

1 1-0 /

NATIONAL WESTERN LIFE INSURANCE COMPANY
Deferred Compensation Plan for Public Employees

MASTER AGREEMENT

WHEREAS, Section 457 of the Internal Revenue Code of 1954 provides for the deferral of taxable income by employees of States and their political subdivisions, and

WHEREAS, the applicable Statutes and Regulations of the State in which this agreement was signed, allows political subdivisions of this State to defer income of employees, and

WHEREAS, National Western Life Insurance Company wishes to offer such a plan and the political subdivision whose name appears at the end of this document wishes to establish a deferred compensation plan for its employees,

NOW THEREFORE, in consideration of the premises hereinbefore stated, and in further consideration of the mutual promises, covenants, and undertakings detailed herein, National Western Life Insurance Company and the political subdivision whose name appears at the end of this document agree as follows:

ARTICLE I.

Agreement to Buy and Sell Contracts

National Western Life (the "Company") agrees to sell certain annuity, term life insurance, and permanent life insurance contracts to the political subdivision whose name appears at the end of this Agreement (the "Purchaser"), in accordance with the terms of this Agreement and the terms of the contracts to be sold to the Purchaser.

The Purchaser agrees to establish a Deferred Compensation Plan for its employees, and further agrees to purchase certain annuity, term life insurance, and permanent life insurance contracts from the Company to fund Deferred Compensation Plans for employees who elect for the Company's contracts to be the funding method for their individual Deferred Compensation Plans. Purchaser further agrees that it will comply with the terms of this Agreement in operating its Deferred Compensation Plan.

ARTICLE II.

Effective Date; Renewal; Modification

This Agreement shall be effective on the date executed and sealed by both parties hereto, and shall have an initial period of five (5) years from the effective date. Renewal at the end of the primary term and subsequent renewal terms shall be automatic, unless written notice of termination is given by either party at least thirty (30) days prior to the scheduled renewal date. Renewals shall be for five (5) year terms.

This Agreement may be modified by written agreement between the parties or shall be automatically modified to conform to the terms of any State or Federal law which would make the terms contained herein illegal.

ARTICLE III.

Mechanics

3.1 Solicitation. The Company may solicit employees of the Purchaser to encourage their participation in Deferred Compensation Plans under such rules as the Purchaser may establish for solicitation.

3.2 Persons Eligible for Participation. Persons who perform service for the Purchaser and are paid compensation therefor are eligible to be Plan Participants.

3.3 Enrollment of Participants. Employees who select to participate in the Plan shall enroll by completing a Deferred Compensation Agreement, which shall be furnished by the Company. The Participant shall indicate his choice of funding medium and the agreed compensation reduction per pay period.

3.4 Company's Responsibilities. The Company shall use the funds forwarded by the Purchaser to buy contracts as selected by the Participants. The Contracts shall be issued to the Purchaser as owner, and the contracts, property rights therein, and any appreciation in the value of said contracts shall remain the exclusive property of the Purchaser. The Company shall make payments under the contracts at such time and to such persons as the Purchaser shall direct, all in accordance with the terms of the contracts purchased.

3.5 Liability of Purchaser. Purchaser shall not be obligated to make payments to the Company on contracts, but only to forward to the Company amounts equal to Participants' compensation reduction. The liability of Purchaser and Company to make payments to the Participants at such time as required by the Deferred Compensation Plan shall be limited to the value of the individual contracts at the time a distribution is required by the Deferred Compensation Plan. The Participant shall have no lien on any assets of the Purchaser, but only the rights of a general creditor of the Purchaser.

ARTICLE IV.

Company Representations

4.1 Company's Authority. The Company is a life insurance company authorized to do business in the State in which this agreement has been signed, and will maintain such qualification for the duration of this Agreement and renewals hereof.

4.2 Agents. Only agents who are authorized to sell the type contracts described herein shall contact employees of the Purchaser for the purpose of soliciting such employees' participation in Deferred Compensation Plans.

4.3 Annual Reports. The Company shall furnish an annual statement of account to each Participant, and a statement of all accounts to the Purchaser.

ARTICLE V.
Purchaser Representations

5.1 Solicitation of Employees. The Purchaser shall permit its employees to be solicited by the Company's agents for enrollment in Deferred Compensation Plans, but may set up rules limiting such solicitation to reasonable times and frequency of contact.

5.2 Withholding; Payments to Company. The Purchaser shall reduce the Participants' compensation each month by the sums indicated by the Participants and forward such amounts, along with a schedule of Participants and the amounts forwarded for each, to the Company at 850 East Anderson Lane, Austin, Texas 78776, between the 1st and 10th of the following calendar month.

ARTICLE VI.

General

6.1 Limits on Contributions by Participants. A Participant may not defer, and the Purchaser may not withhold from a Participant's compensation, more than an amount computed as follows:

(A) Except as provided in (B) below, the lesser of:

(1) \$7,500.00, or

(2) 33-1/3% of the Participants' includible compensation.

"Includible compensation" shall mean compensation for services performed for the Purchaser which (taking into account the exclusions granted by Internal Revenue Code Sections 403(b) and 457) is currently includible in gross income.

(B) For one (1) year or more of the Participant's last three (3) taxable years ending before he reaches the normal retirement date set by the Purchaser, the maximum amount shall be the lesser of:

(1) \$15,000.00, or

(2) The maximum contribution computed under (A) above, plus the maximum contribution computed under (A) above for prior taxable years since the Participant entered the Plan which was not contributed in earlier years.

6.2 Compensation Deferral Start Date. Compensation may not be deferred for a Participant for any month unless the Participant entered into the Deferred Compensation Agreement prior to the beginning of that month.

6.3 Request for Distribution. Amounts payable in distribution under a Participant's Deferred Compensation Plan shall not be paid or made available to a Participant prior to the termination of the Participant's employment with the Purchaser, except in the event of an unforeseeable emergency (as that term may be defined by Treasury Regulation or, in the absence of such definition, as may be determined by the Purchaser on a case by case basis, using the standard set by the Deferred Compensation Agreement entered into between Purchaser and the Participant).

In the event a Participant is eligible for a distribution, and requests same, it may be made by distribution of the individual investment contract, or in any other manner permitted by such contract, at the discretion of the Purchaser.

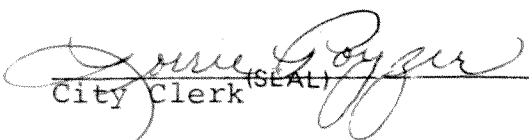
6.4 Non-Exclusive Contract. It is agreed that this contract shall not be exclusive, and that Purchaser may, without agreement, contract with other parties to provide similar contracts for the funding of Deferred Compensation Plans; provided however, any comparable coverage under a Deferred Compensation Plan similar to this Plan shall be taken into consideration in computing the limits under Section 6.1 above.

6.5 Designation of Responsible Official. The Purchaser shall designate an appropriate officer to administer the Deferred Compensation Plans. Correspondence relative to this Agreement or contracts issued hereunder shall be directed to such Responsible Official.

EXECUTED this 27TH day of April, 19 87, at
Redlands in the State of California.

ATTEST:

NATIONAL WESTERN LIFE INSURANCE COMPANY


City Clerk (SEAL)

By: CITY OF REDLANDS
Purchaser

(SEAL)

By: 