



MEBT Municipal Employees' Benefit Trust

Mailing Address: PO Box 90012 · Bellevue, WA 98009-9012

Delayed payment of sub transfer agency revenue to the MEBT

To: MEBT Plan Chairs:

Explanation of Error:

On April 2, 2014 MEBT was informed that the Calamos sub transfer agency (sub t/a) revenue normally paid to MEBT on a quarterly basis had not been received since first quarter 2012. In order to receive the revenue Wilmington Trust sends Calamos a quarterly invoice for the sub t/a fees. Calamos pays the amount to Wilmington Trust who deposits the funds into the MEBT revenue sharing account. Wilmington Trust failed to send the invoice payments to Calamos so the revenue payments did not occur.

The amount of the sub t/a revenue MEBT had not received from Calamos was \$186,796.41.

How was it caught?

When NWPS conducted their annual fee analysis in February, they noticed that no sub t/a revenue had been deposited in 2013 and asked Wilmington Trust to investigate.

Process Enhancements:

Below are the procedures put in place by Wilmington Trust regarding the process:

- On the daily control checklist for our revenue sharing system we have a line item specifically for the MEBT process. This list is completed daily and reviewed by management.
- There is a process to ensure the monthly positions are received specifically for MEBT, before calculation of the accruals.
- The invoice tool for Calamos has been updated to ensure that the revenue sharing has accrued accordingly for the MEBT plan.

Additionally, UBS and Northwest Plan Services (NWPS) will both review the incoming revenue separately from Wilmington Trust to make certain the revenue streams are reasonable.

Corrective Actions:

Calamos reimbursed the MEBT \$186,796.41 on April 16, 2014.

Who was impacted and by how much?

There was no impact to MEBT participant accounts. Revenue Sharing is deposited into the MEBT revenue sharing (fee) account to pay MEBT vendor invoices.



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What was done to correct the error?

The Revenue sharing was deposited into the MEBT fee account in two equal parts. Half of the deposited amount was credited to the Trust fee account to pay Trust level vendor invoices. The other half was deposited into the accounts of each member entity's MEBT Plan on a pro-rata basis using the NWPS Year-end Trust Management Report, Assets by Entity Section using the Participants Percent chart. Since the revenue payment spanned more than one year the amounts were credited to each entity was based on the Participants Percent chart for that year.

Exhibit A – Wilmington Trust – Chart of Calamos revenue payments due

Exhibit B – Northwest Plan Services – Calamos Revenue Sharing Allocation