

EXHIBIT B

CONTRACT, LEASE, AGREEMENT CONTROL FORM

Date: 8/1/2002

Contract/Lease Control #: C02-0742-PCI-16

Bid #: N/A Contract/Lease Type: AGREEMENT

Award To/Lessee: VALIC

Lessor: _____

Effective Date: 6/18/2002 \$25,000.00

Term: INDEFINITE

Description of Contract/Lease: INVESTMENT SERVICES

Department Manager: HUMAN RESOURCES

Department Monitor: DONNA GUNN

Monitor's Telephone #: 689-5670

Monitor's FAX #: 689-5887

Date Closed: _____

**CONTRACT # C02-0742-HR
VALIC
DEFERRED COMPENSATION PLAN
EXPIRES: INDEFINITE**

**SPECIMEN
SECTION 457(b) DEFERRED COMPENSATION PLAN
GOVERNMENTAL EMPLOYERS**

This specimen plan document (which includes both an Adoption Agreement and a Basic Plan Document) is intended to meet the requirements of an eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, that is sponsored by a governmental employer, as defined thereunder. This document has not been approved by the Internal Revenue Service and is provided for consideration by the employer and its legal counsel. Modifications may be required depending on the specific facts and circumstances of the employer, including any applicable state or local laws, rules or regulations regarding deferred compensation or retirement benefits for governmental employees. VALIC cannot and does not provide legal or tax advice.

ADOPTION AGREEMENT
SECTION 457(b) DEFERRED COMPENSATION PLAN
(Governmental)

The undersigned employer hereby adopts or restates, as applicable, this Plan. This Plan shall comprise both (1) this Adoption Agreement and (2) the Basic Plan Document. Article and section references in this Adoption Agreement refer to articles and sections of the Basic Plan Document unless otherwise indicated.

Employer Name: Okaloosa County Board of County Commissioners
Employer Address: 601-B N. Pearl Street
Crestview, FL 32536

Plan Name: Okaloosa County Board of County Commissioners

1. **Plan Effective Date.** ("Effective Date.") (Check one.)
 - This Plan is being established by the Employer as a new Plan, effective _____, _____.
 - This Plan amends and restates the Plan previously established by the Employer and is effective December 30, 2011. The Plan was originally established by the Employer effective Dec 30, 2005.

2. **Eligible Employees.** (Check one.)
 - All Employees shall be eligible to participate.
 - The Employer, in its sole discretion, shall determine each Plan Year which Employees shall be eligible to participate in the Plan.
 - All Employees shall be eligible to participate except the following Employees (specify which Employees shall not be allowed to participate in the Plan):

3. **Roth Contributions.** (Check one.)
 - Designated Roth Contributions are not permitted, and Section 4.10 shall not apply to this Plan.
 - Participants may make Designated Roth Contributions (as described in Section 4.10) in lieu of or in addition to pre-tax Elective Deferral Contributions, effective December 30, 2011 (insert date not earlier than the later of January 1, 2011 or the date of the Employer's resolution adopting Designated Roth Contributions).

4. **Employer Contributions.** (Check one.) Note: Employer Contributions are combined with Elective Deferral Contributions and Designated Roth Contributions in applying the contribution limits described in Section 2.18.
 - There shall be no Employer Contributions under this Plan.
 - Discretionary Employer Contribution. The Employer may, in its absolute discretion, make an Employer Contribution to the Plan, and may determine, in its absolute discretion, how any such Employer Contribution shall be allocated among Plan Participants. This Discretionary Employer Contribution may be a matching or non-matching contribution.
 - FICA Opt-out Contribution. As described in Section 4.11, the Employer shall make FICA Opt-out Contributions (contributions other than Elective Deferral Contributions or Designated Roth Contributions) on behalf of the following Employees in lieu of paying/withholding FICA taxes for such Employees and in the amounts indicated below (check applicable box and fill in blanks for required contribution percentages):
 - All Employees
 - Part-time, seasonal and temporary Employees only

Other (indicate which Employees shall be eligible for the FICA Opt-out Contributions):

The required FICA Opt-out Contribution shall consist of the following types of contributions (which must total 7.5% or more of the Participant's Compensation):

Employer Contribution = _____ % of Compensation

Mandatory Employee Contribution = _____ % of Compensation

Other: _____

5. Loans. (Check one.)

Yes, loans are allowed and Article IX shall apply to this Plan.

No, loans are not allowed and Article IX shall not apply to this Plan.

6. Unforeseeable Emergency Withdrawals. (Check one.)

Yes. Withdrawals under Section 6.08 shall be available under this Plan. (Check one.)

Withdrawals on account of an illness, accident or need to pay for the funeral expenses of the Participant's primary Beneficiary shall be available effective the later of (a) August 17, 2006, (b) the original effective date of the Plan or, if applicable, (c) August 17 _____, 2006 (insert date that this option was first available, if such date was later than August 17, 2006).

Withdrawals on account of an illness, accident or need to pay for funeral expenses of the Participant's primary Beneficiary shall not be available.

No. Withdrawals under Section 6.08 shall not be available under this Plan.

7. Participant's Election to Receive In-Service Distribution. A Participant may elect to receive an in-service distribution of his account balance as described in Section 6.10. (Check one.)

Yes, if the total amount payable to a Participant under the Plan does not exceed the dollar amount under Code Section 411(a)(11)(A) (currently \$5,000).

No. Section 6.10 shall not apply to this Plan.

8. Distribution without Participant's Consent. Small accounts of certain inactive Participants may be distributed without the Participant's consent as described in Section 6.11. (Check one.)

Yes, if the total amount payable to a Participant under the Plan does not exceed \$1,000. Such amount will be paid in cash to the Participant.

No. Section 6.11 shall not apply to this Plan.

9. Distributions to Individuals in Uniformed Services. (Check one.)

The Plan does not permit distributions to individuals who are deemed to have a Severance from Employment solely on account of their performing services in the uniformed services and Section 6.13 shall not apply to this Plan.

Participants who are deemed to have a Severance from Employment on account of their performing services in the uniformed services for a period of 30 days or more may elect to receive a distribution of all or a portion of their Account (subject to the post-distribution restrictions described in Section 6.13).

10. In-plan Roth Conversions. (Check one.) (Note: Employer cannot allow in-plan Roth conversions unless it also elects to allow Designated Roth Contributions under Section 3, above, of this Adoption Agreement.)

In-plan Roth conversions are not permitted, and Section 6.12 shall not apply to this Plan.

Participants may convert certain pre-tax amounts to Roth contributions in an "in-plan" rollover/conversion described in Section 6.12, but only if such amounts are currently distributable under the terms of the Plan, effective December 30 _____, 2011 (insert date not earlier than the later of January 1, 2011 or the date of the Employer's resolution adopting in-plan Roth conversions).

11. Deductions from Distributions to Eligible Retired Public Safety Officers. (Check one.)
- For distributions after December 31, 2006, an Eligible Retired Public Safety Officer may elect, pursuant to Section 6.14, to have up to \$3,000 of the distribution deducted and paid directly to the provider of an accident or health insurance plan or qualified long-term care insurance plan.
 - The Plan does not allow elections by Eligible Retired Public Safety Officers under Section 6.14.
12. Non-spousal Beneficiary Rollovers. As described in Section 8.03, non-spousal Beneficiary rollovers are allowed after December 31, 2006, unless elected otherwise below. (Note: Such distributions are required by law to be allowed after December 31, 2009.)
- Non-spousal Beneficiary rollovers are not allowed prior to January 1, 2010.
 - Non-spousal Beneficiary rollovers are allowed effective December 31, 2009 (insert date not earlier than January 1, 2007 and not later than December 31, 2009).
13. Required Minimum Distributions for 2009. (Check one of the boxes in each of subsections (a) and (b) below. If none of the boxes in a subsection is checked, the first option shall apply to the Plan.)
- (a) For purposes of 2009 required minimum distributions:
- This option reflects VALIC standard operations during 2009.** The provisions of Section 6.05(a) apply (Required Minimum Distributions continue in accordance with the terms of the Plan for Participants or Beneficiaries receiving installment payments unless such Participant or Beneficiary elects otherwise, whereas Required Minimum Distributions are suspended for all other Participants and Beneficiaries).
 - The provisions of Section 6.05(b) apply (Required Minimum Distributions continue in accordance with the terms of the Plan for all Participants and Beneficiaries, unless otherwise elected by a Participant or Beneficiary).
 - The provisions of Section 6.05(c) apply (Required Minimum Distributions continue in accordance with the terms of the Plan for all Participants and Beneficiaries, but only Participants or Beneficiaries receiving installment payments may elect otherwise).
 - Other: _____

 - Not applicable (Plan established as a new Plan after 2009). (Do not complete subsection (b) below.)
- (b) For purposes of Section 6.05(d), the Plan will treat the following as eligible rollover distributions in 2009:
- This option reflects VALIC standard operations during 2009.** A direct rollover option shall be offered only for distributions that would be eligible rollover distributions without regard to Code Section 401(a)(9)(H).
 - Eligible rollover distributions shall include 2009 Required Minimum Distributions and installment payments that include 2009 Required Minimum Distributions.
 - Eligible rollover distributions shall include 2009 Required Minimum Distributions, but only if paid with an additional amount that is an eligible rollover distribution without regard to Code Section 401(a)(9)(H).
14. Optional Benefit Accruals under HEART Act. (Check one.)
- The optional benefit accrual provisions described in Section 4.12 for individuals who die or become disabled while performing qualified military service shall not apply.
 - The optional benefit accrual provisions described in Section 4.12 for individuals who die or become disabled while performing qualified military service shall apply effective _____, _____ (insert date not earlier than first day of 2007 Plan Year).
15. Governing Law. This Plan shall be construed under the laws of the State/Commonwealth of Florida (insert State/Commonwealth). This Plan shall be subject to any applicable State, county or local deferred compensation rules and regulations.

The Employer hereby causes this Adoption Agreement to be executed by its duly authorized representative on the date specified below.

Employer (Please Print): Okaloosa Board of County Commissioners

Employer's Signature: *Kay Godwin*

Name (Please Print): Kay Godwin

Title: Human Resources Director Date: 1-20-12

Approved by Board of County Commissioners on January 10, 2012

Don R. Amunds
Don R. Amunds, Chairman of the Board



PARTICIPATION AGREEMENT
SECTION 457(b) DEFERRED COMPENSATION PLAN
(Governmental)

Complete this page *only* if more than one Employer will adopt this Section 457(b) Deferred Compensation Plan. Each Participating Employer must execute a separate Participation Agreement.

Check here if not applicable and do not complete this page.

The undersigned governmental entity, by executing this Participation Agreement, elects to become a Participating Employer in the Section 457(b) eligible deferred compensation plan identified in the accompanying Adoption Agreement and below (the "Plan"), as if the Participating Employer were a signatory to the Adoption Agreement for the Plan. The Participating Employer accepts, and agrees to be bound by, all of the elections made by the signatory Employer in the Adoption Agreement for the Plan, except as otherwise provided in this Participation Agreement.

1. **EFFECTIVE DATE.** (Note: The Effective Date of the Participating Employer's adoption of the Plan cannot be earlier than the original effective date of the Plan, as adopted by the signatory Employer. If the Participating Employer is adopting the Plan as a restatement of an existing governmental Section 457(b) plan of the Participating Employer, the Effective Date of the Participating Employer's adoption of the Plan must not be earlier than the later of (i) the original effective date of the Participating Employer's existing Section 457(b) plan, (ii) the effective date of the most recent restatement of the Plan by the signatory Employer, or (iii) the first day of the Plan Year that includes the date the Participation Agreement is executed.)

The Effective Date of the Participating Employer's adoption of the Plan is: _____, _____.

2. **NEW PLAN/RESTATEMENT.** The Participating Employer's adoption of this Plan constitutes: (Check one.)

The adoption of a new governmental Section 457(b) plan by the Participating Employer.

An amendment and restatement of a governmental Section 457(b) plan currently maintained by the Participating Employer identified as the Okaloosa County Board of County Commissioners and having an original effective date of December 30, 2005.

The Participating Employer hereby causes this Participation Agreement to be executed by its duly authorized representative on the date specified below.

Plan Name (Please Print): Okaloosa County Board of County Commissioners

Participating Employer Name (Please Print): Okaloosa County Supervisor of Elections

Participating Employer's Signature: _____

Name (Please Print): Paul Lux

Title: Supervisor of Elections Date: 30 Jan 12

Acceptance by the Signatory Employer of the Adoption Agreement.

Signatory Employer Name (Please Print): Okaloosa County Board of County Commissioners

Signatory Employer's Signature: Kay Godwin

Name (Please Print): Kay Godwin

Title: Human Resources Director Date: 2-1-12

BASIC PLAN DOCUMENT
SECTION 457 (b) DEFERRED COMPENSATION PLAN
(Governmental)

ARTICLE I. INTRODUCTION

This Plan is intended to be an eligible deferred compensation plan under Section 457 of the Internal Revenue Code of 1986, as amended. The primary purpose of this Plan is to attract and retain qualified personnel by permitting them to provide for benefits in the event of their retirement or death. Nothing contained in this Plan shall be deemed to constitute an employment agreement between any Participant and the Employer and nothing contained herein shall be deemed to give any Participant any right to be retained in the employ of the Employer.

ARTICLE II. DEFINITIONS

- 2.01 Account: The account maintained for each Participant reflecting the cumulative amount of each Participant's Deferred Compensation, including any income, gains, losses, or increases or decreases in market value attributable to the investment of the Participant's Deferred Compensation, and further reflecting any distributions to the Participant or the Beneficiary and any fees or expenses charged against the Participant's Deferred Compensation.
- 2.02 Adoption Agreement: The separate agreement which is executed by the Employer and sets forth the elective provisions of this Plan as specified by the Employer.
- 2.03 Annuity Contract: If selected by the Employer as an investment option, one or more group fixed, variable or combination fixed and variable annuity contracts issued by The Variable Annuity Life Insurance Company (VALIC) and approved for sale in the Employer's state, or by another insurance company qualified to do business in the Employer's state, which provide for periodic payments at regular intervals, whether for a period certain or during one or more lives, and which are non-transferable.
- 2.04 Beneficiary or Beneficiaries: The person or persons designated by the Participant in his Deferred Compensation Agreement who shall receive any benefits payable hereunder in the event of the Participant's death. If more than one designated Beneficiary survives the Participant, payments shall be made equally to the surviving Beneficiaries, unless otherwise provided in the Deferred Compensation Agreement. If no Beneficiary is designated in the Deferred Compensation Agreement or if no designated Beneficiary survives the Participant, then the estate of the Participant shall be the Beneficiary. However, a Participant may designate a contingent Beneficiary (or Beneficiaries) who shall become the primary Beneficiary (or Beneficiaries) under this Plan in the event that no primary Beneficiary survives the Participant.
- 2.05 Code: The Internal Revenue Code of 1986, as amended, and regulations thereunder.
- 2.06 Compensation: The amount of compensation that would be payable to a Participant by the Employer if no Deferred Compensation Agreement were in effect to defer compensation under this Plan. The term Compensation includes amounts that are excludable from an Employee's gross income and that are contributed by the Employer at the Employee's election to a cafeteria plan, qualified transportation fringe benefit plan, a Section 401(k) arrangement, a SARSEP, a Section 403(b) arrangement, a SIMPLE plan or another Section 457(b) plan of the Employer. For years beginning after 2008, Compensation shall include "differential wage payments," as that term is defined in Section 2.17 (Includible Compensation).
- 2.07 Deferred Compensation: The amount of Compensation otherwise payable to the Participant that the Participant elects to defer hereunder (as either pre-tax Elective Deferral Contributions or after-tax Designated Roth Contributions), any amount credited to a Participant's Account by reason of a transfer under Section 8.01, or any other amount that the Employer agrees to credit to a Participant's Account (as an Employer Contribution) and that does not exceed the Maximum Limitation.
- 2.08 Deferred Compensation Agreement: An agreement entered into between a Participant and the Employer and any amendments or modifications thereof, which agreement shall fix the amount of pre-tax Elective Deferral and/or after-tax Designated Roth Contributions, if applicable, that the Participant elects to defer; specify the Participant's investment selection with respect to his Deferred Compensation; designate the Participant's Beneficiary or Beneficiaries; and incorporate the terms, conditions, and provisions of this Plan by reference.
- 2.09 Designated Roth Contribution: The amount of a Participant's Compensation that he elects to defer to the Plan (as Deferred Compensation) on an after-tax basis.

- 2.10 Elective Deferral Contribution: The amount of a Participant's Compensation that he elects to defer to the Plan (as Deferred Compensation) on a pre-tax basis.
- 2.11 Eligible Retirement Plan: A plan described in Code Section 402(c)(8)(B) to which an Eligible Rollover Distribution may be transferred pursuant to Code Section 457(e)(16).
- 2.12 Eligible Rollover Distribution: A qualifying distribution to a Participant, or to a spousal Beneficiary of a deceased Participant, that is described in Code Section 402(c)(4).
- 2.13 Employee: Any individual, whether appointed, elected or under contract, providing services for the Employer for which compensation is paid. For years beginning after December 31, 2008, the term Employee also includes an individual receiving "differential wage payments," as that term is defined in Section 2.17 (Includible Compensation), from the Employer.
- 2.14 Eligible Employee: An Employee who, based on the Employer's elections in the Adoption Agreement, is eligible to participate in the Plan.
- 2.15 Employer: The entity identified in the Adoption Agreement, which entity is a State, political subdivision of a State, or an agency or instrumentality of a State or political subdivision of a State.
- 2.16 Employer Contribution: The amount (if any) that the Employer contributes to the Plan (as Deferred Compensation) that does not reduce (on a pre-tax or an after-tax basis) the Participant's Compensation for the Plan Year.
- 2.17 Includible Compensation: For a taxable year, the Participant's compensation, as defined in Code Section 415(c)(3), for services performed for the Employer. For years beginning after 2008, Includible Compensation shall include "differential wage payments," as defined in Code Section 3401(h)(2) (a payment by the Employer to an individual with respect to any period during which the individual is performing service in the uniformed services while on active duty for a period of more than 30 days, and which payment represents all or a portion of the wages the individual would have received from the Employer if the individual were performing service for the Employer). The amount of Includible Compensation shall be determined without regard to any community property laws.
- 2.18 Maximum Limitation: The maximum amount that may be deferred under this Plan (other than rollover amounts described in Section 8.02) for the taxable year of a Participant. Such amount shall be either the Normal Limitation or Catch-Up Limitation, whichever is applicable.
- (a) Normal Limitation: The maximum amount deferred shall not exceed the lesser of the Applicable Dollar Amount (as described in Section 2.18(c) below) or 100% of the Participant's Includible Compensation, as adjusted by Section 2.18(d) below. Notwithstanding the preceding provisions of this paragraph, for calendar years prior to 2002, the maximum amount deferred shall not exceed such limit or limits in effect for the applicable year pursuant to Code Section 457.
- (b) Catch-Up Limitation: For each one of the last three (3) taxable years of a Participant ending before the Participant's attainment of Normal Retirement Age, the maximum amount deferred for each such year shall be the lesser of:
- (1) twice the Applicable Dollar Amount (as described in Section 2.18(c) below); or
 - (2) the sum of the Normal Limitation, plus that portion of the Normal Limitation not used in each of the prior taxable years of the Participant commencing after 1978 in which (i) the Participant was eligible to participate in this Plan or another eligible plan of the Employer, and (ii) compensation deferred under this Plan (or such other plan) was subject to the deferral limitations set forth in this section.
- A Participant may utilize the Catch-Up Limitation only if the Participant has not previously utilized it with respect to a different Normal Retirement Age under this Plan or any other plan.
- For years prior to 2002, the limit under this paragraph (b) for any year shall not exceed \$15,000.
- (c) Applicable Dollar Amount: For contributions in 2006 and subsequent years, the Applicable Dollar Amount shall be \$15,000 as adjusted for cost-of-living increases in accordance with Code Section 457(e)(15). The Applicable Dollar Amount for the 2011 calendar year is \$16,500 and for the 2012 calendar year is \$17,000.
- (d) Coordination with Other Plans: For contribution years prior to 2002, the amount excludible from a Participant's gross income for any taxable year under this Plan or any other plan under Code Section 457(b) shall not exceed \$7,500 (as adjusted for cost-of-living increases in accordance with Code Section 457(e)(15)) or such greater amount allowed under paragraph (b) of this section, less any amount excluded from gross income under Code Section 403(b), 402(e)(3), or 402(h)(1)(B) or (k), or any amount with respect to which a deduction is allowable by reason of a contribution to an organization under Code Section 501(c)(18).

- (e) Age-Based Catch-Up Contributions: In addition to any other limit set forth in this section, a Participant who will attain age 50 in the calendar year may contribute an additional \$5,000 as adjusted for cost-of-living increases in accordance with Code Section 414(v)(2)(C). The Age-Based Catch-Up limitation for the 2011 and 2012 calendar years is \$5,500.
- (f) Coordination of Catch-Up Contributions: A Participant may not utilize both the Catch-Up Limitation and the Age-Based Catch-Up Contribution in the same year. The Age-Based Catch-Up Contribution shall not apply for any taxable year for which a higher Catch-Up Limitation applies.
- (g) Excess Deferrals: Any amount deferred in excess of the Maximum Limitation or Age-Based Catch-Up Contribution shall be distributed to the Participant, with allocable net income, as soon as administratively practicable after the Plan determines that the amount is an excess deferral. An excess deferral as a result of a failure to comply with the individual limitation under Treas. Reg. Section 1.457-5 for a taxable year may be distributed to the Participant, with allocable net income, as soon as administratively practicable after the Plan determines that the amount is an excess deferral.

2.19 Normal Retirement Age: The age that determines the period during which a Participant may utilize the Catch-Up Limitation of Section 2.18(b) hereunder. A Participant's Normal Retirement Age shall be age 70½, unless the Participant has elected an alternative Normal Retirement Age by written instrument delivered to the Employer prior to Severance from Employment.

A Participant's alternative Normal Retirement Age may not be earlier than the earliest date that the Participant shall become eligible to retire and receive unreduced retirement benefits under the Employer's defined benefit plan or money purchase plan covering that Participant and may not be later than the calendar year in which the Participant attains age 70½. If the Participant will not be eligible to receive benefits under a defined benefit plan or money purchase plan maintained by the Employer, the Participant's Normal Retirement Age may not be earlier than attainment of age 65 and may not be later than the calendar year in which the Participant attains age 70½.

If the Participant is a qualified police officer or firefighter as defined under Code Section 415(b)(2)(H)(ii)(I), then such qualified police officer or firefighter may designate an alternative Normal Retirement Age that is between age 40 and age 70½.

Once a Participant has to any extent utilized the Catch-Up Limitation of Section 2.18(b), his Normal Retirement Age may not be changed.

2.20 Participant: Any Eligible Employee who has enrolled in this Plan pursuant to the requirements of Article V or who has previously deferred compensation under this Plan and who has not received a distribution of his entire benefit under the Plan.

2.21 Plan Year: The 12-month period commencing each January 1st and ending on the following December 31st.

2.22 Severance from Employment: Termination of the Participant's employment relationship with the Employer. For years after 2008, solely for purposes of the withdrawal restrictions of Code Section 457(d)(1)(A), an individual shall be treated as having been severed from employment during any period the individual is performing service in the uniformed services, as described in Code Section 3401(h)(2)(A). For years prior to 2002, references in this Plan to Severance from Employment shall mean severance of the Participant's employment with the Employer, within the meaning of Code Section 402(e)(4)(D)(i)(III), rather than termination of the Participant's employment relationship with the Employer.

2.23 Service Provider: The Variable Annuity Life Insurance Company (VALIC), VALIC Retirement Services Company or such other entity as the Employer designates to perform administrative services under this Plan.

ARTICLE III. ADMINISTRATION

3.01 Plan Administrator: This Plan shall be administered by the Employer or one or more persons designated by the Employer. The Plan Administrator, if other than the Employer, shall act as the agent of the Employer in all matters concerning the administration of this Plan. The Plan Administrator shall have full power to adopt, amend, and revoke such rules and regulations consistent with and as may be necessary to implement, operate and maintain this Plan, to enter into contracts on behalf of the Employer under this Plan, and to make discretionary decisions affecting the rights or benefits of Participants under Section 6.08 of this Plan.

3.02 Employee with Administrative Responsibilities: Any Employee who is charged with administrative responsibilities hereunder may participate in the Plan under the same terms and conditions as apply to other Employees. However, he

shall not have the power to participate in any discretionary action taken with respect to his participation under Section 6.08 of this Plan.

- 3.03 Administrative Services. The Employer may enter into an agreement with a Service Provider to provide nondiscretionary administrative services under this Plan for the convenience of the Employer, including, but not limited to, the enrollment of Employees as Participants, the maintenance of Accounts and other records, the making of periodic reports to Participants, and the disbursement of benefits to Participants.

ARTICLE IV. PARTICIPATION IN THE PLAN

- 4.01 Participant. An Eligible Employee becomes a Participant when he has executed and entered into a Deferred Compensation Agreement with the Employer. An Eligible Employee is not precluded from becoming a Participant by reason of having received a pre-1997 cash-out distribution (upon separation from service) of \$3,500 or less from a Code Section 457(b) plan.
- 4.02 Enrollment in the Plan. An Eligible Employee may elect to defer Compensation for a calendar month by entering into a Deferred Compensation Agreement before the first day of the month in which the Compensation is paid or made available. A new Eligible Employee may defer Compensation payable in the calendar month which includes the first day of employment by entering into a Deferred Compensation Agreement on or before the first day of employment.
- 4.03 Minimum Deferral Amount. At the time of entering into or amending a Deferred Compensation Agreement hereunder, an Eligible Employee or Participant must agree to defer a minimum periodic amount as specified by the Plan Administrator.
- 4.04 Change in Amount of Deferred Compensation or Beneficiary. A Participant may not amend or modify an executed Deferred Compensation Agreement to change the amount of Deferred Compensation except with respect to compensation to be earned in the subsequent calendar month and provided that notice is given prior to the beginning of the month for which such change is to be effective. The Employer may suspend a Participant's Elective Deferral Contributions and/or Designated Roth Contributions for up to 6 months in the event a Participant takes a hardship distribution from the Employer's Section 401(k) plan or Section 403(b) arrangement if required under the terms of such plan or arrangement. A Participant may change the Beneficiary designated in his Deferred Compensation Agreement at any time by giving written notice to the Plan Administrator.
- 4.05 Revocation of Deferred Compensation Agreement. A Participant may revoke his Deferred Compensation Agreement and his Compensation shall be restored in the subsequent calendar month, by giving notice to the Employer prior to the beginning of the month for which such revocation is to be effective.
- 4.06 New Deferred Compensation Agreement Upon Return to Service or After Revocation. A Participant who returns to active service with the Employer after a Severance from Employment, or who has revoked his Deferred Compensation Agreement under Section 4.05, may again become an active Participant by executing a new Deferred Compensation Agreement with the Employer prior to the beginning of the calendar month for which it is to be effective.
- 4.07 Leave of Absence; Other Absences. Compensation may continue to be deferred under this Plan with respect to a Participant who is on an approved leave of absence from the Employer with Compensation, and all of the rules of this Article shall apply with respect to making, amending or revoking any Deferred Compensation Agreement for such a Participant.
- 4.08 Deferrals of Sick, Vacation, and Back Pay. Subject to approval of the Employer, an Eligible Employee or Participant who has not had a Severance from Employment may elect to defer accumulated sick pay, accumulated vacation pay, and back pay under this Plan in accordance with the requirements of Code Section 457(b). These amounts may be deferred for any calendar month only if an agreement providing for the deferral is entered into before the beginning of the month in which the amounts would otherwise be paid or made available and the Participant is an Employee on the date the amounts would otherwise be paid or made available.
- 4.09 Deferrals of Amounts Paid After Severance from Employment. Subject to the approval of the Employer:
- (a) An Eligible Employee or Participant may elect to defer certain amounts that are paid after Severance from Employment, but only if such amounts are
 - (1) paid by the later of 2½ months after Severance from Employment or the end of the calendar year that includes the date of Severance from Employment, and
 - (2) one of the following types of compensation:

- (i) regular compensation for services rendered by the Eligible Employee or Participant (including base pay, overtime, shift differential, commission, bonus or other similar pay), so long as these amounts would have been paid to the Eligible Employee or Participant prior to termination of employment if the Eligible Employee or Participant had not had a Severance from Employment; or
 - (ii) payments for accrued but unused sick, vacation or other leave, but only if the Eligible Employee or Participant would have been able to use such leave if employment had continued.
- (b) An Eligible Employee or Participant may also elect to defer amounts paid to the Eligible Employee or Participant during periods when the Eligible Employee or Participant is not performing services for the Employer by reason of qualified military service (as that term is used in Code Section 414(u)(1)), but only to the extent those payments do not exceed the amount the Eligible Employee or Participant would have received if the Eligible Employee or Participant had continued to perform services for the Employer rather than entering qualified military service.
- (c) An Eligible Employee or Participant may also elect to defer amounts paid to the Eligible Employee or Participant during a period when the Eligible Employee or Participant is not performing services for the Employer because the Eligible Employee or Participant is permanently and totally disabled (as that term is defined in Code Section 22(e)(3)), so long as either:
- (1) the Eligible Employee or Participant was not a highly compensated employee (as defined in Code Section 414(q)) immediately before becoming permanently and totally disabled, or
 - (2) the plan under which the disability payments are made provides for payments to all Eligible Employees or Participants who are permanently and totally disabled for a fixed or determined period.
- 4.10 Designated Roth Contributions. If elected by the Employer in the Adoption Agreement, the Participant may designate that all or a portion of his/her elective contributions to the Plan be treated as after-tax Roth contributions (referred to herein as "Designated Roth Contributions"). Such designation must be made before the date upon which the amounts designated would otherwise have been payable to the Participant (but for the election to defer), and such designation must be irrevocable on and after that date. Designated Roth Contributions (and the earnings thereon) shall be accounted for separately from all other contributions to the Plan (including rollovers of Roth contributions from other plans and in-plan Roth conversions) and the earnings on those contributions. If a Participant takes a distribution of less than 100% of his Account (including an In-Service Distribution or an Unforeseeable Emergency Withdrawal), the Participant may designate whether such distribution shall be made from the Participant's pre-tax Elective Deferral Contributions or after-tax Designated Roth Contributions.
- 4.11 Employer Contributions. If elected by the Employer in the Adoption Agreement, the Employer may/shall make contributions (that are not part of the Participant's Compensation) to the Plan as additional Deferred Compensation. Employer contributions may, but need not, be accounted for separately from Employee pre-tax Elective Deferral Contributions, but shall be accounted for separately from Designated Roth Contributions, amounts converted to Roth contributions through an in-plan Roth conversion, and rollover contributions (whether from a non-Roth account or a designated Roth account). If the Employer elects in the Adoption Agreement to make contributions in lieu of withholding/paying FICA taxes (hereinafter referred to as "FICA Opt-out Contributions") for some or all Participants for a given pay period, such contributions must total at least 7.5% of the Participant's Compensation for the pay period, and must be 100% vested at all times. If the Employer requires Participants to make mandatory salary reduction (*i.e.*, pre-tax) contributions to the Plan as a condition of employment (hereinafter referred to as "Employee Mandatory Contributions"), such contributions shall be treated as Employer Contributions for all purposes under this Plan (including the 7.5% of Compensation requirement for FICA Opt-out Contributions).
- 4.12 Compliance with HEART Act. In the case of a death occurring on or after January 1, 2007, if a Participant dies while performing qualified military service (as defined in Code Section 414(u)), the Participant's Beneficiary is entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service), if any, provided under the Plan as if the Participant had resumed employment and then terminated employment on account of death. If (and only if) the Employer elects in the Adoption Agreement, then effective as of the date elected in the Adoption Agreement, the Plan shall treat an individual who dies or becomes disabled (as defined in Code Section 72(m)(7)) while performing qualified military service with respect to the Employer as if the individual had resumed employment in accordance with the individual's reemployment rights under USERRA, on the day preceding death or disability (as the case may be) and terminated employment on the actual date of death or disability. The Plan will determine the amount of Elective Deferral Contributions (or Designated Roth Contributions) of an individual treated as employed under this section for purposes of applying Code Section 414(u)(8)(C) on the basis of the individual's average actual Elective Deferral Contributions (or Designated Roth Contributions) for the lesser of (i) the 12-month period of service

with the Employer immediately prior to the qualified military service or (ii) the actual length of continuous service with the Employer.

ARTICLE V. INVESTMENT OF DEFERRED COMPENSATION

- 5.01 Annuity Contracts and Other Plan Investments. For the purposes of satisfying its obligation to provide benefits under this Plan, the Employer shall invest the amount of compensation deferred by each Participant in Annuity Contracts and other Plan investments as specified in the Participants' Deferred Compensation Agreements. Amounts deferred under this Plan must be transferred to a trust, custodial account or annuity contract described in Section 5.02 within a period that is not longer than is reasonable for the proper administration of the Participant Accounts. Responsibility for the selection of investment alternatives for Plan assets shall be retained by the Employer, and the Employer shall have the right to modify the selection of investment alternatives from time to time. However, Participants and Beneficiaries may allocate amounts held in their Accounts or otherwise credited for their benefit under the Plan among the investment alternatives selected by the Employer, and the Employer shall cause such amounts to be so allocated within a reasonable time after the receipt of Participant instructions, or may instruct the issuer, trustee, or custodian to accept such allocation instructions directly from Participants and Beneficiaries as representatives of the Employer.
- 5.02 Exclusive Benefit. Notwithstanding any provision of the Plan to the contrary, all amounts held under the Plan, including amounts deferred and earnings or other accumulations attributable thereto, shall be held for the exclusive benefit of Plan Participants and Beneficiaries (i) in annuity contracts or (ii) in trust or in one or more custodial accounts pursuant to one or more separate written instruments. Any such annuity contract, trust, or custodial account must satisfy the requirements of Code Section 457(g)(1). The annuity contract, trust or custodial account must make it impossible, prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets and income of the annuity contract, trust or custodial account to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries. For purposes of this section, the terms Participant and Beneficiary shall also include contingent beneficiaries and/or spouses, former spouses, or children of Participants for whose benefit amounts are being held under the Plan pursuant to the terms of a domestic relations order which has been recognized under the terms of the Plan. Any discretionary authority reserved to the Employer (or to any administrator or administrative committee) under the Plan or under any investment held under the Plan, to the extent the exercise thereof would otherwise be inconsistent with this section, shall be exercised for the exclusive benefit of Plan Participants and Beneficiaries. Any issuer of an annuity contract or trustee or custodian of other investments held under the Plan shall have no authority to pay any amounts from such Plan investments to any creditor of the Employer, and shall have no duty to inquire into the validity of any request by the Employer or by an administrator or administrative committee for distribution of amounts for the benefit of a Participant or a Beneficiary under the Plan.
- 5.03 Benefits Based on Participant's Account Value. The benefits paid to a Participant or Beneficiary pursuant to Article VI of this Plan shall be based upon the value of the Participant's Account. In no event shall the Employer's liability to pay benefits exceed the value of the Participant's Account, and the Employer shall not be liable for losses arising from depreciation or other decline in the value of any investments acquired under this Plan.
- 5.04 Periodic Reports. Each Participant shall receive periodic reports, not less frequently than annually, showing the then-current value of his Account.
- 5.05 Employer-Directed Accounts. Notwithstanding any provision of the Plan to the contrary, the Employer shall direct the issuer, trustee or custodian with respect to the investment of any contributions that are forwarded to the issuer, trustee or custodian prior to the date on which the Participant or Beneficiary completes the necessary paperwork with the issuer, trustee or custodian (or takes such other action or actions as may be necessary) to direct the investment of such amounts. This direction shall be effective only until such time as the Participant or Beneficiary exercises his right to direct the investment of such amounts in accordance with the terms of the Plan.

ARTICLE VI. BENEFITS

- 6.01 Distribution of Benefits. Except as otherwise provided in this Article, a Participant's Account shall become distributable upon a Participant's attainment of age 70½ or Severance from Employment. If the Participant has had a Severance from Employment, the distribution of a Participant's Account shall commence no later than April 1st of the calendar year following the year of the Participant's attainment of age 70½. Distributions shall be made in accordance with one of the payment options described in Section 6.03.
- 6.02 Distribution Procedures. The Employer may from time to time establish procedures for Participant distribution elections, provided that such procedures are not inconsistent with the requirements of Section 6.01.

6.03 Payment Options. A Participant (or a Beneficiary as provided in Sections 6.06 or 6.07) may elect to have the value of the Participant's Account distributed in accordance with one of the following payment options provided that such option is available under the investment and consistent with the requirements set forth in Section 6.04:

- (a) life annuity;
- (b) life annuity with 60, 120, or 180 monthly payments guaranteed;
- (c) unit refund life annuity;
- (d) joint and last survivor annuity (spouse only);
- (e) lump sum;
- (f) term certain annuity with 36, 48, 60, 72, 84, 96, 108, 120, 132, 144, 156, 168 or 180 monthly payments guaranteed;
- (g) withdrawals for a specified number of years;
- (h) withdrawals of a specified amount; or
- (i) any other method of payment agreed upon between Participant and Employer and accepted by the investment provider or Service Provider.

If a Participant fails to elect a payment option, any required payments shall be made under a payment option designated by the Employer.

Notwithstanding the options above, any option that involves a life contingency (or a joint life contingency) shall only be available under an Annuity Contract offered or obtained under the terms of the Plan.

6.04 Required Minimum Distributions.

- (a) No payment option may be selected by the Participant (or a Beneficiary) unless it satisfies the requirements of Code Section 401(a)(9) and any additional Code limitations applicable to the Plan. The provisions of this section shall apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year. The requirements of this section shall take precedence over any inconsistent provisions of the Plan. All distributions required under this section shall be determined and made in accordance with the regulations under Code Section 401(a)(9). Notwithstanding the other provisions of this section, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Section 242(b)(2) of TEFRA.
- (b) The Participant's entire interest shall be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date. If the Participant dies before distributions begin, the Participant's entire interest shall be distributed, or begin to be distributed, no later than as follows:
 - (1) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then unless the surviving spouse elects to apply the 5-year rule (pursuant to subsection (f), below), distributions to the surviving spouse shall begin by December 31st of the calendar year immediately following the calendar year in which the Participant died, or by December 31st of the calendar year in which the Participant would have attained age 70½, if later.
 - (2) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then unless the designated Beneficiary elects to apply the 5-year rule (pursuant to subsection (f), below), distributions to the designated Beneficiary shall begin by December 31st of the calendar year immediately following the calendar year in which the Participant died.
 - (3) If there is no designated Beneficiary as of September 30th of the year following the year of the Participant's death, the Participant's entire interest shall be distributed by December 31st of the calendar year containing the fifth anniversary of the Participant's death.
 - (4) If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this subsection (b), other than paragraph (b)(1), shall apply as if the surviving spouse were the Participant.

For purposes of this subsection (b) and subsection (d), unless paragraph (b)(4) applies, distributions are considered to begin on the Participant's required beginning date. If paragraph (b)(4) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under paragraph

(b)(1). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under paragraph (b)(1)), the date distributions are considered to begin is the date distributions actually commence.

Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions shall be made in accordance with subsections(c) and (d) of this section. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder shall be made in accordance with the requirements of Code Section 401(a)(9).

- (c) During the Participant's lifetime, the minimum amount that shall be distributed for each distribution calendar year is the lesser of:
- (1) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or
 - (2) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

Required minimum distributions shall be determined under this subsection (c) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

- (d) (1) If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:
- (a) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
 - (b) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.
 - (c) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.
- (2) If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30th of the year after the year of the Participant's death, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
- (3) Except as otherwise elected (pursuant to subsection (f), below), if the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in paragraphs (1) and (2), above.
- (4) If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30th of the year following the year of the Participant's death, distribution of the Participant's entire interest shall be completed by December 31st of the calendar year containing the fifth anniversary of the Participant's death.

- (5) If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under paragraph (b)(1), this subsection (d) shall apply as if the surviving spouse were the Participant.
- (e) Definitions.
- (1) "Designated Beneficiary" means the individual who is designated as the Beneficiary under Section 2.04 of the Plan and is the designated Beneficiary under Code Section 401(a)(9) and Section 1.401(a)(9)-1, Q&A-4, of the regulations.
- (2) "Distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year that contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under subsection (b). The required minimum distribution for the Participant's first distribution calendar year shall be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, shall be made on or before December 31st of that distribution calendar year.
- (3) "Life expectancy" means life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the regulations.
- (4) "Participant's account balance" means the account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.
- (5) "Required beginning date" means April 1st of the calendar year following the later of:
- (a) the calendar year in which the Participant attains age 70½; or
 - (b) the calendar year in which the Participant retires.
- (f) Participants or Beneficiaries may elect, on an individual basis, whether the 5-year rule or the life expectancy rule in subsections (b) and (d) applies to distributions after the death of a Participant who has a designated Beneficiary. The election must be made no later than the earlier of September 30th of the calendar year in which distribution would be required to begin under subsection (b), or by September 30th of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, the surviving spouse's) death. If neither the Participant nor the Beneficiary makes an election under this paragraph, distributions shall be made in accordance with subsections (b) and (d).

6.05 2009 Required Minimum Distributions ("RMDs").

- (a) Continuation of RMDs for Participants Receiving Installment Payments Unless Otherwise Elected by the Participant; Suspension of RMDs for All Other Participants. This paragraph applies if elected by the Employer in the Adoption Agreement or if no election is made by the Employer in the Adoption Agreement. Notwithstanding the provisions of Code Section 401(a)(9)(H), a Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of Code Section 401(a)(9)(H) ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are one or more payments in a series of installments (that include 2009 RMDs), will continue to receive those distributions for 2009 unless the Participant or Beneficiary chooses not to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect not to receive the distributions that include 2009 RMDs. For all other Participants and Beneficiaries, the requirement to receive the 2009 RMD shall be suspended in accordance with Code Section 401(a)(9)(H).
- (b) Continuation of RMDs for All Participants Unless Otherwise Elected by the Participant. This paragraph applies if elected by the Employer in the Adoption Agreement. Notwithstanding the provisions of Code Section 401(a)(9)(H), a Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of Code Section 401(a)(9)(H) ("2009 RMDs"), and who would have satisfied that

requirement by receiving distributions that are either (1) equal to the 2009 RMDs or (2) one or more payments in a series of installments (that include 2009 RMDs), will receive those distributions for 2009 unless the Participant or Beneficiary chooses not to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence.

- (c) Continuation of RMDs for All Participants Unless Otherwise Elected by Participants Receiving Installment Distributions. This paragraph applies if elected by the Employer in the Adoption Agreement. Notwithstanding the provisions of Code Section 401(a)(9)(H), a Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of Code Section 401(a)(9)(H) ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are either (1) equal to the 2009 RMDs or (2) one or more payments in a series of installments (that include the 2009 RMDs), will receive those distributions for 2009. However, Participants and Beneficiaries receiving installments will be given the opportunity to elect not to receive the distributions that include 2009 RMDs.
- (d) Direct Rollovers. Notwithstanding the provisions of the Plan relating to required minimum distributions under Code Section 401(a)(9), and solely for purposes of applying the direct rollover provisions of the Plan, certain additional distributions in 2009, as elected by the Employer in the Adoption Agreement, will be treated as eligible rollover distributions. If no election is made by the Employer in the Adoption Agreement, then a direct rollover will be offered only for distributions that would be eligible rollover distributions without regard to Code Section 401(a)(9)(H).

6.06 Post-Retirement Death Benefits. Should the Participant die after he has begun to receive benefits under an annuity payment option, the guaranteed or remaining payments, if any, under the annuity payment option shall be payable to the Participant's Beneficiary commencing with the first payment due after the death of the Participant. If the Beneficiary does not continue to live for the remaining period of payments under the annuity payment option, then the remaining benefits under the annuity payment option shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate. Should the Participant die after he has begun to receive benefits under any other payment option, a death benefit equal to the value of the Participant's Account shall be payable to the Beneficiary. Such death benefit shall be paid in a lump sum unless the Beneficiary elects a different payment option. Should the Beneficiary die before the completion of payments under an annuity payment option or before distribution of the entire Participant Account, then the value of the remaining payments under the annuity payment option, or the value of the Participant Account in a lump sum, respectively, shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate. Payment to the Participant's Beneficiary under this section must comply with Code Section 401(a)(9), and with any additional Code limitations applicable to the Plan. In no event shall the Employer be liable for any payments made in the name of the Participant or a Beneficiary before the Employer or its agent receives proof of the death of the Participant or Beneficiary.

6.07 Pre-Retirement Death Benefits. Should the Participant die before he has begun to receive benefits under Section 6.01, a death benefit equal to the value of the Participant's Account shall be payable to the Beneficiary. Such death benefit shall be paid in a lump sum unless the Beneficiary elects a different payment option. Payment to the Participant's Beneficiary must comply with Code Section 401(a)(9), and with any additional Code limitations applicable to the Plan. Should the Beneficiary die before the completion of payments under an annuity payment option or before distribution of the entire Participant Account, the value of the remaining payments under the annuity payment option, or the value of the Participant Account in a lump sum, shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate.

6.08 Unforeseeable Emergency Withdrawals. If the Employer so elects in the Adoption Agreement, then in the event of an unforeseeable emergency, a Participant may apply to the Employer to receive that part of the value of his Account that is reasonably needed to satisfy the emergency need (including any amounts that may be necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution). If such application for withdrawal is approved by the Employer, the Employer shall direct the issuer, trustee or custodian to pay the Participant such value as the Employer deems necessary to meet the emergency need.

The regulations under Section 457(d)(1)(A)(iii) of the Code define an unforeseeable emergency as a severe financial hardship of the Participant or Beneficiary resulting from an illness or accident of the Participant or Beneficiary, the Participant's or Beneficiary's spouse, or the Participant's or Beneficiary's dependent (as defined in Code Section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code Section 152(b)(1), (b)(2), and (d)(1)(B)); loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural

disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary. For example, the imminent foreclosure of or eviction from the Participant's or Beneficiary's primary residence may constitute an unforeseeable emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the cost of prescription drug medication, may constitute an unforeseeable emergency. Finally, the need to pay for the funeral expenses of a spouse or a dependent (as defined in Code Section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code Section 152(b)(1), (b)(2), and (d)(1)(B)) of the Participant or Beneficiary may also constitute an unforeseeable emergency. Except as otherwise specifically provided in this Section 6.08, neither the purchase of a home nor the payment of college tuition is an unforeseeable emergency.

A distribution on account of an unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the Plan.

Unless otherwise elected in the Adoption Agreement, then effective as of August 17, 2006, a Participant's unforeseeable emergency includes a severe financial hardship of the Participant's primary beneficiary under the Plan, that would constitute an unforeseeable emergency if it occurred with respect to the Participant's spouse or dependent as defined under Code Section 152. For purposes of this section, a Participant's "primary beneficiary under the Plan" is an individual who is named as a Beneficiary under the Plan and has an unconditional right to all or a portion of the Participant's account balance under the Plan upon the Participant's death.

- 6.09 Transitional Rule for Annuity Payment Option Elections. If this Plan document constitutes an amendment and restatement of the Plan as previously adopted by the Employer and if a Participant or Beneficiary has commenced receiving benefits under an annuity payment option, that annuity payment option shall remain in effect notwithstanding any other provision of this Plan.
- 6.10 Participant's Election to Receive In-Service Distribution. If the Employer so elects in the Adoption Agreement, a Participant may elect to receive an in-service distribution of the total amount payable to him under the Plan if:
- (a) such amount does not exceed the dollar amount under Section 411(a)(11)(A) of the Code,
 - (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the distribution, and
 - (c) there has been no prior distribution under the Plan to the Participant under this Section 6.10 or under Section 6.11.
- 6.11 Distribution without Participant's Consent. If the Employer so elects in the Adoption Agreement, the total amount payable to a Participant under the Plan may be distributed to the Participant without his consent if:
- (a) such amount does not exceed \$1,000,
 - (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the distribution, and
 - (c) there has been no prior distribution under the Plan to the Participant under this Section 6.11 or under Section 6.10.
- 6.12 In-plan Roth Conversions. If the Employer so elects in the Adoption Agreement, Participants may elect to convert certain pre-tax Elective Deferral Contributions, Employer Contributions or rollover contributions to after-tax Roth contributions in an in-plan (taxable) conversion. Such conversion shall be accomplished through a direct rollover from the Participant's applicable pre-tax account to his Roth conversion account (such that there is no actual distribution from the Plan). In-plan Roth conversions are expressly limited to amounts that are currently distributable to the Participant under both Code Section 457(d)(1)(A) and the terms of the Plan. Rollover contributions made on or after January 1, 2006 may be converted at any time. Amounts attributable to Elective Deferral Contributions or Employer Contributions generally cannot be converted before the Participant has attained age 70½ or has had a Severance from Employment. If the Employer elects in the Adoption Agreement to allow in-service distribution of small, inactive accounts, such amounts shall also be eligible for conversion under this section. All in-plan Roth conversions shall be taxable to the Participant in the year of the conversion.
- 6.13 Distributions to Individuals Performing Service in Uniformed Services. If (and only if) elected by the Employer in the Adoption Agreement, a Participant who is deemed to have incurred a Severance from Employment on account of performing services in the uniformed services (as defined in chapter 43 of title 38, United States Code) for a period of active duty of more than 30 days may elect to receive a distribution of all or a portion of the Participant's Account under the Plan. However, the Plan will not distribute the Participant's Account without the Participant's consent.

If the Participant elects to receive a distribution under this provision, the Participant may not make an Elective Deferral Contribution or a Designated Roth Contribution to the Plan during the 6-month period beginning on the date of the distribution.

- 6.14 Eligible Retired Public Safety Officer Distribution Deduction Election. Unless the Employer elects otherwise in the Adoption Agreement, for distributions in taxable years beginning after December 31, 2006, an "Eligible Retired Public Safety Officer" may elect annually for that taxable year to have the Plan (i) deduct an amount from the distribution which the Eligible Retired Public Safety Officer otherwise would receive (and include in income) and (ii) pay such deducted amounts directly to the provider of an accident or health insurance plan or qualified long-term care insurance contract. The amount deducted (and paid to the provider) may not exceed the lesser of \$3,000 or the amount the Participant paid for such taxable year for qualified healthcare premiums, and which otherwise complies with Code Section 402(l). For purposes of this section: (i) an "Eligible Retired Public Safety Officer" is an individual who, by reason of disability or attainment of normal retirement age, has experienced a Severance from Employment as a Public Safety Officer with the Employer, (ii) a "Public Safety Officer" has the same meaning as in Section 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968, and (iii) the term "qualified health insurance premiums" means premiums for coverage for the Eligible Retired Public Safety Officer, his spouse and dependents, by an accident or health plan or a qualified long-term care insurance contract (as defined in Code Section 7702B(b)).

ARTICLE VII. NON-ASSIGNABILITY

- 7.01 In General. Except as provided in Section 7.02, the interests of each Participant or Beneficiary under the Plan are not subject to the claims of the Participant's or Beneficiary's creditors; and no Participant or Beneficiary shall have any right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments hereunder or any interest under the Plan, which payments and interests are expressly declared to be non-assignable and non-transferable.
- 7.02 Domestic Relations Orders.
- (a) Allowance of Transfers: Notwithstanding Section 7.01, if a judgment, decree or order (including approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or the marital property rights of a spouse or former spouse, child, or other dependent of a Participant is made pursuant to a State domestic relations law ("domestic relations order"), then the amount of the Participant's Account shall be paid in the manner and to the person or persons so directed in the domestic relations order. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan. The Plan Administrator shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the domestic relations order. Where necessary to carry out the terms of such an order, a separate Account may be established with respect to the spouse, former spouse, or child who shall be entitled to make investment selections with respect thereto in the same manner as the Participant.
 - (b) Release from Liability to Participant: 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, child, or other dependent pursuant to paragraph (a) of this section. No such transfer shall be effectuated unless the Employer or Service Provider has been provided with satisfactory evidence that the Employer and the Service Provider are released from any further claim by the Participant with respect to such amounts. The Participant shall be deemed to have released the Employer and the Service Provider from any claim with respect to such amounts, in any case in which (i) the Employer or Service Provider has been served with legal process or otherwise joined in a proceeding relating to such transfer, (ii) the Participant has been notified of the pendency of such proceeding in the manner prescribed by the law of the jurisdiction in which the proceeding is pending by service of process in such action or by mail from the Employer or Service Provider to the Participant's last known mailing address, and (iii) the Participant fails to obtain an order of the court in the proceeding relieving the Employer or Service Provider from the obligation to comply with the judgment, decree, or order. The Participant shall also be deemed to have released the Employer or Service Provider if the Participant has consented to the transfer pursuant to the terms of a property settlement agreement and/or a final judgment, decree, or order as described in paragraph (a).
 - (c) Participation in Legal Proceedings: The Employer and the Service Provider shall not be obligated to defend against or seek to have set aside any judgment, decree, or order described in paragraph (a) or any legal order relating to the garnishment of a Participant's benefits, 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 or Service Provider to incur such expense, the amount of the expense may be charged against the Participant's Account and thereby reduce the Employer's obligation to pay benefits to the Participant. In the course of any proceeding relating to divorce, separation, or child support, the Employer and Service Provider shall be authorized to the extent permitted by

applicable laws to disclose information relating to the Participant's 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.

- (d) Effective April 6, 2007, a domestic relations order will not fail to be a domestic relations order (1) solely because the order is issued after, or revises, another domestic relations order; or (2) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the Participant's death. A domestic relations order described in this paragraph is subject to the same requirements and protections that apply to domestic relations orders.

ARTICLE VIII. TRANSFERS AND ROLLOVERS

8.01 Transfers. This Plan shall accept and allow transfers, pursuant to Code Section 457, of amounts deferred by an individual under this Plan or another eligible deferred compensation plan meeting the requirements of Section 457(g) of the Code, provided the conditions of this Section 8.01 are met.

- (a) Directed by Individual Participant or Beneficiary. A transfer from this Plan to another eligible governmental deferred compensation plan or from another eligible governmental deferred compensation plan to this Plan is permitted only if the transferor plan provides for transfers, the receiving plan provides for the receipt of transfers, the Participant or Beneficiary whose amounts deferred are being transferred shall have an amount deferred immediately after the transfer at least equal to the amount deferred with respect to that Participant or Beneficiary immediately before the transfer, and in the case of a transfer for a Participant, the Participant whose amounts deferred are being transferred has had a severance from employment with the transferring employer and is performing services for the employer maintaining the transferee plan. Upon the transfer of assets from this Plan under this paragraph (a), the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan shall be discharged to the extent of the amount so transferred for the Participant or Beneficiary.

Any such transferred amount shall not be treated as a deferral subject to the limitations of Section 2.18, except that, for purposes of applying the limit of Section 2.18, an amount deferred during any taxable year under the plan from which the transfer is accepted shall be treated as if it had been deferred under this Plan during such taxable year and compensation paid by the transferor employer shall be treated as if it had been paid by the Employer.

- (b) Permissive Service Credit Transfers. Subject to any limitations imposed by an investment provider, if a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Code Section 414(d)) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account transferred to the defined benefit governmental plan. A transfer under this paragraph (b) may be made before the Participant has had a Severance from Employment.

A transfer may be made under this paragraph (b) only if the transfer is either for the purchase of permissive service credit (as defined in Code Section 415(n)(3)(A)) under the receiving defined benefit governmental plan or a repayment to which Code Section 415 does not apply by reason of Code Section 415(k)(3).

8.02 Rollovers. A Participant may elect to roll an Eligible Rollover Distribution to an Eligible Retirement Plan. The Participant shall be provided with a description of available rollover rights and rules in advance of such a distribution. A distribution that is an Eligible Rollover Distribution and that is paid in a form other than a rollover shall be subject to mandatory withholding of 20%, or such other mandatory withholding rate as may be imposed under the Code from time to time. This Plan shall be permitted to accept a rollover distribution from an Eligible Retirement Plan (including a distribution from an IRA) to this Plan, subject to any administrative restrictions imposed by the Plan or by the investment provider. To the extent required under the Code, the Plan shall separately account for any rollover contributions it receives. Rollover contributions to the Plan before January 1, 2006, shall be subject to the same restrictions on distributions applicable to other amounts held under the Plan. Rollover contributions to the Plan on or after January 1, 2006, shall not be subject to the same restrictions on distributions applicable to other amounts held under the Plan, and such rollover contributions may be distributed at any time.

8.03 Non-spousal Beneficiary Rollovers.

- (a) For distributions after December 31, 2009, and unless otherwise elected in the Adoption Agreement, for distributions between January 1, 2007 and December 31, 2009, a non-spouse Beneficiary who is a "designated beneficiary" under Code Section 401(a)(9)(E) and the regulations thereunder, may roll over, by a direct trustee-to-trustee transfer ("direct rollover"), all or any portion of his distribution to an individual retirement account the Beneficiary establishes for purposes of receiving the distribution. In order to roll over the distribution, the distribution otherwise must satisfy the definition of an Eligible Rollover Distribution.

- (b) Although a non-spouse Beneficiary may roll over directly a distribution as provided in paragraph (a) above, any distribution made prior to January 1, 2010, is not subject to the direct rollover requirements of Code Section 401(a)(31) (including Code Section 401(a)(31)(B), the notice requirements of Code Section 402(f) or the mandatory withholding requirements of Code Section 3405(c)). If a non-spouse Beneficiary receives a distribution from the Plan, the distribution is not eligible for an indirect "60-day" rollover.
- (c) If the Participant's named Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a "designated beneficiary" within the meaning of Code Section 401(a)(9)(E).
- (d) A non-spouse Beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other Internal Revenue Service guidance. If the Participant dies before his required beginning date and the non-spouse Beneficiary rolls over to an IRA the maximum amount eligible for rollover, the Beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Section 1.401(a)(9)-3, A-4(c) of the regulations, in determining the required minimum distributions from the IRA that receives the non-spouse Beneficiary's distribution.

ARTICLE IX. LOANS

If the Employer so elects under the Adoption Agreement, loans shall be made available to all Participants on a reasonably equivalent basis, but only to the extent permitted under the Annuity Contract or other Plan investment and the provisions of this Article. No loan shall be made available under this Plan unless it satisfies all of the requirements of Code Section 72(p) and any other applicable regulatory guidance, including the limitations on the total of a Participant's non-taxable loans from all plans of the Employer for treatment as a tax-free loan. The making of loans under this Plan shall be subject to written guidelines set forth in a separate document (or under the Annuity Contract), which guidelines shall govern the availability, terms and procedures for Participants to obtain loans under this Plan. The availability of loans under this Plan may be suspended, terminated or modified at any time.

ARTICLE X. AMENDMENT OR TERMINATION OF PLAN

- 10.01 Amendment or Termination. The Employer may at any time amend this Plan or terminate this Plan and distribute the Participants' Accounts in conformity with the Code; provided, however, that such amendment or termination shall not impair the rights of Participants or their Beneficiaries with respect to any compensation deferred before the date of the amendment or termination of this Plan except as may be required to maintain the tax status of the Plan under the Code. In the event that the Plan is terminated, amounts deferred under the Plan (and all Plan assets) shall be distributed to all Plan Participants and Beneficiaries as soon as administratively practicable after the termination of the Plan.
- 10.02 Amendment and Restatement of Previously Adopted Plan. If this Plan document constitutes an amendment and restatement of the Plan as previously adopted by the Employer, the amendments contained herein shall be effective as of the Effective Date, and the terms of the preceding plan document shall remain in effect through such date.

ARTICLE XI. USERRA

An Employee whose employment is interrupted by qualified military service under Code Section 414(u) or who is on a leave of absence for qualified military service under Code Section 414(u) may defer additional Compensation upon resumption of employment with the Employer equal to the maximum amount of Compensation that could have been deferred during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption of leave, reduced by the amount of Compensation, if any, actually deferred during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave).

ARTICLE XII. MISTAKEN CONTRIBUTIONS

If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Plan Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Plan Administrator, to the Employer.

ARTICLE XIII. RELATIONSHIP TO OTHER PLANS

This Plan serves in addition to any other retirement, pension or benefit plan or system presently in existence or hereinafter established.

ARTICLE XIV. PARTICIPATING EMPLOYERS

- 14.01 Adoption of Plan. With the consent of the Employer, the Plan may be adopted by any other governmental entity described in Code Section 457(e)(1)(A), and each such adopting entity shall be known as a Participating Employer. Such adoption of the Plan shall be evidenced by completion of a Participation Agreement signed by both the Employer and the Participating Employer.
- 14.02 Participating Employer's Plan. Each Participating Employer shall be treated as the sponsor of its own separate governmental Code Section 457(b) eligible deferred compensation plan, subject to the terms and conditions of this Plan document. Accordingly, although the assets of the Plan may be held in a single trust (or annuity contract or custodial account that is treated as a trust), the assets attributable to the Employer and to each Participating Employer shall be accounted for separately. Except as provided below, wherever a right or obligation is imposed upon the Employer by the terms of the Plan, the same shall extend to each Participating Employer under the Plan, and shall be separate and distinct from that imposed upon the Employer.
- 14.03 Participating Employer's Participation. Except as otherwise provided below, it is the intention of the Employer that each Participating Employer shall be a party to the Plan and shall be treated in all respects as the Employer thereunder, with its employees to be considered as Employees or Participants, as the case may be, under the Plan. However, the participation of a Participating Employer in the Plan shall in no way diminish, augment, modify, or in any way affect the rights and duties of the Employer or its Employees under the Plan.
- 14.04 Severance from Employment. For purposes of Section 2.22 (Severance from Employment), the term Employer means the governmental entity that the Participant was employed by (or under contract with) at the time of his termination of employment.
- 14.05 Plan Administrator. For purposes of Article III (Administration), each Participating Employer shall serve as (or appoint another person to serve as) the Plan Administrator of such Participating Employer's plan. Each Participating Employer (or the person designated by such Participating Employer as the Plan Administrator of that Participating Employer's plan) shall have full power to adopt, amend, and revoke such rules and regulations consistent with and as may be necessary to implement, operate and maintain its participation in the Plan and to make discretionary decisions affecting the rights or benefits of its own Participants under the Plan.
- 14.06 Investments and Administrative Services. Only the Employer shall have the right to enter into contracts or agreements with investment providers or other companies providing administrative services to the Plan. The Employer shall act as the agent of each Participating Employer with respect to such investment contracts and/or services agreements. The Employer's choice of investment and administrative service providers shall be binding on each Participating Employer and, by signing the Participation Agreement, the Participating Employer agrees to be bound by the terms and conditions of any such investment contracts and/or services agreements.
- 14.07 Amendment or Termination of the Plan. Only the Employer shall have the right to amend or terminate the Plan under Article X. The Employer's amendment or termination of the Plan shall be binding on each Participating Employer and, by signing the Participation Agreement, the Participating Employer agrees to be bound by the terms and conditions of any such amendment or termination of the Plan.
- 14.08 Revocation of Participation. A Participating Employer may at any time (by written notice to the Employer) revoke its participation in the Plan, in which case the Participating Employer must adopt its own plan document and provide its own trust or other funding arrangement for the assets attributable to its Participants. If a Participating Employer revokes its participation in the Plan, the Employer shall direct the Trustee of the Plan's trust (and/or the issuer of any annuity contract or the custodian of any custodial account holding Plan assets) to transfer the Plan assets attributable to the Participating Employer's Participants to such separate funding arrangement as soon as administratively practicable following the Participating Employer's revocation of its participation in the Plan.

JUL 12 2002

Group Plan Installation
Analyst: _____



ADMINISTRATIVE SERVICES AGREEMENT

This Agreement is made and entered into by and between Okaloosa County Board of County Commissioners (the "Employer") and The Variable Annuity Life Insurance Company ("VALIC"), a Texas corporation, on this 18th day of June, 2002 (insert date on or after 01/01/02).

ARTICLE I - PURPOSE

The Employer maintains a deferred compensation plan (the "Plan"). In the interest of economy and efficiency, the Employer deems it desirable to contract for administrative services pertaining to accounting for deferrals, disbursements of funds, proper reporting to participants and the Internal Revenue Service, and withholding of taxes, if applicable. Therefore, the Employer designates VALIC its agent to perform the services outlined in this Agreement and deposit income tax amounts as required by law. VALIC's undertaking to provide administrative services hereunder is limited to those amounts of deferred compensation under the Plan that the Employer has invested in annuity contracts issued by VALIC.

ARTICLE II - DEFINITIONS

As used in this Agreement, the following definitions shall apply unless the context indicates otherwise:

- 2.1 Agent - The Variable Annuity Life Insurance Company ("VALIC").
- 2.2 Annuity Contract - The group or individual annuity contract(s) between the Employer or Plan Participants and VALIC.
- 2.3 Employer Okaloosa County Board of County Commissioners
Employer Address 601B North Pearl Street, Crestview, FL 32536
- 2.4 Participant - An employee or independent contractor of the Employer electing to participate in the Plan.
- 2.5 Plan - The VALIC Name of Plan Deferred Compensation Plan.

Check one:

- a. a 457(b) or "eligible" deferred compensation plan described under section 457 of the Internal Revenue Code of 1986, as amended.
- b. a 457(f) or "ineligible" deferred compensation plan sponsored by a tax-exempt or governmental organization.
- c. a non-qualified (top hat) deferred compensation plan sponsored by a for-profit organization.

ARTICLE III - RESPONSIBILITIES OF EMPLOYER

- 3.1 For distributions prior to January 1, 2002, and for any other distributions to which this requirement may apply on or after January 1, 2002, the Employer shall complete and sign all forms necessary for VALIC's appointment as its agent with the Internal Revenue Service, or where applicable, those forms that release VALIC of said appointment.
- 3.2 The Employer shall forward a Participant's deferred compensation to VALIC within the time limitations imposed by applicable Federal and/or state law.
- 3.3 The Employer shall notify VALIC in writing of all Participant information requested by VALIC, including, but not limited to, age, Social Security number and beneficiary information.

VALIC

An American General Company

RECEIVED

JUL 12 2002

Group Plan Installation
Analysis

3.4 The Employer shall direct VALIC to make benefit payments under the Plan in accordance with the annuity option specified by the Employer or Participant and shall supply VALIC with the amount of the account to be distributed.

3.5 The Employer shall be responsible for approval of all requests for unforeseeable emergency withdrawals under the Plan and direct VALIC to make approved disbursements in amounts specified by the Employer. Unforeseeable Emergency Withdrawal requests shall be processed as follows (check one below):

- a. Employer has reviewed VALIC'S Unforeseeable Emergency Withdrawal procedures and, having determined such procedures to be consistent with the terms of the Plan, hereby adopts such procedures and delegates the determination function to VALIC. By signature on this Agreement, Employer approves all unforeseeable emergency withdrawal requests made and processed in accordance with VALIC'S procedures adopted by Employer for the Plan.
- b. Employer will review all requests for and make all determinations regarding unforeseeable emergency withdrawals and will indicate distribution approval by signature on all Unforeseeable Emergency Withdrawal request forms.

ARTICLE IV - VALIC RESPONSIBILITIES

4.1 VALIC shall furnish periodic confirmation statements of accounts showing activity and the total value of each Participant's account(s) to (check one below):

- a. Participants; or
b. the Employer.

4.2 VALIC shall compute and deduct income taxes required by law to be withheld for all distributions (check one below).

- a. Yes. *This option is only available if you checked 2.5(a). (Proceed to 4.5.)*
b. No. *This option is not available if you checked 2.5(a) and are a governmental employer. (Proceed to Article VI.)*

4.3 VALIC shall issue the disbursements in accordance with the provisions of the Annuity Contract and the Plan at the direction of and in amounts specified by the Employer. Such disbursements shall be made payable and mailed to participants. *This does not apply if 4.2(b) was checked.*

4.4 Disbursements shall be made from the account maintained by VALIC on behalf of the Employer in accordance with the terms of the Annuity Contract and the Plan; provided, however, that if the Employer terminates the Annuity Contract, VALIC shall be obligated to make disbursements only to the extent that funds are still available in the account of the Employer.

4.5 VALIC shall compute and deduct income taxes required by law to be withheld from distributions from the Plan, and for distributions prior to January 1, 2002, such determinations shall be made under the wage bracket method for all distributions for Federal income tax purposes and as may be specified below for State income tax purposes. A report of such withheld taxes will be forwarded by VALIC to the Internal Revenue Service within the time prescribed by law. *This only applies if you checked 2.5(a).*

State income tax withholding (Specify one only):

- wage bracket method for all distributions.
 current percentage rate specified by state law for all distributions.

For distributions prior to January 1, 2002, and for any other distributions to which this requirement may apply on or after January 1, 2002, Employer agrees to furnish VALIC a properly completed Withholding Allowance Certificate (Form W-4) for each Participant

VALIC

An American General Company

receiving a disbursement. VALIC will not withhold Federal income tax for any employee who claims an exemption from withholding on Form W-4 by indicating no tax liability for the preceding year and none expected for the current year.

4.6 VALIC shall furnish to each Participant tax reporting form(s) required by the applicable taxing authority, including a statement of gross amounts paid to the Participant and the amount of Federal, state and local income tax withheld by VALIC, if any.

4.7 VALIC shall furnish to the Employer, upon request, annual and semi-annual reports for The Variable Annuity Life Insurance Company Separate Account(s) for distribution to Participants.

4.8 VALIC shall establish and maintain records of notifications from Employer concerning Participants who are to receive disbursements, gross payments under the Agreement, amounts of Federal, state and local income withheld by VALIC on behalf of the Employer and reports of such income and deposits filed with the appropriate governmental agencies by VALIC on behalf of the Employer.

ARTICLE V - MISCELLANEOUS

5.1 Term. This Agreement shall become effective immediately upon execution and shall remain in force until terminated by either party as provided below.

5.2 Termination. This Agreement may be terminated by either party upon sixty (60) days' written notice to the other party of the intent to terminate. Upon any such termination, Agent shall deliver to the Employer all records and reports required by this Agreement.

5.3 Information. VALIC relies on the information provided to it by the Employer and Plan Participants and beneficiaries, and VALIC will not be responsible for claims resulting from the use by VALIC of any incorrect or misleading information provided to it by the Employer or Plan Participant or beneficiary.

5.4 Assignment. This Agreement may not be assigned without the written consent of the other party.

5.5 Amendment. The parties may amend this Agreement only in writing. Any such amendment must be approved by the President or a Vice President of Agent and a person authorized to act on behalf of Employer.

5.6 Notice. Any notice provided for herein shall be in writing and shall be deemed to have been given when received by personal delivery or United States mail addressed to the Employer at the address given in section 2.3 or to VALIC at the address below:

Client Services
The Variable Annuity Life Insurance Company
2929 Allen Parkway
Houston, TX 77019

5.7 Governing Law. The laws of the State/Commonwealth of Florida shall govern the rights and obligations of the parties under this Agreement.

5.8 Entire Agreement. This Agreement and any written amendments hereto constitute the entire agreement of the parties. This Agreement shall supersede all previous communications, representations or agreements, either oral or written, between the parties.

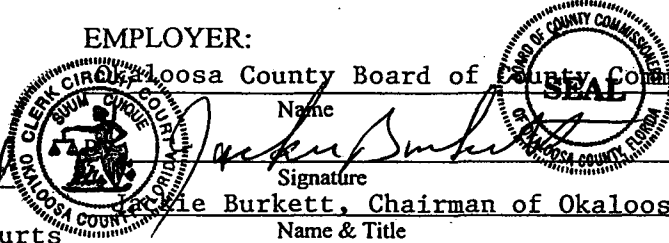
5.9 No Additional Cost. The services rendered by VALIC pursuant to this Agreement shall be performed without additional cost to the Participants other than administrative and sales charges provided for in the Annuity Contract.

VALIC

An American General Company

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed to be effective as of the date herein above.

EMPLOYER:



Okaloosa County Board of County Commissioners

Name

Signature

Name & Title

Attested by:

Gary J. Stanford
Gary Stanford
Deputy Clerk Of Courts

Jacquie Burkett
Jacquie Burkett, Chairman of Okaloosa County BOCC

HOME OFFICE:
THE VARIABLE ANNUITY LIFE
INSURANCE COMPANY

BY: Mary C. Birmingham
Name
Signature
Mary C. Birmingham, Vice President
Name & Title

ARTICLE VI - EMPLOYER NOTICE OF WITHHOLDING
(Signature required if item 4.2b was selected)

Notice is hereby given by the Employer that all disbursements under the above-referenced Plan shall be made by VALIC to Employer in accordance with the Annuity Contract(s) entered into between VALIC and the Employer under the Plan in such amounts and at such times as Employer specifies in writing to VALIC. VALIC is hereby released from the responsibility, if any, of withholding Federal and state income taxes from all disbursements made to Employer under the above-referenced Plan.

NOT APPLICABLE

EMPLOYER:

Name
BY: _____
Signature

Name & Title

RECEIVED

JUL 12 2002

Group Plan Installation
Analyst: _____

DEFERRED COMPENSATION PLAN
(Governmental)

ARTICLE I. INTRODUCTION

The Employer hereby establishes the Deferred Compensation Plan, hereinafter referred to as the "Plan," as of the effective date set forth in Section II of the Terms of Agreement above. The Plan is intended to be an eligible deferred compensation plan under section 457 of the Internal Revenue Code of 1986, as amended. The primary purpose of this Plan is to attract and retain qualified personnel by permitting them to provide for benefits in the event of their retirement or death. Nothing contained in this Plan shall be deemed to constitute an employment agreement between any Participant and the Employer and nothing contained herein shall be deemed to give any Participant any right to be retained in the employ of the Employer.

ARTICLE II. PLAN ELECTIONS

2.01 Plan Effective Date. (Hereinafter the "Effective Date.") (Check one.)

This Plan is being established by the Employer effective _____, _____.

This Plan replaces the Plan previously established by the Employer and is effective on June 18, 2002.

2.02 Participant's Election to Receive In-Service Distribution. A Participant may elect to receive an in-service distribution of his account balance as described in Section 7.09. (Check one.)

Yes, if the total amount payable to a Participant under the Plan does not exceed \$5,000.00 (insert an amount up to \$5,000).

No. Section 7.09 shall not apply to this Plan.

2.03 Distribution without Participant's Consent. Small accounts of certain inactive participants may be distributed without the participant's consent as described in Section 7.10. (Check one.)

Yes, if the total amount payable to a participant under the Plan does not exceed \$5,000.00 (insert an amount up to \$5,000).

No. Section 7.10 shall not apply to this Plan.

- 2.04 Governing Law. This Plan shall be construed under the laws of the State of Florida (insert state).

ARTICLE III. DEFINITIONS

- 3.01 Account: The account maintained for each Participant reflecting the cumulative amount of each Participant's Deferred Compensation, including any income, gains, losses, or increases or decreases in market value attributable to the investment of the Participant's Deferred Compensation, and further reflecting any distributions to the Participant or the Beneficiary and any fees or expenses charged against the Participant's Deferred Compensation.
- 3.02 Annuity Contract: If selected by the Employer as an investment option, one or more group fixed, variable or combination fixed and variable annuity contracts issued by The Variable Annuity Life Insurance Company (VALIC) and approved for sale in the Employer's state, or by another insurance company qualified to do business in the Employer's state, which provides for periodic payments at regular intervals, whether for a period certain or during one or more lives, and which are non-transferable.
- 3.03 Beneficiary or Beneficiaries: The person or persons designated by the Participant in his Deferred Compensation Agreement who shall receive any benefits payable hereunder in the event of the Participant's death. If more than one designated Beneficiary survives the Participant, payments shall be made equally to the surviving Beneficiaries, unless otherwise provided in the Deferred Compensation Agreement. If no Beneficiary is designated in the Deferred Compensation Agreement or if no designated Beneficiary survives the Participant, then the estate of the Participant shall be the Beneficiary. However, a Participant may designate a contingent Beneficiary (or Beneficiaries) who shall become the primary Beneficiary (or Beneficiaries) under this Plan in the event that no primary Beneficiary survives the Participant.
- 3.04 Code: The Internal Revenue Code of 1986, as amended, and regulations thereunder.
- 3.05 Deferred Compensation: The amount of Normal Compensation otherwise payable to the Participant that the Participant and the Employer mutually agree to defer hereunder, any amount credited to a Participant's Account by reason of a transfer under Section 9.01, or any other amount that the Employer agrees to credit to a Participant's Account and that does not exceed the Maximum Limitation.
- 3.06 Deferred Compensation Agreement: An agreement entered into between a Participant and the Employer and any amendments or modifications

thereof, which agreement shall fix the amount of Deferred Compensation; establish the time when the payment of benefits shall commence, if required by the Code, for Deferred Compensation Agreements effective prior to January 1, 2002; specify the Participant's investment selection with respect to his Deferred Compensation; designate the Participant's Beneficiary or Beneficiaries and incorporate the terms, conditions, and provisions of this Plan by reference.

- 3.07 Eligible Retirement Plan: A plan described in section 402(c)(8)(B) to which an Eligible Rollover Distribution may be transferred pursuant to section 457(e)(16) of the Code.
- 3.08 Eligible Rollover Distribution: A qualifying distribution to a Participant, or to a spousal beneficiary of a deceased Participant, that is described in section 402(c)(4) of the Code.
- 3.09 Employee: Any individual, whether appointed, elected or under contract, providing services for the Employer for which compensation is paid.
- 3.10 Includible Compensation: The amount of compensation payable to a Participant from the Employer that is includible in the Participant's gross income for federal income tax purposes. Such term does not include any amount excludible from gross income under this Plan or any other plan described in section 457(b) of the Code or any other amount excludible from gross income for federal income tax purposes. Includible gross income shall be determined without regard to any community property laws.
- 3.11 Maximum Limitation: The maximum amount that may be deferred under this Plan (other than rollover amounts described in Section 9.03) for the taxable year of a Participant. Such amount shall be either the Normal Limitation or Catch-Up Limitation, whichever is applicable.
- (a) Normal Limitation: The maximum amount deferred shall not exceed the lesser of the applicable dollar amount (as described in Section 3.11(c) below) or 100% of the Participant's Includible Compensation, as adjusted by Section 3.11(d) below. [Ordinarily this limit shall be the equivalent of the lesser of the applicable dollar amount (as described in Section 3.11(c) below) or 50% of Normal Compensation, assuming no other pre-tax reductions apply under Section 3.10.] Notwithstanding the preceding provisions of this paragraph, for calendar years prior to 2002, the maximum amount deferred shall not exceed such limit or limits in effect for the applicable year pursuant to section 457 of the Code.

- (b) Catch-Up Limitation: For each one of the last three (3) taxable years of a Participant ending before the Participant's attainment of Normal Retirement Age, the maximum amount deferred for each such year shall be the lesser of:
- (1) twice the applicable dollar amount (as described in Section 3.11(c) below); or
 - (2) the sum of the Normal Limitation, plus that portion of the Normal Limitation not used in each of the prior taxable years of the Participant commencing after 1978 in which (i) the Participant was eligible to participate in this Plan or the plan of another employer, and (ii) compensation deferred under this Plan (or such other plan) was subject to the deferral limitations set forth in this section.

A Participant may utilize the Catch-Up Limitation only if the Participant has not previously utilized it with respect to a different Normal Retirement Age under this Plan or any other plan.

For years prior to 2002, the limit under this paragraph (b) for any year shall not exceed \$15,000.

- (c) Applicable Dollar Amount. For contributions in 2002 and in subsequent years, the applicable dollar amount shall be the amount determined in accordance with the following table:

| <u>For taxable years beginning in calendar year:</u> | <u>The applicable dollar amount:</u> |
|--|--|
| 2002 | \$11,000 |
| 2003 | \$12,000 |
| 2004 | \$13,000 |
| 2005 | \$14,000 |
| 2006 or thereafter | \$15,000 |

In the case of taxable years beginning after December 31, 2006, the applicable dollar amount will be adjusted for cost-of living increases in accordance with section 457(e)(15) of the Code.

- (d) Coordination with Other Plans. For contribution years prior to 2002, the amount excludible from a Participant's gross income for any taxable year under this Plan or any other plan under section 457(b) of the Code shall not exceed \$7,500 (as adjusted for cost-of-living increases in accordance with section 457(e)(15) of the Code) or such greater amount allowed under paragraph (b) of this section, less any amount excluded from gross income under sections 403(b),

402(e)(3), or 402(h)(1)(B) or (k) of the Code, or any amount with respect to which a deduction is allowable by reason of a contribution to an organization under section 501(c)(18) of the Code.

- (e) Age-Based Catch-Up Contributions. In addition to any other limit set forth in this section, and subject to any limitations that may be imposed under present or future federal tax laws and rules, a Participant who has attained age 50 may contribute an additional amount in such year or a subsequent year, according to the following schedule:

| <u>Year of Contribution:</u> | <u>Additional Catch-Up Amount:</u> |
|------------------------------|------------------------------------|
| Prior to 2002 | \$ 0 |
| 2002 | \$1,000 |
| 2003 | \$2,000 |
| 2004 | \$3,000 |
| 2005 | \$4,000 |
| 2006 and later | \$5,000 |

In the case of taxable years beginning after December 31, 2006, the additional catch-up amount will be adjusted for cost-of living increases in accordance with section 414(v)(2)(C) of the Code.

A Participant may not make an age-based catch-up contribution in any year in which the Participant may utilize the Catch-Up Limitation in paragraph (b) above.

- 3.12 Normal Compensation: The amount of compensation that would be payable to a Participant by the Employer if no Deferred Compensation Agreement were in effect to defer compensation under this Plan.
- 3.13 Normal Retirement Age: Age 70½, unless the Participant has elected an alternative Normal Retirement Age by written instrument delivered to the Employer prior to Severance from Employment. A Participant's Normal Retirement Age determines the period during which a Participant may utilize the Catch-Up Limitation of Section 3.11(b) hereunder.

Once a Participant has to any extent utilized the Catch-Up Limitation of Section 3.11(b), his Normal Retirement Age may not be changed.

A Participant's alternative Normal Retirement Age may not be earlier than the earliest date that the Participant will become eligible to retire and receive unreduced retirement benefits under the Employer's basic retirement plan covering that Participant and may not be later than the calendar year in which the Participant attains age 70½.

If a Participant continues employment after attaining age 70½ not having previously elected an alternative Normal Retirement Age, the Participant's alternative 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 if the Employer has no mandatory retirement age.

If the Participant will not be eligible to receive benefits under a basic retirement plan maintained by the Employer, the Participant's Normal Retirement Age may not be earlier than attainment of age 55 and may not be later than the calendar year in which the Participant attains age 70½.

- 3.14 Participant: Any Employee who has enrolled in this Plan pursuant to the requirements of Article V.
- 3.15 Plan Year: The 12-month period commencing each January 1 and ending on the following December 31.
- 3.16 Retirement: The first date upon which each of the following shall have occurred: Severance from Employment and attainment of age 65.
- 3.17 Severance from Employment: Termination of the Participant's employment relationship with the Employer. For years prior to 2002, references in this Plan to Severance from Employment shall mean the Participant's severance of the Participant's employment with the Employer, within the meaning of section 402(e)(4)(D)(i)(III), rather than termination of the Participant's employment relationship with the Employer.
- 3.18 Service Provider. VALIC Retirement Services Company or such other entity as the Employer designates to perform administrative services under this Plan.

ARTICLE IV. ADMINISTRATION

- 4.01 Plan Administrator. This Plan shall be administered by the Employer or one or more persons designated by the Employer. The Plan Administrator, if other than the Employer, shall act as the agent of the Employer in all matters concerning the administration of this Plan. The Plan Administrator shall have full power to adopt, amend, and revoke such rules and regulations consistent with and as may be necessary to implement this Plan, to enter into contracts on behalf of the Employer under this Plan, and to make discretionary decisions affecting the rights or benefits of Participants under Section 7.07 of this Plan.
- 4.02 Employee with Administrative Responsibilities. Any Employee who is charged with administrative responsibilities hereunder may participate in

the Plan under the same terms and conditions as apply to other Employees. However, he shall not have the power to participate in any discretionary action taken with respect to his participation under Section 7.07 of this Plan.

- 4.03 Administrative Services. The Employer may enter into an agreement with a Service Provider to provide nondiscretionary administrative services under this Plan for the convenience of the Employer, including, but not limited to, the enrollment of Employees as Participants, the maintenance of Accounts and other records, the making of periodic reports to Participants, and the disbursement of benefits to Participants.

ARTICLE V. PARTICIPATION IN THE PLAN

- 5.01 Participant. An Employee becomes a Participant when he has executed and entered into a Deferred Compensation Agreement with the Employer.
- 5.02 Enrollment in the Plan. An Employee may become a Participant as of the first day of any calendar month by entering into a Deferred Compensation Agreement with respect to compensation not yet earned. A new Employee may become a Participant on the first day of employment by entering into a Deferred Compensation Agreement on or before the first day of employment with respect to compensation not yet earned. The Deferred Compensation Agreement shall defer compensation not yet earned, and each Deferred Compensation Agreement must be made before the beginning of the month in which it is to become effective or, with respect to a new employee, on or before the first day of employment.
- 5.03 Minimum Deferral Amount. At the time of entering into or amending a Deferred Compensation Agreement hereunder, a Participant must agree to defer a minimum periodic amount as specified by the Plan Administrator.
- 5.04 Change in Amount of Deferred Compensation or Beneficiary. A Participant may not amend or modify an executed Deferred Compensation Agreement to change the amount of Deferred Compensation except with respect to compensation to be earned in the subsequent calendar month and provided that notice is given prior to the beginning of the month for which such change is to be effective. A Participant may change the Beneficiary designated in his Deferred Compensation Agreement at any time by giving written notice to the Plan Administrator.
- 5.05 Revocation of Deferred Compensation Agreement. A Participant may revoke his Deferred Compensation Agreement and thereafter be restored to his Normal Compensation in the subsequent calendar month, by giving notice to the Employer prior to the beginning of the month for which such revocation is to be effective.

- 5.06 New Deferred Compensation Agreement Upon Return to Service or After Revocation. A Participant who returns to active service with the Employer after a Severance from Employment, or who has revoked his Deferred Compensation Agreement under Section 5.05, may again become an active Participant by executing a new Deferred Compensation Agreement with the Employer prior to the beginning of the calendar month as to which it is to be effective.
- 5.07 Leave of Absence; Other Absences. Compensation may continue to be deferred under this Plan with respect to a Participant who is on an approved leave of absence from the Employer with compensation, and all of the rules of this Article shall apply with respect to making, amending or revoking any Deferred Compensation Agreement for such a Participant. If a Participant is absent from work without compensation for a period of not more than six months, whether by reason of illness, strike, lockout, shutdown or otherwise, his Deferred Compensation Agreement will remain in effect and compensation will again be deferred thereunder when he returns to work.

ARTICLE VI. INVESTMENT OF DEFERRED COMPENSATION

- 6.01 Annuity Contracts and Other Plan Investments. For the purposes of satisfying its obligation to provide benefits under this Plan, the Employer shall invest the amount of compensation deferred by each Participant in Annuity Contracts and other Plan investments as specified in the Participants' Deferred Compensation Agreements. Responsibility for the selection of investment alternatives for Plan assets shall be retained by the Employer, and the Employer shall have the right to modify the selection of investment alternatives from time to time. However, Participants and Beneficiaries may allocate amounts held in their Accounts or otherwise credited for their benefit under the Plan among the investment alternatives selected by the Employer, and the Employer shall cause such amounts to be so allocated within a reasonable time after the receipt of Participant instructions, or may instruct the issuer, trustee, or custodian to accept such allocation instructions directly from Participants and Beneficiaries as representatives of the Employer.
- 6.02 Exclusive Benefit. Notwithstanding any provision of the Plan to the contrary, all amounts held under the Plan, including amounts deferred and earnings or other accumulations attributable thereto, shall be held for the exclusive benefit of Plan Participants and Beneficiaries (i) in annuity contracts, or (ii) in trust or in one or more custodial accounts pursuant to one or more separate written instruments. Any such annuity contract, trust, or custodial account must satisfy the requirements of section 457(g)(1) of the Code. For purposes of this section, the terms Participant and

Beneficiary shall also include contingent beneficiaries and/or spouses, former spouses, or children of Participants for whose benefit amounts are being held under the Plan pursuant to the terms of a domestic relations order which has been recognized under the terms of the Plan. Any discretionary authority reserved to the Employer (or to any administrator or administrative committee) under the Plan or under any investment held under the Plan, to the extent the exercise thereof would otherwise be inconsistent with this section, shall be exercised for the exclusive benefit of Plan Participants and Beneficiaries. Any issuer of an annuity contract or trustee or custodian of other investments held under the Plan shall have no authority to pay any amounts from such Plan investments to any creditor of the Employer, and shall have no duty to inquire into the validity of any request by the Employer or by an administrator or administrative committee for distribution of amounts for the benefit of a Participant or a Beneficiary under the Plan.

- 6.03 Benefits Based on Participant's Account Value. The benefits paid to a Participant or Beneficiary pursuant to Article VII of this Plan shall be based upon the value of the Participant's Account. In no event shall the Employer's liability to pay benefits exceed the value of the Participant's Account, and the Employer shall not be liable for losses arising from depreciation or other decline in the value of any investments acquired under this Plan.
- 6.04 Periodic Reports. Each Participant shall receive periodic reports, not less frequently than annually, showing the then-current value of his Account.
- 6.05 Employer-Directed Accounts. Notwithstanding any provision of the Plan to the contrary, the Employer shall direct the issuer, trustee or custodian with respect to the investment of any contributions that are forwarded to the issuer, trustee or custodian prior to the date on which the Participant or Beneficiary completes the necessary paperwork with the issuer, trustee or custodian (or takes such other action or actions as may be necessary) to direct the investment of such amounts. Such direction shall be communicated to the issuer, trustee or custodian by means of a separate written agreement between the Employer and issuer, trustee or custodian, which agreement will include a default investment option and a default beneficiary designation. This direction shall be effective only until such time as the Participant or Beneficiary exercises his right to direct the investment of such amounts and to designate a Beneficiary in accordance with the terms of the Plan.

ARTICLE VII. BENEFITS

- 7.01 Retirement Benefits on Severance from Employment. Except as otherwise provided in this Article, a Participant's Account shall become distributable upon a Participant's Severance from Employment. The distribution of a Participant's Account shall commence no later than April 1 of the calendar year following the year of the Participant's Retirement or attainment of age 70½, whichever is later. Distributions shall be made in accordance with one of the payment options described in Section 7.03. Notwithstanding the other provisions of this section, Accounts established prior to January 1, 2002 will be subject to the additional distribution requirements, and rules regarding permitted distribution elections, to which such Account may have been or may be subject under Code section 457.
- 7.02 Distribution Procedures. The Employer may from time to time establish procedures for Participant distribution elections, provided that such procedures are not inconsistent with the requirements of Section 7.01.
- 7.03 Payment Options. A Participant (or a Beneficiary as provided in Section 7.06) may elect to have the value of the Participant's Account distributed in accordance with one of the following payment options provided that such option is consistent with the limitations set forth in Section 7.04:
- (a) life annuity;
 - (b) life annuity with 60, 120, or 180 monthly payments guaranteed;
 - (c) unit refund life annuity;
 - (d) joint and last survivor annuity (spouse only);
 - (e) lump sum;
 - (f) term certain annuity with 36, 48, 60, 72, 84, 96, 108, 120, 132, 144, 156, 168 or 180 monthly payments guaranteed;
 - (g) withdrawals for a specified number of years;
 - (h) withdrawals of a specified amount; or
 - (i) any other method of payment agreed upon between Participant and Employer and accepted by the investment provider or Service Provider.

If a Participant fails to elect a payment option, any required payments shall be made under a payment option designated by the Employer.

Notwithstanding the options above, any option that involves a life contingency (or a joint life contingency) shall only be available under an Annuity Contract offered or obtained under the terms of the Plan.

7.04 Limitation on Options. No payment option may be selected by the Participant (or a Beneficiary) unless it satisfies the requirements of Code section 401(a)(9) and any additional Code limitations applicable to the Plan. Notwithstanding the other provisions of this section, Accounts established prior to January 1, 2002 will be subject to the additional distribution requirements, and rules regarding permitted distribution elections, to which such Account may have been or may be subject under Code section 457.

7.05 Post-Retirement Death Benefits. Should the Participant die after he has begun to receive benefits under a payment option, the guaranteed or remaining payments, if any, under the payment option shall be payable to the Participant's Beneficiary commencing with the first payment due after the death of the Participant. Payment to the Participant's Beneficiary must comply with section 401(a)(9) of the Code, and with any additional Code limitations applicable to the Plan. If the Beneficiary does not continue to live for the remaining period of payments under the payment option, then the remaining benefits under the payment option shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate. In no event shall the Employer be liable for any payments made in the name of the Participant or a Beneficiary before the Employer or its agent receives proof of the death of the Participant or Beneficiary.

7.06 Pre-Retirement Death Benefits. Should the Participant die before he has begun to receive benefits under Section 7.01, a death benefit equal to the value of the Participant's Account shall be payable to the Beneficiary. Such death benefit shall be paid in a lump sum unless the Beneficiary elects a different payment option. Payment to the Participant's Beneficiary must comply with section 401(a)(9) of the Code, and with any additional Code limitations applicable to the Plan. Should the Beneficiary die before the completion of payments under the payment option, the value of the remaining payments under the payment option shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate. Notwithstanding the other provisions of this section, Accounts established prior to January 1, 2002 will be subject to the additional distribution requirements, and rules regarding permitted distribution elections, to which such Account may have been or may be subject under Code section 457.

- 7.07 Unforeseeable Emergency Withdrawals. Except as provided in this section, no amount shall be distributable to a Participant or Beneficiary prior to the Participant's Severance from Employment. In the event of an unforeseeable emergency before or after Severance from Employment or the commencement of Retirement Benefits, a Participant may apply to the Employer to receive that part of the value of his Account that is reasonably needed to satisfy the emergency needs. If such application for withdrawal is approved by the Employer, the Employer shall direct the issuer, trustee or custodian to pay the Participant such value as the Employer deems necessary to meet the emergency needs. The regulations under section 457(d)(1)(A)(iii) of the Code define an unforeseeable emergency as a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or a dependent (as defined in Code section 152(a)) of the Participant, loss of property due to casualty, or other similar extraordinary or unforeseeable circumstances arising as a result of events beyond the control of the Participant which would cause severe financial hardship to the Participant if early withdrawal were not permitted. Payment may not be made to the extent that such hardship is or may be relieved by other financial resources available to the Participant, including insurance reimbursement, cessation of deferrals under this Plan or liquidation of other assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. Unforeseeable emergencies do not include the need to send a child to college or the desire to purchase a home.
- 7.08 Transitional Rule for Annuity Payment Option Elections. If this Plan document constitutes an amendment and restatement of the Plan as previously adopted by the Employer and if a Participant or Beneficiary has commenced receiving benefits under an annuity payment option, that annuity payment option shall remain in effect notwithstanding any other provision of this Plan.
- 7.09 Participant's Election to Receive In-Service Distribution. If the Employer so elects under Section 2.02, a Participant may elect to receive an in-service distribution of the total amount payable to him under the Plan if:
- (a) such amount does not exceed the dollar amount under section 411(a)(11)(A) of the Code,
 - (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the distribution, and
 - (c) there has been no prior distribution under the Plan to the Participant under this Section 7.09 or under Section 7.10.

- 7.10 Distribution without Participant's Consent. If the Employer so elects under Section 2.03, the total amount payable to a Participant under the Plan may be distributed to the Participant without his consent if:
- (a) such amount does not exceed the dollar amount under section 411(a)(11)(A) of the Code,
 - (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the distribution, and
 - (c) there has been no prior distribution under the Plan to the Participant under this Section 7.10 or under Section 7.09.

ARTICLE VIII. NON-ASSIGNABILITY

8.01 In General. Except as provided in Section 8.02, no Participant or Beneficiary shall have any right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments hereunder, which payments and rights are expressly declared to be non-assignable and non-transferable.

8.02 Domestic Relations Orders.

(a) Allowance of Transfers: To the extent required under a final judgment, decree, or order (including approval of a property settlement agreement) made pursuant to a state domestic relations law, any portion of a Participant's Account may be paid or set aside for payment to a spouse, former spouse, or child of the Participant. Where necessary to carry out the terms of such an order, a separate Account may be established with respect to the spouse, former spouse, or child who shall be entitled to make investment selections with respect thereto in the same manner as the Participant; any amount so set aside for a spouse, former spouse, or child shall be paid out in a lump sum at the earliest date that benefits may be paid to the Participant, unless the order directs an earlier time, to the extent allowed under the Code, or a different form of payment. Where the final judgment, decree or order does not define a form or time of payment that is available under this Plan, the Employer shall have the right to interpret the final judgment, decree or order in a manner that is consistent with the terms of this Plan. Any payment made to a person other than the Participant pursuant to this section shall be reduced by required income tax withholding.

(b) Release from Liability to Participant: 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 paragraph (a) of this section. No such transfer shall be effectuated unless the Employer or Service Provider has been provided with satisfactory evidence that the Employer and the Service Provider are released from any further claim by the Participant with respect to such amounts. The Participant shall be deemed to have released the Employer and the Service Provider from any claim with respect to such amounts, in any case in which (i) the Employer or Service Provider has been served with legal process or otherwise joined in a proceeding relating to such transfer, (ii) the Participant has been notified of the pendency of such proceeding in the manner prescribed by the law of the jurisdiction in which the proceeding is pending by service of process in such action or by mail from the Employer or Service Provider to the Participant's last known mailing address, and (iii) the Participant fails to obtain an order of the court in the proceeding relieving the Employer or Service Provider from the obligation to comply with the judgment, decree, or order. The Participant shall also be deemed to have released the Employer or Service Provider if the Participant has consented to the transfer pursuant to the terms of a property settlement agreement and/or a final judgment, decree, or order as described in paragraph (a).

(c) Participation in Legal Proceedings: The Employer and the Service Provider shall not be obligated to defend against or seek to have set aside any judgment, decree, or order described in paragraph (a) or any legal order relating to the garnishment of a Participant's benefits, 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 or Service Provider to incur such expense, the amount of the expense may be charged against the Participant's Account and thereby reduce the Employer's obligation to pay benefits to the Participant. In the course of any proceeding relating to divorce, separation, or child support, the Employer and Service Provider shall be authorized to disclose information relating to the Participant's 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.

ARTICLE IX. TRANSFERS AND ROLLOVERS

9.01 Transfers from Other Plans. This Plan shall accept transfers, pursuant to section 457 of the Code, of amounts deferred by an individual under another eligible deferred compensation plan meeting the requirements of section 457(g) of the Code. In no event may the Employer cause such a transfer to be made, except at the request of a Participant. Any such transferred amount shall not be treated as a deferral subject to the limitations of Section 3.11, except that, for purposes of applying the limit of Section 3.11, an amount deferred during any taxable year under the plan from which the transfer is accepted shall be treated as if it had been

deferred under this Plan during such taxable year and compensation paid by the transferor employer shall be treated as if it had been paid by the Employer.

9.02 Transfers to Other Plans. A Participant may elect to have any portion of the amount payable to him transferred to another eligible deferred compensation plan. In the event of a request by a Participant for a transfer to another eligible deferred compensation plan under which amounts are not held in the manner described in Section 6.02, such transfer shall be permitted only if otherwise permitted by the Plan and applicable law. Subject to any limitations imposed by an investment provider, the Plan may also permit transfers of a portion of an amount payable to a Participant to a defined benefit governmental plan in conformity with section 457(e)(17) of the Code.

9.03 Rollovers. A Participant may elect to roll an Eligible Rollover Distribution to an Eligible Retirement Plan. The Participant shall be provided with a description of available rollover rights and rules in advance of such a distribution. A distribution that is an Eligible Rollover Distribution and that is paid in a form other than a rollover will be subject to mandatory withholding of 20%, or such other mandatory withholding rate as may be imposed under the Code from time to time. This Plan shall be permitted to accept a rollover distribution from an Eligible Retirement Plan (including a distribution from an IRA) to this Plan, subject to any administrative restrictions imposed by the Plan or by the investment provider. To the extent necessary to satisfy the requirements of the Code, any such rollover distribution to the Plan shall be subject to the same restrictions on distributions applicable to other amounts held under the Plan.

ARTICLE X. AMENDMENT OR TERMINATION OF PLAN

10.01 Amendment or Termination. The Employer may at any time amend this Plan or terminate this Plan and distribute the Participants' Accounts in conformity with the Code and applicable regulations; provided, however, that such amendment or termination shall not impair the rights of Participants or their Beneficiaries with respect to any compensation deferred before the date of the amendment or termination of this Plan except as may be required to maintain the tax status of the Plan under the Code. Participants shall thereafter receive their Normal Compensation and benefits shall be paid as provided in Article VII.

10.02 Amendment and Restatement of Previously Adopted Plan. If this Plan document constitutes an amendment and restatement of the Plan as previously adopted by the Employer, the amendments contained herein shall be effective as of the Effective Date, and the terms of the preceding plan document shall remain in effect through such date.

ARTICLE XI. USERRA

Notwithstanding any other provision of this Plan to the contrary, contributions and service credit with respect to qualified military service will be provided in accordance with Code section 414(u).

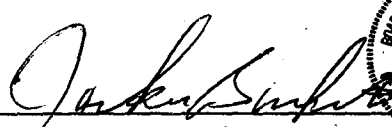
ARTICLE XII. GOVERNING LAW

Except to the extent any federal law applies, this Plan shall be construed under the laws of the State of Employer's principal place of business.

ARTICLE XIII. RELATIONSHIP TO OTHER PLANS

This Plan serves in addition to any other retirement, pension or benefit plan or system presently in existence or hereinafter established.

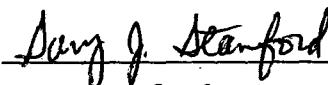
IN WITNESS WHEREOF, the Employer has caused this instrument to be executed by its duly authorized officer on this 21ST day of JULY, 2002.

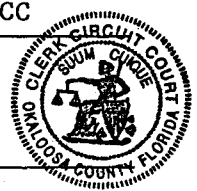
By: 
(signature)
Name: Jackie Burkett



OKALOOSA COUNTY BOARD OF COUNTY COMMISSIONERS

Title: Chairman, Okaloosa County BOCC

Attested: 
Gary Stanford
Deputy Clerk of Courts



VALIC FINANCIAL ADVISORS, INC.

Guided Portfolio Services Program

PLAN SERVICES AGREEMENT

This Plan Services Agreement (Plan Agreement) is entered into between you (Plan Representative, or You) and VALIC Financial Advisors, Inc. (VFA), a Texas corporation registered as an investment advisor with the United States Securities and Exchange Commission, for the investment advisory services program (Guided Portfolio Services Program) described in this Plan Agreement to participants in your employer-sponsored retirement plan or plans (Plan).

1. Investment Advisory Services

Each Plan participant, beneficiary or alternate payee (as permitted under the Plan hereinafter collectively referred to as "Participant") electing to have investment advisory services provided by VFA must complete the Investment Advisory Services Agreement (Participant Agreement), which describes the features of the program as well as the rights and responsibilities of the Participant under the program.

By entering into this Plan Agreement, you acknowledge and agree that you have received and reviewed, and to the extent appropriate or necessary your legal counsel has received and reviewed, this Plan Agreement and the Participant Agreement, including the terms, conditions, and details of the Guided Portfolio Services Program described in those agreements, and that as a Plan Fiduciary:

- By initialing below, You hereby select the Guided Portfolio Services Program and designate the following services to be offered and available to Plan participants:

_____ **Portfolio Advisor Service:** This service enables a Participant to obtain individualized advice, including individualized investment allocation recommendations from VFA, via an online program created for VFA which applies methodology developed, maintained and overseen by an independent financial expert, Ibbotson Associates, Inc. (Ibbotson). The recommendations will consist of model portfolios constructed by Ibbotson from the investment options selected by You or by another Plan Representative (which does not include VFA), applied to the Participant's individual information and account. The advice is based upon a wealth forecast that takes into account not only the Participant's plan account values and contribution rates, but also, to the extent provided by the Participant and relevant to the forecast, other assets held by the Participant or the Participant's spouse or family member. The advice reflects the results of Monte Carlo simulations to determine the

probable result of various account allocations, savings rates, etc. The Participant may elect whether to use this service, and if so, when and how often to use it. The Participant will be responsible for implementing any advice recommendations using the ordinary means available under the Plan, and for subsequent monitoring or review of the account and of the information utilized in arriving at the advice.

_____ **Portfolio Manager Service:** Under this service, a Participant requests that VFA exercise discretionary authority to allocate and reallocate his or her account, to implement individualized advice generated from a program created by Ibbotson, acting as an independent financial expert. The advice is the same as that provided under the Portfolio Advisor service. However, the advice is implemented by VFA. Initially and once each year thereafter, the Participant is given an opportunity to review and confirm the accuracy and completeness of the information upon which the advice is based, before the allocations or reallocations are implemented. For all other periods any reallocations are processed automatically following the end of a calendar quarter. Because the Participant is directing VFA to manage the account on his or her behalf, certain automatic transactions otherwise available under the account, such as contribution and account allocation and reallocation, either systematic or otherwise, will not be processed unless or until the Participant has terminated participation in the Portfolio Manager Service. A Participant's request for such an allocation or reallocation may be interpreted as a direction to terminate the Portfolio Manager Service for the Participant's account.

IB **Both Services:**
Portfolio Advisor and Portfolio Manager

VFA Financial Advisors will also provide plan investments and services, as separately selected by you or by another plan representative, including education services.

- The Service(s) will be available for the following Plan(s):

OKALOOSA BOARD OF COUNTY COMMISSIONERS
GA # 48816
457(B) PLAN

- If the Plan is subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA), you are designating VFA as a Plan Fiduciary solely for the provision of investment advice under this Agreement.

- You have determined that the compensation to VFA for services under the Guided Portfolio Services Program, taking into account any other compensation to VFA or its affiliates for investments and services provided to Plan accounts, is reasonable in light of the investment advisory services to be rendered.

- You have designated, or you will designate, the individual investment products offered by VFA that will be available to participants under the Plan and under the Program and they are or will be listed in Appendix A to this Plan Agreement. In making such designation, you acknowledge and agree to any limits on the VFA-provided investment options to which the advice may apply, and to any limitations imposed by the investment option or by the Plan, provided that, except in the case of Plan limitations, such limitations have been disclosed to you prior to making such designation.

- You will receive regular periodic summaries of the performance of the underlying Plan investment options used in the Guided Portfolio Services Program, including rates of return, as well as periodic information regarding the fees assessed by the underlying investment option and the fees assessed for the Guided Portfolio Services Program.

2. Status of Plan

VFA or an affiliate may be providing additional services, including investment, plan record keeping, plan compliance, and other related plan administrative services. However, the Plan Representative retains its existing responsibility for taking necessary steps to adopt, amend and maintain the qualification of the Plan. If the plan is subject to the requirements of ERISA, the Plan Representative must be a Plan Fiduciary.

3. Prohibited Transactions

If the plan is described in section 401(a) of the Internal Revenue Code (Code), or if the plan is subject to the requirements of ERISA, certain types of transactions are prohibited, including, generally, the provision of investment advice by an entity or an individual that is providing other services to the Plan for compensation. VFA cannot provide tax or legal advice to you or to the Plan.

The United States Department of Labor ("DOL") has issued Advisory Opinion 2001-09A ("Advisory Opinion") to SunAmerica Retirement Markets, Inc. ("AIG SunAmerica"), a sister company of VFA. The Advisory Opinion provides that investment advice that is based on a computer program controlled by an independent financial expert ("IFE") and delivered to a Participant by an organization or advisor that is also providing plan investments from which it receives

income, will not constitute a prohibited transaction if certain requirements are satisfied. The Advisory Opinion was issued by the DOL in response to a request for a prohibited transaction exemption ("PTE") by AIG SunAmerica. The AIG SunAmerica PTE request identified Ibbotson as the IFE for the AIG SunAmerica program. AIG SunAmerica, Inc. and VFA have entered into an agreement with Ibbotson to provide the services described in AIG SunAmerica's PTE request and in the Advisory Opinion.

A VFA financial advisor(s) will be, or is already, providing services to your Plan, which may include enrollment and contribution processing, plan record keeping and compliance, education and other services. Based upon your selections above, VFA will also provide investment advisory services. As described above, VFA will provide advice under the Portfolio Advisor service through an online program that the participant may use at any time the system is available, and as frequently as desired. VFA will provide advice under the Portfolio Manager through a VFA Investment Advisor Representative (Facilitator). The Facilitator will continue to provide many of the same plan and investment services to the Plan that he or she would otherwise provide, in the absence of the selected investment advice services. However, pursuant to the Advisory Opinion, the Facilitator will present the advice exactly as it has been determined under the computer program developed by Ibbotson, and may not alter that advice or provide other investment advice.

4. Investment Advice Process

From the investment options that you select to be available to Plan participants, Ibbotson will select the funds to be included in the model advice portfolios under the Guided Portfolio Services Program. The list of funds selected by Ibbotson will be attached hereto as Appendix B. (You will be notified by VFA if the investment options you select fail to include one or more asset categories required by the Ibbotson portfolios.) If advice is being provided for a Participant's accounts in multiple plans or for multiple accounts on separate record keeping systems under a single plan, the advice will be provided separately for each such plan or account. On an ongoing basis Ibbotson will monitor the asset-class portfolios and the individual investment options included in the advice portfolios, and make changes to either or both as appropriate. With certain exceptions, any such changes will generally occur not more frequently than quarterly.

For purposes of either the Portfolio Advisor or the Portfolio Manager service, each Plan participant selecting the program will be assigned to one of a fixed number of model portfolios based upon the information provided to VFA by the Plan or

by the Participant. As described in the Participant Agreement, a minimum set of data items will be required in order to assign the participant to a model portfolio. They include gender, date of birth, state of residence, annual earned income, current annual plan savings rate, employment date, number of dependents, desired retirement age, and desired retirement need (% or \$).

Additional information can be provided, by the Plan or the participant, to further assist in selection of the appropriate portfolio, including additional information about the participant and/or the participant's spouse and/or family, if applicable. This additional information can include (but is not limited to):

Outside Plan Assets: Account Type; Account Name; Annual Contribution \$; Annual Contribution %; Fund Name; Ticker/Symbol/CUSIP; Qty/# of Units; Market Price per Share; Cost Basis per Share; Market Value; Cash; Stock Option Grant Year; Vest Year; Qualified; Asset Class; Qty; Strike Price; Underlying Price; Expiration Year; Cash Equivalents; Other Assets

Liabilities: Loan ID; Effective Date; Maturity Date; Balance; Repayment Amount; Interest Rate; Repayment Frequency; Loan Name; Loan Start Date; Loan End Date; Loan Payment; Interest Rate; Appraisal Value

Cash Flow: Cash Flow Type (income or expense); Begin Date; End Date; Amount; Premium over inflation (%); Adjust for inflation (now, later, no); College Cost Begin Year; College Cost End Year; Type of School; Cost

Benefits/Retirement Information: Pension Description; Start Age; Inflation Premium; Pension Monthly Payment; Inflation Adjust; Social Security Description; Monthly Estimate (\$); Age to Collect; % Reduction

About Your Spouse: First Name; Last Name; Date of Birth; Number of Dependents; Gender; Annual Savings Rate \$; Annual Savings Rate %; State of Residence; Employment Date; Annual Salary; Retirement Age; Retirement Needs \$; Retirement Needs %; Pre-Tax Match Calculation %; Max Pre-Tax % Saved; Dollar Cap for Pre-Tax Match; Max Pre-Tax Employee Svgs Rate; Company Stock Match Pre-Tax %; Profit Sharing Match Pre-Tax %; Employer Profit Sharing %; Post-Tax Match Calculation %; Max Post-Tax % Saved; Dollar Cap for Post-Tax Match; Max Post-Tax Employee Svgs Rate; Company Stock Match Post-Tax %; Profit Sharing Match Post-Tax %; Other Employee Match %

Assets: Account Type; Account Name; Annual Contribution \$; Annual Contribution %; Fund Name; Ticker/Symbol/ CUSIP; Qty/Units; Market Price per Share; Cost Basis per Share; Market Value; Cash; Stock Option Grant Year; Vest Year; Qualified; Asset Class; Qty; Strike Price; Underlying Price; Expiration Year; Cash Equivalents; Other Assets

Plan participants will be permitted to enroll into the Guided Portfolio Services Program at any time, provided however that, in the case of a Plan participant electing the Portfolio

Manager service, if the participant previously terminated the service with respect to a Plan, he or she must wait at least twelve months before re-enrolling in the service for that Plan.

Upon enrollment in the Portfolio Advisor service the Plan participant may use the online advice service as often as desired, in the manner (and subject to any limitations) described in the Participant Agreement. A Plan participant enrolling in Portfolio Manager will receive a statement summarizing the data provided to VFA that will be used to formulate the advice, and will be given an opportunity to correct or modify that data before the service is initiated. Thereafter, the participant can revise, add, or change his or her data at any time during VFA's normal operating hours, and he or she will also receive a summary of his or her data in a quarterly advice statement. The participant enrolled in the Portfolio Manager service will be further contacted at least once per year, and may ask to speak with a VFA Facilitator at any time. A comprehensive review of Portfolio Manager accounts will be performed annually by Ibbotson, and the accounts will be rebalanced quarterly if thresholds established by Ibbotson are exceeded. Participants are responsible for contacting VFA with any new or revised information that might warrant an additional review and/or rebalancing of the account. Allocations or reallocations may be limited by the Plan or by the underlying investment. Such limitations will be taken into account by Ibbotson in the development and implementation of the advice.

5. Cost Assessed to Participant Accounts

Participants who elect to enroll in Portfolio Manager are assessed an annual fee which is paid quarterly from their account(s), reflected in the enclosed Fee Schedules and described in the Participant Agreement. The cost will be applied to the account of each participant not less than five and not more than 15 days following the end of a calendar quarter. The cost will be calculated as a percentage of account value and applied to the account as a fixed dollar amount, as described in the Participant Agreement. For Portfolio Advisor, a fixed annual fee will be charged to the Participant's account following enrollment and will entitle the Participant to use of the service for one year. At the end of that year, and each succeeding year for which the advice is initiated or continued, the Participant will be required to re-enroll in order to continue receiving the service.

Plan Representative hereby directs that these costs be withdrawn from participant accounts as an expense of the plan. You will be provided at least 90 days' advance written notice of any change in the rate of fees assessed to Participant accounts. Fees will be assessed to Participant accounts on a pro-rata basis among investments.

6. Cost Assessed to Plan Sponsor

You are responsible for an annual fee of \$ 0 related to the portfolio construction, monitoring, maintenance and reporting performed by Ibbotson under the Guided Portfolio Services Program. You will be sent at least 90 days' advance written notice of any change in the rate of fees assessed to the Plan.

Circle one: Standard Portfolio Set Custom Portfolio Set

7. Term and Termination of Guided Portfolio Services Program

This Agreement will become effective on the last signature date hereof and will remain in effect from calendar quarter to calendar quarter until otherwise terminated. A termination will be effective with respect to all plans identified in this Agreement unless otherwise specified by You and agreed by VFA following provision of not less than 90 days' advance written notice, provided however that some or all of the notice period may be waived upon a demonstration that only an earlier termination will comply with the independent fiduciary's fiduciary duties. You or another authorized Plan Representative may terminate the services at any time for all Plan participants, subject to a reasonable advance written notice requirement consistent with applicable law. Such termination shall be effective as soon as reasonably practicable thereafter. A Plan Participant may terminate the Portfolio Manager services with respect to his or her account, subject to a reasonable advance written notice requirement consistent with applicable law. Such termination shall be effective as soon as reasonably practicable thereafter. VFA may terminate the Portfolio Manager services to the Plan, including all participants thereunder, by not less than 90 days advance written notice to the Plan and to each Plan Participant who is enrolled in the Guided Portfolio Services Program.

8. Notice

Any notice permitted or required under this Plan Agreement shall be provided as follows:

Notice to Plan Representative (name, title and mailing address):

DONNA GUNN MILLER
DIR. HUMAN RESOURCES
601-A PENAL ST.
CRESTVIEW, FL 32536

Notice to VFA:

VALIC Financial Advisors, Inc.
Guided Portfolio Services Program
c/o Advisory Services Team
2929 Allen Parkway
Houston, Texas 77019

9. No Guarantee

You understand, acknowledge and accept that the advice provided hereunder relies on historical performance and other data, all of which have limitations. Past performance of investments is no guarantee of future results. The analysis and advice provided depends upon a number of factors, including the information provided, various assumptions and estimates and other considerations. As a result, the wealth forecast developed and advice and recommendation provided are not guarantees that a Plan participant will achieve his or her retirement goals or anticipated returns. You understand that there remains a risk of loss within variable investment options.

10. Form ADV

Part II of VFA's Form ADV, the registration document filed with the United States Securities and Exchange Commission, contains additional information about the advice VFA will provide. By entering into this Agreement, you represent that you received and reviewed a copy of Part II of VFA's Form ADV.

11. Limitation of Liability

The use and storage by the Plan or a participant of any information including, without limitation, account numbers, passwords, identification, portfolio information, account balances and any other information available on an employer's or a participant's personal computer is the sole risk and responsibility of the employer and/or the participant. VFA is not responsible for providing and maintaining the communications and equipment (including personal computers and modems) and telephone or alternative services required for accessing and utilizing electronic or automated services, or for communications service fees and charges incurred by the Plan or a participant in accessing these services.

You understand and agree that there is no guarantee that the recommendations generated by VFA or pursuant to the computer program developed by Ibbotson will be successful. You acknowledge that the outcome of the Guided Portfolio Services Program's calculations are estimates only, and there is no guarantee of the future financial performance of your investments or that you will meet your desired goal(s).

You agree, understand, and acknowledge that we are basing our advice on the responses provided and other information furnished to us through the Advice Program and updated as necessary. We shall not be liable for any misstatement or omission contained in the information furnished to us, or any loss, liability, claim damage or expense whatsoever arising out of or attributable to such misstatement or omission.

12. Assignability

This Agreement shall not be assignable by any party without the prior written consent of the other party.

13. Extraordinary Events

We shall not be liable for loss caused directly or indirectly by governmental restrictions, exchange or market rulings, suspension of trading, war, strikes or other conditions beyond our control. We shall not be responsible for loss or damages caused by equipment failure, communications lines failure, unauthorized access, theft, systems failure and other consequences beyond our control.

14. Privacy

Protection of Nonpublic Personal Information. VFA is subject to various privacy requirements for the protection of its clients under the Gramm-Leach-Bliley Act ("Act") and regulations promulgated pursuant to the Act.

Definition of Nonpublic Personal Information. Nonpublic personal information of customers or consumers ("NPI") includes, but is not limited to, names, addresses, account balances, account numbers, account activity, Social Security numbers, taxpayer identification numbers, and sensitive, financial and health information. NPI includes information on our forms or in a database of any kind, information created by us, information collected by or on behalf of us and personally identifiable information derived from NPI.

Disclosure and Use of NPI. All NPI that VFA obtains as a result of this relationship shall not be used, disclosed, reused or redisclosed to any unaffiliated third party, except to carry out the purposes for which the information was disclosed. All NPI shall be held in confidence to the same extent and in at least the same manner as VFA protects its own NPI, but in no case in a lesser manner than a reasonable degree of care under the circumstances.

VFA shall be permitted to disclose relevant aspects of the NPI to its officers, agents, subcontractors, independent financial expert and employees only to the extent that such disclosure is reasonably necessary for the performance of its duties and obligations under the Agreement, provided that VFA shall take all reasonable measures to ensure that the NPI is not disclosed or reproduced in contravention of the provisions of this Section by VFA officers, agents, subcontractors, investment subadvisors and employees.

The obligations of this Section shall not restrict any disclosure by VFA pursuant to any applicable state or federal laws, or by request or order of any court or government agency (provided that the disclosing party or parties in order

that any other party will have a reasonable opportunity to oppose the disclosure, request or order).

The obligations of this Section shall not apply to information which, without breach of obligation of confidentiality: (1) is independently developed by us; (2) is or becomes publicly known; (3) is already known by us as evidenced by the written records, or (4) is obtained from an independent source.

Security of NPI. VFA further agrees to establish and maintain policies and procedures designed to ensure the confidentiality and security of NPI. This shall include procedures to protect against any anticipated threats or hazards to the security or integrity of the information and unauthorized access to or use of the information.

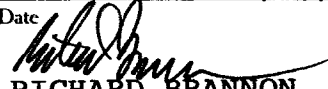
15. Separability

If any provision or condition of this Agreement shall be held to be invalid or unenforceable by any court or regulatory or self regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected thereby and this Agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein.


16. Entire Agreement; Governing Law

This Agreement represents the entire agreement between the parties with respect to the subject matter hereof and may not be modified or amended except in writing signed by you and VFA. It shall be governed by and construed and enforced under the Laws of the State of Texas.

3/17/2004

Date 
RICHARD BRANNON, PURCHASING DIRECTOR
Plan Representative Signature **OKALOOSA COUNTY, FL**

Second Signature if Required

Date _____
* 
Authorized VALIC Financial Advisors, Inc., Signator
* Financial Advisor
* Title

RECEIVED
MAR 01 2005
HR NORTH

AIG VALIC

The Variable Annuity
Life Insurance Company
2929 Allen Parkway
Houston, TX 77019

Re: Automatic Rollover Requirements

CONTRACT #
C02-0742-PCI-16
AMENDMENT #1

Dear Plan Sponsor:

On December 28, 2004, the IRS provided guidance to clarify previous legislation enacted by the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). **This affects you as a sponsor of retirement plan(s) under Internal Revenue Code ("IRC") sections 403(b), 401(a), 401(k), or (for governmental employers only) 457(b), if your plan has a mandatory cash-out provision.**

What does this mean for Plan Sponsors? Plan Sponsors of plans with a mandatory cash-out provision for participants with small accounts (vested account balances that do not exceed \$5,000) must select an IRA Provider to receive automatic rollovers of distributions greater than \$1,000 if those participants do not respond to the Involuntary Cash-Out Notification from the Plan Sponsor. **A distribution check can no longer be sent to participants that do not affirmatively elect a distribution for an amount greater than \$1,000.**

When does this go into effect? Any mandatory distributions made from the plan on or after March 28, 2005 must comply with the new automatic rollover rules. Operational procedures will need to be established before any such distributions are made after that date. Plan Sponsors will have until the end of the first plan year ending on or after March 28, 2005 (e.g. December 31, 2005 for a calendar year plan, or June 30, 2005 for a plan year ending June 30) to amend their plan document to comply with the new automatic rollover rules.

If the plan continues to contain a mandatory cash-out provision, Plan Sponsors will be required to:

- Select and enter into a written agreement with an IRA Provider that offers investments that meet certain regulatory requirements and that is willing to accept small account distributions as rollovers
- Execute the necessary documents to establish the IRA on the participant's behalf
- Ensure that affected participants are provided with a detailed explanation of the default IRA, including a description of the investment, fees, and a plan contact
- For ERISA covered plans, provide a summary of material modifications ("SMM") to all plan participants and beneficiaries no later than 210 days after the close of the plan year for which the automatic rollover provision was adopted. Because you are a VALIC Plan Document client, an SMM has been provided

Can a plan be amended to remove the mandatory cash-out provision and thereby avoid the additional responsibilities noted above? Yes. Plan Sponsors may amend their plans to either remove the mandatory cash-out provision or reduce the threshold for mandatory cash-outs to \$1,000.

Enclosed is the necessary amendment to comply with the automatic rollover requirements. Also enclosed is a sample resolution that the Plan Sponsor may use to formally approve the adoption of the amendment. Article II of the amendment provides for a "default" automatic IRA rollover provision. However, to avoid the additional responsibilities associated with the automatic rollover requirements, the Plan Sponsor may make of one of the alternative elections in Article III. Please have the amendment and resolution signed by an authorized individual. Plan Sponsors of ERISA covered plans should make the same selection on

51083-B1

the enclosed Summary of Material Modifications (SMM) and provide it to all participants and beneficiaries. A copy of the executed resolution and amendment should be returned to the following address:

AIG VALIC
Attn: Implementation, L6-25
2929 Allen Parkway
Houston, Texas 77019

As of the date of this letter, the IRS has not issued guidance regarding the deadline for amending plan documents to remove mandatory cash-out provisions. The deadline could be as early as March 28, 2005, or it could be as late as the deadline for adopting automatic rollover language (i.e., the last day of the first plan year that ends on or after March 28, 2005), depending upon interpretations. Plan Sponsors who choose to avoid the automatic rollover requirements by eliminating cash-out distributions over \$1,000 should consult with legal counsel regarding the date by which such amendments must be adopted

If you also sponsor a plan that is not required to have a Plan Document, then an amendment will not be required. However, you will still need to either (1) comply with the automatic rollover requirements, or (2) change your operation to cease mandatory cash-out distributions of more than \$1,000. If you choose to continue to process mandatory cash-out distributions from your plan that exceed \$1,000, AIG VALIC will need to know what IRA Provider you have chosen.

Will AIG VALIC provide an IRA investment that meets the necessary requirements? We have AIG and/or VALIC product options available to our Plan Sponsors for participants invested in a VALIC product at the time of the mandatory cash-out. Please contact the toll-free number below for more information.

It is important to note that neither AIG VALIC nor its agents can provide tax or legal advice. This letter is for informational purposes only and is not a substitute for legal advice. We strongly urge you to discuss this legislation with your legal counsel to decide on the future operation of your plan in this regard. For more information from the Internal Revenue Service or Department of Labor, you may log on to www.irs.ustreas.gov or www.dol.gov.

AIG VALIC's priority is serving the needs of our highly valued clients; it's what we call "*The Power of Service*[®]." Should you have any additional concerns or questions, please call our Plan Sponsor Service team at 1-888-478-7020.

Sincerely,



Linda Robinson
Vice President, Institutional Services

RECEIVED

MAR 01 2005

HR NORTH

CERTIFICATE OF RESOLUTION

The undersigned representative of _____
(the "Employer") hereby certifies that the following resolutions were duly adopted by the governing body
of the Employer on _____, _____, and that such resolutions have not
been modified or rescinded as of the date hereof;

RESOLVED, that the Amendment to the Deferred Compensation Plan (the "Plan"), which
addresses the Plan's compliance with the "automatic rollover" requirements of Internal Revenue Code
Section 401(a)(31)(B), is hereby approved and adopted, and the proper officer(s) of the Employer are
hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more
counterparts of the amendment, the same to be effective as of _____, _____;

The undersigned further certifies that attached hereto is a true copy of the Amendment to the
Plan, approved and adopted in the foregoing resolutions.

OKALOOSA COUNTY BOARD OF COUNTY COMMISSIONERS

WILLIAM J. ROBERTS III, CHAIRMAN
Authorized Representative of Employer

Date: _____

RECEIVED

MAR 01 2005

HR NORTH

MANDATORY DISTRIBUTION AMENDMENT
(Code Section 401(a)(31)(B))

ARTICLE I
APPLICATION OF AMENDMENT

- 1.1 Effective Date. Unless a later effective date is specified in Article III of this Amendment, the provisions of this Amendment will apply with respect to distributions made on or after March 28, 2005.
- 1.2 Precedence. This Amendment supersedes any inconsistent provision of the Plan.

ARTICLE II
DEFAULT PROVISION: AUTOMATIC ROLLOVER
OF AMOUNTS OVER \$1,000

Unless the Employer otherwise elects in Article III of this Amendment, the provisions of the Plan concerning mandatory distributions of amounts not exceeding \$5,000 are amended as follows:

In the event of a mandatory distribution greater than \$1,000 that is made in accordance with the provisions of the Plan providing for an automatic distribution to a Participant without the Participant's consent, if the Participant does not elect to have such distribution paid directly to an "eligible retirement plan" specified by the Participant in a direct rollover (in accordance with the direct rollover provisions of the Plan) or to receive the distribution directly, then the Administrator shall pay the distribution in a direct rollover to an individual retirement plan designated by the Administrator.

ARTICLE III
EMPLOYER'S ALTERNATIVE ELECTIONS

3.1 () **Effective Date of Plan Amendment**

This Amendment applies with respect to distributions made on or after _____, _____ (may be a date later than March 28, 2005, only if the terms of the Plan already comply with Code Section 401(a)(31)(B)).

3.2 () **Election to apply Article II of this Amendment to distributions of \$1,000 or less**

In lieu of the default provision in Article II of this Amendment, the provisions of the Plan that provide for the involuntary distribution of vested accrued benefits of \$5,000 or less, are modified as follows:

In the event of a mandatory distribution of \$1,000 or less that is made in accordance with the provisions of the Plan providing for an automatic distribution to a Participant without the Participant's consent, if the Participant does not elect to have such distribution paid directly to an "eligible retirement plan" specified by the Participant in a direct rollover (in accordance with the direct rollover provisions of the Plan) or to receive the distribution directly, then the Administrator shall pay the distribution in a direct rollover to an individual retirement plan designated by the Administrator.

3.3 () **Election to reduce or eliminate mandatory distribution provisions of Plan (may not be elected if 3.2 above is elected)**

In lieu of the default provision in Article II of this Amendment, the provisions of the Plan that provide for the involuntary distribution of vested accrued benefits of \$5,000 or less, are modified as follows (choose a, b, or c below):

RECEIVED

MAR 01 2005

HR NORTH

- a. () No mandatory distributions. Participant consent to the distribution now shall be required before the Plan may make the distribution.
- b. () Reduction of \$5,000 threshold to \$1,000. The \$5,000 threshold in such provisions is reduced to \$1,000 and the value of the Participant's interest in the Plan for such purpose shall include any rollover contributions (and earnings thereon) within the meaning of Code Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).
- c. () Reduction of \$5,000 threshold to amount less than \$1,000. The \$5,000 threshold in such provisions is reduced to \$_____ (enter an amount less than \$1,000) and the value of the Participant's interest in the Plan for such purpose shall include any rollover contributions (and earnings thereon) within the meaning of Code Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).

This amendment is executed as follows:

Name of Plan: Deferred Compensation Plan

Name of Employer: OKALOOSA COUNTY BOARD OF COUNTY COMMISSIONERS

By: WILLIAM J. ROBERTS III Date: _____
EMPLOYER/CHAIRMAN

JUL 12 2002

Group Plan Installation
Analyst: _____

VALIC

An American General Company

ADMINISTRATIVE SERVICES AGREEMENT

This Agreement is made and entered into by and between Okaloosa County Board of County Commissioners (the "Employer") and The Variable Annuity Life Insurance Company ("VALIC"), a Texas corporation, on this 18th day of June, 2002 (insert date on or after 01/01/02).

ARTICLE I - PURPOSE

The Employer maintains a deferred compensation plan (the "Plan"). In the interest of economy and efficiency, the Employer deems it desirable to contract for administrative services pertaining to accounting for deferrals, disbursements of funds, proper reporting to participants and the Internal Revenue Service, and withholding of taxes, if applicable. Therefore, the Employer designates VALIC its agent to perform the services outlined in this Agreement and deposit income tax amounts as required by law. VALIC's undertaking to provide administrative services hereunder is limited to those amounts of deferred compensation under the Plan that the Employer has invested in annuity contracts issued by VALIC.

ARTICLE II - DEFINITIONS

As used in this Agreement, the following definitions shall apply unless the context indicates otherwise:

- 2.1 Agent - The Variable Annuity Life Insurance Company ("VALIC").
- 2.2 Annuity Contract - The group or individual annuity contract(s) between the Employer or Plan Participants and VALIC.
- 2.3 Employer Okaloosa County Board of County Commissioners
Employer Address 801B North Pearl Street, Crestview, FL 32536
- 2.4 Participant - An employee or independent contractor of the Employer electing to participate in the Plan.
- 2.5 Plan - The VALIC
Name of Plan Deferred Compensation Plan.

Check one:

- a. a 457(b) or "eligible" deferred compensation plan described under section 457 of the Internal Revenue Code of 1986, as amended.
- b. a 457(f) or "ineligible" deferred compensation plan sponsored by a tax-exempt or governmental organization.
- c. a non-qualified (top hat) deferred compensation plan sponsored by a for-profit organization.

ARTICLE III - RESPONSIBILITIES OF EMPLOYER

- 3.1 For distributions prior to January 1, 2002, and for any other distributions to which this requirement may apply on or after January 1, 2002, the Employer shall complete and sign all forms necessary for VALIC's appointment as its agent with the Internal Revenue Service, or where applicable, those forms that release VALIC of said appointment.
- 3.2 The Employer shall forward a Participant's deferred compensation to VALIC within the time limitations imposed by applicable Federal and/or state law.
- 3.3 The Employer shall notify VALIC in writing of all Participant information requested by VALIC, including, but not limited to, age, Social Security number and beneficiary information.

RECEIVED
AUG 02 2002
HR NORTH

VALIC

An American General Company

RECEIVED

JUL 12 2002

Group Plan Installation
Analysis

3.4 The Employer shall direct VALIC to make benefit payments under the Plan in accordance with the annuity option specified by the Employer or Participant and shall supply VALIC with the amount of the account to be distributed.

3.5 The Employer shall be responsible for approval of all requests for unforeseeable emergency withdrawals under the Plan and direct VALIC to make approved disbursements in amounts specified by the Employer. Unforeseeable Emergency Withdrawal requests shall be processed as follows (check one below):

- a. Employer has reviewed VALIC'S Unforeseeable Emergency Withdrawal procedures and, having determined such procedures to be consistent with the terms of the Plan, hereby adopts such procedures and delegates the determination function to VALIC. By signature on this Agreement, Employer approves all unforeseeable emergency withdrawal requests made and processed in accordance with VALIC'S procedures adopted by Employer for the Plan.
- b. Employer will review all requests for and make all determinations regarding unforeseeable emergency withdrawals and will indicate distribution approval by signature on all Unforeseeable Emergency Withdrawal request forms.

ARTICLE IV - VALIC RESPONSIBILITIES

4.1 VALIC shall furnish periodic confirmation statements of accounts showing activity and the total value of each Participant's account(s) to (check one below):

- a. Participants; or
b. the Employer.

4.2 VALIC shall compute and deduct income taxes required by law to be withheld for all distributions (check one below).

- a. Yes. *This option is only available if you checked 2.5(a). (Proceed to 4.5.)*
b. No. *This option is not available if you checked 2.5(a) and are a governmental employer. (Proceed to Article VI)*

4.3 VALIC shall issue the disbursements in accordance with the provisions of the Annuity Contract and the Plan at the direction of and in amounts specified by the Employer. Such disbursements shall be made payable and mailed to participants. *This does not apply if 4.2(b) was checked.*

4.4 Disbursements shall be made from the account maintained by VALIC on behalf of the Employer in accordance with the terms of the Annuity Contract and the Plan; provided, however, that if the Employer terminates the Annuity Contract, VALIC shall be obligated to make disbursements only to the extent that funds are still available in the account of the Employer.

4.5 VALIC shall compute and deduct income taxes required by law to be withheld from distributions from the Plan, and for distributions prior to January 1, 2002, such determinations shall be made under the wage bracket method for all distributions for Federal income tax purposes and as may be specified below for State income tax purposes. A report of such withheld taxes will be forwarded by VALIC to the Internal Revenue Service within the time prescribed by law. *This only applies if you checked 2.5(a).*

State income tax withholding (Specify one only):

- wage bracket method for all distributions.
 current percentage rate specified by state law for all distributions.

For distributions prior to January 1, 2002, and for any other distributions to which this requirement may apply on or after January 1, 2002, Employer agrees to furnish VALIC a properly completed Withholding Allowance Certificate (Form W-4) for each Participant

receiving a disbursement. VALIC will not withhold Federal income tax for any employee who claims an exemption from withholding on Form W-4 by indicating no tax liability for the preceding year and none expected for the current year.

4.6 VALIC shall furnish to each Participant tax reporting form(s) required by the applicable taxing authority, including a statement of gross amounts paid to the Participant and the amount of Federal, state and local income tax withheld by VALIC, if any.

4.7 VALIC shall furnish to the Employer, upon request, annual and semi-annual reports for The Variable Annuity Life Insurance Company Separate Account(s) for distribution to Participants.

4.8 VALIC shall establish and maintain records of notifications from Employer concerning Participants who are to receive disbursements, gross payments under the Agreement, amounts of Federal, state and local income withheld by VALIC on behalf of the Employer and reports of such income and deposits filed with the appropriate governmental agencies by VALIC on behalf of the Employer.

ARTICLE V - MISCELLANEOUS

5.1 Term. This Agreement shall become effective immediately upon execution and shall remain in force until terminated by either party as provided below.

5.2 Termination. This Agreement may be terminated by either party upon sixty (60) days' written notice to the other party of the intent to terminate. Upon any such termination, Agent shall deliver to the Employer all records and reports required by this Agreement.

5.3 Information. VALIC relies on the information provided to it by the Employer and Plan Participants and beneficiaries, and VALIC will not be responsible for claims resulting from the use by VALIC of any incorrect or misleading information provided to it by the Employer or Plan Participant or beneficiary.

5.4 Assignment. This Agreement may not be assigned without the written consent of the other party.

5.5 Amendment. The parties may amend this Agreement only in writing. Any such amendment must be approved by the President or a Vice President of Agent and a person authorized to act on behalf of Employer.

5.6 Notice. Any notice provided for herein shall be in writing and shall be deemed to have been given when received by personal delivery or United States mail addressed to the Employer at the address given in section 2.3 or to VALIC at the address below:

Client Services
The Variable Annuity Life Insurance Company
2929 Allen Parkway
Houston, TX 77019

5.7 Governing Law. The laws of the State/Commonwealth of Florida shall govern the rights and obligations of the parties under this Agreement.

5.8 Entire Agreement. This Agreement and any written amendments hereto constitute the entire agreement of the parties. This Agreement shall supersede all previous communications, representations or agreements, either oral or written, between the parties.

5.9 No Additional Cost. The services rendered by VALIC pursuant to this Agreement shall be performed without additional cost to the Participants other than administrative and sales charges provided for in the Annuity Contract.

VALIC

An American General Company

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed to be effective as of the date herein above.

EMPLOYER:

Okaloosa County Board of County Commissioners

Name



Attested by:

Gary J. Stanford
Deputy Clerk of Courts



Signature

Name & Title

HOME OFFICE:
THE VARIABLE ANNUITY LIFE
INSURANCE COMPANY

BY:

Name

Signature

Mary C. Birmingham, Vice President

Name & Title

ARTICLE VI - EMPLOYER NOTICE OF WITHHOLDING
(Signature required if item 4.2b was selected)

Notice is hereby given by the Employer that all disbursements under the above-referenced Plan shall be made by VALIC to Employer in accordance with the Annuity Contract(s) entered into between VALIC and the Employer under the Plan in such amounts and at such times as Employer specifies in writing to VALIC. VALIC is hereby released from the responsibility, if any, of withholding Federal and state income taxes from all disbursements made to Employer under the above-referenced Plan.

NOT APPLICABLE

EMPLOYER:

Name

BY:

Signature

Name & Title

RECEIVED

JUL 12 2002

Group Plan Installation
Analyst: _____

DEFERRED COMPENSATION PLAN
(Governmental)

ARTICLE I. INTRODUCTION

The Employer hereby establishes the Deferred Compensation Plan, hereinafter referred to as the "Plan," as of the effective date set forth in Section II of the Terms of Agreement above. The Plan is intended to be an eligible deferred compensation plan under section 457 of the Internal Revenue Code of 1986, as amended. The primary purpose of this Plan is to attract and retain qualified personnel by permitting them to provide for benefits in the event of their retirement or death. Nothing contained in this Plan shall be deemed to constitute an employment agreement between any Participant and the Employer and nothing contained herein shall be deemed to give any Participant any right to be retained in the employ of the Employer.

ARTICLE II. PLAN ELECTIONS

2.01 Plan Effective Date. (Hereinafter the "Effective Date.") (Check one.)

This Plan is being established by the Employer effective _____.

This Plan replaces the Plan previously established by the Employer and is effective on June 18, 2002.

2.02 Participant's Election to Receive In-Service Distribution. A Participant may elect to receive an in-service distribution of his account balance as described in Section 7.09. (Check one.)

Yes, if the total amount payable to a Participant under the Plan does not exceed \$5,000.00 (insert an amount up to \$5,000).

No. Section 7.09 shall not apply to this Plan.

2.03 Distribution without Participant's Consent. Small accounts of certain inactive participants may be distributed without the participant's consent as described in Section 7.10. (Check one.)

Yes, if the total amount payable to a participant under the Plan does not exceed \$5,000.00 (insert an amount up to \$5,000).

No. Section 7.10 shall not apply to this Plan.

- 2.04 Governing Law. This Plan shall be construed under the laws of the State of Florida (insert state).

ARTICLE III. DEFINITIONS

- 3.01 Account: The account maintained for each Participant reflecting the cumulative amount of each Participant's Deferred Compensation, including any income, gains, losses, or increases or decreases in market value attributable to the investment of the Participant's Deferred Compensation, and further reflecting any distributions to the Participant or the Beneficiary and any fees or expenses charged against the Participant's Deferred Compensation.
- 3.02 Annuity Contract: If selected by the Employer as an investment option, one or more group fixed, variable or combination fixed and variable annuity contracts issued by The Variable Annuity Life Insurance Company (VALIC) and approved for sale in the Employer's state, or by another insurance company qualified to do business in the Employer's state, which provides for periodic payments at regular intervals, whether for a period certain or during one or more lives, and which are non-transferable.
- 3.03 Beneficiary or Beneficiaries: The person or persons designated by the Participant in his Deferred Compensation Agreement who shall receive any benefits payable hereunder in the event of the Participant's death. If more than one designated Beneficiary survives the Participant, payments shall be made equally to the surviving Beneficiaries, unless otherwise provided in the Deferred Compensation Agreement. If no Beneficiary is designated in the Deferred Compensation Agreement or if no designated Beneficiary survives the Participant, then the estate of the Participant shall be the Beneficiary. However, a Participant may designate a contingent Beneficiary (or Beneficiaries) who shall become the primary Beneficiary (or Beneficiaries) under this Plan in the event that no primary Beneficiary survives the Participant.
- 3.04 Code: The Internal Revenue Code of 1986, as amended, and regulations thereunder.
- 3.05 Deferred Compensation: The amount of Normal Compensation otherwise payable to the Participant that the Participant and the Employer mutually agree to defer hereunder, any amount credited to a Participant's Account by reason of a transfer under Section 9.01, or any other amount that the Employer agrees to credit to a Participant's Account and that does not exceed the Maximum Limitation.
- 3.06 Deferred Compensation Agreement: An agreement entered into between a Participant and the Employer and any amendments or modifications

thereof, which agreement shall fix the amount of Deferred Compensation; establish the time when the payment of benefits shall commence, if required by the Code, for Deferred Compensation Agreements effective prior to January 1, 2002; specify the Participant's investment selection with respect to his Deferred Compensation; designate the Participant's Beneficiary or Beneficiaries and incorporate the terms, conditions, and provisions of this Plan by reference.

- 3.07 Eligible Retirement Plan: A plan described in section 402(c)(8)(B) to which an Eligible Rollover Distribution may be transferred pursuant to section 457(e)(16) of the Code.
- 3.08 Eligible Rollover Distribution: A qualifying distribution to a Participant, or to a spousal beneficiary of a deceased Participant, that is described in section 402(c)(4) of the Code.
- 3.09 Employee: Any individual, whether appointed, elected or under contract, providing services for the Employer for which compensation is paid.
- 3.10 Includible Compensation: The amount of compensation payable to a Participant from the Employer that is includible in the Participant's gross income for federal income tax purposes. Such term does not include any amount excludible from gross income under this Plan or any other plan described in section 457(b) of the Code or any other amount excludible from gross income for federal income tax purposes. Includible gross income shall be determined without regard to any community property laws.
- 3.11 Maximum Limitation: The maximum amount that may be deferred under this Plan (other than rollover amounts described in Section 9.03) for the taxable year of a Participant. Such amount shall be either the Normal Limitation or Catch-Up Limitation, whichever is applicable.
- (a) Normal Limitation: The maximum amount deferred shall not exceed the lesser of the applicable dollar amount (as described in Section 3.11(c) below) or 100% of the Participant's Includible Compensation, as adjusted by Section 3.11(d) below. [Ordinarily this limit shall be the equivalent of the lesser of the applicable dollar amount (as described in Section 3.11(c) below) or 50% of Normal Compensation, assuming no other pre-tax reductions apply under Section 3.10.] Notwithstanding the preceding provisions of this paragraph, for calendar years prior to 2002, the maximum amount deferred shall not exceed such limit or limits in effect for the applicable year pursuant to section 457 of the Code.

- (b) Catch-Up Limitation: For each one of the last three (3) taxable years of a Participant ending before the Participant's attainment of Normal Retirement Age, the maximum amount deferred for each such year shall be the lesser of:
- (1) twice the applicable dollar amount (as described in Section 3.11(c) below); or
 - (2) the sum of the Normal Limitation, plus that portion of the Normal Limitation not used in each of the prior taxable years of the Participant commencing after 1978 in which (i) the Participant was eligible to participate in this Plan or the plan of another employer, and (ii) compensation deferred under this Plan (or such other plan) was subject to the deferral limitations set forth in this section.

A Participant may utilize the Catch-Up Limitation only if the Participant has not previously utilized it with respect to a different Normal Retirement Age under this Plan or any other plan.

For years prior to 2002, the limit under this paragraph (b) for any year shall not exceed \$15,000.

- (c) Applicable Dollar Amount. For contributions in 2002 and in subsequent years, the applicable dollar amount shall be the amount determined in accordance with the following table:

| <u>For taxable years beginning in calendar year:</u> | <u>The applicable dollar amount:</u> |
|--|--|
| 2002 | \$11,000 |
| 2003 | \$12,000 |
| 2004 | \$13,000 |
| 2005 | \$14,000 |
| 2006 or thereafter | \$15,000 |

In the case of taxable years beginning after December 31, 2006, the applicable dollar amount will be adjusted for cost-of living increases in accordance with section 457(e)(15) of the Code.

- (d) Coordination with Other Plans. For contribution years prior to 2002, the amount excludible from a Participant's gross income for any taxable year under this Plan or any other plan under section 457(b) of the Code shall not exceed \$7,500 (as adjusted for cost-of-living increases in accordance with section 457(e)(15) of the Code) or such greater amount allowed under paragraph (b) of this section, less any amount excluded from gross income under sections 403(b),

402(e)(3), or 402(h)(1)(B) or (k) of the Code, or any amount with respect to which a deduction is allowable by reason of a contribution to an organization under section 501(c)(18) of the Code.

- (e) Age-Based Catch-Up Contributions. In addition to any other limit set forth in this section, and subject to any limitations that may be imposed under present or future federal tax laws and rules, a Participant who has attained age 50 may contribute an additional amount in such year or a subsequent year, according to the following schedule:

| <u>Year of Contribution:</u> | <u>Additional Catch-Up Amount:</u> |
|------------------------------|------------------------------------|
| Prior to 2002 | \$ 0 |
| 2002 | \$1,000 |
| 2003 | \$2,000 |
| 2004 | \$3,000 |
| 2005 | \$4,000 |
| 2006 and later | \$5,000 |

In the case of taxable years beginning after December 31, 2006, the additional catch-up amount will be adjusted for cost-of living increases in accordance with section 414(v)(2)(C) of the Code.

A Participant may not make an age-based catch-up contribution in any year in which the Participant may utilize the Catch-Up Limitation in paragraph (b) above.

- 3.12 Normal Compensation: The amount of compensation that would be payable to a Participant by the Employer if no Deferred Compensation Agreement were in effect to defer compensation under this Plan.
- 3.13 Normal Retirement Age: Age 70½, unless the Participant has elected an alternative Normal Retirement Age by written instrument delivered to the Employer prior to Severance from Employment. A Participant's Normal Retirement Age determines the period during which a Participant may utilize the Catch-Up Limitation of Section 3.11(b) hereunder.

Once a Participant has to any extent utilized the Catch-Up Limitation of Section 3.11(b), his Normal Retirement Age may not be changed.

A Participant's alternative Normal Retirement Age may not be earlier than the earliest date that the Participant will become eligible to retire and receive unreduced retirement benefits under the Employer's basic retirement plan covering that Participant and may not be later than the calendar year in which the Participant attains age 70½.

If a Participant continues employment after attaining age 70½ not having previously elected an alternative Normal Retirement Age, the Participant's alternative 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 if the Employer has no mandatory retirement age.

If the Participant will not be eligible to receive benefits under a basic retirement plan maintained by the Employer, the Participant's Normal Retirement Age may not be earlier than attainment of age 55 and may not be later than the calendar year in which the Participant attains age 70½.

- 3.14 Participant: Any Employee who has enrolled in this Plan pursuant to the requirements of Article V.
- 3.15 Plan Year: The 12-month period commencing each January 1 and ending on the following December 31.
- 3.16 Retirement: The first date upon which each of the following shall have occurred: Severance from Employment and attainment of age 65.
- 3.17 Severance from Employment: Termination of the Participant's employment relationship with the Employer. For years prior to 2002, references in this Plan to Severance from Employment shall mean the Participant's severance of the Participant's employment with the Employer, within the meaning of section 402(e)(4)(D)(i)(III), rather than termination of the Participant's employment relationship with the Employer.
- 3.18 Service Provider. VALIC Retirement Services Company or such other entity as the Employer designates to perform administrative services under this Plan.

ARTICLE IV. ADMINISTRATION

- 4.01 Plan Administrator. This Plan shall be administered by the Employer or one or more persons designated by the Employer. The Plan Administrator, if other than the Employer, shall act as the agent of the Employer in all matters concerning the administration of this Plan. The Plan Administrator shall have full power to adopt, amend, and revoke such rules and regulations consistent with and as may be necessary to implement this Plan, to enter into contracts on behalf of the Employer under this Plan, and to make discretionary decisions affecting the rights or benefits of Participants under Section 7.07 of this Plan.
- 4.02 Employee with Administrative Responsibilities. Any Employee who is charged with administrative responsibilities hereunder may participate in

the Plan under the same terms and conditions as apply to other Employees. However, he shall not have the power to participate in any discretionary action taken with respect to his participation under Section 7.07 of this Plan.

- 4.03 Administrative Services. The Employer may enter into an agreement with a Service Provider to provide nondiscretionary administrative services under this Plan for the convenience of the Employer, including, but not limited to, the enrollment of Employees as Participants, the maintenance of Accounts and other records, the making of periodic reports to Participants, and the disbursement of benefits to Participants.

ARTICLE V. PARTICIPATION IN THE PLAN

- 5.01 Participant. An Employee becomes a Participant when he has executed and entered into a Deferred Compensation Agreement with the Employer.
- 5.02 Enrollment in the Plan. An Employee may become a Participant as of the first day of any calendar month by entering into a Deferred Compensation Agreement with respect to compensation not yet earned. A new Employee may become a Participant on the first day of employment by entering into a Deferred Compensation Agreement on or before the first day of employment with respect to compensation not yet earned. The Deferred Compensation Agreement shall defer compensation not yet earned, and each Deferred Compensation Agreement must be made before the beginning of the month in which it is to become effective or, with respect to a new employee, on or before the first day of employment.
- 5.03 Minimum Deferral Amount. At the time of entering into or amending a Deferred Compensation Agreement hereunder, a Participant must agree to defer a minimum periodic amount as specified by the Plan Administrator.
- 5.04 Change in Amount of Deferred Compensation or Beneficiary. A Participant may not amend or modify an executed Deferred Compensation Agreement to change the amount of Deferred Compensation except with respect to compensation to be earned in the subsequent calendar month and provided that notice is given prior to the beginning of the month for which such change is to be effective. A Participant may change the Beneficiary designated in his Deferred Compensation Agreement at any time by giving written notice to the Plan Administrator.
- 5.05 Revocation of Deferred Compensation Agreement. A Participant may revoke his Deferred Compensation Agreement and thereafter be restored to his Normal Compensation in the subsequent calendar month, by giving notice to the Employer prior to the beginning of the month for which such revocation is to be effective.

- 5.06 New Deferred Compensation Agreement Upon Return to Service or After Revocation. A Participant who returns to active service with the Employer after a Severance from Employment, or who has revoked his Deferred Compensation Agreement under Section 5.05, may again become an active Participant by executing a new Deferred Compensation Agreement with the Employer prior to the beginning of the calendar month as to which it is to be effective.
- 5.07 Leave of Absence; Other Absences. Compensation may continue to be deferred under this Plan with respect to a Participant who is on an approved leave of absence from the Employer with compensation, and all of the rules of this Article shall apply with respect to making, amending or revoking any Deferred Compensation Agreement for such a Participant. If a Participant is absent from work without compensation for a period of not more than six months, whether by reason of illness, strike, lockout, shutdown or otherwise, his Deferred Compensation Agreement will remain in effect and compensation will again be deferred thereunder when he returns to work.

ARTICLE VI. INVESTMENT OF DEFERRED COMPENSATION

- 6.01 Annuity Contracts and Other Plan Investments. For the purposes of satisfying its obligation to provide benefits under this Plan, the Employer shall invest the amount of compensation deferred by each Participant in Annuity Contracts and other Plan investments as specified in the Participants' Deferred Compensation Agreements. Responsibility for the selection of investment alternatives for Plan assets shall be retained by the Employer, and the Employer shall have the right to modify the selection of investment alternatives from time to time. However, Participants and Beneficiaries may allocate amounts held in their Accounts or otherwise credited for their benefit under the Plan among the investment alternatives selected by the Employer, and the Employer shall cause such amounts to be so allocated within a reasonable time after the receipt of Participant instructions, or may instruct the issuer, trustee, or custodian to accept such allocation instructions directly from Participants and Beneficiaries as representatives of the Employer.
- 6.02 Exclusive Benefit. Notwithstanding any provision of the Plan to the contrary, all amounts held under the Plan, including amounts deferred and earnings or other accumulations attributable thereto, shall be held for the exclusive benefit of Plan Participants and Beneficiaries (i) in annuity contracts, or (ii) in trust or in one or more custodial accounts pursuant to one or more separate written instruments. Any such annuity contract, trust, or custodial account must satisfy the requirements of section 457(g)(1) of the Code. For purposes of this section, the terms Participant and

Beneficiary shall also include contingent beneficiaries and/or spouses, former spouses, or children of Participants for whose benefit amounts are being held under the Plan pursuant to the terms of a domestic relations order which has been recognized under the terms of the Plan. Any discretionary authority reserved to the Employer (or to any administrator or administrative committee) under the Plan or under any investment held under the Plan, to the extent the exercise thereof would otherwise be inconsistent with this section, shall be exercised for the exclusive benefit of Plan Participants and Beneficiaries. Any issuer of an annuity contract or trustee or custodian of other investments held under the Plan shall have no authority to pay any amounts from such Plan investments to any creditor of the Employer, and shall have no duty to inquire into the validity of any request by the Employer or by an administrator or administrative committee for distribution of amounts for the benefit of a Participant or a Beneficiary under the Plan.

- 6.03 Benefits Based on Participant's Account Value. The benefits paid to a Participant or Beneficiary pursuant to Article VII of this Plan shall be based upon the value of the Participant's Account. In no event shall the Employer's liability to pay benefits exceed the value of the Participant's Account, and the Employer shall not be liable for losses arising from depreciation or other decline in the value of any investments acquired under this Plan.
- 6.04 Periodic Reports. Each Participant shall receive periodic reports, not less frequently than annually, showing the then-current value of his Account.
- 6.05 Employer-Directed Accounts. Notwithstanding any provision of the Plan to the contrary, the Employer shall direct the issuer, trustee or custodian with respect to the investment of any contributions that are forwarded to the issuer, trustee or custodian prior to the date on which the Participant or Beneficiary completes the necessary paperwork with the issuer, trustee or custodian (or takes such other action or actions as may be necessary) to direct the investment of such amounts. Such direction shall be communicated to the issuer, trustee or custodian by means of a separate written agreement between the Employer and issuer, trustee or custodian, which agreement will include a default investment option and a default beneficiary designation. This direction shall be effective only until such time as the Participant or Beneficiary exercises his right to direct the investment of such amounts and to designate a Beneficiary in accordance with the terms of the Plan.

ARTICLE VII. BENEFITS

- 7.01 Retirement Benefits on Severance from Employment. Except as otherwise provided in this Article, a Participant's Account shall become distributable upon a Participant's Severance from Employment. The distribution of a Participant's Account shall commence no later than April 1 of the calendar year following the year of the Participant's Retirement or attainment of age 70½, whichever is later. Distributions shall be made in accordance with one of the payment options described in Section 7.03. Notwithstanding the other provisions of this section, Accounts established prior to January 1, 2002 will be subject to the additional distribution requirements, and rules regarding permitted distribution elections, to which such Account may have been or may be subject under Code section 457.
- 7.02 Distribution Procedures. The Employer may from time to time establish procedures for Participant distribution elections, provided that such procedures are not inconsistent with the requirements of Section 7.01.
- 7.03 Payment Options. A Participant (or a Beneficiary as provided in Section 7.06) may elect to have the value of the Participant's Account distributed in accordance with one of the following payment options provided that such option is consistent with the limitations set forth in Section 7.04:
- (a) life annuity;
 - (b) life annuity with 60, 120, or 180 monthly payments guaranteed;
 - (c) unit refund life annuity;
 - (d) joint and last survivor annuity (spouse only);
 - (e) lump sum;
 - (f) term certain annuity with 36, 48, 60, 72, 84, 96, 108, 120, 132, 144, 156, 168 or 180 monthly payments guaranteed;
 - (g) withdrawals for a specified number of years;
 - (h) withdrawals of a specified amount; or
 - (i) any other method of payment agreed upon between Participant and Employer and accepted by the investment provider or Service Provider.

If a Participant fails to elect a payment option, any required payments shall be made under a payment option designated by the Employer.

Notwithstanding the options above, any option that involves a life contingency (or a joint life contingency) shall only be available under an Annuity Contract offered or obtained under the terms of the Plan.

7.04 Limitation on Options. No payment option may be selected by the Participant (or a Beneficiary) unless it satisfies the requirements of Code section 401(a)(9) and any additional Code limitations applicable to the Plan. Notwithstanding the other provisions of this section, Accounts established prior to January 1, 2002 will be subject to the additional distribution requirements, and rules regarding permitted distribution elections, to which such Account may have been or may be subject under Code section 457.

7.05 Post-Retirement Death Benefits. Should the Participant die after he has begun to receive benefits under a payment option, the guaranteed or remaining payments, if any, under the payment option shall be payable to the Participant's Beneficiary commencing with the first payment due after the death of the Participant. Payment to the Participant's Beneficiary must comply with section 401(a)(9) of the Code, and with any additional Code limitations applicable to the Plan. If the Beneficiary does not continue to live for the remaining period of payments under the payment option, then the remaining benefits under the payment option shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate. In no event shall the Employer be liable for any payments made in the name of the Participant or a Beneficiary before the Employer or its agent receives proof of the death of the Participant or Beneficiary.

7.06 Pre-Retirement Death Benefits. Should the Participant die before he has begun to receive benefits under Section 7.01, a death benefit equal to the value of the Participant's Account shall be payable to the Beneficiary. Such death benefit shall be paid in a lump sum unless the Beneficiary elects a different payment option. Payment to the Participant's Beneficiary must comply with section 401(a)(9) of the Code, and with any additional Code limitations applicable to the Plan. Should the Beneficiary die before the completion of payments under the payment option, the value of the remaining payments under the payment option shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate. Notwithstanding the other provisions of this section, Accounts established prior to January 1, 2002 will be subject to the additional distribution requirements, and rules regarding permitted distribution elections, to which such Account may have been or may be subject under Code section 457.

- 7.07 Unforeseeable Emergency Withdrawals. Except as provided in this section, no amount shall be distributable to a Participant or Beneficiary prior to the Participant's Severance from Employment. In the event of an unforeseeable emergency before or after Severance from Employment or the commencement of Retirement Benefits, a Participant may apply to the Employer to receive that part of the value of his Account that is reasonably needed to satisfy the emergency needs. If such application for withdrawal is approved by the Employer, the Employer shall direct the issuer, trustee or custodian to pay the Participant such value as the Employer deems necessary to meet the emergency needs. The regulations under section 457(d)(1)(A)(iii) of the Code define an unforeseeable emergency as a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or a dependent (as defined in Code section 152(a)) of the Participant, loss of property due to casualty, or other similar extraordinary or unforeseeable circumstances arising as a result of events beyond the control of the Participant which would cause severe financial hardship to the Participant if early withdrawal were not permitted. Payment may not be made to the extent that such hardship is or may be relieved by other financial resources available to the Participant, including insurance reimbursement, cessation of deferrals under this Plan or liquidation of other assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. Unforeseeable emergencies do not include the need to send a child to college or the desire to purchase a home.
- 7.08 Transitional Rule for Annuity Payment Option Elections. If this Plan document constitutes an amendment and restatement of the Plan as previously adopted by the Employer and if a Participant or Beneficiary has commenced receiving benefits under an annuity payment option, that annuity payment option shall remain in effect notwithstanding any other provision of this Plan.
- 7.09 Participant's Election to Receive In-Service Distribution. If the Employer so elects under Section 2.02, a Participant may elect to receive an in-service distribution of the total amount payable to him under the Plan if:
- (a) such amount does not exceed the dollar amount under section 411(a)(11)(A) of the Code,
 - (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the distribution, and
 - (c) there has been no prior distribution under the Plan to the Participant under this Section 7.09 or under Section 7.10.

- 7.10 Distribution without Participant's Consent. If the Employer so elects under Section 2.03, the total amount payable to a Participant under the Plan may be distributed to the Participant without his consent if:
- (a) such amount does not exceed the dollar amount under section 411(a)(11)(A) of the Code,
 - (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the distribution, and
 - (c) there has been no prior distribution under the Plan to the Participant under this Section 7.10 or under Section 7.09.

ARTICLE VIII. NON-ASSIGNABILITY

8.01 In General. Except as provided in Section 8.02, no Participant or Beneficiary shall have any right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments hereunder, which payments and rights are expressly declared to be non-assignable and non-transferable.

8.02 Domestic Relations Orders.

(a) Allowance of Transfers: To the extent required under a final judgment, decree, or order (including approval of a property settlement agreement) made pursuant to a state domestic relations law, any portion of a Participant's Account may be paid or set aside for payment to a spouse, former spouse, or child of the Participant. Where necessary to carry out the terms of such an order, a separate Account may be established with respect to the spouse, former spouse, or child who shall be entitled to make investment selections with respect thereto in the same manner as the Participant; any amount so set aside for a spouse, former spouse, or child shall be paid out in a lump sum at the earliest date that benefits may be paid to the Participant, unless the order directs an earlier time, to the extent allowed under the Code, or a different form of payment. Where the final judgment, decree or order does not define a form or time of payment that is available under this Plan, the Employer shall have the right to interpret the final judgment, decree or order in a manner that is consistent with the terms of this Plan. Any payment made to a person other than the Participant pursuant to this section shall be reduced by required income tax withholding.

(b) Release from Liability to Participant: 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 paragraph (a) of this section. No such transfer shall be effectuated unless the Employer or Service Provider has been provided with satisfactory evidence that the Employer and the Service Provider are released from any further claim by the Participant with respect to such amounts. The Participant shall be deemed to have released the Employer and the Service Provider from any claim with respect to such amounts, in any case in which (i) the Employer or Service Provider has been served with legal process or otherwise joined in a proceeding relating to such transfer, (ii) the Participant has been notified of the pendency of such proceeding in the manner prescribed by the law of the jurisdiction in which the proceeding is pending by service of process in such action or by mail from the Employer or Service Provider to the Participant's last known mailing address, and (iii) the Participant fails to obtain an order of the court in the proceeding relieving the Employer or Service Provider from the obligation to comply with the judgment, decree, or order. The Participant shall also be deemed to have released the Employer or Service Provider if the Participant has consented to the transfer pursuant to the terms of a property settlement agreement and/or a final judgment, decree, or order as described in paragraph (a).

(c) Participation in Legal Proceedings: The Employer and the Service Provider shall not be obligated to defend against or seek to have set aside any judgment, decree, or order described in paragraph (a) or any legal order relating to the garnishment of a Participant's benefits, 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 or Service Provider to incur such expense, the amount of the expense may be charged against the Participant's Account and thereby reduce the Employer's obligation to pay benefits to the Participant. In the course of any proceeding relating to divorce, separation, or child support, the Employer and Service Provider shall be authorized to disclose information relating to the Participant's 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.

ARTICLE IX. TRANSFERS AND ROLLOVERS

9.01 Transfers from Other Plans. This Plan shall accept transfers, pursuant to section 457 of the Code, of amounts deferred by an individual under another eligible deferred compensation plan meeting the requirements of section 457(g) of the Code. In no event may the Employer cause such a transfer to be made, except at the request of a Participant. Any such transferred amount shall not be treated as a deferral subject to the limitations of Section 3.11, except that, for purposes of applying the limit of Section 3.11, an amount deferred during any taxable year under the plan from which the transfer is accepted shall be treated as if it had been

deferred under this Plan during such taxable year and compensation paid by the transferor employer shall be treated as if it had been paid by the Employer.

9.02 Transfers to Other Plans. A Participant may elect to have any portion of the amount payable to him transferred to another eligible deferred compensation plan. In the event of a request by a Participant for a transfer to another eligible deferred compensation plan under which amounts are not held in the manner described in Section 6.02, such transfer shall be permitted only if otherwise permitted by the Plan and applicable law. Subject to any limitations imposed by an investment provider, the Plan may also permit transfers of a portion of an amount payable to a Participant to a defined benefit governmental plan in conformity with section 457(e)(17) of the Code.

9.03 Rollovers. A Participant may elect to roll an Eligible Rollover Distribution to an Eligible Retirement Plan. The Participant shall be provided with a description of available rollover rights and rules in advance of such a distribution. A distribution that is an Eligible Rollover Distribution and that is paid in a form other than a rollover will be subject to mandatory withholding of 20%, or such other mandatory withholding rate as may be imposed under the Code from time to time. This Plan shall be permitted to accept a rollover distribution from an Eligible Retirement Plan (including a distribution from an IRA) to this Plan, subject to any administrative restrictions imposed by the Plan or by the investment provider. To the extent necessary to satisfy the requirements of the Code, any such rollover distribution to the Plan shall be subject to the same restrictions on distributions applicable to other amounts held under the Plan.

ARTICLE X. AMENDMENT OR TERMINATION OF PLAN

10.01 Amendment or Termination. The Employer may at any time amend this Plan or terminate this Plan and distribute the Participants' Accounts in conformity with the Code and applicable regulations; provided, however, that such amendment or termination shall not impair the rights of Participants or their Beneficiaries with respect to any compensation deferred before the date of the amendment or termination of this Plan except as may be required to maintain the tax status of the Plan under the Code. Participants shall thereafter receive their Normal Compensation and benefits shall be paid as provided in Article VII.

10.02 Amendment and Restatement of Previously Adopted Plan. If this Plan document constitutes an amendment and restatement of the Plan as previously adopted by the Employer, the amendments contained herein shall be effective as of the Effective Date, and the terms of the preceding plan document shall remain in effect through such date.

ARTICLE XI. USERRA

Notwithstanding any other provision of this Plan to the contrary, contributions and service credit with respect to qualified military service will be provided in accordance with Code section 414(u).

ARTICLE XII. GOVERNING LAW

Except to the extent any federal law applies, this Plan shall be construed under the laws of the State of Employer's principal place of business.

ARTICLE XIII. RELATIONSHIP TO OTHER PLANS

This Plan serves in addition to any other retirement, pension or benefit plan or system presently in existence or hereinafter established.

IN WITNESS WHEREOF, the Employer has caused this instrument to be executed by its duly authorized officer on this 21ST day of JUNE, 2002.

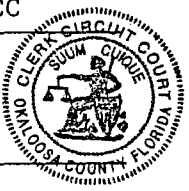
By: *Jackie Burkett*
(signature)
Name: Jackie Burkett



OKALOOSA COUNTY BOARD OF COUNTY COMMISSIONERS

Title: Chairman, Okaloosa County BOCC

Attested: *Gary J. Stanford*
Gary Stanford
Deputy Clerk of Courts



RECEIVED

MAR 01 2005

HR NORTH

ADMINISTRATOR
601B NORTH PEARL STREET
CRESTVIEW, FL 32536-0000



The Variable Annuity
Life Insurance Company
2929 Allen Parkway
Houston, TX 77019

RECEIVED

FEB 14 2006

HR NORTH

Re: Updated 457(b) Governmental Plan Document – Action Needed

Dear Plan Sponsor:

The Internal Revenue Service (“IRS”) has provided guidance regarding the plan document requirement under the Internal Revenue Code (“IRC”) section 457 regulations. This guidance set a deadline of **December 31, 2005**, for all State or local government sponsors of IRC section 457(b) plans to adopt a written plan document that reflects the material terms and conditions and actual operation of the plan. **This affects you as a State or local government Plan Sponsor of a retirement plan(s) subject to IRC section 457(b).**

What does this mean for Plan Sponsors? By December 31, 2005, an IRC section 457(b) plan of a State or local government employer must (i) be in writing, (ii) include all material benefits of the plan, including any optional features chosen by the Employer; and (iii) be operated in compliance with the plan document.

What action must be taken by Plan Sponsors? A written plan document that reflects the material terms and conditions and actual operation of the plan must be adopted no later than December 31, 2005. Failure to do so could, in most cases, result in all amounts previously contributed (and earnings thereon) becoming immediately taxable.

As a fully committed investment and services provider for your 457(b) plan and a leader in the retirement services industry, we want to take this opportunity to provide you with a plan document to facilitate compliance with this legislation as an added valued service. In an effort to expedite delivery and provide easy access to our Plan Sponsors, an updated VALIC specimen section 457(b) plan document is now available via our web site at www.aigvalic.com, on the home page under the *New and Noteworthy* section.

Once you have printed the updated VALIC specimen section 457(b) plan document, we strongly urge you to review it along with the summary of plan changes with your legal counsel. Neither VALIC nor its agents can provide tax or legal advice.

If you choose to adopt the VALIC specimen section 457(b) plan document, please (i) fill in the blanks (ii) make the appropriate four elections on pages two and three of the plan document and (iii) have the plan document signed by an authorized individual. **A copy of the executed plan document should be returned to the following address:**

VALIC
Attn: Implementation, L6-25
2929 Allen Parkway
Houston, Texas 77019

What changes are reflected in this updated plan document? A summary of the material changes made to the existing VALIC specimen section 457(b) plan document is also available online.

RECEIVED

FEB 14 2006

HR NORTH

Please note, if you have customized your plan document, the VALIC specimen section 457(b) plan document will **not** reflect your customization.

Future document updates will be delivered via Plan Sponsor Online, a secured web site designed specifically for you, the Plan Sponsor. If you are not already registered for this service, please do so. To register online, simply go to www.aigvalic.com and click on the Plan Sponsor Online link. The system will guide you to the registration page and prompt you through the process. Once registered, a web site specialist will contact you to complete the set-up process with your User ID and Password. If you currently use e-Remit, you can call 1-800-853-6399 and select option 4 to request access to Plan Sponsor Online.

VALIC's priority is serving the needs of our highly valued clients; it's what we call *The Power of Service*[®]. Should you have any concerns or questions, please call our Plan Sponsor Service team at 1-888-478-7020.

Sincerely,



Linda Robinson
Vice President
Institutional Services

Securities and investment advisory services are offered by VALIC Financial Advisors, Inc., member NASD, and an SEC-registered investment advisor.

AIG VALIC is the marketing name for the group of companies comprising VALIC Financial Advisors, Inc.; VALIC Retirement Services Company; and The Variable Annuity Life Insurance Company (VALIC); each of which is a member company of American International Group, Inc.

AIG VALIC Specimen Section 457(b) Plan Document Changes

The following summary highlights the material changes made to the AIG VALIC specimen 457(b) plan document:

Sections 2.02 and 7.07, Unforeseeable Emergency Withdrawals. The plan sponsor may now elect whether to allow unforeseeable emergency withdrawals under the plan. The section regarding unforeseeable emergency withdrawals was revised to reflect the final section 457 regulations and the recent proposed section 415 regulations that amended the definition of dependent for certain unforeseeable emergency withdrawals.

Section 2.03 and Section 7.9, Participant's Election to Receive In-Service Distribution. The plan sponsor may elect whether to allow an inactive participant to elect to receive a distribution of his/her account, so long as the account balance does not exceed \$5,000.

Section 2.04 and Section 7.10, Distribution without Participant's Consent. The plan sponsor may elect to have a mandatory distribution of inactive participant accounts that do not exceed \$1,000. There is no mandatory distribution of inactive participant accounts greater than \$1,000.

Section 2.05 and Article X, Loans. An election to allow loans and a loan provision have been incorporated into the plan document (replacing a formerly separate amendment).

Section 3.11, Includible Compensation. The Job Creation and Worker Assistance Act of 2002 changed the definition of includible compensation to the Internal Revenue Code ("IRC") section 415(c)(3) gross definition of compensation. This change in definition was incorporated into the plan document from an Amendment to the prior plan document ("Amendment 1").

Section 3.12, Maximum Limitation. Paragraphs entitled, "Coordination of Catch-Up Contributions" and "Excess Deferrals," were incorporated into the plan document from Amendment 1. The former provides that the age-based and 457special catch-up limits cannot both be used in the same year. The latter provides for the return of excess deferrals to the participant.

Section 3.14, Normal Retirement Age. A change in this definition was incorporated into the plan document from Amendment 1. Absent an employer-sponsored defined benefit or money purchase plan with an earlier retirement age at which unreduced benefits could be received, Normal Retirement Age ("NRA") must generally be between ages 65 and 70 1/2. The definition was also amended to allow a qualified police officer or firefighter to designate a NRA between ages 40 and 70 1/2 if the employer allows.

Section 3.15, Participant. The definition of Participant was amended to track the language of the final 457 regulations -- employees enrolled in the plan or individuals who have previously deferred compensation under the plan and who have not received their entire benefit.

Section 5.08, Deferrals after Severance from Employment, including Sick, Vacation and Back Pay. Before a severance from employment, participants may elect to defer accumulated sick, accumulated vacation, and back pay if an agreement providing for the deferral is entered into before the beginning of the month in which the amounts would otherwise be paid or made available and the participant is an employee on the date the amounts would otherwise be paid or made available. After a severance from employment, deferrals may be made for former employees for certain types of compensation. Payments for accrued bona fide sick, vacation or other leave may be deferred if such amounts are paid within 2 1/2 months of the severance, the agreement to defer these amounts is entered into before the beginning of the month in which the amounts are paid, and the employee would have been able to use the leave if employment had continued. Deferrals may also be made for former employees for compensation paid to permanently and totally disabled participants, and for compensation related to qualified military service. Although both the proposed and final section 457 regulations had a provision for the deferral of accumulated sick and vacation and back pay, which provision was included in Amendment 1, the recently proposed section 415 regulations amended the section 457 regulations and changed the requirements for these deferrals. The final 457 regulations required the participant to have been an employee in the month in which the sick or vacation pay payment was received; now the payment can be received up to 2 1/2 months after severance and deferrals made if the other requirements noted above are met.

RECEIVED

FEB 14 2006

AIG VALIC

HR NORTH

AIG VALIC Specimen Section 457(b) Plan Document Changes

Section 7.01, Distribution of Retirement Benefits. This section was amended to allow in-service distributions to a participant upon attainment of age 70 1/2.

Section 7.04, Required Minimum Distributions. This section was expanded to detail the IRC section 401(a)(9) minimum distribution requirements.

Section 8.02(a), Domestic Relations Orders. This section was rewritten more succinctly to provide that a distribution pursuant to a domestic relations order can be made immediately and the Plan Administrator will have the ability to establish procedures for determining the status of a domestic relations order and for effectuating distribution pursuant to the order.

Section 9.01, Transfers. This section was amended to reflect the final section 457 regulations with respect to transfers by a participant who has severed employment with the transferring employer and now works for the employer maintaining the receiving plan. Although the proposed section 457 regulations had transfer provisions that were included in Amendment 1, these provisions changed in the final section 457 regulations. Detail was also added in this section on transfers to a state defined benefit plan to purchase permissive service credit.

Section 9.02, Rollovers. This section was amended to provide that to the extent required by the IRC, the plan will separately account for any eligible rollover distributions it receives. Rollover contributions received on or after January 1, 2006, will not be subject to plan distribution restrictions, and may be distributed at any time.

Section 11.01, Amendment or Termination. This section was amended to provide that all plan assets will be distributed as soon as administratively practicable after the termination of the plan. This provision was formerly in Amendment 1.

Article XII, USERRA. The section was expanded with additional detail regarding the IRC section 414(u) requirements for participants returning from qualified military service.

Article XIII, Mistaken Contributions. This section was added from IRS guidance and allows for the return of mistake of fact contributions.



SAMPLE FORM

Non-ERISA Loan Agreement

For VALIC Annuity Accounts Only – All Plan Types

The Variable Annuity Life Insurance Company (VALIC)

Mail Completed Forms to: AIG VALIC - Document Control L5-10 P.O. Box 4598 Houston, TX 77210-4598 Call 1-800-448-2542 for assistance

1. CLIENT INFORMATION

Name: _____ Daytime Phone: _____

SS#: _____ Contract or Account: _____

2. TERMS OF LOAN AND PROMISSORY NOTE

For value received, I agree to pay VALIC the principal sum of \$ _____ within _____ years (1 to 5 years)* from the effective date of the loan, with interest payable up to 3% above the minimum guaranteed interest rate as defined in the contract, in equal amortized quarterly payments due on the last day of each quarter of each loan year. In no event will a loan be granted in excess of the maximum amount described in the Loan Disclosure Statement, which accompanies and is made a part of this Loan Agreement. If a quarterly loan payment is not received within 90 days immediately following the loan payment due date, all money payable hereunder shall be due and payable; and the principal loan amount not repaid, plus loan interest due thereon, will be due and payable. In the event of default, interest will continue to accrue at a rate equal to the minimum guaranteed interest rate under the contract or account, quarterly until the loan is repaid or foreclosed upon. If not repaid, the principal loan amount outstanding, plus loan interest due thereon, will be considered a distribution for federal income tax purposes. Such a distribution, even though deemed and not actual, prior to age 59½ may result in a 10% early withdrawal penalty. The loan will become immediately due and payable if the entire annuity contract or account is surrendered (including the amount reserved as security for the loan) or if I elect to receive an annuity under the annuity contract or account. Your loan check may be reduced by a \$60.00 processing fee, which will be considered part of the total loan amount. Fee may not be applicable in certain states.

* For a loan used to acquire your principal residence only, you may extend the term to up to 10 years.

For Independence Plus and Portfolio Director® contracts indicate the principal amount and investment option from which the funds are to be withdrawn:

FB001 _____ FP002 _____

3. MAILING INSTRUCTIONS

Send check by overnight delivery. I understand, by providing my credit card number below, that this service will be billed to my credit card and that a street address is required. If the credit card charge is not approved, the check will be sent by regular mail.

Card # _____ Expiration Date: _____ MasterCard Visa American Express

Send the check to the address indicated. Address: _____

Send the check to the address indicated on my statement. City: _____ State: _____

Check if the address indicated is your new permanent address. ZIP: _____

4. VESTING DETERMINATION FOR EMPLOYER CONTRIBUTION SOURCES: (TO BE COMPLETED BY EMPLOYER SPONSORING THE PLAN)

Employee Service (Complete if VALIC IS providing full pension services.)

Service is based on (check one): Last plan year-end Last employment anniversary Calendar year

All Employers Indicate hours worked if Hours of Service is used by your plan to calculate benefits. Indicate months worked if Elapsed Time is used by your plan to calculate benefits. Any month in which an employee was compensated for one hour must be counted as a month worked.

Hours Worked _____ or Months Worked _____

Vesting Information (Complete if VALIC IS NOT providing full pension services.)

Employer Basic% _____ Employer Supplemental/Matching% _____

Non-Vested _____% Vested _____% Non-Vested _____% Vested _____%

RECEIVED
FEB 14 2006
HR NORTH

AIG VALIC is the marketing name for the family of companies comprising VALIC Financial Advisors, Inc.; VALIC Retirement Services Company; and The Variable Annuity Life Insurance Company (VALIC); members of American International Group, Inc.



Non-ERISA Loan Agreement

For VALIC Annuity Accounts Only – All Plan Types

The Variable Annuity Life Insurance Company (VALIC)

Mail Completed Forms to: **AIG VALIC - Document Control L5-10** P.O. Box 4598 Houston, TX 77210-4598 Call 1-800-448-2542 for assistance

5. PLAN ADMINISTRATOR APPROVAL

To be completed where required under your employer's plan.

- I approve this loan in accordance with current plan provisions and all applicable laws and regulations.
- I verify that the information provided on this form for purposes of this distribution is correct to the best of my knowledge.

Plan Administrator's Signature

Date

6. SECURITY AND APPROVAL FOR LOAN

- In consideration for the loan, I hereby pledge to VALIC as security for the loan the following amounts: (1) the cash surrender value of the contract or account in an amount equal to the value of the loan; (2) the portion of the loan interest due with a quarterly loan payment; (3) any applicable surrender charge; and (4) all interest credited on (1), (2) and (3) held in reserve until the loan is repaid or foreclosed upon. Any applicable surrender charge is calculated as if I partially surrendered an amount equal to the loan balance as of the beginning of the loan term. The reserve is not subject to withdrawal, surrender, reallocation, transfer, assignment or pledge to anyone other than VALIC.
- I acknowledge that I have read this Loan Agreement and the attached Disclosure Statement and that I agree to be bound by their terms and conditions.
- I do not have any loans under this or any other plan sponsored by this employer (or under a plan sponsored by any other employer related to the employer sponsoring this plan) that would cause any amount of this loan to be in excess of the applicable loan limits described in Section 2 of the Disclosure Statement.
- I do not have any outstanding defaulted loans under this or any other plan sponsored by this employer (or under a plan sponsored by any other employer related to the employer sponsoring this plan.)

Participant's Signature

Date

RECEIVED
FEB 14 2003
HR NORTH

Disclosure Statement

THIS LOAN DISCLOSURE STATEMENT ACCOMPANIES AND IS PART OF THE LOAN AGREEMENT.

Additional loans will not be allowed to participants with outstanding defaulted loans under this or any other plan sponsored by this employer (or under a plan sponsored by any other employer related to the employer sponsoring this plan) until these defaulted loans have been repaid with outside funds or can be fully foreclosed.

Payments of principal and interest should be made by check payable to THE VARIABLE ANNUITY LIFE INSURANCE COMPANY.

The remittance address will be indicated on the payment coupon. However, payments are due regardless of receipt of payment coupon. For additional information contact our Client Care Center at 1-800-448-2542.

1. APPLICABILITY

Loans as described herein are available only from VALIC annuity contracts and accounts issued to tax-qualified and governmental 457(b) plans, which are not subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the Plan is subject to ERISA, please call our Client Care Center at 1-800-448-2542 to have a VALIC ERISA Loan Agreement and Disclosure Statement sent to you.

2. AMOUNT OF LOAN

VALIC processes loans for loan qualification purposes solely on the basis of employer tax-qualified and governmental 457(b) plans that are invested in VALIC annuity contracts or accounts.

VALIC assumes no responsibility for the processing of loans other than in accordance with the limits described below as applied to VALIC annuity contracts and accounts issued to such employer tax-qualified and governmental 457(b) plans.

- a. The availability and amount of a loan are subject to any applicable restrictions in the plan.
- b. Both fixed and variable VALIC accounts are considered for purposes of qualifying a loan, but only the vested portion of a fixed sub-account may be used as security for a loan. The fixed vested portion of the annuity contract or sub-account against which the loan is requested must equal or exceed the initial security reserve [see section 4(a)].
- c. The maximum amount you may borrow may not exceed the lesser of \$50,000 [reduced by the highest total outstanding loan balance you had during the past 12 months under all tax-qualified and governmental 457(b) plans sponsored by the employer] or 50% of the present value of your vested accrued benefit under all such plans of the employer. The 50% limit does not apply when the loan amount requested plus any existing indebtedness is \$10,000 or less.
- d. Loans are not made to participants who have begun receiving annuity payments under the contract or account.
- e. VALIC may from time to time establish minimum loan amounts. Refer to your VALIC contract for the current minimum.
- f. If a participant annuitizes, surrenders the contract or account, or dies before the loan is repaid, the annuity value or death benefit payable under the contract will be reduced by the outstanding loan amount, delinquent quarterly interest payments, prorated portion of quarterly loan interest and any applicable surrender charge.

3. TERMS OF LOAN

- a. Amortized equal loan payments of principal and interest are due on the last day of each quarter of the loan year.
- b. Quarterly payments are required. Quarterly payment obligations may not be satisfied more than one quarter in advance.
- c. Payments received by VALIC will be applied in this order:
First, to any outstanding payments due
Second, to the current quarterly payment due
Third, to the next quarterly payment
Fourth, to the principal balance

- d. The loan balance may be repaid in full at any time. Please contact the Client Care Center at 1-800-448-2542 to obtain a payoff quote which includes principal and interest due. If the loan is repaid in full before the end of the loan term, loan interest due shall be prorated.

4. SECURITY FOR LOAN

- a. VALIC will place in a security reserve an amount equal to the sum of the loan amount, the contract surrender charge as if the loan amount had been surrendered at the start of the loan term, if applicable, and all interest credited to the foregoing amounts.
- b. I pledge the foregoing amount in the security reserve to VALIC as security for this loan. This amount is not subject to withdrawal, surrender, reallocation, transfer, assignment or pledge to anyone other than VALIC.
- c. The portion of the reserve equal to the loan balance and interest thereon will accumulate minimum guaranteed interest at the applicable contract rate. The portion of the reserve equal to the amount necessary to satisfy the surrender charge, if applicable, and interest thereon, will earn interest at the applicable minimum guaranteed interest rate or such higher rate declared by VALIC's Board of Directors but no less than the minimum guaranteed rate under the contract.
- d. As loan balance repayments are made, pro-rata portions of the loan balance and accumulated interest on that amount held in the security reserve will be credited to the contract or account and will earn interest at a rate declared by VALIC's Board of Directors. When the loan is repaid in full, the remaining amount in the security reserve will be credited to the contract or account.
- e. VALIC will foreclose on the security reserve for the foreclosure amount upon default or when any withdrawal or plan restrictions no longer apply. If the loan is foreclosed upon, any amount in the security reserve in excess of the foreclosure amount will be credited to the contract or account.

5. LOAN DEFAULT

- a. The loan is in default if a quarterly payment is more than 90 days past the payment due date. Once the loan is in default the outstanding loan amount, delinquent quarterly interest payments, prorated portion of quarterly loan interest and any applicable surrender charge are immediately due and payable to VALIC.
- b. The defaulted loan amount will be reported on IRS Form 1099-R or other applicable reporting form as a taxable distribution for federal income tax purposes. (Caution: Such a distribution prior to age 59½ may result in a 10% early withdrawal federal income tax penalty.)
- c. If there are any withdrawal or plan restrictions, then, upon default, VALIC may be unable to immediately foreclose upon the security reserve and discharge your loan. VALIC may only foreclose upon the security reserve upon the occurrence of a distributable event under your plan, such as your attainment of age 59½, death, disability or separation from service. Until such time, VALIC must continue to carry your loan and credit interest to you as described above. At the same time, you will continue to accrue interest equal to the minimum guaranteed interest rate under your current contract until the loan is repaid or foreclosed upon.
- d. You may repay the defaulted loan amount plus interest due to VALIC prior to foreclosure. This repayment must be in full and will not result in any tax consequences. Contact the Client Care Center 1-800-448-2542 for a payoff quote.

AIG VALIC MAILING ADDRESS:
Please send completed forms to:

AIG VALIC - Document Control L5-10
P.O. Box 4598
Houston, TX 77210-4598

Call 1-800-448-2542 for assistance.

RECEIVED

FEB 14 2006

HR NORTH

RECEIVED

FEB 14 2006

HR NORTH

**SPECIMEN
SECTION 457(b) DEFERRED COMPENSATION PLAN**

GOVERNMENTAL EMPLOYERS

This specimen plan document is intended to meet the requirements of an eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, that is sponsored by a governmental employer, as defined thereunder. This document is provided for consideration by the employer and its legal counsel. Modifications may be required depending on the specific facts and circumstances of the employer, including any applicable state or local laws, rules or regulations regarding deferred compensation or retirement benefits for governmental employees. VALIC cannot and does not provide legal or tax advice.

RECEIVED

FEB 14 2006

HR NORTH

DEFERRED COMPENSATION PLAN
(Governmental)

ARTICLE I. INTRODUCTION

Okaloosa Board of County Commissioners (hereinafter the "Employer") hereby establishes the 457(b) Deferred Compensation Plan (hereinafter the "Plan"). The Plan is intended to be an eligible deferred compensation plan under section 457 of the Internal Revenue Code of 1986, as amended. The primary purpose of this Plan is to attract and retain qualified personnel by permitting them to provide for benefits in the event of their retirement or death. Nothing contained in this Plan shall be deemed to constitute an employment agreement between any Participant and the Employer and nothing contained herein shall be deemed to give any Participant any right to be retained in the employ of the Employer.

ARTICLE II. PLAN ELECTIONS

2.01 Plan Effective Date. (Hereinafter the "Effective Date.") (Check one.)

This Plan is being established by the Employer effective _____, _____.

This Plan amends and restates the Plan previously established by the Employer and is effective 12/30/2005, _____. The Plan was originally established by the Employer effective 10/15/1992, _____.

2.02 Unforeseeable Emergency Withdrawals. (Check one.)

Yes. Withdrawals under Section 7.07 shall be available under this Plan.

No. Withdrawals under Section 7.07 shall not be available under this Plan.

2.03 Participant's Election to Receive In-Service Distribution. A Participant may elect to receive an in-service distribution of his account balance as described in Section 7.09. (Check one.)

Yes, if the total amount payable to a Participant under the Plan does not exceed the dollar amount under section 411(a)(11)(A) of the Code (currently \$5,000).

No. Section 7.09 shall not apply to this Plan.

2.04 Distribution without Participant's Consent. Small accounts of certain inactive Participants may be distributed without the Participant's consent as described in Section 7.10. (Check one.)

Yes, if the total amount payable to a Participant under the Plan does not exceed \$1,000. Such amount will be paid in cash to the Participant.

No. Section 7.10 shall not apply to this Plan.

2.05 Loans. (Check one.)

Yes, loans are allowed and Article X shall apply to this Plan.

No, loans are not allowed and Article X shall not apply to this Plan.

2.06 Governing Law. This Plan shall be construed under the laws of the State of Florida (insert state). This Plan shall be subject to any applicable State, county or local deferred compensation rules and regulations.

ARTICLE III. DEFINITIONS

3.01 Account: The account maintained for each Participant reflecting the cumulative amount of each Participant's Deferred Compensation, including any income, gains, losses, or increases or decreases in market value attributable to the investment of the Participant's Deferred Compensation, and further reflecting any distributions to the Participant or the Beneficiary and any fees or expenses charged against the Participant's Deferred Compensation.

3.02 Annuity Contract: If selected by the Employer as an investment option, one or more group fixed, variable or combination fixed and variable annuity contracts issued by The Variable Annuity Life Insurance Company (VALIC) and approved for sale in the Employer's state, or by another insurance company qualified to do business in the Employer's state, which provide for periodic payments at regular intervals, whether for a period certain or during one or more lives, and which are non-transferable.

3.03 Beneficiary or Beneficiaries: The person or persons designated by the Participant in his Deferred Compensation Agreement who shall receive any benefits payable hereunder in the event of the Participant's death. If more than one designated Beneficiary survives the Participant, payments shall be made equally to the surviving Beneficiaries, unless otherwise provided in the Deferred Compensation Agreement. If no Beneficiary is designated in the Deferred Compensation Agreement or if no designated

RECEIVED

FEB 14 2006

HR NORTH

Beneficiary survives the Participant, then the estate of the Participant shall be the Beneficiary. However, a Participant may designate a contingent Beneficiary (or Beneficiaries) who shall become the primary Beneficiary (or Beneficiaries) under this Plan in the event that no primary Beneficiary survives the Participant.

- 3.04 Code: The Internal Revenue Code of 1986, as amended, and regulations thereunder.
- 3.05 Deferred Compensation: The amount of Normal Compensation otherwise payable to the Participant that the Participant and the Employer mutually agree to defer hereunder, any amount credited to a Participant's Account by reason of a transfer under Section 9.01, or any other amount that the Employer agrees to credit to a Participant's Account and that does not exceed the Maximum Limitation.
- 3.06 Deferred Compensation Agreement: An agreement entered into between a Participant and the Employer and any amendments or modifications thereof, which agreement shall fix the amount of Deferred Compensation; specify the Participant's investment selection with respect to his Deferred Compensation; designate the Participant's Beneficiary or Beneficiaries and incorporate the terms, conditions, and provisions of this Plan by reference.
- 3.07 Eligible Retirement Plan: A plan described in Code section 402(c)(8)(B) to which an Eligible Rollover Distribution may be transferred pursuant to Code section 457(e)(16).
- 3.08 Eligible Rollover Distribution: A qualifying distribution to a Participant, or to a spousal Beneficiary of a deceased Participant, that is described in Code section 402(c)(4).
- 3.09 Employee: Any individual, whether appointed, elected or under contract, providing services for the Employer for which compensation is paid.
- 3.10 Employer: The entity identified in Article I, which entity is a State, political subdivision of a State, or an agency or instrumentality of a State or political subdivision of a State.
- 3.11 Includible Compensation: For a taxable year, the Participant's compensation, as defined in Code section 415(c)(3), for services performed for the Employer. The amount of Includible Compensation shall be determined without regard to any community property laws.
- 3.12 Maximum Limitation: The maximum amount that may be deferred under this Plan (other than rollover amounts described in Section 9.02) for the

FEB 14 2006

HR NORTH

taxable year of a Participant. Such amount shall be either the Normal Limitation or Catch-Up Limitation, whichever is applicable.

- (a) Normal Limitation: The maximum amount deferred shall not exceed the lesser of the applicable dollar amount (as described in Section 3.12(c) below) or 100% of the Participant's Includible Compensation, as adjusted by Section 3.12(d) below. Notwithstanding the preceding provisions of this paragraph, for calendar years prior to 2002, the maximum amount deferred shall not exceed such limit or limits in effect for the applicable year pursuant to section 457 of the Code.
- (b) Catch-Up Limitation: For each one of the last three (3) taxable years of a Participant ending before the Participant's attainment of Normal Retirement Age, the maximum amount deferred for each such year shall be the lesser of:
 - (1) twice the applicable dollar amount (as described in Section 3.12(c) below); or
 - (2) the sum of the Normal Limitation, plus that portion of the Normal Limitation not used in each of the prior taxable years of the Participant commencing after 1978 in which (i) the Participant was eligible to participate in this Plan or another eligible plan of the Employer, and (ii) compensation deferred under this Plan (or such other plan) was subject to the deferral limitations set forth in this section.

A Participant may utilize the Catch-Up Limitation only if the Participant has not previously utilized it with respect to a different Normal Retirement Age under this Plan or any other plan.

For years prior to 2002, the limit under this paragraph (b) for any year shall not exceed \$15,000.

- (c) Applicable Dollar Amount: For contributions in 2002 and in subsequent years, the applicable dollar amount shall be the amount determined in accordance with the following table:

| <u>For taxable years beginning in calendar year:</u> | <u>The applicable dollar amount:</u> |
|--|--|
| 2002 | \$11,000 |
| 2003 | \$12,000 |
| 2004 | \$13,000 |
| 2005 | \$14,000 |
| 2006 or thereafter | \$15,000 |

In the case of taxable years beginning after December 31, 2006, the applicable dollar amount shall be adjusted for cost-of-living increases in accordance with Code section 457(e)(15).

- (d) Coordination with Other Plans: For contribution years prior to 2002, the amount excludible from a Participant's gross income for any taxable year under this Plan or any other plan under section 457(b) of the Code shall not exceed \$7,500 (as adjusted for cost-of-living increases in accordance with section 457(e)(15) of the Code) or such greater amount allowed under paragraph (b) of this section, less any amount excluded from gross income under sections 403(b), 402(e)(3), or 402(h)(1)(B) or (k) of the Code, or any amount with respect to which a deduction is allowable by reason of a contribution to an organization under section 501(c)(18) of the Code.

- (e) Age-Based Catch-Up Contributions: In addition to any other limit set forth in this section, and subject to any limitations that may be imposed under present or future federal tax laws and rules, a Participant who will attain age 50 in the calendar year may contribute an additional amount in such year or a subsequent year, according to the following schedule:

| <u>Year of Contribution:</u> | <u>Additional Catch-Up Amount:</u> |
|------------------------------|------------------------------------|
| Prior to 2002 | \$ 0 |
| 2002 | \$1,000 |
| 2003 | \$2,000 |
| 2004 | \$3,000 |
| 2005 | \$4,000 |
| 2006 and later | \$5,000 |

In the case of taxable years beginning after December 31, 2006, the additional catch-up amount shall be adjusted for cost-of-living increases in accordance with section 414(v)(2)(C) of the Code.

- (f) Coordination of Catch-Up Contributions: A Participant may not utilize both the Catch-Up Limitation and the Age-Based Catch-Up Contribution in the same year. The Age-Based Catch-Up Contribution shall not apply for any taxable year for which a higher Catch-Up Limitation applies.

- (g) Excess Deferrals: Any amount deferred in excess of the Maximum Limitation or Age-Based Catch-Up Contribution shall be distributed to the Participant, with allocable net income, as soon as administratively practicable after the Plan determines that the amount is an excess deferral. An excess deferral as a result of a

RECEIVED

FEB 14 2006

HR NORTH

failure to comply with the individual limitation under Treas. Reg. section 1.457-5 for a taxable year may be distributed to the Participant, with allocable net income, as soon as administratively practicable after the Plan determines that the amount is an excess deferral.

- 3.13 Normal Compensation: The amount of compensation that would be payable to a Participant by the Employer if no Deferred Compensation Agreement were in effect to defer compensation under this Plan.
- 3.14 Normal Retirement Age: The age that determines the period during which a Participant may utilize the Catch-Up Limitation of Section 3.12(b) hereunder. A Participant's Normal Retirement Age shall be age 70½, unless the Participant has elected an alternative Normal Retirement Age by written instrument delivered to the Employer prior to Severance from Employment.

A Participant's alternative Normal Retirement Age may not be earlier than the earliest date that the Participant shall become eligible to retire and receive unreduced retirement benefits under the Employer's defined benefit plan or money purchase plan covering that Participant and may not be later than the calendar year in which the Participant attains age 70½. If the Participant will not be eligible to receive benefits under a defined benefit plan or money purchase plan maintained by the Employer, the Participant's Normal Retirement Age may not be earlier than attainment of age 65 and may not be later than the calendar year in which the Participant attains age 70½.

If the Participant is a qualified police officer or firefighter as defined under section 415(b)(2)(H)(ii)(I) of the Code, then such qualified police officer or firefighter may designate an alternative Normal Retirement Age that is between age 40 and age 70 1/2.

Once a Participant has to any extent utilized the Catch-Up Limitation of Section 3.12(b), his Normal Retirement Age may not be changed.

- 3.15 Participant: Any Employee who has enrolled in this Plan pursuant to the requirements of Article V or who has previously deferred compensation under this Plan and who has not received a distribution of his or her entire benefit under the Plan.
- 3.16 Plan Year: The 12-month period commencing each January 1 and ending on the following December 31.
- 3.17 Severance from Employment: Termination of the Participant's employment relationship with the Employer. For years prior to 2002, references in this

RECEIVED

FEB 14 2006

HR NORTH

Plan to Severance from Employment shall mean severance of the Participant's employment with the Employer, within the meaning of Code section 402(e)(4)(D)(i)(III), rather than termination of the Participant's employment relationship with the Employer.

- 3.18 Service Provider: The Variable Annuity Life Insurance Company (VALIC), VALIC Retirement Services Company or such other entity as the Employer designates to perform administrative services under this Plan.

ARTICLE IV. ADMINISTRATION

- 4.01 Plan Administrator. This Plan shall be administered by the Employer or one or more persons designated by the Employer. The Plan Administrator, if other than the Employer, shall act as the agent of the Employer in all matters concerning the administration of this Plan. The Plan Administrator shall have full power to adopt, amend, and revoke such rules and regulations consistent with and as may be necessary to implement, operate and maintain this Plan, to enter into contracts on behalf of the Employer under this Plan, and to make discretionary decisions affecting the rights or benefits of Participants under Section 7.07 of this Plan.
- 4.02 Employee with Administrative Responsibilities. Any Employee who is charged with administrative responsibilities hereunder may participate in the Plan under the same terms and conditions as apply to other Employees. However, he shall not have the power to participate in any discretionary action taken with respect to his participation under Section 7.07 of this Plan.
- 4.03 Administrative Services. The Employer may enter into an agreement with a Service Provider to provide nondiscretionary administrative services under this Plan for the convenience of the Employer, including, but not limited to, the enrollment of Employees as Participants, the maintenance of Accounts and other records, the making of periodic reports to Participants, and the disbursement of benefits to Participants.

ARTICLE V. PARTICIPATION IN THE PLAN

- 5.01 Participant. An Employee becomes a Participant when he has executed and entered into a Deferred Compensation Agreement with the Employer.
- 5.02 Enrollment in the Plan. An Employee may become a Participant as of the first day of any calendar month by entering into a Deferred Compensation Agreement with respect to compensation not yet earned. A new Employee may become a Participant on the first day of employment by entering into a Deferred Compensation Agreement on or before the first

day of employment with respect to compensation not yet earned. The Deferred Compensation Agreement shall defer compensation not yet earned, and each Deferred Compensation Agreement must be made before the beginning of the month in which it is to become effective or, with respect to a new employee, on or before the first day of employment.

- 5.03 Minimum Deferral Amount. At the time of entering into or amending a Deferred Compensation Agreement hereunder, a Participant must agree to defer a minimum periodic amount as specified by the Plan Administrator.
- 5.04 Change in Amount of Deferred Compensation or Beneficiary. A Participant may not amend or modify an executed Deferred Compensation Agreement to change the amount of Deferred Compensation except with respect to compensation to be earned in the subsequent calendar month and provided that notice is given prior to the beginning of the month for which such change is to be effective. A Participant may change the Beneficiary designated in his Deferred Compensation Agreement at any time by giving written notice to the Plan Administrator.
- 5.05 Revocation of Deferred Compensation Agreement. A Participant may revoke his Deferred Compensation Agreement and thereafter be restored to his Normal Compensation in the subsequent calendar month, by giving notice to the Employer prior to the beginning of the month for which such revocation is to be effective.
- 5.06 New Deferred Compensation Agreement Upon Return to Service or After Revocation. A Participant who returns to active service with the Employer after a Severance from Employment, or who has revoked his Deferred Compensation Agreement under Section 5.05, may again become an active Participant by executing a new Deferred Compensation Agreement with the Employer prior to the beginning of the calendar month as to which it is to be effective.
- 5.07 Leave of Absence; Other Absences. Compensation may continue to be deferred under this Plan with respect to a Participant who is on an approved leave of absence from the Employer with compensation, and all of the rules of this Article shall apply with respect to making, amending or revoking any Deferred Compensation Agreement for such a Participant.
- 5.08 Deferrals after Severance from Employment, Including Sick, Vacation, and Back Pay Under an Eligible Plan. A Participant who has not had a Severance from Employment may elect to defer accumulated sick pay, accumulated vacation pay, and back pay under this Plan in accordance with the requirements of Code section 457(b). These amounts may be deferred for any calendar month only if an agreement providing for the

deferral is entered into before the beginning of the month in which the amounts would otherwise be paid or made available and the Participant is an employee on the date the amounts would otherwise be paid or made available. Compensation that would otherwise be paid for a payroll period that begins before Severance from Employment is treated as an amount that would otherwise be paid or made available before an Employee has a Severance from Employment. In addition, deferrals may be made for former Employees with respect to compensation described in Treas. Reg. section 1.415(c)-2(e)(3)(ii) (relating to certain compensation paid within 2 1/2 months following Severance from Employment), compensation described in Treas. Reg. section 1.415(c)-2(g)(4) (relating to compensation paid to participants who are permanently and totally disabled), and compensation relating to qualified military service under Code section 414(u).

ARTICLE VI. INVESTMENT OF DEFERRED COMPENSATION

- 6.01 Annuity Contracts and Other Plan Investments. For the purposes of satisfying its obligation to provide benefits under this Plan, the Employer shall invest the amount of compensation deferred by each Participant in Annuity Contracts and other Plan investments as specified in the Participants' Deferred Compensation Agreements. Amounts deferred under this Plan must be transferred to a trust, custodial account or annuity contract described in Section 6.02 within a period that is not longer than is reasonable for the proper administration of the Participant Accounts. Responsibility for the selection of investment alternatives for Plan assets shall be retained by the Employer, and the Employer shall have the right to modify the selection of investment alternatives from time to time. However, Participants and Beneficiaries may allocate amounts held in their Accounts or otherwise credited for their benefit under the Plan among the investment alternatives selected by the Employer, and the Employer shall cause such amounts to be so allocated within a reasonable time after the receipt of Participant instructions, or may instruct the issuer, trustee, or custodian to accept such allocation instructions directly from Participants and Beneficiaries as representatives of the Employer.
- 6.02 Exclusive Benefit. Notwithstanding any provision of the Plan to the contrary, all amounts held under the Plan, including amounts deferred and earnings or other accumulations attributable thereto, shall be held for the exclusive benefit of Plan Participants and Beneficiaries (i) in annuity contracts, or (ii) in trust or in one or more custodial accounts pursuant to one or more separate written instruments. Any such annuity contract, trust, or custodial account must satisfy the requirements of section 457(g)(1) of the Code. The annuity contract, trust or custodial account must make it impossible, prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets

RECEIVED

FEB 14 2006

HR NORTH

and income of the annuity contract, trust or custodial account to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries. For purposes of this section, the terms Participant and Beneficiary shall also include contingent beneficiaries and/or spouses, former spouses, or children of Participants for whose benefit amounts are being held under the Plan pursuant to the terms of a domestic relations order which has been recognized under the terms of the Plan. Any discretionary authority reserved to the Employer (or to any administrator or administrative committee) under the Plan or under any investment held under the Plan, to the extent the exercise thereof would otherwise be inconsistent with this section, shall be exercised for the exclusive benefit of Plan Participants and Beneficiaries. Any issuer of an annuity contract or trustee or custodian of other investments held under the Plan shall have no authority to pay any amounts from such Plan investments to any creditor of the Employer, and shall have no duty to inquire into the validity of any request by the Employer or by an administrator or administrative committee for distribution of amounts for the benefit of a Participant or a Beneficiary under the Plan.

- 6.03 Benefits Based on Participant's Account Value. The benefits paid to a Participant or Beneficiary pursuant to Article VII of this Plan shall be based upon the value of the Participant's Account. In no event shall the Employer's liability to pay benefits exceed the value of the Participant's Account, and the Employer shall not be liable for losses arising from depreciation or other decline in the value of any investments acquired under this Plan.
- 6.04 Periodic Reports. Each Participant shall receive periodic reports, not less frequently than annually, showing the then-current value of his Account.
- 6.05 Employer-Directed Accounts. Notwithstanding any provision of the Plan to the contrary, the Employer shall direct the issuer, trustee or custodian with respect to the investment of any contributions that are forwarded to the issuer, trustee or custodian prior to the date on which the Participant or Beneficiary completes the necessary paperwork with the issuer, trustee or custodian (or takes such other action or actions as may be necessary) to direct the investment of such amounts. Such direction shall be communicated to the issuer, trustee or custodian by means of a separate written agreement between the Employer and issuer, trustee or custodian, which agreement shall include a default investment option and a default beneficiary designation. This direction shall be effective only until such time as the Participant or Beneficiary exercises his right to direct the investment of such amounts and to designate a Beneficiary in accordance with the terms of the Plan.

RECEIVED

FEB 14 2006

HR NORTH

ARTICLE VII. BENEFITS

- 7.01 Distribution of Benefits. Except as otherwise provided in this Article, a Participant's Account shall become distributable upon a Participant's attainment of age 70½ or upon Severance from Employment. If the Participant has had a Severance from Employment, the distribution of a Participant's Account shall commence no later than April 1 of the calendar year following the year of the Participant's attainment of age 70½. Distributions shall be made in accordance with one of the payment options described in Section 7.03.
- 7.02 Distribution Procedures. The Employer may from time to time establish procedures for Participant distribution elections, provided that such procedures are not inconsistent with the requirements of Section 7.01.
- 7.03 Payment Options. A Participant (or a Beneficiary as provided in Section 7.06) may elect to have the value of the Participant's Account distributed in accordance with one of the following payment options provided that such option is available under the investment and consistent with the limitations set forth in Section 7.04:
- (a) life annuity;
 - (b) life annuity with 60, 120, or 180 monthly payments guaranteed;
 - (c) unit refund life annuity;
 - (d) joint and last survivor annuity (spouse only);
 - (e) lump sum;
 - (f) term certain annuity with 36, 48, 60, 72, 84, 96, 108, 120, 132, 144, 156, 168 or 180 monthly payments guaranteed;
 - (g) withdrawals for a specified number of years;
 - (h) withdrawals of a specified amount; or
 - (i) any other method of payment agreed upon between Participant and Employer and accepted by the investment provider or Service Provider.

If a Participant fails to elect a payment option, any required payments shall be made under a payment option designated by the Employer.

FEB 14 2006

HR NORTH

Notwithstanding the options above, any option that involves a life contingency (or a joint life contingency) shall only be available under an Annuity Contract offered or obtained under the terms of the Plan.

7.04 Required Minimum Distributions.

- (a) No payment option may be selected by the Participant (or a Beneficiary) unless it satisfies the requirements of Code section 401(a)(9) and any additional Code limitations applicable to the Plan. The provisions of this section shall apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year. The requirements of this section shall take precedence over any inconsistent provisions of the Plan. All distributions required under this section shall be determined and made in accordance with the regulations under section 401(a)(9) of the Code. Notwithstanding the other provisions of this section, distributions may be made under a designation made before January 1, 1984, in accordance with section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to section 242(b)(2) of TEFRA.
- (b) The Participant's entire interest shall be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date. If the Participant dies before distributions begin, the Participant's entire interest shall be distributed, or begin to be distributed, no later than as follows:
 - (1) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then unless the surviving spouse elects to apply the 5-year rule (pursuant to subsection (f), below), distributions to the surviving spouse shall begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70-1/2, if later.
 - (2) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then unless the designated Beneficiary elects to apply the 5-year rule (pursuant to subsection (f)), below), distributions to the designated Beneficiary shall begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.
 - (3) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest shall be distributed by

FEB 14 2006

HR NORTH

December 31 of the calendar year containing the fifth anniversary of the Participant's death.

- (4) If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this subsection (b), other than paragraph (b)(1), shall apply as if the surviving spouse were the Participant.

For purposes of this subsection (b) and subsection (d), unless paragraph (b)(4) applies, distributions are considered to begin on the Participant's required beginning date. If paragraph (b)(4) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under paragraph (b)(1). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under paragraph (b)(1)), the date distributions are considered to begin is the date distributions actually commence.

Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions shall be made in accordance with subsections (c) and (d) of this section. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder shall be made in accordance with the requirements of section 401(a)(9) of the Code.

- (c) During the Participant's lifetime, the minimum amount that shall be distributed for each distribution calendar year is the lesser of:
- (1) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or
 - (2) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the regulations, using the Participant's and spouse's attained ages as of the

RECEIVED

FEB 14 2006

HR NORTH

Participant's and spouse's birthdays in the distribution calendar year.

Required minimum distributions shall be determined under this subsection (c) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

- (d) (1) If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:
- (a) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
 - (b) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.
 - (c) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.
- (2) If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's

FEB 14 2006

HR NORTH

death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

- (3) Except as otherwise elected (pursuant to subsection (f), below), if the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in paragraph (d)(1) and subsection (2).
 - (4) If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
 - (5) If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under paragraph (b)(1), this subsection (d) shall apply as if the surviving spouse were the Participant.
- (e) Definitions.
- (1) "Designated Beneficiary" means the individual who is designated as the Beneficiary under Section 6.02 of the Plan and is the designated Beneficiary under section 401(a)(9) of the Code and section 1.401(a)(9)-1, Q&A-4, of the regulations.
 - (2) "Distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year that contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under subsection (b). The required minimum distribution for the Participant's first distribution calendar year shall be made

RECEIVED

FEB 14 2006

HR NORTH

on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, shall be made on or before December 31 of that distribution calendar year.

- (3) "Life expectancy" means life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the regulations.
- (4) "Participant's account balance" means the account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.
- (5) "Required beginning date" means April 1st of the calendar year following the later of:
 - (a) the calendar year in which the Participant attains age 70-1/2; or
 - (b) the calendar year in which the Participant retires.
- (f) Participants or Beneficiaries may elect, on an individual basis, whether the 5-year rule or the life expectancy rule in subsections (b) and (d) applies to distributions after the death of a Participant who has a designated Beneficiary. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under subsection (b), or by September 30 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, the surviving spouse's) death. If neither the Participant nor the Beneficiary makes an election under this paragraph, distributions shall be made in accordance with subsections (b) and (d).

7.05 Post-Retirement Death Benefits. Should the Participant die after he has begun to receive benefits under a payment option, the guaranteed or remaining payments, if any, under the payment option shall be payable to

RECEIVED

FEB 14 2006

HR NORTH

the Participant's Beneficiary commencing with the first payment due after the death of the Participant. Payment to the Participant's Beneficiary must comply with section 401(a)(9) of the Code, and with any additional Code limitations applicable to the Plan. If the Beneficiary does not continue to live for the remaining period of payments under the payment option, then the remaining benefits under the payment option shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate. In no event shall the Employer be liable for any payments made in the name of the Participant or a Beneficiary before the Employer or its agent receives proof of the death of the Participant or Beneficiary.

- 7.06 Pre-Retirement Death Benefits. Should the Participant die before he has begun to receive benefits under Section 7.01, a death benefit equal to the value of the Participant's Account shall be payable to the Beneficiary. Such death benefit shall be paid in a lump sum unless the Beneficiary elects a different payment option. Payment to the Participant's Beneficiary must comply with section 401(a)(9) of the Code, and with any additional Code limitations applicable to the Plan. Should the Beneficiary die before the completion of payments under the payment option, the value of the remaining payments under the payment option shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate.
- 7.07 Unforeseeable Emergency Withdrawals. If the Employer so elects under Section 2.02, then in the event of an unforeseeable emergency, a Participant may apply to the Employer to receive that part of the value of his Account that is reasonably needed to satisfy the emergency need (including any amounts that may be necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution). If such application for withdrawal is approved by the Employer, the Employer shall direct the issuer, trustee or custodian to pay the Participant such value as the Employer deems necessary to meet the emergency need.

The regulations under section 457(d)(1)(A)(iii) of the Code define an unforeseeable emergency as a severe financial hardship of the Participant or Beneficiary resulting from an illness or accident of the Participant or Beneficiary, the Participant's or Beneficiary's spouse, or the Participant's or Beneficiary's dependent (as defined in Code section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code section 152(b)(1), (b)(2), and (d)(1)(B)); loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary. For example, the imminent foreclosure of or eviction from the Participant's or

FEB 14 2006

HR NORTH

Beneficiary's primary residence may constitute an unforeseeable emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the cost of prescription drug medication, may constitute an unforeseeable emergency. Finally, the need to pay for the funeral expenses of a spouse or a dependent (as defined in Code section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code section 152(b)(1), (b)(2), and (d)(1)(B)) may also constitute an unforeseeable emergency. Except as otherwise specifically provided in this Section 7.07, neither the purchase of a home nor the payment of college tuition is an unforeseeable emergency.

A distribution on account of an unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the Plan.

- 7.08 Transitional Rule for Annuity Payment Option Elections. If this Plan document constitutes an amendment and restatement of the Plan as previously adopted by the Employer and if a Participant or Beneficiary has commenced receiving benefits under an annuity payment option, that annuity payment option shall remain in effect notwithstanding any other provision of this Plan.
- 7.09 Participant's Election to Receive In-Service Distribution. If the Employer so elects under Section 2.03, a Participant may elect to receive an in-service distribution of the total amount payable to him under the Plan if:
- (a) such amount does not exceed the dollar amount under section 411(a)(11)(A) of the Code,
 - (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the distribution, and
 - (c) there has been no prior distribution under the Plan to the Participant under this Section 7.09 or under Section 7.10.
- 7.10 Distribution without Participant's Consent. If the Employer so elects under Section 2.04, the total amount payable to a Participant under the Plan may be distributed to the Participant without his consent if:
- (a) such amount does not exceed \$1,000,

RECEIVED

FEB 14 2006

HR NORTH

- (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the distribution, and
- (c) there has been no prior distribution under the Plan to the Participant under this Section 7.10 or under Section 7.09.

ARTICLE VIII. NON-ASSIGNABILITY

8.01 In General. Except as provided in Section 8.02, the interests of each Participant or Beneficiary under the Plan are not subject to the claims of the Participant's or Beneficiary's creditors; and no Participant or Beneficiary shall have any right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments hereunder or any interest under the Plan, which payments and interests are expressly declared to be non-assignable and non-transferable.

8.02 Domestic Relations Orders.

- (a) Allowance of Transfers: Notwithstanding Section 8.01, if a judgment, decree or order (including approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or the marital property rights of a spouse or former spouse, child, or other dependent of a Participant is made pursuant to a State domestic relations law ("domestic relations order"), then the amount of the Participant's Account shall be paid in the manner and to the person or persons so directed in the domestic relations order. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan. The Plan Administrator shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the domestic relations order. Where necessary to carry out the terms of such an order, a separate Account may be established with respect to the spouse, former spouse, or child who shall be entitled to make investment selections with respect thereto in the same manner as the Participant.
- (b) Release from Liability to Participant: 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, child, or other dependent pursuant to paragraph (a) of this section. No such transfer shall be effectuated unless the Employer or Service Provider has been provided with satisfactory evidence that the Employer and the Service Provider are released from any further claim by the Participant with respect to such amounts. The

Participant shall be deemed to have released the Employer and the Service Provider from any claim with respect to such amounts, in any case in which (i) the Employer or Service Provider has been served with legal process or otherwise joined in a proceeding relating to such transfer, (ii) the Participant has been notified of the pendency of such proceeding in the manner prescribed by the law of the jurisdiction in which the proceeding is pending by service of process in such action or by mail from the Employer or Service Provider to the Participant's last known mailing address, and (iii) the Participant fails to obtain an order of the court in the proceeding relieving the Employer or Service Provider from the obligation to comply with the judgment, decree, or order. The Participant shall also be deemed to have released the Employer or Service Provider if the Participant has consented to the transfer pursuant to the terms of a property settlement agreement and/or a final judgment, decree, or order as described in paragraph (a).

- (c) Participation in Legal Proceedings: The Employer and the Service Provider shall not be obligated to defend against or seek to have set aside any judgment, decree, or order described in paragraph (a) or any legal order relating to the garnishment of a Participant's benefits, 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 or Service Provider to incur such expense, the amount of the expense may be charged against the Participant's Account and thereby reduce the Employer's obligation to pay benefits to the Participant. In the course of any proceeding relating to divorce, separation, or child support, the Employer and Service Provider shall be authorized to the extent permitted by applicable laws to disclose information relating to the Participant's 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.

ARTICLE IX. TRANSFERS AND ROLLOVERS

9.01 Transfers. This Plan shall accept and allow transfers, pursuant to section 457 of the Code, of amounts deferred by an individual under this Plan or another eligible deferred compensation plan meeting the requirements of section 457(g) of the Code, provided the conditions of this Section 9.01 are met.

- (a) Directed by Individual Participant or Beneficiary. A transfer from this Plan to another eligible governmental deferred compensation plan or from another eligible governmental deferred compensation plan to this Plan is permitted only if the transferor plan provides for

transfers, the receiving plan provides for the receipt of transfers, the Participant or Beneficiary whose amounts deferred are being transferred shall have an amount deferred immediately after the transfer at least equal to the amount deferred with respect to that Participant or Beneficiary immediately before the transfer, and in the case of a transfer for a Participant, the Participant whose amounts deferred are being transferred has had a severance from employment with the transferring employer and is performing services for the employer maintaining the transferee plan. Upon the transfer of assets from this Plan under this Section 9.01(a), the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan shall be discharged to the extent of the amount so transferred for the Participant or Beneficiary.

Any such transferred amount shall not be treated as a deferral subject to the limitations of Section 3.12, except that, for purposes of applying the limit of Section 3.12, an amount deferred during any taxable year under the plan from which the transfer is accepted shall be treated as if it had been deferred under this Plan during such taxable year and compensation paid by the transferor employer shall be treated as if it had been paid by the Employer.

(b) Permissive Service Credit Transfers.

Subject to any limitations imposed by an investment provider, if a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in section 414(d) of the Code) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account transferred to the defined benefit governmental plan. A transfer under this Section 9.01(b) may be made before the Participant has had a Severance from Employment.

A transfer may be made under Section 9.01(b) only if the transfer is either for the purchase of permissive service credit (as defined in section 415(n)(3)(A) of the Code) under the receiving defined benefit governmental plan or a repayment to which section 415 of the Code does not apply by reason of section 415(k)(3) of the Code.

- 9.02 Rollovers. A Participant may elect to roll an Eligible Rollover Distribution to an Eligible Retirement Plan. The Participant shall be provided with a description of available rollover rights and rules in advance of such a distribution. A distribution that is an Eligible Rollover Distribution and that is paid in a form other than a rollover shall be subject to mandatory withholding of 20%, or such other mandatory withholding rate as may be

HR NORTH

imposed under the Code from time to time. This Plan shall be permitted to accept a rollover distribution from an Eligible Retirement Plan (including a distribution from an IRA) to this Plan, subject to any administrative restrictions imposed by the Plan or by the investment provider. To the extent required under the Code, the Plan shall separately account for any rollover contributions it receives. Rollover contributions to the Plan before January 1, 2006, shall be subject to the same restrictions on distributions applicable to other amounts held under the Plan. Rollover contributions to the Plan on or after January 1, 2006, shall not be subject to the same restrictions on distributions applicable to other amounts held under the Plan, and such rollover contributions may be distributed at any time.

ARTICLE X. LOANS

If the Employer so elects under Section 2.05, loans shall be made available to all Participants on a reasonably equivalent basis, but only to the extent permitted under the Annuity Contract or other Plan investment and the provisions of this Article. No loan shall be made available under this Plan unless it satisfies all of the requirements of Code section 72(p) and any other applicable regulatory guidance, including the limitations on the total of a Participant's non-taxable loans from all plans of the Employer for treatment as a tax-free loan. The making of loans under this Plan shall be subject to written guidelines set forth in a separate document (or under the Annuity Contract), which guidelines shall govern the availability, terms and procedures for Participants to obtain loans under this Plan. The availability of loans under this Plan may be suspended, terminated or modified at any time.

ARTICLE XI. AMENDMENT OR TERMINATION OF PLAN

11.01 Amendment or Termination. The Employer may at any time amend this Plan or terminate this Plan and distribute the Participants' Accounts in conformity with the Code; provided, however, that such amendment or termination shall not impair the rights of Participants or their Beneficiaries with respect to any compensation deferred before the date of the amendment or termination of this Plan except as may be required to maintain the tax status of the Plan under the Code. In the event that the Plan is terminated, amounts deferred under the Plan (and all Plan assets) shall be distributed to all Plan Participants and Beneficiaries as soon as administratively practicable after the termination of the Plan and Participants shall thereafter receive their Normal Compensation.

11.02 Amendment and Restatement of Previously Adopted Plan. If this Plan document constitutes an amendment and restatement of the Plan as previously adopted by the Employer, the amendments contained herein shall be effective as of the Effective Date, and the terms of the preceding plan document shall remain in effect through such date.

RECEIVED

FEB 14 2006

HR NORTH

ARTICLE XII. USERRA

An Employee whose employment is interrupted by qualified military service under Code section 414(u) or who is on a leave of absence for qualified military service under Code section 414(u) may defer additional Compensation upon resumption of employment with the Employer equal to the maximum amount of Compensation that could have been deferred during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption of leave, reduced by the amount of Compensation, if any, actually deferred during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave).

ARTICLE XIII. MISTAKEN CONTRIBUTIONS

If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Plan Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Plan Administrator, to the Employer.

ARTICLE XIV. RELATIONSHIP TO OTHER PLANS

This Plan serves in addition to any other retirement, pension or benefit plan or system presently in existence or hereinafter established.

IN WITNESS WHEREOF, the Employer has caused this instrument to be executed by its duly authorized representative on this 23rd day of February, 2006.

Employer Name: Okaloosa Board of County Commissioners
(Please Print)

By: Sherry S. Campbell



Name: Sherry S. Campbell

Title: Chairman, Board of County Commissioners

RECEIVED

FEB 14 2006

HR NORTH

NATIONAL ASSOCIATION OF COUNTIES
DEFERRED COMPENSATION PROGRAM

PARTICIPANT LOAN ADMINISTRATIVE PROCEDURES

Nationwide Retirement Solutions, Inc. ("NRS"), as Third Party Administrator of the National Association of Counties Deferred Compensation Program, administers your Deferred Compensation Plan for Public Employees ("Plan"). Recently issued proposed regulations under Internal Revenue Code Section 457 provide that eligible governmental 457(b) plans may permit loans to Participants. NRS recommends that you, as Plan Sponsor and/or Employer (hereinafter collectively referred to as "Plan Sponsor"), consult with your own legal advisor in determining whether you wish to add this optional feature to your Plan.

In the event that you decide to offer loans from your Plan to Participants, you will need to return to NRS at **Nationwide Retirement Solutions, PO Box 182797, Columbus OH 43272-8450, Attn: Loans Administrator** a fully executed original of this document and a fully executed original of the enclosed Plan Document Amendment. NRS cannot begin processing Participant loans from your Plan until it receives fully executed originals of both of these documents.

NRS may need from time-to-time to make changes to the administrative procedures set forth herein and in the Plan Document Amendment. In such a case, NRS will provide you with timely notice of such changes as they become necessary.

The following administrative procedures shall govern the making of loans from your Plan:

- 1. Loan Administration.** Plan Sponsor delegates to NRS certain administrative duties regarding the administration of loans from the Plan, which are set forth herein and which may be modified by NRS upon timely notice to Plan Sponsor.
- 2. Loan Eligibility.** Any Plan Participant is eligible for a loan from the Plan. Each Participant is entitled to one (1) loan at any time. In addition, a Participant who has defaulted on a previous loan shall not be eligible for another loan from the Plan until all defaulted loans are repaid in full, including accrued interest and fees.
- 3. Loan Application and Loan Agreement.** In order to receive a loan from the Plan, an eligible Participant must complete a loan application and return it to NRS. A loan application fee of \$50.00* will be deducted from the Participant's account(s). Before a loan is issued, the Participant must enter into a legally enforceable loan agreement as provided by NRS. If the Plan Sponsor permits loans for the purchase of the Participant's principal residence, the Participant will be required to sign a Primary Residence Certificate form and provide NRS with a copy of the contract or other documents relating to the acquisition of the dwelling unit. If the source for a single loan includes both the Participant's Deferred Compensation and Eligible Rollover Accounts, the Participant will be required to complete a loan application and loan agreement for each account which will be treated as separate and distinct for all purposes herein except that they will be considered a single loan for purposes of Sections 2, 6, and 10 herein.
- 4. Loan Repayment/Maximum Loan Term.** Repayment of any loan made to a Participant shall be made in a manner and pursuant to the terms set forth in loan agreement. The Participant receiving a loan shall be required to furnish the information and authorization necessary to effectuate the foregoing payments prior to the commencement of a loan. The maximum term over which a loan may be repaid is five (5) years (fifteen (15) years if the Plan Sponsor permits loans for the purchase of the Participant's principal residence).

* These fees, rates, and minimums are subject to change by NRS upon reasonable notice to the Plan Sponsor. Loan fees will appear as administrative charges on Participant Statements.

In the event that a Participant elects to receive a distribution from the Plan (other than a distribution due to an unforeseeable emergency or other in-service withdrawal) at a time when such person has a Plan loan outstanding, the principal and any accrued interest with respect to such loan shall be taxable.

5. **Loan Amortization.** Each loan shall be amortized in substantially equal payments consisting of principal and interest during the term of the loan. Payments of principal and interest shall be made in a manner and pursuant to the terms set forth in the loan agreement on a monthly basis in equal amounts, except that the amount of the final payment may be higher or lower. Before the loan is made, the Participant will be notified of the date on which the first payment will be deducted and the dates on which subsequent payments are due.

6. **Loan Frequency/Renegotiations.** Each Participant may have only one (1) Plan loan outstanding at any given time. A Plan loan which is in default, even if the defaulted loan was treated as a "deemed distribution" under federal regulations, shall be treated as an outstanding loan until such Participant's account balance is offset by the amount of principal and accrued interest under the loan. NRS shall offset a defaulted loan at any time that is administratively practicable, including but not limited to severance from employment by the Participant or upon a request for a distribution from the Plan. A Participant will be granted a loan no more frequently than two (2) times in any twelve (12) month period. Under no circumstances may loan terms be renegotiated. A new loan shall not be granted prior to the repayment of an outstanding loan.

7. **Default.** The Participant must pay the full amount of each payment (principal and interest) on the date that it is due by having sufficient funds in the account designated for loan payments through the ACH process. If NRS is unable to process a payment on the date due because the Participant fails to have sufficient funds in the account on that date, NRS will assess a fee of \$25.00 that will be deducted from Participant's account(s) and will send written notification to the Participant. The Participant shall be in default for the entire amount of the loan UNLESS the Participant does each of the following: 1) contacts NRS at the Deferred Compensation Service Center, 2) mutually agrees with NRS on a date, which is within 30 days of the missed payment on which funds sufficient to cover the missed payment will be in the account and; 3) actually pays the missed payment. Failure to make such a payment through mutually agreeable terms shall cause the Participant to be in default for the entire amount of the loan. The loan also shall be defaulted upon the death of the Participant or if the Participant commences or has commenced against Participant a bankruptcy case. No additional loans shall be made to a Participant who has defaulted on a Plan loan and who has not repaid all defaulted loans in full, including accrued interest and fees.

8. **Loan Prepayment.** The entire amount of a loan, including outstanding principal and any accrued interest, may be paid without penalty prior to the end of the term of the loan in the manner prescribed by NRS. However, payments made that are less than the remaining principal amount of the loan and any accrued interest with respect to the loan, or which are not paid in the form prescribed by NRS, are not permitted.

9. **Loan Security.** By accepting a loan, the Participant is giving a security interest in his or her vested Plan balance as of the date of the Loan Process Date, together with all additions thereof, to the Plan that shall at all times be equal to 100% of the unpaid principal balance of the loan together with accrued interest.

10. **Maximum/Minimum Loan Amount.** The maximum amount of any loan permitted under the Plan is the lesser of (i) 50% of the Participant's vested account balance (not including any value attributable to applicable life insurance or deemed IRA account) less any outstanding loan balances under the Plan or (ii) \$50,000 less the highest outstanding loan balance during the preceding one-year period. The minimum loan amount permitted is \$1,000.00*. Loans shall be made in accordance with these limits and those limits imposed under federal regulations without regard to any other loans received by the Participant from any other investment provider under the Plan or any other plan of the employer. The Participant and not NRS shall at all times remain responsible for ensuring that any loan received under the Plan is in accordance with regard to any other loans received by the Participant under any other plans of the Participant's employer. Any tax reporting required as a

* These fees, rates, and minimums are subject to change by NRS upon reasonable notice to the Plan Sponsor. Loan fees will appear as administrative charges on Participant Statements.

RECEIVED

FEB 14 2006

HR NORTH

result of the receipt by a Participant of a loan that exceeds the limits imposed by federal regulations shall not be the responsibility of NRS, unless it is determined that such limits were exceeded solely as a result of a loan made through NRS as service provider. Consequently, NRS shall not be required to account for loans made pursuant to a plan other than this Plan or loans made under this Plan that are made by an investment provider other than Nationwide Life Insurance Company.

11. **Suspension of Loan Payments.** NRS may suspend a Participant's obligation to repay any loan under the Plan during the period in which the Participant is performing service in the uniformed services as may be required by law. At the expiration of any suspension of loan payments period, the outstanding loan balance, including any accrued interest and fees, will be re-amortized and the Participant will be required to execute an amended Loan Agreement.

12. **Loan Interest Rate.** The interest rate for any loan shall be established by NRS. These interest rates shall commensurate with interest rates being charged by entities in the business of lending money under similar circumstances. Generally, the rate assumed will be Prime Rate + 1.00%*. The Prime Rate shall be the prime rate published by the Wall Street Journal two weeks prior to the end of the most recent calendar-year quarter. NRS may adjust the loan interest rate for Participants entering active duty in the military services as may be required by law.

13. **Annual Loan Maintenance and Asset Fees.** An annual loan maintenance fee of \$50.00* will also be deducted from the Participant's account until the loan is repaid in full. The amount of the outstanding loan balance will be subject to the Asset Fee equal to the maximum Variable Account Annual Expense Fee applicable under the Plan at the time the loan is issued.

14. **Loan Default Fee.** At the time when a default occurs, a \$50.00* loan default fee will be deducted from the Participant's account. This charge will only affect Participants who fail to make a required loan payment.

15. **Loans for the Purchase of a Principal Residence.** All loans issued by the Plan will be general loans to be repaid in five (5) years unless the Plan Sponsor affirmatively elects to offer loans for the purchase of the Participant's principal residence, which may be repaid in fifteen (15) years. Such loans shall be solely secured by the Participant's vested account balance. All administrative procedures set forth herein shall apply to such loans.

If the Plan Sponsor elects to permit loans for the purchase of the Participant's principal residence, please check this box.

The undersigned Plan Sponsor hereby adopts these Participant Loan Administrative Procedures, effective for loans issued on or after the effective date set forth in the Loans to Participants Amendment to Plan Document, and instructs NRS to administer loans made to Plan Participants in accordance with these terms.

The Plan Sponsor acknowledges the following: (i) that the Plan Sponsor has decided to offer loans under the Plan and is instructing NRS to administer loans under the Plan; (ii) that it understands that, as a result of offering loans under the Plan, the Plan Sponsor, its Participants, and/or the Plan could be subject to adverse tax consequences; (iii) that the Plan Sponsor has independently weighed this risk and has determined that offering loans under the Plan is in the best interest of the Plan Sponsor, its Participants, and the Plan; and (iv) NRS shall not be liable for any adverse tax consequences described in (ii), except as specifically stated under paragraph 10 herein, resulting from the Plan Sponsor's decision to offer loans under the Plan.

* These fees, rates, and minimums are subject to change by NRS upon reasonable notice to the Plan Sponsor. Loan fees will appear as administrative charges on Participant Statements.

RECEIVED

FEB 14 2006

HR NORTH

Plan Sponsor
or Employer: Okaloosa Board of County Commissioners

Street Address: 601B North Pearl Street

City, State, Zip Code: Crestview, Florida 32536

Plan Name: 457(b) Deferred Compensation Plan

Entity No.: 609061

Plan Entity: Okaloosa Board of County Commissioners

By: Sherry S. Campbell



Its: Chairman, Okaloosa County BOCC

E-mail Address: kgodwin@co.okaloosa.fl.us (Kay Godwin - Human Resources Director)

Date: Feb. 21, 2006

* These fees, rates, and minimums are subject to change by NRS upon reasonable notice to the Plan Sponsor. Loan fees will appear as administrative charges on Participant Statements.

RECEIVED

FEB 14 2006

HR NORTH

NATIONAL ASSOCIATION OF COUNTIES
DEFERRED COMPENSATION PROGRAM

THE DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES

LOANS TO PARTICIPANTS AMENDMENT TO PLAN DOCUMENT

WHEREAS, PLAN SPONSOR executed the above referenced Plan Document, as amended: and

WHEREAS, effective 12/30/2005, PLAN SPONSOR now desires to further amend the plan document.

The following Section 8.06 is hereby added:

8.06 Loans to PARTICIPANTS

- (a) PLAN SPONSOR has elected to make loans available to PARTICIPANTS and has delegated certain administrative duties regarding loans from the PLAN to the ADMINISTRATOR.
- (b) Any loan by the PLAN to a PARTICIPANT under this Section shall be subject to the loan administrative procedures established by the ADMINISTRATOR as well as the following requirements:
 - (i) Loan Eligibility. Any PARTICIPANT may apply for loan under the PLAN. A PARTICIPANT who has defaulted on a previous loan from the PLAN shall not be eligible for another loan from the PLAN until all defaulted loans are repaid in full, including accrued interest and fees.
 - (ii) Loan Application and Loan Agreement. A PARTICIPANT must complete and return to ADMINISTRATOR a loan application. A non-refundable application fee established by ADMINISTRATOR will be deducted from the PARTICIPANT'S ACCOUNT(s) at the time of loan origination. Before a loan is issued, the PARTICIPANT must enter into a legally enforceable loan agreement as provided for by the ADMINISTRATOR.
 - (iii) Loan Repayment. The PARTICIPANT receiving a loan shall be required to furnish to ADMINISTRATOR any information and authorization necessary to effectuate repayment of the loan prior to the commencement of a loan. In the event that a payment cannot be processed because of lack of sufficient funds, the ADMINISTRATOR shall assess an insufficient funds charge, which will be deducted from the PARTICIPANT'S ACCOUNT(s).

- (iv) **Loan Term and Interest Rate.** The maximum term over which a loan may be repaid is five (5) years (fifteen (15) years if the PLAN SPONSOR permits loans for the purchase of a PARTICIPANT'S principal residence). Each loan shall be amortized in substantially equal payments consisting of principal and interest during the term of the loan, except that the amount of the final payment may be higher or lower. The ADMINISTRATOR shall establish the interest rate for any loan.
- (v) **Loan Frequency.** Each Participant may have only one (1) PLAN loan outstanding at any given time. A PLAN loan which is in default, even if the defaulted loan was treated as a "deemed distribution" under federal regulations, shall be treated as an outstanding loan until such PARTICIPANT'S account balance is offset by the amount of principal and accrued interest under the loan. A PARTICIPANT will be granted a loan no more frequently than two (2) times in any twelve (12) month period.
- (vi) **Default.** The PARTICIPANT must pay the full amount of each loan payment (principal and interest) on the date that it is due. Failure to make such a payment by the due date, or within any cure period established by the ADMINISTRATOR, shall cause the PARTICIPANT to be in default for the entire amount of the loan, including any accrued interest. A loan will also be in default if the PARTICIPANT either refuses to execute, revoke, or rescind any agreement necessary to comply with the provisions of this Section or the loan administrative procedures established by the ADMINISTRATOR, commences or has commenced against PARTICIPANT a bankruptcy case, or upon the death of the PARTICIPANT.
- (vii) **Loan Security.** By accepting a loan, the PARTICIPANT is giving a security interest in their vested PLAN balance as of the loan process date, together with all additions thereof, to the PLAN that shall at all times be equal to 100% of the unpaid principal balance of the loan together with accrued interest.
- (viii) **Loan Amount.** The maximum amount of any loan permitted under the PLAN is the lesser of (i) 50% of the PARTICIPANT'S vested account balance less any outstanding loan balances under the PLAN or (ii) \$50,000 less the highest outstanding loan balance during the preceding one-year period. The ADMINISTRATOR shall establish the minimum loan amount. The PARTICIPANT and not the ADMINISTRATOR shall at all times remain responsible for ensuring that any loan received under the PLAN is in accordance with these limits with regard to any other loans received by the PARTICIPANT under any other plans of the PARTICIPANT'S employer.

- (ix) Loan Maintenance Fee. Until a loan is repaid in full, an annual loan maintenance fee as established by ADMINISTRATOR will be deducted from the PARTICIPANT'S ACCOUNT(s).
- (x) Loan Default Fee. At the time when a default occurs, a loan default fee established by ADMINISTRATOR will be deducted from the PARTICIPANT'S ACCOUNT(s).
- (c) The ADMINISTRATOR shall fix such other terms and conditions necessary to the administrative maintenance of the provisions of this Section and as necessary to comply with the IRC and regulations there under.

IN WITNESS WHEREOF, the undersigned has executed this Amendment this 23rd day of February, 2006.

Okaloosa Board of County Commissioners
(Name of PLAN SPONSOR)

By: *Sherry S. Campbell*



RECEIVED
FEB 14 2006
HR NORTH