Texas Business & Commerce Code. In the case of such an assignment, Contractor shall immediately furnish the City with proof of the assignment and the name, telephone number, and address of the Assignee and a clear identification of the fees to be paid to the Assignee.

Contractor shall not delegate any portion of its performance under this Agreement without the Director's prior written consent.

Q. Remedies Cumulative

Unless otherwise specified elsewhere in this Agreement, the rights and remedies contained in this Agreement are not exclusive, but are cumulative of all rights and remedies which exist now or in

the future. Neither party may terminate its duties under this Agreement except in accordance with its provisions.

R. CONTRACTOR DEBT

IF CONTRACTOR, AT ANY TIME DURING THE TERM OF THIS AGREEMENT, INCURS A DEBT, AS THE WORD IS DEFINED IN SECTION 15-122 OF THE HOUSTON CITY CODE OF ORDINANCES, IT SHALL IMMEDIATELY NOTIFY THE CITY CONTROLLER IN WRITING. IF THE CITY CONTROLLER BECOMES AWARE THAT CONTRACTOR HAS INCURRED A DEBT, SHE SHALL IMMEDIATELY NOTIFY CONTRACTOR IN WRITING. IF CONTRACTOR DOES NOT PAY THE DEBT WITHIN 30 DAYS OF EITHER SUCH NOTIFICATION, THE CITY CONTROLLER MAY DEDUCT FUNDS IN AN AMOUNT EQUAL TO THE DEBT FOR ANY PAYMENTS OWED TO CONTRACTOR UNDER THIS AGREEMENT, AND CONTRACTOR WAIVES ANY RECOURSE THEREFOR.

EXHIBIT A

SCOPE OF SERVICES

RECORDKEEPING RESPONSIBILITIES

A. PARTICIPANT ACCOUNT ESTABLISHMENT

Contractor will establish Participant and related data on its recordkeeping system that includes, but is not limited to, indicative data (name, address, birth date, etc.). Contractor will provide assistance to coordinate the establishment of Participant contribution processing to its recordkeeping system.

B. PLAN LEVEL RESPONSIBILITIES

Contractor shall have the following responsibilities with regard to the Plan.

1. Contractor shall keep account balances held with respect to the Plan as follows:

   (a) amounts that are not guaranteed as to principal or interest shall be valued at their fair market value as of the close of each business day, and

   (b) Plan assets that provide for a guaranteed interest rate and a guarantee of principal shall be valued at book value. Interest shall be accounted for on a daily effective method.

2. Contractor shall provide a reconciliation between Plan level assets held and Participant allocated account balances within 30 business days after the end of each calendar quarter.

3. **REPORTS**:

   (a) **Plan Level Reports:** Contractor shall provide to the Director those written reports reasonably required by the Director to administer the Plan in formats reasonably requested from time to time by the Director. Such reports shall include, but are not limited to:

      (1) Quarterly financial activity confirmation statement, showing deferrals, purchase adjustments, withdrawals by amount within each investment option, exchanges both in and out by dollar amount by investment option and a summary page. This report shall also contain, as appropriate, number of units and unit value by investment option, as well as account balances for the previous and current periods.

(2) Quarterly surrender audit reports, showing by Social Security Number, the total amount surrendered and the date of such surrenders. The type of withdrawal shall be indicated by a mutually accepted reason code to indicate such things as annuity payments, termination of employment, and financial hardships.

(3) Quarterly Plan summary report summarizing Plan level assets and participant account balances no later than twenty (20) Business Days after each calendar quarter end. However, the first report may be delayed beyond this twenty day period while records are being set up. The following Plan information shall be outlined in the report:

(a) Account summary - a summarization of Plan transactions and assets.

(b) Summarization of contributions processed.

(c) Withdrawals.

(d) Annuities purchased.

(e) Periodic payments.

(f) Investment option grand totals--summarizing both dollars and units/shares and Plan activity.

(g) Investment option totals by money type--summarizing both dollars and units/shares and money type activity.

(h) Participant summary--report of account activity for each participant.

(4) Within 90 days following the end of each calendar year, Contractor shall certify to the accuracy of and provide to the Director in a mutually satisfactory format an itemization of all direct and indirect compensation received or accrued by Contractor or any of its subsidiaries or affiliates that are in any way related to its association with the administration of the Plan for the investment of those assets.

(5) Annual Plan review that shall include the following information:

(a) Review of enrollment efforts.

(b) Asset allocation information/contribution distributions (investment options and fixed/variable split).

(c) Review of current investment options and investment option performance on a quarterly basis. Contractor has contracted with Advised Assets Group, LLC ("AAG"), a registered investment advisor and a wholly owned subsidiary of the Contractor, to provide this service to Contractor. AAG does not act as a fiduciary in the issuance of this report.

(d) Voice response usage and enhancements.

(e) Benefit payments.

(f) Direct on-line system access - current services and available services.

(g) Legislative updates.

(b) **On-line Access:** Contractor shall allow the Director direct on-line access to Contractor's system to allow the Director to access the following information or perform the following functions involved in administering the Plan:

(1) Directly process contributions to participant accounts either through on-line interaction or electronic transmission of files.

(2) Inquire about participant account information, account balances, allocations and transaction history.

(3) Inquire about the Plan's basic information, interest rates and unit values.

(4) Add a new participant account.

(5) Change participant information and investment allocations.

Contractor's representatives shall be available to assist and train the Director and other City employees as may be necessary in properly accessing and processing transactions on to Contractor's system. The City understands that Contractor's system may be unavailable periodically for maintenance, routine checks and backups. Contractor shall use its best efforts to notify the Director in advance of any such planned downtime.

(c) **Participant Statements:** Contractor shall provide quarterly account reports to each participant that summarize all activity for the previous calendar quarter, that include, but are not limited to, the following:

(1) Beginning and ending balances.

(2) All transactions processed during the quarter, including contributions.

(3) Interest or change in value.

(4) Fees/Charges (if applicable).

(5) Transfers and withdrawals for each of the investment options for the quarter.

Contractor must submit these reports to include the quarter next after the termination of this Agreement or any extension hereof. Contractor shall mail participant statements within fifteen (15) Business Days of the end of each calendar quarter. Contractor shall mail participant statements to each participant's last known home address as provided by the City and/or any prior recordkeeper. Additionally, Contractor shall mail to each participant a confirmation of every completed change. Participants shall also have access to their account activity via a voice response unit and the Internet. Should notification of any errors on a Participant's statement be received at the home office within ninety (90) days after the statement date, Contractor will retroactively correct the error(s). However, should errors not be identified within ninety (90) days of the statement date or if the errors have been made by the Participant, Contractual or other third party, the error(s) will be corrected, but not made effective retroactively.

(d) **Miscellaneous Reporting:** Contractor's reporting responsibilities shall also include the following:

(1) Reconcile deferral transmittal data with corresponding wire sent by City within two (2) business days. Deferral transmittal data to be furnished shall include a pay-ending date, Social Security Number, participant name, amount deferred on behalf of participant and (where applicable) policy/amount name.

(2) In the event the Participant Enrollment Form is incomplete, or it is not received by Contractor's Home Office in Greenwood Village, Colorado prior to the receipt of any deposits, Contractor will retain all monies received and allocate them to the default investment option selected by the Director.

(3) Once the participant's account has been established, it is the participant's responsibility to call Contractor's automated voice response system in order to transfer monies from the default investment option. Also, all contributions received after the participant's account is established will be applied to the investment option the participant has selected.

4. **Remittance of Funds:** Initially, for a period not to exceed 120 days, the City may remit payroll deposits to Contractor via ACH or wire transfer and data via magnetic tape. Thereafter, the City shall electronically remit on-line (directly to Contractor's system) records of payroll deposits and the accounting of deposits among Participants. Funds will be transmitted via ACH or wire transfer. City agrees that if it changes the reporting format for the reporting of contributions, Contractor will be given two weeks advance notice to test the new format before monies are remitted on the new file format.

C. **INVESTMENT SERVICES**

1. Contractor shall effect purchases and sales of securities at the direction of the Plan's participants will be effected through a broker/dealer affiliate of the Contractor. Contractor is thus authorized to receive, transmit and forward instructions for the purchase, sale, exchange or transfer of shares on behalf of the Plan to GWFS Equities, Inc. for processing, and to execute any necessary forms with mutual fund companies.

2. Contractor shall open an account with each investment provider for each investment option authorized by the Director. Contractor is making the following investment options available to the City for the Plan:

(a) Stable Asset Fund pursuant to the agreements attached to this Agreement as Exhibit "K".

(b) Director may instruct Contractor to open as many as 26 mutual fund investment accounts, inclusive of a self-directed brokerage account. The initial mutual fund investment options are set forth in Exhibit "I" to this Agreement. If the Director requests that more than 26 mutual fund investment accounts be opened at any given time, then for each mutual fund investment option over 26 that is opened, there shall be an additional fee charged as stated in Exhibit " G" to this Agreement. Upon authorization from the Director, Contractor shall delete or add any investment option.

3. Stable Asset Fund deposits received from the City that are submitted by 3:00 p.m. Central Time with complete allocation instructions shall be effective the same Business Day. Contractor shall process deposits associated with all other investment options the same Business Day if complete allocation

instructions are submitted no later than 1:00 a.m. Central Time AND the deposit is received no later than 3:00 p.m. Central Time. Otherwise, the deposits shall be effective the next Business Day. Interest is not credited to contributions being held overnight for investment.

Participant transfer requests among the investment options that are received by Contractor before 3:00 p.m. Central Time shall be initiated and effective the same Business Day if all of the investment option providers associated with the Plan meet Contractor's requirements for "late day" trading. "Late day" trading means that the investment option provider agrees to accept transactions at that Business Day's price that are initiated before 3:00 p.m. Central Time, but that are received by the investment provider after 3:00 p.m. Central Time.

As of January 1, 2009, Contractor represents and warrants that all investment options that are to be included in the Plan meet Contractor's late day trading requirements. Contractor shall advise the Director before any existing providers lose that status, and shall advise the Director of the status of any prospective providers.

4. Contractor shall administer the Stable Asset Fund as follows:

(a) Contractor shall establish in advance of each calendar quarter an interest rate to be credited to the Stable Asset Fund. This rate shall be based on the expected yield of the fund plus (or minus) any amortization of the difference of the book value of the assets of the fund and the aggregate account balances of the participants. Upon request, Contractor shall provide to the Director a written calculation of the blended rate of return upon each quarterly change in the blended rate of return.
The interest rate established for the Stable Asset Fund shall be the portfolio rate (i.e., one interest rate will apply to all participant money in the fund.)

(b) Total Participant transfers from the Stable Asset Fund are permitted, in aggregate, in any one calendar year up to 100% of the assets in the Stable Asset Fund valued as of the last day of the immediately preceding calendar year. However, the Director reserves the right to establish an aggregate at any time and from time to time throughout the term of this Agreement upon providing written notice of same to Contractor. For purposes of this calculation, net inflows into the fund from participant contributions, interest earnings, and transfers in the same calendar year into the Stable Asset Fund shall be netted against total Participant transfers out of the Fund. Participant level transfers from the Stable Asset Fund are permitted at 100% up to the overall aggregate limit of 100% per calendar year.

The Director shall give Contractor reasonable notice before changing investment guidelines found as Attachment A to the Stable Asset Fund contract. If Contractor has informed the Director of the effects of proposed changes, it may modify the Participant transfer restrictions described in the preceding paragraph to the extent reasonably required to accommodate any changes which are made.

D. MISCELLANEOUS SERVICES

1. Contractor shall provide appropriate personnel, including outside legal counsel, if required by Contractor, in order to enable Contractor to assist the City in administering the Plan and in preparing and adopting any amendments to the Plan. Contractor's responsibilities include using its best efforts to secure timely approvals of any amendments to the Plan from all applicable state and federal governmental agencies to the extent that the Director feels it is appropriate for Contractor to be involved. Contractor shall assist the City in negotiating contracts for investment options that are mutually agreed upon by Contractor and the City.

2. Contractor shall assist the Director in the development and implementation of rules, regulations and procedures, as might be required by the City for the effective and efficient operation of the Plan.

3. Contractor shall perform the applicable federal and state tax reporting and withholding functions required on payments made under the Plan, including filing reports due in the year next after the termination of this Agreement or any extension hereof.

4. Contractor shall take such steps as are necessary to comply with all applicable state and federal laws and regulations affecting the operation of the 457 Plan and the offering of the 457 Plan to City employees, including, but not limited to, compliance with Section 457 of the Internal Revenue Code, compliance with the Securities Act of 1933, Securities Exchange Act of 1934, the Investment Advisers Act of 1940, and the Investment Company Act of 1940.

5. Contractor shall meet with appropriate personnel of the City to advise and assist them in the development and maintenance of such computer software and other management systems as are necessary for establishing and reconciling payroll deductions under the Plan or as requested by the Director for the necessary or efficient operation of the Plan.

6. Contractor shall develop, in conjunction with the City, all necessary procedures for the withholding and reporting of applicable payroll deductions from participating employees.

7. At the request and subject to the approval of the Director, Contractor shall develop specifications and procedures for the solicitation of proposals from various investment providers to be selected by the Director, in such manner

as deemed advisable by the Director. The types of proposals solicited shall be for the types of investments or insurance products permitted by statute, approved by the Director, and designated by the Director for the Plan.

8. Contractor shall review and discuss with the Director as to the selection of the best proposals. If requested, Contractor shall use its best efforts to provide information to the Director in the process. If requested by the Director, Contractor shall provide, at its sole expense, an independent actuarial opinion with any bid analysis involving an investment option that is from an investment provider that is a parent, subsidiary or affiliated entity of Contractor. Contractor shall at all times disclose all relationships between Contractor and all affected affiliates and the actuaries. The Director shall have the sole discretion and authority to make the final decision as to each investment provider and proposal selected.

Contractor shall either enter into contracts with an investment manager directly or, if necessary, prepare the proper documents for City approval and shall unless otherwise directed by the City, participate in the negotiation of the contracts with current and prospective investment managers.

9. Contractor shall take reasonable steps to ensure that the specifications for proposals and the contracts with the investment providers offered pursuant to the Plan require the investment providers to maintain proper aggregate account records, as applicable, for all monies for the Plan and for the individual participant and to provide the records and reports, in a format acceptable to Contractor and the Director, within a reasonable time, in order for Contractor to fulfill its responsibilities pursuant to this Agreement. As soon as it becomes aware of the failure of any investment provider to comply with these requirements, Contractor shall notify the Director of the failure.

10. Contractor shall make every reasonable effort to ensure that the contracts with the investment providers offered pursuant to the Plan require the investment providers to credit the deferred amounts to the appropriate accounts as of the date of receipt of the amounts by the investment providers. As soon as it becomes aware of the failures of any investment provider to comply with these requirements, Contractor shall notify the Director of the failure and shall request instructions from the Director.

E. PARTICIPANT LEVEL RECORDKEEPING SERVICES

1. Contractor shall open an account for each participant who becomes a member of the Plan.

2. The participant account record maintained for each participant shall consist of the following information, at a minimum:

(a) Participant Name; mailing address; date of birth; gender; and telephone number

(b) Participant Social Security Number

(c) Participant department number

3. In addition to the participant information noted in 2 above, Contractor shall also maintain a record of the funds invested on behalf of the participant as follows:

(a) Current investment allocation for each investment account authorized by the employer.

(b) A history of investment allocations by the participant, and the time periods they were effective beginning October 1, 2000 and, to the extent furnished to Contractor by any prior recordkeeper, a history of prior investment allocations by the participant.

(c) Current account balances held on behalf of the participant in each sub-account authorized by the Board that is a result of prior deferrals.

(d) An accounting of each transaction made to each investment sub-account authorized by the Director.

4. Upon receipt of complete payment instructions, Contractor shall make benefit payments to participants and beneficiaries within two (2) Business Days. Contractor shall make benefit payments with respect to each participant account, withhold the appropriate tax and Contractor shall provide tax reporting for each participant account as follows:

(a) Keep a record of any distribution from the Plan made with respect to the participant and the reason for the distribution.

(b) Perform appropriate federal and state income tax withholding and reporting for each benefit payment from the Plan with respect to the participant.

(c) At the time of the benefit payment, Contractor shall forward the income tax withholding to the Internal Revenue Service and other appropriate state of local entities.

(d) Provide information to the Internal Revenue Service annually showing an accounting of all participants who have received distributions during the previous calendar year.

5. Contractor shall provide ensure that participants have access to a twenty-four hour a day, toll free, automated voice response unit (VRU) that will provide the following information to the participant from a touch-tone telephone:

Obtain:

(a) Current interest rates for fixed investment option, however constructed.

(b) Current unit values or share prices and daily change in value for variable investment funds.

(c) Current account balance, in total and by investment fund.

(d) Current investment fund allocation percentages.

Change/Transfer:

(a) Change investment fund allocation percentages.

(b) Transfer among investment options.

(c) Ability to change the Personal Identification Number (PIN).

(d) Ability to access transaction history since inception date of contract.

(e) Ability to activate rebalancer and dollar cost averaging options.

Participant allocation changes and transfers may be initiated by using the VRU.

Inquiry services available from VRU will utilize most currently available share prices, unit values and account balances as of the previous Business Day. Allocation changes shall be effective the date they are made.

6. In addition to access to account information through VRU outlined above, Contractor shall make available client service representatives to answer participant questions in English and Spanish between the hours of 8:00 a.m. Central Time and 7:00 p.m. Central Time. The VRU system in available 24 hours a day, except for routine maintenance of the system, which generally takes place between the hours of 1:00 a.m. and 1:00 p.m. Central Time each Sunday morning. However, the VRU system may be unavailable at other times if necessary for system maintenance. Contractor shall notify the Director in writing and in advance if the VRU system will be unavailable for greater than two hours during business hours on Business Days.

II. TECHNICAL SERVICES

Contractor shall provide the City with the following services:

A. Quarterly written report to the Director and the City Attorney, or his or her designee, concerning federal legislative activity of which Contractor is aware that may affect the Plan and related funding contracts.

B. Meet with the Director quarterly to review administrative and recordkeeping functions under the Plans.

C. At the request of either the Director or the City Attorney, Contractor shall make available its legal counsel to respond to legal issues related to the City's Plan or this Agreement.

III. COMMUNICATION RESPONSIBILITIES

A. Other than communications by the City, employee communication services shall be provided by Contractor.

B. Contractor shall extend the opportunity for enrollment, including the opportunity to designate any and all of the available investment options, on an equal basis to all eligible employees of the City pursuant to such nondiscriminatory guidelines as may be established by the City or by state or federal legislation or regulation governing the administration of the Plan.

C. Contractor shall process, or arrange to have processed, the enrollment of eligible employees who elect to participate in the Plan. The above noted forms and materials shall include, but not be limited to the following materials:

(1) Enrollment and distribution forms.

(2) Asset allocation information.

(3) Quarterly newsletters.

(4) Summary of Product details.

(5) Enrollment Communications:

- Develop custom look and feel for the Plan
- Enrollment Guides with custom look and feel
- Enrollment Meeting Posters with custom look and feel
- Enrollment Presentation with custom look and feel

(6) Web Site:

- Carry newly developed custom look and feel over to the www.houstondcp.com Web site
- Web-based e-Learning presentations
- Virtual Classroom learning modules

(7) Ongoing Participant Communications:

- Custom look applied to Educational Fliers
- Custom look applied to Educational Seminars
- Custom quarterly participant newsletter
- One statement stuffer per year in addition to the participant newsletter
- Fund change communications
- KeyTalk and Web quick reference card

(8) Surveys:

- One annual web survey

(9) Targeted Marketing:

- One targeted direct mailing per year

The City agrees to allow and facilitate the periodic distribution of such material to employees.

D. Contractor shall provide three (3) full-time representatives, solely dedicated to the City's Plan, to provide communication and marketing services for the Plan in addition to one (1) Regional Director and one (1) Administrative Support Staff assigned to the Plan. The Director shall have final approval over the selection of the three (3) full-time representatives. Contractor shall have such additional management, enrollment representatives, administrative support and related servicing personnel in sufficient numbers to fulfill its responsibilities under this Agreement and maintain adequate continuous service to the participating employees.

All representatives of Contractor engaged in soliciting or enrolling employees in the Plan and in providing continuous service with respect to the Plan shall possess all licenses and permits required by all local, state and federal governmental agencies including, without limitation, any licenses required to sell insurance, mutual funds, and related securities within the City. No representative of Contractor shall solicit any City employee for enrollment or enroll an employee in the Plan without all necessary and required licenses, including, but not limited to, State Department of Insurance Life, Health, Variable and Annuity licenses and Federal Series 6 and Series 63 licenses. Contractor shall likewise possess all necessary and required local, state and federal licenses, permits and franchises necessary to carry out its responsibilities under this Agreement in accordance with all state statutes.

The rate of compensation paid by Contractor to its agents and employees shall not favor one option over another. Contractor shall also furnish to the City copies of compensation schedules established for all of its agents and representatives associated with decisions made by the participants in the Plan.

E. Contractor shall attend periodic deferred compensation Committee meetings as reasonably requested and shall be prepared to report on the current status of the Plan and its activities and the performance of each investment option.

F. **PRESENTATIONS**

Contractor shall provide the following presentations to City employees. No less often than once each year, Contractor shall present an educational plan to the Director for its review and approval.

(1) **Group Presentations:** Contractor shall conduct group meetings periodically for education purposes. At the group meetings, some or all of the following shall be communicated, as may be required:

(a) Summary of the key provisions of the Plan.

(b) Summary of investment options.

(c) Discussion of services including automated voice response system inquiry, retirement planning, and investment seminars.

(d) Instructions on how to sign up for the Plan or request an individual counseling session.

As attendance warrants, some of these meetings shall be conducted in Spanish. The introduction meetings shall be open to all employees of the City.

(2) **Seminars:** Contractor shall also offer specific "advanced" educational seminars covering topics such as asset allocation, understanding mutual funds, retirement planning and financial investing.

(3) **Individual Counseling Sessions:** Contractor shall conduct prescheduled individual counseling sessions utilizing a participant paycheck analysis, an asset allocation model and retirement counseling services as approved by the Director.

G. Contractor shall (1) take all changes, enrollments, and withdrawal requests from participants and beneficiaries, (2) advise participants and beneficiaries about allowable payment options, (3) calculate the proper payment amount, (4) determine the proper timing of payments, and (5) take necessary steps for payment to be made. Contractor represents that it has the knowledge and expertise necessary to handle this responsibility.

Contractor agrees to review Participant benefit request forms and help identify additional information where needed in order to submit such forms in good order to the Director for ratification in accordance with the Plan.

H. **Hardship Withdrawals:** Contractor shall receive applications for withdrawal amounts, determine whether applications are appropriate for processing or submission to the Board, and require each participant submitting an application for withdrawal to prove any and all appropriate documentation for such request. Contractor shall submit all hardship applications and appeals, along with its recommendation for action, to the Director or its designee for review and possible approval. Payment of any hardship withdrawal shall be in the manner specified by the Plan.

I. Contractor or its agents shall not use information obtained under the Plan to directly solicit participants with respect to any product that is not part of the Plan.

J. **Internet Site:** Contractor shall provide Plan participants an Internet site in which the following information is available:

1. Current interest rates;

2. Unit values and/or share prices;

3. Daily changes in unit values and share prices;

4. By individual participant account;

   (a) balances in total and by fund;
   (b) current deferral election (allocation of contributions);
   (c) the ability to change allocation of future deferrals;
   (d) the ability to transfer current balances between fund investment options;
   (e) ability to access transaction history;
   (f) ability to activate rebalancer and dollar cost averaging options.

K. City hereby instructs Contactor to complete an administrative review of all City approved QDROs submitted on or after the effective date of this Agreement to ensure that Contractor can determine the amount of the alternate payee's award, mailing address and social security number. Contractor will establish an alternate payee account or process a distribution pursuant to the terms of the QDRO, the Plan, and/or IRS Code requirements in effect on the date of the distribution, and a distribution request received in good order and in a manner satisfactory to Contractor. City instructs Contractor to determine the amount due to the alternate payee based solely on the Participant account records on Contractor's recordkeeping system.

IV. SELF-DIRECTED BROKERAGE

As part of Contractor's recordkeeping services it shall offer a Self-Directed Brokerage Account investment option ("SDB"), as described in Exhibit 1 to this Exhibit "A", through, an independent third party broker-dealer selected by the Director ("SDB Provider").

The Self-Directed Brokerage program shall be recordkept according to the terms of Exhibit 1 attached to this Exhibit "A".

Prior to Contractor providing recordkeeping and communication services in respect of the SDB, City agrees to execute the SDB Provider's Retirement Plan Services Agreement, the Securities Restriction Form and the Letter of Instruction Regarding Self-Directed Brokerage Account.

Contractor is not responsible for the negligent or fraudulent acts or omissions of SDB Provider, its affiliates and their officers, directors, employees or authorized representatives. Contractor is not responsible for the content of the SDB Provider Web site and does not represent or warrant that information provided on the SDB Provider Web site is accurate or properly included.

All parties agree that Contractor is required to effect purchases and sales of securities at the direction of Plan participants through Contractor's family of companies' broker/dealer. GWFS Equities, Inc., will be the broker/dealer for all investment options other than the SDB option ("Core Investments"). Contractor is thereby authorized to receive, transmit and forward instructions for the purchase, sale, exchange or transfer of shares on behalf of the Plan, and to execute any necessary forms with mutual fund companies.

V. FINANCIAL ADVICE

If requested by the Director, Contractor shall provide financial advice services to the participants for the fees as described in Exhibit "G" to the Agreement. The Director is hereby authorized to enter into any agreement(s) necessary to effectuate the financial advice services.

EXHIBIT 1 TO EXHIBIT A
SELF-DIRECTED BROKERAGE ACCOUNT OPTION

A. GENERAL DESCRIPTION

The Self-Directed Brokerage Account ("SDB") option with SDB Provider is described as follows:

1. Account Establishment and Funding

   SDB Provider has agreed to offer a SDB option to the employees of the Director. The SDB will be treated as a separate investment option under the Plan.

   Participants must apply to SDB Provider to establish an account with SDB Provider and must affirmatively accept an indemnity/release statement via either Contractor's web site or automated voice response system prior to participating in the SDB arrangement. Participants utilizing the SDB prior to the electronic indemnity/release statement being available will be required to accept an indemnity/release statement prior to making additional transfers to the SDB via web or voice response system.

   Under the SDB option, the Participant chooses from eligible investments, including, mutual funds, stocks and bonds allowed by the Plan, as specified in the SDB Provider Restriction Form completed by the Plan and submitted to SDB Provider, subject to certain trading restrictions.

2. Core Investment Minimums

   All investment options other than the SDB option shall be defined as "Core Investments". The amount that must be left in the Core Investments, as established by Contractor, will be $2,500. Contractor may change the aforementioned minimum with thirty (30) days advance written notice.

   If the participant has not met the required Core Investments minimum, transfers will be restricted from the Core Investments to SDB Provider. In the event a Participant's total balance in the Core Investments falls to twenty (20) percent below the stated Core Investments minimum, the Participant will be mailed a letter each month for up to three consecutive months requesting that the Participant transfer from the SDB to Core Investments the amount required to meet the Core Investments minimum. If after the third letter the participant's total balance in the Core Investments is insufficient to recover fees owed under the terms of this Agreement, Director agrees to provide instruction to transfer the amount necessary from funds available in the participant's Designated Money Market Fund at SDB Provider. If it is necessary to liquidate securities in the participant's SDB account, Director will provide specific written instructions on the specific securities to be liquidated and the number of shares to be liquidated.

3. Transfers and Contributions to SDB Provider

   Participants may transfer assets to SDB Provider only from the Core Investments, subject to

any transfer restrictions or other rules associated with a particular investment option. Contributions from salary reduction must first be deposited into one or more of the Core Investments before the assets may be transferredmay also be allocated to SDB Provider to the extent the Core Investments minimum has been met.

Participants must initiate transfers to SDB Provider via Contractor's web-site, the toll-free automated voice response system (currently called KeyTalk®) or the client service representative at the home office in Greenwood Village, Colorado. Transfers may be made only in U.S. dollars and only into the Designated SDB Money Market Fund at SDB Provider, or other comparable fund as designated by SDB Provider. Any cash balances within a Participant's SDB shall be automatically invested in the Designated SDB Money Market Fund.

When a Participant provides direction to transfer assets or to contribute directly to SDB Provider, the transfer of the assets from the Core Investments or to contribute directly to SDB and receipt of the those assets by SDB Provider will not be simultaneous.

A Participant's initial transfer to SDB Provider must be at least $1,000.00 and each subsequent transfers must be at least $1,000.00. Either SDB Provider or Contractor may change any of the aforementioned minimums with thirty (30) days advance written notice.

All transfers between SDB Provider and the Core Investments will be prorated against all money sources within a Participant's account unless the participant directs a customer service representative at the home office in Greenwood Village, Colorado to transfer only one money source.

Transfers to SDB Provider will not be permitted if a Participant's total balance in the Core Investments falls below the Core Investments minimum.

4. Brokerage Activity

After funds are transferred or contributed to a Participant's SDB, the Participant must contact SDB Provider to buy or sell mutual funds or securities. Participants may provide investment instructions to SDB Provider by calling a SDB Provider Investor Service Representative, via the SDB Provider Voice Response System or via the Internet by accessing SDB Provider's web-site. Securities eligible for trading in a SDB include only investment companies registered under the Investment Company Act of 1940; securities traded on a national securities exchange or over-the-counter and taxable debt instruments or obligations. SDB Provider will not accept orders for any transactions involving certain securities if so instructed by the Director pursuant to SDB Provider's Restriction Form executed by the Director and Trustee, if applicable.

Director acknowledges that SDB Provider will provide each Participant with any annual reports, proxy, tender offer, prospectus, or any other information it receives in connection with securities held in the Participant's SDB (collectively referred to as "Shareholder Communications"), including information regarding voting, tendering or any other shareholder actions. SDB Provider will cause its Clearing Agent to exercise the default option under the reorganization terms on voluntary actions if the Participant provides no instruction. In no case will either SDB Provider or Contractor and/or its affiliates be under any duty to determine how, or if, proxies are voted or acted upon or to take any action in connection with any Shareholder Communication.

5. Transfers from SDB Provider

Participants must transfer assets from their SDB via Contractor's web-site, the toll-free automated voice response system (currently called KeyTalk®) or the client service representative at the home office in Greenwood Village, Colorado to the Core Investments to the extent that funds are required for a scheduled or requested loan, distribution, periodic payment or rollovers or distributions pursuant to a Qualified Domestic Relations Order (QDRO). Periodic payments scheduled for the ninety (90) day period following a distribution request and scheduled irrevocable payments are not available for other distributions. The minimum required balance for the Core Investments will not be available for any distributions if the Participant has a balance in the SDB. Transfers may be made only in U.S. dollars and only from the Designated SDB Money Market Fund. Participants must contact SDB Provider and liquidate mutual funds, stocks, and/or bonds prior to transferring from SDB Provider to the Core Investments. Before initiating a transfer, Participants must cancel any open "buy" orders for securities to the extent the open "buy" orders exceed the remaining balance available in the SDB option. Participants must then contact Contractor to initiate transfers from the SDB Money Market Designated Fund to the Core Investments. Transfers initiated by the participant from the SDB Money Market Designated Fund at SDB Provider to the Core Investments will be allocated among the Core Investments according to the Participant's instructions, or to the plan default in the absence of instructions from the Participant from time to time.

Assistance will be afforded the Participant in maintaining the minimum required in the Core Investments via a periodic letter notifying them of an insufficient amount of money in the Core Investments. If the Participant fails to comply with the notice to maintain the minimum required in the Core Investments, the Participant's account will be restricted so no additional money can be transferred into the SDB account.

6. Non-Required Future Payments
Any Participant who has established a SDB account and has set up future payments (including periodic payments) will be responsible for transferring the amount of money sufficient to maintain their future payments to the Core Investments.

If a future payment fails because there is not enough money in the Core Investments, the following will occur:

a. The Participant will receive a letter each month for three (3) consecutive months notifying them that they have not met the required Core Investments minimum for future payments (the stated $2,500 Core Investment minimum plus 150% of the next three (3) months of scheduled future payments) and request that the Participant transfer from the SDB to Core Investments the amount required to meet the Core Investments minimum.
b. If the amount in the Core Investments is not sufficient to make a payment, the future payments will be terminated on the recordkeeping system. Notification will be sent to the Director, who may request that the all securities held at SDB Provider will be liquidated;
c. Transfers of money from SDB Provider to the Core Investments to satisfy future payments can only be made by the Participant;
d. Future payments will not be backdated to the original effective date.

To restart future payments, the Participant must transfer money to the Core Investments and resubmit any forms necessary to set up future payments.

7. Required Payments under the Plan, the Code or the Payment Option Selected
Any Participant who has established a SDB account and has required payments will be responsible for transferring the amount of money sufficient to maintain their periodic payments to the Core Investments.

If required payments fail because there is not enough money in the Core Investments, the following will occur:

a. The Participant will be mailed a letter each month for three (3) consecutive months notifying them that they have not met the required Core Investments minimum for required payments (the stated $2,500 Core Investment minimum plus 150% of the next three (3) months of required payments).
b. If the amount in the Core Investments is not sufficient to make a payment, the Director will be notified that all securities held at SDB Provider will be liquidated according to the Letter of Instruction from the Director and the total balance will be transferred back to the Core Investments and allocated to the Plan default option, in the absence of instructions from the Participant;
c. A restriction will be placed on the account, preventing the Participant from moving money to the SDB;
d. Required payments will be made as of the current date; and
e. The required payment schedule will be restarted for future required payments.

8. Death Benefit Payments
A beneficiary cannot access the SDB. Upon receipt of a death benefit claim form in good order at the home office in Greenwood Village, Colorado, SDB Provider will be directed to freeze SDB activity and cancel any open orders. Securities Unless an in-king rollover to eligible retirement plan is selected, securities held in the SDB Provider account will be liquidated according to the Letter of Instruction from the Director and the proceeds will be transferred to the plan default in the Core Investments for distribution. Trailing dividends will be transferred to the Core Investments for distribution.

9. Closing SDBs
Participants must call SDB Provider to close their account. Once the account is closed, the Participant cannot initiate any further transfers to the SDB account. If a dividend is paid into the account after the Participant has transferred all money to the Core Investments, the Participant must call SDB Provider to liquidate securities and wait for the transaction to settle in the SDB Money Market Fund. Once the securities have settled in the SDB Money MarketFund, the Participant must call Contractor to initiate the transfer from the SDB Provider SDB Money Market Fund to the Core Investments. If a Participant closes their SDB account, they will have to open a new account with a new account number. Participants must call SDB Provider to close their account. Once the account is closed, the Participant cannot initiate any further transfers to the SDB account. However, the SDB account will remain in pending closure status for 45 days to receive trailing dividends. If a dividend is paid into the

account after the Participant has transferred all money to the Core Investments, the Participant (or beneficiary) must call SDB Provider to liquidate securities and wait for the transaction to settle in the Designated Fund. Once the securities have settled in the Designated Fund, the Participant must call Contractor to initiate the transfer from the SDB Provider Designated Fund to the Core Investments. If a Participant closes their SDB account, they will have to open a new account with a new account number.

10. Name and Address Changes
Name and Address changes must be submitted to the home office in Greenwood Village, Colorado. Participants must also notify the SDB Provider of any address changes.

11. Special Recordkeeping Associated with the Self-Directed Brokerage Option
The parties hereto agree and acknowledge that the recordkeeping in respect of the SDB program will differ from the recordkeeping services described elsewhere in this Agreement.

a. Rebalancer and dollar cost averaging are not available for any SDB;
b. Participant statements issued according to this Agreement will show one balance for the SDB account. The rate of return will be included on the statement for the SDB balances. No transactions within the SDB will be shown on this statement.
c. The following information will not be shown on the quarterly Plan Summary Report for SDBs:
   i. Realized and unrealized gains and losses;
   ii. Cost basis; and
   iii. Reportable transactions.
d. No iIn-kind distributions rollovers are allowed from the SDB account, if provided for in the plan document.
e. Transaction timing information is described in Schedule A attached.

B. GENERAL INFORMATION

1. The parties hereto agree and acknowledge that SDB Provider is an independent, unaffiliated third party to Contractor and its affiliates and that SDB Provider may review and amend the fees charged at any time without notice.

2. The availability of a mutual fund, stock, or bond under the SDB program does not constitute a determination by Contractor, its affiliates or their employees, officers, directors, agents or affiliates (collectively Contractor) of the merits, prudence, or advisability of the SDB program, nor does Contractor or its affiliates provide investment advice or recommend or evaluate the merits or suitability of any investment available through the SDB program. Neither Contractor nor its affiliates act as a fiduciary with respect to the selection and retention of the SDB program or any Participant SDBs held thereunder.

3. Director understands that neither Contractor nor its affiliates have any discretionary authority and cannot exercise discretionary control on behalf of the Plan or SDB Provider and are not an agent of SDB Provider. However, except those duties expressly performed by Director or SDB Provider pursuant to this Recordkeeping and Administrative Responsibilities Agreement, all ministerial administrative functions related to the SDB arrangement are to be performed by Contractor according to this Agreement. Director agrees that SDB Provider may act pursuant to instructions provided according to the terms of this Agreement and pursuant to Participant directions.

4. Director hereby authorizes that the services in this Agreement to be performed in the following limited and nondiscretionary capacity: to forward cash to SDB Provider on behalf of the Plan and Plan Participants; to direct SDB Provider to liquidate any SDB assets and transfer such assets to the recordkeeping system at the home office in Greenwood Village, Colorado in order to pay fees, expenses and benefits in respect to payment options required under the Plan and close Participant SDB accounts according to Letter of Instruction Regarding Self Directed Brokerage Account and/or Participant instructions. The limited authority granted above includes the authority to transmit instructions to SDB Provider to transfer assets from SDBs to another Plan investment provider; to transfer assets to or from a SDB in accordance with this Agreement; and to take any other ministerial actions incidental to the administration of the foregoing.

5. In addition to the recordkeeping and communication fee described in the Agreement, an annualized fee of $50.00 per year per Plan shall be collected from the account of each Participant utilizing the SDB, deducted from each participant's Core Investments account balance on a pro rata basis in an amount of $12.50 per quarter (as defined below) per Plan. A quarter shall be defined as the period from the 21st day of the third month of the preceding calendar quarter to the 20th day of the third month of the current calendar quarter. This fee will not be assessed in respect of any quarter that the Participant maintains a zero ($0) balance in the SDB for the entire quarter. Participants electing to invest in the SDB will also be assessed separately by SDB Provider its fees, the management and other fees specific to each investment option selected. The commissions and/or fees charged by SDB Provider are set forth on SDB Provider's Web site and will be charged to the Participant's SDB as they apply to the SDB arrangement. These commissions and/or fees are subject to change at any time without notice. Contractor and/or one or more of its affiliates may receive revenues from SDB Provider which reimburses for administrative and systems interface.

C. LIABILITY

Director acknowledges that neither SDB Provider nor Contractor and its affiliates acts as a fiduciary with respect to the Participant's selection or retention of SDB assets or investments. Neither SDB Provider nor Contractor and its affiliates has any duty to monitor purchases, sales, or exchanges of securities in the Participant SDBs and other transactions in the SDB, or to determine whether the amount contributed or transferred to SDB Provider from the recordkeeping system for any Participant Account is proper or correct.

D. TERMINATION

The SDB arrangement may be terminated by Director or Contractor at any time upon written notice to the other parties. Such termination will be effective sixty (60) days after the date of mailing such notice. Upon termination, the Director agrees to provide direction with respect to the disbursement of any monies or securities invested in the SDB arrangement.

Schedule A

Transaction Timing

A. Transfers to SDB Provider:

Participant initiated transfer and contribution requests from the Core Investments to the SDB account that are received at the home office on a Business Day before 2:00 p.m. Mountain Time will be processed and sent to SDB Provider the second Business Day, if all of the Core Investment option providers associated with the transfer and contribution request meet the "late day" trading requirements. "Late day" trading means that the investment option provider agrees to accept transactions at that Business Day's price that are initiated prior to 2:00 p.m. Mountain Time but are received by the investment option provider after 2:00 p.m. Mountain Time. If received at the home office on a Business Day after 2:00 p.m. Mountain Time, transfers and contributions will be processed and sent to SDB Provider the third Business Day.

B. Transfers from SDB Provider:

Participant initiated transfer requests from the Money Fund at SDB Provider to the Core Investments that are received by SDB Provider on a Business Day before 2:00 p.m. Mountain Time will be received at the home office approximately three (3) Business Days after requested from SDB accounts. Once received at the home office, the amount transferred will be deposited to the applicable investment options according to the transfer timing schedule described in this Agreement.

C. Loans, Lump-Sum Withdrawals, Non-Required Periodic Payments, and Required Payments under the Plan, the Code or the Payment Option Selected:

The Participant must sell sufficient securities to raise the required amount of cash in the Designated SDB Money Market Fund and then transfer the cash from the SDB Money Market Designated Fund to the Core Investments. Once the transfer is received in the Core Investments, the loan or first payment will be available the later of five (5) Business Days after the Business Day the SDB monies (and complete and accurate information necessary to process the request) or the date of the scheduled payment.

D. Death Benefit Payments:

1. SDB Investment in Mutual Funds and Bonds:

Once complete and accurate information necessary to process the death benefit request is received at the home office, SDB Provider will be notified to liquidate all securities in the SDB and transfer them to the Core Investments on the recordkeeping system at the home office. The death benefit request will be processed no later than the eleventh Business Day and the check will be processed and mailed no later than the twelfth Business Day.

2. **SDB Investment in Stock With or Without Mutual Funds and/or Bonds:**

Death benefit requests that include stock investments in the SDB will be completed no later than two (2) Business Days after the schedule described above in subparagraph 1 given that stock investments require two (2) additional Business Days to settle.

E. Closing the SDB:

In event the SDB account is closed, the Participant's SDB account will remain in pending closure status for forty-five (45) days to receive trailing dividends. If and if a dividend is paid into the SDB account after all of the SDB money has been transferred, the Participant (or beneficiary) must follow the procedures described in Section A. 9. Once the dividend has been paid into the Core Investments on the recordkeeping system at the home office, the check will be available according to the schedule described in paragraph C. above.

EXHIBIT "B"

EQUAL EMPLOYMENT OPPORTUNITY

1. The contractor, subcontractor, vendor, supplier, or lessee will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, or age. The contractor, subcontractor, vendor, supplier, or lessee will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, sex, national origin, or age. Such action will include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The contractor, subcontractor, vendor, supplier or lessee agrees to post in conspicuous places available to employees, and applicants for employment, notices to be provided by the City setting forth the provisions of this Equal Employment Opportunity Clause.

2. The contractor, subcontractor, vendor, supplier, or lessee states that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, national origin or age.

3. The contractor, subcontractor, vendor, supplier, or lessee will send to each labor union or representatives of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer advising the said labor union or worker's representative of the contractor's and subcontractor's commitments under Section 202 of Executive Order No. 11246, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. The contractor, subcontractor, vendor, supplier, or lessee will comply with all provisions of Executive Order No. 11246 and the rules, regulations, and relevant orders of the Secretary of Labor or other Federal Agency responsible for enforcement of the equal employment opportunity and affirmative action provisions applicable and will likewise furnish all information and reports required by the Mayor and/or Contractor Compliance Officer(s) for purposes of investigation to ascertain and effect compliance with this program.

5. The contractor, subcontractor, vendor, supplier, or lessee will furnish all information and reports required by Executive Order No. 11246, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to all books, records, and accounts by the appropriate City and Federal Officials for purposes of investigations to ascertain compliance with such rules, regulations, and orders. Compliance reports filed at such times as directed shall contain information as to the employment practice policies, program, and work force statistics of the contractor, subcontractor, vendor, supplier, or lessee.

6. In the event of the contractor's, subcontractor's, vendor's, supplier's, or lessee's non-compliance with the non-discrimination clause of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part, and the contractor, subcontractor, vendor, supplier, or lessee may be declared ineligible for further City contracts in accordance with procedures provided in Executive Order No. 11246, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as may otherwise be provided by law.

7. The contractor shall include the provisions of paragraphs 1-8 of this Equal Employment Opportunity Clause in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontractor or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

8. The contractor shall file and shall cause his or her subcontractors, if any, to file compliance reports with the City in the form and to the extent as may be prescribed by the Mayor. Compliance reports filed at such times as directed shall contain information as to the practices, policies, programs, and employment policies and employment statistics of the contractor and each subcontractor.

EXHIBIT "C"

MWBE SUBCONTRACT TERMS

Contractor shall ensure that all subcontracts with MWBE subcontractors and suppliers are clearly labeled "**THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION ACCORDING TO THE TEXAS GENERAL ARBITRATION ACT**" and contain the following terms:

1. _____ (MWBE subcontractor) shall not delegate or subcontract more than 50% of the work under this subcontract to any other subcontractor or supplier without the express written consent of the City of Houston's Affirmative Action Director ("the Director").

2. _____ (MWBE subcontractor) shall permit representatives of the City of Houston, at all reasonable times, to perform (1) audits of subcontractor's books and records, and (2) inspections of all places where work is to be undertaken in connection with this subcontract. Subcontractor shall keep its books and records available for inspection for at least 4 years after the end of its performance under this subcontract. Nothing in this provision shall change the time for bringing a cause of action.

3. Within 5 business days of execution of this subcontract, Contractor (prime contractor) and Subcontractor shall designate in writing to the Director an agent for receiving any notice required or permitted to be given under Chapter 15 of the Houston City Code of Ordinances, along with the street and mailing address and phone number of the agent.

4. Any controversy between the parties involving the construction or application of any of the terms, covenants, or conditions of this subcontract must, upon the written request of one party served upon the other or upon notice by the Director served on both parties, be submitted to binding arbitration, under the Texas General Arbitration Act (Tex. Civ. Prac. & Rem. Code Ann., Ch. 171 -- "the Act"). Arbitration must be conducted according to the following procedures:

a. Upon the decision of the Director or upon written notice to the Director from either party that a dispute has arisen, the Director shall notify all parties that they must resolve the dispute within 30 days or the matter may be referred to arbitration.

b. If the dispute is not resolved within the time specified, any party or the Director may submit the matter to arbitration conducted by the American Arbitration Association under the rules of the American Arbitration Association, except as otherwise required by the City's contract with the American Arbitration Association on file in the City's Affirmative Action Division Office.

c. Each party shall pay all fees required by the American Arbitration Association and sign a form releasing the American Arbitration Association and its arbitrators from liability for decisions reached in the arbitration.

d. If the American Arbitration Association no longer administers Affirmative Action arbitration for the City, the Director shall prescribe alternate procedures to provide arbitration by neutrals in accordance with the requirements of Chapter 15 of the Houston City Code of Ordinances.

EXHIBIT "D"

DRUG POLICY COMPLIANCE AGREEMENT

I, _____ as an owner or officer of
(Name) (Print/Type) (Title)

_____ (Contractor)
(Name of Company)

have authority to bind Contractor with respect to its bid, offer or performance of any and all contracts it may enter into with the City of Houston; and that by making this Agreement, I affirm that the Contractor is aware of and by the time the contract is awarded will be bound by and agree to designate appropriate safety impact positions for company employee positions, and to comply with the following requirements before the City issues a notice to proceed:

1. Develop and implement a written Drug Free Workplace Policy and related drug testing procedures for the Contractor that meet the criteria and requirements established by the Mayor's Amended Policy on Drug Detection and Deterrence (Mayor's Drug Policy) and the Mayor's Drug Detection and Deterrence Procedures for Contractors (Executive Order No. 1-31).

2. Obtain a facility to collect urine samples consistent with Health and Human Services (HHS) guidelines and a HHS certified drug testing laboratory to perform the drug tests.

3. Monitor and keep records of drug tests given and the results; and upon request from the City of Houston, provide confirmation of such testing and results.

4. Submit semi-annual Drug Policy Compliance Declarations.

I affirm on behalf of the Contractor that full compliance with the Mayor's Drug Policy and Executive Order No. 1-31 is a material condition of the contract with the City of Houston.

I further acknowledge that falsification, failure to comply with or failure to timely submit declarations and/or documentation in compliance with the Mayor's Drug Policy and/or Executive Order No. 1-31 will be considered a breach of the contract with the City and may result in non-award or termination of the contract by the City of Houston.

_____
Date

_____
Contractor Name

_____
Signature

_____
Title

EXHIBIT "E"

CONTRACTOR'S CERTIFICATION OF NO SAFETY IMPACT POSITIONS IN PERFORMANCE OF A CITY CONTRACT

I, _____, _____,
(Name) (Title)

as an owner or officer of _____ (Contractor)
(Name of Company)

have authority to bind the Contractor with respect to its bid, and hereby certify that Contractor has no employee safety impact positions, as defined in §5.18 of Executive Order No. 1-31, that will be involved

in performing _____.
(Project)

Contractor agrees and covenants that it shall immediately notify the City of Houston Director of Personnel if any safety impact positions are established to provide services in performing this City Contract.

_____
(Date)

_____
(Typed or Printed Name)

_____
(Signature)

_____
(Title)

EXHIBIT "F"

DRUG POLICY COMPLIANCE DECLARATION

I, _____ as an owner or officer of
(Name) (Print/Type) (Title)

_____ (Contractor)
(Name of Company)

have personal knowledge and full authority to make the following declarations:

This reporting period covers the preceding 6 months from _____ to _____, 20____.

_____ Initials — A written Drug Free Workplace Policy has been implemented and employees notified. The policy meets the criteria established by the Mayor's Amended Policy on Drug Detection and Deterrence (Mayor's Policy).

_____ Initials — Written drug testing procedures have been implemented in conformity with the Mayor's Drug Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31. Employees have been notified of such procedures.

_____ Initials — Collection/testing has been conducted in compliance with federal Health and Human Services (HHS) guidelines.

_____ Initials — Appropriate safety impact positions have been designated for employee positions performing on the City of Houston contract. The number of employees in safety impact positions during this reporting period is _____.

_____ Initials — From _____ (Start date) to _____ (End date) the following test has occurred

	Random	Reasonable Suspicion	Post Accident	Total
Number Employees Tested	_____	_____	_____	
Number Employees Positive	_____	_____	_____	
Percent Employees Positive	_____	_____	_____	

_____ Initials — Any employee who tested positive was immediately removed from the City worksite consistent with the Mayor's Policy and Executive Order No. 1-31.

_____ Initials — I affirm that falsification or failure to submit this declaration timely in accordance with established guidelines will be considered a breach of contract.

I declare under penalty of perjury that the affirmations made herein and all information contained in this declaration are within my personal knowledge and are true and correct.

_____
(Date)

_____
(Typed or Printed Name)

_____
(Signature)

_____
(Title)

EXHIBIT "G"

FEES

1. Recordkeeping and Communication Services

The total contract price for all recordkeeping and communication services described in the proposal is $10.00 per participant per year. This fee will be deducted from the Plan Accounts on a quarterly basis of $2.50 per quarter and is guaranteed for the entire term of the contract.

2. Revenue Sharing on a Full Disclosure Basis

Great-West will remit to the Plan all fees that Great-West and/or one or more of its affiliates may receive from mutual fund families and other Core (i.e. non-self-directed brokerage option) investment providers for providing certain administrative or other services. These assets shall be placed into an unallocated trust assets account ("Plan Account") to be used for plan purposes as set forth in the plan document and will be invested in a single investment option as specified by Plan Sponsor.

3. Stable Value Fund Annualized Investment Management Fee

The City of Houston Stable Value Fund annualized Investment Management Fee is set forth in the Letter Agreement attached as Exhibit K to the Agreement.

4. Self-Directed Brokerage Option Fees

In addition to the recordkeeping and communication fee, GWL&A shall collect from each participant utilizing the Self-Directed Brokerage Option (SDB) an annualized fee of $50.00 per year, deducted from each participant's Core Investments (all investment options except SDB) account balance in an amount of $12.50 per quarter. Participants electing to invest in the SDB will also be assessed separately by the SDB Provider its fees, the management and other fees specific to each investment option selected. The commissions and/or fees charged by SDB Provider are set forth on SDB Provider web site and will be charged to the Participant's SDB as they apply to the SDB arrangement. These commissions and/or fees are subject to change at any time without notice. Great-West and/or one or more of its affiliates will retain revenues, if any, which become payable by SDB Provider to compensate Great-West for the establishment and on-going recordkeeping services for the self-directed brokerage option.

5. Loan Fees

A $50 loan origination fee will be deducted from the amount of each loan processed. In addition, a $25.00 annual maintenance fee per loan will be deducted from the Participant's account in an amount of $6.25 per quarter.

6. Bank Credit Disclosure

Great-West may earn credits and/or interest on Plan assets awaiting investment or pending distribution. Any credits or interest earned are aggregated with credits and/or interest earned by Great-West affiliates and will be used to defray the aggregate expenses for the maintenance of bank accounts. Great-West and its affiliates will not retain credits and/or interest earned in excess of such maintenance expenses.

Credits and/or interest are earned from the use of (i) uninvested contributions received too late in the day or not received in good order to be invested same-day and (ii) proceeds from investment option redemptions where Plan distribution checks have not been presented for payment by Plan Participants. Credits and/or interest (i) begin to accrue on contributions, on the date such amounts are deposited into the bank account and end on the date such amounts are invested pursuant to Plan participant instructions and (ii) begin to accrue on distributions, on the date the check is written or on the wire date, as applicable and end on the date the check is presented for payment or when the wire clears against the account, as applicable. Earnings of credits and/or interest are at the rate the bank provides from time to time.

7. Miscellaneous Fee Provisions

If the City selects a custodian or trustee that requires the procedures or services in this Agreement to change, Great-West reserves the right to adjust fees in this Section.

Should a Participant request an overnight delivery, Great-West will assess the Participant its current overnight delivery fee.

Should a Participant request a payment via Automated Clearing House (ACH) for partial and full withdrawals, Great-West will assess the Participant its current ACH fee.

Should a Participant request a payment via wire for partial and full withdrawals, Great-West will assess the Participant its current wire fee.
City may direct Great-West in writing to assess a mutually agreeable per Participant fee, asset fee, or combination fee to Participants account balances. Such fee(s) may be deposited into an unallocated trust assets account ("Plan Account") to be used for plan purposes as set forth in the plan document and as directed in writing by the City. These assets may be invested in a single investment option and such fees may be adjusted annually as specified by the City, if applicable.

The parties agree that any services which Great-West is requested to perform beyond the scope of the services described in this Agreement shall be provided at a mutually agreed upon price negotiated prior to the performance of such services.

EXHIBIT "H"

PLAN

(See attached)

Exhibit H

CITY OF HOUSTON

FIRST AMENDED

SECTION 457 ELIGIBLE DEFERRED COMPENSATION PLAN

EFFECTIVE: JUNE 1, 2005

FIRST AMENDED SECTION 457 ELIGIBLE DEFERRED COMPENSATION PLAN

I. INTRODUCTION

In accordance with the provisions of § 457 of the Internal Revenue Code of 1986, as amended, the City of Houston ("the City" or "Employer") hereby establishes this Deferred Compensation Plan, hereinafter referred to as the "Plan." Nothing contained in this Plan shall be deemed to constitute an employment agreement between any Participant and Employer and nothing contained herein shall be deemed to give a Participant any right to be retained in the employ of Employer.

II. DEFINITIONS

.1 "Administrator" or "Plan Administrator" means either the Employer or its duly authorized designee who shall exercise the functions assigned to it by the Employer under the terms of the Plan.

.2 "Age 50 or Older Catch-up" means the deferred amount described in section 4.04.

.3 "Beneficiary" means the persons or entities designated by a Participant pursuant to section 4.01(c).

.4 "City Attorney" means the City Attorney of the City or his or her designee.

.5 "Code" means the Internal Revenue Code of 1986, as amended, or any future United States internal revenue law. References herein to specific section numbers of the Code shall be deemed to include Treasury regulations and Internal Revenue Service guidance thereunder and to corresponding provisions of any future United States internal revenue law.

.6 "Committee" means the Deferred Compensation Advisory Committee established under Article XV.

.7 "Compensation" means all payments made to an Employee by the Employer as remuneration for services rendered, including salaries, and, to the extent permitted by the Code and/or Treasury Regulations or other similar guidance, accrued vacation and sick leave benefits for which an Employee is eligible to receive monetary compensation upon termination.

.8 "Custodial Account" means the account established with a Custodian meeting the provisions of Code § 401(f), if the Employer has elected to satisfy the trust requirement of Code § 457(g) by setting aside Plan assets in a custodial account.

.9 "Custodian" means the bank, trust company or other person authorized to hold the assets of such a custodial account in accordance with regulations issued by the Secretary of the Treasury pursuant to Code § 401(f) that is selected by the Employer to hold Plan assets if the Employer has elected to use a custodial account pursuant to Code § 457(g) and § 401(f).

.10 "Deferred Compensation" means the amount of Compensation that the Participant defers in accordance with the Plan, subject to any deferral limitations that may apply.

.11 "Director" means the Director of the City of Houston Finance and Administration Department or his or her designee.

.12 "Effective Date" means June 1, 2005.

.13 "Employee" means any officer or full-time or part-time employee whose name appears on the periodic payroll roster of the Employer and any elected official of the Employer but excludes independent contractors of the Employer.

.14 "Employer" means the City of Houston, Texas.

.15 "Includible Compensation" means, for purposes of the limitation set forth in section 4.02, Compensation for services performed for the Employer as defined in Code § 457(e)(5).

.16 "Limited Catch-up" means the deferred amount described in section 4.03.

.17 "Normal Retirement Age" means age 70½, unless the Participant has elected an alternate Normal Retirement Age by written instrument delivered to the Administrator prior to Severance From Employment. A Participant's Normal Retirement Age determines the period during which a Participant may utilize the Limited Catch-up of section 4.03 of the Plan. Once a Participant has to any extent utilized the Limited Catch-up of section 4.03 of the Plan, his Normal Retirement Age may not be changed.

A Participant's alternate Normal Retirement Age may not be earlier than the earliest date the Participant will become eligible to retire under the Employer's basic retirement plan that is applicable to such Participant without the Employer's consent and to receive immediate retirement benefits without actuarial or similar reduction because of early retirement, and may not be later than age 70½. If the Participant will not become eligible to receive benefits under a retirement plan maintained by the Employer, the Participant's alternate Normal Retirement Age may not be earlier than age 50 and may not be later than age 70½. If a Participant continues to be employed by Employer after attaining age 70½, not having previously elected an alternate Normal Retirement Age, the Participant's alternate Normal Retirement Age shall not be later than the mandatory retirement age, if any, established by the Employer, or the age at which the Participant actually severs employment with the Employer if the Employer has no mandatory retirement age.

.18 "Participant" means any Employee who becomes a Participant pursuant to section 4.01. Except for purposes of Articles IV, VIII, and IX, "Participant" shall include former Participants.

.19 "Participation Agreement" means the agreement entered into and filed by an Employee with the Employer pursuant to section 4.01, in which the Employee elects to become a Plan Participant.

.20 "Plan Year" means the calendar year.

.21 "Qualified Domestic Relations Order" or "QDRO" shall have the meaning specified in section 12.02.

.22 "Severance from Employment" means severance of the Participant's employment with the Employer. A Participant shall be deemed to have severed his employment with the Employer for purposes of this Plan when both parties consider the employment relationship to have terminated and neither party anticipates any future employment of the Participant by the Employer.

.23 "Third Party Administrator" means that person or entity engaged by the Employer to perform some or all of the Administrator's duties under the Plan.

.24 "Total Amount Deferred" means, with respect to each Participant, the sum of all Compensation deferred under the Plan, plus income and minus loss thereon (including amounts determined with reference to life insurance policies) and less the amount of any expenses or distributions authorized by this Plan.

.25 "Trust" means the trust created under Article V of the Plan. "Trust" may also mean a trust created by a separate written agreement between the Employer and the Trustee if a bank or trust company is named as Trustee. The Trust shall consist of all Plan assets held by the Trustee.

.26 "Trustee" means the Employer or such other person, persons or entity selected by the Employer who agrees to act as Trustee hereunder. This term (except as used in Article V) also refers to the person holding the assets of any custodial account or holding any annuity contract described in section 5.01.

.27 "Unforeseeable Emergency" means severe financial hardship to a Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Code § 152(a)) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant as defined in Code § 457. . Whether a hardship constitutes an Unforeseeable Emergency under section 7.04 shall be determined in the sole discretion of the Administrator.

III. ADMINISTRATION

.1 Administrator. The Employer shall be the Administrator unless the Employer has delegated certain of its duties to a Third Party Administrator.

.2 Appointment and Termination of Third Party Administrator. A Third Party Administrator may be engaged by the Employer to perform certain duties and obligations in reference to the Plan.

.3 Duties of Administrator. Subject to any applicable laws, the Administrator shall have full power and authority to adopt rules, regulations and procedures for the administration of the Plan, and to interpret, alter, amend, or revoke any rules, regulations or procedures so adopted. The Administrator's duties shall include, but not be limited to:

(a) appointing the Plan's accountant, actuary, custodian or any other party needed to administer the Plan or the Plan assets;

(b) directing the Trustee with respect to payments from the Plan assets held in Trust;

(c) communicating with Employees regarding their participation and benefits under the Plan, including the administration of all claims procedures;

(d) filing any returns and reports with the Internal Revenue Service or any other governmental agency;

(e) reviewing and approving any financial reports, investment reviews, or other reports prepared by any party appointed under paragraph (a);

(f) establishing a funding policy and investment objectives consistent with the purposes of the Plan; and

(g) construing and resolving any question of Plan interpretation. The Administrator's interpretation of Plan provisions including eligibility and benefits under the Plan is final.

.4 Administrative Fees and Expenses. All reasonable costs, charges and expenses incurred by the Administrator in connection with the administration of the Plan may be paid by the Employer, but if not paid by the Employer when due, shall be paid from Plan assets. Notwithstanding the foregoing, no compensation other than reimbursement for expenses shall be paid to an Administrator who is the Employer or a full-time Employee of the Employer. In the event any part of the assets in the Plan become subject to tax, all taxes incurred shall be paid from the Plan assets unless the Administrator advises the Trustee not to pay such tax.

.5 Actions of Administrator. Every action taken by the Administrator shall be presumed to be a fair and reasonable exercise of the authority vested in or the duties imposed upon him, her, or it. The Administrator shall be deemed to have exercised reasonable care, diligence and prudence and to have acted impartially as to all persons interested, unless the contrary be proven by affirmative evidence. The Administrator shall not be liable for amounts of Compensation deferred by Participants or for other amounts payable under the Plan.

.6 Delegation. Subject to any applicable laws and any approvals required by the Employer, the Administrator may delegate any or all of his, her or its powers and duties hereunder to another person, persons, or entity, and may pay reasonable compensation for such services as an administrative expense of the Plan, to the extent such compensation is not otherwise paid.

IV. PARTICIPATION IN THE PLAN

.1 Enrollment in the Plan.

(a) An Employee may become a Participant by entering into a Participation Agreement. Compensation will be deferred for any payroll period if a Participation Agreement providing for such deferral is entered into by the Participant and approved by the Administrator before the beginning of such payroll period. With respect to a new Employee, Compensation shall be deferred for the payroll period during which a Participant first becomes an Employee if a Participation Agreement providing for such deferral is entered into by the Participant and approved by the Administrator before the first day on which the Participant becomes an Employee. Any prior employee who was a Participant in the Plan and is rehired by Employer may resume participation in the Plan by entering into a Participation Agreement. Unless distributions from the Plan have begun due to that prior Severance from Employment, however, any deferred commencement date elected by such employee with respect to those prior Plan assets shall be null and void.

In entering into the Participation Agreement, the Participant elects to participate in this Plan and consents to the deferral by the Employer of the amount specified in the Participation Agreement from the Participant's gross compensation for each payroll period. Such deferral shall continue in effect until modified, disallowed or revoked in accordance with the terms of this Plan, or until the Participant ceases employment with the Employer. The Employer retains the right to establish minimum deferral amounts per payroll period and to limit the number and/or timing of enrollments into the Plan in the Participation Agreement.

(b) Notwithstanding section 4.01(a), to the extent permitted by applicable law, the Administrator may establish procedures whereby each Employee becomes a Participant in the Plan and, as a term or condition of employment, elects to participate in the Plan and consents to the deferral by the Employer of a specified amount for any payroll period for which a Participation Agreement is not in effect. In the event such procedures are in place, a Participant may elect to defer a different amount of compensation per payroll period, including zero, by entering into a Participation Agreement.

(c) Beneficiary. Each Participant may designate in the Participation Agreement or in any other manner authorized by the Administrator a Beneficiary or Beneficiaries to receive any amounts which may be distributed in the event of the death of the Participant prior to the complete distribution of benefits. A Participant may change the designation of Beneficiaries at any time by filing with the Administrator a written notice on a form approved by the Administrator. If no such designation is in effect on the Participant's death, payment will be made to the properly appointed executor of the Participant's

estate. If an executor has not been appointed and qualified with 90 days after the death of the Participant, the payment may be made first to a surviving spouse, second to a surviving child or children and third, to a surviving parent or parents.

.2 Deferral Limitations.

(a) Except as provided in sections 4.03 and 4.04, the maximum that may be deferred under all of the Employer's eligible 457 deferred compensation plans for any taxable year of a Participant shall not exceed the lesser of (1) the applicable dollar amount in effect for the year, as adjusted for the calendar year in accordance with Code § 457(e)(15), or (2) 100% of the Participant's Includible Compensation, each reduced by any amount specified in section 4.02(b) for that taxable year.

(b) The deferral limitation shall be reduced by any amount excludable from the Participant's gross income attributable to elective deferrals to another eligible deferred compensation plan described in Code § 457(b).

.3 Limited Catch-up.

For one or more of the Participant's last three taxable years ending before the taxable year in which Normal Retirement Age under the Plan is attained, the maximum deferral shall be the lesser of:

(a) twice the applicable dollar limit in effect under Code § 457(e)(15), reduced by any applicable amount specified in section 4.02(b) for that taxable year; or

(b) the sum of:

(1) the limitations established for purposes of section 4.02 of the Plan, for such taxable year (determined without regard to this section 4.03), plus

(2) so much of the limitation established under section 4.02 of the Plan or established in accordance with Code § 457(b)(2) and the regulations thereunder under an eligible deferred compensation plan sponsored by an entity other than the Employer and located in the same state for prior taxable years (beginning after December 31, 1978 and during all or any portion of which the Participant was eligible to participate in this Plan) as has not theretofore been used under sections 4.02 or 4.03 hereof or under such other plan (taking into account the limitations under and participation in other eligible deferred compensation plans in accordance with the Code); provided, however, that this section 4.03 shall not apply with respect to any Participant who has previously utilized in whole or in part the limited catch-up under this Plan or under any other eligible deferred compensation plan (within the meaning of Code § 457).

.4 Age 50 or Older Catch-up. A Participant who attains age 50 or older by the end of a Plan Year and who does not utilize the Limited Catch-up for such Plan Year may make a deferral in excess of the limitation specified in section 4.02, up to the amount specified in and subject to any other requirements under Code § 414(v).

.5 Employer Modification of Deferral. The Employer shall have the right to modify or disallow the periodic deferral of Compensation elected by the Participant:

(a) in excess of the limitations stated in sections 4.02, 4.03 and 4.04;

(b) in excess of the Participant's net Compensation for any payroll period;

(c) upon any change in the length of payroll period utilized by Employer. In such case the periodic deferral shall be adjusted so that approximately the same percentage of pay shall be deferred on an annual basis;

(d) in order to round periodic deferrals to the nearest whole dollar amount;

(e) to reduce the future deferrals in the event that the amount actually deferred for any payroll period exceeds, for any reason whatsoever, the amount elected by the Participant. In the alternative, such amount of excess deferral may be refunded to the Participant. No adjustment in future deferrals shall be made if a periodic deferral is missed or is less than the amount elected, for any reason whatsoever; or

(f) if the deferral elected for any payroll period is less than the minimum amount specified in section 4.01(a);

And to the extent permitted by and in accordance with the Code, the Employer may distribute the amount of a Participant's deferral in excess of the distribution limitations stated in sections 4.02, 4.03 and 4.04 notwithstanding the limitations of Article VII; provided, however, that the Employer shall have no liability to any Participant or Beneficiary with respect to the exercise of, or the failure to exercise, the authority provided in this section 4.05.

.6 Participant Modification of Deferral. A Participant may modify the Participation Agreement at the times and in the manner authorized by the Administrator with respect to Compensation payable no earlier than the payroll period after such modification is entered into by the Participant and accepted by the Administrator. Notwithstanding the above, if a negative election procedure has been implemented pursuant to section 4.01(b), a Participant may enter into or modify a Participation Agreement at any time to provide for no deferral.

.7 Revocation. A Participant may at any time revoke the agreement to defer Compensation by filing a request for revocation to the Administrator in a manner approved by the Administrator. Such revocation will be effective for the payroll period following the Administrator's receipt of the revocation or as soon as administratively feasible thereafter. However, the Total Amount Deferred shall be distributed only as provided in Articles VI and VII and shall be subject to the terms and provisions of the affected investment option. A Participant's request for a distribution in the event of an Unforeseeable Emergency shall in addition be treated as a request for revocation of deferrals as of a date determined by the Administrator for the period of time determined under section 7.04.

.8 Re-Enrollment. A Participant who revokes the Participation Agreement as set forth in section 4.07 above may again become a Participant at the times and in the manner authorized by the

Administrator, by entering into a new Participation Agreement to defer Compensation payable no earlier than the payroll period after such new Participation Agreement is entered into by the Participant and accepted by the Administrator.

.9 Transfers and Rollovers Into and out of the Plan.

(a) Transfers to the Plan. If the Participant was formerly a Participant in an eligible deferred compensation plan maintained by another employer, and if such plan permits the direct transfer of the Participant's interest therein to the Plan, then the Plan shall accept assets representing the value of such interest; provided, however, that the Participant has separated from service with that prior employer and become an Employee of Employer. Such amounts shall be held, accounted for, administered and otherwise treated in the same manner as Compensation deferred by the Participant under this Plan except that such amounts shall not be considered Compensation deferred under the Plan in the taxable year of such transfer in determining the maximum deferral under section 4.02. The Employer may require such documentation from the predecessor plan as it deems necessary to confirm that such plan is an eligible deferred compensation plan within the meaning of Code § 457, and to assure that transfers are provided under such plan. The Employer may refuse to accept a transfer in the form of assets other than cash.

(b) Rollovers to Plan. The Plan shall accept a rollover contribution on behalf of a Participant or Employee who may become a Participant. A rollover contribution for purposes of this subsection is an eligible rollover contribution (as defined in Code § 402(f)(2)) from any (i) plan qualified under Code §§ 401(a) or 403(a); (ii) tax-sheltered annuity or custodial account described in Code § 403(b); (iii) individual retirement account or annuity described in Code § 408; or (iv) eligible deferred compensation plan described in Code § 457(b) maintained by an eligible employer described in Code § 457(e)(1)(A). Prior to accepting any rollover contribution, the Administrator may require that the Participant or Employee establish that the amount to be rolled over to the Plan is a valid rollover within the meaning of the Code. A Participant's rollover contribution shall be held in a separate rollover account or accounts, as the Administrator shall determine from time to time.

(c) Other Transfers to the Plan. To the extent permitted by Code and/or Treasury Regulations or other similar guidance, accrued vacation and sick leave pay may be transferred in amounts as may be allowed by law or applicable regulation by a Participant to the Plan upon such Participant's Severance from Employment. Such amounts shall be held, accounted for, administered and treated as Compensation. If such transfers are allowed by the Code and/or Treasury Regulations, the Administrator may establish necessary rules and procedures consistent with applicable laws to govern these transfers.

(d) Transfers from the Plan. To the extent permitted by Code and/or Treasury Regulations or other similar guidance, Participants may transfer funds from this Plan to other

eligible Section 457 plans sponsored by this Employer. The Plan Administrator and the Deferred Compensation Advisory Committee shall establish written transfer guidelines for transfers from this Plan to other eligible Section 457 plans sponsored by this Employer (the "Transfer Guidelines"). The Transfer Guidelines shall be initially established and thereafter may be reviewed on an annual basis. The Transfer Guidelines shall take into account total Plan assets, number of Plan Participants, market conditions and any other factors that the Plan Administrator and the Deferred Compensation Advisory Committee deem relevant. Transfers may only occur in accordance with the Transfer Guidelines and at such times, in such aggregate and individual amounts, and in the manner allowed by the Employer or Plan Administrator.

.10 Multiple Plans. In the case of a Participant who participates in more than one deferred compensation plan governed by Code § 457, the limitations set forth in sections 4.02, 4.03 and 4.04 shall, to the extent required under the Code, apply to all such plans considered together. For purposes of sections 4.02, 4.03 and 4.04, Compensation deferred shall be taken into account at its value in the Plan Year in which deferred.

.11 Qualified Military Service. Notwithstanding any provision of this Plan to the contrary, contributions and benefits with respect to qualified military service shall be provided in accordance with Code § 414(u).

V. CREATION OF TRUST AND TRUST FUND

.2 Custody of Plan Assets. All contributions under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall be held for the exclusive benefit of Participants and their Beneficiaries. On the Effective Date of this Plan, the trust requirement of Code 457(g) is satisfied as the Plan's assets are set aside in one or more annuity contracts and one or more custodial accounts. However, the trust requirement of Code § 457(g) may be satisfied if the Employer sets aside the Plan assets in one or more of the following ways:

(a) Plan assets may be set aside in trust pursuant to a separate written trust agreement between the Employer and certain employees of (or holders of certain positions with) the Employer named as Trustee.

(b) Plan assets may be set aside in trust pursuant to a separate written trust agreement entered into between the Employer and the bank or trust company named as Trustee.

(c) Plan assets may be set aside in one or more annuity contracts described in Code § 401(f).

(d) Plan assets may be set aside in one or more custodial accounts described in Code § 401(f).

.3 Exclusive Benefit Rules. No part of the Plan assets shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants, former Participants with a interest in the Plan, and the Beneficiary or Beneficiaries of a deceased Participant having an interest in the Trust assets at the death of the Participant.

VI. INVESTMENTS

.1 Investment Options. The Employer, acting by and through the Director, has the sole discretion to select one or more investment options from which Participants may invest their Account balances. All investment options offered under the Plan shall be appropriate and in compliance with any and all state and federal laws and regulations pertaining to such investments.

.2 Participant Investment Direction. If the Employer chooses to designate one or more investment options in which Participants may direct investment of their Account, Participants shall have the option to direct the investment of their Account from among the investment options designated by the Employer. A Participant's right to direct the investment of Account balances shall apply only to making selections among the options made available under the Plan and only to the extent specified by the Employer pursuant to uniform rules.

(a) Each Participant shall designate on the form prescribed by the Administrator the one or more investment options in which he or she wishes to have his Account invested and may change such investment directions in accordance with and at the time or times specified under uniform rules established by the Administrator. The Participant's Account shall be debited or credited as appropriate to reflect all gains or losses on such investments.

(b) Neither the Employer, the Administrator, the Trustee nor any other person shall be liable for any loss incurred by virtue of following the Participant's directions or by reason of any reasonable administrative delay in implementing such directions.

(c) The Employer may from time to time change the investment options made available under the Plan. If the Employer eliminates an investment option, all Participants who had chosen that investment option shall select another option. If no new option is selected by the Participant, money remaining in the eliminated investment option shall be reinvested at the direction of the Employer. The Participants shall have no right to require the Employer to select or retain any investment option. Any change with respect to investment options made by the Employer or a Participant, however, shall be subject to the terms and conditions (including any rules or procedural requirements) of the affected investment options.

.3 Participant Accounts. The Administrator shall maintain or cause to be maintained one or more individual accounts for each Participant. Such accounts shall include separate accounts, as necessary, for Code § 457 Deferred Compensation, Code § 457 rollovers, IRA rollovers, other qualified plans and Code § 403(b) plan rollovers, and such other accounts as may be appropriate from

time-to-time for Plan administration. At regular intervals established by the Administrator, each Participant's account(s) shall be credited with the amount of any Deferred Compensation paid into the Trust; debited with any applicable administrative or investment expense, including, but not limited to, fees charged to Participants, allocated on a reasonable and consistent basis; credited or debited with investment gain or loss, as appropriate; and debited with the amount of any distribution. At least once a year each Participant shall be notified in writing of his Total Amount Deferred.

.4 Distributions from the Trust. The payment of benefits from the Trust in accordance with the terms of the Plan may be made by the Trustee, or by any custodian or other person so authorized by the Employer to make such distribution. Neither the Employer, the Administrator, the Trustee nor any other person shall be liable with respect to any distribution from the Trust made at the direction of the Employer or a person authorized by the Employer to give disbursement direction.

VII. DISTRIBUTIONS

.1 Conditions for Distributions.

(a) § 457 Deferred Compensation. Payments from a Participant's § 457 Deferred Compensation account to the Participant or Beneficiary shall not be made earlier than:

(1) the Participant's Severance from Employment or death;

(2) the Participant's account meets all of the requirements for an in-service *de minimis* distribution pursuant to section 7.03;

(3) the Participant incurs an approved Unforeseeable Emergency pursuant to section 7.04;

(4) the Participant transfers an amount to a defined benefit governmental plan pursuant to section 7.03(c); or

(5) The calendar year in which the Participant attains age 70 1/2.

(b) Rollovers. Payments from a Participant's rollover account(s) may be made at any time. To the extent permitted by Treasury Regulations or other similar guidance, upon a Participant's Severance from Employment, the Participant may roll over all or any part of the Participant's account to a defined benefit plan. Such rollover shall be subject to such rules and procedures that may be established by the Administrator.

.2 Severance from Employment.

(a) Subject to section 7.02(b), distributions to a Participant shall commence following his or her Severance from Employment, on the regular distribution commencement date

(as the Administrator may establish from time-to-time) elected by the Participant, in a form and manner determined pursuant to sections 7.06, 7.07 and 7.08.

(b) Upon notice to Participants, and subject to sections 7.08(b), 7.10 and 7.11, the Administrator may establish procedures under which a Participant whose total § 457 Deferred Compensation account balance is less than an amount specified by the Administrator (not in excess of $1,000 or other applicable limit under the Code) will receive a lump sum distribution on the first regular distribution commencement date (as the Administrator may establish from time-to-time) following the Participant's Severance from Employment, notwithstanding any election made by the Participant pursuant to section 7.02(a).

.3 In-Service Distributions and Transfers.

(a) Voluntary In-Service Distribution of *De Minimis* Accounts. A Participant who is an active Employee shall receive a distribution of the total amount payable to the Participant under the Plan if the following requirements are met:

(1) the portion of the total amount payable to the Participant under the Plan does not exceed an amount specified from time to time by the Administrator (not in excess of $5,000 or other applicable limit under the Code);

(2) the Participant has not previously received an in-service distribution (including any distributions made pursuant to section 7.04) under the Plan;

(3) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution; and

(4) the Participant elects to receive the distribution.

(b) Involuntary In-Service Distribution of *De Minimis* Accounts.

Upon notice to Participants, and subject to section 7.11, the Administrator may establish procedures under which the Plan shall distribute the total amount payable under the Plan to a Participant who is an active Employee if the following requirements are met:

(1) the portion of the total amount payable to the Participant under the Plan does not exceed an amount specified from time to time by the Administrator (not in excess of $5,000 or other applicable limit under the Code);

(2) the Participant has not previously received an in-service distribution of the total amount payable to the Participant under the Plan; and

(3) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution.

(c) Transfer for Purchase of Defined Benefit Plan Service Credit.

If a Participant is also a Participant in a defined benefit governmental plan (as defined in Code § 414(d)), such Participant may request the Administrator to transfer amounts from his or her account for (i) the purchase of permissive service credit (as defined in Code § 415(n)(3)(A)) under such plan, or (ii) a repayment to which Code § 415 does not apply by reason of Code § 415(k)(3). Such transfer requests shall, if granted, be made directly to the defined benefit governmental plan. The Administrator may establish such procedures that are deemed in the Administrator's sole discretion necessary to effectuate the transfer.

.4 Unforeseeable Emergencies. If the Administrator has determined that a Participant has incurred a genuine Unforeseeable Emergency and that no other resources of financial relief are available, the Administrator may grant, in its sole discretion, a Participant's request for a payment from the Participant's § 457 Deferred Compensation account. Any payment made under this provision shall be in a lump sum.

(a) The Plan Administrator shall have the right to request and review all pertinent information necessary to assure that hardship withdrawal requests are consistent with the provisions of Code § 457.

(b) In no event, however, shall an Unforeseeable Emergency distribution be made if such hardship may be relieved:

(1) through reimbursement or compensation by insurance or otherwise;

(2) by liquidation of the Participant's assets, to the extent the liquidation of the Participant's assets would not itself cause a severe financial hardship; or

(3) by cessation of deferrals under this Plan; or

(4) if allowed, by taking out a loan under this Plan, provided that the repayment of such loan does not itself cause financial hardship

(c) The amount of any financial hardship benefit shall not exceed the lesser of:

(1) the amount reasonably necessary, as determined by the Administrator, to satisfy the hardship; or

(2) the amount of the Participant's account.

(d) The Administrator may suspend the Participant's salary deferral election during the pendency of the Participant's request for a financial hardship distribution. Payment of a financial hardship distribution shall result in mandatory suspension of deferrals for a minimum of six (6) months from the date of payment (or such other period as mandated in Treasury Regulations).

.5 Death Benefits.

(a) Upon the Participant's death, the Participant's remaining account balance(s) will be distributed to the Beneficiary commencing after the Administrator receives satisfactory proof of the Participant's death (or on the first regular distribution commencement date thereafter as the Administrator may establish from time-to-time), unless prior to such date the Beneficiary elects a deferred commencement date, in a form and manner determined pursuant to sections 7.06, 7.07 and 7.08.

(b) If there are two or more Beneficiaries, the provisions of this section and section 7.08 shall be applied to each Beneficiary separately with respect to each Beneficiary's share in the Participant's account.

(c) If the Beneficiary dies after beginning to receive benefits but before the entire account balance has been distributed, the remaining account balance shall be paid to the estate of the Beneficiary in a lump sum or to any designated beneficiary of Beneficiary.

(d) Under no circumstances shall the Employer or the Plan be liable to the Beneficiary for the amount of any payment made in the name of the Participant before the Administrator receives satisfactory proof of the Participant's death.

.6 Payment Options. A payee's election of a payment option must be made at least thirty (30) days prior to the date that the payment of benefits is to commence or such advance notice that the Administrator may allow. A payee may stop any prior payment option (subject to the requirements of the current payout option) or select a new payment option at any time by providing the required election of payment notice for the above. If a timely election of a payment option is not made, benefits shall be paid in accordance with section 7.07. For Participants having made an irrevocable payment election before April 1, 2002, such Participants (except those Participants having purchased annuities before April 1, 2002 and so long as Participants are meeting the required minimum withdrawals) are now entitled to revoke their prior election and elect a new payment option(s) (with the same frequency as any other Participant) from those options listed below. Certain options may be subject to an administrative fee(s). Subject to applicable law and the other provisions of this Plan, distributions may be made in accordance with one of the following payment options:

(a) A single lump-sum payment;

(b) Installment payments for a period of years (payable on a monthly, quarterly, semi-annual, or annual basis) which extends no longer than the life expectancy of the Participant or Beneficiary as permitted under Code § 401(a)(9);

(c) Partial lump-sum payment of a designated amount, with the balance payable in installment payments for a period of years, as described in subsection (b);

(d) Annuity payments (payable on a monthly, quarterly, or annual basis) for the lifetime of the Participant or for the lifetimes of the Participant and Beneficiary in compliance with Code § 401(a)(9); or

(e) Such other forms of payments as may be approved by the Employer consistent with the requirements of Code § 401(a)(9); or

(f) Partial Payment(s).

.7 Default Distribution Option. In the absence of an effective election by the Participant, Beneficiary or other payee, as applicable, as to the commencement and/or form of benefits, distributions shall be made in accordance with the applicable requirements of Code §§ 401(a)(9) and 457(d), and proposed or final Treasury Regulations thereunder.

.8 Limitations on Distribution Options. Notwithstanding any other provision of this Article VII, Plan distributions shall satisfy the requirements of this section 7.08.

(a) No distribution option may be selected by a payee under this Article VII unless it satisfies the applicable requirements of Code §§ 401(a)(9) and 457(d), and proposed or final Treasury Regulations thereunder.

(b) For mandatory distributions, if any, made on or after the effective date of and subject to final Treasury Regulations under Code § 401(a)(31), payment of an account balance that is less than 1,000 and for which the Participant has not made an election to receive in cash or to rollover to a qualified retirement plan shall, to the extent required by and in accordance with such regulations, be paid to the Participant in cash.

(c) The terms of this Article shall be construed in accordance with all applicable Code sections.

.9 Transfers from the Plan.

(a) If a Participant separates from service prior to his or her required beginning date, and becomes a Participant in an eligible deferred compensation plan of another governmental employer, and provided that payments under this Plan have not begun, such Participant may request a transfer of his or her account to the eligible deferred compensation plan of the other governmental employer.

Requests for transfers must be made to the Administrator and shall be granted in the sole discretion of the Administrator. If an amount is to be transferred pursuant to this provision, the Administrator shall transfer such amount directly to the eligible deferred compensation plan of the other employer. Amounts transferred to another eligible deferred compensation plan shall be treated as distributed

from this Plan and this Plan shall have no further responsibility to the Participant or any Beneficiary with respect to the amount transferred.

.10 Taxation of Distributions. To the extent required by law, income and other taxes shall be withheld from each benefit payment and payments shall be reported to the appropriate governmental agency or agencies.

.11 Eligible Rollover Distributions.

(a) General. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect, at the time and in the manner prescribed by the Employer, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(b) Definitions. For purposes of this section, the following definitions shall apply.

(1) Eligible Rollover Distribution. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code § 401(a)(9); any distribution that is a deemed distribution under the provisions of Code § 72(p); the portion of any distribution that is not includable in gross income; and any hardship distribution or distribution on account of unforeseeable emergency.

(2) Eligible Retirement Plan. An eligible retirement plan is an individual retirement account described in Code § 408(a), an individual retirement annuity described in Code § 408(b), an annuity plan described in Code § 403(a) that accepts the distributee's eligible rollover distribution, a qualified trust described in Code § 401(a) (including § 401(k)) that accepts the distributee's eligible rollover distribution, a tax-sheltered annuity described in Code § 403(b) that accepts the distributee's eligible rollover distribution, or another eligible deferred compensation plan described in Code § 457(b) that accepts the distributee's eligible rollover distribution.

(3) Distributee. A distributee includes an Employee or former Employee, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a Qualified Domestic Relations Order, as defined in Code § 414(p), are distributees with regard to the interest of the spouse or former spouse.

(4) Direct Rollover. A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

.12 Elections. Elections under this Article shall be made in such form and manner as the Plan Administrator may specify from time to time.

.13 Practices and Procedures. The Employer may adopt practices and procedures applicable to existing and new distribution elections.

VIII. LEAVE OF ABSENCE

.1 Paid Leave of Absence. If a Participant is on an approved leave of absence from the Employer with Compensation, or on approved leave of absence without Compensation that does not constitute a Severance from Employment, which under the Employer's current practices is generally a leave of absence without Compensation for a period of one year or less, said Participant's participation in the Plan may continue.

.2 Unpaid Leave of Absence. If a Participant is on an approved leave of absence without Compensation and such leave of absence continues to such an extent that it becomes a Severance from Employment, said Participant shall have separated from service with the Employer for purposes of this Plan. Upon termination of leave without pay and return to active status, the Participant may enter into a new Participation Agreement to be effective when permitted by section 4.01.

IX. PARTICIPANT LOANS

.1 Authorization of Loans. The Administrator may direct the Trustee to make loans to all active Employees, to Employees who have separated from service and to Beneficiaries on or after the effective date of Treasury Regulations or other guidance under Code § 457 and to the extent allowable under and in accordance with Code § 457. Such loans shall be made on the application of the Participant in a form approved by the Administrator and on such terms and conditions as are set forth in this Article, provided, however, that the Administrator may adopt regulations, rules or procedures specifying different loan terms and conditions if necessary or desirable to comply with or conform to such Treasury Regulations or other guidance and other applicable law.

.2 Maximum Loan Amount. In no event shall any loan made to a Participant be in an amount which shall cause the outstanding aggregate balance of all loans made to such Participant under this Plan and any other deferred compensation plan(s) offered by the Employer exceed the lesser of:

(a) $50,000, reduced by the excess (if any) of: (i) the highest outstanding balance of loans from the Plan to the Participant during the one-year period ending on the day before the date on which the loan is made; over (ii) the outstanding balance of loans from the Plan to the Participant or the Beneficiary on the date on which the loan is made; or

(b) One-half of the Participant's Total Amount Deferred.

.3 Repayment of Loan. Each loan shall mature and be payable, in full and with interest, within five (5) years from the date such loan is made, unless

(a) The loan is used to acquire any dwelling unit that within a reasonable time (determined at the time the loan is made) will be used as the principal residence of the Participant; or

(b) Loan repayments are, at the Employer's election, suspended as permitted by Code § 414(u)(4) (with respect to qualified military service).

.4 Loan Terms and Conditions. In addition to such rules and regulations as the Administrator may adopt, which rules are hereby incorporated into this Plan by reference, all loans to Participants shall comply with the following terms and conditions:

(a) Loans shall be available to all Participants on a reasonably equivalent basis.

(b) Loans shall bear interest at a reasonable rate to be fixed by the Administrator based on interest rates currently being charged by commercial lenders for similar loans. The Administrator shall not discriminate among Participants in the matter of interest rates, but loans granted at different times may bear different interest rates based on prevailing rates at the time.

(c) Omitted.

(d) Loan repayments must be made by payroll deduction for all active Employees and ACH debit or other repayment method approved by the Third Party Administrator and the Plan Administrator for all Employees who have separated from service and for all Beneficiaries. In all events, payments of principal and interest must be made at least quarterly and such payments shall be sufficient to amortize the principal and interest payable pursuant to the loan on a substantially level basis.

(e) A loan to a Participant shall be considered a directed investment option for such Participant's account balance.

(f) No distribution shall be made to any Participant, or to a Beneficiary of any such Participant, unless and until all unpaid loans, including accrued interest thereon, have been satisfied. If a Participant terminates employment with the Employer for any reason, the outstanding balance of all loans made to him shall become fully payable and, if not paid within thirty days, any unpaid balance shall be deducted from any benefit payable to the Participant or his Beneficiary. In the event of default in repayment of a loan or the bankruptcy of a Participant who has received a loan, the note will become immediately due and payable, foreclosure on the note and attachment of security will occur, the amount of the outstanding balance of the loan will be treated as a distribution to the Participant, and the defaulting Participant's Accumulated

Deferrals shall be reduced by the amount of the outstanding balance of the loan (or so much thereof as may be treated as a distribution without violating Code requirements).

(g) The loan program under the Plan shall be administered by the Administrator in a uniform and nondiscriminatory manner. The Administrator shall establish procedures for loans, including, but not limited to, procedures for applying for loans, guidelines governing the basis on which loans shall be approved, procedures for determining the appropriate interest rate, the types of collateral which shall be accepted as security, any limitations on the types and amount of loans offered, loan fees and the events which shall constitute default and actions to be taken to collect loans in default.

(h) This Plan shall accept a transfer from another governmental Code Section 457 plan in accordance with that plan, the Code and regulations thereunder or rollover as part of an Eligible Rollover Distribution of a promissory note.

X. AMENDMENT OR TERMINATION OF PLAN

.1 Termination. The Employer may at any time terminate this Plan; provided, however, that no termination shall affect the amount of benefits, which at the time of such termination shall have accrued for Participants or Beneficiaries. Such accrued benefit shall include any Compensation deferred before the time of the termination and income thereon accrued to the date of the termination. Such amount shall be calculated in accordance with section 6.03 and the terms and conditions of the affected investment option. Upon such termination, each Participant in the Plan shall be deemed to have revoked his agreement to defer future Compensation as provided in section 4.06 as of the date of such termination and section 4.01(b) shall no longer be in effect. Each Participant's full Compensation on a nondeferred basis shall be restored.

.2 Amendment. The Employer may also amend the provisions of this Plan at any time; provided, however, that no amendment shall affect the amount of benefits which at the time of such amendment shall have accrued for Participants or Beneficiaries, to the extent of and Compensation deferred before the time of the amendment and income thereon accrued to the date of the amendment, calculated in accordance with section 6.03 and the terms and conditions of the investment options hereunder; and provided further, that no amendment shall affect the duties and responsibilities of the Trustee unless executed by the Trustee.

To the extent permitted by applicable law, the Administrator, acting by and through the Director and with the concurrence of the City Attorney, may adopt rules, regulations or procedures from time to time as may be necessary or desirable to conform Plan amendments, provisions to or to elaborate Plan provisions in light of amendments to the Code, Treasury regulations or other guidance issued under the Code, and such rules, regulations or procedures are hereby ratified by the Employer as having the force and effect of Plan amendments.

.3 Copies of Amendments. The Administrator shall provide a copy of any Plan amendment to any Trustee or custodian and to the issuers of any investment options selected pursuant to section 6.01.

XI. TAX TREATMENT OF AMOUNTS CONTRIBUTED

It is intended that pursuant to Code § 457, the amount of Deferred Compensation shall not be considered current compensation for purposes of federal income taxation. This rule shall also apply to state income taxation unless applicable state laws provide otherwise. Such amounts shall, however, be included as compensation to the extent required under the Federal Insurance Contributions Act (FICA). Payments under this Plan shall supplement retirement and death benefits payable under the Employer's group insurance and retirement plans, if any.

XII. NON-ASSIGNABILITY

.1 Non-Assignability. It is agreed that neither the Participant, nor any Beneficiary, nor any other designee shall have any right to commute, sell, assign, transfer, or otherwise convey the right to receive any payments hereunder, which payments and right thereto are expressly declared to be non-assignable and non-transferable; and in the event of attempt to assign or transfer, the Employer shall have no further liability hereunder, nor shall any unpaid amounts be subject to attachment, garnishment or execution, or be transferable by operation of law in event of bankruptcy, insolvency, except to the extent otherwise required by law.

.2 Qualified Domestic Relations Orders. Domestic relations orders approved by the Administrator shall be administered as follows.

(a) To the extent required under a final judgment, decree, or order meeting the requirements of Code § 414(p), herein referred to as a Qualified Domestic Relations Order ("QDRO"), which is duly filed upon the Employer and to the extent the relevant account information is available, any portion of a Participant's account may be paid or set aside for payment to a spouse, former spouse, or a child of the Participant. Where necessary to carry out the terms of such a QDRO, a separate account shall be established with respect to the spouse, former spouse, or child, and such person shall be entitled to make investment selections with respect thereto in the same manner as the Participant. All costs and charges incurred in carrying out the investment selection shall be deducted from the account created for the spouse, former spouse, or child making the investment selection.

Any amounts so set aside for a spouse, former spouse or a child shall be paid out in a lump sum at the earliest date that benefits may be paid to the Participant, unless the QDRO directs a different form of payment or different payment date. Withholding and income tax reporting shall be done with respect to the alternate payee under the terms of the Code as amended from time to time.

(b) The Employer's liability to pay benefits to a Participant shall be reduced to the extent that amounts have been paid or set aside for payment to a spouse, former spouse or child pursuant to this section. No amount shall be paid or set aside unless the Employer, or its agents or assigns, has been provided with satisfactory evidence

releasing them from any further claim by the Participant with respect to these amounts. The Participant shall be deemed to have released the Employer from any claim with respect to such amounts in any case in which the Employer has been notified of or otherwise joined in a proceeding relating to a QDRO which sets aside a portion of the Participant's account for a spouse, former spouse or child, and the Participant fails to obtain an order of the court in the proceeding relieving the Employer from the obligation to comply with the QDRO.

(c) The Employer shall not be obligated to comply with any judgment, decree or order which attempts to require the Plan to violate any Plan provision or any provision of Code § 457. Neither the Employer nor its agents or assigns shall be obligated to defend against or set aside any judgment, decree, or order described herein or any legal order relating to the division of a Participant's benefits under the Plan unless the full expense of such legal action is borne by the Participant. In the event that the Participant's action (or inaction) nonetheless causes the Employer, its agents or assigns to incur such expense, the amount of the expense may be charged against the Participant's account and thereby reduce Employer's obligation to pay benefits to the Participant. In the course of any proceeding relating to divorce, separation, or child support, the Employer, its agents and assigns shall be authorized to disclose information relating to Participant's individual account to the Participant's spouse, former spouse or child (including the legal representatives of the spouse, former spouse or child), or to a court.

XIII. DISCLAIMER

The Employer makes no endorsement, guarantee or any other representation and shall not be liable to the Plan or to any Participant, Beneficiary, or any other person with respect to (a) the financial soundness, investment performance, fitness, or suitability (for meeting a Participant's objectives, future obligations under the Plan, or any other purpose) of any investment option offered pursuant to section 6.01 or any investment vehicle in which amounts deferred under the Plan are actually invested, or (b) the tax consequences of the Plan to any Participant, Beneficiary or any other person.

XIV. EMPLOYER PARTICIPATION

Notwithstanding any other provisions of this Plan, the Employer may add to the amounts payable to any Participant under the Plan additional Deferred Compensation for services to be rendered by the Participant to the Employer during a payroll period, provided such additional Compensation deferred, when added to all other Compensation deferred under the Plan, does not exceed the maximum deferral permitted by Article IV.

XV. ADVISORY COMMITTEE

.1 Deferred Compensation Advisory Committee. The Mayor of the City shall appoint and the City Council shall confirm the members of a Deferred Compensation Advisory Committee.

(a) Duties. The duties of the Committee are as follows:

(1) to review and determine unforeseen emergency appeals filed by Participants;

(2) to recommend investment options offered to Participants to be finally approved by the Director;

(3) to meet with the Administrator to review the status of this Plan; and

(4) to perform other duties assigned to it by the Director. With the consent of the Director, the Committee may expend funds to fulfill its duties.

(b) Members. The Committee is composed of a member of the City Council; the Director; the director of the Human Resources Department or his or her designee; the Mayor or his or her designee; and three Employee Participants (one or more of whom may be retired) in the Plan. The members of the Committee remain members so long as they occupy their official positions with the City or until removed by the Mayor. The City Attorney or his or her designee shall serve as counsel to the Committee.

(c) Officers. The Committee must elect annually a chairperson and a vice-chairperson from among its members. In addition, the Committee has the authority to appoint a secretary (who need not be a member of the Committee) and to establish administrative procedures necessary to carry out the Committee's duties set forth above.

.2 Expenses. The cost of the services described above may be paid out of administrative fees charged to Participants.

XVI. INTERPRETATION

.1 Governing Law. This Plan shall be construed under the laws of the State of Texas.

.2 § 457. This Plan is intended to be an eligible deferred compensation plan within the meaning of Code § 457, and shall be interpreted so as to be consistent with such section and all regulations promulgated thereunder.

.3 Word Usage. Words used herein in the singular shall include the plural and the plural the singular where applicable, and one gender shall include the other genders where appropriate.

.4 Headings. The headings of articles, sections or other subdivisions hereof are included solely for convenience of reference, and if there is any conflict between such headings and the text of the Plan, the text shall control.

.5 Entire Agreement. This Plan and any properly adopted amendment thereof, shall constitute the total agreement or contract between the Employer and the Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by the Participant. This Plan and any properly adopted amendment, shall be binding on the parties hereto and their respective heirs, administrators, Trustees, successors, and assigns and on all designated Beneficiaries of the Participant.

.6 Savings Clause. If any provision of this Plan, or the application of such provision, should be rendered or declared invalid by any court action, or by reason of any existing or subsequently enacted legislation, the remaining parts or portions of this Plan shall remain in full force and effect.

EXHIBIT I

INVESTMENT OPTIONS

Investment Option	Ticker
BGI Equity Index - Collective F	N/A
BGI Russell 2000 Index - Collective F	N/A
BGI EAFE Equity Index - Collective F	N/A
American Century Equity Income	TWEIX
American Century Growth Fund	TWCGX
AllianceBernstein International Value A	ABIAX
AIM Constellation Institutional	CSITX
Artisan Mid Cap Fund	ARTMX
Baron Growth Fund	BGRFX
Aston/Optimum Mid Cap Fund N	CHTTX
Davis New York Venture A Fund	NYVTX
Fidelity Contrafund	FCNTX
Federated GNMA Tr/In	FGMAX
Goldman Sachs Mid Cap Value A	GCMAX
Houston Fixed Fund	N/A
MFS International Growth A	MGRAX
Columbia Small Cap Value Fund II - Z	NSVAX
Oppenheimer Main Street Opportunities	OMSOX
Oppenheimer Global Fund A	OPPAX
PIMCO Total Return Fund - Admin	PTRAX
American Century Real Estate Fund - Inv	REACX
American Funds Income Fund R4	RIDEX
Third Avenue Value Fund	TAVFX

EXHIBIT J

PERFORMANCE STANDARDS

A. Issuance of participant statements	Starting immediately after the agreement effective date, one hundred percent (100%) of all Participant statements will be mailed within fifteen (15) Business Days of the date that all required information to be included with the statements from third parties is received, including such information as final fund values, return information from the participating investment providers, insurance valuations and all newsletter information from the Plan Sponsor. **Non-Performance Fee:** If all of the required information has been received and one hundred percent (100%) of all Participant statements have not been mailed within fifteen (15) Business Days after receipt of such required information, a non-performance fee of $1,000 per calendar quarter will be paid to the Plan. Should mailing of participant statements be delayed 3 or more days past the 15 day performance standard, and is a result of a Great-West error, Great-West will pay $1,000 each day that statements are not mailed. A report of statement mailed dates will be provided to the City on a quarterly basis. The fifteen (15) Business Day standard begins on the Business Day that all required information to be included with the statements has been received and ends on the date statements are postmarked for mailing. If all of the required information required from third parties has not been received as described above, no non-performance fee will be paid
B. Transaction confirmation statements	Confirmations of the following Participant transactions completed will be provided within three (3) Business Days following the transaction: • Initial Participant account establishment. • Transfers (including dollar cost averaging and rebalancing). • Allocation and deferral, if applicable, changes. • Name, address and beneficiary changes. **Non-Performance Fee:** If one hundred percent (100%) of all confirmations for the Plan have not been mailed within three (3) Business Days following the transaction effective date during a year of the Agreement, a non-performance fee of $500 per calendar quarter shall be paid to the Plan.

C. Hard copy Plan level administrative reports	Starting, immediately after the agreement effective date, the Plan Sponsor Summary Report will be mailed within thirty (30) Calendar Days of the date that all necessary reconciliation information and all required information to be included with the Participant statements from third parties is received, including such information as final fund values, return information from the participating investment providers, insurance valuations and all newsletter information from the Plan Sponsor. **Non-Performance Fee:** If all of the required information has been received and the Plan Sponsor Summary Report has not been mailed within thirty (30) Calendar Days after receipt of such required information, a non-performance fee of $500 per calendar quarter will be paid to the Plan. The thirty (30) Calendar Day standard begins on the Calendar Day that all necessary reconciliation information and the required information to be included with the statements has been received and ends on the date statements are postmarked for mailing. If all of the required information required from third parties (such as City of Houston payroll or mutual fund providers who provide share prices and investment returns) has not been received as described above, no non-performance fee will be paid.
D. Processing Payroll Contributions	**Contributions will be credited on the day they are received to the extent that all details concerning the contribution is received and in good order.** Great-West will correct as of the original effective date, at its expense, any errors Great-West commits in processing contributions sent by the Plan Sponsor directly online to Great-West's recordkeeping system (currently called the "Plan Service Center") and processed within the Plan Service Center system functionality and processing schedules.
Processing Distributions including: E. Processing new loans F. Hardship/Unforeseen emergency withdrawals G. Termination/Rollovers for distribution	Distributions will be processed and ready for mailing within two (2) Business Days of the receipt (at the Home Office) and acceptance of a properly executed complete and accurate distribution request. **Non-Performance Fees:** If all of the required information has been received as described above and one hundred percent (100%) of all such distributions have not been processed and ready for mailing within two (2) Business Days after receipt of such required information, a non-performance fee of $1,000 per calendar quarter will be paid to the Plan.

	The two (2) Business Day standard begins on the Business Day that all required information has been received and ends on the date the distribution is postmarked for mailing. If all of the required information required has not been received as described above, no non-performance fee will be paid. Great-West will assist in developing and will adhere to a standard policy regarding unforeseen withdrawal services provided to the City of Houston. Great-West will assist in developing and will adhere to a standard policy regarding information missing on the participant application. Great-West will provide the City of Houston with an Administrative Manual, which will be updated each calendar year.
H. Fund Balance Transfers including: I. Investment Election Requests	If notification of a transfer/investment election processing error is received in good order as described below, the error will be corrected to one hundred percent (100%) of the value the Participant should have received as a result of fund transfers provided: • Participant had originally provided complete and accurate information using the automated voice response system and/or Internet web site and the completed transfer is acknowledged by a confirmation number, and • Notification has been received of such error made on the Participant's previous statement within ninety (90) days after the statement date. Should notification of an error not be received within the ninety (90) day period of the statement date, or the Participant, Plan Sponsor or other third party has made the error, the error will be corrected current day. **Non-Performance Fee** Not applicable at this time
J. Contribution Percentage Elections/Changes	Not applicable at this time
K. Plan Performance Reviews	Fund and Plan Performance Reviews to be provided quarterly within 40 days of quarter close to the City's Plan Administrator. **Non-Performance Fee:** $500 per occurrence.

L. Group Meetings	A minimum of 800 group meeting will be provided in 2009 and we will continue to provide at least 800 group meetings each year that the City has four full time representatives. Great-West will include the number of group meetings held, their locations and topics covered as part of the plan performance reviews. **Non-Performance Fee:** $3,000 annually
M. Participant Individual Meetings	At least 2,500 annually. Great-West will include the number of individual meetings held, names of participants engaged, their locations and topics covered as part of the plan performance reviews **Non-Performance Fee:** $3,000 annually
N. Marketing/Education Campaigns	During the 4th quarter of each year the Regional Director in coordination with the City's 457 Plan Administrator will agree to the marketing campaigns for the upcoming year. A minimum of two target campaigns to be conducted per year. Great-West will develop benchmarks for its marketing/education campaigns initiated during each calendar year will include the benchmarks in the plan performance review materials. **Non-Performance Fee:** $1,000 per occurrence.
O. Percentage of Calls Answered by Customer Service Representatives	All telephone calls to the Home Office Client Service Representatives will be answered within ninety (90) seconds on average at least ninety percent (90%) of the time on an on-going average annual calendar year basis (which means a caller is connected to a customer service representative for conversation and not placed on hold).. **Non-Performance Fee:** A report will be generated yearly from the recordkeeping system to document the necessary information regarding the number of telephone calls received and answered. If at least ninety (90) percent of the telephone calls to the Home Office Client Service Representatives have not been answered within the first ninety (90) seconds on an on-going average for the calendar year (as described above), a non-performance fee of $500 for that calendar year will be paid to the Plan. In the event the Plan Sponsor adds a major plan feature such as loans, or makes an investment option change that involves mapping of funds, or the Plan Sponsor or investment company causes a delay in statements, this standard will not apply for the affected quarter.

	Average performance standards for the calendar year will be provided to Employer using reports generated quarterly from the recordkeeping system and the Call Management system.
P. Employee Satisfaction Surveys	A mutually agreeable annual on-line web site Participant survey will be developed that will demonstrate both statistical significance and validity and that will coincide with the following measurements and fee penalties - rewards in the year prior to the expiration of each Agreement term. Such on-line web site survey will include an evaluation of recordkeeping and administration services, Plan Sponsor Committee's performance, comparison with other programs and other items to be determined by the Plan Sponsor and are mutually agreeable. The Plan Sponsor will have final approval of the survey instrument before the survey is conducted. The average score will be based upon a mutually agreed upon weighting of each applicable category surveyed: **Measurement and Non-Performance Fees** Average score 84% or lower: $5,000 non-performance fee

EXHIBIT K

STABLE ASSET VALUE FUND DOCUMENTS

(See attached)

Great-West Life & Annuity Insurance Company

Letter Agreement

Notwithstanding the provisions of the Great-West Life & Annuity Insurance Company Group Deferred Stable Asset Fund Annuity Contract (hereinafter referred to as the "Contract"), group number 98989-01, the Great-West Life & Annuity Insurance Company (hereinafter referred to as the "Company") and the City of Houston, Texas (hereinafter referred to as the "Group Policyholder") agree to the following clarifications and modifications of said Contract issued by the Company. This Letter Agreement supersedes and replaces any other previous Letter Agreement or representation.

1. Investment Management Fee – The Investment Management Fee as described in Section 5.8 of the Contract is 0.50% per annum. The Investment Management Fee shall be reduced to .34% per annum within thirty (30) days after the Effective Date of this Letter Agreement. In the event the total participants' account balances in the Stable Asset Fund equals or exceeds each level of total participants' account balances listed in the Investment Management Fee Schedule below on the last business day of the calendar quarter, the Company shall reduce the Investment Management Fee to each respective level in the Investment Management Fee Schedule in the calendar quarter following the calendar quarter end the total participants' account balances level is achieved:

Investment Management Fee Schedule

Total Participant Account Balances in the Stable Asset Fund	Annualized Investment Management Fee
$0 to $199.99 million	0. 340%
$200.00 million to $224.99 million	0. 330%
$225.00 million to $249.99 million	0. 325%
$250.00 million and thereafter	0. 320%

The Company agrees to review the schedule above on an annual basis with City to determine any future adjustment changes and any adjustments to this schedule shall be as mutually agreed to by both parties in writing.

2. The definition of "Group Policyholder" shall be modified to read as follows:

"Group Policyholder" shall mean Wells Fargo Bank, N.A., or its successor, as custodian solely with respect to holding all Plan assets invested in this Contract for the exclusive benefit of participants and their beneficiaries, as required under the Internal Revenue Code. "Group Policyholder" shall mean certain authorized employee(s) of the Employer with respect to exercising all ownership rights under the Contract that are not required to be exercised by the custodian as title holder of the assets. All notices, proposed Contract amendments, rate of fee changes or other communications regarding the Contract will be sent directly by Company to Employer. Employer shall act on behalf of the Plan with respect to any such notice, proposed amendment, change, or other communication. Any rights of the Group Policyholder to discontinue, amend, or otherwise modify the Contract shall be exercised only upon the specific written direction of authorized employee(s) of Employer to Company."

This Letter Agreement is effective on shall become effective on the later of January 1, 2009 or the date it has been executed by all parties ("Effective Date") and shall remain in effect thereafter until either party gives ninety (90) days written notice to terminate it to the other party. This Letter Agreement is contingent upon Great-West Life & Annuity Insurance Company remains in its current capacities as the exclusive investment option and recordkeeping and communication provider for the Group Policyholder's Plan, and there are no substantial changes in the operation of the Group Policyholder's Plan, including but not limited to a change in approved investment product providers, marketers or required recordkeeping services. This Letter Agreement may be modified at any time upon mutual consent of both parties.

Great-West Life & Annuity Insurance Company

By: _____ Date: _____

Name: Gregory E. Seller
Title: Senior Vice President,
Government markets

City of Houston, Texas

By: _____ Date: _____

Name: _____
Title: _____

Great-West Life & Annuity Insurance Company

Legal 98989

Application for Group Deferred Stable Asset Fund Annuity Contract

The Group Policyholder indicated below (hereinafter called the Applicant) hereby applies to Great-West Life & Annuity Insurance Company (hereinafter called the Company) for a Group Deferred Stable Asset fund Annuity Contract, form number STAC 1-95, (hereinafter called the Group Annuity Contract). The Group Annuity contract is not in force until this application is accepted by the Company at its Home Office in Englewood, Colorado.

The effective date of the Group Annuity Contract is the Group Annuity Contract Date, which is: October 1, 2000.

PLEASE NOTE, THE ANNUITY CONTRACT MAY PROVIDE FOR PAYMENTS OR VALUES WHICH ARE NOT GUARANTEED AS TO FIXED DOLLAR AMOUNT, BUT MAY INCREASE OR DECREASE ACCORDING TO THE INVESTMENT EXPERIENCE OF A VARIABLE ANNUITY ACCOUNT.

Basic Applicant Information

Full Legal Name of Applicant: City of Houston

Full Legal Name of Plan: City of Houston Deferred Compensation Plan

State of Situs: Texas

Check one of the following:

⊗ IRC 457 Plan, or

☐ IRC 401(a) or 401(k) Plan Federal Tax I.D. #:

PLEASE NOTE, IRC sec. 401(a)/401(k) plans are subject to the provisions of ERISA. It is suggested that a Plan Document, and if applicable, an Application for Determination, be submitted to the Internal Revenue Service prior to enrollment. It is required that you provide Great-West Life & Annuity Insurance Company with a copy of the Plan document and Application for Determination submitted to the Internal Revenue Service when the Determination is received.

Affiliated Corporations, Groups or Service Organizations:

Applicant's Address: 611 Walker, 25nd Floor
Houston, TX 77002

Sara S Cullum
Signature of Applicant — 10/5/2000 Dated

Print Name of Applicant — Title

Great-West Life & Annuity Representative Signature — Dated

Great-West Life & Annuity Representative Name (Printed) — License ID Number

STAC 1-95A

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY
HOME OFFICE - ENGLEWOOD, COLORADO
ADMINISTRATIVE OFFICES
ENGLEWOOD, COLORADO

GROUP POLICYHOLDER	City of Houston
GROUP POLICY NUMBER	98989-01
GROUP ANNUITY CONTRACT DATE	October 1, 2000

Group Deferred Stable Asset Fund Annuity Contract, Non-Participating

The provisions on the following pages, together with the Application for this Group Annuity Contract, are part of this Group Annuity Contract.

For the purposes of this Group Annuity Contract, "Plan" means the plan and adoption agreement that the Group Policyholder has designated as the City of Houston Deferred Compensation Plan.

Signed for the Great-West Life & Annuity Insurance Company on the issuance of the Group Annuity Contract on the Annuity Contract Date.

D. C. Senior

Senior Vice-President
General Counsel and Secretary

W. T. McCallum

President and Chief Executive Officer

Al Cumiford

For the Actuary

This Group Annuity Contract is a legal contract between the Group Policyholder and the Great-West Life & Annuity Insurance Company. PLEASE READ THIS ANNUITY CONTRACT CAREFULLY. IT IS A CONTRACT WHICH MAY PROVIDE FOR PAYMENTS OR VALUES WHICH ARE NOT GUARANTEED AS TO FIXED-DOLLAR AMOUNT BUT MAY INCREASE OR DECREASE ACCORDING TO THE INVESTMENT EXPERIENCE OF A VARIABLE ANNUITY ACCOUNT.

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PERIODIC PAYMENT OPTION RIDERS

SECTION 1. DEFINITIONS

Accumulation Period - the period during which the Participant is covered under this Group Annuity Contract prior to the Participant's Annuity Commencement Date.

Administrative Offices - 8515 East Orchard Road, Englewood, Colorado 80111.

Annuitant - the person upon whose life the payment of an annuity is based.

Annuity Commencement Date - the date on which annuity payments commence under a payment option, which for any Participant is the date required under the Group Policyholder's Plan.

Annuity Payment Period - the period during which the Participant is covered under this Group Annuity Contract after the Participant's Annuity Commencement Date.

Book Value of Participant Annuity Accounts - the sum of the Participant Annuity Account Values on any date during the Accumulation Period.

Book Value of the Separate Account - is determined monthly and defined in greater detail in Section 5.5 of the Contract.

Company - Great-West Life & Annuity Insurance Company.

Competing Fund - any of the following types of funds offered by the Group Policyholder:

(a) any fund with a known or periodically declared rate of interest, or
(b) any money market fund, or
(c) any bond fund with a duration of 3 years or less.

Deposit - contributions, transfers and other amounts deposited to the Stable Asset Fund.

Group Annuity Contract Date - the effective date indicated by the Group Policyholder on the Application for this Group Annuity Contract, or such other date which is acceptable to the Company.

Group Policyholder - the employer of a Participant and the applicant for this Group Annuity Contract.

Interest Rate(s) - an annual effective rate of interest to be determined by the Company prior to the last day of each calendar quarter, effective for Deposits in the next calendar quarter and money already included in the Participant Annuity Account Value. This annual effective rate will never be less than the Minimum Guaranteed Interest Rate and will be compounded daily. Should the interest crediting method be modified by the Company, the Company will provide the Group Policyholder with notice of the changes.

Letter Agreement - a formal written agreement signed by the Company and the Group Policyholder which is used to clarify or modify certain provisions of the Contract and will be attached to and form a part of this Group Annuity Contract.

Market Value of the Separate Account - is determined monthly and defined in greater detail in Section 5.4 of the Contract.

Minimum Guaranteed Interest Rate - equal to 0%.

Participant - an employee who has met the eligibility requirements under the Plan and for whom the Group Policyholder has applied for coverage.

Participant Annuity Account - a separate record in the name of each Participant which reflects his or her pro-rata share in the Stable Asset Fund.

Participant Annuity Account Value - the dollar value of the Participant Annuity Account.

Participant Effective Date - the date on which the first Deposit is credited to a Participant Annuity Account.

Payee - the Group Policyholder or the person, including the Participant, designated to receive the value of the Participant Annuity Account.

Plan - the underlying plan document of the Group Policyholder written in accordance with Section 457, Section 401(a), or Section 401(k) of the Internal Revenue Code. Although the Company may have knowledge of certain provisions of the Plan, the legal sufficiency of the Plan remains solely the responsibility of the Group Policyholder.

SECTION 1. DEFINITIONS (continued)

Premium Tax - the amount of tax, if any, charged by a state or other governmental authority on premiums.

Request - any request in a form, either written, telephoned or computerized, satisfactory to the Company and received by the Company at its Administrative Offices from the Owner, or the Owner's designee, as required by any provision of this Contract, or as required by the Company.

Rollover - Amounts moved from or into the Stable Asset Fund in connection with an eligible plan under Section 401(a) or 401(k) of the Internal Revenue Code. Such amounts shall be moved only upon Request from the Group Policyholder on behalf of a Participant.

Stable Asset Fund - is the Stable Asset Fund separate account, a segregated investment account established by Great-West Life & Annuity Insurance Company under Colorado law. Assets within the Stable Asset Fund will be invested in either securities backed by the full faith and credit of the U.S. government or its agencies or instrumentalities or in investment grade corporate bonds at the time of purchase according to the investment guidelines agreed to by the Group Policyholder and the Company.

Transaction Date - Deposits and Requests will be processed on the date received by the Company at its Administrative Offices provided that its offices are open. Deposits and Requests received after 4:00 p.m. EST/EDT shall be deemed to have been received on the next business day.

Transfer to Other Companies - amounts moved from the Stable Asset Fund to another company upon each Request from the Group Policyholder on behalf of the Participant.

SECTION 2. OWNERSHIP PROVISIONS

2.1 Ownership of the Stable Asset Fund

The Company has absolute ownership of the assets of the Stable Asset Fund. The portion of the assets of the Stable Asset Fund equal to the reserves and other contract liabilities of the Stable Asset Fund are not chargeable with liabilities arising out of any other business the Company may conduct.

2.2 Ownership of the Group Annuity Contract

Upon the Group Policyholder's Application for this Group Annuity Contract, the Group Policyholder becomes the owner of the Group Annuity Contract. It alone has all rights, remedies and recourses given in the Group Annuity Contract, and, while the Group Annuity Contract and the Participant Annuity Accounts are held in respect of Participants, there is no contractual relationship between the Company and the Participants. While the Group Policyholder may request the opinion of the Participant on matters and transactions affecting the Participant Annuity Account, the Group Policyholder may act according to the dictates of its own judgment and discretion.

Subject to the Plan participation provisions, each employee for whom Deposits have been made is a Participant for whom a Participant Annuity Account is kept.

2.3 Transfer and Assignment

The interest of the Group Policyholder in this Group Annuity Contract may not be transferred, sold, assigned, pledged, charged, encumbered, or in any way alienated without the prior written consent of the Company.

SECTION 3. GENERAL PROVISIONS

3.1 The Group Annuity Contract

The Group Annuity Contract is issued by the Company to the Group Policyholder.

3.2 No Competing Funds

The Group Policyholder may not offer Competing Funds, as defined in Section 1 of the Contract.

3.3 Entire Contract

This Group Annuity Contract, its Application, Tables and /or Letter Agreements, if any, form the entire contract between the Group Policyholder and the Company. A copy of the Application is attached to the Group Annuity Contract when issued to the Group Policyholder.

After issue, modifications to the Group Annuity Contract under the Contract Modification provisions become part of the Group Annuity Contract.

All statements in the Application, in the absence of fraud, have been accepted as representations and not as warranties.

Only the President, a Vice-President, or the Secretary of the Company can modify or waive any provisions of the Group Annuity Contract.

3.4 The Plan

The terms and provisions of the Plan do not for any purpose form any part of this Group Annuity Contract and are not binding on the Company.

Notwithstanding the fact that the Company may have knowledge of the terms of the Plan, the obligations of the Company are measured and determined solely by the terms and provisions of this Group Annuity Contract.

3.5 Non-Participating

This Group Annuity Contract is non-participating, meaning that it is not eligible to share in the Company's divisible surplus.

SECTION 3. GENERAL PROVISIONS (continued)

3.6 Currency and Payment of Deposits

All amounts to be paid to or by the Company must be in the currency of the United States of America. All Deposits to this Group Annuity Contract must be made payable to the Company or its designated agent.

3.7 Age

If the age of the Participant or Payee has been misstated, the payments established for him/her under the Participant Annuity Account will be made on the basis of his/her correct age.

If payments were too large because of misstatement, the difference with interest may be deducted by the Company from the next payment or payments. If payments were too small, the difference with interest may be added by the Company to the next payment. This interest will be not less than 4% per year.

3.8 Notice and Proof

Any notice or demand by the Company to or upon the Group Policyholder or any Payee may be given by mailing it to that person's last known address as stated in the Company's file.

An application, report, Request, election, direction, notice or demand by the Group Policyholder or Payee will be made in a form satisfactory to the Company. When the Company requires it, the Group Policyholder will obtain the signature of the Participant's or Payee's spouse on forms provided by the Company.

The Company may require adequate proof of the age and death of any Payee before it admits a claim for or pays any payment.

Written materials developed by the Group Policyholder to describe this Group Annuity Contract must first be approved by the Company.

SECTION 4. PURCHASE PROVISIONS

4.1 Commencement and Termination of Coverage

The Group Policyholder may make application for coverage of any employee if the Company is then accepting applications for coverage under this Group Annuity Contract, unless a Date of Cessation of Deposits has been declared.

An employee for whom an adequate application has been made becomes covered as a Participant as of the Participant Effective Date. Coverage of a Participant terminates upon a total or partial distribution which results in a Participant Annuity Account Value of $0.

4.2 Deposits

Unless a Date of Cessation of Deposits has been declared, the Group Policyholder may from time to time pay Deposits in cash in respect of a Participant until the earlier of his/her death, Annuity Commencement Date, or the termination of the Participant Annuity Account.

The amount of Deposits to be paid by the Group Policyholder in respect of any Participant will be determined by the Group Policyholder.

The Group Policyholder will report the amount paid as Deposits on forms acceptable to the Company. The Group Policyholder's report is conclusive and binding on it and any person or entity claiming an interest under the Group Annuity Contract or any Participant Annuity Account. When the Group Policyholder's report does not coincide with the Deposits received, the Company may return them.

4.3 Allocation of Deposits

After an adequate application on behalf of a Participant has been made, Deposits, less Premium Tax, if any, will be allocated in the Participant Annuity Account when received by the Company at its Administrative Offices.

Deposits on behalf of the Participant will be allocated to the Stable Asset Fund.

SECTION 5. CONTRACT VALUE PROVISIONS

5.1 Stable Asset Fund Deposits

From time to time, the Group Policyholder, on behalf of a Participant, will make Deposits to the Stable Asset Fund. The Company may offer the Stable Asset Fund to any Participant who, by Request, may allocate any Deposit to the Stable Asset Fund.

5.2 Interest Crediting Method

Interest Rates are calculated quarterly by equating the Book Value of the Separate Account to the Book Value of the Participant Annuity Accounts over the average remaining life of the assets in the separate account unless otherwise agreed to by the Company and the Group Policyholder. Deposits will commence earning interest on the day the Deposit is allocated to the Stable Asset Fund.

5.3 Contract Value

The contract value, at any given time, will either be the Book Value of the Separate Account or the Market Value of the Separate Account, as defined below. The Book Value will apply to Cessation Option #1 when it is elected under Section 11 of this Contract. The Market Value will apply to Cessation Option #2 when it is elected under Section 11 of this Contract.

5.4 Market Value of the Separate Account

The Market Value of the Separate Account is determined monthly or on the Premium Cessation Date. This value is based on the closing market price for each security in the account, less the outstanding balance, if any, of amounts borrowed from the Company's General Account as described in Section 5.6 below, and less the Investment Management Fee described in Section 5.8.

5.5 Book Value of the Separate Account

The Book Value of the Separate Account is determined monthly or on the Premium Cessation Date. This value is the amoritized cost of the securities owned by the separate account, plus cash, plus accrued interest, less the outstanding balance, if any, of amounts borrowed from the Company's General Account as described in Section 5.6 below, and less the Investment Management Fee described in Section 5.8.

5.6 Loan from the General Account of the Company

If the amount of any transfer or distribution exceeds the cash balance in the Stable Asset Fund, the Stable Asset Fund will borrow such deficiency from the General Account of the Company. All subsequent Deposits and proceeds from the maturities of Stable Asset Fund assets will first be applied to reduce the outstanding balance of this loan. Interest will be charged monthly by the Company's General Account at an annual effective rate equal to the 30 day LIBOR rate, plus .35%.

5.7 Amortization of Bond Defaults

In the event that any bonds in the Stable Asset Fund go into default, losses will be amortized through the setting of a lower credited Interest Rate.

5.8 Investment Management Fee

An Investment Management Fee will be assessed and deducted against the Stable Asset Fund each calendar quarter. In no event will the Investment Management Fee exceed an annual effective rate of 1.5% of the assets in the Stable Asset Fund.

SECTION 6. TRANSFERS ON BEHALF OF INDIVIDUAL PARTICIPANTS

6.1 Transfers

Except as noted below, the Group Policyholder may make transfers to other non-Competing Funds offered by the Company under another contract, or Transfers to Other Companies by Request on behalf of individual Participants. Such individual Participant Transfers will be based upon the individual Participant's Participant Annuity Account Value.

6.2 Transfer Terms

a. A transfer will take effect on the Transaction Date.

b. No transfers are permitted after the Annuity Commencement Date.

c. When the Group Policyholder is effecting Transfers on behalf of all Participants under the Group Annuity Contract, the Market Value of the Separate Account and the provisions of Section 11 of the Contract shall apply.

d. When and if the Group Policyholder encourages Participants to transfer out of the Group Annuity Contract, the Market Value of the Separate Account and the provisions of Section 11 of the Contract shall apply.

6.3 Transfers to Other Companies

At any time prior to the Annuity Commencement Date, the Group Policyholder on behalf of the Participant may by Request transfer all or a portion of the Participant Annuity Account Value to an account currently offered by another company under the terms of the Plan and in accordance with the appropriate provisions of the Internal Revenue Code of 1986, as amended. Such individual Participant transfers will be based upon the Participant Annuity Account Value.

6.4 Transfers to the Company

Amounts transferred to the Company shall be treated as Deposits under Section 4 of this Contract.

6.5 Non-Taxable Distribution

No amount transferred pursuant to Section 6 of this Contract will be treated as a taxable distribution to the Participant.

6.6 Business Hardship Withdrawal

For IRC 401(a) and IRC 401(k) Group Policyholders only, in the event of a 20% or more reduction in the work force in one calendar year, the first 20% of the Book Value of the Separate Account on the first day of the calendar year may be paid at the Book Value of the Separate Account. Reductions in the work force of less than 20% in one calendar year will be paid at the Book Value of the Separate Account. Transfers in excess of the above noted 20% will always be paid at the Market Value of the Separate Account.

SECTION 7. DISTRIBUTIONS TO A BENEFICIARY

7.1 Death of Participant after Annuity Commencement Date

If the Participant dies after the Annuity Commencement Date and before his/her entire interest has been distributed, payments will continue to the Beneficiary under the distribution method applicable to the Participant on the Participant's date of death. However, if the Plan allows the Beneficiary to change the method of distribution, a new Payment Option may be elected by Request by the Group Policyholder on behalf of the Beneficiary only so long as payments are made to the Beneficiary not less rapidly than under the Payment Option effective on the Participant's date of death.

7.2 Death of Participant before Annuity Commencement Date

a. 5-Year Rule If the Participant dies before the Annuity Commencement Date, the entire interest of the Participant must be distributed on or before December 31 of the year containing the fifth anniversary of the Participant's death. This Rule will always apply to non-individual entities.

b. 1-Year Rule If the Plan provides that any portion of the Participant's interest is payable to a designated Beneficiary, such portion may be distributed over the lesser of (1) the life of the designated Beneficiary, or (2) over a period not extending beyond the life expectancy of the designated Beneficiary or (3) 15 years. Such distributions to a designated Beneficiary must begin not later than December 31 of the year following the date of the Participant's death. The Group Policyholder on behalf of the designated Beneficiary may elect by Request to take distributions either under the 5-Year Rule or under this 1-Year Rule.

If no election is received by the Company by November 1 of the year following the year of the Participant's death, distributions will be made pursuant to the 5-Year Rule described in subsection a. of Section 7.2.

For purposes of this section, a designated Beneficiary is any individual named as a Beneficiary by the Participant.

c. Special Rule for Surviving Spouse. If the designated Beneficiary is the surviving spouse of the Participant, the date on which the distributions are required to begin shall not be earlier than the date on which the Participant would have attained age 70 1/2. Distributions may be elected at any time pursuant to Section 9 of this Contract; but in any event must commence on or before the later of (1) December 31 of the year immediately following the Participant's death and (2) December 31 of the calendar year in which the Participant would have attained age 70 1/2.

d. Any payments made under an IRC Section 457 Plan which are made over a period greater than one year can only be made in substantially non-increasing amounts paid not less frequently than annually.

7.3 Amount Payable on Death of Participant

If the Participant dies before the Annuity Commencement Date the Amount Payable on death will be:

a. Where death occurs before the Participant's 70th birthday, the greater of:

(i) the Participant Annuity Account Value, less Premium Tax, if any, and

(ii) the sum of Deposits paid to, less any Partial Distributions made from, the Participant Annuity Account, less Premium Tax, if any.

b. Where death occurs on or after the Participant's 70th birthday, the Participant Annuity Account Value, less Premium Tax, if any.

7.4 Requests For Distributions

Subject to the 5-Year rule, the 1-Year rule or the Special Rule for Surviving Spouse, as applicable, set forth in Section 7.2, an election to receive the amount described in Section 7.3 must be made pursuant to Section 9 of this Contract.

SECTION 8. DISTRIBUTIONS TO A PARTICIPANT

8.1 Requests for Distributions

On the Company's receipt of a Request at least 30 days before the Annuity Commencement Date, the Group Policyholder on behalf of the Participant may:

a. Elect or change a Payment Option.

b. Elect or change the Participant's Annuity Commencement Date to any future date which is not later than the date required under the Internal Revenue Code of 1986, as amended. If any Annuity Commencement Date would be less than 30 days from the date the Request is received, the Company may delay the Annuity Commencement Date elected by 30 days.

c. If the Group Policyholder on behalf of the Participant has failed to elect a Payment Option within 30 days of the Annuity Commencement Date, the Company will pay the Group Policyholder on behalf of the Participant a Fixed Life Annuity with 10 Year Guaranteed Period from the Participant Annuity Account Value.

8.2 Distribution at Annuity Commencement Date or Separation from Service

Except as provided in Section 8.3, no distributions will be allowed prior to the Participant's Annuity Commencement Date or separation from service, as determined by the Group Policyholder in accordance with the provisions of the Plan. The distribution must be elected pursuant to Section 9 of this Contract and will take effect on the later of the date elected or the date the Request is received at the Administrative Offices of the Company.

8.3 Distribution Due to Unforeseeable Emergency or Hardship

If the Participant incurs an unforeseeable emergency under an IRC Section 457 Plan, or a Hardship under an IRC Section 401(a) or 401(k) Plan, as determined by the Group Policyholder under the terms of the Plan, then the Group Policyholder on behalf of the Participant may by Request take a total or partial distribution from the Participant Annuity Account. The distribution will take effect on the later of the date elected or the date the Request is received at the Administrative Offices of the Company.

8.4 Amount Payable on Distribution

If a total distribution is requested, the amount payable will be paid under the Payment Option provisions of Section 9 designated by the Group Policyholder on behalf of the Participant. Distributions to a Participant are based on the Participant Annuity Account Value and distributions will only be available to a Participant or Payee who is entitled to a distribution in accordance with the Plan, as determined by the Group Policyholder

If a partial distribution is requested, the amount payable will be in one sum. In either event, the amount will be equal to:

a. The amount of the distribution requested as of the effective date of the distribution, less

b. Premium Tax, if any.

8.5 Conditions of Payment

Payment will only be made if then available to the Payee under the terms and provisions of the Plan as determined by the Group Policyholder, and will only be made to the Group Policyholder or to the order of the person designated in Request by the Group Policyholder to receive payment.

8.6 Adequate Proof

The Company may require adequate proof of age, separation from service, hardship (IRC 401(a) or 401 (k)), or unforeseeable emergency (IRC 457) to establish that a benefit has become payable under the provisions of the Plan prior to making any payment under this Group Annuity Contract.

SECTION 9. PAYMENT OPTIONS

9.1 Selection of Payment Options

a. A total or partial lump sum or one of the fixed dollar payment options may be elected.

b. If a lump sum option is elected, the amount to be distributed is the amount requested as a lump sum less the Premium Tax, if any, as of the date the amount is distributed.

c. If a fixed dollar method of payment option is elected, the amount to be applied is the Participant Annuity Account Value, less Premium Tax, if any, as of the Annuity Commencement Date.

9.2 How to Elect Payment Options

A Request by the Group Policyholder on behalf of the Participant or Payee is required to elect, or change the election of, a Payment Option and must be received by the Company at least 30 days prior to the Annuity Commencement Date, or, if the Participant dies prior to the Annuity Commencement Date, within 60 days of the date the Company receives adequate proof of the Participant's death.

The Company will rely on the Group Policyholder's determination with respect to the timing and amount of any benefit payable to the Participant or Payee under this Contract. Nothing contained herein shall be construed to be tax or legal advice and the Company assumes no responsibility or liability for any costs, including but not limited to taxes, penalties or interest incurred by the Plan, the Group Policyholder, the Participant or any Payee arising out of such determination.

9.3 *Fixed Dollar Payment Options*

The following fixed dollar payment options are available:

a. *Option 1: Income of Specified Amount*
The Company will pay an income at 12-, 6-, 3-, or 1-month intervals, of an amount elected by the Payee for an Annuity Payment Period of not less than 36 months nor more than 240 months. Upon death of the Payee, any amounts remaining payable under this payment option will be paid to the Group Policyholder or other Payee designated by the Group Policyholder under Section 7 of this Group Annuity Contract. Table A is applicable to this option.

b. *Option 2: Income for a Specified Period*
The Company will pay an income at 12-, 6-, 3-, or 1-month intervals, for the number of years elected by the Payee for an Annuity Payment Period of not less than 36 months nor more than 240 months. Upon death of the Payee, any amounts remaining payable under this payment option will be paid to the Group Policyholder or other Payee designated by the Group Policyholder under Section 7 of this Group Annuity Contract. Table A is applicable to this option.

c. *Option 3: Fixed Life Annuity with Guaranteed Period*
The Company will pay a monthly payment for the guaranteed Annuity Payment Period elected. Payments will continue for the lifetime of the Payee. Upon death of the Payee, any amounts remaining payable under this payment option will be paid to the Group Policyholder or other Payee designated by the Group Policyholder under Section 7 of this Group Annuity Contract. Table B is applicable to this option.

The guaranteed Annuity Payment Period elected may be 5, 10, 15 or 20 years, or may be a period referred to as "Installment Refund." Under the Installment Refund period, payments will be made until the total of the payments made equals the amount applied.

d. *Option 4: Fixed Life Annuity*
The Company will pay a monthly payment during the Payee's lifetime. Table B is applicable to this option.

e. *Option 5: Joint and One-Half Survivor Fixed Annuity*
A joint and one-half survivor fixed annuity provides a fixed monthly payment to an Annuitant for his/her lifetime; thereafter, and upon receipt by the Company of adequate proof of the Annuitant's death, one-half of the fixed payment amount continues to a designated Payee, if living, and terminates upon his/her death. Table C is applicable to this option.

f. *Option 6: Periodic Payment Option*

(i) For IRC 457 Plans, a Periodic Payment Option is available in accordance with the provisions set forth in the Periodic Payment Option Rider - 457 Plans Rider attached to the back of this Contract.

(ii) For IRC 401(a)/(k) Plans, a Periodic Payment Option is available in accordance with the provisions set forth in the Periodic Payment Option Rider - 401(a)/(k) Plans Rider attached to the back of this Contract.

g. Fixed dollar payment options are subject to the following provisions:

(i) Payments under a fixed dollar payment option are guaranteed by the Company as to dollar amount throughout the Annuity Payment Period.

The amount of the payment under any fixed dollar payment option will be determined by applying the Company's then current non-participating group single premium rates for this class of group annuity contracts to the amount applied under the option.

Those current rates will not be less than the rate obtained from the Table which is applicable to the elected option.

(ii) If any payment to be made under the elected payment option will be less than $50, the Company may make the payments in the most frequent interval which produces a payment of at least $50. The minimum amount that may be applied under the elected payment option is $2,000. If the amount is less than $2,000, the Company may pay it in one sum. The maximum amount that may be applied under any elected payment option is $1,000,000. For the application of any greater amount, the Company's consent is required.

(iii) No commutation of annuities will be permitted.

SECTION 10. CONTRACT MODIFICATION

10.1 Contract Modification

This Group Annuity Contract may be modified at any time by written agreement between the Company and the Group Policyholder. No such modification will, without the written consent of the Group Policyholder, affect the terms, provisions, or conditions of this Group Annuity Contract which are or may be applicable to Deposits paid in respect of Participants prior to the date of such modification.

However, the Company may at any time and without the consent of the Group Policyholder or any Participant or other person, but upon 30 days' written notice to the Group Policyholder, modify this Group Annuity Contract in any respect to conform it to changes in tax or other law, including applicable regulations or rulings.

10.2 Modification of Tables

The Company may at any time and without the consent of the Group Policyholder or any Participant or other person, but upon 30 days' written notice to the Group Policyholder, modify Tables A, B, and C, or any of them. However, no such modification will affect the terms, provisions or conditions of the Group Annuity contract which are or may be applicable to Deposits paid in respect of Participants prior to the date of such modification.

SECTION 11. CESSATION OF DEPOSITS, COMPLETE TRANSFERS, AND BUSINESS HARDSHIPS

11.1 Cessation of Deposits

Upon 60 days' written notice to the other, the Group Policyholder or the Company may declare that, as from the date stated in the notice (that date being called the Date of Cessation of Deposits), no further Deposits will be made to the Group Annuity Contract.

After the Date of Cessation of Deposits is declared, no new Participant Annuity Account will be established.

11.2 Options on Date of Cessation of Deposits

Upon the Date of Cessation of Deposits, the Group Policyholder may by Request elect Cessation Option (1) or Cessation Option (2) below. If the Group Policyholder has not elected a cessation option within 30 days of the Date of Cessation, the Company will make the election in its sole discretion. Such election shall be binding on the Group Policyholder.

Cessation Option (1). Maintenance of each Participant Annuity Account Value:
The Company will maintain each Participant Annuity Account Value until it is applied to a Payment Option or distributed to a Participant or Beneficiary. When such individual transactions are applied or paid, they will be calculated at the Book Value of the Participant Annuity Account.

Cessation Option (2). Market Value of the Stable Asset Fund:
If Cessation Option (2) is elected, the Group Policyholder must specify option A or B below at the same time it notifies the Company it is ceasing Deposits and the Company will pay the Market Value of the Stable Asset Fund within 30 days after the Date of Cessation of Deposits.

Option A
After notification of Cessation of Deposits, the Company will sell all non-cash assets in the account attributable to the terminating contract and convert them to cash assets or short-term money market instruments. The time when all non-cash assets have been converted to cash or short-term money market instruments will be no later than the Date of Cessation of Deposits.

SECTION 11. CESSATION OF DEPOSITS, COMPLETE TRANSFERS, AND BUSINESS HARDSHIPS (continued)

Option B

After notification of Cessation of Deposits is received, the Company will value the separate account on the Date of Cessation of Deposits and transfer the assets of the separate account attributable to the terminating contract to the successor Insurer or the Group Policyholder.

11.3 Complete Transfers

When a Group Policyholder elects to transfer the aggregate of all Participant Annuity Accounts to another carrier at any one time, such transfers will be calculated at the Market Value of the Separate Account.

11.4 Business Hardships

In accordance with the provisions of Section 6.6 of the Contract, the Company may transfer funds for business hardships as described in the above noted section.

TABLE A - Income of Specified Amount - Income of a Specified Period

Monthly Payment for Each $1,000
of Participant Annuity Account Value

Years	Payment
3	28.61
4	21.82
5	17.75
6	15.04
7	13.10
8	11.66
9	10.54
10	9.63
11	8.90
12	8.30
13	7.78
14	7.34
15	6.96
16	6.63
17	6.34
18	6.08
19	5.85
20	5.64

To determine the payment for other frequencies of payment, multiply the above monthly payment by the following factors:

	Factor
Quarterly payment	2.99
Semi-annual payment	5.96
Annual payment	11.81

If payments are for an amount or duration different than that outlined above, the Company will determine the proper amount or duration using the actuarial basis used to determine the above Table.

TABLE B - Fixed Life Annuity

Monthly Payment for Each $1,000
of Participant Annuity Account Value

Age of Payee	Without Guaranteed Period	With Guaranteed Period			
		5 Years	10 Years	15 Years	20 Years
50	3.99	3.99	3.98	3.96	3.94
55	4.31	4.30	4.27	4.24	4.19
60	4.71	4.70	4.67	4.60	4.49
65	5.28	5.25	5.18	5.05	4.84
70	6.07	6.02	5.85	5.56	5.15
75	7.22	7.09	6.68	6.07	5.41

If payments commence on any other date than the exact age of the Payee as shown above, the amount of the monthly payment shall be determined by the Company on the actuarial basis used by it in determining the above amounts.

TABLE C - Joint and One-Half Survivor Fixed Annuity

Monthly Payment for Each $1,000
of Participant Annuity Account Value

Age of Annuitant	If Designated Payee Is Age					
	50	55	60	65	70	75
50	3.88	3.91	3.94	3.96	3.97	3.98
55	4.09	4.15	4.19	4.23	4.25	4.27
60	4.34	4.43	4.51	4.58	4.63	4.66
65	4.64	4.77	4.90	5.01	5.10	5.16
70	4.99	5.17	5.36	5.55	5.70	5.83
75	5.40	5.65	5.91	6.19	6.46	6.69

If payments commence on any other date than the exact age of the Annuitant or designated Payee as shown above, the amount of the monthly payment shall be determined by the Company on the actuarial basis used by it in determining the above amounts.

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PERIODIC PAYMENTS OPTION RIDER - 401(a)/(k) PLANS

ATTACHED TO AND FORMING PART OF THE GROUP ANNUITY CONTRACT

Ability To Elect

A Participant may elect the Periodic Payment Option if the Participant is eligible to receive a distribution in accordance with Section 8 of this Contract. Notwithstanding the above, the Periodic Payment Option may not be used to effect Rollovers.

The Participant must Request that all or part of the Annuity Account be applied to a Periodic Payment Option. All outstanding loan balances must be paid in full or treated as a distribution before a Participant may apply for a Periodic Payment Option.

Operation of Participant Annuity Account

While periodic payments are being received:

- the Participant may continue to exercise all contractual rights that are available prior to electing a payment option, except that no Contributions may be made by a Participant;
- Participants may continue to keep their current Participant Annuity Account;
- charges and fees under the Contract, if applicable, continue to apply.

If periodic payments cease, the Participant may resume making Contributions or Deposits. Additionally, if periodic payments cease, periodic payment options may not commence again for at least a 36 month period.

Frequency and Amount of Payments

The Participant will elect by Request:

- the payment frequency of either 12-, 6-, 3-, or 1-month intervals;
- a payment amount; a minimum of $50 is required;
- the month, day and year on which payments will be made; and
- one payment option.

The Participant may elect to change the payment option and/or frequency once each calendar year.

Payments will cease on the earlier of:

- the date the amount elected to be paid under the option selected has been reduced to zero;
- the Participant Requests the payments to stop; or
- the Annuity Account Value is zero.

Payments to a Beneficiary

Upon the Participant's death, the Beneficiary shall elect a payment option on the death claim form which complies with the distribution requirements of Section 401(a)(9) of the Internal Revenue Code.

Payment Options Available

The Participant must elect one of the following 5 payment options:

1) ***Income for a Specified Period for at least thirty-six (36) months.*** The Participant elects the duration over which payments will be made. This amount may vary based on the duration; or

2) ***Income of a Specified Amount for at least thirty-six (36) months.*** The Participant elects the dollar amount of the payments. Based on the amount elected, the duration may vary; or

3) ***Interest Only.*** The payments will be based on the amount of interest credited to the Participant Annuity Account between each payment. Available only if the Participant is younger than 70 1/2; or

4) ***Minimum Distribution.*** The Participant may Request minimum distributions as specified under Internal Revenue Code Section 401(a)(9).

PERIODIC PAYMENTS OPTION RIDER - 457 PLANS

ATTACHED TO AND FORMING PART OF THE GROUP ANNUITY CONTRACT

Election of Periodic Payment Option

If the Participant has separated from service with the Group Policyholder or has attained age 70 1/2, the Group Policyholder, on behalf of a Participant, may elect to apply all or a portion of the Participant Annuity Account to a Periodic Payment Option. The entire Participant Annuity Account must be applied to a Payment Option under which substantially equal payments are made as required by Sections 457(d) and 401(a)(9) of the Internal Revenue Code. Once payments have begun, they cannot be changed or stopped.

If the Participant wishes to take a partial withdrawal, such withdrawal must be taken prior to the selection of a Periodic Payment Option, and will be subject to any applicable charges.

Payments to a Beneficiary

If the Participant is receiving Periodic Payments, any Periodic Payments remaining to be paid as of the Participant's date of death will be paid to the Participant's beneficiary. The Beneficiary will receive payments remaining under the payment option in effect as of the date of the Participant's death unless a lump sum is elected on the death claim.

If the Participant dies prior to the time payments have commenced, the Group Policyholder may elect to apply the entire Participant Annuity Account to a Periodic Payment Option for the Beneficiary. All payments to a Beneficiary must comply with the distribution requirements of Sections 457(d) and 401(a)(9) of the Internal Revenue Code.

Periodic Payment Options Available

The Group Policyholder, on behalf of a Participant, must elect one of the three payment options listed below. If the Participant dies prior to the time any payments have been made, the Group Policyholder, on behalf of the Beneficiary, must elect one of the first two payment options listed below. (Minimum Distribution Payments are not available to Beneficiaries.) Payments must be elected over a period of at least 36 months.

1. *Payments for a Specified Period.* The period over which payments will be made is elected. The amount of each payment will be substantially equal but may vary slightly depending upon investment performance. The duration period may not be changed and must result in a dollar amount which meets the minimum distribution requirements.
2. *Payments of a Specified Amount.* The dollar amount of each payment is elected. The dollar amount may not be changed and must meet the minimum distribution requirements. Based on the amount elected, the duration of the payments may vary.
3. *Minimum Distribution Payments.* Payments will be made as required to meet the minimum distribution requirements of Internal Revenue Code section 401(a)(9).

Payments will cease when the Annuity Account Value is zero.

Frequency and Amount of Payments

The Request must specify:

1. the payment frequency of either 12-, 6-, 3-, or 1-month intervals;
2. the payment amount; a minimum of $50 is required;
3. the month, day and year on which payments are to begin; and
4. the payment option.

Deductions From Participant Annuity Account

The amount of each payment made under this Periodic Payment Option on behalf of each Participant will be deducted from the Participant Annuity Account of the Participant.

Operation of Participant Annuity Account

While periodic payments are being received:

1. no contributions may be made;
2. no partial withdrawals may be made except in the event of an Unforeseeable Emergency;
3. charges and fees under the Contract, if applicable, continue to apply.

AMENDMENT NO. 1-97C (STAC) ATTACHED TO AND FORMING PART OF
THE GROUP DEFERRED COMPENSATION ANNUITY CONTRACT

WHEREAS, the Group Policyholder has either previously entered into a Group Deferred Stable Asset Fund Annuity Contract (the "Group Annuity Contract") and Application for Group Deferred Stable Asset Fund Annuity Contract (the "Application") with Great-West Life & Annuity Insurance Company, or will be entering into such Group Annuity Contract and Application with the execution of this Amendment,

AND WHEREAS, the above noted Group Annuity Contract and Application require amendments to conform to recent changes made to the Internal Revenue Code of 1986, as amended (hereinafter referred to as the "Code"),

AND WHEREAS, immediately upon the Group Policyholder's amendment of the Plan document to place all assets in trust, the trust provisions described below will become effective,

AND WHEREAS, in order to maintain eligibility under Code Section 457, the Plan will continue to hold Plan assets in trust,

NOW THEREFORE, pursuant to Section 10.1 he Group Annuity Contract, the following amendments will be made to he Group Annuity Contract and Application.

1. The following sentence will be added to the Application:

   "Notwithstanding any provision in this Application to the contrary, in no event shall the assets under the Group Annuity Contract be subject to the claims of general creditors of the employer after the Plan is amended to place plan assets in trust."

2. In Section 1 of the Group Annuity Contract, the definition following the term "Group Policyholder" is hereby deleted. In place thereof, the following definition of Group Policyholder will be added:

   "the named trustee, or the governmental employer sponsoring the Plan, as trustee, and the applicant for this Group Annuity Contract."

3. Section 2.2 of the Group Annuity Contract is hereby deleted. In place thereof, the following Section will be added:

   2.2 Ownership of the Group Annuity Contract
   Upon the Group Policyholder's Application for this Group Annuity Contract, the Group Policyholder becomes the owner of the Group Annuity Contract. Effective the earlier of January 1, 1999 or the date the Plan is amended to meet the trust requirement, the Group Policyholder, as the trustee of the Plan, may exercise all rights hereunder for the exclusive benefit of Plan Participants and beneficiaries. There is no contractual relationship between the Company and the Participants.
   The Group Policyholder, as owner of the contract, is deemed to be the trustee of the assets invested in the Group Annuity Contract, and such contract is intended to satisfy the trust requirements of Code Sections 457(g) and 401(f).

4. Section 2.3 of the Group Annuity Contract is hereby deleted. In place thereof, the following Section will be added:

   2.3 Transfer and Assignment
   No portion of the Plan's assets and the earnings thereon may be used for, or diverted to, any purpose other than for the exclusive benefit of plan participants and beneficiaries prior to the satisfaction of all liabilities with respect to employees and their beneficiaries.

5. A new Section 2.4 will be added to the Group Annuity Contract and shall read as follows:

2.4 Trustee of the Group Annuity Contract and Plan Assets
Notwithstanding any provision of this Group Annuity Contract or the Application to the contrary, the Group Policyholder, as owner of the Group Annuity Contract, is the trustee with respect to all Plan assets deposited into the Group Annuity Contract, and the earnings thereon, and shall hold all such assets for the exclusive benefit of Plan Participants and Beneficiaries. The Group Annuity Contract shall be treated as a trust for purposes of Code Sections 457(g) and 401(f), and no portion of the amount deposited in the Group Annuity Contract, or the earnings thereon, may be used for, or diverted to, any purpose other than for the exclusive benefit of Plan Participants and Beneficiaries prior to the satisfaction of all liabilities with respect to employees and their Beneficiaries.

6. The first sentence of Section 8.2 of the Group Annuity Contract is hereby deleted. In place thereof, the following sentence will be added:

Except as provided in Section 8.3, no distributions will be allowed prior to the Participant's Annuity Commencement Date, attainment of age 70 1/2, or separation from service, as determined by the Group Policyholder, unless, for years after December 31, 1996, the Plan provides for a cash out of a Participant Annuity Account which does not exceed $3,500 and meets all of the other requirements of Code Section 457(e)(9)(A).

Signed for Great-West Life & Annuity Insurance Company on the Issue Date.

W.T. McCallum,
President and Chief Executive Officer