

Important Information
MEBT
Pre-submittal Conference Call

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12:30 pm Seattle Time (Pacific)

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Call number: 877-336-1831
Access code: 8527372

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Trent and I will give background information at the start of the call and then we will take questions.

If you ask a question, please state your name and firm. The call will be recorded and summary notes will be taken and distributed.

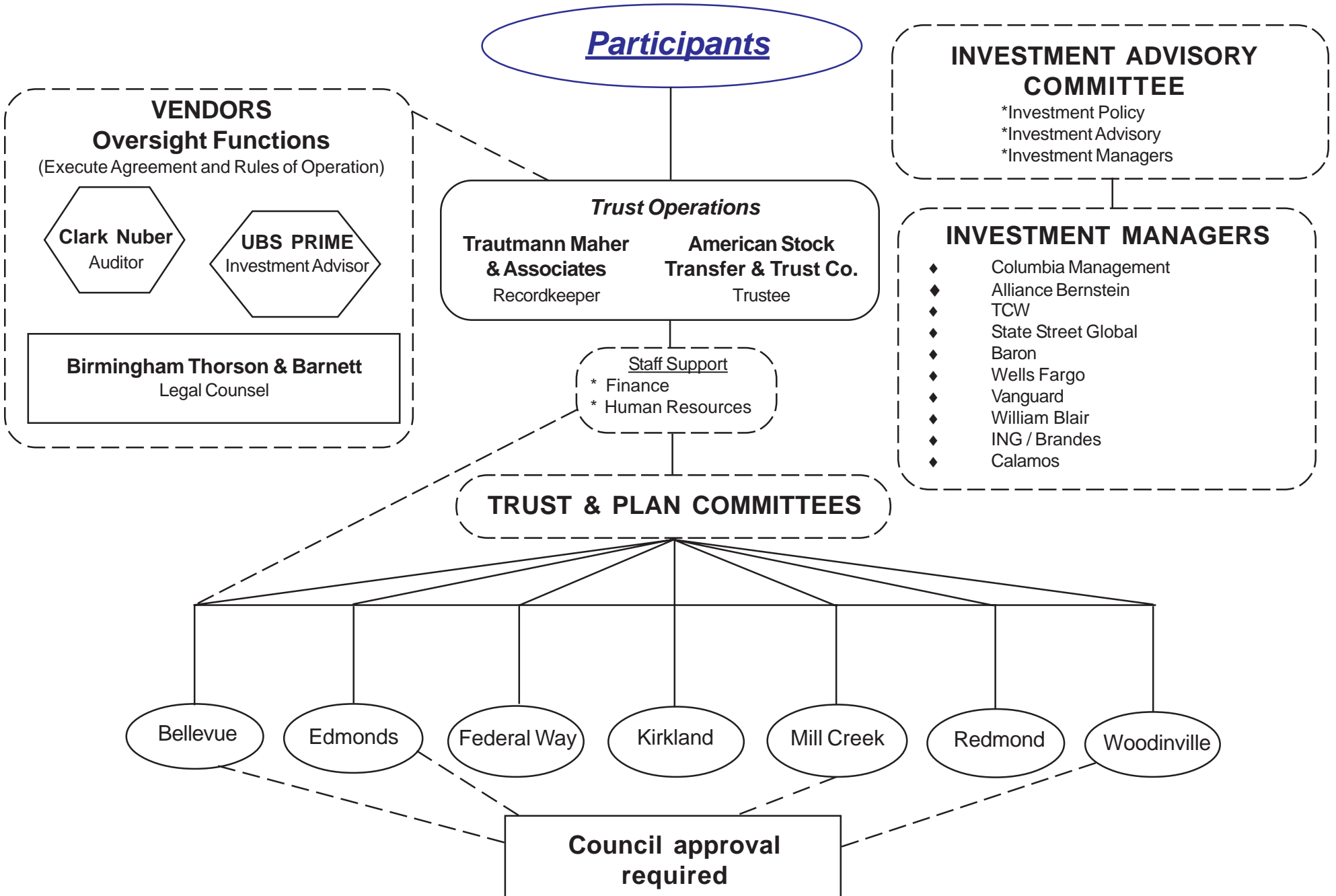
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Q&A from the questions we received is attached along with revised and new documents.

Thank you,
Jillian Hostenske

Municipal Employees' Benefit Trust (Overview)

As of July 2007



MEBT Pre-Submittal conference

Questions & Answers

As of January 25, 2008

1. What is the expectation for education services for MEBT? How many days of initial and ongoing education meetings would be needed?

No education services are needed as part of the basic package. Each Plan could consider a contract with a provider for out of scope services because the Trust is committee-directed, not participant directed.

2. What has worked well or what could be improved with the current education strategy? Or do you not expect the chosen vendor to provide these services?

Because the Plan is committee-directed, we generally don't provide education. Participant directions is not expected.

3. Which investments/investment managers need to be maintained in the existing lineup?

MEBT prefers to maintain their current investment lineup as it is with a full open architecture platform, allowing use of virtually any mutual fund, collective fund, commingled trust, or separately managed account. Please indicate what your capabilities are and indicate if you have restrictions on types of investments allowed on your platform or if there are any proprietary requirements.

4. Would there be any issues with liquidating any assets?

MEBT prefers to maintain their current investment lineup with a full open architecture platform...see above #3.

5. In the RFP, it is stated that MEBT owns 3 mutual funds, are these funds traded on the NSCC?

Please see the list of all investments/positions in the revised RFP Appendix D.

6. What are the underlying securities in the separately managed accounts?

Please see the list of all investments/positions in the updated RFP Appendix D.

7. What are the underlying securities in the commingled trust fund?

Please see the list of all investments and positions in the updated RFP Appendix D. The commingled trust is the State Street Global Flagship 500.

8. Does MEBT have any interest in adding target date or risk based asset allocation funds to their portfolio?

Not at this time because it is not participant directed.

9. Can a person be in both MEBT I and MEBT II at the same time?

Yes, a person can be in both MEBT I and MEBT II at the same time. They may have spent part of their career as a partially-benefited employee (MEBT II) and switched to full time employment. Or they may be within 3 years of retirement (or more) and have moved part of their investment to Money Market (tracked in MEBT II).

10. Would it be possible to provide a recent financial statement/trust statement for each plan?

See Appendix I of RFP for MEBT Recordkeeper Quarterly Financial Statement.

AST report – See Attachment 1 to this document for Quarterly Trustee report.

Audit report – See Attachment 2 to this document for 2006 Audit report.

11. We would like to see the names of the investments, mutual funds, separate accounts, etc. as well as the dollar amounts in each investment. We will sign a confidentiality statement.

Please see the list of all investments and positions in the updated Appendix D.

12. Confirm everything is now daily valued?

Everything is now daily valued, including MEBT II. MEBT II is invested in a Vanguard Money Market fund that posts a monthly dividend. However, AST is accruing this dividend on a daily basis and giving this fund a daily unit value, so we do have true daily updating for this account.

13.They previously had a MEBT I and MEBT II set up. Are both of those arrangements still in existence? Are they unique plans? MEBT II was solely Money Market. Is this still the case? What is the difference between MEBT I and MEBT II?

Yes, they are set up and they are unique Plans. There are 7 MEBT I Plans and 7 MEBT II Plans (see matrix RFP Appendix F). MEBT II is solely Money Market.

The definitions/eligibility varies among the seven plans (refer to the Plan matrix) Generally, MEBT I is for regular employees and MEBT II is for partially benefited employees or MEBT I employees who are nearing or at retirement.

14.The process that they described previously was that all assets flowed through the Money Market fund. Has this changed?

See Attachment 3 "Flow of Cash Through MEBT Trust Accounts". To summarize, each City makes contributions that go directly into their City account. AST provides TMA with a cash report each morning and when cash shows up in a City account, TMA then provides instructions to AST to make purchases into MEBT I and MEBT II that make up each City's account. Thus, all deposits are immediately invested into the two unitized funds. When distributions are to be made, we instruct AST to liquidate shares from each unitized account. The next day these amounts show up in cash. We then provide AST with instructions to make distributions to participants from this cash or to transfer the cash to the All Cities Distribution account for payment of invoices.

15.Previous RFP's stated that they wanted to keep their current trust and custodian relationship (which I believe was with UBS) while this RFP has an entire section devoted to these services. Have they changed their previous investment structure?

MEBT's current Master Custodian is AST Capital Trust while the sub-custodian for all separately managed accounts is UBS Financial Services. This relationship has not changed, nor have the investments. See revised RFP Appendix D for a list of all current holdings. MEBT's interest is in retaining a firm or firms that can accommodate their desires regarding an open architecture investment platform while being conscious of the costs incurred by the Trust.

16. What are their current investments? Their investment structure was comprised of 2 mutual funds, 1 commingled trust and 7 separately managed accounts. Is this still accurate? If they are daily valued now, have they converted to mutual funds?

See revised RFP Appendix D for a list of all current holdings.

17. Insurance in their plans. Will they be willing to remove the life insurance from all programs? The current information stated that Edmonds and Woodinville have term life insurance. Do any other plans have other life insurance or has they been cleaned out?

All of the cities have Life insurance. 5 cities pay the premium “off the top” of the employer contributions before they reach the Recordkeeper. The policies are held outside of the plan and the benefits paid outside of the plan.

See revised RFP Appendix H.

18. Also, there was a guarantee provision in several of the plans that stated that participants are guaranteed to receive a certain level of match after all of the insurance premiums have been paid. Is this provision still in existence?

Guaranteed match provision still exists in Kirkland, Mill Creek and Redmond plans (see Plan Matrix RFP Appendix F). The match is a somewhat complicated calculation in the remaining plans. As an example of the complexity, please see Contribution calculation for Bellevue Attachment 4 of this document.

19. Do they still have the 414(h) pick-up contributions?

Yes, four plans have this feature. See Plan Matrix RFP Appendix F. TMA handles them just as any other contribution. The information for the contribution is included by employee on the payroll file and we buy into MEBT I when the cash arrives. TMA keeps track of pick-up contributions as a separate money-type.

General information about "pick-up" contributions: Governmental employers weren't allowed to provide 401(k) plans for their employees, but rather, were able to provide a "back door" 401(k) plan that called the employee pre-tax contributions "pick-up" contributions. Under these rules, the employer can pick-up a contribution on behalf of the employee and contribute it to a plan and it is not included in the employee's compensation. Thus, it looks like a 401(k) Plan but isn't technically called a 401(k) Plan nor tested as one. Attachment 5 is an article on pick-up contributions (see section entitled "IRS Releases New Written Documentation Requirements for "Pick-Up" Contributions") that provides some history plus recent guidance from the IRS on this subject.

20. Section 3.04 – calls for a bill "in a format specified by MEBT ". Could you please provide us with a sample of the bill?

We will be developing this format. Invoice clearly explain what we are being billed for after the work is done, with pre-approval where out of scope.

21. Section 3.07 – II – 5 references Appendix D. Appendix D specifies asset classes in general, but does not show the specific make up of the investments. Could we see an actual asset list showing cusips, shares/pv, price and market value for each individual security in the portfolios?

See revised RFP Appendix D for a list of all current holdings.

22. Section 3.07 – II – 8 asks about our ability to accrue within a fund for investment manager expenses. Within the MEBT portfolios is each manager assigned their own account, or are multiple managers assigned to a single account?

SMA's are assigned their own account. The mutual funds are grouped in another account.

23. Appendix B, item number 8 calls for the master custodian to also accept responsibility for being trustee. If we serve as a directed trustee, does this present any issues?

We don't believe this will be a problem. We will check with the Trust's attorney when he returns to the office.

24. Are the current fees structured on a per participant basis or as a percentage of assets?

We have a mix. For the Master Custodial/Trustee and Full Fund Accounting we are charged an asset based fee with separate fees for minor transaction charges.

For the Recordkeeper we have fixed fees for a basic scope of services, we have per participant fees for daily value, and hourly fees for out of scope work.

These charges are applied directly to the cities employer contribution accounts and so reduce the match of the participants who are contributing. To assure that the participants who do not contribute pay their fair share, we also charge a per participant fee.

We need to be able to reserve the right to charge the participant directly or have the Trust pay.

25. Beyond the MEBT II Plan, is there any intent to allow for participant direction of assets?

We are not considering participant direction of assets in the foreseeable future. The only "direction" that is allowed is a move in 3 steps to the MEBT II Money Market fund within three years of retirement.

26. At any point will the MEBT consider a more bundled approach, including investment management?

MEBT is continually trying to improve the structure of the trust for ease of administration and to provide competitive returns through the investment lineup. They are willing to be informed of better processes, however, it is important to understand that because the trust is made up of seven different plans from seven different cities with seven different sets of provisions, it is a very slow process to effect change for MEBT as a whole. In past RFI inquiries, it has become fairly apparent that MEBT does not "fit in the box" for most bundled providers' systems at this time. Therefore, do not expect MEBT to be eligible for a traditional fully bundled plan in the near future.

27. Under Evaluation Criteria (section 4) – will each of the four criterion be evaluated with equal weighting?

We intentionally chose not to disclose a weighting rubric.

28. Who are the incumbent(s) for recordkeeping and master trust/custodial services?

Trautmann Maher is the recordkeeper and AST Capital Trust is the Trustee. UBS is the sub-custodian.

29. What are the fees currently charged by the incumbent(s) for the services provided?

We are preparing a response to this question.

30. Would our primary client be MEBT and its Trust Committee, or each individual City/Plan that participates in the Trust? What is the percentage of day-to-day interaction with MEBT versus with each plan?

The client is the MEBT Trust. The Trust hires the vendors, negotiates the contracts and sets policy. The Trust Administrator handles any Trust-wide operational issues and the audit.

There are seven different MEBT I Plans and each Plan Committee oversees their Plan and makes changes to its provisions. Each of the seven HR departments works with employees. Each of the seven Payroll departments handle payroll. We have not tracked the percentage of time for the Plan vs. the Trust.

31. Would we be entering into an agreement with each Plan or just with MEBT?

The MEBT Trust Committee makes the decision in consultation with the other cities based on a recommendation from a subcommittee. Each Plan signs the Trust document.

32. Is there only one trustee?

Yes.

33. Will all of the plans offer only the investments available under the MEBT going forward?

Yes, all plans offer the same investments. Changes to those investments are made across the board at the Trust level.

34. Please provide ticker numbers and assets by fund.

See Appendix D for a list of all current holdings.

35. Please describe the current policy/practice with respect to revenue sharing from the investment funds:

- a. Is it currently being utilized to offset the recordkeeping fees?
- b. If so, what is the amount? Will it be available to a new recordkeeper?
- c. Is the fee charged by the current recordkeeper gross or net of any revenue sharing?

All revenue that is generated by the MEBT Trust is used to offset fees. Any brokerage commission, 12-b-1 or finders fees are captured by UBS and are used to offset the hard dollar fee charged by UBS Institutional Consulting. Any excess is rebated back to the plan. There has been a significant amount of "rebated" revenue over the years. Any sub t/a, shareholder servicing, etc. revenue is captured either by the recordkeeper or the custodian and is used to offset their firm fees. Any excess (it is unlikely there would ever be excess sub t/a revenue) would be used to offset other plan fees. Fees are charged gross and offset by revenue for a net charge to the trust.

Any revenue that is generated by the trust in the future would need to be fully disclosed would continue to be used to offset plan expenses.

36. Please describe the level and type of activities associated with Section 3.08.1 (Page 20) for the last year

I have answered in the future tense.

- a. # of meetings with each Plan committee
Likely 2 – but if an issue arises, we may meet more often
- b. # of meetings with each Plan administrator
At the discretion of each of the 7 Plans – likely twice per year.
- c. # of meetings with MEBT's auditors
Depends on the audit issues. The first year there will be more meetings than subsequent years. Typically, the Recordkeeper prepares an orientation for the auditor so they understand the flow and records – and the auditors can let the Recordkeeper know what information will be needed. The Trustee and Recordkeeper will be asked to provide documentation (see RFP appendix E). Most file transfers happen by email and use of an ftp site.
- d. # and locations of Benefits Fairs in which he/she participated
Depends on the plan. Variable – could be one day at each location
- e. # and types of other meetings
Depends on the issues.

Please price accordingly. You may construct your fees so there is a given number of meetings in your fixed fee and a variable number in an hourly or per meeting arrangement.

37. Are any face-to-face meetings with participants required other than Benefits Fairs? If so please describe the type(s) of meetings and level of activity.

None that I am aware of.

38. If we responding with a bundled bid, do we need to complete both 3.07.IX and 3.08.VI separately (i.e. do we need to provide separate pricing for Recordkeeping and Master Trust/Custody)?

It is preferred that the fees be broken out by services provided. MEBT requires full disclosure and transparency of fees and revenues. In addition, please indicate if your bid is an "all or nothing" bid. If you are willing to provide just RK services or just Master Custody, etc services, please indicate.

39.Re: 3.08.08 (page 20) regarding whether our forms are required or whether we can accommodate each of the cities' different forms, what is the current practice?

Presently, each Plan creates its own forms. I would be doubtful that a firm's existing forms would work for our Plans. There are custom forms for each of the 7 plans.

40.If a participant moves from one plan to another, is the recordkeeper expected to track his/her transferred assets in the new plan at the old vesting schedule?

No, the participant's vested amounts move to the new plan – and they are given credit for months worked at the prior plan – but on the vesting schedule of the new plan. Here is an example for a Bellevue participant:

If you leave the City of Bellevue and immediately go to work for another MEBT city, your months of participation in Bellevue's MEBT may be counted toward your vesting at your new MEBT city. The non-vested portion of your Bellevue MEBT Employer Account will be forfeited, but you will be 100% vested in the remaining portion. Depending on the rules of the other MEBT city's Plan to which you are transferring, you may be given credit for your months of MEBT participation with the City of Bellevue. If you do receive credit, you begin vesting in the Employer Contributions at the new MEBT city based on the months of service for participation in Bellevue's MEBT. See Attachment 6 Bellevue's SPD page 25 for this example.

41.Is each of the plans currently offering insurance planning on retaining it? Is any other plan not currently offering insurance planning on offering it?

These plans were initially designed to mimic Social Security with Survivor Income Life Insurance and Long Term Disability plans. Five of the Plans pay the premium directly to the insurance company off the top of the employer contribution (lowering the participants' match) with no involvement by the Recordkeeper. Two of the plans track the insurance within MEBT. See description in RFP revised Appendix H.

It is possible that plans may discontinue offering insurance with the current funding mechanisms. No decisions have been made to terminate.

42. Is the Survivor Life and LTD insurance for Woodinville and Edmonds mandatory? If not, how many participants are covered?

See materials in RFP revised Appendix H

43. Please provide a sample participant statement.

The participant statements for the Plans are similar. See Attachment 6 a sample statement that includes loans. Some cities are considering mailing only annual statements.

44. What kind of participant support are you seeking from the recordkeeper with respect to the enrollment process?

We currently receive little *direct* support from the recordkeeper. Each city handles their own enrollments and information is uploaded to the recordkeeper. Indirect support includes helping maintain www.MEBT.org and providing a phone line for questions about the online statements.

45. Please provide samples of the current plan information? What is MEBT's expectation from the recordkeeper regarding plan communications? Is the cost of plan materials paid by the recordkeeper or the plan sponsor?

We provided the comparison of the plans in the matrix. Summary Plan Descriptions are currently maintained by each city. Plan materials are currently paid for by plan sponsors or through direct invoice to vendors reducing the employer contribution eligible for match. Enrollment materials are currently provided by the cities (not the record keeper). Participation rates are extremely high, so additional marketing has not been thought to be cost-effective.

46. Please describe any catch-up contributions associated with the 401(a) plan (per Question 25, 3.08.1, Page 22).

Please disregard. MEBT does not have catch-up contributions.

47. What is the annual number of:

- a. Loans?
- b. QDROs?
- c. New participants with a balance?
- d. Distributions?
- e. Calls to the VRU?
- f. Calls “dropped” from the VRU to a participant service representative?
- g. Web sessions?

[Refer to RFP Appendix F for information available.](#)

Attachments and Appendices

MEBT Overview document

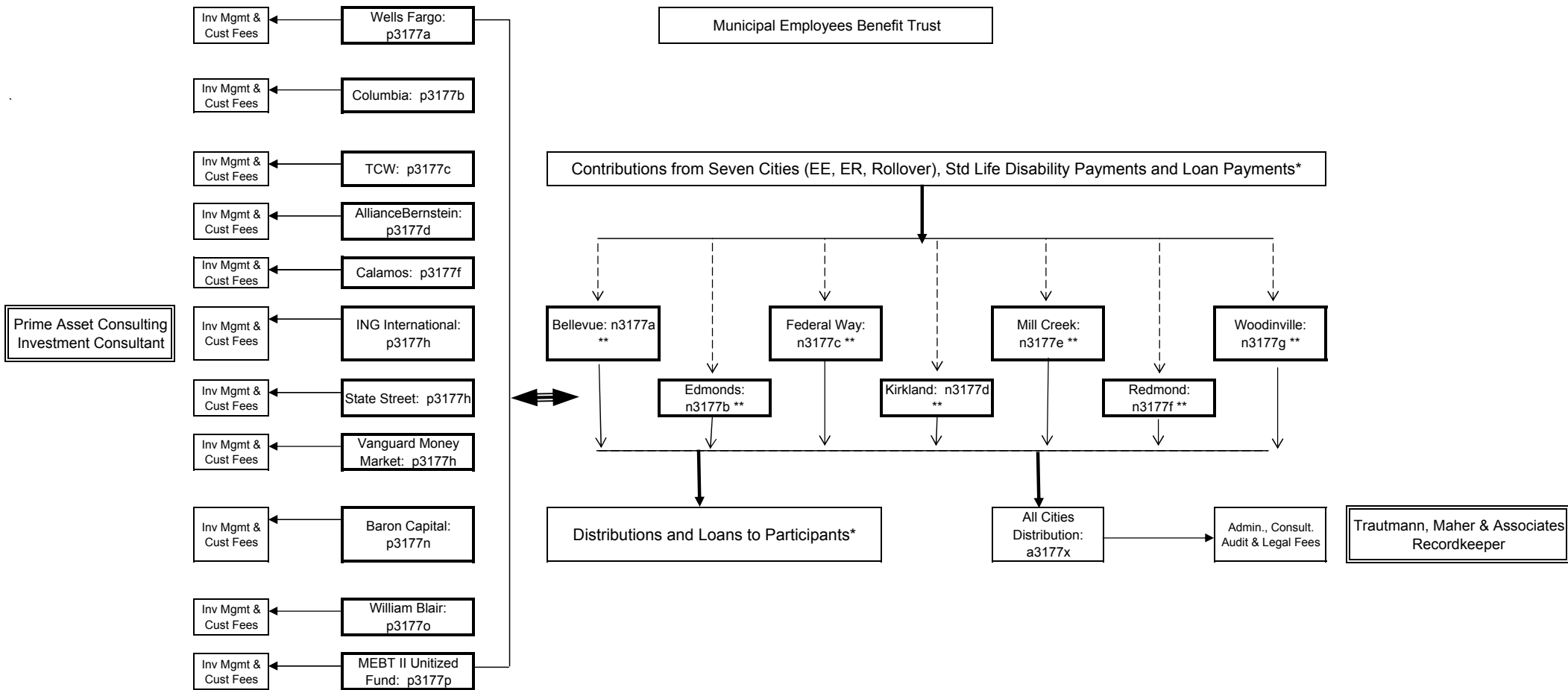
Appendices to this document:

1. Quarterly Trustee report
2. 2006 Audited Financial Report
3. Flow of Cash Through MEBT Trust Accounts
4. Contribution calculation for Bellevue
5. Article on pick-up contributions
6. Example of partially vested participant changing to another MEBT City from Bellevue
7. Sample participant statement

Revised Attachments from RFP

- D. List of all MEBT investments/positions
- H. Insurance at Edmonds and Woodinville

Flow of Cash Through the MEBT Trust Accounts



* Each city deposits contributions and loan payments into its individual account. In addition, distributions and loans to participants are made directly from each city's individual account.

** Each city account holds 2 investments: Unitized Balanced Fund and Unitized Money Market Fund.

**City of Bellevue
Municipal Employees' Benefit Trust**

**Reconciliation of Contribution Account
for January 2008 Match Allocation**

BEGINNING BALANCE		393,940.87
Payables		
	December PCB's	(1,913.69)
	December Match Allocated	<u>(392,027.18)</u>
Total Payables		(393,940.87)
NET CONTRIBUTION BALANCE REMAINING		<u><u>0.00</u></u>
1/8/2008	1/05 Employer Contribution	271,782.37
1/22/2008	1/20 Employer Contribution	216,381.25
1/3/2008	Withdrawal Fees	200.00
1/8/2008	Withdrawal Fees	100.00
1/16/2008	Quarterly Inactive Fee	4,781.00
1/15/2008	Invoices Paid	(468.00)
1/14/2008	Forfeitures	387.86
1/17/2008	Forfeitures	4.97
	Gain/Loss - Contribution Acct	867.20
	Gain/Loss - Forfeiture Acct	<u>9.07</u>
SUBTOTAL MONTHLY CONTRIBUTION		494,045.72
Payables		
	Jonathan Harris PCB	(286.24)
	William Johnston PCB	(546.95)
	Helena Parker PCB	(487.29)
	Madeline Wallace PCB	<u>(593.21)</u>
Total Payables		(1,913.69)
NET CITY CONTRIBUTION		<u><u>492,132.03</u></u>

Period from 12/22/2007 - 1/23/2008

Internal Revenue Service
Office of Federal, State and Local Governments

www.irs.gov/govt

FSLG Newsletter ~ January 2007

This is the semiannual newsletter of the office of Federal, State and Local Governments (FSLG) of the Internal Revenue Service. Our mission is to ensure compliance by federal, state, and local governmental entities with federal employment and other tax laws through review as well as through educational programs.

For more information, visit our web site at www.irs.gov/govt. For account-related assistance, contact Customer Account Services at 1-877-829-5500. To identify a local FSLG Specialist, see the directory at the end of this newsletter.

The explanations and examples in this publication reflect the interpretation by the IRS of tax laws, regulations, and court decisions. The articles are intended for general guidance only, and are not intended to provide a specific legal determination with respect to a particular set of circumstances. You may contact the IRS for additional information. You may also want to consult a tax advisor to address your situation.

Internal Revenue Service
Federal, State and Local Governments

Sunita Lough, Director
Jayne Maxwell, Manager, Compliance and Program Management
Stewart Rouleau, Newsletter Editor

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- New Excise Tax and Disclosure Rules for Tax-Exempt Entities Entering Into Prohibited Tax Shelter Transactions
- IRS Releases New Written Documentation Requirements for "Pick-Up" Contributions
- New Regulations Address Withholding on Supplemental Pay
- Requesting a Technical Advice Memorandum
- Directory of FSLG Contacts

FSLG RESULTS FOR FISCAL YEAR 2006 AND PLANS FOR FISCAL YEAR 2007

FY 2006

During FY2006, Federal State and Local Governments (FSLG) successfully focused on two compliance initiatives begun in FY2005: examination programs for federal agency compliance and large entities (annual payroll in excess of \$40 Million). In addition, FSLG completed a compliance check follow-up project on 125 entities selected from previously completed compliance checks conducted in FY2003. FSLG also worked with the Advisory Committee on Tax-Exempt Government Entities (ACT) to create a web-based employer's toolkit.

With respect to the federal agency exams, FSLG commenced 25 exams and closed nine. Some examples of the issues that surfaced during the exams are relocation payments, settlement payments, fringe benefits, information return reporting, and mismatched taxpayer identification numbers. With respect to large entity exams, FSLG opened examinations on 33 large entities and closed examinations on 34. The issues ranged from fringe benefits and worker reclassification to tenure payments, additional wages, workers receiving both Forms W-2 and Forms 1099, etc. Eleven of the government entities under exam disagreed with FSLG's final determination and exercised their right to request review from Office of Appeals.

In addition to the examinations, FSLG conducted 914 compliance checks. For the first time FSLG conducted a follow-up study on closed compliance checks conducted in the past. FSLG randomly selected 125 entities that had received an advisory letter as a result of a compliance check conducted in FY 2003. As a result of the follow-up, it was determined that 76% of the entities were compliant with previously reported discrepancies, 19% were only partially compliant, and the remaining were either not compliant or it was difficult to make a determination from a compliance check alone. However, 70 out of the 125 entities (56%) were issued a new discrepancy letter because they were non-compliant with regard to the prior issue or a new issue. We believe that the follow-up study was useful in determining whether compliance checks are a useful tool for measuring compliance by government entities.

The Director worked closely with ACT to assemble web pages for a Toolkit designed to fill the knowledge gap created by the frequent turnover of government entity employees. The Toolkit will be updated and enhanced from time to time. We have received feedback that the Toolkit has been a

useful addition to the FSLG website. In FY 2007, FSLG continues to work with ACT members on the Toolkit and any suggestions from the readers are welcome and greatly appreciated. FSLG also conducted numerous outreach events with approximately 14,000 participants.

Plans for FY 2007

A central theme in the FY 2007 Work Plan is FSLG's focus on expansion and improvement of its compliance activity. Specifically, FSLG is committed to continuing its federal agency and large entity compliance initiatives and to conducting project initiatives designed around specific market segments to improve compliance among government entities.

FSLG will begin its first market segment project in by adopting a market-segment approach for identifying and selecting returns for examination. The project will allow FSLG to determine trends and issues in various market segments. With the results, focused FSLG outreach activities can be undertaken to improve compliance. In FY 2007, the market segment focus will be on community colleges. FSLG will continue to focus on health reimbursement arrangements and other retirement plan arrangements that may not meet the requirements of the Internal Revenue Code. In this regard, FSLG will work closely with Employee Plans function and with Chief Counsel.

In addition, FSLG will begin an outreach project for fire districts to deliver focused educational material and to conduct outreach events, tailored to provide guidance on a variety of compliance issues.

We will continue to address key areas of noncompliance through a combination of targeted outreach, development of new educational products, and various field compliance activities. While we will focus on the national and regional issues identified through research, environmental scanning, and other means, activities to address significant local issues will also be supported.

NEW EXCISE TAX AND DISCLOSURE RULES FOR TAX-EXEMPT ENTITIES ENTERING INTO PROHIBITED TAX SHELTER TRANSACTIONS

BY WANDA VALENTINE, FSLG PROGRAM ANALYST

On May 17, 2006, the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA) was signed into law creating new excise taxes and disclosure rules for tax-exempt entities that are parties to certain reportable transactions, designated as "prohibited tax shelter transactions." In addition, the law provides that entity managers who approve or cause the

tax-exempt entity to be a party to such transactions can be subject to a separate manager-level excise tax for authorizing these transactions. In the case of tax-exempt entities other than pension plans, IRAs and similar tax-favored savings arrangements, both an entity-level tax and a manager-level tax can be imposed for the same prohibited tax shelter transaction. In the case of pension plans, IRAs, and similar tax-favored savings arrangements, only the entity manager-level tax can be imposed.

In addition to the new disclosure rules for tax-exempt entities, TIPRA creates a new disclosure requirement for taxable parties to prohibited tax shelter transactions involving tax-exempt entities. TIPRA also imposes penalties for the failure to comply with the new disclosure requirements.

Tax-Exempt Entities Subject to New Tax and Disclosure Rules

In general, the new provisions affect state and local governments, Indian tribal governments, qualified pension plans, IRAs, similar tax-favored savings arrangements and other tax-exempt entities such as charities and churches.

Prohibited Tax Shelter Transactions

Prohibited tax shelter transactions are defined by reference to the Income Tax Regulations under section 6011 to include transactions that are identified by the IRS as potentially abusive “listed” tax avoidance transactions and two other types of reportable transactions: confidential transactions and transactions with contractual protection. A complete listing of listed transactions is available on IRS website at www.irs.gov.

Liability for Tax

TIPRA created new Internal Revenue Code Section 4965. Section 4965(a)(1) imposes an excise tax on certain tax-exempt entities (Non-Plan Entities) that are a party to a prohibited tax shelter transaction. Non-Plan Entities include tax-exempt entities described in sections 501(c), 170(c) (other than the United States), and 501(d), and Indian tribal governments described in section 7701(a)(40)).

Generally, the amount of excise tax imposed under section 4965(a)(1) is the product of the highest rate of tax under section 11 (currently 35%), and the greater of:

- 1) The entity’s net income “for the taxable year” attributable to the transaction, or

- 2) 75 percent of the proceeds “received by the entity for the taxable year” attributable to the transaction.

Subsequently Listed Transactions

A “subsequently listed transaction” is defined as a transaction that the Secretary of the Treasury identifies as a listed transaction at any time after the entity becomes a party to that transaction, provided that the transaction was not otherwise a prohibited tax shelter transaction.

If the entity knew or had reason to know that the transaction was a prohibited tax shelter transaction at the time the entity became a party to the transaction, the rate of tax is 100%. In the case of subsequently listed transactions, the amount of tax is the product of the highest rate of tax under section 11 and the greater of:

- 1) The entity’s net income “for the taxable year” attributable to the transaction and properly allocable to the period beginning on the date of the listing or the first day of the taxable year, whichever is later. or
- 2) 75 percent of the proceeds “received by the entity for the taxable year” attributable to the transaction and properly allocable to the period beginning on the date of the listing or the first day of the taxable year, whichever is later.

Taxable Year

The taxable year for government entities, who do not file an income tax return, is the annual period the entity has used in keeping its books and records.

Entity Manager Tax

Section 4965(a)(2) imposes a separate excise tax on entity managers who approve the entity as a party to a prohibited tax shelter transaction and know or have reason to know that the transaction is a prohibited tax shelter transaction. The amount of tax is \$20,000 per manager for **each** approval or act causing the entity to be a party to the transaction.

In the case of Non-Plan Entities (including government entities), an entity manager is defined as a person with authority or responsibility similar to that of a director, officer or trustee or with respect to any act, the person having authority or responsibility with respect to such act. In the case of other tax-exempt entities covered by section 4965, an entity manager is a person who

approves or otherwise causes the entity to be party to the prohibited tax shelter transaction.

Effective Date of Tax

The excise taxes imposed by section 4965 apply to taxable years ending after the date of enactment with respect to transactions before, on or after such date, except that no taxes under section 4965 apply with respect to income or proceeds that are properly allocable to any period ending on or before August 15, 2006.

New Disclosure Requirements

TIPRA also amends Sections 6033 and 6011(g) of the Code. Under the amended section 6033(a)(2), every tax-exempt entity that is a party to a prohibited tax shelter transaction must disclose its involvement in the prohibited tax shelter transaction to the IRS and must identify all other parties to the transaction that are known to the tax-exempt entity. Under the amended Section 6011(g), every taxable person that is a party to a prohibited tax shelter transaction to which a tax-exempt entity is also a party must disclose by statement to the tax-exempt entity that the transaction is a prohibited tax shelter transaction. New procedures and forms are currently being developed to meet the new filing and disclosure requirements. Additional guidance will be issued at a future date.

Penalties for Failure To Disclose

If a tax-exempt entity fails to comply with the disclosure rules under the amended Section 6033(a)(2), the tax-exempt entity can be subject to a penalty for **each transaction** it failed to disclose. The amount of the penalty is \$100 per day during which the failure continues but not to exceed \$50,000. In cases where the tax-exempt entity is a pension plan, IRA or a similar tax-favored savings arrangement, the penalty is imposed on the entity manager.

Additional Guidance

[Notice 2006-65](#) provides additional plain language information and questions and answers on this new law. Additional guidance will be published at a later date. Check the FSLG website at www.irs.gov for additional updates and information.

**IRS RELEASES NEW WRITTEN DOCUMENTATION
REQUIREMENTS FOR “PICK-UP” CONTRIBUTIONS**
BY DENISE Y. BOWEN, FSLG TAX LAW SPECIALIST

On August 28, 2006, the Office of Chief Counsel published [Revenue Ruling 2006-43](#) providing what is considered appropriate action for governmental entities that wish to implement or maintain a “pick-up” pursuant to §414(h)(2) of the Internal Revenue Code (the Code). Rev. Rul. 2006-43 also provides transition relief for governmental employers who have previously implemented “pick-ups” that do not meet the formal action set forth in the revenue ruling.

Background

Section 414(h)(2) of the Code permits certain governmental employers to pay or “pick up” all or a portion of an employee’s contribution to a tax-qualified plan. Contributions picked up by the employer within the meaning of §414(h)(2) are excluded from the employees’ gross income until such time as they are distributed to the employees. (See Rev. Rul. 77-462)

The employer must specify that the contributions, although designated as employee contributions, are being paid by the employer in lieu of contributions by the employee. Additionally, the employee must not be given the option of choosing to receive the contributed amounts directly, instead of having them paid by the employer to the pension plan. (See Rev. Rul. 81-35 and Rev. Rul. 81-36.)

The governmental action necessary to effectuate the pick-up must be completed before the period to which such contributions relate (Rev. Rul. 87-10). Thus, designated employee contributions to a qualified plan established by a governmental entity are excluded from gross income as “pick-up” contributions that are treated as employer contributions, only to the extent the contributions relate to compensation for services rendered after the date of the last governmental action necessary to effectuate the “pick-up.”

Written Documentation Requirement

Rev. Rul. 2006-43 describes what is considered an appropriate action taken by a governmental employer for the contributions by such employer to be considered picked up and treated as employer contributions pursuant to §414(h)(2). The revenue ruling provides that to designate the contributions as being picked up by the governmental employer, an authorized person must take formal action with respect to the employer. The action must (a) be evidenced by a contemporaneous written document, such as minutes from a meeting or a resolution, (b) apply only prospectively, and (c) not permit any participating employee, from or after the date of the implementation of the pick-up, to have a cash or deferred election (within

the meaning of §401(k)-1(a)(3)) with respect to designated employee contributions.

Additionally, participating employees must not be permitted to opt out of the pickup, or to receive the contributed amounts directly instead of having them paid by the employer to the plan.

Transition Relief for Pre-Existing Pick-Ups

Rev. Rul. 2006-43 provides transition relief under §7805(b)(8) of the Code to governmental plans that do not satisfy the requirement of a proper pick-up solely because the employer failed to take a formal action when such plan was implemented. Under the transition rule, the Service will not treat an existing plan as failing to satisfy the requirements of §414(h)(2) if:

- 1) At the time of the implementation of the plan, the employer took action evidencing its intent to establish a pick-up (for example, the employing unit provided information to its employees relating to the establishment of the pick-up), and, since that time, has operated the plan accordingly, and
- 2) The employer takes formal action in writing (e.g., it adopts a resolution with respect to the pick-up) prior to January 1, 2009, with respect to future actions.

This transitional relief applies only if the actions taken by the governmental employer since the implementation of the pick-up otherwise comply with Rev. Rul. 81-35, Rev. Rul. 81-36, and Rev. Rul. 87-10, and only if the employer did not report the contributions as wages subject to federal income tax withholding from the date of the implementation of the pick-up.

Those governmental employers that have implemented a pick-up and meet the requirements of (1) above, but did not take a formal action or cannot find any documentation of a prior formal action, may consider taking such action described in (2) above, before January 1, 2009.

For more assistance with your governmental plan, contact your FSLG Specialist. A directory appears in this newsletter.

NEW REGULATIONS ADDRESS WITHHOLDING ON SUPPLEMENTAL PAY

BY STEWART ROULEAU, FSLG SENIOR ANALYST

New regulations released July 25, 2006, finalize new rules for the treatment of supplemental wages.

The new regulations define the term “supplemental wages” as any compensation paid to an employee that is not a regular wage. “Regular wages” are defined as amounts paid by the employer for a pay period at a regular hourly rate or in a predetermined fixed amount.

Supplemental wages include:

- Reported tips
- Overtime pay
- Bonuses
- Back pay
- Commissions
- Reimbursements
- Noncash fringe benefits
- Sick pay
- Any other irregular payments.

The employer may treat reported tips and overtime pay as either supplemental or regular wages. The employer may treat these payments differently for different employees. However, the other items listed above must be treated as supplemental wages.

Withholding on Supplemental Wages of \$1 Million or Less

In general, there are two withholding methods available for supplemental wages:

Aggregate – Include the supplemental wages with the regular wages for the pay period, and withhold according to the tables used for regular wages. If the supplemental wages are paid concurrently with regular pay, they must be aggregated with the regular pay for that payroll period.

Optional Flat Rate Withholding – Apply flat rate withholding (currently 25%) to the supplemental wage. The number of withholding allowances claimed by the employee on Form W-4, “Employee’s Withholding Allowance Certificate” is disregarded.

The employer must meet two requirements to use the optional method:

- 1) The employer must have withheld income tax from regular wages paid to the employee during the same or the previous calendar year, and
- 2) The supplemental wages are either (a) not paid concurrently with regular wages, or are (b) separately stated on the payroll records of the employer.

Special Rules for Supplemental Wages Exceeding \$1 Million

Special withholding rules apply to supplemental wages in excess of \$1 million in the calendar year. Payments that exceed \$1 million, and the portion of the payment that brings the total over \$1 million, must be withheld at the highest rate of tax in effect for that year, currently 35%.

An agent withholding on behalf of an employer is subject to the same rules. However, a de minimis provision allows an employer to disregard payments by an agent of less than \$100,000 in total compensation (regular and supplemental wages) to one individual in determining whether the individual has received \$1 million of supplemental wages during the calendar year.

For a general explanation of the tax withholding rules, see [Circular E](#). To read the complete text of the final regulations, [click here](#).

REQUESTING A TECHNICAL ADVICE MEMORANDUM

BY DENISE Y. BOWEN, FSLG TAX LAW SPECIALIST

The Office of Chief Counsel provides technical legal advice to Internal Revenue Service personnel and taxpayers during an examination through a technical advice memorandum (TAM). [Revenue Procedure 2006-2](#) (updated annually), governs the process by which Service personnel and taxpayers request technical advice memorandum from the Division Counsel/Associate Chief Counsel.

A technical advice memorandum is advice furnished by the Office of Division Counsel/Associate Chief Counsel concerning the interpretation and proper application of the tax law, tax treaties, regulations, revenue rulings, notices or other precedents published by the Associate Chief Counsel office to a set of specific facts involving a specific taxpayer.

A TAM is requested when there is a lack of uniformity on the disposition of an issue, or when an issue is unusual or complex enough to warrant consideration.

Taxpayer cooperation is not required in order to request a TAM.

Field Office Determination To Request a TAM

The FSLG specialist conducting the examination and the group manager will determine whether to request a TAM on an issue. The Director, FSLG (Director) will approve the request before submission to the Associate office. The Director will not request a TAM on any issue if the same issue is involved in a docketed case for any taxpayer for any taxable year.

A taxpayer may also make a written or oral request to the FSLG specialist to refer an issue for a TAM. If the specialist and the group manager disagree with the request, the taxpayer may request reconsideration of the denial from the Director.

Pre-Submission Conference

In an effort to promote expeditious processing of a request for a TAM, the field is required to confer with the Associate office in Chief Counsel prior to the time a request for a TAM is submitted to the Associate Chief Counsel office. The field must provide the taxpayer an opportunity to participate in the process by permitting the taxpayer to submit a statement discussing its factual and legal position on the issue. Taxpayer participation in the conference is not required. Pre-submission conferences for the TAM will generally be conducted by telephone, but the parties can request a meeting in person.

Request for a TAM

A request for a TAM, whether initiated by the taxpayer or by FSLG, must include a written statement of issues, facts, law, and arguments. If the field initiates the request, the examining agent prepares the factual statement with the assistance of field counsel. The taxpayer has ten calendar days to respond to the field's statement by providing the field with a written statement specifying any disagreement on the facts and issues.

If the Service initiates the request, then taxpayer is encouraged to submit a written statement explaining the taxpayer's position to the field office within 21 calendar days after the taxpayer receives a copy of the TAM request.

If the taxpayer initiates the request, the taxpayer prepares the factual statement and forwards it to the appropriate field office. The Service will notify the taxpayer in writing of any areas of disagreement. The taxpayer has ten calendar days after receiving the written notice to reply.

While the taxpayer is given an opportunity to submit a statement and information, if the request for a TAM is prepared without the taxpayer's cooperation, the Associate office in Chief Counsel will process the request, as neither factual agreement nor taxpayer participation are required.

Public Inspection

TAMs are available for public inspection under §6110(a) of the Code. The Service deletes certain information from the text of TAMs before making them available for public inspection. To assist the Service with making the

required deletions, the taxpayer is required to provide a statement indicating the deletions desired (“deletion statement”).

If the taxpayer does not submit the deletion statement, the Director will inform the taxpayer that the statement is required. In the case of a taxpayer-initiated TAM, if the deletion statement is not received within 10 calendar days after the request is made to the taxpayer, the Director may decline to submit the request for a TAM.

Copy of the TAM to the Taxpayer

Upon adopting the TAM, the Director gives the taxpayer a copy of the TAM and the notice of intention to disclose the TAM under §6110(f)(1) of the Code (including a copy of the version proposed to be open to public inspection and notations of third party communications under § 6110(d)). The Director must also notify the Associate office when the TAM is given to the taxpayer. In the event that a TAM request pertains to more than one taxpayer the Director will provide each pertinent taxpayer with a copy of the TAM.

Taxpayer Protest of Deletions Not Made

After receiving the notice of intention to disclose the TAM, the taxpayer may protest the disclosure of certain information included in the TAM. To do so, the taxpayer must submit a written statement within 20 calendar days identifying those deletions not made by the Service that the taxpayer believes should be made, along with a copy of the version of the TAM proposed to be open to public inspection (with brackets around the deletions proposed by the taxpayer that have not been made by the Associate office). Within 20 calendar days after receipt of the taxpayer’s response to the notice, Chief Counsel is required to mail the taxpayer its final administrative conclusion about the deletions to be made.

Effect of a TAM

The holding in a TAM applies only to the taxpayer for whom the TAM was requested. Consequently, a taxpayer may not rely on a TAM issued by the Service for another taxpayer.

Except in rare or unusual circumstances, a holding in a TAM that is favorable to the taxpayer is applied retroactively. A holding that is adverse to the taxpayer, or modifies or revokes a prior TAM is also applied retroactively, unless the Associate Chief Counsel with jurisdiction over the TAM exercises its discretionary authority under §7805(b) to limit the retroactive effect of the holding. Section 15 of Rev. Proc. 2006-2 provides a

discussion of the conditions under which the holding in a TAM is not applied retroactively.

A taxpayer for whom a TAM has been issued or for whom a request for a TAM is pending may make a request to Associate Chief Counsel to limit the retroactive effect of any holding in the TAM or of any subsequent modification or revocation of the TAM. See Section 16 of Revenue Procedure 2006-2.

For more information, see [Revenue Procedure 2006-2](#) or contact your local FSLG Specialist.

Directory of FSLG Contacts

<u>State</u>	<u>Specialist</u>	<u>Telephone Number</u>	<u>Ext.</u>
Alabama	John Givens	(251) 340-1761	
Alaska	Gary Petersen	(775) 325-9282	
Arkansas	Jan Germany	(501) 324-5328	253
Arizona	Kim Savage	(928) 214-3309	5
California	Charis Martinez Jay Gonzales Leslie VanBuren	(916) 974-5349 (760) 736-7383 (408) 817-6556	
Colorado	Steven McDonald Chuck Sandoval	(303) 446-1242 (303) 446-1156	
Connecticut	Mary Robert	(401) 826-4754	
Delaware	Hilton Finney	(215) 861-3732	
District of Columbia	Christina Chang	(703) 462-5971	
Florida	Sheree Cunningham Fernando Echevarria Mae Whitlow	(727) 568-2505 (954) 423-7406 (321) 441-2517	
Georgia	Denver Gates	(404) 338-8205	
Hawaii	Marilee Basaraba	(503) 326-5030	
Idaho	Chris Casteel	(208) 387-2829	233
Illinois	Ted Knapp Joyce Reinsma	(618) 244-3453 (312) 566-3879	
Indiana	Beverly Elsner Raelane Hoff	(812) 378-1254 (812) 234-6815	227
Iowa	David Prebeck	(515) 573-4120	
Kansas	Gary Decker Allison Jones	(316) 352-7475 (316) 352-7443	
Kentucky	Talaka Wardford	(502) 420-1586	

<u>State</u>	<u>Specialist</u>	<u>Telephone Number</u>	<u>Ext.</u>
Louisiana	Claire Bullock Robert Lettow Lynette Thibodaux	(318) 683-6311 (318) 683-6312 (504) 558-3144	
Maine	Bob Westhoven	(207) 784-6988	
Maryland	Christina Chang	(703) 462-5971	
Massachusetts	Mark A. Costa	(617) 320-6807	
Michigan	Brian Blake Lori Hill	(231) 932-2063 (906) 228-7831	
Minnesota	Steve Bruzda Pat Wesley	(651) 312-7722 (218) 720-5305	225
Mississippi	John Givens Robert Lettow	(251) 340-1761 (318) 869-6312	
Missouri	Sharon Boone Joe Burke Dena Jones	(417) 841-4535 (636) 940-6389 (816) 966-2346	
Montana	Katherine Dees	(406) 761-1825	229
Nebraska	Thomas Goman	(402) 361-0202	
Nevada	Gary Petersen	(775) 325-9282	
New Hampshire	Bob Westhoven	(207) 784-6988	
New Jersey	Pat Regetz	(908) 301-2119	
New Mexico	Toni Holcomb George Vega	(505) 527-6900 (505) 837-5554	232
New York	Martin Boswell Dave Coulon Dianne Morse Jean Redman Fran Reina Granville Shannon	(315) 233-7302 (315) 233-7305 (716) 961-5319 (607) 734-1063 (315) 793-8171 (212) 719-6537	108
North Carolina	Jammie Owens Catherine Wides	(336) 378-2961 (919) 402-0918	
North Dakota	Rhonda Kingsley Al Klaman	(701) 239-5400 (701) 227-0133	261

<u>State</u>	<u>Specialist</u>	<u>Telephone Number</u>	<u>Ext.</u>
Ohio	Trudee Billo	(419) 522-2359	
	Amy Myers	(419) 522-2259	
	Wendy Speelman	(419) 526-2607	
Oklahoma	Pat O'Neil	(405) 297-4895	
Oregon	Marilee Basaraba	(503) 326-5030	
Pennsylvania	Hilton Finney	(215) 861-3732	108
	Jean Redman	(607) 734-1063	
Rhode Island	Mary Robert	(401) 826-4754	
South Carolina	Clifford Brown	(803) 253-3523	
South Dakota	Rhonda Kingsley	(701) 239-5400	261
	Al Klaman	(701) 227-0133	
Tennessee	Denver Gates	(404) 338-8205	
Texas	Robert Jackson	(281) 721-7993	
	JoAnn Lacey	(512) 464-3609	
	Steve O'Brien	(512) 464-3129	
	Donna Richard	(512) 499-5033	
Utah	Katherine Dees	(406) 761-1825	229
Vermont	Fran Reina	(315) 793-8171	
Virginia	Christina Chang	(703) 462-5971	
	Lisa Suardi	(804) 916-8207	
Washington	Clark Fletcher	(425) 489-4042	
West Virginia	Christina Chang	(703) 462-5971	
	Lisa Suardi	(804) 916-8207	
Wisconsin	David Rasmussen	(262) 513-3424	
	Ruthann Watts	(262) 513-3520	
Wyoming	Dwayne Jacobs	(307) 672-7425	33

Special Circumstances

What happens if I am on military leave?

The Uniformed Services Employment and Reemployment Rights Act (USERRA) permits contributing participants called up for military leave to make contributions to MEBT upon their return to work and to receive City contributions. A number of specific timelines must be met for USERRA benefits to apply. Contact Human Resources for an information packet.

Is vesting portable between MEBT cities?

To answer this question, it is helpful to review three situations that may apply:

1. Leaving the City of Bellevue and immediately going to work for another MEBT city
2. Begin working for Bellevue immediately following employment at another MEBT city
3. Rehired by the City of Bellevue

Leaving the City of Bellevue for employment at another MEBT city

If you leave the City of Bellevue and immediately go to work for another MEBT city, your months of participation in Bellevue's MEBT may be counted toward your vesting at your new MEBT city. The non-vested portion of your Bellevue MEBT Employer Account (City contributions) will be forfeited, but you will be 100% vested in the remaining portion.

Depending on the rules of the other MEBT city's Plan to which you are transferring, you may be given credit for your months of MEBT participation with the City of Bellevue. If you do receive credit, you begin vesting in the Employer Contributions at the new MEBT city based on the months of service for participation in Bellevue's MEBT. *Check with your new MEBT employer's Human Resources Department for requirements.*

Illustration – Transferring to another MEBT City with a 5-year Vesting Schedule

Matt Erikson worked and participated in MEBT for two years at the City of Bellevue before accepting a position at a different MEBT city. During that time, he contributed \$2,200 from his own salary into his MEBT Employee Account. The City allocated another \$2,000 in City Contributions.

The City of Bellevue has a 10-year MEBT vesting schedule, so Matt was 20% vested in his City Contributions Account of \$2,000, for \$400 (20% of \$2,000).

When he went to work for a different MEBT City, Matt was eligible to transfer 100% of his employee contributions (\$2,200) and 20% (\$400) of his City Contributions.¹ Matt forfeited \$1,600 of his City Contributions, the remaining unvested portion (80% of \$2,000).

Matt immediately transferred his MEBT accounts (100% of his employee contributions and the vested portion of his City Contributions) to his new MEBT city employer.

Because his new city has a 5-year vesting schedule, Matt's two years at the City of Bellevue translated to 40% vesting credit in their plan. (Two years equals 40% of five years.) Contributions Matt received from his new MEBT city were bumped up to a higher vesting schedule. Future City Contributions Matt will receive from the new city will begin at 40% vesting.

Most MEBT plans credit participation with other MEBT cities, but some may not. Contact the applicable Human Resources Department if you have questions.

¹ The \$400 vested City Contributions that Matt transferred to his new MEBT city remained 100% vested in his new City Contributions account.

CITY OF REDMOND

CANDY VALENTINE
222 SWEETHEART LANE
CARNATION, WA 98072

Statement of Account For the Period Ended 09/30/2007

	<u>MEBT Fund</u>	<u>Money Market Fund</u>	<u>Loan</u>	<u>Total Balance</u>	<u>Vested Balance</u>
Employee Tax-Deferred*	\$ 124,544.29	\$ 0.00	\$ 0.00	\$ 124,544.29	\$ 124,544.29
Employee After-Tax Basic	26,391.97	0.00	20,467.20	46,859.17	46,859.17
Employee Extra**	794.20	0.00	10,474.82	11,269.02	11,269.02
Rollover Account*	67,239.54	0.00	0.00	67,239.54	67,239.54
MEBT II***	0.00	0.00	0.00	0.00	0.00
City Contribution Account*	<u>137,496.24</u>	<u>0.00</u>	<u>0.00</u>	<u>137,496.24</u>	<u>137,496.24</u>
Total Balance as of 09/30/2007	\$ 356,466.24	\$ 0.00	\$ 30,942.02	\$ 387,408.26	\$ 387,408.26

You are 100% vested in your City Contribution Account.

* Tax Deferred. If your employment ended prior to this quarter, any unvested contributions have been forfeited.

** Any "extra" tax-deferred contributions are included in the employee tax-deferred account balance.

*** MEBT II represents contributions made while a supplemental employee.

**** Investment Return includes interest, dividends, realized gains/losses and the change in market value of the assets held.

Total Contributions to Date as of 09/30/2007

		<u>3 Mo.</u>	<u>Y-T-D</u>	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Net Contributions						
Tax-Deferred	\$ 60,553.51					
After-Tax	29,910.07					
Employer	61,474.70					
Investment Return****	<u>235,469.98</u>					
Total	\$ 387,408.26					
		MEBT Fund	2.2%	7.8%	13.4%	12.2%
		<i>Balanced Fund Index*</i>	2.2%	7.6%	12.2%	11.6%
		Money Market	1.2%	3.9%	5.2%	2.8%
		<i>Money Market Index</i>	1.1%	3.4%	4.6%	2.2%

Please note, past performance never guarantees future results.

*45% Russell 3000, 15% EAFE, 40% Leh Agg.

	Employee Tax-Deferred*	Employee After-Tax	Employee Rollover*	City Contribution*	Total
Beginning Balance as of 07/01/2007**	\$ 120,432.94	\$ 56,837.91	\$ 65,789.35	\$ 133,390.59	\$ 376,450.79
Contributions					
Employee/City	1,412.55	0.00	0.00	1,130.04	2,542.59
Employee Extra**	0.00	0.00	0.00	0.00	0.00
MEBT II***	0.00	0.00	0.00	0.00	0.00
Rollover	0.00	0.00	0.00	0.00	0.00
Reserve Allocation	0.00	0.00	0.00	0.00	0.00
Investment Return****	2,698.80	1,290.28	1,450.19	2,975.61	8,414.88
Withdrawals/Adjustments	0.00	0.00	0.00	0.00	0.00
Ending Balance as of 09/30/2007	\$ 124,544.29	\$ 58,128.19	\$ 67,239.54	\$ 137,496.24	\$ 387,408.26
Vested Balance as of 09/30/2007	\$ 124,544.29	\$ 58,128.19	\$ 67,239.54	\$ 137,496.24	\$ 387,408.26

Loan Summary

Outstanding Loan Balance as of 07/01/2007	\$32,820.31
New Loans from 07/01/2007 - 09/30/2007	0.00
Principal Paid from 07/01/2007 - 09/30/2007	-1,878.29
Ending Balance as of 09/30/2007	\$30,942.02

* Tax Deferred.

** Any "extra" tax-deferred contributions are included in the employee tax-deferred account balance.

*** MEBT II represents contributions made while a supplemental employee.

**** Investment Return includes interest, dividends, realized gains/losses and the change in market value of the assets held.

If you have any questions about your accounts, please contact your Human Resources Department.

APPENDIX D - Current Managers, Assets and Transactions

Municipal Employees' Benefit Trust
 Total Transactions by Individual Manager
 January 1, 2007 through December 31, 2007

Manager	Asset Class / SMA or MF	# of Positions @ 12/31/07	Assets @ 12/31/07	Purchases	Sells	Bond Redemptions	Income/Div Postings	Foreign Tax withholding	Paydowns	Wire Contributions	Wire Distributions
Alliance Bernstein	Equity (SMA)	127	\$44,766,724	94	101	n/a	427	15	n/a	10	5
Baron	Equity (SMA)	86	\$10,224,345	165	128	n/a	123	1	n/a	0	5
Wells	Equity (SMA)	107	\$9,950,011	1527	1094	n/a	152	20	n/a	0	4
TCW	Equity (SMA)	29	\$49,946,106	70	41	n/a	56	0	n/a	11	4
William Blair	nt'l Equity (SMA)	40	\$38,397,597	170	147	n/a	87	77	n/a	0	6
Columbia	Fixed (SMA)	155	\$121,382,997	151	95	9	846	0	419	6	6
ING Int'l Value	Equity (MF)	1	\$34,194,120	0	4	n/a	n/a	n/a	n/a	n/a	n/a
State Street 500	Equity (CTF)	1	\$92,975,529	0	4	n/a	n/a	n/a	n/a	n/a	n/a
Calamos	Fixed (MF)	1	\$54,675,825	0	4	n/a	n/a	n/a	n/a	n/a	n/a
Vanguard	Cash (MF)	1	\$4,254,534	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		548	\$460,767,788	2,177	1,618	9	1,691	113	419	27	30

Municipal Employees' Benefit Trust
Alliance Bernstein - Equity Account
Portfolio Appraisal as of December 31, 2007

Security / Symbol	Classification	Quantity	Security	Price	Market Value
ace	Equity	4,700	Ace Ltd Ord Shs	\$61.78	\$290,366.00
aa	Equity	11,500	Alcoa Inc	\$36.55	\$420,325.00
aw	Equity	12,200	Allied Waste Industries	\$11.02	\$134,444.00
all	Equity	8,100	Allstate Corp	\$52.23	\$423,063.00
mo	Equity	11,000	Altria Group Inc	\$75.58	\$831,380.00
abk	Equity	3,400	Ambac Inc	\$25.77	\$87,618.00
aep	Equity	7,900	American Electric Power Co	\$46.56	\$367,824.00
aig	Equity	15,700	American Intern'l Grp	\$58.30	\$915,310.00
abc	Equity	3,800	Amerisourcebergen Corp.	\$44.87	\$170,506.00
mt	Equity	4,700	Arcelor Mittal Cl A	\$77.35	\$363,545.00
arw	Equity	2,700	Arrow Electronics Inc	\$39.28	\$106,056.00
ash	Equity	1,200	Ashland Inc.	\$47.43	\$56,916.00
t	Equity	38,800	At&t Inc	\$41.56	\$1,612,528.00
alv	Equity	3,600	Autoliv Inc.	\$52.71	\$189,756.00
car	Equity	3,000	Avis Budget Group Inc	\$13.00	\$39,000.00
avt	Equity	1,900	Avnet Inc.	\$34.97	\$66,443.00
bac	Equity	35,200	Bank Of America Corp	\$41.26	\$1,452,352.00
bdk	Equity	1,900	Black & Decker	\$69.65	\$132,335.00
ba	Equity	3,100	Boeing Company	\$87.46	\$271,126.00
bwa	Equity	5,600	Borg Warner Automotive Inc	\$48.41	\$271,096.00
bp	Equity	3,100	Bp Plc Spons Adr	\$73.17	\$226,827.00
bc	Equity	4,400	Brunswick Corp	\$17.05	\$75,020.00
cbs	Equity	11,750	CBS Corp Cl B	\$27.25	\$320,187.50
cat	Equity	3,300	Caterpillar Inc	\$72.56	\$239,448.00
ctx	Equity	4,300	Centex Corp	\$25.26	\$108,618.00
cvx	Equity	17,700	Chevron Texaco Corp.	\$93.33	\$1,651,941.00
cb	Equity	4,200	Chubb Corp	\$54.58	\$229,236.00
cdl	Equity	161	Citadel Holding Corp	\$2.06	\$331.66
c	Equity	36,900	Citigroup Inc	\$29.44	\$1,086,336.00
clx	Equity	2,900	Clorox Co.	\$65.17	\$188,993.00
cl	Equity	3,500	Colgate-Palmolive	\$77.96	\$272,860.00
20030n101	Equity	12,000	Comcast Corp Cl A	\$18.26	\$219,120.00
cma	Equity	5,100	Comerica Inc.	\$43.53	\$222,003.00
cag	Equity	10,800	Conagra Foods Inc	\$23.79	\$256,932.00
cop	Equity	13,900	Conocophillips	\$88.30	\$1,227,370.00
ceg	Equity	4,300	Constellation Energy	\$102.53	\$440,879.00
cov	Equity	1,875	Covidien Ltd	\$44.29	\$83,043.75
db	Equity	1,700	Deutsche Bank Ag Ord	\$129.41	\$219,997.00
dfs	Equity	6,500	Discover Financial	\$15.08	\$98,020.00
dow	Equity	6,500	Dow Chemical Corp	\$39.42	\$256,230.00
dd	Equity	7,400	E I Du Pont De Nemours & Co	\$44.09	\$326,266.00
etn	Equity	3,500	Eaton Corp	\$96.95	\$339,325.00
eds	Equity	2,900	Electronic Data Systems Corp.	\$20.73	\$60,117.00
lly	Equity	6,000	Eli Lilly & Company	\$53.39	\$320,340.00
xom	Equity	31,800	Exxon-Mobil Corporation	\$93.69	\$2,979,342.00
fdo	Equity	7,600	Family Dollar Stores	\$19.23	\$146,148.00
fnm	Equity	10,400	Fannie Mae	\$39.98	\$415,792.00
fnf	Equity	4,800	Fidelity National Financial Inc.	\$14.61	\$70,128.00
fitb	Equity	9,300	Fifth Third Bancorp	\$25.13	\$233,709.00
flex	Equity	29,454	Flextronics International Ltd	\$12.06	\$355,215.24

Municipal Employees' Benefit Trust
Alliance Bernstein - Equity Account
Portfolio Appraisal as of December 31, 2007

Security / Symbol	Classification	Quantity	Security	Price	Market Value
fre	Equity	7,400	Freddie Mac	\$34.07	\$252,118.00
gci	Equity	7,800	Gannett Co	\$39.00	\$304,200.00
gps	Equity	13,700	Gap Inc.	\$21.28	\$291,536.00
ge	Equity	52,200	General Electric Co	\$37.07	\$1,935,054.00
gm	Equity	11,700	General Motors Corp	\$24.89	\$291,213.00
gnw	Equity	11,200	Genworth Financial Inc Cl A	\$25.45	\$285,040.00
gs	Equity	275	Goldman Sachs Group Inc	\$215.05	\$59,138.75
hig	Equity	4,200	Hartford Financial Services Group	\$87.19	\$366,198.00
hd	Equity	2,800	Home Depot Incorporated	\$26.94	\$75,432.00
iar	Equity	7,400	Idearc Inc	\$17.56	\$129,944.00
ir	Equity	2,600	Ingersoll Rand Co.	\$46.47	\$120,822.00
ipg	Equity	12,600	Interpublic Group Co	\$8.11	\$102,186.00
ibm	Equity	3,600	Intl Business Machines Inc	\$108.10	\$389,160.00
jnj	Equity	7,400	Johnson & Johnson	\$66.70	\$493,580.00
jny	Equity	11,000	Jones Apparel Group	\$15.99	\$175,890.00
jpm	Equity	26,900	Jpmorgan Chase & Co	\$43.65	\$1,174,185.00
kbh	Equity	4,600	Kaufman & Broad Home Corp	\$21.60	\$99,360.00
k	Equity	5,100	Kellogg Co.	\$52.43	\$267,393.00
key	Equity	7,500	Keycorp	\$23.45	\$175,875.00
kft	Equity	3,700	Kraft Foods Cl A Inc	\$32.63	\$120,731.00
kr	Equity	12,500	Kroger Co	\$26.71	\$333,875.00
lea	Equity	4,400	Lear Corp.	\$27.66	\$121,704.00
lxk	Equity	3,900	Lexmark Intl Group Inc	\$34.86	\$135,954.00
ltd	Equity	3,600	Limited Brands Inc	\$18.93	\$68,148.00
lz	Equity	3,400	Lubrizol Corp	\$54.16	\$184,144.00
m	Equity	10,500	Macy's Inc	\$25.87	\$271,635.00
mga	Equity	1,200	Magna Int'l Inc.	\$80.43	\$96,516.00
mro	Equity	8,600	Marathon Oil Corp	\$60.86	\$523,396.00
mat	Equity	6,200	Mattel Inc	\$19.04	\$118,048.00
mbi	Equity	4,400	Mbia Inc	\$18.63	\$81,972.00
mcd	Equity	12,000	Mcdonalds Corp	\$58.91	\$706,920.00
mrk	Equity	9,700	Merck & Company Inc	\$58.11	\$563,667.00
mer	Equity	6,600	Merrill Lynch & Co Inc	\$53.68	\$354,288.00
met	Equity	6,450	Metlife Inc	\$61.62	\$397,449.00
tap	Equity	5,200	Molson Coors Brewing Co-B	\$51.62	\$268,424.00
ms	Equity	10,200	Morgan Stanley	\$53.11	\$541,722.00
ncc	Equity	10,300	National City Corp	\$16.46	\$169,538.00
nok	Equity	5,600	Nokia Corp (adr)	\$38.39	\$214,984.00
noc	Equity	4,300	Northrop Grumman Corp	\$78.64	\$338,152.00
oxy	Equity	900	Occidental Petroleum Corp.	\$76.99	\$69,291.00
odp	Equity	7,500	Office Depot Inc.	\$13.91	\$104,325.00
ori	Equity	10,000	Old Republic International Corp.	\$15.41	\$154,100.00
oi	Equity	5,700	Owens Ill Inc	\$49.50	\$282,150.00
pcar	Equity	2,200	Paccar Inc	\$54.48	\$119,856.00
pfe	Equity	58,200	Pfizer Incorporated	\$22.73	\$1,322,886.00
pg	Equity	13,500	Procter & Gamble Co	\$73.42	\$991,170.00
phm	Equity	7,800	Pulte Homes Inc.	\$10.54	\$82,212.00
rnr	Equity	3,600	Renaissance Re Holdings	\$60.24	\$216,864.00
780259206	Equity	3,500	Royal Dutch Shell PLC - ADR A	\$84.20	\$294,700.00
swy	Equity	9,800	Safeway Inc.	\$34.21	\$335,258.00

Municipal Employees' Benefit Trust
Alliance Bernstein - Equity Account
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Security / Symbol	Classification	Quantity	Security	Price	Market Value
sanm	Equity	27,100	Sanmina-Sci Corp	\$1.82	\$49,322.00
sle	Equity	18,000	Sara Lee Corp	\$16.06	\$289,080.00
sgp	Equity	7,300	Schering-Plough	\$26.64	\$194,472.00
sscc	Equity	9,600	Smurfit-Stone Container Corp	\$10.56	\$101,376.00
s	Equity	34,200	Sprint Nextel Corp	\$13.13	\$449,046.00
spw	Equity	3,900	Spx Corp.	\$102.85	\$401,115.00
sti	Equity	1,800	Suntrust Banks	\$62.49	\$112,482.00
svu	Equity	2,600	Supervalu Inc	\$37.52	\$97,552.00
twx	Equity	10,100	Time Warner Cos Inc.	\$16.51	\$166,751.00
tmk	Equity	2,700	Torchmark Corp.	\$60.53	\$163,431.00
tot	Equity	3,100	Total Fina Elf Sa Adr	\$82.60	\$256,060.00
trv	Equity	9,080	Travelers Cos Inc	\$53.80	\$488,504.00
tel	Equity	1,875	Tyco Electronics LTD	\$37.13	\$69,618.75
tyc	Equity	1,875	Tyco International Ltd	\$39.65	\$74,343.75
usb	Equity	7,900	US Bancorp - Del	\$31.74	\$250,746.00
unm	Equity	12,400	Unum Group	\$23.79	\$294,996.00
vz	Equity	26,200	Verizon Communications	\$43.69	\$1,144,678.00
92553p201	Equity	6,000	Viacom Inc Class B	\$43.92	\$263,520.00
92857w209	Equity	7,900	Vodafone Group Plc ADR	\$37.32	\$294,828.00
wb	Equity	7,600	Wachovia Corp New	\$38.03	\$289,028.00
wdr	Equity	4,200	Waddell & Reed Financial Cl A	\$36.09	\$151,578.00
wmt	Equity	2,000	Wal-Mart Stores Inc	\$47.53	\$95,060.00
wm	Equity	11,800	Washington Mutual Inc	\$13.61	\$160,598.00
wfc	Equity	13,200	Wells Fargo & Co New	\$30.19	\$398,508.00
wec	Equity	5,200	Wisconsin Energy Corp.	\$48.71	\$253,292.00
xl	Equity	2,800	XI Cap Ltd (adr)	\$50.31	\$140,868.00
	Cash				\$671,702.63
Total					\$44,766,724.03

Municipal Employees' Benefit Trust
Baron
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Security / Symbol	Classification	Quantity	Security	Price	Market Value
akr	Equity	2,000	Acadia Realty Trust	\$25.61	\$51,220.00
acm	Equity	3,800	Aecom Technology Corp	\$28.57	\$108,566.00
ayr	Equity	1,900	Aircastle Ltd	\$26.33	\$50,027.00
alx	Equity	700	Alexander's Inc	\$353.25	\$247,275.00
algt	Equity	1,500	Allegiant Travel Co	\$32.14	\$48,210.00
mdrx	Equity	2,900	Allscripts Healthcare Solutions	\$19.42	\$56,318.00
arii	Equity	2,600	American Railcar Industries	\$19.25	\$50,050.00
agp	Equity	7,000	Amerigroup Corp	\$36.45	\$255,150.00
asca	Equity	5,500	Ameristar Casinos Inc	\$27.54	\$151,470.00
apog	Equity	2,400	Apogee Enterprises Inc	\$17.11	\$41,064.00
acgl	Equity	5,200	Arch Cap Group Ltd Ord	\$70.35	\$365,820.00
rate	Equity	1,300	Bankrate Inc	\$48.09	\$62,517.00
chrw	Equity	3,600	C H Robinson Worldwide Inc	\$54.12	\$194,832.00
cab	Equity	3,500	Cabela's Inc-CI A	\$15.07	\$52,745.00
cpki	Equity	2,250	California Pizza Kitchen Inc	\$15.57	\$35,032.50
kmx	Equity	7,000	Carmax Inc	\$19.75	\$138,250.00
crzo	Equity	1,100	Carrizo Oil & Gas Inc	\$54.75	\$60,225.00
cri	Equity	6,000	Carter's Inc	\$19.35	\$116,100.00
cbg	Equity	3,000	Cb Richard Ellis Group Inc-A	\$21.55	\$64,650.00
cnc	Equity	4,000	Centene Corp	\$27.44	\$109,760.00
clfc	Equity	2,000	Center Financial Corp	\$12.32	\$24,640.00
cpf	Equity	2,500	Central Pacific Financial Co	\$18.46	\$46,150.00
crl	Equity	2,800	Charles Riv Labs Intl	\$65.80	\$184,240.00
schw	Equity	12,100	Charles Schwab Corporation	\$25.55	\$309,155.00
cake	Equity	4,550	Cheesecake Factory Inc	\$23.71	\$107,880.50
che	Equity	2,300	Chemed Corp	\$55.88	\$128,524.00
16943c109	Equity	1,400	China Nepstar Chain Drug ADR	\$17.58	\$24,612.00
chh	Equity	4,100	Choice Hotels Intl Inc	\$33.20	\$136,120.00
cps	Equity	8,500	Choicepoint Inc	\$36.42	\$309,570.00
cns	Equity	4,900	Cohen & Steers Inc	\$29.97	\$146,853.00
csgp	Equity	2,000	Costar Group Inc	\$47.25	\$94,500.00
dv	Equity	6,500	Devry Inc	\$51.96	\$337,740.00
dks	Equity	8,000	Dicks Sporting Goods Inc	\$27.76	\$222,080.00
dlr	Equity	2,500	Digital Realty Trust Inc	\$38.37	\$95,925.00
dsw	Equity	5,000	Dsw Inc - Class A	\$18.76	\$93,800.00
exp	Equity	1,700	Eagle Materials Inc	\$35.48	\$60,316.00
ew	Equity	3,000	Edwards Lifesciences	\$45.99	\$137,970.00
esc	Equity	1,700	Emeritus Corp.	\$25.15	\$42,755.00
eac	Equity	4,500	Encore Acquisition Co	\$33.37	\$150,165.00
eqix	Equity	200	Equinix Inc	\$101.07	\$20,214.00
evr	Equity	1,200	Evercore Partners Inc CI A	\$21.55	\$25,860.00
fcsx	Equity	3,600	FCStone Group Inc	\$46.03	\$165,708.00
gwr	Equity	4,700	Genesee & Wyoming A	\$24.17	\$113,599.00
gbci	Equity	2,700	Glacier Bancorp New	\$18.74	\$50,598.00
hlth	Equity	7,300	HLTH Corp	\$13.40	\$97,820.00
hway	Equity	2,600	Healthways Inc	\$58.44	\$151,944.00
hp	Equity	4,300	Helmerich & Payne	\$40.07	\$172,301.00
hsic	Equity	1,600	Henry Schein Inc	\$61.40	\$98,240.00
isle	Equity	2,900	Isle Of Capri Casinos	\$13.77	\$39,933.00
itc	Equity	3,000	Itc Holdings Corp	\$56.42	\$169,260.00

Municipal Employees' Benefit Trust
Baron
Portfolio Appraisal as of December 31, 2007

Security / Symbol	Classification	Quantity	Security	Price	Market Value
jcg	Equity	4,000	J Crew Group Inc	\$48.21	\$192,840.00
jef	Equity	6,000	Jefferies Group Inc	\$23.05	\$138,300.00
layn	Equity	1,000	Layne Christensen Co	\$49.21	\$49,210.00
lkqx	Equity	6,000	Lkq Corp	\$21.02	\$126,120.00
mic	Equity	2,200	Macquarie Infrastructure Co LLC	\$40.53	\$89,166.00
mvl	Equity	2,200	Marvel Entertainment Inc	\$26.71	\$58,762.00
ncmi	Equity	900	National Cinemedia Inc	\$25.21	\$22,689.00
nhwk	Equity	2,100	Nighthawk Radiology Holdings	\$21.05	\$44,205.00
nvr	Equity	100	Nvr Inc	\$524.00	\$52,400.00
odsy	Equity	3,300	Odyssey Healthcare Inc	\$11.06	\$36,498.00
pnra	Equity	2,400	Panera Bread Co	\$35.82	\$85,968.00
peet	Equity	1,700	Peets Coffee & Tea Inc	\$29.07	\$49,419.00
pag	Equity	7,000	Penske Auto Group Inc	\$17.46	\$122,220.00
pnk	Equity	2,900	Pinnacle Entmt Inc.	\$23.56	\$68,324.00
rl	Equity	2,900	Polo Ralph Lauren Corp	\$61.79	\$179,191.00
pssi	Equity	3,500	Pss World Medical Inc	\$19.57	\$68,495.00
rah	Equity	2,800	Ralcorp Holdings Inc	\$60.79	\$170,212.00
rba	Equity	205	Ritchie Bros Auctioneers	\$82.70	\$16,953.50
sivb	Equity	2,500	SVB Financial Group	\$50.40	\$126,000.00
joe	Equity	2,000	Saint Joe Co	\$35.51	\$71,020.00
ckh	Equity	1,500	Seacor Holdings Inc	\$92.74	\$139,110.00
bid	Equity	1,400	Sotheby's	\$38.10	\$53,340.00
sug	Equity	4,410	Southern Union Co New	\$29.36	\$129,477.60
stnr	Equity	1,200	Steiner Leisure Ltd.	\$44.16	\$52,992.00
stra	Equity	1,000	Strayer Ed Inc	\$170.58	\$170,580.00
sunh	Equity	1,600	Sun Healthcare Group Inc	\$17.17	\$27,472.00
spwr	Equity	1,600	Sunpower Corp - Class A	\$130.39	\$208,624.00
tti	Equity	1,700	Tetra Technologies	\$15.57	\$26,469.00
ucbh	Equity	8,500	Ucbh Holdings Inc	\$14.16	\$120,360.00
904311107	Equity	2,200	Under Armour Inc - Cl A	\$43.67	\$96,074.00
mtn	Equity	7,500	Vail Resorts Inc.	\$53.81	\$403,575.00
wal	Equity	2,400	Western Alliance Bancorp	\$18.77	\$45,048.00
wll	Equity	1,000	Whiting Petroleum Corp	\$57.66	\$57,660.00
wg	Equity	700	Willbros Grp	\$38.29	\$26,803.00
wynn	Equity	2,600	Wynn Resorts Ltd	\$112.13	\$291,538.00
	Cash				\$589,475.79
Total					\$10,224,344.89

**Municipal Employees' Benefit Trust
Columbia - Fixed Income Account
Portfolio Appraisal as of December 31, 2007**

Security / Symbol	Classification	Quantity	Security	Price	Market Value
136380ab8	CMO	0.008	Canadian National Rr 7.195% Due 01-02-16	\$112.07	\$0.01
178779cr3	CMOs/REMICS	16,139.740	Cityscape Home Equity 7.380% Due 07-25-28	\$99.65	\$16,082.61
31359lqu2	CMOs/REMICS	35,998.510	FNMA Series 95 - W01 8.200% Due 04-25-25	\$102.97	\$37,068.03
31359kgh4	CMOs/REMICS	36,677.030	FNMA 1996 - W2 7.800% Due 06-25-26	\$105.54	\$38,709.67
12667fak1	CMOs/REMICS	115,683.990	Countrywide Alternative Loan T 2004-2cb 1a4 1.500% Due 03-25-34	\$98.39	\$113,815.69
90263bhb7	CMOs/REMICS	131,898.790	Ucfc Hm Eq Ln Abc 98-D 6.315% Due 04-15-30	\$99.80	\$131,638.95
31392uw59	CMOs/REMICS	140,777.170	FHLMC Remic Series 2500 6.000% Due 06-15-31	\$101.07	\$142,286.30
449670cp1	CMOs/REMICS	206,579.040	Imc Home Equity Loan 1997-3 7.520% Due 08-20-28	\$99.72	\$205,994.42
31392hgs6	CMOs/REMICS	251,004.760	Fannie Mae 2002-95 Eb 5.000% Due 04-25-31	\$100.07	\$251,182.97
07384yph3	CMOs/REMICS	296,323.070	Bear Stearns Asset Backed Securities 2003-Ac7 A1 5.000% Due 01-25-34	\$99.51	\$294,865.16
86359am67	CMOs/REMICS	336,413.790	Structured Asset Securities Co 2003-21 1a3 5.500% Due 07-25-33	\$94.27	\$317,120.46
12667gc68	CMOs/REMICS	453,298.690	Countrywide Alternative Loan 2005-32T1 A1 5.250% Due 08-25-35	\$99.38	\$450,465.57
31394l7d8	CMOs/REMICS	477,871.270	Freddie Mac 2695 Db 4.000% Due 09-15-15	\$98.97	\$472,953.97
07387jad8	CMOs/REMICS	518,000.000	Bear Stearns Commercial Mortgage 2006-PW12 5.686% Due 09-11-38	\$102.42	\$530,545.96
933637ag5	CMOs/REMICS	528,790.730	Washington Mutual 2006-AR18 3A1 5.552% Due 01-25-37	\$100.13	\$529,483.45
46629yab5	CMOs/REMICS	548,000.000	JP Morgan Chase Commercial Mor 2007 - CB18 5.447% Due 06-12-47	\$99.61	\$545,846.36
17312hac3	CMOs/REMICS	560,000.000	Citicorp Residential Mortgage 2007-2 A3 6.080% Due 06-25-37	\$93.66	\$524,518.40
12668abm6	CMOs/REMICS	664,851.470	Countrywide Alternative Loan T 2005-J10 1A15 5.500% Due 10-25-35	\$98.25	\$653,243.16
07387mag4	CMOs/REMICS	750,000.000	Bear Stearns Commercial Mortgage 2006 5.626% Due 03-11-39	\$99.38	\$745,312.50
225458vm7	CMOs/REMICS	900,000.000	CS First Boston Mortgage Securities 2005-C3 A2 4.512% Due 07-15-37	\$98.82	\$889,389.00
31394l7g1	CMOs/REMICS	900,000.000	Freddie Mac 2695 Dg 4.000% Due 10-15-18	\$95.23	\$857,106.00
31395p5j7	CMOs/REMICS	910,000.000	Feddie Mac 2931 QB 4.500% Due 03-15-18	\$100.01	\$910,109.20
31394ka95	CMOs/REMICS	968,526.300	Freddie Mac 2687 Mq 4.500% Due 10-15-18	\$100.21	\$970,531.15
38374bxj7	CMOs/REMICS	1,000,000.000	Government National Mortgage A 2003-67 HE 5.000% Due 06-20-28	\$100.18	\$1,001,800.00

Municipal Employees' Benefit Trust
Columbia - Fixed Income Account
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Security / Symbol	Classification	Quantity	Security	Price	Market Value
38374ewn3	CMOs/REMICS	1,000,000.000	Government National Mortgage A 2203-97 Nc 4.500% Due 04-16-28	\$99.65	\$996,480.00
617451ac3	CMOs/REMICS	1,000,000.000	Morgan Stanley Capital I 2005-IQ10 A2 5.126% Due 09-15-42	\$100.10	\$1,001,010.00
466247j46	CMOs/REMICS	1,068,301.530	JP Morgan Mortgage Trust 2006 - A2 2A1 5.768% Due 04-25-36	\$99.58	\$1,063,761.25
31395fkg8	CMOs/REMICS	1,130,000.000	Freddie Mac 2865 PC 5.000% Due 03-15-30	\$100.07	\$1,130,802.30
31393e3m9	CMOs/REMICS	1,140,000.000	Fannie Mae 2003-87 Tg 4.500% Due 11-25-14	\$100.38	\$1,144,286.40
31394lsp8	CMOs/REMICS	1,140,000.000	Freddie Mac 2700 Pd 4.500% Due 02-15-27	\$99.60	\$1,135,405.80
46625yne9	CMOs/REMICS	1,180,000.000	JP Morgan Chase Commercial Mor 2005-LDP2 4.780% Due 07-15-42	\$94.11	\$1,110,462.60
31394l7a4	CMOs/REMICS	1,310,000.000	Freddie Mac 2695 Bo 4.500% Due 08-15-28	\$98.95	\$1,296,258.10
59022hlj9	CMOs/REMICS	1,390,000.000	Merrill Lynch Mortgage Trust 2005-CKL1 5.245% Due 11-12-37	\$97.76	\$1,358,850.10
46625yp98	CMOs/REMICS	1,756,000.000	JPMorgan Chase Commercial Mortgage 2006-LDP6 5.525% Due 04-15-43	\$99.10	\$1,740,231.12
46625mfc8	CMOs/REMICS	1,800,000.000	JP Morgan Chase Commercial Mortgage 2001-C1 A3 5.857% Due 10-12-35	\$103.57	\$1,864,188.00
92925vaa8	CMOs/REMICS	1,976,836.830	WAMU Morgage Pass - Through Cer 2007 - HY1 5.731% Due 02-25-37	\$99.68	\$1,970,431.88
07387bed1	CMOs/REMICS	2,540,000.000	Bear Stearns Commercial Mortgage 2005-PW10 AM 5.449% Due 12-11-40	\$98.49	\$2,501,747.60
125577ax4	Corp Bond	175,000.000	Citi Group Inc 6.100% Due 03-15-67	\$72.61	\$127,067.33
110709eq1	Corp Bond	250,000.000	British Columbia 5.375% Due 10-29-08	\$101.32	\$253,305.00
962166br4	Corp Bond	325,000.000	Weyerhaeuser Co Wy 7.375% Due 03-15-32	\$100.35	\$326,152.13
15189xag3	Corp Bond	350,000.000	Centerpoint Energy Houston 5.750% Due 01-15-14	\$100.84	\$352,932.30
501044cd1	Corp Bond	350,000.000	Kroger CO. 6.200% Due 06-15-12	\$104.20	\$364,711.20
913017bm0	Corp Bond	360,000.000	United Technologies Corp 5.375% Due 12-15-17	\$101.64	\$365,886.00
29273raf6	Corp Bond	375,000.000	Energy Transfer Partners 6.625% Due 10-15-36	\$95.84	\$359,417.63
437076as1	Corp Bond	375,000.000	Home Depot Inc 5.875% Due 12-16-36	\$86.18	\$323,186.25
59156rap3	Corp Bond	375,000.000	Metlife Inc 6.400% Due 12-15-36	\$89.67	\$336,277.50
67461ffs1	Corp Bond	387,000.000	Occidental Petroleum Domestic Mtn 4.250% Due 03-15-10	\$99.84	\$386,392.41
314275aa6	Corp Bond	395,000.000	Federated Retail Holding 5.900% Due 12-01-16	\$95.01	\$375,305.30

**Municipal Employees' Benefit Trust
Columbia - Fixed Income Account
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Security / Symbol	Classification	Quantity	Security	Price	Market Value
571903ah6	Corp Bond	400,000.000	Marriot International 5.625% Due 02-15-13	\$99.85	\$399,411.60
652482bc3	Corp Bond	400,000.000	News America Inc 6.550% Due 03-15-33	\$99.89	\$399,559.20
86800xaa6	Corp Bond	400,000.000	Suntrust Preferred Cap I 5.853% Due 12-29-49	\$88.25	\$353,000.00
91911tah6	Corp Bond	400,000.000	Vale Overseas Limited 6.875% Due 11-21-36	\$103.00	\$412,000.00
92553pab8	Corp Bond	400,000.000	Viacom Inc 6.125% Due 10-05-17	\$100.00	\$399,982.80
03522qac9	Corp Bond	420,000.000	Anheuser-Busch Cos Inc 5.625% Due 10-01-10	\$103.63	\$435,225.00
349631al5	Corp Bond	425,000.000	Fortune Brands Inc 5.375% Due 01-15-16	\$95.27	\$404,877.53
454889al0	Corp Bond	425,000.000	Indiana Michigan Power 5.650% Due 12-01-15	\$98.53	\$418,756.75
049560ah8	Corp Bond	430,000.000	Atmos Energy Corp 6.350% Due 06-15-17	\$101.53	\$436,566.10
89352hac3	Corp Bond	430,000.000	Trans - Canada Pipelines 6.350% Due 05-15-67	\$93.73	\$403,030.40
12189tas3	Corp Bond	450,000.000	Burlington Nrthrn Santa Fe CP 7.125% Due 12-15-10	\$106.07	\$477,306.00
421915eb1	Corp Bond	450,000.000	Hlth Cart Pty Invs Inc Sr Note 6.450% Due 06-25-12	\$101.78	\$458,022.15
589331ae7	Corp Bond	450,000.000	Merck & Co Inc 5.950% Due 12-01-28	\$102.34	\$460,508.40
816851ag4	Corp Bond	450,000.000	Sempra Energy 4.750% Due 05-15-09	\$99.84	\$449,299.80
209115ab0	Corp Bond	460,000.000	Consolidated Edison Inc. 3.625% Due 08-01-08	\$99.19	\$456,279.06
50075nas3	Corp Bond	460,000.000	Kraft Foods Inc 6.500% Due 08-11-17	\$104.29	\$479,738.60
126650bh2	Corp Bond	475,000.000	CVS Caremark Corp 5.750% Due 06-01-17	\$100.11	\$475,517.75
125581ar9	Corp Bond	500,000.000	CIT Group Inc 5.000% Due 02-01-15	\$86.55	\$432,750.00
202795hn3	Corp Bond	500,000.000	Commonwealth Edison 5.950% Due 08-15-16	\$101.44	\$507,224.00
205887ba9	Corp Bond	500,000.000	Conagra Foods Inc 6.750% Due 09-15-11	\$105.15	\$525,753.00
743263ae5	Corp Bond	500,000.000	Progress Energy Inc 7.750% Due 03-01-31	\$118.05	\$590,255.50
907818cq9	Corp Bond	500,000.000	Union Pacific Corp 3.875% Due 02-15-09	\$99.15	\$495,737.50
91913yad2	Corp Bond	500,000.000	Valero Energy Corp 6.875% Due 04-15-12	\$106.71	\$533,526.50
136385ak7	Corp Bond	525,000.000	Canadian National Resources 5.700% Due 05-15-17	\$99.39	\$521,803.80

**Municipal Employees' Benefit Trust
Columbia - Fixed Income Account
Portfolio Appraisal as of December 31, 2007**

Security / Symbol	Classification	Quantity	Security	Price	Market Value
65334hae2	Corp Bond	525,000.000	Nexen Inc 5.875% Due 03-10-35	\$94.22	\$494,660.25
694308gj0	Corp Bond	525,000.000	Pacific Gas & Electric 5.800% Due 03-01-37	\$96.43	\$506,237.55
852060ad4	Corp Bond	550,000.000	Sprint capital Corp 6.875% Due 11-15-28	\$94.76	\$521,152.50
87425eak9	Corp Bond	550,000.000	Talisman Energy 6.250% Due 02-01-38	\$97.46	\$536,007.45
87927var9	Corp Bond	550,000.000	Telecom Italia Capital 7.200% Due 07-18-36	\$110.26	\$606,410.20
87938waa1	Corp Bond	575,000.000	Telefonica Emisiones SAU 5.984% Due 06-20-11	\$102.87	\$591,495.60
00209aaf3	Corp Bond	600,000.000	AT&T Wireless Services Inc 8.750% Due 03-01-31	\$129.60	\$777,589.80
17275rab8	Corp Bond	600,000.000	Cisco Systems Inc 5.250% Due 02-22-11	\$102.98	\$617,904.00
20030nac5	Corp Bond	600,000.000	Comcast Corp New 7.050% Due 03-15-33	\$109.24	\$655,418.40
887315bn8	Corp Bond	625,000.000	Time Warner Companies Inc 6.625% Due 05-15-29	\$98.37	\$614,837.50
828807bp1	Corp Bond	650,000.000	Simon Property Group LP 5.750% Due 12-01-15	\$98.07	\$637,470.60
842400er0	Corp Bond	650,000.000	Southern Cal Edison 5.000% Due 01-15-14	\$99.06	\$643,861.40
92344gam8	Corp Bond	650,000.000	Verizon Global Funding Corp 7.750% Due 12-01-30	\$117.29	\$762,360.30
481227aa4	Corp Bond	675,000.000	JPMC Capital XVIII 6.950% Due 08-17-36	\$94.99	\$641,150.10
91731kaa8	Corp Bond	675,000.000	USB Capital IX 6.189% Due 03-29-49	\$90.50	\$610,883.78
92857waf7	Corp Bond	675,000.000	Vodafone Group Plc 5.000% Due 12-16-13	\$99.91	\$674,407.35
983024ae0	Corp Bond	680,000.000	Wyeth 5.500% Due 02-01-14	\$102.14	\$694,524.80
097023au9	Corp Bond	700,000.000	Boeing Co 6.125% Due 02-15-33	\$104.05	\$728,322.00
25243yaf6	Corp Bond	725,000.000	Diageo Cap PLC Nt 3.375% Due 03-20-08	\$99.64	\$722,390.00
52517pk59	Corp Bond	725,000.000	Lehman Brothers Holdings 5.750% Due 07-18-11	\$100.75	\$730,421.55
149123bn0	Corp Bond	735,000.000	Caterpillar Inc 6.050% Due 08-15-36	\$102.61	\$754,209.96
38143vaa7	Corp Bond	750,000.000	Goldman Sachs Capital I 6.345% Due 02-15-34	\$93.38	\$700,312.50
78387gap8	Corp Bond	750,000.000	SBC Communications 5.100% Due 09-15-14	\$99.18	\$743,812.50
59018yj36	Corp Bond	800,000.000	Merrill Lynch & Co 6.050% Due 08-15-12	\$103.80	\$830,432.00

Municipal Employees' Benefit Trust
Columbia - Fixed Income Account
Portfolio Appraisal as of December 31, 2007

Security / Symbol	Classification	Quantity	Security	Price	Market Value
61748aae6	Corp Bond	800,000.000	Morgan Stanley 4.750% Due 04-01-14	\$93.70	\$749,600.00
637432cv5	Corp Bond	800,000.000	National Rural Utilities 5.750% Due 08-28-09	\$102.28	\$818,240.00
14040ham7	Corp Bond	850,000.000	Capital One Financial 5.500% Due 06-01-15	\$93.94	\$798,498.50
571834ae0	Corp Bond	850,000.000	Marshall & Ilsley Corp 4.375% Due 08-01-09	\$99.81	\$848,376.50
585515af6	Corp Bond	850,000.000	Mellon Funding Corp 3.250% Due 04-01-09	\$98.23	\$834,921.00
693476bb8	Corp Bond	850,000.000	PNC Funding Corp 5.625% Due 02-01-17	\$98.53	\$837,513.50
724477ar5	Corp Bond	850,000.000	Pitney Bowes Credit Corp 5.750% Due 08-15-08	\$99.81	\$848,410.50
939322an3	Corp Bond	900,000.000	Washington Mutual Inc 4.625% Due 04-01-14	\$77.51	\$697,554.00
025816aw9	Corp Bond	1,000,000.000	American Express 5.500% Due 09-12-16	\$102.32	\$1,023,220.00
22541lam5	Corp Bond	1,000,000.000	Credit Suisse FB USA Inc 5.125% Due 01-15-14	\$98.97	\$989,698.00
172967cq2	Corp Bond	1,065,000.000	Citigroup Inc 5.000% Due 09-15-14	\$95.65	\$1,018,672.50
026874ar8	Corp Bond	1,100,000.000	American Intl Group Inc 2.875% Due 05-15-08	\$99.28	\$1,092,058.00
931142cg6	Corp Bond	1,150,000.000	Wal-Mart Stores Inc 5.375% Due 04-05-17	\$101.78	\$1,170,498.75
40429ccs9	Corp Bond	1,275,000.000	HSBC Finance Corp 5.000% Due 06-30-15	\$97.25	\$1,239,937.50
929903ae2	Corp Bond	1,350,000.000	Wachovia Corporation 4.875% Due 02-15-14	\$96.03	\$1,296,349.65
949746cl3	Corp Bond	1,400,000.000	Wells Fargo & Company 5.125% Due 09-01-12	\$101.55	\$1,421,742.00
36962gu69	Corp Bond	1,500,000.000	General Elec Cap Corp 5.000% Due 01-08-16	\$99.49	\$1,492,275.00
91086qan8	Foreign Bond	650,000.000	United Mexican States Note 7.500% Due 04-08-33	\$118.80	\$772,200.00
748148bw2	Foreign Bond	1,100,000.000	Quebec Province Canada Gbl Nt 5.000% Due 07-17-09	\$101.52	\$1,116,720.00
3128gwcv8	GNMA/.FNMA	9,170.640	FHLMC Gold 15-Yr Fixed Pool #e91884 5.500% Due 10-01-17	\$101.19	\$9,279.54
3128gvu81	GNMA/.FNMA	20,708.760	FHLMC Gold 15-Yr Fixed Pool #e91507 5.500% Due 09-01-12	\$101.19	\$20,954.68
3128mmbv4	GNMA/.FNMA	24,370.190	FHLMC Gold 15yr Fixed Pool #G18051 4.000% Due 05-01-20	\$95.81	\$23,349.69
3128gmh45	GNMA/.FNMA	37,900.240	Fgci Gold Pool #e8-4751 6.500% Due 08-01-16	\$103.00	\$39,037.25
31283knl8	GNMA/.FNMA	65,337.400	FHLMC (gold) Pool #g11295 5.500% Due 09-01-17	\$101.19	\$66,113.28

Municipal Employees' Benefit Trust
Columbia - Fixed Income Account
Portfolio Appraisal as of December 31, 2007

Security / Symbol	Classification	Quantity	Security	Price	Market Value
312968cz1	GNMA/.FNMA	95,980.990	FHLMC Gold 15-Yr Fixed Pool # B15488 5.500% Due 07-01-19	\$101.19	\$97,120.76
31283krs9	GNMA/.FNMA	142,338.570	FHLMC Gold 15-Yr Fixed Pool #g11397 5.500% Due 03-01-18	\$101.19	\$144,028.84
312972bl5	GNMA/.FNMA	222,432.470	FHLMC Gold 15-yr Fixed Pool #B19043 4.500% Due 03-01-20	\$98.22	\$218,470.39
31294khn8	GNMA/.FNMA	284,764.830	Fgci Gold Pool #e0-1137 6.000% Due 03-01-17	\$102.25	\$291,172.04
312971sc9	GNMA/.FNMA	329,142.190	FHLMC Gold 15 yr Fixed Pool # B18615 4.000% Due 06-01-20	\$95.81	\$315,359.36
3128gyku7	GNMA/.FNMA	346,990.260	FHLMC Gold 15-Yr Fixed Pool #e93907 5.500% Due 01-01-18	\$101.19	\$351,110.77
3128perg5	GNMA/.FNMA	361,152.050	FHLMC Gold 15-yr Fixed Pool #J03187 5.500% Due 08-01-21	\$101.19	\$365,440.73
3128pdk41	GNMA/.FNMA	465,880.460	FHLMC Gold 15 yr Fixed Pool # J02115 4.000% Due 06-01-20	\$95.81	\$446,371.72
3129722s0	GNMA/.FNMA	693,616.640	FHLMC Gold 15yr Fixed Pool # B19785 4.000% Due 08-01-20	\$95.81	\$664,571.44
3128pdva5	GNMA/.FNMA	721,659.000	FHLMC Gold 15yr Fixed Pool # J02409 4.000% Due 08-01-20	\$95.81	\$691,439.53
3128pdwj5	GNMA/.FNMA	798,089.680	FHLMC Gold 15 yr Fixed Pool # J02449 4.000% Due 08-01-20	\$95.81	\$764,669.67
31410vve7	GNMA/.FNMA	915,388.805	FNMA 15-yr Fixed Pool # 898913 5.500% Due 11-01-21	\$101.28	\$927,117.22
3128pg2c6	GNMA/.FNMA	930,245.120	FHLMC Gold 15-yr Fixed Pool # J05271 6.000% Due 08-01-22	\$102.25	\$951,175.64
3128pcn24	GNMA/.FNMA	993,992.420	FHLMC Gold 15-yr Fixed Pool # J01309 4.500% Due 03-01-21	\$98.22	\$976,286.93
3128pfzc2	GNMA/.FNMA	1,018,177.330	FHLMC Gold 15-year Fixed Pool # J04339 5.500% Due 02-01-22	\$101.19	\$1,030,268.19
3128mmgv9	GNMA/.FNMA	1,127,437.630	FHLMC Gold 15-yr Fixed Pool # G18211 6.000% Due 10-01-22	\$102.25	\$1,152,804.98
3128mmfr9	GNMA/.FNMA	1,208,026.440	FHLMC Gold 15-year Fixed Pool # G18175 5.500% Due 04-01-22	\$101.19	\$1,222,371.75
31412dvt2	GNMA/.FNMA	1,262,047.960	FNMA 15-yr Fixed Pool # 5.500% Due 02-01-22	\$101.28	\$1,278,217.95
9128276r8	TIPS	1,104,358.800	US Treasury Inflation Indexed Note 3.500% Due 01-15-11	\$107.58	\$1,188,048.49
78442fcj5	Treasury Agency	500,000.000	Sima Note 5.375% Due 05-15-14	\$84.87	\$424,345.00
912828dl1	Treasury Agency	795,000.000	US Treasury Note 3.500% Due 02-15-10	\$100.94	\$802,453.12
31359mnu3	Treasury Agency	1,200,000.000	Federal Natl Mtg Assoc. 5.250% Due 08-01-12	\$104.27	\$1,251,281.26
912810dw5	Treasury Agency	1,605,000.000	US Treasury Bond 7.250% Due 05-15-16	\$122.94	\$1,973,146.88
912828au4	Treasury Agency	2,655,000.000	United States Treasury Note 3.875% Due 02-15-13	\$102.03	\$2,708,929.69

**Municipal Employees' Benefit Trust
Columbia - Fixed Income Account
Portfolio Appraisal as of December 31, 2007**

Security / Symbol	Classification	Quantity	Security	Price	Market Value
912810eq7	Treasury Agency	3,150,000.000	US Treasury Bond 6.250% Due 08-15-23	\$120.05	\$3,781,476.56
31359mls0	Treasury Agency	4,400,000.000	Federal National Mortgage Assn 5.375% Due 11-15-11	\$105.69	\$4,650,250.00
912810fp8	Treasury Agency	5,065,000.000	US Treasury Bond 5.375% Due 02-15-31	\$112.66	\$5,706,039.06
3134a3m78	Treasury Agency	5,450,000.000	Federal Home Loan Mtg Corp 6.625% Due 09-15-09	\$104.91	\$5,717,816.43
Accrued Interest - Corp Bonds					\$711,479.18
Accrued Interest - Treasury/Agency Bonds					\$407,685.42
Accrued Interest -- TIPS					\$17,823.12
Accrued Interest - FNMA & GNMA					\$24,924.83
Accrued Interest - Foreign Bonds					\$36,295.14
Accrued Interest--CMOs					\$58,542.35
Cash		Cash			\$1,572,222.31
Total					\$121,382,997.31

**Municipal Employees' Benefit Trust
 Mutual Funds & Commingled Trust Funds
 Portfolio Appraisal as of December 31, 2007**

Security / Symbol	Classification	Quantity	Security	Price	Market Value
CHYDX	MF	5,381,479	Calamos High Yield A	\$10.16	\$54,675,824.50
NIVAX	MF	1,839,382	Ing International Value A	\$18.59	\$34,194,119.53
n/a	CTF	328,047	State Street S&P 500 Flagship Fund	\$283.42	\$92,975,528.67
VMMXX	MF	4,254,534	Vanguard Prime Money Market Fd	\$1.00	\$4,254,533.69
				Total	\$186,100,006.39

Municipal Employees' Benefit Trust
TCW - Equity Account
Portfolio Appraisal as of December 31, 2007

Security / Symbol	Classification	Quantity	Security	Price	Market Value
ati	Stock	21,672	Allegheny Technologies Inc	\$86.40	\$1,872,460.80
amzn	Stock	34,952	Amazon Com Inc	\$92.64	\$3,237,953.28
aig	Stock	7,190	American Intern'l Grp	\$58.30	\$419,177.00
adsk	Stock	43,630	Autodesk Inc	\$49.76	\$2,171,028.80
084670207	Stock	480	Berkshire Hathaway Inc Cl B	\$4,736.00	\$2,273,280.00
chrw	Stock	25,248	C H Robinson Worldwide Inc	\$54.12	\$1,366,421.76
ceph	Stock	15,425	Cephalon Inc	\$71.76	\$1,106,898.00
cern	Stock	15,471	Cerner Corp	\$56.40	\$872,564.40
dell	Stock	28,122	Dell Inc	\$24.51	\$689,270.22
ebay	Stock	55,078	Ebay Inc	\$33.19	\$1,828,038.82
811804988	Stock	3,700	Escrow Seagate Technology	\$0.00	\$0.00
expd	Stock	30,709	Expeditors Intl Wash	\$44.68	\$1,372,078.12
dna	Stock	20,558	Genentech Inc. New	\$67.07	\$1,378,825.06
ge	Stock	47,526	General Electric Co	\$37.07	\$1,761,788.82
genz	Stock	29,520	Genzyme Corp	\$74.44	\$2,197,468.80
goog	Stock	5,007	Google Inc Cl A	\$691.48	\$3,462,240.36
ice	Stock	10,398	Intercontinentalexchange Inc	\$192.50	\$2,001,615.00
lvs	Stock	15,905	Las Vegas Sands Corp	\$103.05	\$1,639,010.25
ntap	Stock	25,388	Network Appl. Inc.	\$24.96	\$633,684.48
pgr	Stock	104,530	Progressive Corp	\$19.16	\$2,002,794.80
qcom	Stock	95,102	Qualcomm	\$39.35	\$3,742,263.70
crm	Stock	59,654	Salesforce.Com Inc	\$62.69	\$3,739,709.26
sgp	Stock	37,209	Schering-Plough	\$26.64	\$991,247.76
slb	Stock	35,672	Schlumberger Ltd	\$98.37	\$3,509,054.64
var	Stock	27,046	Varian Medical Systems	\$52.16	\$1,410,719.36
vrsn	Stock	34,875	Verisign Inc.	\$37.61	\$1,311,648.75
wag	Stock	9,378	Walgreen Co	\$38.08	\$357,114.24
wlp	Stock	13,712	Wellpoint Inc	\$87.73	\$1,202,953.76
	Cash		Cash		\$1,394,796.14
				Total	\$49,946,106.38

Municipal Employees' Benefit Trust
William Blair - Equity Account
Portfolio Appraisal as of December 31, 2007

Security / Symbol	Classification	Quantity	Security	Price	Market Value
000375204	Equity	48,090	Abb Ltd Spons ADR	\$28.80	\$1,384,992.00
aem	Equity	11,150	Agnico-Eagle Mines Ltd F	\$54.63	\$609,124.50
axa	Equity	33,030	Axa Sa Adr	\$39.71	\$1,311,621.30
itu	Equity	26,840	Banco Itau Holding Financeira S.A	\$25.86	\$694,082.40
std	Equity	53,850	Banco Santander Adr	\$21.54	\$1,159,929.00
055434203	Equity	14,140	Bg Group Plc New	\$114.25	\$1,615,495.00
bhp	Equity	14,230	Bhp Limited	\$70.04	\$996,669.20
bsy	Equity	21,070	British Sky Broadcasting (adr)	\$48.92	\$1,030,744.40
bam	Equity	34,700	Brookfield Asset Management Inc	\$35.67	\$1,237,749.00
cni	Equity	16,960	Canadian Natl Ry Co	\$46.93	\$795,932.80
16943c109	Equity	25,100	China Nepstar Chain Drug ADR	\$17.58	\$441,258.00
rio	Equity	22,120	Cia Vale Do Rio Doce - Adr	\$32.67	\$722,660.40
cpa	Equity	21,250	Copa Holdings SA-Class A	\$37.57	\$798,362.50
bap	Equity	5,400	Credicorp Ltd	\$76.30	\$412,020.00
22943f100	Equity	5,270	Ctrip.Com International-Adr	\$57.47	\$302,866.90
268780103	Equity	14,040	E On Ag Spd Adr	\$70.35	\$987,714.00
gil	Equity	15,760	Gildan Activewear Inc Cl A	\$41.16	\$648,681.60
400506101	Equity	12,750	Grupo Aeroportuario Del Adr	\$44.63	\$569,032.50
40415f101	Equity	2,150	Hdfc Bank Ltd Adr	\$130.45	\$280,467.50
43289p106	Equity	128,730	Himax Technologies Inc- ADR	\$4.27	\$549,677.10
43713w107	Equity	7,990	Home Inns & Hotels Managed - ADR	\$35.62	\$284,603.80
502117203	Equity	36,460	L Oreal Co Adr	\$28.70	\$1,046,402.00
606769305	Equity	17,370	Mitsubishi Corp Adr (msbhy)	\$54.75	\$951,007.50
606827202	Equity	2,260	Mitsui & Co. Lts ADR (MITSY)	\$428.90	\$969,314.00
631512100	Equity	22,130	Naspers LTD N Spons ADR	\$23.85	\$527,800.50
633643408	Equity	58,000	National Bank Of Greece Adr	\$13.79	\$799,820.00
654445303	Equity	25,500	Nintendo Ltd Adr New Japan	\$74.05	\$1,888,275.00
nok	Equity	31,960	Nokia Corp (adr)	\$38.39	\$1,226,944.40
pbr	Equity	15,140	Petroleo Brasileiro Spon Adr	\$115.24	\$1,744,733.60
qgen	Equity	32,390	Qiagen NV	\$21.05	\$681,809.50
rimm	Equity	8,680	Research In Motion Ltd	\$113.40	\$984,312.00
rba	Equity	6,640	Ritchie Bros Auctioneers	\$82.70	\$549,128.00
771195104	Equity	16,500	Roche Hldg Ltd -Spons Adr	\$85.40	\$1,409,100.00
783513104	Equity	34,430	Ryanair Hldgs Plc Sponsored Adr	\$39.44	\$1,357,919.20
su	Equity	11,720	Suncor Energy Inc	\$108.73	\$1,274,315.60
tsm	Equity	87,680	Taiwan Semiconductor	\$9.96	\$873,292.80
881575302	Equity	42,070	Tesco Plc Spd Adr	\$28.05	\$1,180,063.50
881624209	Equity	23,020	Teva Pharmaceutical Ind	\$46.48	\$1,069,969.60
ve	Equity	15,700	Veolia Environnement - Adr	\$90.98	\$1,428,386.00
	Cash				\$1,601,320.04
				Total	\$38,397,597.14

Municipal Employees' Benefit Trust
Wells Fargo - Equity Account
Portfolio Appraisal as of December 31, 2007

Security / Symbol	Classification	Quantity	Security	Price	Market Value
coms	Stock	54,140	3com Corp	\$4.52	\$244,712.80
abm	Stock	6,565	Abm Industries	\$20.39	\$133,860.35
abd	Stock	5,600	Acco Brands Corp	\$16.04	\$89,824.00
aai	Stock	4,145	Airtran Hldgs Inc	\$7.16	\$29,678.20
alo	Stock	3,795	Alpharma Inc Class A	\$20.15	\$76,469.25
nly	Stock	11,350	Annaly Capital Management Inc	\$18.18	\$206,343.00
anh	Stock	11,785	Anworth Mortgage Asset	\$8.26	\$97,344.10
sil	Stock	13,350	Apex Silver Mines	\$15.24	\$203,454.00
agii	Stock	4,171	Argo Group International Holdings	\$42.13	\$175,724.23
bkrs	Stock	10,165	Bakers Footwear Group Inc	\$2.30	\$23,379.50
bmd	Stock	30,140	Birch Mountain Resources Ltd	\$0.71	\$21,399.40
ccc	Stock	2,295	Calgon Carbon Corp	\$15.89	\$36,467.55
cpki	Stock	67	California Pizza Kitchen Inc	\$15.57	\$1,043.19
cmo	Stock	6,745	Capstead Mtg Corp	\$13.19	\$88,966.55
cvco	Stock	555	Cavco Inds Inc	\$33.84	\$18,781.20
cnty	Stock	16,000	Century Casinos Inc	\$6.44	\$103,040.00
chb	Stock	28,980	Champion Enterprises	\$9.42	\$272,991.60
csk	Stock	3,765	Chesapeake Corp	\$5.19	\$19,540.35
cbi	Stock	3,715	Chicago Bridge & Iron - Ny Reg	\$60.44	\$224,534.60
16938p107	Stock	7,615	China Grentech Corp LTD-ADR	\$8.84	\$67,316.60
cbb	Stock	18,530	Cincinnati Bell Inc.	\$4.75	\$88,017.50
cgnx	Stock	3,545	Cognex Corp	\$20.15	\$71,431.75
cohr	Stock	3,395	Coherent Inc	\$25.07	\$85,112.65
cgpi	Stock	9,380	Collagenex Pharmaceuticals	\$9.55	\$89,579.00
cnb	Stock	1,065	Colonial Bangroup Inc.	\$13.54	\$14,420.10
ctv	Stock	274	Commscope Inc	\$49.21	\$13,483.54
cnst	Stock	9,290	Constar Intl Inc New	\$4.08	\$37,903.20
cvti	Stock	2,615	Covenant Trans Inc A	\$6.72	\$17,572.80
cray	Stock	9,898	Cray Inc	\$5.99	\$59,289.02
cmos	Stock	16,945	Credence Systems Corp	\$2.42	\$41,006.90
ccrn	Stock	7,870	Cross Country Healthcare Inc.	\$14.24	\$112,068.80
cvtx	Stock	5,255	Cv Therapeutics Inc.	\$9.05	\$47,557.75
dlim	Stock	11,870	Del Monte Foods Co.	\$9.46	\$112,290.20
dlia	Stock	13,800	Delia's Inc	\$2.71	\$37,398.00
dlx	Stock	2,440	Deluxe Corp.	\$32.89	\$80,251.60
ensg	Stock	6,065	Ensign Group Inc	\$14.40	\$87,336.00
evc	Stock	3,385	Entravision Communications Corp	\$7.83	\$26,504.55
escr	Stock	15,615	Evans & Sutherland Computer	\$1.19	\$18,581.85
fsgi	Stock	5,015	First Security Group Inc/TN	\$8.98	\$45,034.70
fle	Stock	18,419	Fleetwood Enterprises	\$5.98	\$110,145.62
fst	Stock	2,125	Forest Oil Corp	\$50.84	\$108,035.00
fred	Stock	2,325	Freds Inc. Class A	\$9.63	\$22,389.75
gtiv	Stock	4,470	Gentiva Health Services	\$19.04	\$85,108.80
gibl	Stock	16,640	Global Industries Ltd	\$21.42	\$356,428.80
gold	Stock	13,025	Gold Fields Ltd Spd ADR New	\$37.13	\$483,618.25
gg	Stock	2,830	Goldcorp Inc.	\$33.93	\$96,021.90
gti	Stock	5,640	Graftech International Ltd	\$17.75	\$100,110.00
hcsgr	Stock	1,867	Healthcare Svcs Group Inc	\$21.18	\$39,543.06
hlx	Stock	3,085	Helix Energy Solutions Group	\$41.50	\$128,027.50
hp	Stock	3,825	Helmerich & Payne	\$40.07	\$153,267.75

Municipal Employees' Benefit Trust
Wells Fargo - Equity Account
Portfolio Appraisal as of December 31, 2007

Security / Symbol	Classification	Quantity	Security	Price	Market Value
hint	Stock	16,935	Hill International Inc	\$14.17	\$239,968.95
hth	Stock	12,311	Hilltop Holdings Inc	\$10.92	\$134,436.12
infi	Stock	3,073	Infinity Pharmaceuticals Inc	\$9.55	\$29,347.15
in	Stock	11,664	Intermec Inc	\$20.31	\$236,895.84
ioc	Stock	3,900	Interoil Corporation	\$19.26	\$75,114.00
itp	Stock	18,200	Intertape Polymer Group	\$3.14	\$57,148.00
jblu	Stock	6,170	Jet Blue Awys Corp	\$5.90	\$36,403.00
jrn	Stock	8,485	Journal Communications Inc-A	\$8.94	\$75,855.90
kfrc	Stock	3,095	K Force Inc	\$9.75	\$30,176.25
keg	Stock	9,530	Key Energy Services Inc	\$14.39	\$137,136.70
mktx	Stock	1,095	Marketaxess Holdings Inc	\$12.83	\$14,048.85
mtrx	Stock	1,225	Matrix Resources Co	\$21.82	\$26,729.50
mni	Stock	1,850	Mcclatchy Co Cl A	\$12.52	\$23,162.00
mmr	Stock	9,695	Mcmoran Exploration Co.	\$13.09	\$126,907.55
mcy	Stock	1,295	Mercury Gen Corp	\$49.81	\$64,503.95
mdg	Stock	2,260	Meridian Gold	\$35.50	\$80,230.00
mbhi	Stock	1,740	Midwest Banc Holdings	\$12.42	\$21,610.80
mps	Stock	1,050	Modis Professional Services	\$10.94	\$11,487.00
mnro	Stock	3,617	Monro Muffler Brake Inc	\$19.49	\$70,495.33
mrvc	Stock	70,665	Mrv Communications Inc	\$2.32	\$163,872.14
nr	Stock	24,920	Newpark Res Inc.	\$5.45	\$135,814.00
npte	Stock	8,357	North Pointe Holdings Corp	\$11.00	\$91,927.00
ng	Stock	9,570	Novagold Resources	\$8.16	\$78,091.20
nym	Stock	1,595	Nymagic Inc	\$23.13	\$36,892.35
oii	Stock	2,210	Oceaneering Intl Inc	\$67.35	\$148,843.50
osur	Stock	14,055	Orasure Technologies	\$8.89	\$124,948.95
orgn	Stock	20,305	Origen Financial Inc	\$4.00	\$81,220.00
osis	Stock	3,765	Osi Systems Inc	\$26.47	\$99,659.55
outd	Stock	6,305	Outdoor Channel Holdings Inc	\$6.90	\$43,504.50
phhm	Stock	9,937	Palm Harbor Homes Inc	\$10.55	\$104,835.35
pmti	Stock	930	Palomar Medical Technologies	\$15.32	\$14,247.60
pq	Stock	2,685	Petroquest Energy	\$14.30	\$38,395.50
phii	Stock	730	Phi Inc	\$31.60	\$23,068.00
phiik	Stock	2,890	Phi Inc - Non Voting	\$31.02	\$89,647.80
pbh	Stock	8,695	Prestige Brands Holdings Inc	\$7.48	\$65,038.60
pde	Stock	1,525	Pride International Inc	\$33.90	\$51,697.50
qnta	Stock	31,470	Quanta Capital Holdings Ltd	\$2.55	\$80,248.50
rrc	Stock	5,802	Range Resource Corp.	\$51.36	\$297,990.72
rnwk	Stock	3,180	Realnetworks Inc	\$6.09	\$19,366.20
rhd	Stock	2,180	Rh Donnelley	\$36.48	\$79,526.40
rell	Stock	13,985	Richardson Electric LTD	\$7.01	\$98,034.85
slxp	Stock	3,505	Salix Pharmaceuticals	\$7.88	\$27,619.40
sd	Stock	285	Sandridge Energy Inc	\$35.86	\$10,220.10
sky	Stock	3,005	Skyline Corp	\$29.35	\$88,196.75
smmx	Stock	5,980	Symyx Technologies Inc	\$7.68	\$45,926.40
geo	Stock	7,909	The Geo Group Inc	\$28.00	\$221,452.00
tier	Stock	17,490	Tier Technologies	\$8.50	\$148,665.00
trid	Stock	3,335	Trident Microsystems Inc	\$6.56	\$21,877.60
twb	Stock	1,855	Tween Brands Inc	\$26.48	\$49,120.40
umh	Stock	5,770	UMH Properties Inc	\$11.77	\$67,912.90

Municipal Employees' Benefit Trust
Wells Fargo - Equity Account
Portfolio Appraisal as of December 31, 2007

Security / Symbol	Classification	Quantity	Security	Price	Market Value
rmix	Stock	10,220	US Concrete Inc.	\$3.33	\$34,032.60
vicy	Stock	10,700	Voyager Learning Co	\$7.15	\$76,505.00
wpp	Stock	5,055	Wausau-Mosinee Paper Corp	\$8.99	\$45,444.45
wman	Stock	27,950	Wellman Inc	\$0.12	\$3,354.00
wern	Stock	1,000	Werner Enterprises	\$17.03	\$17,030.00
wg	Stock	5,720	Willbros Grp	\$38.29	\$219,018.80
Cashfund	Stock		Cashfund		\$512,702.06
				Total	\$9,950,011.37

Appendix H MEBT – Insurance Policy Info

Woodinville

- Outside of the Plan (Trust doesn't hold the policy)
- Premium from Employee and Employer paid directly to Insurance Co
- EE pays premium > the premium for a \$50K benefit that is paid by the Employer
- Remaining EE amount (after paying premium) deposited to Trust as Employee contribution
- EE premium is after tax
- The employer tracks it as wages and includes in W-2
- Match is calculated on both premium and net EE MEBT Contribution
- ER provides premium amount paid by employee to TMA who tracks separately so it can be matched
- Premium paid doesn't show up in participants' account as employee contribution because paid out earlier
- Woodinville provides TMA premium amounts paid by employee
- EE contributions are the same dollar amount for each employee

Edmonds

- Inside the Plan (Trustee purchases policy/contracts and is the beneficiary; Trustee pays premiums and expenses)
- Trustee processes benefit payments and prepares IRS 1099R tax forms (benefit is not taxable)
- Trustee reregisters and/or surrenders policies
- EE pays entire premium after-tax with no employer dollars
- The net amount the EE contribution to MEBT
- Match is calculated on both premium and net EE MEBT Contribution
- Edmonds provides TMA premium amounts paid by employee
- ER provides premium amount paid by employee to TMA
- Term Life Premium is the same for all employees