July 1, 2009

Dear NORCOM MEBT Participants:

The NORCOM Municipal Employees’ Benefit Trust Plan Committee is pleased to provide this Summary Plan Description (SPD) to help you understand the options for retirement savings available to you in MEBT. We encourage you to use it as a tool to better plan for your retirement. We recommend that you share it with your financial and tax advisors as you make choices about MEBT.

Your Retirement Savings Options with NORCOM

State of Washington Pension Plans
As an employee of NORCOM, you will participate in a “defined benefit” pension plan through the State of Washington. You will participate in a plan based on your job and your hire date.

MEBT
MEBT is a 401(a) plan, and your participation is mandatory. NORCOM makes a contribution to MEBT that is allocated based on your contributions.

Deferred Compensation Section 457 Deferred Compensation
You may also decide to contribute to the NORCOM Section 457 Deferred Compensation Plan (457 Plan). Like MEBT, you defer taxes on your contributions – however, unlike MEBT, NORCOM does not also make a contribution to the 457 Plan

NORCOM Does Not Participate in Social Security
As you develop your retirement savings strategy, be aware that NORCOM has opted out of Social Security and regardless of your participation in MEBT, you do not participate in Social Security, and you do not earn Social Security service credits. Further, the Social Security Administration applies a formula containing an offset to take into account your employment with a nonparticipating employer, including your eligibility for a government pension through one of the state systems (e.g., PERS, LEOFF, PSERS). The Social Security Benefits are explained further under the “Employment at NORCOM and Potential Social Security Benefits” section.

Overview of the MEBT Plan

• MEBT is a defined-contribution retirement savings plan. What you receive from MEBT is based on contributions and any earnings or losses and not on a guaranteed formula. Your contributions and NORCOM’s contributions and earnings/losses are held in an account in your name, and any earnings on your account grow tax-deferred. When you retire or leave, you receive your vested account balance.
• NORCOM contributes to MEBT what it would have paid to Social Security. These contributions are allocated to you based on your match-eligible contributions. NORCOM contributions vest, or belong to you, increasingly over time to full vesting after 5 years.
• You can continue to contribute beyond the match-eligible levels, subject to federal tax code limits.
• When you leave NORCOM, your contributions, the vested portion of NORCOM’s contributions, plus investment earnings or losses allocated to your account belong to you or your beneficiaries.
You can choose from a variety of distribution methods at separation.

Professional investment managers, upon the direction of the MEBT Trust Committee, invest contributions in a diversified portfolio (60% equities; 40% bonds).

Important information about this Summary Plan Description (SPD)

• There are eight suburban member-entities in MEBT. Each entity has its own plan, but all participate in a single trust. This SPD covers NORCOM’ MEBT Plan provisions only. Where “MEBT” is used, it refers to the NORCOM Plan.
• This SPD covers the MEBT Retirement Benefit Plan for MEBT participants. There are separate Summary Plan Descriptions for the MEBT Life Insurance & Long-Term Disability Benefits Plans that are produced by the insurance company providing the benefits.
• This SPD is a summary only. If there is a conflict between this SPD and the Plan document, the Plan document will govern in all cases. Contact the MEBT Service Center if you have questions about this SPD or if you need forms or information about MEBT.
• While NORCOM currently intends to maintain MEBT indefinitely, the MEBT Plan contains a provision allowing amendments, modifications or discontinuance of the Plan.
• This is a governmental plan and therefore is not subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Examples of additional Information about MEBT that can be found on our website, www.mebt.org .

• Your account balance and transactions
• Names of the current members of the Plan Committee
• MEBT newsletters
• Monthly investment performance
• MEBT meeting times and locations

We invite your feedback on the SPD, the website or any of our outreach activities. To ask questions or offer suggestions, please contact one of the MEBT Committee members or the Human Resources Department.

If you have general questions about MEBT, contact the MEBT Service Center at (877) 690-5410.

Sincerely,

NORCOM Plan Committee
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About MEBT

Background
The NORCOM Municipal Employees’ Retirement Benefit Plan is a mandatory 401(a) retirement-savings plan. If you are eligible, you participate by making a pre-tax (pickup) contribution of 6.2%.

NORCOM partially matches your mandatory contributions as described in the “Employee Contributions Eligible for Employer Contributions” section. Your contributions and NORCOM's are invested in a professionally managed, diversified Pooled Trust. The Trust Committee, chaired by the City of Bellevue, with input from the Investment Advisory Committee, makes investment decisions about the Trust. The NORCOM Plan Committee makes decisions related to the specific administration of the NORCOM Plan.

Eligibility
To participate in MEBT, you must meet one of the following criteria:

• Regular full-time or part-time status employee as defined in the Employer’s Personnel Manual, as amended.

All others are not eligible to participate. You are eligible to participate as soon as you are hired into an MEBT-eligible position.

Advantages of Participating in MEBT

1. To save for retirement — MEBT is a retirement savings plan. While you are employed at NORCOM you are not earning Social Security credit. (For more information about how MEBT affects other Social Security earnings, see the “Employment at NORCOM and Potential Social Security Benefits” section.)

2. To protect family members — Employer provides benefits if you should become disabled or die. Should either event occur, your Contributions Account becomes fully vested. Whereas Social Security has a maximum defined benefit ratio for beneficiaries, MEBT allows all of your retirement account to be distributed to your beneficiaries.

3. To receive NORCOM contributions — NORCOM makes contributions to MEBT based on your pay, at the same rate it would have paid to Social Security. Employer contributions first are applied to pay premiums for Life Insurance and Long-Term Disability benefits and other expenses of the Plan. You receive an allocation of the employer contribution based upon your contribution.

4. To reduce current taxes — Your pre-tax contributions to MEBT reduce your current tax liability. Any earnings on your contributions, pre-tax or after-tax, will also be tax-deferred.
Contributions to Your MEBT Accounts

Enrolling in MEBT
Beginning with your hire date, you are enrolled by submitting a completed enrollment form.

Timing of MEBT contributions
When you enroll in MEBT, your payroll deductions will start on the first pay date following enrollment. Subsequent deductions will occur each pay period.

Employee Contributions

Benefits of Making Pre-tax Contributions
When you make pre-tax contributions, you pay taxes on a smaller portion of your current income because your retirement contributions are made before your federal income taxes are calculated. As long as your pre-tax contributions remain in MEBT, your contributions and any investment earnings will be tax-deferred.

IRS Annual Additions Code Section 415 Limit
The Annual Additions Limit, applied to MEBT, means that the total annual contributions to your MEBT accounts (employer and employee, pre-tax and after-tax) plus any contributions to PERS 3 cannot be greater than the lesser of $49,000 (2009 limit—subject to change thereafter) or your annual compensation minus your employee contributions to MEBT, PERS, LEOFF and/or PSERS. It is your responsibility to monitor that you are within Internal Revenue Code Section 415 limits.

<table>
<thead>
<tr>
<th>Illustration: IRS Annual Additions Limit, Applied to MEBT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joan Whitley is 25 years old. Her annual compensation is $20,000.</td>
</tr>
<tr>
<td>This year she contributed $400 to PERS and $1,240 to MEBT.</td>
</tr>
<tr>
<td>Total Pay</td>
</tr>
<tr>
<td>PERS Contribution</td>
</tr>
<tr>
<td>MEBT Contribution</td>
</tr>
<tr>
<td>Net Compensation</td>
</tr>
</tbody>
</table>

The 415 limit is the lesser of $49,000 or net compensation, so Joan’s limit is $18,360.

In this example, Joan can have total employee and employer contributions up to $18,360 to MEBT (the lesser amount of the Annual Additions Limit).

Juan Garcia is 49 years old and wants to put as much money into his retirement as possible. His annual compensation is $80,000. This year he contributed $3,200 to LEOFF II and $4,960 to MEBT.

| Compensation | $80,000 |
| LEOFF II Contribution | -3,200 |
| MEBT Contribution | -4,960 |
| Net Compensation | $71,840 |

The 415 limit is the lesser of $49,000 or net compensation, so Juan’s limit is $49,000.

In this example, Juan can have total employee and employer contributions up to $49,000 to MEBT (the lesser amount of the Annual Additions Limit).
Benefits of Making Extra After-tax Contributions

You may choose to contribute to the MEBT Extra Account on an after-tax basis. Any investment earnings on your after-tax contributions will accumulate tax-deferred until you take your money out of MEBT. Your extra after-tax contributions are invested in the same managed, diversified Pooled Trust along with your pre-tax and NORCOM's contributions.

Rolling Over Distributions from a Former Employers’ Retirement Plan

You may roll over distributions from a former employer's eligible retirement plan into your MEBT account if they meet the following criteria:

- The amount must be an “eligible rollover distribution.” An eligible rollover distribution comes from another qualified, employer-sponsored retirement plan or certain individual retirement accounts (IRAs). IRAs must be “conduit IRAs,” funded as a result of a prior rollover from an employer. Qualified plans must meet certain federal requirements under section 401(a) of the Internal Revenue Code. These plans include profit sharing, 401(k) plans and pension plans, among other plans. The MEBT Committee is considering whether to accept rollovers from other sources subject to rules promulgated by the IRS.

- You must deposit the rollover into MEBT within 60 days of receipt or via a direct rollover from your account with your former employer.

These savings remain tax deferred and become eligible for withdrawals according to the MEBT rules for Rollover Accounts. Rollover contributions are not eligible for NORCOM contributions. If you were employed previously by another entity that participates in MEBT, you may make a direct transfer to your new NORCOM MEBT account via direct rollover or trustee-to-trustee transfer. Consult your own tax advisor to determine whether a rollover or transfer is best for you.
NORCOM Contributions

Calculating NORCOM’s Contribution

NORCOM’s contribution to MEBT for all employees equals the sum of what it would have paid for each employee under Social Security.

The NORCOM contribution is reduced by insurance premiums to pay for the Term Life and Disability Benefits Plan and Medicare contributions (if applicable). The remaining amount is deposited to an employer contribution account in the Trust, from which the following is deducted:

- Administrative expenses of the Plan and Trust not otherwise paid.

To this result, add back into NORCOM’s Contribution Account:

- Forfeitures of non-vested employer accounts from separating employees.

This becomes the NORCOM contribution that is allocated quarterly to contributing participants. It is allocated pro-rata, based on individual employee contributions that are eligible for NORCOM matching contributions.

Employee Contributions Eligible for NORCOM Contributions

Your mandatory contributions of 6.2% of compensation are eligible for NORCOM contributions until your compensation equals the Social Security Wage Base ($106,800 in 2009). You are earning credits for Medicare through NORCOM. Both you and NORCOM each contribute 1.45% for Medicare coverage.

<table>
<thead>
<tr>
<th>NORCOM: MEBT Contribution Matrix¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Percentage of Employee</td>
</tr>
<tr>
<td>Pickup Contributions</td>
</tr>
<tr>
<td>Compensation Under SSWB</td>
</tr>
<tr>
<td>Compensation Over SSWB</td>
</tr>
</tbody>
</table>

¹ NORCOM contributions are allocated pro-rata based on employee contributions up to these participant contribution rates.

Illustration: NORCOM Contributions Allocated According to Employee Contributions

Sally Olson was hired in 2010. She earned $30,000 per year and contributed 6.2% of her pay to MEBT. This example shows how the NORCOM’s contribution added to Sally’s MEBT account in one year if NORCOM’s matching contribution was 90%:

<table>
<thead>
<tr>
<th>Sally’s Contribution:</th>
<th>NORCOM’s Contribution:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$30,000.00</td>
<td>$1,860.00</td>
</tr>
<tr>
<td>X 6.2%</td>
<td>X 90%</td>
</tr>
<tr>
<td>$ 1,860.00</td>
<td>$1,674.00</td>
</tr>
</tbody>
</table>

Total Contributions to Sally’s Account: $1,860.00 (Sally) + $1,674.50 (NORCOM) = $3,534.00 retirement savings before earnings/losses

Result: With NORCOM’s’ allocation, Sally’s contribution of $1,860.00 grew to $3,534.00 in one year. Note: Employer contributions are subject to a 5-year vesting schedule. (See “About Vesting” section.)
About Vesting

“Vested” is a word for ownership. The portion of your benefit in which you are “vested” is the portion you can take with you when you leave employment with NORCOM. You are always 100% vested in your own employee contributions to MEBT.

MEBT has a 5-year vesting schedule that applies to contributions made by NORCOM. After 12 months of participation, you become 20% vested in your Employer Account, and your vesting increases at 1.666% per month (20% per year) after that. After 5 years you become 100% vested in your employer contributions. You earn vesting credit only during the months you are actively participating in MEBT.

You will become 100% vested prior to 5 years of service if, while employed by NORCOM, you die, become disabled or are laid off.

You also become 100% vested when you reach your Normal Retirement Date (the earlier of age 65 or the earliest service retirement date under any other retirement benefit program to which NORCOM contributes on your behalf). See chart that follows for PERS, LEOFF, and PSERS current retirement dates for 2009. See Department of Retirement Services website (www.drs.wa.gov) for any changes.

If you separate from NORCOM prior to five years of participation for any other reason, you will forfeit the unvested portion of your NORCOM contributions, based on the vesting schedule.

<table>
<thead>
<tr>
<th>Current Retirement Dates under PERS and LEOFF</th>
<th>Normal Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earliest Service Retirement (may have reduced benefits)</strong></td>
<td></td>
</tr>
<tr>
<td>PERS 1</td>
<td>Not available</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>PERS 2</td>
<td>Age 55 with 20 years of service</td>
</tr>
<tr>
<td>PERS 3</td>
<td>Age 55 with at least 10 years of service credit.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>LEOFF 1</td>
<td>Not available</td>
</tr>
<tr>
<td>LEOFF 2</td>
<td>Age 50 with 20 years of service</td>
</tr>
<tr>
<td>PSERS</td>
<td>Age 53 with 20 years of service.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Illustration: Graduated Vesting for NORCOM Contributions

Roberta Owen has participated actively in MEBT for three years and eight months. She is 100% vested in the employee contributions she made to her account: $11,000.

NORCOM has contributed an additional $10,000 to her account. According to the 5-year vesting schedule for NORCOM contributions, Roberta is 60% vested in NORCOM’s contributions (20% for each full year of participation). Because she has participated an additional eight months, she has earned additional vesting credit of 1.666% for each of those months. Her total vesting credit in employer contributions is calculated as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 years (20% per year)</td>
<td>60.0000%</td>
</tr>
<tr>
<td>plus 8 months x 1.666%</td>
<td>13.33%</td>
</tr>
<tr>
<td>Total Percentage Vested</td>
<td>73.33%</td>
</tr>
</tbody>
</table>

NORCOM Contributions $10,000.00
Vested Percentage X .7333
Vested Account Balance $ 7,333.00

If Roberta were to terminate employment today, she would have 100% of her own contributions ($11,000) and $7,333.00 from the Employer’s contributions. (The unvested difference of $2,667.00 would be forfeited.)

Leaving NORCOM before Full Vesting

As in the above example, if you leave NORCOM employment before you are 100% vested, the portion of your NORCOM contributions that are not vested will be forfeited. Forfeitures are added to NORCOM’s contribution to MEBT for allocation to current contributing participants.
MEBT Investments

MEBT Investment Decisions
The MEBT Trust Committee makes investment decisions for the Trust. They are guided by the MEBT Investment Policy Statement and recommendations from the Investment Advisory Committee, composed of one representative from each MEBT-member entity, and advised by a professional investment manager hired by the MEBT Trust Committee.

MEBT Investment Policy Statement
Investments in the fund are made according to the MEBT Statement of Investment Policy (SIP). Assets are diversified based on asset-class targets that are established in the SIP. Investments are periodically “re-balanced” when the value of the investments varies from the established targets.

MEBT is currently invested in domestic equities, foreign equities and fixed-income investments (bonds and stable value funds). Because the Trust is a vehicle for long-term retirement savings, the Trust Committee has established a relatively conservative, balanced investment philosophy with the following asset-class targets:

- Domestic Equities 45%
- Foreign Equities 15%
- Fixed Income 40%

MEBT Account Value
The value of your MEBT Plan account is based on contributions, any amounts rolled over from prior plans, any distributions or withdrawals and the Trust’s investment results. Your account is tracked in units and a unit value is calculated each day based on the underlying value of the Trust’s investments. Your account will be valued on a daily basis. Your transactions are processed using the unit values in place on the day they were made. It’s important to remember that severe downturns in market or economic conditions could result in losses to your accounts. As with all investments, past performance is not indicative of future results.

You may review the following information about your account online at www.mebt.org:
- Contributions (yours and NORCOM’s).
- Distributions and withdrawals.
- Rollovers.
- Increases or decreases due to investment returns (interest, dividends, capital appreciation and depreciation, realized and unrealized gains or losses).

MEBT Valuation after Leaving Employment
If you leave all or part of your account balance in the main Trust account, your balance may increase or decrease over time, depending on investment results. If you are eligible to transfer your account into MEBT’s Money Market Fund, your account value will start from the value of your account on the date the transfer occurs, plus variable money market interest less any periodic account administrative fees. Administrative fees may be assessed periodically to help pay for the costs of maintaining the account. The amount is based on annual plan administrative expenses.
Distributions and Withdrawals

You (or your beneficiaries) can take distributions from your vested contributions and earnings after any of the following events: retirement; separation from employment with NORCOM; disability; or death.

While still working for NORCOM, you may take a withdrawal (restrictions are discussed under the “Tax Consequences Distributions and Withdrawals” section) to purchase PERS or LEOFF service credit.

**Distribution Options**

**If your vested account balance is $1,000 or less:**

When you leave employment, you will receive distribution forms from the MEBT Service Center to describe your distribution options. You are required to receive a distribution in the form of a direct rollover or a lump sum payment. Failure to elect a distribution option could result in subsequent forfeiture of your account (see the “Unclaimed Accounts” section) and maintenance fees may be deducted periodically until an election is made. You have 30 days to decide whether to elect a direct rollover of your distribution. You may waive this right if you desire to expedite a payment. The non-vested portion of your employer account will be forfeited. If you are under age 59½ and you take a distribution, you may owe the IRS a 10% tax penalty, in addition to ordinary federal income taxes (see the “Tax Consequences of Taking Money from MEBT” section).

**If your vested account balance is more than $1,000:**

When you leave employment, you will receive distribution forms from the MEBT Service Center to describe your distribution options. You have 30 days to decide whether to elect a direct rollover of your distribution, take a distribution, or keep your money in MEBT. You may waive this right if you desire to expedite a payment. The non-vested portion of your employer account will be forfeited. If you are under age 59½ and you take a distribution, you may owe the IRS a 10% penalty, in addition to ordinary income taxes (see the “Avoiding the Early Withdrawal 10% Penalty” section). Maintenance fees will be deducted periodically until an election is made.

If your account balance is greater than $1,000 and $5,000 or less you may remain in MEBT and your account balance will be transferred to a Money Market account. Maintenance fees will be deducted periodically until an election is made.
### Benefit Payment Options, by Circumstance

<table>
<thead>
<tr>
<th></th>
<th>Leave NORCOM with &gt; $1,000 vested balance</th>
<th>Leave NORCOM with ≤ $1,000 vested balance</th>
<th>Death (Payment to Beneficiary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Lump-Sum Payment</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Direct Rollover (at least $200)</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Partial Distribution</td>
<td>X</td>
<td>n/a</td>
<td>X</td>
</tr>
<tr>
<td>Installment Payments</td>
<td>X</td>
<td>n/a</td>
<td>X</td>
</tr>
<tr>
<td>Annuity Contract</td>
<td>X</td>
<td>n/a</td>
<td>X</td>
</tr>
<tr>
<td>Defer Payment</td>
<td>X</td>
<td>n/a</td>
<td>X</td>
</tr>
</tbody>
</table>

1. Combinations of these benefit-payment options are possible. Read the IRS Special Tax Notice Regarding Plan Payments and consult your tax advisor prior to taking a distribution.

2. The rules for beneficiaries are highly complex, and there are certain dates by which decisions must be made to assure appropriate benefits are received.

3. Limited to 5 years for a non-spouse beneficiary.

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**MEBT Distribution Options, Defined**

- **Lump-Sum Payment** – You receive a single payment of the entire distribution amount.

- **Direct Rollover** – MEBT will pay the distribution amount directly to another eligible plan or individual retirement account (IRA) that will accept the rollover. The distribution amount must be at least $200. If you die, a rollover is available for a spouse or non-spouse beneficiary. (See the “Rolling over Distributions from a Former Employers’ Retirement Plan section.)

- **Partial Distribution** – You receive a single payment of the amount you choose to have distributed. The rest remains in MEBT until you choose another distribution option.

- **Installment Payments** – MEBT will make periodic payments (monthly, quarterly or annually) from your account balance over a specified period of time. You may choose to take your installments either:
  - Over a fixed number of years.
  - For a specific dollar amount per payment.
  - Over your life expectancy.
  - As a joint and survivor option (over your life and your beneficiary’s life expectancy).
  - You may reduce, accelerate or defer installments on all or a portion of your remaining account balances.

- **Annuity Contract** – You may elect to have MEBT use your account balance to purchase a non-transferable annuity contract from an insurance company. The insurance company takes on the contractual obligation to provide you income in installment distributions, for life or for a fixed period.
• **Payment Deferral** – You may elect to keep your money in MEBT. However, the Internal Revenue Code requires that you take your money from MEBT or start receiving the minimum benefit payment by the earliest of the following dates:
  - April 1, immediately following the calendar year after you reach age 70 ½.
  - If you continue working for NORCOM past age 70 ½, you can leave your money in MEBT until April 1st following the year of your retirement. At that time you must begin receiving at least a minimum benefit payment from MEBT.

For all distribution options, your account balance will be subject to the gains and losses in the Trust unless you elect and are eligible to segregate your account balance in a money market type account. (See the “MEBT Valuation after Leaving Employment” section.) You will be charged an administrative fee to help pay for the costs of maintaining your account. The amount is based on annual plan administrative expenses. As a result, the total amount paid to you could be more or less than the value of your account balance when you are first eligible to take a distribution.

*If you are a beneficiary:*  
If you still have an account balance when you die, additional complex restrictions and deadlines apply. For more detail, see also the “For Death” section.

**Distribution Options for Rehired Participants**  
You may stop distributions or continue to receive distributions previously elected but may not alter a prior election after rehire. However, once you are age 59 ½, you may elect any form of distribution available to a terminated participant.

**For Disability**

*If you become disabled*  
If you become disabled and unable to continue your employment with NORCOM and are eligible for benefits under the long-term disability policy, your account will become 100% vested. If you terminate employment because of disability, you may elect to have your account paid out.
For Death

Beneficiary options
If you die while employed by NORCOM, NORCOM contributions will become 100% vested. All of your accounts become payable to the beneficiary(ies) named on your current Beneficiary Designation form. Since every situation is unique, your beneficiary(ies) should contact Human Resources as soon as possible, after your death, to apply for information on all employer benefits. Beneficiaries will receive a packet of information to share with their financial or tax advisors before making benefit-payment decisions. Contact the MEBT Service Center for more information.

Decision Deadlines for Beneficiaries
Your spouse or other beneficiary(ies) must make decisions by key dates to be sure to receive the benefits to which they are entitled. Failure to meet these dates and required distribution amounts may result in an excise tax of 50% of the amount that should have been distributed. The rules are complex and are described in a separate memorandum included in the survivor’s information packet.

Payment Options for My Surviving Spouse
A primary beneficiary who is your spouse has the following payment options:

• Rollover the entire rollover-eligible balance.
• Rollover a portion and receive the balance in a lump sum.
• Lump-sum distribution (any time before you would have reached age 70 ½).
• Installment payments.
• Partial distribution.
• Defer receipt of payment. Payments must begin by the later of either:
  • The end of the year following the year of your death; or
  • By the time you would have reached age 70 ½.

Any rollover-eligible amount is subject to a mandatory 20% withholding unless it is rolled over.

Payment Options for Other Beneficiaries
Non-spouse beneficiaries have the following payment options:

• Rollover the entire rollover eligible balance to an inherited IRA.
• Rollover a portion to an inherited IRA and receive the balance in a lump sum or other form.
• Lump-sum distribution.
• Installment payments.
• A combination of lump sum with the remainder in installments.

Beneficiaries or their representatives should consult tax advisors to be fully aware of the tax consequences of any payment option selected and when elections must be made. Beneficiaries are responsible for requesting payment within the proper timeframe.
For Withdrawals during Employment: Hardship and Non-hardship

The Plan does not permit you to withdraw contributions from your account except for the purchase of PERS or LEOFF service credit.

Taking a Withdrawal to Purchase PERS or LEOFF Service Credit

A Participant may elect to take a withdrawal for the purpose of either (1) purchasing service credit under the State PERS or LEOFF defined benefit plan, or (2) repaying a prior cash out distribution from the State PERS or LEOFF defined benefit retirement plans. Only one such withdrawal is permitted in any twelve month period.

Taking a Loan from the Plan

MEBT does not allow for loans.
Tax Consequences Distributions and Withdrawals

Tax Consequences of Taking Money from MEBT

When you take withdrawals or distributions from your MEBT accounts, there are likely to be tax consequences. You are responsible for reporting any withdrawal to the Internal Revenue Service (IRS) as income on your federal income-tax filing. MEBT will provide you and the IRS with a Form 1099-R to report any distributions.

If you are under age 59 ½ when you take the withdrawal, you may owe both ordinary income taxes and an additional 10% tax penalty to the IRS. Under limited circumstances you may qualify for an exemption from the tax penalty, described in the “Special Circumstances” section.

Consult with a qualified tax advisor to determine the proper method of reporting any distributions or withdrawals you receive from MEBT. Internal Revenue Code rules are complex, change periodically, and vary according to individual circumstances.

Here is a brief summary of the taxes you may incur when taking money from MEBT:

• **Distributions when Leaving NORCOM** – You will owe federal income taxes on distributions from your pre-tax, NORCOM Contribution and Rollover accounts, and investment earnings on all your accounts. There is a 20% mandatory withholding of your tax-deferred money for federal income tax if the amount is eligible for rollover. Your actual tax liability for the year could result in a tax rate that is higher or lower than 20%. Withholding does not apply to amounts directly rolled over to an IRA or an eligible plan. When you receive tax-deferred money from MEBT before age 59 ½, you may be required to pay the IRS a 10% tax penalty on the untaxed money.
Avoiding the Early Withdrawal 10% Penalty

If you take a distribution or withdrawal prior to age 59 ½, the Internal Revenue Code generally applies a 10% penalty. However, you may qualify for an exception if the withdrawal meets at least one of the following conditions. The distribution or withdrawal was:

- Paid after you separate from service after you reach age 55
- Paid because you retire due to disability as defined by the Code.
- Paid as equal (or almost equal) payments over your life expectancy (or you and your beneficiary’s life expectancy).
- Rolled over in a timely manner to either a qualified individual retirement account (IRA) or another employer’s eligible retirement plan that accepts rollover contributions.
- Used to pay deductible medical expenses.
- Paid to an alternate payee (e.g., a former spouse), under a Qualified Domestic Relations Order.

Illustration: Early Retirement with Installments over Life Expectancy

If you retire or terminate before the calendar year in which you reach age 55, you can avoid the 10% tax penalty by electing to take installments over your life expectancy. Once you have reached age 59 ½ and have received such installments for at least five years, you can change your payment option and continue to avoid the tax penalty. The MEBT Service Center can provide tables that calculate your life expectancy for federal income tax purposes, or the life expectancy of you and your beneficiary.

If you change your payment option before reaching age 59 ½, or, if you change your payment option before receiving proper installments for at least five years, you will owe the 10% penalty (plus interest) on any amounts received before age 59 ½.

If you retire or terminate between ages of 55 and 59 ½, you may take a distribution at any time and avoid the 10% penalty.¹

¹The IRS Model Tax Notice, IRS Publication 575 and IRS Notice 87-13 indicate that the tax does not apply to payments to you “that are paid after you separate from service with your employer during or after the year you reach age 55.”

Summary of Tax Consequences of Withdrawals and Distributions

<table>
<thead>
<tr>
<th>Accounts Available</th>
<th>All vested account balances plus earnings.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable?</td>
<td>Yes</td>
</tr>
<tr>
<td>Subject to Mandatory 20% Federal Tax Withholding?</td>
<td>Yes</td>
</tr>
<tr>
<td>Subject to 10% Penalty Tax Before Age 59½?</td>
<td>Yes</td>
</tr>
</tbody>
</table>

- Pre-tax contributions and earnings are taxable. The after-tax contributions have already been taxed, but the earnings are taxable.
- On taxable amounts if paid in a lump sum or over a period less than 10 years.
- If paid directly to you in a lump sum or in installments over a period less than life expectancy, unless you qualify for an exception.
Special IRS rules that apply to distributions where the account has after-tax and pre-tax contributions

The general rule is that all distributions must include a pro rata share of taxable and after-tax amounts. MEBT has divided its accounts into two separate accounts under a special IRS rule. One account consists of all the after-tax amounts plus earnings and the other consists of all other contributions, including pre-tax contributions plus earnings. When you elect to take a distribution, you may designate which account it should come from. This will allow you to recover your after-tax contributions more quickly, if you wish. For example, you could elect a partial distribution from your after-tax account, rollover the earnings or taxable amounts into an individual retirement account (IRA) or other eligible employer plan and keep the after-tax amounts. In this way you would pay no tax on the distribution and recover your after tax amounts first. You can do this with installments, too. This allows you more control over when you receive your after-tax dollars.
Special Circumstances

What Happens During 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 NORCOM contributions. A number of specific timelines must be met for USERRA benefits to apply. Contact the MEBT Service Center for an information packet.

Vesting between MEBT Entities
One of three situations may apply for vesting between MEBT Entities:
1. Leaving NORCOM and immediately going to work for another MEBT entity.
2. Begin working for NORCOM immediately following employment at another MEBT entity.
3. Rehired by NORCOM.

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

Depending on the rules of the other MEBT entity's Plan to which you are transferring, you may be given credit for your months of MEBT participation with NORCOM. Most MEBT plans credit participation with other MEBT entities, but some may not. If you do receive credit, you begin vesting in the Employer Contributions at the new MEBT entity based on the months of service for participation in NORCOM's MEBT. Check with the MEBT Service Center for requirements.

Illustration: Transferring to another MEBT Entity with a 7-year Vesting Schedule
Matt Erikson worked and participated in MEBT for two years at NORCOM before accepting a position at a different MEBT entity. During that time, he contributed $2,200 from his own salary into his MEBT Employee Account. NORCOM allocated another $2,000 in NORCOM Contributions.

NORCOM has a 5-year MEBT vesting schedule, so Matt was 40% vested in his NORCOM Contributions Account of $2,000, for $800 (40% of $2,000). Matt forfeited $1,200 of his NORCOM Contributions, the remaining unvested portion (60% of $2,000).

When he went to work for a different MEBT Entity, Matt was eligible to transfer 100% of his employee contributions ($2,200) and 40% ($800) of his NORCOM Contributions.

Matt immediately transferred his MEBT accounts (100% of his employee contributions and the vested portion of his NORCOM Contributions) to his new MEBT employer. The $800 vested employer contributions that Matt transferred to his new MEBT employer remained 100% vested in his new employer contributions account.

Because his new employer has a 7-year vesting schedule, Matt's two years at NORCOM translated to 25% vesting credit to its plan. This plan provides 10% after one year plus 15% each additional year for 25% for two years. Contributions Matt received from his new MEBT employer are reduced due to a lower vesting schedule. Future employer contributions Matt will receive from the new employer will begin at 25% vesting.
**Begin working for NORCOM Immediately Following Employment at another MEBT Entity**

If you begin employment at NORCOM immediately following employment at another MEBT entity, you receive vesting credit for your months of participation in the MEBT Plan of the other entity, if you:

- Enroll in the MEBT Retirement Benefit Plan upon employment with NORCOM by completing the enrollment forms available from Human Resources.
- Were participating in the other MEBT entity’s Plan immediately prior to coming to NORCOM.
- Rollover or directly transfer your current MEBT account to NORCOM Plan.
- Continue to participate in the NORCOM Plan for twelve consecutive months.

### Illustration: Transferring to NORCOM from another MEBT Entity

Ashley Carter worked and participated for one year at the City of Redmond before accepting a position at NORCOM. She had contributed $2,200 to her MEBT Employee Account. The City of Redmond allocated another $2,000 in City Contributions.

The City of Redmond has a 5-year vesting schedule in its MEBT plan, so Ashley was 20% vested in Redmond’s City Contributions Account at the time she left. Ashley forfeited $1,600, or 80% of her City Contributions Account, but was fully vested in the remaining 20%, or $400.

Ashley immediately transferred her MEBT accounts (100% of her employee contributions and the vested portion of her Contributions) to NORCOM MEBT Plan. The $400 vested City Contributions that Ashley transferred from the City of Redmond MEBT to NORCOM MEBT remained 100% vested in her new NORCOM Contributions account.

Because NORCOM has a 5-year vesting schedule, Ashley’s one year at the City of Redmond translated to 20% vesting credit at NORCOM. Future NORCOM Contributions Ashley will receive from NORCOM will begin at 20% vesting.

### Rehired by NORCOM

If you are rehired by NORCOM, the vesting schedule for new allocations from employer contributions credit your months of prior participation in NORCOM’s MEBT. However, any previously forfeited amounts are not returned to you.

### Illustration: Rehired by NORCOM

Larry Smith worked and participated for one year at NORCOM. During that time he contributed $2,200 to his Employee Account. NORCOM allocated another $2,000 in NORCOM Contributions.

Larry was 100% vested in all MEBT contributions he made into his Employee Accounts.

Because NORCOM’s MEBT Plan has a 5-year vesting schedule, he was 20% vested in his NORCOM Contributions Account of $2,000 at the time he separated. At separation, he forfeited $1,600, or 80% of his NORCOM Contributions. He was vested in the remaining amount of $400.

Later, Larry Smith was rehired by NORCOM. Because he received credit for one year of prior participation, Larry restarted his MEBT participation at 20% vesting for all new NORCOM Contributions. The $1,600 previously forfeited is not reinstated into Larry's account.
Nearing Retirement

If you are within three years of your Normal Retirement Date (see the “About Vesting” section) or after, and intend to retire or are no longer working at NORCOM, you may wish to reduce the level of investment risk of your MEBT investment by transferring your money into MEBT’s Money Market Fund. You may make up to three irrevocable transfer elections to the Money Market Fund prior to payment of your entire account.

The rate of return in the Money Market Fund may be less volatile. Over a longer term, its rate of return also may be lower than the rate of return in the main Trust account. However, there is no guarantee that the main Trust account or the Money Market Fund will have positive returns.

Assigning My MEBT Account to Someone Else

Retirement benefits provided under MEBT are for you and your beneficiaries alone. You cannot assign your MEBT account to someone else in order to settle a debt, nor can you use your MEBT account as collateral to secure a loan, nor may creditors reach these accounts. The only exception is in the case of a Qualified Domestic Relations Order, described below.

Qualified Domestic-Relations Order (QDRO)

An alternate payee for your MEBT accounts must be a spouse, former spouse, child or other dependent that is recognized by a Domestic Relations Order as having the right to receive all, or a portion of, your benefits under MEBT. MEBT specifically permits an “alternate payee” to request an immediate distribution of retirement benefits if stated in the QDRO. This request must comply with federal and state domestic-relations laws. You may use MEBT’s sample order to expedite approval. The MEBT Service Center will work with your legal counsel to pre-approve the order and minimize your costs.
Claims Procedures

If My Claim is Denied

The Plan Committee has discretionary authority to interpret Plan provisions and determine benefit eligibility. It must perform its duties legally and prudently, for the exclusive benefit of participants and their beneficiaries. The Committee attempts to make all decisions in good faith and in a uniform and nondiscriminatory manner. If you disagree with the MEBT Committee’s determination of the amount of your benefits under MEBT or with respect to any other decision MEBT Committee may make regarding your interest in MEBT, there is an appeal procedure you may follow. In brief, if you are denied benefits in whole or in part, you may submit a formal claim in writing to the MEBT Committee. The MEBT Committee will then provide you:

• A specific, written explanation of why your claim was denied and the pertinent provisions of the MEBT Plan supporting the decision.
• Details about additional information that may be required in order to receive your payment.
• Details about how MEBT’s appeal procedures work.

Appeal Procedure

If you want the MEBT Committee to hear your appeal of its decision, you or your authorized representative must make a written request for the denied benefits to the MEBT Committee within 90 days of receiving your denial. Your request must present all of the grounds on which your appeal is based, including all relevant facts. The MEBT Committee will:

• Give you access to review pertinent documents to prepare your request.
• Possibly require you to submit additional materials necessary for the MEBT Committee to make its decision about your appeal.
• Review your case and give you its decision within 60 days—unless special circumstances require additional time.

If your claim is again denied, in whole or in part, you will be told specifically why and the Plan provisions that support the decision.
General Information

Background
Effective July 1, 2009, NORCOM decided not to participate in Social Security, and to participate in the Municipal Employees Benefit Trust. Today Bellevue, Edmonds, Federal Way, Kirkland, Mill Creek, Redmond, and Woodinville also participate in this Trust, with somewhat varying retirement and benefit program elements.

MEBT encompasses three different plans
• NORCOM Employees’ Benefit Plan – to help you save for retirement, covered in this Summary Plan Description (SPD); and

• NORCOM Employees’ Life Insurance & Long-term Disability Benefits Plans – to provide a benefit to your beneficiary(ies) if you should die while covered under the Plan and to provide income in case of a disability that prevents you from working. The details of these plans are included in different Summary Plan Descriptions produced by the insurance company providing these benefits.

Administrative Charges to My Account
Plan expenses may be deducted from your account balance whether you are actively contributing or not participating in MEBT.

Expenses allocated to all accounts. MEBT can pay its expenses from the Plan’s assets. If expenses are paid using Plan assets, the expenses will generally be allocated among the accounts of all MEBT participants. These expenses will be allocated either proportionately based on the value of the account balances or as an equal dollar amount based on the number of participants in MEBT. The method of allocating the expenses depends on the nature of the expense and may be changed by the Committee.

• Value of the Account - Investment Management expenses would typically be allocated proportionately based on the value of the account. If MEBT pays $1,000 in such expenses and total MEBT assets equal $1,000,000 and your account is $10,000 your account would be charged $10 ($1,000 X $10,000/$1,000,000).

• Number of Accounts - Recordkeeping expenses would typically be allocated proportionately to each participant. If MEBT pays $1,000 in such expenses and there are 100 participants, your account balance would be charged $10 ($1,000/100) of the expense.

Expenses allocated to individual accounts. There are certain other expenses that may be paid just from your account. These are expenses that are specifically incurred by, or attributable to, you. For example, if you take a distribution, you may be charged for the cost of the wire transfer or check. Also, if you are married and get divorced, the Plan may incur additional expenses if a court mandates that a portion of your account be paid to your ex-spouse. These additional expenses may be paid directly from your account (and not the accounts of other participants) because they are directly attributable to you under the Plan. The Plan Committee will inform you when there will be a charge (or charges) directly to your account.
Terminated employee. After you terminate employment, your account may be charged your pro-rata share of the Plan’s administration expenses, regardless of whether NORCOM pays some of these expenses on behalf of current employees.

The Plan Committee may from time to time change the manner in which expenses are allocated.

Designating or Changing a Beneficiary

You designate a beneficiary (or beneficiaries) by completing the Beneficiary Designation form and indicating to whom you want your account paid when you die. If you do not designate a beneficiary(ies), your account balance may not be paid to the person(s) you want to receive it.

Submit a new Beneficiary Designation form if you have a family change, such as the birth of a child or a divorce, or want to change your beneficiary designation.

If you are married, you must designate your spouse as your primary beneficiary unless your spouse signs the consent section of the Beneficiary Designation form. His/her signature must be notarized. If you divorce or legally separate, a divorce decree or decree of legal separation will revoke a prior designation of your spouse or former spouse. If you marry after you complete a Beneficiary form, your old form becomes invalid. Your new spouse automatically will become the primary beneficiary unless he/she signs the waiver.

Unclaimed Accounts

If we are unable to locate you at your last address of record, your account may be forfeited. If you later make a claim for this account, it will be restored at the same dollar amount as the amount forfeited, unadjusted for any subsequent income, gains and losses. It is very important to update your mailing address even after you have terminated employment.

Plan Committee

The Plan Committee maintains records and interprets and enforces Plan provisions, including eligibility and claims for benefits. The Committee is also responsible for arranging the necessary services to operate the Plan, including legal, accounting, recordkeeping, consulting and investment advice in conjunction with the Trust Committee. The Committee has discretionary authority to interpret Plan provisions and determine benefit eligibility. It must perform its duties legally and prudently, for the exclusive benefit of participants and their beneficiaries.

Employer

North East King County Regional Public Safety Communication Agency (NORCOM)
P.O. Box 50911
Bellevue, WA 98015
EIN: #26-1506994

Trustee

Wilmington Trust
Retirement and Institutional Services Company
P.O. Box 52129
Phoenix, AZ 85072-2129

More information about MEBT

Read this Summary Plan Description, for the best resource of information visit www.mebt.org or call the MEBT Service Center at (877) 690-5410.
Employment at NORCOM and Potential Social Security Benefits

If you are eligible to receive Social Security as a result of other employment or based on a spouse’s employment, a modified formula may apply. Due to the federal government’s Windfall Elimination Provision and Government Pension Offset, your future payments may be reduced depending on how many years of substantial earnings you had outside of NORCOM.

There are two ways your Social Security benefits—or the benefit you could receive as a spouse or widow—may be reduced.

**Windfall Elimination Provision**

The Windfall Elimination Provision results in a modified formula for those who already have earned Social Security benefits through other employers. According to the Social Security Administration, the Windfall Elimination Provision primarily affects people who earned a pension from working for a government agency that does not contribute to Social Security and who also worked at other jobs where they paid Social Security taxes long enough to qualify for retirement or disability benefits (at least 40 quarters, or 10 years). Because NORCOM participates in a pension program (PERS, LEOFF or PSERS) and does not contribute to Social Security, this provision may apply to you, whether or not you participate in MEBT.

For more detail about the Windfall Elimination Provision, read SSA Publication No. 05-10045, available at [www.ssa.gov/pubs](http://www.ssa.gov/pubs).

**Government Pension Offset**

The Government Pension Offset also may reduce your Social Security benefits. Normally, if your spouse has earned Social Security benefits, you could be entitled to half of his or her benefits if you survive him or her and you have little or no pension income of your own.

This Social Security offset provision makes the benefit for surviving spouses comparable to workers at non-governmental employers. Social Security offsets your spouse’s Social Security benefits that you could be entitled to receive by 2/3 of what you are receiving monthly from your retirement plans (PERS/LEOFF/PSERS + MEBT). The computation of your monthly income benefit from MEBT is based on annuitizing your MEBT account balance.

This provision is unlikely to affect the majority of NORCOM employees. In fact, most employees with a long work history—no matter who they worked for—will receive a pension high enough to disqualify them for this Social Security benefit.

For more detail about the Government Pension Offset, read SSA Publication No. 05-10007, available at [www.ssa.gov/pubs](http://www.ssa.gov/pubs).