

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 18, 2024

MEMO TO: Members of the Retirement Board

THROUGH: Lisa Sorani, Manager of Employee Services *Lisa Sorani*

FROM: Valerie Weekly, Principal Management Analyst, Retirement *Valerie Weekly*

SUBJECT: Retirement Board Regular Meeting – 7/18/2024

A regular meeting of the Retirement Board will convene at 9:00 a.m. on Thursday, July 18, 2024. This meeting will be conducted in person with all Retirement Board members physically present in the Administration Training Resource Center, 375 Eleventh Street, Oakland, California, which shall serve as the physical location for members of the public who wish to attend the meeting in person. Please note, however, that members of the public will also be provided the opportunity to participate via video and teleconference. Public participation will also be available by live audio stream at <https://www.ebmud.com/about-us/board-directors/board-meetings/retirement-board-meetings/>; however, listeners will not be able to provide public comment via live audio stream. To participate in the meeting or provide public comment, please see the Appendix of the Agenda for instructions on joining the Zoom meeting online or by phone.

Some Staff and Presenters will be attending via Zoom which will be broadcast at the meeting.

Enclosed are the agenda items for the July 18, 2024 meeting, and the minutes for the May 23, 2024 regular meeting and the June 4, 2024 special meeting. The package also includes the following: **(1) CONSENT items:** Approval of Minutes of the Retirement Board – Regular Meeting of May 23, 2024, Approval of Minutes of the Retirement Board – Special Meeting of June 4, 2024, Ratifying and Approving Investment Transactions by Retirement Fund Managers for April 2024 and May 2024, Ratifying and Approving the Short-Term Investment Transactions for April 2024 and May 2024, and Approving Treasurer’s Statement of Receipts and Disbursements for April 2024 and May 2024; **(2) ACTION items:** Election of Retirement Board Officers, Approve Portfolio Transition Plan, Changing Benchmarks for Fixed Income Managers, Approve Final HIB Summary of Findings Report, Resolution Acknowledging Tim McGowan’s Service to the Retirement Board; **(3) INFORMATION items:** Performance Report and Economic Review, and July 2024 LRS Pension Gold Implementation Update; **(4) REPORTS FROM THE RETIREMENT BOARD:**

LS:vw

Enclosure

AGENDA
EBMUD EMPLOYEES' RETIREMENT SYSTEM
July 18, 2024

A regular meeting of the Retirement Board will convene at 9:00 a.m. on Thursday, July 18, 2024. This meeting will be conducted with Retirement Board Members physically present in the Administration **Training Resource Center**, 375 Eleventh Street, Oakland, California. This location shall serve as the physical location for members of the public who wish to attend the meeting in person. Please note, however, that members of the public will also be provided the opportunity to participate via video and teleconference. Public participation will also be available by live audio stream <https://www.ebmud.com/about-us/board-directors/board-meetings/retirement-board-meetings/>; however, listeners will not be able to provide public comment via live audio stream. To participate in the meeting or provide public comment, please see the Appendix of the Agenda for instructions on joining the Zoom meeting online or by phone. Some Presenters may be attending via Zoom.

Retirement Board Members: Clifford Chan, Marguerite Young, April Chan, Jae Park, Max Fefer and Elizabeth Grassetti

Staff to the Retirement Board: Sophia Skoda, Lourdes Matthew, Cindy Charan, Robert Hannay, Lisa Sorani, Steven Goodman-Leibof, Valerie Weekly and Mae Shepherd

Consultants & Presenters: Meketa - Colin Bebee, Sarah Bernstein, and Eric Larsen

****Public Participation****

Please see Appendix at end of Agenda for Public Participation Details

ROLL CALL:

PUBLIC COMMENT: The Retirement Board is limited by State Law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

REGULAR BUSINESS MEETING

CONSENT CALENDAR:

1. Approval of Minutes of the Retirement Board – Regular Meeting of May 23, 2024
2. Approval of Minutes of the Special Retirement Board Meeting of June 4, 2024
3. Ratifying and Approving Investment Transactions by Retirement Fund Managers for April 2024 and May 2024
4. Ratifying and Approving Short-Term Investment Transactions for April 2024 and May 2024
5. Approving Treasurer’s Statement of Receipts and Disbursements for April 2024 and May 2024

ACTION:

6. Election of Retirement Board Officers – C. Charan
7. Approve Portfolio Transition Plan – S. Skoda

8. Changing Benchmarks for Fixed Income Managers – S. Skoda
9. Approve Final HIB Summary of Findings Report – C. Charan
10. Resolution Acknowledging Tim McGowan’s Service to the Retirement Board – C. Charan

INFORMATION:

11. Performance Report and Economic Review (Meketa Investment Group) – S. Skoda
12. July 2024 LRS Pension Gold Implementation Update – C. Charan

REPORTS FROM THE RETIREMENT BOARD:

ITEMS TO BE CALENDARED:

MEETING ADJOURNMENT:

The next regular meeting of the Retirement Board will be held on September 19, 2024.

Retirement Board Meetings

- September 19, 2024
- November 21, 2024

APPENDIX

Retirement Board Meeting
Thursday, July 18
9:00 a.m.

This meeting will be conducted with Retirement Board Members physically present in the Administration Training Resource Center, 375 Eleventh Street, Oakland, California. Members of the public are welcome to attend in person or virtually as described below.

Please note that Retirement Board meetings are recorded and live-streamed.

To view the livestream of the Retirement Board Meeting, without making public comment, please visit: <https://www.ebmud.com/about-us/board-directors/board-meetings/retirement-board-meetings/>

If you wish to join the meeting, or to make public comment, please visit this page beforehand to familiarize yourself with Zoom. <http://support.zoom.us/hc/en-us/articles/201362193-Joining-a-Meeting>

Zoom Webinar Information

When: Jul 18, 2024 09:00 AM Pacific Time (US and Canada)

Topic: July 18, 2024 EBMUD Retirement Board Meeting

Please click the link below to join the webinar:

<https://ebmud.zoom.us/j/82006105261>

Or One tap mobile :

+16699006833,,82006105261# US (San Jose)

+16694449171,,82006105261# US

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

+1 669 900 6833 US (San Jose)

Webinar ID: 820 0610 5261

International numbers available: <https://ebmud.zoom.us/j/82006105261>

Providing Public Comment

The EBMUD Retirement Board is limited by State Law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

If you wish to provide public comment, please:

- Use the raise hand feature in Zoom to indicate you wish to make a public comment
<https://support.zoom.us/hc/en-us/articles/20055661-Raising-your-hand-in-a-webinar>
 - If you participate by phone, press *9 to raise your hand
- When prompted by the Asst. Secretary, please state your name, affiliation if applicable, and topic
- The Assistant Secretary will call each speaker in the order received
- Comments on non-agenda items will be heard at the beginning of the meeting
- Comments on agenda items will be heard when the item is up for consideration
- Each Speaker is allotted 3 minutes to speak; The Retirement Board President has the discretion to amend this time based on the number of speakers
- The Assistant Secretary will keep track of time and inform each speaker when time is up

Minutes

EBMUD EMPLOYEES' RETIREMENT SYSTEM

May 23, 2024

A regular meeting of the Retirement Board convened at 9:04 a.m. on Thursday, May 23, 2024. This meeting was conducted with Retirement Board Members physically present in the Administration **Training Resource Center**, 375 Eleventh Street, Oakland, California. This location served as the physical location for members of the public who wanted to attend the meeting in person. Please note, however, that members of the public were also provided the opportunity to participate via video and teleconference. Public participation was also available by live audio stream <https://www.ebmud.com/about-us/board-directors/board-meetings/retirement-board-meetings/>; however, listeners were not be able to provide public comment via live audio stream. For instructions regarding meeting participation or providing or providing public comment, please see the Appendix of the Agenda for instructions on joining the Zoom meeting online or by phone. Some Presenters may have attended via Zoom.

1. Tim McGowan opened the meeting and then asked the Retirement Board to consider approving the amendment to the agenda which would allow the Board to consider Marguerite Young's request to attend remotely. Jae Park motioned to accept the amended agenda. Clifford Chan seconded the motion and the motion carried (4-0) by the following roll call vote: AYES (A. Chan, C. Chan, T. McGowan, J. Park), NOES (none), ABSTAIN (none), ABSENT (M. Young).
- 1a. Tim McGowan asked that the Retirement Board consider Marguerite Young's request to attend remotely. Marguerite Young indicated there were family circumstances that required her to be at home. Tim McGowan outlined the requirements of Government Code Sections 54953(f)(2)(C) and 54953(f)(2)(B). April Chan moved the item. Clifford Chan seconded the motion, and the motion carried (4-0) by the following roll call vote: AYES (A. Chan, C. Chan, T. McGowan, J. Park), NOES (none), ABSTAIN (none), ABSENT (M. Young).

****Public Participation****

Please see Appendix at end of Agenda for Public Participation Details

ROLL CALL: at 9:10am

Present: Clifford Chan, Marguerite Young, April Chan, Tim McGowan, Jae Park and Elizabeth Grassetti

PUBLIC COMMENT: The Retirement Board is limited by State Law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

- Tim Larsen deferred his comment to item #11.
- Ivette Rivera requested the full survey results, expressing concern about HIB satisfaction numbers.

REGULAR BUSINESS MEETING

CONSENT CALENDAR:

Tim McGowan asked if any items needed to be pulled from the consent calendar. The March 21, 2024 and April 16, 2024 minutes were pulled for correction. Clifford Chan motioned to approve the remainder of the Consent Calendar. Jae Park seconded the motion and the motion carried (5-0) by the following vote: AYES (A. Chan, C. Chan, M. Young, T. McGowan, J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

The Board and members of the public provided corrections to the minutes, which staff noted. Jae Park moved to approve the March 21, 2024 and April 16, 2024 minutes with these revisions. April Chan seconded and the motion passed (5-0) by the following vote AYES (A. Chan, C. Chan, M. Young, T. McGowan, J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

ACTION:

7. Declare Interest Rate to Apply to Balance of Member Contributions and Interest for Period Ending December 31, 2023 – C. Charan Valerie Weekly presented the interest rate of 6.75%, prorated to a semi-annual rate of 3.375%. There was no public comment. Marguerite Young moved the item, which was seconded by Jae Park. The motion passed (5-0) by the following vote AYES (A. Chan, C. Chan, M. Young, T. McGowan, J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

8. Declare Results of the Election of an Employee Member of the Retirement Board – C. Charan

There were three candidates, all of whom received the required 50 nominations. Max Fefer received the most votes. Cindy Charan certified the vote so Max Fefer would become a member of the Retirement Board effective June 24, 2024.

April Chan inquired about the vote-counting process and Mae Shepherd explained it. Elizabeth Grassetti was concerned about percent of field staff voting. Valerie explained that participation was significantly lower last year. Participation rates were comparable to pre-COVID figures when the election was paper-based. Marguerite Young indicated this participation rate was pretty good considering election rates with her work with other retirement systems is around 10-11%. There was no public comment.

Marguerite Young moved to approve the resolution; Clifford Chan seconded the motion, which carried (5-0) by the following vote AYES (A. Chan, C. Chan, M. Young, T. McGowan, J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

9. Asset Allocation Review and Determination – S. Skoda

Sophia Skoda and Colin Bebee of Meketa presented various portfolio options focusing on risk, return expectations, and diversification. They provided detailed analysis of each option's impact on the fund's long-term sustainability. Retirement Board Members discussed the pros and cons of each portfolio, with Jae Park raising concerns about the risk associated with private debt and covered calls. April Chan and Marguerite Young expressed comfort with private debt investments, citing their potential for higher returns. Max Fefer inquired about ESG (Environmental, Social, and Governance) consideration for private debt, and Sarah Bernstein of Meketa explained how ESG criteria are integrated into investment decisions. Following a thorough discussion, April Chan

moved to accept Sample 2 as the allocation moving forward. Clifford Chan seconded, and the motion carried (5-) by the following vote AYES (A. Chan, C. Chan, M. Young, T. McGowan, J. Park) NOES (none), ABSTAIN (none), ABSENT (none).

In March, Meketa talked about making changes, how those changes may affect the model, and which one would be more impactful. Our goal is to make a decision that day. However, this transition would not happen overnight.

Colin Bebee of Meketa explained the goal and the timeline for this process. This was designed to be interactive so we could make changes and discuss the results. During the March meeting, the Board was attracted to portfolios with similar/lower risk levels as the current policy. The most important thing was setting capital market assumptions, and we were using industry standard approaches. Colin Bebee explained that during the transition we planned not to have extended periods out of the market. Every portfolio would have thousands of simulations over 20 years and be updated every year to reflect his.

EBMUDERS current policy was compared to other scenarios. Slide 15 included sample portfolios. Several Board members expressed interest in Sample 2. Jae Park asked about getting rid of covered calls. Colin Bebee stated that if we change to 20% in investment grade bonds, that would provide benefit payments for years even in light of a negative market event. Jae asked about what kind of downside protection private debt gives the portfolio. Colin stated that you should not view private debt as a downside protection; think of it as gaining diversification across the capital markets without interest rate risk due to the floating rate nature of the loans. Tim McGowan indicated he knew moving in and out of covered calls is easy; however, the transition to covered calls involved infrastructure, which he wouldn't want to lose. Colin Bebee added there was the process of maintain a bench manager to make the transition process easier. Tim McGowan stated that if we could keep our covered call managers as bench managers, there's no need to have an allocation.

Colin stated that sample 2 offers a slight decrease in risk from the current portfolio. Current portfolio is slightly riskier than peers.

Jae Park did not see the need to move to private debt but wanted to hear what the others members thought. April Chan did not see downside to private debt. Tim McGowan stated in terms of private markets, he has the most faith in private debt as it is not as manager dependent as private equity. Marguerite Young was comfortable with private debt. In addition, she is comfortable with moving private real estate to REITS. Interested in putting 5% to REITS and pulling away from private real estate, though she is comfortable with keeping RREEF and eliminating REITS. Robby stated the Russell 3000 has REITS in it, so we have that exposure.

Max Fefer asked about ESG for private debt. Max inquired if they were taking advantage of the disadvantaged and if they could be used to make investments in things with a net positive impact on society. Colin stated that there are some managers that focus on funding loans with ESG in mind. Colin also stated that we would target open-ended structures for Private Debt, and Meketa scores those on ESG characteristics. Marguerite Young commented there are organizations that score managers that could be helpful in selection. Sarah Bernstein with Meketa said that there were efforts to bring out disclosure on ESG characteristics. We would bring you a wide range from small impact managers to very large debt managers active in this area. Tim McGowan believed all agreed that 5% for private debt was appropriate. All Board members agreed that 5% seemed appropriate.

Tim McGowan called a 10-minute break which started at 11:15 am.

The Board discussed potential changes to real estate. Board members decided that an allocation to core was better than publicly traded REITS. The decision was made to keep core real estate at 2.5%. This led to all Board members being comfortable with Sample 2.

April Chan made a motion to accept Sample 2 as the allocation moving forward. Clifford Chan seconded the motion, which carried (5-0) by the following vote AYES (A. Chan, C. Chan, M. Young, T. McGowan, J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

INFORMATION:

10. Discussion of Changes to Board of Director Pension – L. Matthew

Lourdes Matthew discussed proposed changes to prevent future Board of Directors (BOD) from getting a windfall and to prevent future retirees from entering the retirement system a second time. The BOD voted to limit the terminal compensation to the average compensation that was earned as a Director. There would be no change to HIB. Newly elected members would need to be on the BOD five (5) years or more to receive a monthly reimbursement benefit.

Retirees elected to the BOD currently would have had to reinstate into ERS and would no longer receive the monthly pension. The solution was to exclude retirees from participating in the ERS so they could continue to receive their pension while on the BOD.

Former employees who were not yet retired when elected would not be excluded from participating in ERS. However, these would be two distinct periods, with separate years of service, terminal compensation and potentially different plan enrollment.

Lourdes Matthew outlined the timeline for Ordinance changes.

11. HIB Study: Discussion of Goals and Interests – C. Charan

Cindy Charan introduced this item and Lisa Sorani presented. Lisa outlined the process the Retirement Board had gone through to this point and described the goals for the meeting.

Public comments were made by:

- Eric Larsen, the President of Local 444, expressed concern that many members were counting on the HIB, especially considering the two-tiered system. It is Eric's position that groups needed the addition of dental and vision coverage in addition to health coverage. Complete health coverage (medical, dental and vision coverage) should be costed out for both PEPRA and Legacy members.
- Diane Eggering, Secretary of Local 2019, requested an increase in HIB, which was crucial for PEPRA and those under age 65. Board members discussed the necessity and implications of potential changes, considering the impact on PEPRA members and overall system sustainability. Marguerite Young noted the importance of addressing the needs of PEPRA members. Tim McGowan emphasized the need to identify specific problems and solutions. Lisa Sorani stressed that all recommendations would go to the Board of Directors for consideration during negotiations.

12. Filling the Role of Board President and Succession Planning – C. Charan

Cindy Charan highlighted the upcoming retirement of Tim McGowan and the need for a transition plan. The Board long-standing practice of nominating the employee member and management members for President and Vice President respectively was noted, though flexibility in this practice was advised. The Board discussed potential candidates and the qualities needed for effective leadership during the transition period.

13. PEPRA Contribution Rate Survey – S. Skoda

Sophia Skoda introduced the item and Steven Goodman-Leibof presented the survey. Some PEPRA members wondered why EBMUDERS employee contributions were higher than other employers. In short, the difference is largely due to benefits design. Although PEPRA standardized many features of public benefits, there were still differences between employer plans. EBMUDERS offers up to 3% COLA and COLA bank feature. COLAs for comparator agencies offer lower COLA. EBMUDERS 50% Survivor benefit is significantly richer than many agencies. CalPERS – if retiree passes, survivor benefits are \$2K max. The Board requested a chart to show differences in design.

14. Performance Report and Economic Review (Meketa Investment Group) – S. Skoda –

Eric Larsen, along with Colin Bebee of Meketa, presented the performance report, noting an increase of about \$100 million in the first quarter. They explained the equities were the primary drivers of performance, while real estate detracted Meketa in addressing underperformance with the Federated Investment Counseling manager, focusing on strategies to enhance future returns. The Board discussed the current economic environment and its potential impact on future performance, considering adjustments to the investment strategy if necessary.

REPORTS FROM THE RETIREMENT BOARD:

No reports

ITEMS TO BE CALENDARED:

None

MEETING ADJOURNMENT: Clifford Chan motioned to adjourned at 1:19pm. Seconded by Jae Park. ROLL CALL VOTE: all responded yes.

President

ATTEST:

Secretary

7/18/2024

MINUTES OF THE RETIREMENT BOARD
June 4, 2024

A special meeting of the Retirement Board convened on Tuesday June 4, 2024, at 9:05 a.m.

The meeting was called to order by Retirement Board President Tim McGowan. This meeting was conducted with Retirement Board Members physically present in the Administration Building Training Resource Center, 375 Eleventh Street, Oakland, California. This location served as the physical location for members of the public who wished to attend the meeting in person. Please note, however, that members of the public were also provided the opportunity to participate via video and teleconference.

ROLL CALL – The following Retirement Board Members were present: Clifford Chan, Marguerite Young, April Chan, Tim McGowan, Jae Park, and Elizabeth Grasseti

The following staff members were present: Sophia Skoda, Lourdes Matthew, Cindy Charan, Lisa Sorani, Steven Goodman-Leibof, Robert Hannay, Valerie Weekly, and Mae Shepherd

The following consultants were present: Alliant – Billie Brown and Thomas Sher

PUBLIC COMMENT: The Retirement Board is limited by State Law to allow public comment only on the agenda items listed in this agenda.

1. **Ivette Rivera:** Thanked the Retirement Board for getting a breakdown of the data that was provided related to retiree survey satisfaction score. Ivette referenced slides 9 and 10 as having the updated data and stated that she has already asked for it as a public records request as she is still concerned about the annual healthcare spend. Feels that the District may increase the benefit by \$50, and she thinks that is not enough and some employees leaving the District could be leaving for better retirement benefits.
2. **Valerie Artese:** Thanked the Board for the work they do for retirees and future retirees and stated that she feels the best option in the presentation today is number three, to improve the benefits by \$50 for future legacy retirees and by \$100 for future PEPRA retirees.
3. **Mark Schmitz:** Supervisor over at SD1, noted that HIB not raised since 2004, said like an increase of only \$50 feels low. Stated that PEPRA doesn't concern him but they should get their fair share also. A change to HIB should be more than \$50.

SPECIAL REGULAR BUSINESS MEETING

CONSENT CALENDAR:

No Items

ACTION:

1. **HIB Study: Confirm Final Benefit Options for Actuarial Costing – C. Charan**
The action item was tabled and brought back after the Information Items were reviewed.

INFORMATION:

2. HIB Study: Overview and Updates – C. Charan

Cindy Charan introduced the item noting that staff brought an executive summary of the data that has been provided to date related to the HIB Study and answers to a few final questions. Cindy passed the

item to Lisa Sorani, Billie Brown and Tom Sher. Lisa, Tom, and Billie took turns presenting the overview data.

3. HIB Study: Review and Update Draft HIB Study Summary of Findings Report – C. Charan

Cindy introduced this item and passed it to Lisa Sorani. Lisa identified the item as a report to capture the discussions and information shared during the HIB Study, which included four draft HIB change options. Lisa also reviewed a prior report from Segal that showed the cost of a \$50 increase to the HIB for current and future retirees, which would increase the annual contribution by \$1.4 million and reduce the funded status of the HIB from 49% to 47%. Marguerite Young asked if there were any restrictions on improving the HIB for retirees. Lourdes Matthew confirmed there was no restriction. April Chan asked if the HIB was kept in cash; Robert Hannay confirmed that the HIB and Pension funds are co-mingled and invested together. Tim McGowan next took public comment.

Public Comments:

1. Diane Eggering: Commented on the 20 years to get to the full benefit and discussed the high cost of housing in California and that retirees often have to move out of California and no longer have access to Kaiser. The increase should be higher than \$50. Suggested that the Retirement Board make a motion today to increase the HIB for all current and future retirees and feels any change should be available to everyone.
2. Eric Larsen: President L444. Current HIB is too low, and a \$50 increase is not sufficient. District should provide a benefit that pays the cost of the health insurance premium. Wanted to see all of the costing information broken down by cost for PEPRAs members versus cost for Classic members. Would also like to allow retirees to leave District health plans and later return to District health plans once they become Medicare eligible.
3. Max Fefer: Thanked staff for the data. Supported Eric Larsen's suggestion for a plan that covers the full cost of the health plan premium but wanted to see that cover the premium for early retirees also. Not sure the proposal should only be for PEPRAs members. Max also asked about employees funding the HIB and if it would be like a savings account. Staff explained that employees do not have individual HIB accounts under the IRS 401(h) plan, and employees cannot add additional contributions to the HIB like a savings account.
4. Joey Smith: President L2019. Agreed with peers who say PEPRAs and Classic members need protection, a change is needed, and appreciates the support of the Retirement Board looking into HIB so they can negotiate this earnestly and with proper information to work with on both sides of the table. Also wants to be able to attract good candidates.

After the public comments Tim McGowan moved back to the action item #1.

The Retirement Board did not have comments or edits to the core Summary of Findings memo.

1. HIB Study: Confirm Final Benefit Options for Actuarial Costing – C. Charan

Lisa Sorani explained to the Retirement Board that the goal for the day was to allow the Retirement Board to offer any changes to either the Summary of Findings written report, or the HIB options included in the report, such that, at the end of the day, the Retirement Board can confirm and approve the final options for the actuary to cost. Lisa also stated that staff would get the costing from Segal and bring the final Summary of Findings report with the costing data back for the Retirement Board to approve at the July 18, 2024 meeting.

The Retirement Board discussion revolved around the HIB benefit options. Tim McGowan noted that several public comments were made about the \$50 HIB increase option and noted that he had suggested that staff get this value costed to provide at least a floor or minimum benefit change to the discussion. Elizabeth Grassetti wanted to remind the Retirement Board that there are 2,000 current retirees who should not be ignored in this process, and that it does not have to be a lot maybe \$50 or \$100. Clifford

Chan stated to Elizabeth that he was not stating that retirees should be ignored but that the cost for current retirees has to be broken out so the Board of Directors can understand the cost as they would be paying fully for any increase for current retirees. Marguerite Young and Jae Park both asked to have Segal revisit the forward-looking health care cost trend because it looks so much higher than what we have encountered in our District Medicare plans over the past 20 years. Robert Hannay noted that our current plan is not impacted by this data, but Segal includes it for us each year. They spend a lot of time thinking about this, and they have to sign off on it, but most certainly staff will discuss this with them. Marguerite Young also commented that she feels the benefit should focus on longevity and a benefit for those employees who stay longer with the District, so she does not think it is worth costing what is already a very expensive benefit to cover the cost of benefits for pre-Medicare retirees. Tim McGowan opened the floor to public comment.

Public comments:

1. Max Fefer: Requested to see Clifford Chan's review of private sector retirees versus public sector retirees, and stated the belief that Marguerite Young's experience, of public sector retirees being better off than private sector retirees will not be the experience of PEPRA members. Max thinks PEPRA members are not going to extend their employment at the District to 30 years as prior employees have. Would like to find a way to give employees access to HIB funds earlier.

In response to Max Fefer's comments, Marguerite Young stated that she did not mean to suggest her experience would be the same as others. Clifford Chan stated that he would be happy to discuss data with Max and walked through the pension system at the City of San Francisco. Jae Park commented that there is a fundamental difference in having a defined benefit versus defined contribution plan, and that having a defined benefit is much less stressful, especially in the years leading up to retirement.

2. Eric Larsen: Thank you for looking into allowing early retirees to come back to the District health plans when they turn 65. Many L444 employees can't keep working in current jobs until age 60 or 65. They will leave and go find another job, but would like to come back to District health plans when they become Medicare eligible.

Break at 11:40 a.m for 15 minutes. Returned at 11:55 a.m.

Through discussion, the Retirement Board edited the draft options and landed on five options to be costed by Segal. The options included flat dollar increases as well as HIB values tied to the premium cost of two different Kaiser health plans, the cost of vision and dental plans, and one option specific to PEPRA Tier members and Medicare Part B. The Retirement Board requested that the costing be broken out by current and future retirees and that future retirees be further split by PEPRA and Legacy members.

Clifford Chan moved the item to approve the discussed five options to send to Segal for costing, which was seconded by Marguerite Young. The motion passed (5-0) by the following vote AYES (A. Chan, C. Chan, M. Young, T. McGowan, J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

MEETING ADJOURNMENT: A motion to adjourn the meeting was made by April Chan and seconded by Jae Park. The motion passed (5-0) by the following vote AYES (A. Chan, C. Chan, M. Young, T. McGowan, J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

The meeting adjourned at 12:32 p.m.

Minutes
Retirement Board Meeting
July 18, 2024

President

ATTEST:

Secretary

7/18/2024

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 18, 2024

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: Investment Transactions by Retirement Fund Managers for April 2024 and May 2024

The attached Investment Transactions by Retirement Fund Managers report for the months of April 2024 and May 2024 is hereby submitted for Retirement Board approval.

SDS:RLH:SGL

Attachment: Investment Transactions by Retirement Fund Managers

R.B. RESOLUTION NO. 7010

RATIFYING AND APPROVING INVESTMENT TRANSACTIONS BY FUND MANAGERS
FOR APRIL 2024 AND MAY 2024

Introduced by: _____ ; Seconded by:

WHEREAS, Retirement Board Rule No. B-5 provides for investment transactions without prior specific approval by the Retirement Board; and

WHEREAS, investment transactions have been consummated during April 2024 and May 2024, in accordance with the provisions of said rule and in securities designated as acceptable by Retirement Board Resolution No. 4975, as amended;

NOW, THEREFORE, BE IT RESOLVED that the investment transactions appearing on the following Exhibit A are hereby ratified and approved.

President

ATTEST:


Secretary

7/18/2024

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 18, 2024

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Short Term Investment Transactions for April 2024 and May 2024

The attached Short Term Investment Transactions reports for the months of April 2024 and May 2024 are hereby submitted for Retirement Board approval.

SDS:RLH:SGL

Attachments: Short Term Investment Transactions April 2024
Short Term Investment Transactions May 2024

R.B. RESOLUTION NO. 7011

RATIFYING AND APPROVING SHORT TERM INVESTMENT TRANSACTIONS BY THE
TREASURER FOR APRIL 2024 AND MAY 2024

Introduced by: _____ ; Seconded by:

WHEREAS, Retirement Board Rule No. B-7 provides for the temporary investment of retirement system funds by the Treasurer or Assistant Treasurer in securities authorized by Sections 1350 through 1366 of the Financial Code or holding funds in inactive time deposits in accordance with Section 12364 of the Municipal Utility District Act; and

WHEREAS, investment transactions during April 2024 and May 2024, have been made in accordance with the provisions of the said rule;

NOW, THEREFORE, BE IT RESOLVED that the investment transactions consummated by the Treasurer and included on the attached reports for April 2024 and May 2024 are hereby ratified and approved.

President

ATTEST:

Secretary

7/18/2024

**EBMUD EMPLOYEES' RETIREMENT SYSTEM
SHORT TERM INVESTMENT TRANSACTIONS
CONSUMMATED BY THE TREASURER
MONTH OF APRIL 2024**

<u>COST/ FACE VALUE</u>	<u>DESCRIPTION</u>	<u>DATE OF PURCHASE</u>	<u>DATE OF SALE/MATURITY</u>	<u>YIELD (%)</u>
\$ 5,335,000.00	Local Agency Investment Fund	12-Apr-24		4.272
\$ 121,240.84	Local Agency Investment Fund	15-Apr-24		4.272
\$ 6,243,000.00	Local Agency Investment Fund	25-Apr-24		4.272
\$ 5,334,000.00	Local Agency Investment Fund	26-Apr-24		4.272
\$ (13,890,000.00)	Local Agency Investment Fund		30-Apr-24	4.272
\$ 3,143,240.84	Net Activity for Month			

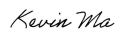
\$ 5,602,077.14	Beginning Balance
<u>3,143,240.84</u>	Net Activity for Month
\$ 8,745,317.98	Ending Balance

SUBMITTED BY David Glasser
David Glasser
Controller

DATE Jun 21, 2024



Robert L. Hannay
Treasury Mgr.



Kevin Ma
Acctg. Systems Supvr.
prepared by Ssarcos

**EBMUD EMPLOYEES' RETIREMENT SYSTEM
SHORT TERM INVESTMENT TRANSACTIONS
CONSUMMATED BY THE TREASURER
MONTH OF MAY 2024**

<u>COST/ FACE VALUE</u>	<u>DESCRIPTION</u>	<u>DATE OF PURCHASE</u>	<u>DATE OF SALE/MATURITY</u>	<u>YIELD (%)</u>
\$ 616,000.00	Local Agency Investment Fund	2-May-24		4.332
\$ 5,531,000.00	Local Agency Investment Fund	10-May-24		4.332
\$ 5,515,000.00	Local Agency Investment Fund	24-May-24		4.332
\$ (13,922,000.00)	Local Agency Investment Fund		31-May-24	4.332
<u>\$ (2,260,000.00)</u>	Net Activity for Month			
\$ 8,745,317.98	Beginning Balance			
<u>(2,260,000.00)</u>	Net Activity for Month			
<u>\$ 6,485,317.98</u>	Ending Balance			

SUBMITTED BY David Glasser
David Glasser
Controller

DATE Jun 21, 2024

Robert L. Hannay

Robert L. Hannay
Treasury Mgr.


Kevin Ma

Kevin Ma
Acctg. Systems Supvr.
prepared by Ssarcos

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 18, 2024

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Treasurer's Statement of Receipts and Disbursements for April 2024 and May 2024

SUMMARY

The attached Treasurer's Statement of Receipts and Disbursements reports for the months of April 2024 and May 2024 are hereby submitted for Retirement Board approval.

SDS:RLH:SGL

Attachments: Statement of Receipts and Disbursements April 2024
Statement of Receipts and Disbursements May 2024

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
EMPLOYEES' RETIREMENT FUND
MONTH OF APRIL 2024**

CASH BALANCE at March 31, 2024		\$	4,267,232.74
<u>Receipts</u>			
Employees' Contributions	\$	1,853,940.38	
District Contributions		8,916,479.42	
LAIF Redemptions		13,890,000.00	
Northern Trust Redemptions		6,243,000.00	
Refunds and Commission Recapture		<u>24,344.81</u>	
TOTAL Receipts			30,927,764.61
<u>Disbursements</u>			
Checks/Wires Issued:			
Service Retirement Allowances	\$	12,084,237.18	
Disability Retirement Allowances		162,259.67	
Health Insurance Benefit		1,043,113.15	
Payments to Retiree's Resigned/Deceased		0.00	
LAIF Deposits		16,912,000.00	
Administrative Cost		<u>284,085.00</u>	
TOTAL Disbursements			<u>(30,485,695.00)</u>
CASH BALANCE at April 30, 2024		\$	<u>4,709,302.35</u>
LAIF			<u>8,745,317.98</u>
LAIF and CASH BALANCE at April 30, 2024		\$	<u>13,454,620.33</u>
<u>Domestic Equity</u>			
Russell 3000 Index Fund	\$	655,991,707.78	
Subtotal Domestic Equity		655,991,707.78	
<u>Covered Calls</u>			
Parametric (BXM)	\$	163,174,071.57	
Parametric (Delta-Shift)		170,288,417.86	
Van Hulzen		<u>158,969,521.18</u>	
Subtotal Covered Calls		492,432,010.61	
<u>International Equity</u>			
ACWI Index fund	\$	591,737,412.47	
Global Transition		<u>864,710.36</u>	
Subtotal International Equity		592,602,122.83	
<u>Real Estate</u>			
RREEF America REIT II	\$	54,681,250.72	
Center Square		<u>59,506,454.38</u>	
Subtotal Real Estate		114,187,705.10	
<u>Fixed Income</u>			
CS Mckee	\$	210,486,085.03	
Federated Bank Loans		57,491,349.24	
Garcia Hamilton Associates		203,941,633.23	
Mackay Shields-High Yield		<u>60,572,177.55</u>	
Subtotal Fixed Income		532,491,245.05	
Total for Domestic and International Equities			<u>2,387,704,791.37</u>
MARKET VALUE of ASSETS at April 30, 2024		\$	<u>2,401,159,411.70</u>

Respectfully submitted,

David Glasser

David Glasser
Controller

Robert L. Hannay

Robert L. Hannay
Treasury Mgr.

Kevin Ma

Kevin Ma
Acctg Sys Supvr.

prepared by Sscaros

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
EMPLOYEES' RETIREMENT FUND
MONTH OF MAY 2024**

CASH BALANCE at April 30, 2024		\$	4,709,302.35
<u>Receipts</u>			
Employees' Contributions	\$		1,921,800.92
District Contributions			9,254,154.97
LAIF Redemptions			13,922,000.00
Northern Trust Redemptions			615,225.41
Refunds and Commission Recapture			<u>22,773.33</u>
TOTAL Receipts			25,735,954.63
<u>Disbursements</u>			
Checks/Wires Issued:			
Service Retirement Allowances	\$		12,116,553.93
Disability Retirement Allowances			162,259.67
Health Insurance Benefit			1,004,667.91
Payments to Retiree's Resigned/Deceased			248,931.04
LAIF Deposits			11,662,000.00
Administrative Cost			<u>354,741.60</u>
TOTAL Disbursements			<u>(25,549,154.15)</u>
CASH BALANCE at May 31, 2024		\$	<u>4,896,102.83</u>
LAIF			<u>6,485,317.98</u>
LAIF and CASH BALANCE at May 31, 2024		\$	<u>11,381,420.81</u>
<u>Domestic Equity</u>			
Russell 3000 Index Fund	\$		<u>686,991,472.92</u>
Subtotal Domestic Equity			686,991,472.92
<u>Covered Calls</u>			
Parametric (BXM)	\$		168,076,446.20
Parametric (Delta-Shift)			177,518,941.80
Van Hulzen			<u>162,749,776.65</u>
Subtotal Covered Calls			508,345,164.65
<u>International Equity</u>			
ACWI Index fund	\$		610,187,525.57
Global Transition			<u>876,880.00</u>
Subtotal International Equity			611,064,405.57
<u>Real Estate</u>			
RREEF America REIT II	\$		54,066,028.67
Center Square			<u>62,489,118.22</u>
Subtotal Real Estate			116,555,146.89
<u>Fixed Income</u>			
CS Mckee	\$		214,285,343.69
Federated Bank Loans			57,600,253.92
Garcia Hamilton Associates			208,098,472.56
Mackay Shields-High Yield			<u>61,101,128.62</u>
Subtotal Fixed Income			541,085,198.79
Total for Domestic and International Equities			<u>2,464,041,388.82</u>
MARKET VALUE of ASSETS at May 31, 2024		\$	<u>2,475,422,809.63</u>

Respectfully submitted,

David Glasser

David Glasser
Controller

mt Hannay

Robert L. Hannay
Treasury Mgr.

Kevin Ma

Kevin Ma
Acctg Sys Supvr.

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 18, 2024

MEMO TO: Members of the Retirement Board

THROUGH: Cindy Charan, Director of Human Resources 

FROM: Valerie Weekly, Principal Management Analyst, Retirement 

SUBJECT: Election of Retirement Board Officers

Section 4 of the Retirement Ordinance requires that the Retirement Board elect from its members a President and Vice President. With the retirement of Tim McGowan, who served as Retirement Board President for three (3) years, the position of President is vacant; therefore, it is required that the Retirement Board elect a new President.

Retirement Board member Marguerite Young has filled the position of Vice President since 2021.

As has been noted previously, the retirement ordinance does not direct who would hold the office of President or Vice President; but historically, the longest acting employee Retirement Board member acts as President, and the longest acting Board of Director Retirement Board member acts as Vice President.

CC:vw

R.B. RESOLUTION NO. 7012

DECLARING THE RESULTS OF AN ELECTION OF OFFICERS FOR THE RETIREMENT BOARD

Introduced by: _____ ; Seconded by:

WHEREAS, Tim McGowan was elected President of the Retirement Board on July 15, 2021;

WHEREAS, Tim McGowan did not run for reelection upon expiration of his most current term on the Retirement Board, thus leaving the seat of President of the Retirement Board vacant;

WHEREAS, the seat of Vice President of the Retirement Board is not vacant but the Retirement Board has the option of electing a new Vice President;

WHEREAS, Section 4(b) of the Retirement Ordinance provides that the Retirement Board shall elect from its members a President and Vice-President;

NOW, THEREFORE, BE IT RESOLVED that:

_____ is hereby declared President of the Retirement Board

and

_____ is hereby declared Vice President of the Retirement Board.

Acting President – President
Nomination and Vote

President – Vice President
Nominations and Vote

ATTEST:


Secretary

07/18/2024

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 18, 2024

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Approve Portfolio Transition Plan

RECOMMENDATION

The Retirement System's investment consultant, Meketa, will present a plan to transition the portfolio to the asset allocation targets selected by the Retirement Board at its May 21, 2024 board meeting. Staff recommends approving Meketa's proposed transition plan.

DISCUSSION

The Retirement System is working with Meketa to transition its portfolio following the completion of the Asset Allocation Study at the May 21, 2024 Retirement Board meeting. The Retirement Board reviewed asset/liability modeling options reflecting different expected return and risk tolerance levels and voted on updated asset allocation targets.

The new allocation will require removing publicly traded real estate investment trust (REIT) and covered call assets from the portfolio and increasing allocations to high yield fixed income, bank loans and US public equities. The new allocation additionally creates a mandate for private credit.

The transition plan as currently recommended completes the reallocation over the course of two years. The majority of the reallocation will happen within the first year, while the second year of the transition will be primarily devoted to funding the private credit mandate. Meketa and staff will review the plan on an ongoing basis and potentially recommend altered timelines should the need arise. Updates will be given to the Retirement Board on an ongoing basis until the process is complete.

SDS:SGL

Attachment: Memo – EBMUDERS Evolving Policy Plan

MEMORANDUM

TO: East Bay Municipal Utility District Employees' Retirement System ("EBMUDERS")
FROM: Meketa Investment Group, Inc.
DATE: July 18, 2024
RE: EBMUDERS Evolving Policy Plan

Recommendation

Meketa recommends that the EBMUDERS approve the Evolving Policy Plan presented below. This Evolving Policy Plan pertains to the planned transition of the Total Portfolio to the recently approved long-term strategic allocation policy targets. The Evolving Policy Plan, as well as the new long-term strategic allocation policy targets, will be incorporated into the Investment Policy Statement for Board approval at a subsequent meeting.

Summary

At the May 23, 2024, EBMUDERS Board meeting, a new long-term strategic allocation policy was approved for the Total Portfolio. As a multibillion-dollar investment portfolio, transitioning from one strategic allocation to another requires appropriate planning, and in most cases, several stages of transitions in order to prudently shift the investment portfolio to the new long-term strategic allocation targets.

The Evolving Policy Plan that is presented on the following page was designed to transition the Total Portfolio to the new long-term strategic allocation targets in a smooth manner while exhibiting a deliberate shift in the risk/return posture from one stage to another. This transition plan was designed to incorporate the necessary timing of manager searches, potential education on market segments and/or manager universes, and probabilities of funding new mandates when EBMUDERS does not maintain full control (i.e., private markets mandates). Additionally, the plan was designed to transition the Total Portfolio to the new strategic targets in a relatively quick but prudent manner that balances EBMUDERS internal resources, external resources, and Board meetings. For significant portfolio restructurings, which the recently approved long-term strategic allocation policy represents (largely due to the elimination of Covered Calls and the addition of Private Debt), the typical timeline for pensions of EBMUDERS's size is approximately 2-4 years. The proposed Evolving Policy Plan is on the shorter end of that range, and there is the potential for EBMUDERS to accomplish the transition in a slightly quicker manner. It is important to note that any transition needs to balance speed and prudence, and this Evolving Policy Plan is representative of this goal. Finally, the dates of each stage are meant to be approximate rather than precise, and they may vary at the margin due to unforeseen circumstances, however, Meketa believes that the new long-term strategic allocation targets will be achieved by 7/1/2026. Meketa and Staff will review the Evolving Policy Plan on an ongoing basis and update accordingly.

Evolving Policy Plan

Policy Allocations			
	Stage 0	Stage 1	Stage 2
	Current Policy	Approximately 10/1/2024	Approximately 7/1/2025
US Equity	25.0%	33.5%	35.0%
Non-US Equity	25.0%	25.0%	25.0%
Covered Calls	20.0%	14.0%	7.5%
REITS	2.5%	0.0%	0.0%
Core Private Real Estate	2.5%	2.5%	2.5%
Investment Grade Bonds	20.0%	20.0%	20.0%
High Yield Bonds	2.5%	2.5%	5.0%
Bank Loans	2.5%	2.5%	5.0%
Private Debt	0.0%	0.0%	0.0%
TOTAL	100.0%	100.0%	100.0%
Expected Long-term Return*	8.0%	8.1%	8.1%
Expected Volatility*	13.1%	13.2%	13.2%

Change from Prior Period			
	Stage 0	Stage 1	Stage 2
	Current Policy	Approximately 10/1/2024	Approximately 7/1/2025
US Equity	---	8.5%	1.5%
Non-US Equity	---	---	---
Covered Calls	---	-6.0%	-6.5%
REITS	---	-2.5%	---
Core Private Real Estate	---	---	---
Investment Grade Bonds	---	---	---
High Yield Bonds	---	---	2.5%
Bank Loans	---	---	2.5%
Private Debt	---	---	---

Evolving Policy Plan (continued)

Policy Allocations			
	Stage 3	Stage 4	Stage 5
	<i>Approximately 1/1/2026</i>	<i>Approximately 4/1/2026</i>	<i>Approximately 7/1/2026</i>
US Equity	35.0%	35.0%	35.0%
Non-US Equity	25.0%	25.0%	25.0%
Covered Calls	5.0%	2.5%	0.0%
REITS	0.0%	0.0%	0.0%
Core Private Real Estate	2.5%	2.5%	2.5%
Investment Grade Bonds	20.0%	20.0%	20.0%
High Yield Bonds	7.5%	7.5%	7.5%
Bank Loans	5.0%	5.0%	5.0%
Private Debt	0.0%	2.5%	5.0%
TOTAL	100.0%	100.0%	100.0%
Expected Long-term Return*	8.1%	8.1%	8.2%
Expected Volatility*	13.2%	13.0%	12.9%

Change from Prior Period			
	Stage 3	Stage 4	Stage 5
	<i>Approximately 1/1/2026</i>	<i>Approximately 4/1/2026</i>	<i>Approximately 7/1/2026</i>
US Equity	---	---	---
Non-US Equity	---	---	---
Covered Calls	-2.5%	-2.5%	-2.5%
REITS	---	---	---
Core Private Real Estate	---	---	---
Investment Grade Bonds	---	---	---
High Yield Bonds	2.5%	---	---
Bank Loans	---	---	---
Private Debt	---	2.5%	2.5%

Description of Stages

Stage 0 (Q3 2024)

- Stage 0 represents the initial transition phase. During this stage, there are not any allocation (i.e., dollars/assets) changes, however, two important administrative tasks will be completed by Staff and Meketa:
 1. In order to assist in the future transition of assets, Meketa and Staff will work with Northern Trust's Transition Management group to prepare for and plan the impending transitions. Meketa recently reviewed the transition manager universe in early-2024, and Northern Trust exists as a suitable vendor for the transition activity that EBMUDERS will embark on. Considering EBMUDER's current relationship with Northern Trust, the relative attractiveness of Northern Trust as a transition manager is further improved.
 2. As discussed in a separate memorandum, two of EBMUDERS's current non-core fixed income managers will see their benchmarks shifted to more standardized indices. For both Mackay Shields (High Yield) and Federated (Bank Loans), Q3 2024 will exist as a transition period for any portfolio modifications that need to be executed prior to their new benchmarks being in place to start Q4 2024.

Stage 1 (approximately 10/1/2024)

- Stage 1 will contain both actual portfolio transition activity as well as concurrent manager searches:
 - At the end of Q3 2024, assets will be shifted from Covered Calls (by 6.0%) and REITS (by 2.5%) to fund the higher US Equity allocation (increased by 8.5% during this stage). It is expected that Van Hulzen will be redeemed in full as part of this transition. Depending on market and cash flow movements between now and the end of Q3, this may result in a higher amount redeemed from the Covered Calls asset class than the 6.0% that is earmarked for Stage 1. As of May 31, 2024, Van Hulzen managed approximately 6.5% of the Total Portfolio. Additionally, this stage will represent the full redemption of the REITS mandate managed by CenterSquare (as of May 31, 2024, this mandate equated to 2.5% of the Total Portfolio).
 - In order to prepare for the larger allocations to High Yield and Bank Loans, manager searches for two new managers (one for High Yield and one for Bank Loans) will commence at the beginning of Q4 2024.

Stage 2 <i>(approximately 7/1/2025)</i>
<ul style="list-style-type: none"> - Stage 2 will see an additional drawdown of the Covered Calls asset class which will fund an additional allocation to US Equity as well as the new High Yield and Bank Loans managers (which are anticipated to be selected in the first half of 2025). - Moreover, Stage 2 will also see the launch of a Private Debt RFP. If desired, additional education on this asset class will be provided.
Stage 3 <i>(approximately 1/1/2026)</i>
<ul style="list-style-type: none"> - Stage 3 will see an additional allocation to High Yield (funded by an additional redemption from Covered Calls) as well as the selection of Private Debt manager(s). - It is expected that EBMUDERS will utilize 1-2 evergreen funds for the Private Debt allocation. Evergreen funds are open-ended and similar to those used in Core Private Real Estate.
Stage 4 <i>(approximately 4/1/2026)</i>
<ul style="list-style-type: none"> - While the Private Debt manager(s) are expected to be selected in Stage 3, it is unlikely that they will be funded during that stage. Stage 4 (and Stage 5) represent reasonable estimates for when capital will actually be called by the Private Debt managers. Given the lack of control that EBMUDERS (and any other private fund investors) have with respect to the timing of contributions to private markets mandates, the timing of this stage may vary. Moreover, if the Private Debt managers are capable of taking the entire allocation by EBMUDERS in one funding, Stage 5 will not be needed. - Funding will come from an additional redemption from Covered Calls.
Stage 5 <i>(approximately 7/1/2026)</i>
<ul style="list-style-type: none"> - Stage 5 represents a tentative stage that may not be needed. As indicated in Stage 4, funding will come from Covered Calls and will be transitioned to Private Debt. - At the completion of this Stage, EBMUDERS will have reached the new long-term strategic allocation policy targets.

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 18, 2024

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: Update to Fixed Income Manager Benchmarks

RECOMMENDATION

The Retirement System's investment consultant, Meketa, recommends revising the benchmarks used for the System's two non-core fixed income managers. Staff recommends adopting Meketa's proposed revisions to the benchmarks, which are as follows:

Mackay Shields: replace the ICE BofA ML US Corporate Cash Pay BB-B 1-5 Year Index with the Bloomberg High Yield Index.

Federated: replace the 60% Credit Suisse Leveraged Loan Index/40% Bloomberg Short-Term Government/Corporate Index with 100% Credit Suisse Leveraged Loan Index.

DISCUSSION

The Retirement System's current benchmarks are more conservative than the proposed benchmarks given their shorter duration and higher credit ratings. Moving to the proposed benchmarks is anticipated to result in stronger returns in the current higher interest rate environment.

The current benchmarks for the non-core fixed income mandates were developed at a time when interest rates were historically low and had been so for some time. Given the significant change in the markets over the recent past, changing the benchmarks will allow the investment managers to better position the portfolio to take advantage of the new market environment. The Retirement Board took a similar action when it changed Garcia Hamilton's benchmark at the January 19, 2023 board meeting which increased the duration of their holdings.

In addition to being better suited in the current interest rate market, the new benchmarks are considered current industry standard which will allow for better comparability of the Retirement System's investment managers to industry wide performance.

SDS:SGL

Attachment: Memo – Non-core fixed income benchmark change recommendation

MEMORANDUM

TO: East Bay Municipal Utility District Employees' Retirement System ("EBMUDERS")
FROM: Meketa Investment Group, Inc.
DATE: July 18, 2024
RE: Non-Core Fixed Income Benchmark Change Recommendation

Recommendation

Meketa recommends changing the benchmarks for both Non-Core Fixed Income managers in the current portfolio (effective 10/1/2024):

1. High Yield:

Replace *ICE BofA ML US Corporate Cash Pay BB-B 1-5 Year Index* with *Bloomberg US High Yield Index*

2. Bank Loans:

Replace *60% Credit Suisse Leveraged Loan Index/40% Bloomberg Short-term Government/Corporate Index* with *100% Credit Suisse Leveraged Loan Index*

The rationale for this recommendation is rooted in the recognition of a new interest rate environment, implementing industry standard benchmarks, and aligning portfolio benchmarks with the capital market assumption inputs that were used in the Asset-Liability Study. Both of these benchmark changes (and corresponding timeline) have been discussed with the respective investment managers, and both managers indicated that there would be no change to the investment teams nor investment processes with these benchmark changes.

Discussion

High Yield Mandate

The ICE BofA ML US Corporate Cash Pay BB-B 1-5 Year and Bloomberg US High Yield indices both track the performance of high yield, fixed-rate coupon, USD-denominated corporate bonds. The indices differ in their ratings and duration composition. The ICE BofA ML US Corp Cash Pay BB-B 1-5Yr Index is a subset of the broader ICE BofA ML US Cash Pay High Yield Index, so it will naturally be more limited in scope than the broader Bloomberg US High Yield Index (which is similar to the ICE BofA ML US Cash Pay High Yield Index). Both the ICE BofA ML US Cash Pay High Yield Index as well as the Bloomberg High Yield Index are commonly used for standard high yield mandates, with their primary differences pertaining to issuer size (Bloomberg has a minimum issuer size of \$150 million whereas ICE BofA has a \$250 million minimum). From Meketa's perspective, this difference (along with other small nuances)

is not meaningful for investors such as EBMUDERS. As it relates to the current benchmark utilized by EBMUDERS for high yield, this is a shorter duration benchmark that also is limited to BB-B rated issuers. In summary, the current index can be considered slightly more conservative due to its shorter duration and marginally higher credit rating.

Returns as of 3/31	3-Year	5-Year
Mackay Shields	4.3	5.1
<i>Ice BofA ML US Corp Cash Pay BB-B 1-5 Year</i>	3.6	4.1
<i>Bloomberg US High Yield Index</i>	2.2	4.0

Standard Deviation as of 3/31	3-Year	5-Year
Mackay Shields	4.2	5.7
<i>Ice BofA ML US Corp Cash Pay BB-B 1-5 Year</i>	6.0	7.5
<i>Bloomberg US High Yield Index</i>	8.4	9.4

Characteristics as of 3/31	Mackay Shields	Ice BofA ML US Corp Cash Pay BB-B 1-5 Year	Bloomberg US High Yield
Yield to Maturity	7.22	7.23	7.73
Duration	1.63	2.33	3.23
Quality Breakdown			
AAA	-	-	-
AA	-	-	-
A	-	-	-
BBB+	0.3%		0.3%
BBB-	6.4%		2.9%
BB	51.6%	53.6%	20.3%
B	34.0%	46.4%	57.0%
CCC	3.8%	-	7.1%
CC	-	-	0.0%
C	-	-	0.0%
D	-	-	0.3%
Non-rated	1.3%	-	12.2%
Cash	2.5%	-	-

Bank Loans Mandate

The recommended Credit Suisse Leveraged Loan Index is already a component of the existing bank loans benchmark. This index is an industry standard for benchmarking bank loans strategies and broadly tracks the investable universe of USD-denominated leveraged loans (leveraged loans and bank loans are synonymous terms). The Bloomberg Short-Term Government/Corporate Index tracks the performance of fixed rate investment grade, short-term government and corporate bonds. Removing this latter component accomplishes the goals of removing the duration risk from the mandate as well as better aligning the strategy with its role as a non-core fixed income strategy.

Returns as of 3/31	3-Year	5-Year
Federated	2.5	2.5
60% CredSuisLevLoan/40% BBStGovCorp	4.4	4.1
Credit Suisse Lev Loan Index	5.8	5.3

Standard Deviation as of 3/31	3-Year	5-Year
Federated	3.4	4.8
60% CredSuisLevLoan/40% BBStGovCorp	2.4	4.3
Credit Suisse Lev Loan Index	3.6	7.1

Characteristics as of 3/31	Federated	60% CredSuisLevLoan/ 40% BBStGovCorp	Credit Suisse Lev Loan Index
Yield to Maturity	7.80	6.69	9.34
Duration	0.19	0.37	0.25
Quality Breakdown			
AAA	4.1%	0.1%	-
AA	19.8%	32.2%	-
A	2.8%	4.7%	-
BBB+	3.6%	6.4%	0.3%
BBB-	-	-	2.9%
BB	16.0%	19.4%	20.3%
B	37.2%	30.3%	57.0%
CCC	3.6%	2.6%	7.1%
CC	0.1%	-	0.0%
C	-	-	0.0%
D	-	0.3%	0.3%
Non-rated	10.3%	4.0%	12.2%
Cash	2.5%	-	-

Conclusion

The interest rate environment has changed materially since the existing benchmarks were selected. Given the current interest rate environment and the potential for interest rate cuts rather than interest rate increases, Meketa believes that “full curve” benchmarks that encompass all maturities are the best fit for EBMUDERS’s long-term objectives.

Additionally, the two recommended benchmarks reflect industry standard benchmarking approaches for the asset classes. These standards may allow for better manager universe comparisons when evaluating existing mandate risk and return profiles.

Lastly, the risk/return profile of the benchmark recommendations are inputs utilized in Meketa’s Capital Markets Expectations. Utilizing portfolio benchmarks and evaluating managers based on the same criteria will better align the System with the risk/return profile reflected in Policy and resulting from the recent Asset-Liability Study.

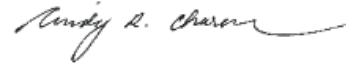
The Bloomberg US High Yield Index and Credit Suisse Leveraged Loan Index are more aligned with the current interest rate environment, investable universe, and Asset-Liability Study inputs. and thus are recommended benchmarks for the System’s High Yield and Bank Loan asset classes, respectively.

EAST BAY MUNICIPAL UTILITY DISTRICT

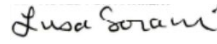
DATE: July 18, 2024

MEMO TO: Members of the Retirement Board

THROUGH: Cindy Charan, Director of Human Resources



FROM: Lisa Sorani, Manager of Employee Services



SUBJECT: HIB Study: Approve Final Summary of Findings Report with Actuarial Costing

SUMMARY

This memorandum provides information regarding costing data received from Segal related to the Retirement Board's requested HIB change considerations. Staff requests the Retirement Board to approve the final Summary of Findings report today.

DISCUSSION

At the June 4, 2024, Special Retirement Board meeting, staff reviewed the draft version of the Summary of Findings report with the Retirement Board.

The draft report provided an overview of the information learned during the HIB Study and included several options for changing the HIB. The Retirement Board reviewed and then offered edits and additional HIB change options to be considered as part of the report. The Retirement Board also requested that costing of the benefit allow for parsing the data to see the cost for various groups independently, such as current retirees, PEPRAs tier future retirees, and Legacy tier future retirees.

There was also a discussion with the Retirement Board about the future cost of retiree health benefits. The outcome of the HIB Study presented future increases in a range of 6% to 7% per year, which board members pointed out was much higher than what was experienced with the District's retiree Medicare advantage plans over the prior 20 years.

At the Retirement Board's request, staff spoke with Segal about the future trend and the Board's concern that the trend numbers seem high. Segal stated that, at least in the short term, the changes the Federal Government made under Inflation Reduction Act, which included many improvements to pharmacy benefits under Medicare, suggest that rates could possibly be even higher than the future trend staff presented during the HIB Study. All Medicare Advantage Plan insurers are taking their time finalizing 2025 rates. At the time of Segal's costing, staff had not yet received the District's Kaiser Senior Advantage rates for 2025. Based on this information Segal used 10% as the assumed 2025 increase.

The final Summary of Findings report now includes a report from Segal detailing the cost data for each of the options discussed. Segal has provided costing details regarding the impact to the District's Unfunded Liability (UAAL), Funded Status, the cash cost and the cost as a percentage

of payroll. They also broke down the cost impacts of each option for the interest groups of PEPRA Tier Future Retirees, and Current Retirees as requested by the Retirement Board. Segal will provide an overview of this information and address any questions from the Retirement Board about their costing data.

NEXT STEPS

Staff requests that the Retirement Board finalize their discussion related to the Board's interests and approve this final Summary of Findings report, that will be shared with the Board of Directors on behalf of the Retirement Board.

Attachment: Summary of Findings
Health Insurance Benefit (HIB) Cost Studies – Segal Presentation

CC;ls

EAST BAY MUNICIPAL UTILITY DISTRICT

HIB Study – Summary of Findings

Across the past eight months, the Retirement Board engaged in a Health Insurance Benefit (HIB) study to evaluate the benefit including when it was created, when it was last improved, how it was previously improved, and the prior value of the benefit. In addition, the study included a review of the value of the benefit against the healthcare premiums that the District HIB benefit reimburses. The Retirement Board elected to consider healthcare premiums as the insurance premium plus the base monthly cost of Medicare Part B in their review of the data. An update of 2023 HIB peer survey data was conducted that focused on retiree out-of-pocket costs at the District as compared to our peer agencies. This question was answered for District retirees historically, currently, and with forward looking healthcare trends; and then based on 2023 data in comparison to peer agencies. Lastly, retirees were surveyed and asked to provide their satisfaction level with the HIB and share details of how they use the benefit, their annual healthcare costs, and their household income.

This deep level of review analysis helped the Retirement Board assess the HIB benefit and understand where future improvements might be considered. While the data showed that the HIB has held up well, it also showed that current value will continue to diminish in value over time and, as such, employees with far off retirement dates may wish to negotiate for and even share the cost for a better benefit.

Staff and the Retirement Board have also reviewed the MOUs and the Retirement Ordinance and recognize that any changes to Retirement Benefits currently require union negotiations. The process for considering improvements to the Retirement System benefits was put in place at the end of the 2003 negotiations year. Since that time, the only Retirement System benefit changes have been the implementation of the state-mandated PEPRA tier benefits and an increase to the retirement contributions for Legacy members, which were negotiated in 2013.

Currently, both PEPRA and Legacy members pay .09% toward HIB. The PEPRA members pay 9.41% toward pension and a separate .09% toward HIB. The Legacy members pay 8.75% total, which includes .09% toward HIB. Currently, Contra Costa Water District has a benefit that covers the full cost of a healthcare plan for retirees versus the District's flat dollar HIB reimbursement, and the Contra Costa members are paying 2.2% toward the retiree healthcare benefit.

The Retirement Board has discussed potential interests and options for enhancing the HIB benefit as outlined below. The options noted below are NOT proposals, but rather potential considerations that the Retirement Board has costed in an effort to share information with the Board of Directors for successor MOU negotiations. The attached report from the District's actuary, Segal outlines the options and costs.

Attachment: East Bay Municipal Utility District Employees' Retirement System Cost estimates for possible improvements to the Health Insurance Benefit (HIB)

Via Email

July 11, 2024

Ms. Sophia Skoda
Director of Finance
East Bay Municipal Utility District
375 Eleventh Street
Oakland, CA 94607-4240

**Re: East Bay Municipal Utility District Employees' Retirement System
Cost estimates for possible improvements to the Health Insurance Benefit (HIB)**

Dear Sophia:

This letter provides the estimated cost impacts of various proposed benefit improvements to the Health Insurance Benefit (HIB), as presented under the following five scenarios.

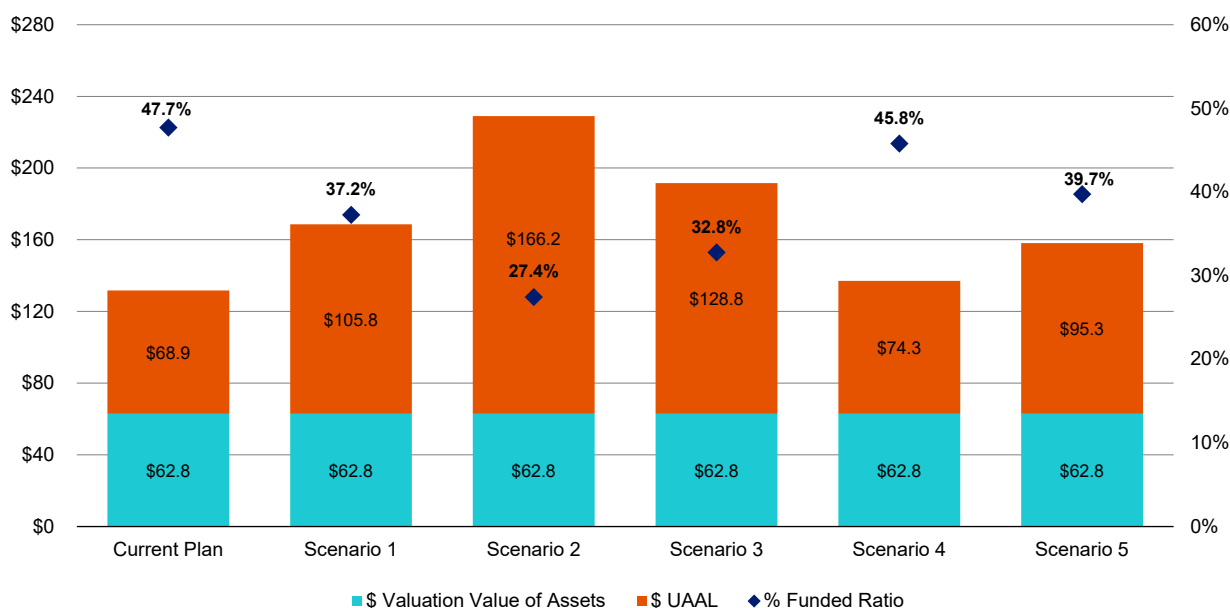
- **Scenario 1** – The current maximum subsidy will increase from \$450 to \$550 per month for single coverage, and from \$550 to \$750 per month for married retirees and retirees with registered domestic partners.
- **Scenario 2** – The maximum subsidy for single coverage will be based on the Kaiser Senior Advantage (KSA) High Option Plan premium, which is \$304.56 per month in 2024. The HIB maximum will remain at \$450 per month until the KSA High Option Plan premium (adjusted annually with trend) exceeds \$450 per month. The maximum subsidy for married retirees and retirees with registered domestic partners will increase from \$550 per month to double the KSA High Option Plan premium (\$609.12 per month in 2024).
- **Scenario 3** – The maximum subsidy for single coverage will be based on the Kaiser Senior Advantage (KSA) Low Option Plan premium, which is \$245.71 per month in 2024. The HIB maximum will remain at \$450 per month until the KSA Low Option Plan premium (adjusted annually with trend) exceeds \$450 per month. The maximum subsidy for married retirees and retirees with registered domestic partners will increase from \$550 per month to double the KSA Low Option Plan premium (\$491.42 per month in 2024) once the two-party KSA Low Option Plan premium exceeds \$550 per month.
- **Scenario 4** – In addition to the current HIB subsidy, 2013 Tier participants will receive reimbursement for the standard Medicare Part B premium for single coverage (\$174.70 per month in 2024).
- **Scenario 5** – In addition to the current HIB subsidy, participants will receive reimbursement for dental and vision premiums for single or married/domestic partner coverage. Single coverage dental and vision premiums were assumed to be \$37.41 and \$7.53 per month,

respectively, in 2024. Two-person dental and vision premiums were assumed to be \$67.32 and \$15.05 per month, respectively, in 2024.

In each scenario, a surviving spouse or surviving registered domestic partner would receive the benefit the retired member had been receiving immediately prior to death. In addition, the maximum HIB subsidy, or additional benefit, presented in each scenario would be subject to the same service-based proration as the current maximum HIB subsidy for retirees with less than 20 years of full-time service.

The following tables summarize the impact on the Unfunded Actuarial Accrued Liability (UAAL), the Funded Ratio, and the Aggregate Employer Contribution Rate if the scenarios are applied to current and future retirees and beneficiaries. Further details for each scenario, including the results applied to future retirees and beneficiaries only, are found in the attached Exhibits.

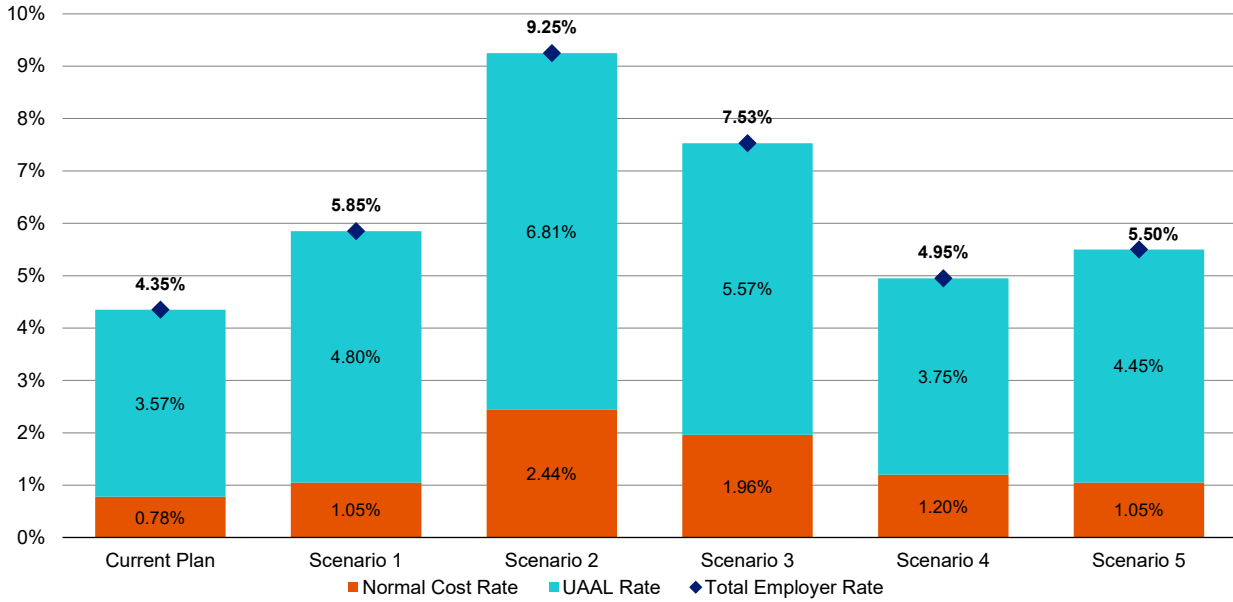
UAAL (\$ in Millions) and Funded Ratio as of June 30, 2023



Impact on Funding Measures

Funding Scenario	UAAL	Change from Current Plan	Funded Ratio	Change from Current Plan
Current Plan	\$68,858,196		47.69%	
Scenario 1	105,763,462	\$36,905,266	37.24%	(10.45%)
Scenario 2	166,183,407	97,325,211	27.42%	(20.27%)
Scenario 3	128,847,318	59,989,122	32.76%	(14.93%)
Scenario 4	74,307,528	5,449,332	45.79%	(1.90%)
Scenario 5	95,260,231	26,402,035	39.72%	(7.97%)

Employer Contribution Rates as % of Payroll as of June 30, 2023



Impact on Aggregate Employer Contribution Rate

Funding Scenario	Annual Aggregate Employer Contribution ¹	Change from Current Plan	Aggregate Employer Contribution Rate (% of Payroll) ²	Change from Current Plan
Current Plan	\$11,403,000		4.35%	
Scenario 1	15,333,000	\$3,930,000	5.85%	1.50%
Scenario 2	24,261,000	12,858,000	9.25%	4.90%
Scenario 3	19,761,000	8,358,000	7.53%	3.18%
Scenario 4	12,990,000	1,587,000	4.95%	0.60%
Scenario 5	14,430,000	3,027,000	5.50%	1.15%

¹ Based on June 30, 2023 projected annual payroll as shown below:

Tier	Projected Payroll
1955/1980 Plan	\$129,488,164
2013 Tier	132,784,436
Combined	\$262,272,600

² Payable at the end of each pay period.

Impact on UAAL and Normal Cost Rates

Funding Scenario	UAAL Cost (% of Payroll)	Change from Current Plan	Normal Cost (% of Payroll)	Change from Current Plan
Current Plan	3.57%		0.78%	
Scenario 1	4.80%	1.23%	1.05%	0.27%
Scenario 2	6.81%	3.24%	2.44%	1.66%
Scenario 3	5.57%	2.00%	1.96%	1.18%
Scenario 4	3.75%	0.18%	1.20%	0.42%
Scenario 5	4.45%	0.88%	1.05%	0.27%

In determining the employer rates, we have assumed the current member rate of 0.09% of payroll applies in each scenario (i.e., there will be no increase in the 0.09% member rate as a result of any improvement to the HIB Plan). If considered, any increase in contributions paid by the active members would result in a reduction in Normal Cost contributions required to be paid by the employer. Based on the System's amortization policy for plan changes, the amortization of the increase in UAAL would last 15 years. Depending on the scenario, this 15-year UAAL amortization payment would represent an additional 0.18% to 3.24% of payroll. On the other hand, the change to the Employer Normal Cost would be an ongoing cost. The Employer Normal Cost, which finances the benefits being earned by current employees, would increase from between 0.27% and 1.66% of payroll depending on the scenario. The combined impact of the 15-year UAAL amortization payment and increase to normal cost would increase the aggregate employer contribution by 0.60% to 4.90% of payroll, depending on the scenario.

Further details for each of Scenarios 1 through 5, including the results applied to future retirees only, are found in the attached Exhibits 1 through 5, respectively. In Exhibit 6, we have compared the results under all 5 scenarios. In addition, Exhibit 6 includes a breakdown of the change in UAAL, funded ratio, and contribution amounts for (a) future retirees only from 2013 Tier only, (b) future retirees only from all tiers, (c) current retirees only from all tiers,¹ and (d) current and future retirees from all tiers.

Assumptions and methods

These costs are calculated based on the same methods, financial statements, membership data, and actuarial assumptions used in the June 30, 2023 HIB funding valuation except for the following:

- In Scenario 2 and Scenario 3, the first-year trend rate applied to the current Kaiser Senior Advantage High Option Plan and Kaiser Senior Advantage Low Option Plan premiums, respectively, and used for projecting the new maximum subsidy from 2024 to 2025, was

¹ It should be noted that as of the June 30, 2023 valuation, there were only 10 retirees from the 2013 Tier.

increased from 6.50% previously applied in the June 30, 2023 valuation to 10.00%. The 10.00% increase incorporates the anticipated impact of the Inflation Reduction Act (IRA) of 2022 on the plan’s calendar year 2025 premiums.¹ The IRA includes material benefit cost-sharing changes for 2025, most notably implementing a \$2,000 member out-of-pocket maximum, as well as various funding changes for Medicare prescription drug plans. Based on our internal modeling and the few 2025 renewals that have been published, we anticipate many Medicare plans with Part D prescription drug benefits will experience double-digit rate increases in 2025. After consulting with EBMUD’s health consultant, the District’s 2025 Kaiser Senior Advantage plan premiums are not known as of the date of this study. The 10.00% estimate was based in part on feedback we received from the plan’s healthcare consultant and was influenced by 2025 rates Kaiser provided to a large California public employees’ retirement system.² It’s important to note that there will be uncertainty regarding future HIB increases if the maximum subsidy is based on a premium. To mitigate some of this uncertainty, employers will sometimes include a maximum increase so that the increase in any particular year does not exceed a set threshold. In addition to the updated trend assumption for calendar year 2025, the Medicare trend assumptions for 2026 and forward were also updated as shown in the following table. The non-Medicare trend rates were not updated because the non-Medicare premiums already exceed the maximum HIB subsidies.

Health Care Trend Rates used for Kaiser Senior Advantage Premium

Calendar Year	Original Medicare Trend Rate Applied to Calculate Following Year Premium in Current Valuation	Updated Medicare Trend Rate Applied to Calculate Following Year Kaiser Premium in Scenarios 2 & 3
2024	6.50%	10.00%
2025	6.25%	7.00%
2026	6.00%	6.75%
2027	5.75%	6.50%
2028	5.50%	6.25%
2029	5.25%	6.00%
2030	5.00%	5.75%
2031	4.75%	5.50%
2032	4.50%	5.25%
2033	4.50%	5.00%
2034	4.50%	4.75%
2035 and later	4.50%	4.50%

¹ It should be noted that the estimated impact of the IRA was not known as of the June 30, 2023 valuation and that the trend assumptions have very little impact under the current HIB design because the reimbursements have essentially reached the current maximums.

² Based on information published by that system, 2024 to 2025 premium increases for their Medicare plans ranged from a low of 5.63% to a high of 49.85%, with several increases in the 20%-30% range.

The new trend assumption is based on current 2024 expectations, which are generally producing higher expected increases compared to 2023 due to an increase in prescription drug trend, general inflationary headwinds, and the impact of the IRA. The 7.00% trend assumption effective 1/1/2026 is a combination of 4.00% assumed medical trend and 10.00% assumed Rx trend. The KSA premiums decreased for several years (\$350.55 per month in 2020 to \$271.01 per month in 2023), before increasing by 12.4% in 2024 (to \$304.56 per month). The KSA premiums are highly sensitive to revenues received from the Federal Government.

In Scenarios 2 and 3, the trend assumptions are used to predict future increases to the KSA premiums and also the point in time when the KSA premiums will surpass the current \$450 maximum. We have assumed the HIB subsidies would remain at their current levels (\$450/\$550) until surpassed by the respective KSA premium(s). In Scenario 2, the Kaiser High Option Plan single premium (adjusted annually with trend) is projected to surpass the current maximum \$450 subsidy in the June 30, 2030, valuation year. The KSA High Option Plan premium for two-person coverage would immediately exceed the current \$550 per month two-person maximum HIB subsidy. Similarly, in Scenario 3, the Kaiser Low Option Plan single premium (adjusted annually with trend) is projected to surpass the current \$450 monthly maximum in the June 30, 2035 valuation year and the KSA Low Option Plan premium for two-person coverage would exceed the current \$550 per month subsidy by 2026. The updated trend assumptions have very little impact on the current valuation or on Scenario 1 because the average eligible retiree reimbursements are essentially capped by the current maximum HIB amounts now and would be capped by the updated maximum HIB amounts in Scenario 1 within a year or two.

- In Scenario 4, the trend applied to the standard Medicare Part B premium (\$174.70 per month in 2024) was 5.00% annually graded down linearly to an ultimate rate of 4.50% over 5 years.
- In scenario 5, the trend applied to dental and vision premiums was 4.00% annually. Single coverage dental and vision premiums were assumed to be \$37.41 and \$7.53 per month, respectively, in 2024. Two-person dental and vision premiums were assumed to be \$67.32 and \$15.05 per month, respectively, in 2024.

Each scenario was valued independently from the other scenarios, with the impact of each compared to the June 30, 2023 valuation results. No changes were made to the participation assumptions used in the June 30, 2023 valuation. Specifically, no retirees who are currently eligible for, but not electing, HIB coverage were assumed to join the plan for the first time in the future. Similarly, there was no change to the 95% participation assumption for future retirees.

Other considerations

This study only provides the impact of these proposed plan changes for funding purposes. If further requested by the Retirement Board, we are available to illustrate the impact on a Projected Benefit Obligation basis (used to determine the cost-of-living adjustment to the pension benefit) as well as the impact on financial reporting under GASB Statement No. 74 and

No. 75. A more detailed breakdown of the increase in Normal Cost for each of the 1955/1980 plan and 2013 Tier is also available upon request.

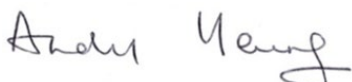
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Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuaries.

These calculations were supervised by Andy Yeung, ASA, MAAA, FCA, EA and Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions on this information.

Sincerely,



Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary



Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President and Actuary

cc: Lisa Sorani
Valerie Weekly
Robert Hannay
Steven Goodman-Leibof
Cindy Charan

Exhibit 1
Scenario 1: Estimated Impact of Maximum HIB Increased to \$550/\$750
as of June 30, 2023

	Current Plan	Scenario #1: Future Retirees Only	Change from Current Plan	Scenario #1: Current and Future Retirees	Change from Current Plan
Funding Measures					
Valuation Value of Assets (VVA)	\$62,769,259	\$62,769,259		\$62,769,259	
Actuarial Accrued Liability (AAL)					
• Current recipients AAL	\$97,330,438	\$97,330,438	\$0	\$123,995,691	\$26,665,253
• Future recipients AAL	34,297,017	44,537,030	10,240,013	44,537,030	10,240,013
– Total AAL	\$131,627,455	\$141,867,468	\$10,240,013	\$168,532,721	\$36,905,266
UAAL (Total AAL – VVA)	\$68,858,196	\$79,098,209	\$10,240,013	\$105,763,462	\$36,905,266
Funding ratio (VVA / Total AAL)	47.69%	44.24%	(3.44%)	37.24%	(10.44%)
Aggregate Employer Contribution Rate (% of Payroll)					
• Employer Normal Cost	0.78%	1.05%	0.27%	1.05%	0.27%
• UAAL	3.57%	3.91%	0.34%	4.80%	1.23%
– Total Rate	4.35%	4.96%	0.61%	5.85%	1.50%
• Estimated Annual Amount ¹	\$11,403,000	\$13,002,000	\$1,599,000	\$15,333,000	\$3,930,000

¹ Based on June 30, 2023 projected annual payroll as shown below:

Tier	Projected Payroll
1955/1980 Plan	\$129,488,164
2013 Tier	132,784,436
Combined	\$262,272,600

Exhibit 2
**Scenario 2: Estimated Impact of Maximum HIB Increased to Kaiser Senior
Advantage High Option Plan Premium**
as of June 30, 2023

	Current Plan	Scenario #2: Future Retirees Only	Change from Current Plan	Scenario #2: Current and Future Retirees	Change from Current Plan
Funding Measures					
Valuation Value of Assets (VVA)	\$62,769,259	\$62,769,259		\$62,769,259	
Actuarial Accrued Liability (AAL)					
• Current recipients AAL	\$97,330,438	\$97,330,438	\$0	\$146,478,776	\$49,148,338
• Future recipients AAL	34,297,017	82,473,890	48,176,873	82,473,890	\$48,176,873
– Total AAL	\$131,627,455	\$179,804,328	\$48,176,873	\$228,952,666	\$97,325,211
UAAL (Total AAL – VVA)	\$68,858,196	\$117,035,069	\$48,176,873	\$166,183,407	\$97,325,211
Funding ratio (VVA / Total AAL)	47.69%	34.91%	(12.78%)	27.42%	(20.27%)
Aggregate Employer Contribution Rate (% of Payroll)					
• Employer Normal Cost	0.78%	2.44%	1.66%	2.44%	1.66%
• UAAL	3.57%	5.17%	1.60%	6.81%	3.24%
– Total Rate	4.35%	7.61%	3.26%	9.25%	4.90%
• Estimated Annual Amount ¹	\$11,403,000	\$19,964,000	\$8,561,000	\$24,261,000	\$12,858,000

¹ Based on June 30, 2023 projected annual payroll as shown below:

Tier	Projected Payroll
1955/1980 Plan	\$129,488,164
2013 Tier	132,784,436
Combined	\$262,272,600

Exhibit 3
**Scenario 3: Estimated Impact of Maximum HIB Increased to Kaiser Senior
Advantage Low Option Plan Premium**
as of June 30, 2023

	Current Plan	Scenario #3: Future Retirees Only	Change from Current Plan	Scenario #3: Current and Future Retirees	Change from Current Plan
Funding Measures					
Valuation Value of Assets (VVA)	\$62,769,259	\$62,769,259		\$62,769,259	
Actuarial Accrued Liability (AAL)					
• Current recipients AAL	\$97,330,438	\$97,330,438	\$0	\$124,425,384	\$27,094,946
• Future recipients AAL	34,297,017	67,191,193	32,894,176	67,191,193	\$32,894,176
– Total AAL	\$131,627,455	\$164,521,631	\$32,894,176	\$191,616,577	\$59,989,122
UAAL (Total AAL – VVA)	\$68,858,196	\$101,752,372	\$32,894,176	\$128,847,318	\$59,989,122
Funding ratio (VVA / Total AAL)	47.69%	38.15%	(9.53%)	32.76%	(14.93%)
Aggregate Employer Contribution Rate (% of Payroll)					
• Employer Normal Cost	0.78%	1.96%	1.18%	1.96%	1.18%
• UAAL	3.57%	4.66%	1.09%	5.57%	2.00%
– Total Rate	4.35%	6.62%	2.27%	7.53%	3.18%
• Estimated Annual Amount ¹	\$11,403,000	\$17,392,000	\$5,989,000	\$19,761,000	\$8,358,000

¹ Based on June 30, 2023 projected annual payroll as shown below:

Tier	Projected Payroll
1955/1980 Plan	\$129,488,164
2013 Tier	132,784,436
Combined	\$262,272,600

Exhibit 4
Scenario 4: Estimated Impact of Adding Medicare Part B Reimbursement
for 2013 Tier Participants
as of June 30, 2023

	Current Plan	Scenario #4: Future Retirees Only	Change from Current Plan	Scenario #4: Current and Future Retirees	Change from Current Plan
Funding Measures					
Valuation Value of Assets (VVA)	\$62,769,259	\$62,769,259		\$62,769,259	
Actuarial Accrued Liability (AAL)					
• Current recipients AAL	\$97,330,438	\$97,330,438	\$0	\$97,387,489	\$57,051
• Future recipients AAL	34,297,017	39,689,298	\$5,392,281	39,689,298	\$5,392,281
– Total AAL	\$131,627,455	\$137,019,736	\$5,392,281	\$137,076,787	\$5,449,332
UAAL (Total AAL – VVA)	\$68,858,196	\$74,250,477	\$5,392,281	\$74,307,528	\$5,449,332
Funding ratio (VVA / Total AAL)	47.69%	45.81%	(1.88%)	45.79%	(1.90%)
Aggregate Employer Contribution Rate (% of Payroll)					
• Employer Normal Cost	0.78%	1.20%	0.42%	1.20%	0.42%
• UAAL	3.57%	3.75%	0.18%	3.75%	0.18%
– Total Rate	4.35%	4.95%	0.60%	4.95%	0.60%
• Estimated Annual Amount ¹	\$11,403,000	\$12,985,000	\$1,582,000	\$12,990,000	\$1,587,000

¹ Based on June 30, 2023 projected annual payroll as shown below:

Tier	Projected Payroll
1955/1980 Plan	\$129,488,164
2013 Tier	132,784,436
Combined	\$262,272,600

Exhibit 5
Scenario 5: Estimated Impact of Adding Dental & Vision Reimbursement
as of June 30, 2023

	Current Plan	Scenario #5: Future Retirees Only	Change from Current Plan	Scenario #5: Current and Future Retirees	Change from Current Plan
Funding Measures					
Valuation Value of Assets (VVA)	\$62,769,259	\$62,769,259		\$62,769,259	
Actuarial Accrued Liability (AAL)					
• Current recipients AAL	\$97,330,438	\$97,330,438	\$0	\$114,807,068	\$17,476,630
• Future recipients AAL	34,297,017	43,222,422	\$8,925,405	43,222,422	\$8,925,405
– Total AAL	\$131,627,455	\$140,552,860	\$8,925,405	\$158,029,490	\$26,402,035
UAAL (Total AAL – VVA)	\$68,858,196	\$77,783,601	\$8,925,405	\$95,260,231	\$26,402,035
Funding ratio (VVA / Total AAL)	47.69%	44.66%	(3.03%)	39.72%	(7.97%)
Aggregate Employer Contribution Rate (% of Payroll)					
• Employer Normal Cost	0.78%	1.05%	0.27%	1.05%	0.27%
• UAAL	3.57%	3.86%	0.29%	4.45%	0.88%
– Total Rate	4.35%	4.91%	0.56%	5.50%	1.15%
• Estimated Annual Amount ¹	\$11,403,000	\$12,902,000	\$1,499,000	\$14,430,000	\$3,027,000

¹ Based on June 30, 2023 projected annual payroll as shown below:

Tier	Projected Payroll
1955/1980 Plan	\$129,488,164
2013 Tier	132,784,436
Combined	\$262,272,600

Exhibit 6
Summary of Scenario Changes from Current Plan
as of June 30, 2023

	Future Retirees Only 2013 Tier Only	Future Retirees Only All Tiers	Current Retirees Only All Tiers^{1,2}	Current and Future Retirees All Tiers^{1,2}
Scenario 1				
Increase in UAAL	\$1,654,791	\$10,240,013	\$26,665,253	\$36,905,266
Change in Funded Ratio	(0.59%)	(3.44%)	(8.03%)	(10.44%)
Increase in Annual Employer Cost	\$473,000	\$1,599,000	\$2,331,000	\$3,930,000
Scenario 2				
Increase in UAAL	\$12,951,129	\$48,176,873	\$49,148,338	\$97,325,211
Change in Funded Ratio	(4.27%)	(12.78%)	(12.96%)	(20.27%)
Increase in Annual Cost	\$3,876,000	\$8,561,000	\$4,297,000	\$12,858,000
Scenario 3				
Increase in UAAL	\$9,421,177	\$32,894,176	\$27,094,946	\$59,989,122
Change in Funded Ratio	(3.19%)	(9.53%)	(8.14%)	(14.93%)
Increase in Annual Cost	\$2,840,000	\$5,989,000	\$2,369,000	\$8,358,000
Scenario 4				
Increase in UAAL	\$5,392,281	N/A	\$57,051	\$5,449,332
Change in Funded Ratio	(1.88%)	N/A	(0.02%)	(1.90%)
Increase in Annual Cost	\$1,582,000	N/A	\$5,000	\$1,587,000
Scenario 5				
Increase in UAAL	\$1,917,279	\$8,925,405	\$17,476,630	\$26,402,035
Change in Funded Ratio	(0.68%)	(3.03%)	(5.59%)	(7.97%)
Increase in Annual Cost	\$565,000	\$1,499,000	\$1,528,000	\$3,027,000

Each scenario was valued independently from the other scenarios, with the impact of each compared to the June 30, 2023 valuation results.

¹ Scenario 4 only applies to the 2013 Tier members.

² We note that as of June 30, 2023, there were only 10 retirees from the 2013 Tier.



East Bay Municipal Utility District Employees' Retirement System

Health Insurance Benefit (HIB) Cost Studies

July 18, 2024 Board Meeting

Andy Yeung, ASA, MAAA, FCA, EA / Mehdi Riazzi, FSA, MAAA, FCA, EA



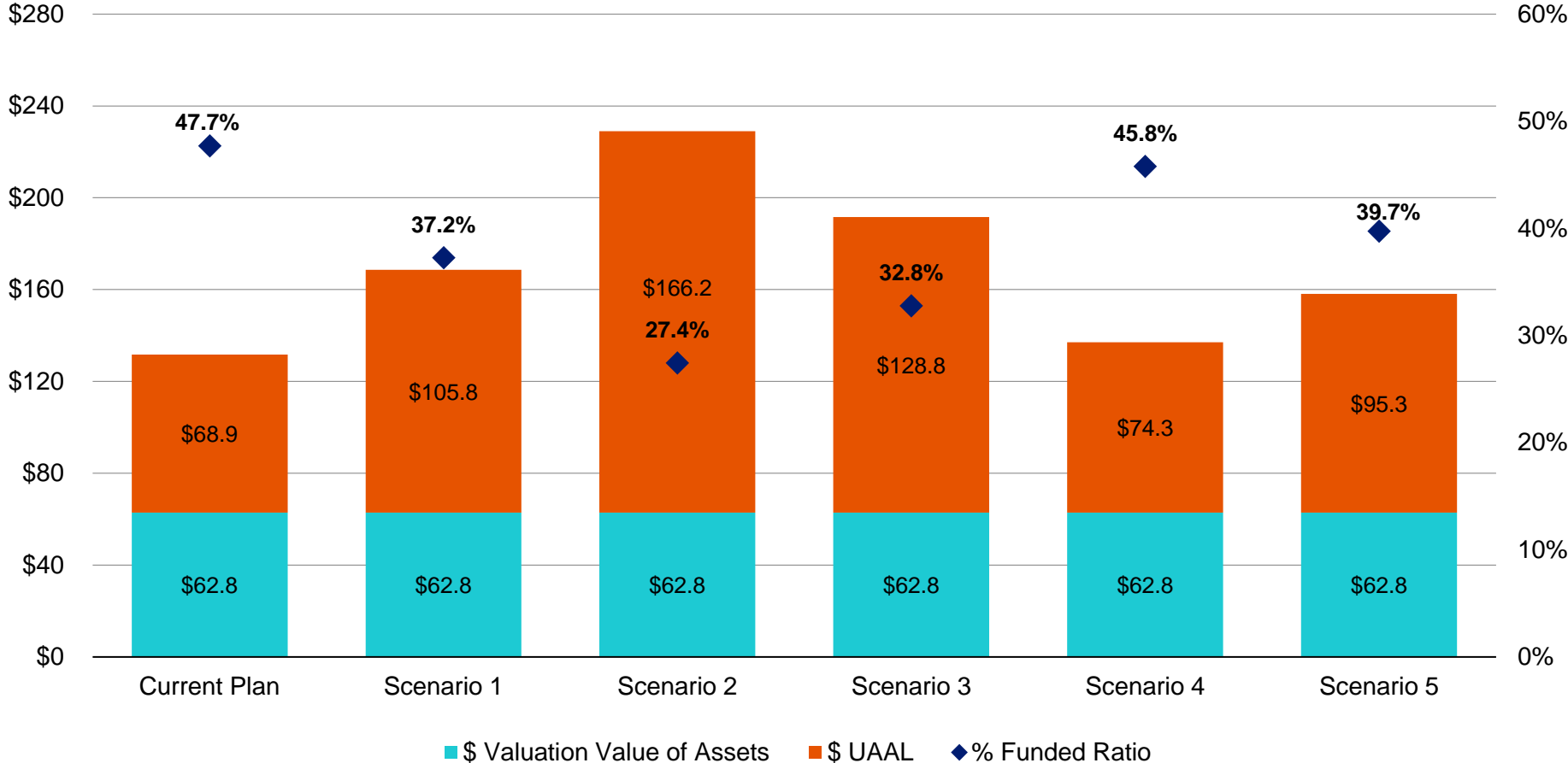
Overview of Study Scenarios

Category	Description (\$ Monthly Amounts)
Current Plan	Single: \$450 Married or with Registered Domestic Partners: \$550
Scenario 1	Single: \$550 Married or with Registered Domestic Partners: \$750
Scenario 2	Single: Kaiser Senior Advantage (KSA) High Option Plan premium (\$304.56 in 2024, adjusted annually with trend; or \$450 if greater) Married or with Registered Domestic Partners: Double KSA High Option Plan premium (\$609.12 in 2024, adjusted annually with trend)
Scenario 3	Single: Kaiser Senior Advantage (KSA) Low Option Plan premium (\$245.71 in 2024, adjusted annually with trend; or \$450 if greater) Married or with Registered Domestic Partners: Double KSA Low Option Plan premium (\$491.42 in 2024, adjusted annually with trend; or \$550 if greater)
Scenario 4	In addition to the current HIB subsidy, 2013 Tier participants will receive reimbursement for the standard Medicare Part B premium for single coverage (\$174.70 in 2024)
Scenario 5	In addition to the current HIB subsidy, reimbursement for dental and vision premiums, adjusted annually with trend: Single: \$37.41 for dental and \$7.53 for vision in 2024 Married or with Registered Domestic Partners: \$67.32 for dental and \$15.05 for vision in 2024

In each scenario, a surviving spouse or surviving registered domestic partner would receive the benefit the retired member had been receiving immediately prior to death. In addition, the maximum HIB subsidy, or additional benefit, presented in each scenario would be subject to the same service-based proration as the current maximum HIB subsidy for retirees with less than 20 years of full-time service.

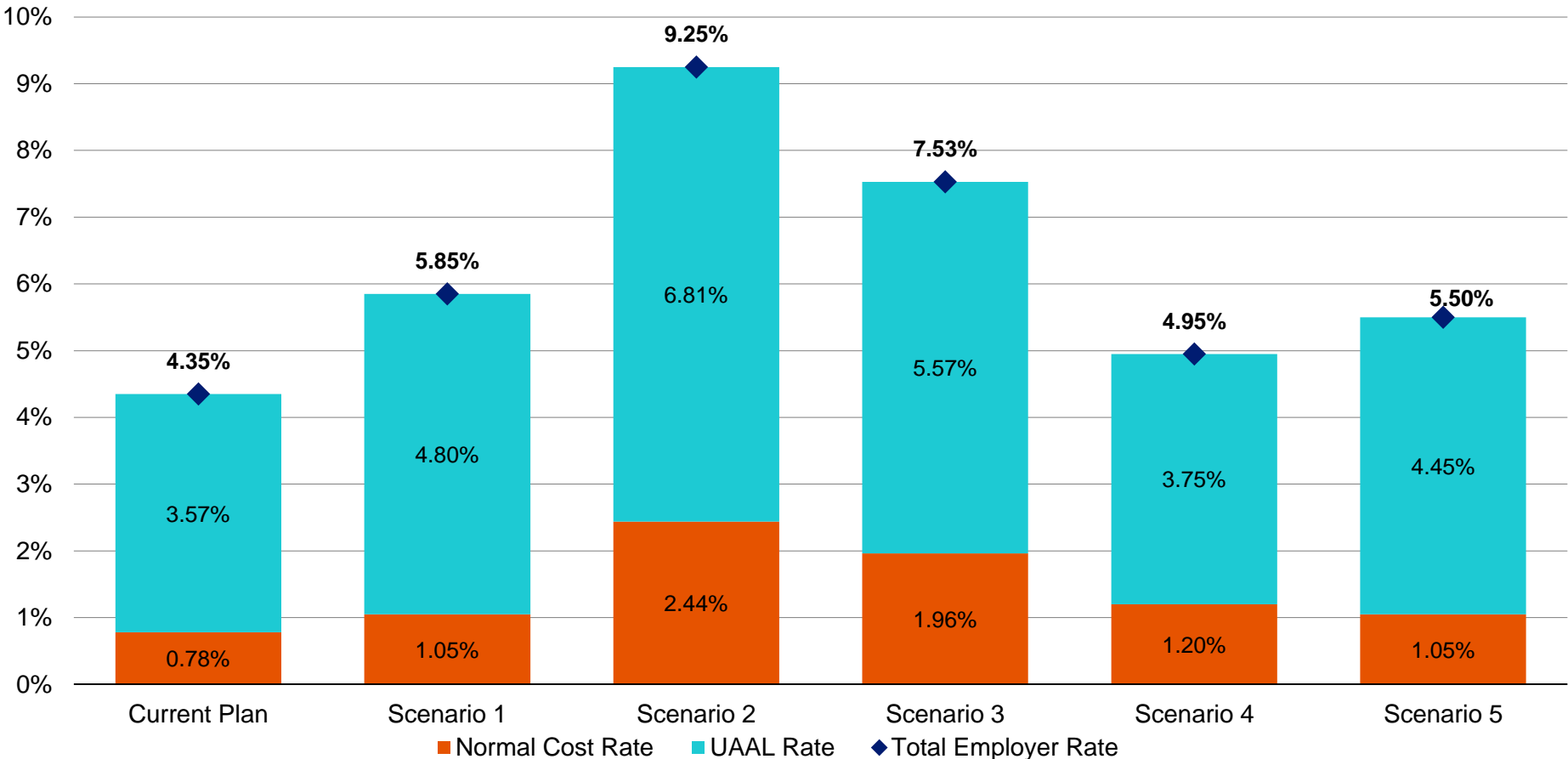
UAAL (\$ in Millions) and Funded Ratio

as of June 30, 2023 – Includes Current and Future Retirees



Employer Contribution Rates as % of Payroll

as of June 30, 2023 – Includes Current and Future Retirees



Summary of Changes from Current Plan

		Future Retirees Only 2013 Tier Only	Future Retirees Only All Tiers	Current Retirees Only All Tiers*,**	Current and Future Retirees All Tiers*,**
Scenario 1	Increase in UAAL	\$1,654,791	\$10,240,013	\$26,665,253	\$36,905,266
	Change in Funded Ratio	(0.59%)	(3.44%)	(8.03%)	(10.44%)
	Increase in Annual Cost	\$473,000	\$1,599,000	\$2,331,000	\$3,930,000
Scenario 2	Increase in UAAL	\$12,951,129	\$48,176,873	\$49,148,338	\$97,325,211
	Change in Funded Ratio	(4.27%)	(12.78%)	(12.96%)	(20.27%)
	Increase in Annual Cost	\$3,876,000	\$8,561,000	\$4,297,000	\$12,858,000
Scenario 3	Increase in UAAL	\$9,421,177	\$32,894,176	\$27,094,946	\$59,989,122
	Change in Funded Ratio	(3.19%)	(9.53%)	(8.14%)	(14.93%)
	Increase in Annual Cost	\$2,840,000	\$5,989,000	\$2,369,000	\$8,358,000
Scenario 4	Increase in UAAL	\$5,392,281	N/A	\$57,051	\$5,449,332
	Change in Funded Ratio	(1.88%)	N/A	(0.02%)	(1.90%)
	Increase in Annual Cost	\$1,582,000	N/A	\$5,000	\$1,587,000
Scenario 5	Increase in UAAL	\$1,917,279	\$8,925,405	\$17,476,630	\$26,402,035
	Change in Funded Ratio	(0.68%)	(3.03%)	(5.59%)	(7.97%)
	Increase in Annual Cost	\$565,000	\$1,499,000	\$1,528,000	\$3,027,000

* Scenario 4 only applies to the 2013 Tier members.

** We note that as of June 30, 2023, there were only 10 retirees from the 2013 Tier.

Key Assumptions and Methods

Category	Assumption	Comments*
Scenario 2		
2024 Kaiser High Option Plan Premiums	<i>Single:</i> \$304.56 per month <i>2-Party:</i> \$609.12 per month	The HIB maximum for single coverage will remain \$450 per month until the Kaiser single High Option Plan premium exceeds \$450 per month (estimated 2030). The HIB maximum for two-person coverage will immediately increase to the Kaiser two-person premium.
Trend	See Table A	
Scenario 3		
2024 Kaiser Low Option Plan Premiums	<i>Single:</i> \$245.71 per month <i>2-Party:</i> \$491.42 per month	The HIB maximum for single coverage will remain \$450 per month until the Kaiser single Low Option Plan premium exceeds \$450 per month (estimated 2035). The HIB maximum for two-person coverage will remain \$550 until the two-party Kaiser Low Option Plan premium exceeds \$550 per month (estimated 2026).
Trend	See Table A	

*Assumptions are consistent with Health Insurance Benefit Valuation as of June 30, 2023, unless otherwise noted. No change was made to the 95% participation rate assumption for future eligible retirees nor the assumption that no retirees who are currently eligible but not electing HIB coverage would join the plan for the first time in the future.

Table A

Trend Assumptions for Kaiser Senior Advantage Premiums in Scenario 2 & Scenario 3

Calendar Year	Original Medicare Trend Rate Applied to Calculate Following Year Premium in Current Valuation	Updated Medicare Trend Rate Applied to Calculate Following Year Kaiser Premium in Scenarios 2 & 3
2024 to 2025	6.50%	10.00%*
2025 to 2026	6.25%	7.00%**
2026 to 2027	6.00%	6.75%
2027 to 2028	5.75%	6.50%
2028 to 2029	5.50%	6.25%
2029 to 2030	5.25%	6.00%
2030 to 2031	5.00%	5.75%
2031 to 2032	4.75%	5.50%
2032 to 2033	4.50%	5.25%
2033 to 2034	4.50%	5.00%
2034 to 2035	4.50%	4.75%
2036 and later	4.50%	4.50%

* The 10% trend assumption incorporates the anticipated impact of the Inflation Reduction Act (IRA) on the 2025 premiums. Expected Medicare plan increases for a large California public employees' retirement system ranged from a low of 5.62% to a high of 49.85%, with several increases in the 20%-30% range.

** The 7.00% trend assumption effective 1/1/2026 is a combination of 4.00% assumed medical trend and 10.00% assumed Rx trend. The KSA premiums decreased for several years (\$350.55 per month in 2020 to \$271.01 per month in 2023), before increasing by 12.4% in 2024 (\$304.56 per month). The KSA premiums are highly sensitive to revenues received from the Federal Government.

Key Assumptions and Methods (cont'd)

Category	Assumption	Comments*
Scenario 4		
Medicare Part B Premium	\$174.70 per month in 2024	For 2013 Tier members only
Trend on Part B	5.00% annually graded down linearly to an ultimate rate of 4.50% over 5 years	
Scenario 5		
2024 Dental Premiums	<i>Single:</i> \$37.41 per month <i>2-Party:</i> \$67.32 per month	
2024 Vision Premiums	<i>Single:</i> \$7.53 per month <i>2-Party:</i> \$15.05 per month	
Trend on Dental and Vision	4.00%	

*Assumptions are consistent with Health Insurance Benefit Valuation as of June 30, 2023, unless otherwise noted.





R.B. RESOLUTION NO. 7013

EXPRESSING APPRECIATION TO **TIMOTHY MCGOWAN** FOR HIS SERVICE TO THE EAST BAY MUNICIPAL UTILITY DISTRICT RETIREMENT BOARD

WHEREAS, Timothy McGowan has served as an employee of the East Bay Municipal Utility District for 30 years, and in the role of Senior Civil Engineer since 2015 and;

WHEREAS, Timothy McGowan, has ably served on the Retirement Board as an elected employee Retirement Board member since January 4, 2012, and;

WHEREAS, Timothy McGowan has acted in the role of President of the Retirement Board since July 15, 2021 maintaining fiduciary oversight and care of Retirement System assets as well as working with three new Retirement Board members and;

WHEREAS, during **Timothy McGowan's** term of office as a member of the Retirement Board, California Pension Reform was enacted creating a new PEPR Tier for all non-reciprocal members after January 1, 2013; the Retirement Board added the new investment tool, covered calls, as a way to help offset market volatility; took steps to understand and consider Environmental, Social and Governance (ESG) factors in investing, adding language to this effect to the Investment Policy; authorized a contract for the implementation of a modern Retirement Administration system; oversaw an increase in retirees from 1,371 to 2,193; and oversaw the growth in the Retirement System's assets from \$985 million in 2012 to \$2.35 billion as of March 2024;

WHEREAS, many significant improvements to administration of the Retirement System occurred during **Timothy McGowan's** term of office and;

WHEREAS, the East Bay Municipal Utility District Employees' Retirement System recognizes and appreciates **Timothy McGowan's** many years of dedicated service to the Retirement System;

NOW, THEREFORE, BE IT RESOLVED that on behalf of the East Bay Municipal Utility District Retirement Board, we hereby commend **Timothy McGowan** and express our deepest gratitude for his years of service to the Employees' Retirement System.

Clifford Chan, Board Member

Marguerite Young, Board Member

Jae Park, Board Member

Elizabeth Grasseti, Board Member

April Chan, Board Member

Max Fefer, Board Member

07/18/2024

ATTEST: _____
Secretary

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 18, 2024

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: Meketa Performance and Economic Review

SUMMARY

Under section III, part D of the Retirement System's Statement of Investment Policy and Procedures (the Investment Policy), the Retirement System's investment consultant is required to present quarterly performance reports to the Retirement Board. The attached report from the Retirement System's investment consultant, Meketa, provides information on portfolio performance through May 31, 2024.

DISCUSSION

The Retirement System's portfolio had a market value of \$2.47 billion as of May 31, 2024 – stable from the end of the first quarter. The portfolio return was 3.2 percent for the one-month period. Over a one-year period, the portfolio return was 14.9 percent, slightly above the total plan benchmark return of 14.5 percent. The portfolio return remains above the plan benchmark by 0.4 percent over a 20-year period.

SDS:SGL

Attachment: Performance Report

East Bay Municipal Utility District Employees' Retirement System

July 18, 2024

Economic & Market Update and
May 2024 Performance Update

Economic and Market Update

Data as of May 31, 2024

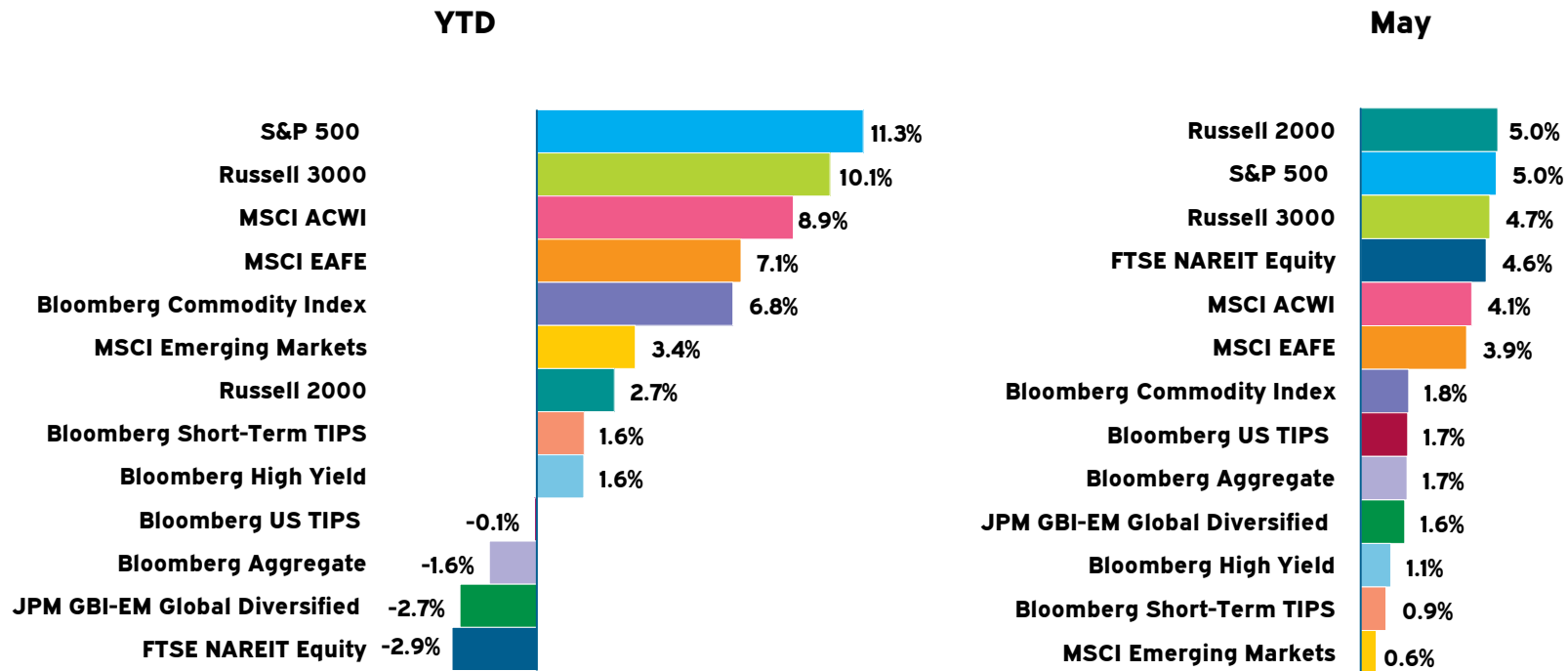
Commentary

→ Global markets rallied in May with softening economic data increasing hopes that the Fed may still be able to cut interest rates this year.

- In May, Chair Powell signaled that the Fed would not increase interest rates and while they remain data dependent, improvements in inflation may clear the way for rate cuts in the future.
- Inflation pressures have eased in most countries from their pandemic peaks, but some uncertainty remains and levels are still above most central bank targets. Headline and core inflation measures in the US both fell in May and came in below expectations.
- After rising 10% in the first quarter the US equity markets (Russell 3000 index) rose 4.7% in May, recovering more than the April losses. Technology and utility stocks outperformed in May driven by AI demand and investment.
- Non-US developed equity markets rose for the month (3.9%) but by less than US equities.
- Emerging market equities increased in May (0.6%) as coordinated buying of Chinese exchange traded funds (ETFs) by state-backed financial services companies helped boost Chinese stocks up 2.4%.
- Falling interest rates helped bonds, with the broad US bond market rising 1.7% in May.

→ Looking to the rest of this year, the paths of inflation and monetary policy, China's economic disorder and slowing economic growth, and the many looming elections will be key factors.

Index Returns¹



→ After a difficult April for both equities and bonds markets rallied in May as falling inflation and weaker than expected labor market data increased hopes of an interest rate cut later this year.

¹ Source: Bloomberg. Data is as of May 31, 2024.

Domestic Equity Returns¹

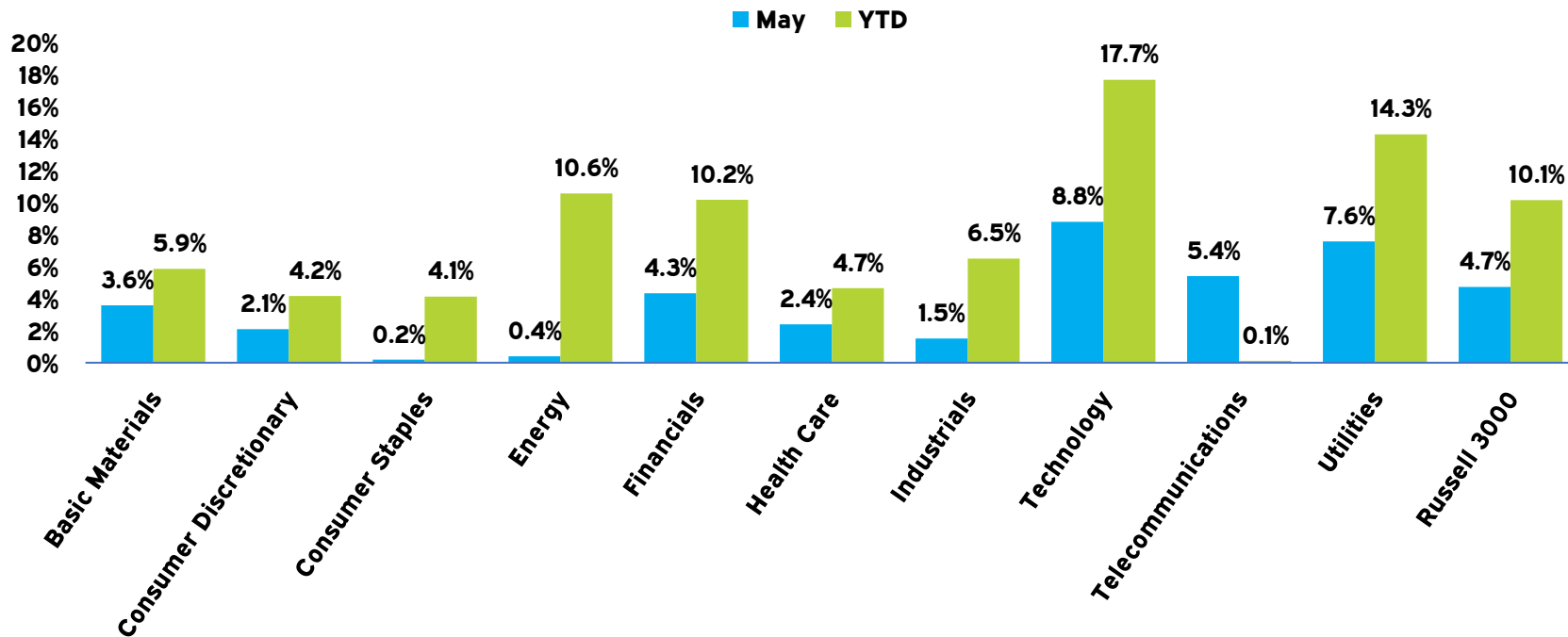
Domestic Equity	May (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	5.0	10.6	11.3	28.2	9.5	15.8	12.7
Russell 3000	4.7	10.0	10.1	27.6	7.8	15.0	12.1
Russell 1000	4.7	10.3	10.6	28.0	8.4	15.4	12.4
Russell 1000 Growth	6.0	11.4	13.1	33.6	11.1	19.3	15.8
Russell 1000 Value	3.2	9.0	7.6	21.7	5.4	10.7	8.6
Russell MidCap	2.9	8.6	5.7	23.1	3.1	11.1	9.5
Russell MidCap Growth	1.1	9.5	4.2	21.9	1.6	11.0	10.7
Russell MidCap Value	3.6	8.2	6.2	23.7	3.8	10.3	8.1
Russell 2000	5.0	5.2	2.7	20.1	-1.6	8.6	7.7
Russell 2000 Growth	5.4	7.6	4.6	18.4	-3.3	7.8	8.0
Russell 2000 Value	4.7	2.9	0.8	21.8	-0.2	8.8	6.9

US Equities: The Russell 3000 rose 4.7% in May recouping the April decline of 4.4%.

- US stocks increased in May driven by strong corporate earnings and hopes that the slowdown in hiring, and inflation would lead to the FOMC lowering interest rates later this year.
- Technology and communication services stocks drove the index gains for the month, driven by AI optimism, with beneficiaries such as NVIDIA.
- Small cap stocks outpaced large cap stocks during May but remained well behind them in the year-to-date period. Financials, and specifically the relative underperformance of small cap banks, has been the largest contributor to this dynamic in 2024.

¹ Source: Bloomberg. Data is as of May 31, 2024.

Russell 3000 Sector Returns¹



→ All sectors saw positive returns for the month with technology (+8.8%) leading the way. Notably, traditionally defensive utilities rallied (+7.6%) on the prospect that AI energy demands will rise.

→ All sectors have positive returns for the year-to-date period. Technology stocks (+17.7%) continues to lead the broader market followed by utilities (14.3%).

¹ Source: Bloomberg. Data is as of May 31, 2024.

Foreign Equity Returns¹

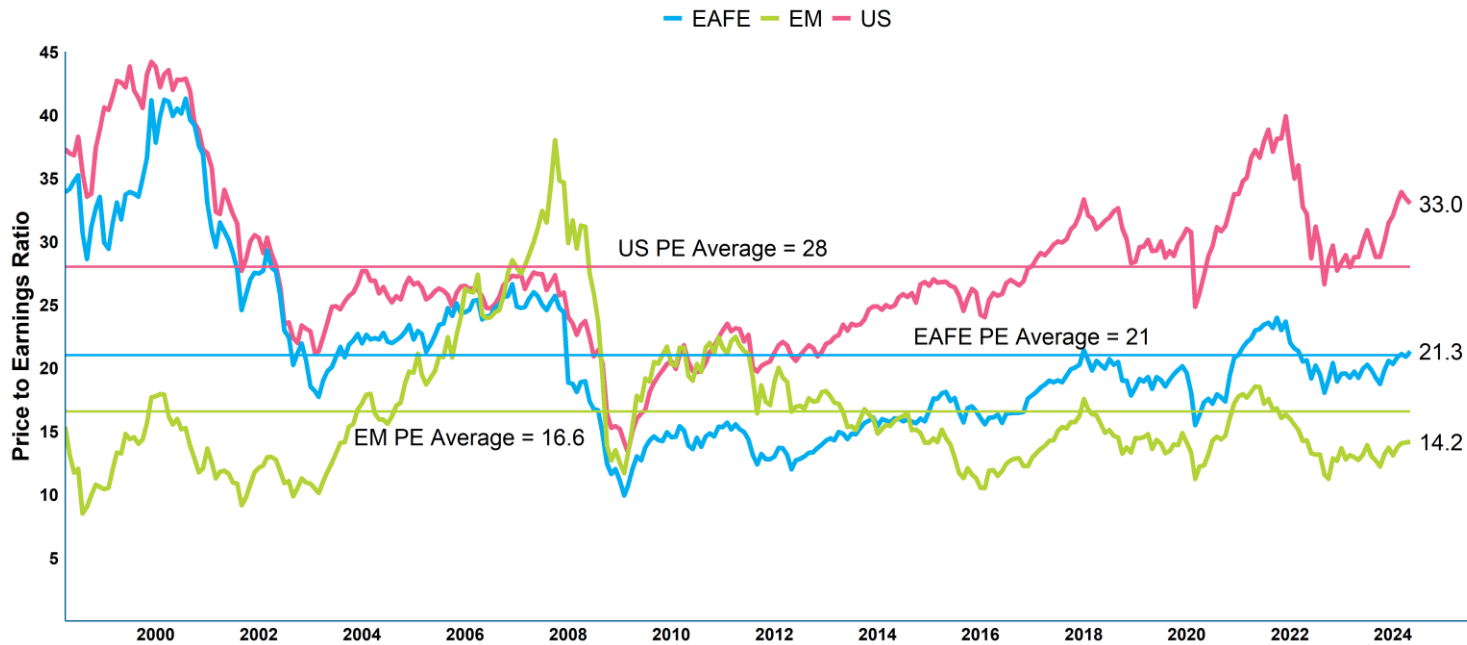
Foreign Equity	May (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	2.9	4.7	5.8	16.7	0.3	6.8	4.0
MSCI EAFE	3.9	5.8	7.1	18.5	3.1	8.0	4.6
MSCI EAFE (Local Currency)	2.5	10.0	11.7	19.9	8.8	10.0	7.5
MSCI EAFE Small Cap	4.3	2.4	3.7	14.4	-2.9	5.7	4.8
MSCI Emerging Markets	0.6	2.4	3.4	12.4	-6.2	3.5	2.7
MSCI Emerging Markets (Local Currency)	0.5	4.5	6.5	14.6	-2.7	5.7	5.6
MSCI EM ex. China	-0.1	4.0	2.2	15.8	-0.5	6.5	3.6
MSCI China	2.4	-2.2	6.8	4.3	-17.1	-2.4	1.9

Foreign Equity: Developed international equities (MSCI EAFE) rose 3.9% in May while emerging market equities (MSCI Emerging Markets) gained 0.6%.

- In May, developed market equities also recouped April’s losses, benefitting from widespread optimism and a decline in the US dollar. Eurozone equities had strong performance in anticipation of a rate cut from the European Central Bank (ECB). The UK also saw gains but trailed its European peers as stronger than expected inflation data pushed out expectations for the first rate cut. Japan saw some of the lowest (positive) returns for the month, with inflation falling only slightly and persistent weakness in the yen starting to weigh on consumers.
- Emerging market equities trailed developed markets, rising only slightly for the month. The weakening US dollar had a small benefit for US investors but less than in developed markets. Electoral risks hurt Mexican and South African stocks in May while China’s stocks rallied (2.4%), benefitting from optimism around recent housing reform. This led to the broad emerging market index outpacing the ex. China index for the month.

¹ Source: Bloomberg. Data is as of May 31, 2024.

Equity Cyclically Adjusted P/E Ratios¹



→ The US equity price-to-earnings ratio remained elevated and above its 21st century average.

→ International equity market valuations remain well below the US. Although emerging market equities have gained this year, their valuations remain well below the long-term average.

¹ US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of May 2024. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end respectively.

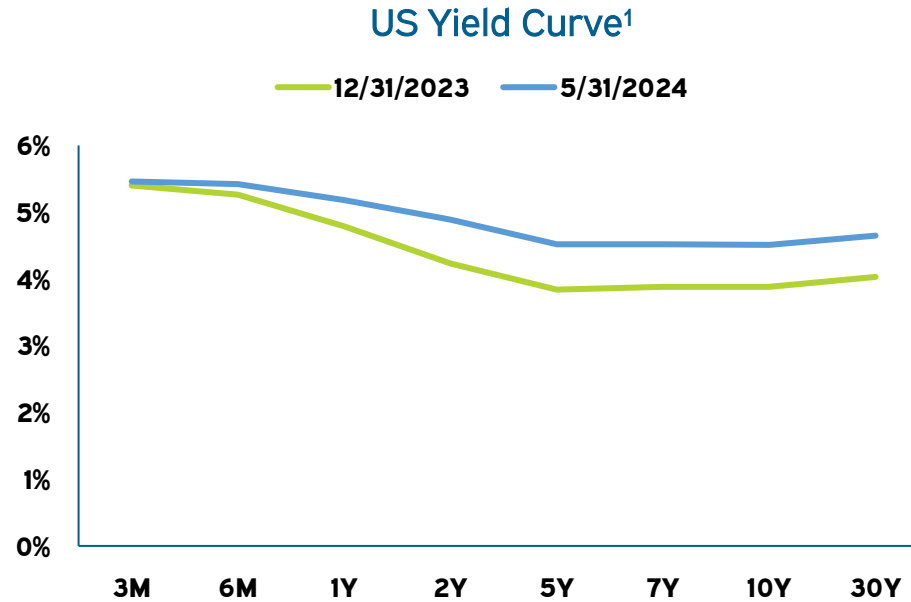
Fixed Income Returns¹

Fixed Income	May (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	1.7	-0.5	-1.2	2.4	-2.7	0.2	1.6	5.4	6.0
Bloomberg Aggregate	1.7	-0.8	-1.6	1.3	-3.1	-0.2	1.3	5.1	6.2
Bloomberg US TIPS	1.7	-0.1	-0.1	1.6	-1.4	2.1	1.9	4.9	6.7
Bloomberg Short-term TIPS	0.9	0.8	1.6	4.5	1.9	3.2	2.0	5.1	2.4
Bloomberg High Yield	1.1	1.5	1.6	11.2	1.8	4.2	4.3	8.0	3.7
JPM GBI-EM Global Diversified (USD)	1.6	-2.1	-2.7	5.1	-3.3	0.0	-0.7	6.6	5.0

Fixed Income: The Bloomberg Universal index rose 1.7% in May recovering about half of the 3.3% decline in April.

- Bonds performed well in May as weakening economic data drove expectations for policy rate cuts in the coming quarters.
- The broad US bond market (Bloomberg Aggregate) rose 1.7% with the broad TIPS market rising the same amount. The less interest rate sensitive short-term TIPS index increased 0.9% for the month.
- High yield bonds (1.1%) also rose, but by less than the broad market with spreads remaining relatively tight to Treasuries.

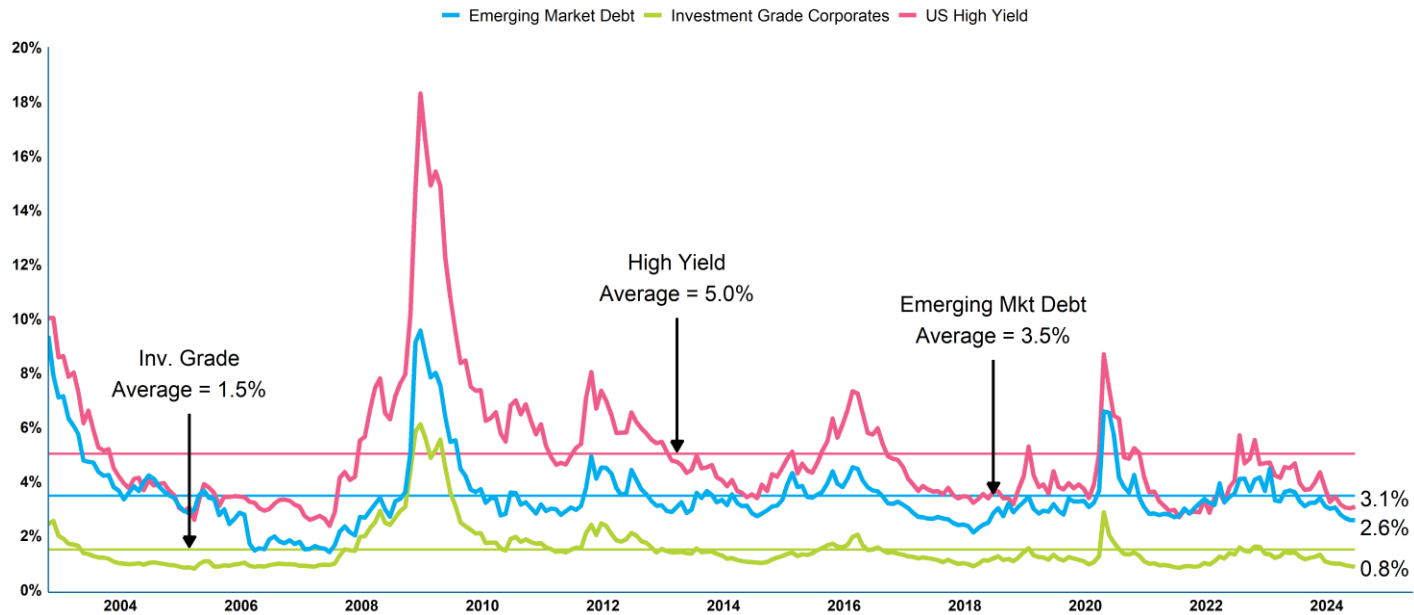
¹ Source: Bloomberg. JPM GBI-EM data is from J.P. Morgan. Data is as of May 31, 2024. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration respectively.



- While the yield curve is higher than at the end of 2023, medium and longer dated rates declined in May as Chair Powell signaled that the Fed would not raise rates again this year and economic data generally weakened and came in below expectations.
- The more policy sensitive two-year Treasury yield fell from just over 5.0% to 4.9% while the ten-year Treasury yield declined from 4.7% to 4.5%.
- The yield curve remained inverted at month-end, with the spread between the two-year and ten-year Treasury at roughly -40 basis points.

¹ Source: Bloomberg. Data is as of May 31, 2024.

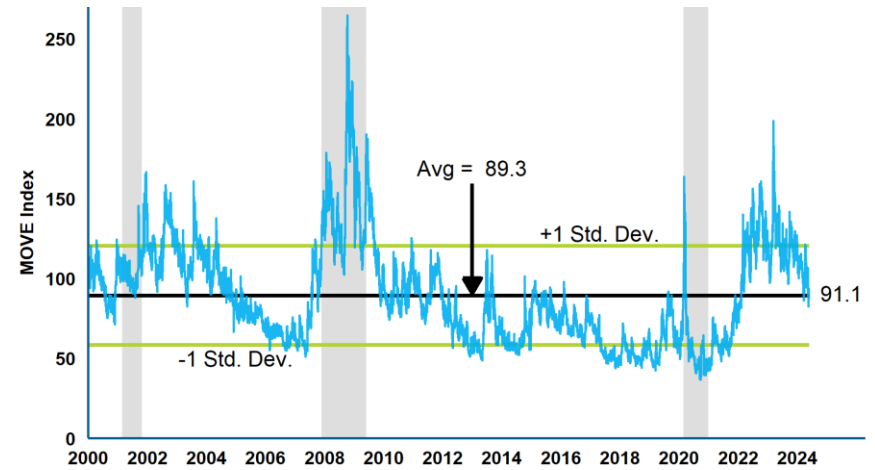
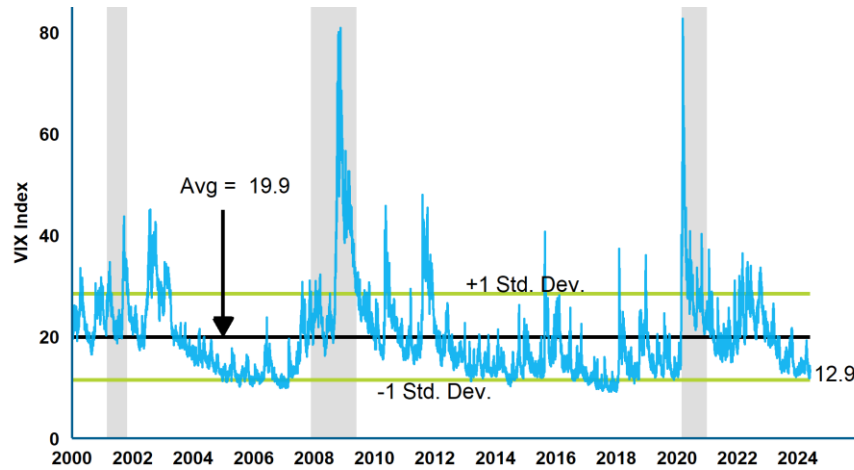
Credit Spreads vs. US Treasury Bonds¹



- A positive economic outlook along with expectations of slightly lower interest rates by year-end has led to an increased risk appetite. This has benefited credit, with spreads (the added yield above a comparable maturity Treasury) narrowing.
- In May credit spreads were steady near post-pandemic lows, with all spreads remaining below their respective long-run averages, particularly high yield.
- Despite spreads being relatively tight, yields remain at above average levels compared to the last two decades, particularly for short-term issues.

¹ Source: Bloomberg. Data is as of May 31, 2024. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

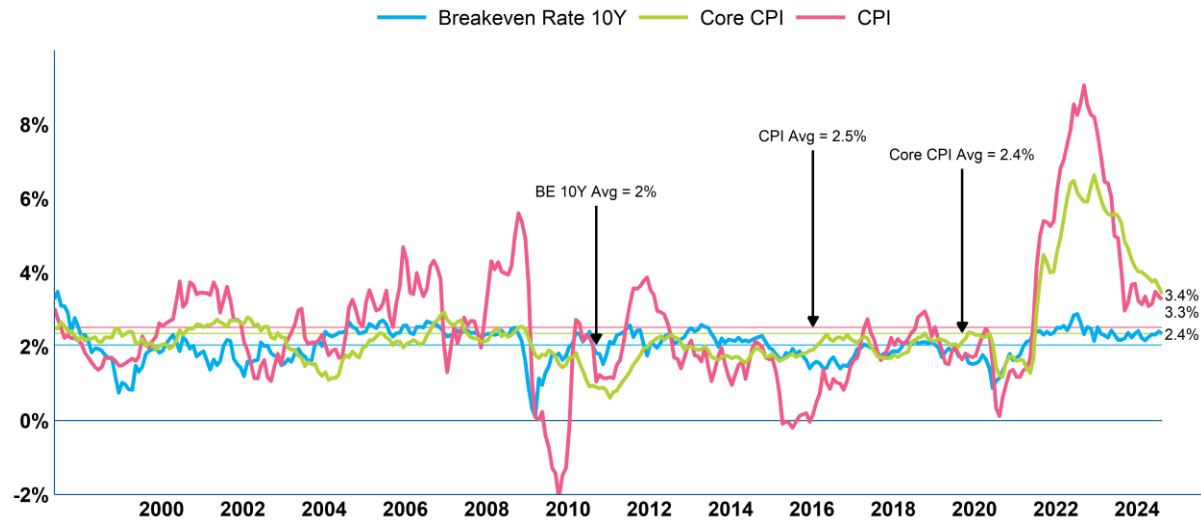
Equity and Fixed Income Volatility¹



- In the environment of weakening economic data, and particularly slower inflation, volatility in both the stock and bond markets fell in May.
- Volatility in equities (VIX) ended May well below its long-run average while volatility in bonds (MOVE) fell to close to its long-run average.

¹ Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of May 2024. The average line indicated is the average of the VIX and MOVE values between January 2000 and May 2024.

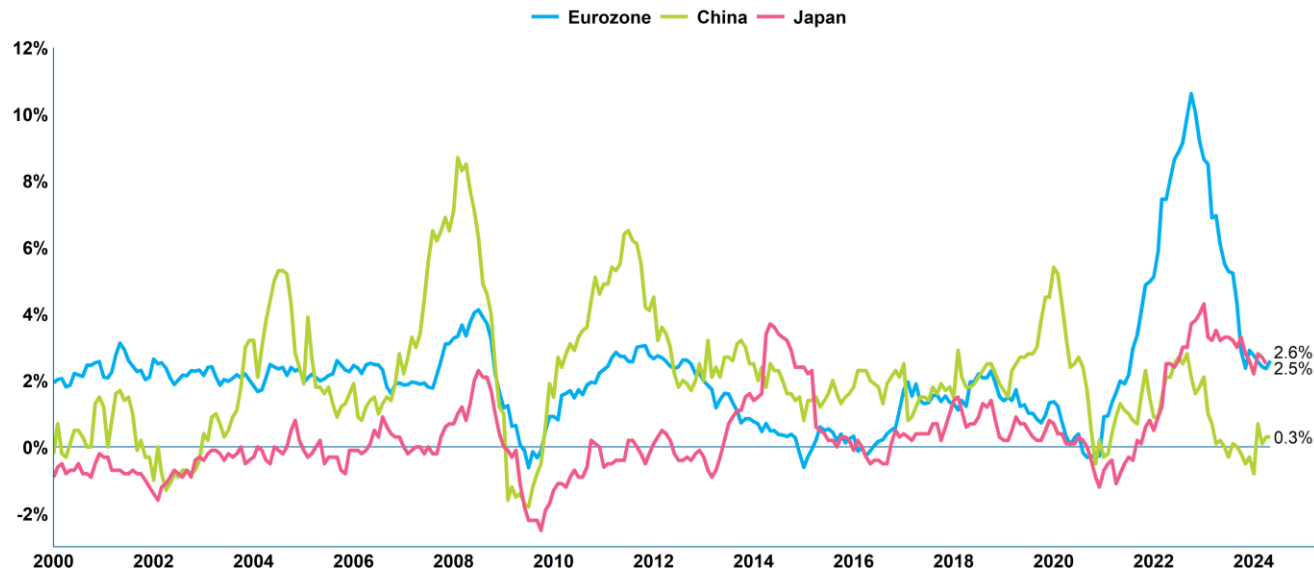
US Ten-Year Breakeven Inflation and CPI¹



- Year-over-year headline inflation fell in May (3.4% to 3.3%) and came in slightly below expectations.
- Month-over-month inflation was notably flat compared to the 0.3% increase in April, as a decline in energy prices (-2%) balanced gains in core services.
- Core inflation (excluding food and energy) also fell in May (3.6% to 3.4%) and came in below expectations. Transportation-related prices (particularly new and used vehicle sales) were key contributors to the weakness. For the fourth consecutive month shelter prices continued to grow at 0.4%.
- Inflation expectations (breakevens) remain relatively stable despite the significant volatility in inflation.

¹ Source: FRED. Data is as May 2024. The CPI and 10 Year Breakeven average lines denote the average values from February 1997 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

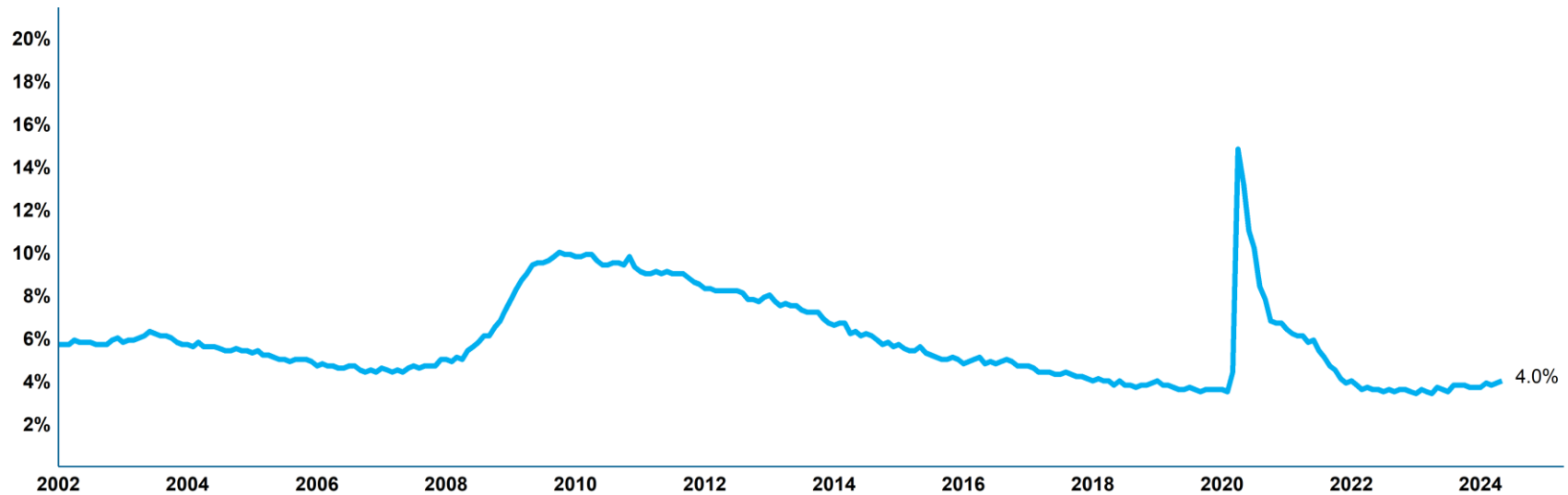
Global Inflation (CPI Trailing Twelve Months)¹



- Outside the US, inflation is also easing across major economies from the recent peaks.
- In the eurozone, inflation experienced a dramatic decline last year but remains above the central bank's 2% target. In May, inflation ticked up slightly to 2.5%, a level below the 3.3% year-over-year reading in the US.
- Inflation in Japan has slowly declined from the early 2023 peak of 4.3%, but it remains near levels not seen in a decade. In the most recent reading, inflation fell slightly from 2.7% to 2.6% as food prices continued to decline.
- In China, inflation levels remain well below other major economies due to slowing economic growth. Annual inflation levels stayed steady in May at 0.3% representing the fourth consecutive month of consumer inflation and signaling an improvement in domestic demand from weakness last year.

¹ Source: Bloomberg. Data is May 31, 2024, except Japan which is as of April 30, 2024.

US Unemployment¹

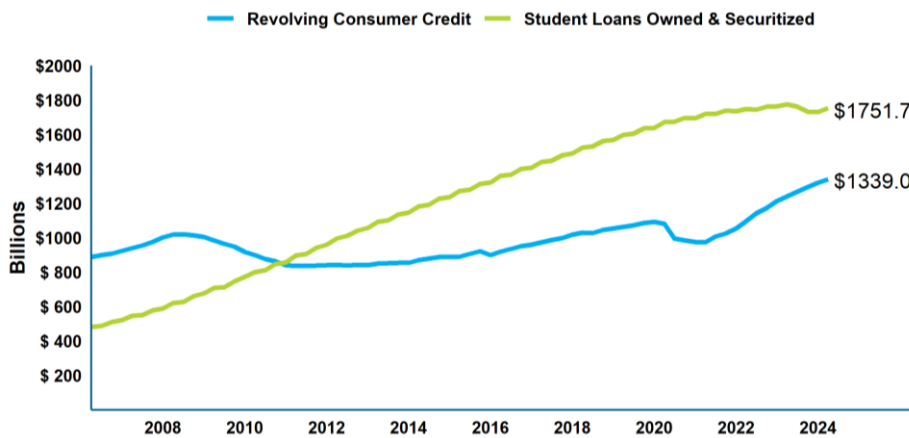


- Overall, the US labor market remains healthy, despite some recent softening, with the unemployment rate low (4.0%), wage growth around 4.1% annually, and initial claims for unemployment staying subdued.
- In May the economy added 272,000 jobs, beating expectations (180,000). The healthcare sector added the most jobs (68,000), followed by the government sector (43,000).
- The unemployment rate increased slightly from 3.9% to 4.0% and wage growth rose from 3.9% to 4.1% compared to a year prior.
- Quit rates have declined, and layoffs are stable, with 1.2 job openings per unemployed worker.

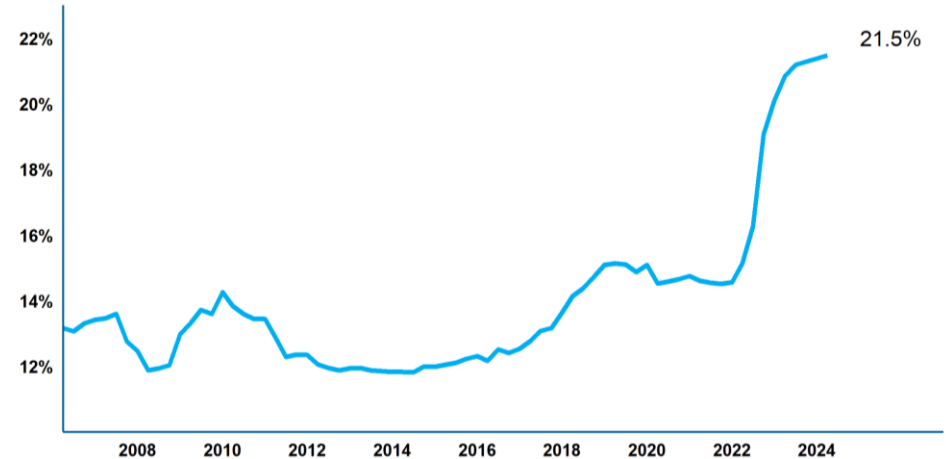
¹ Source: FRED. Data is as May 31, 2024.

US Consumer Under Stress?¹

Revolving Consumer Credit & Student Loans (\$B)



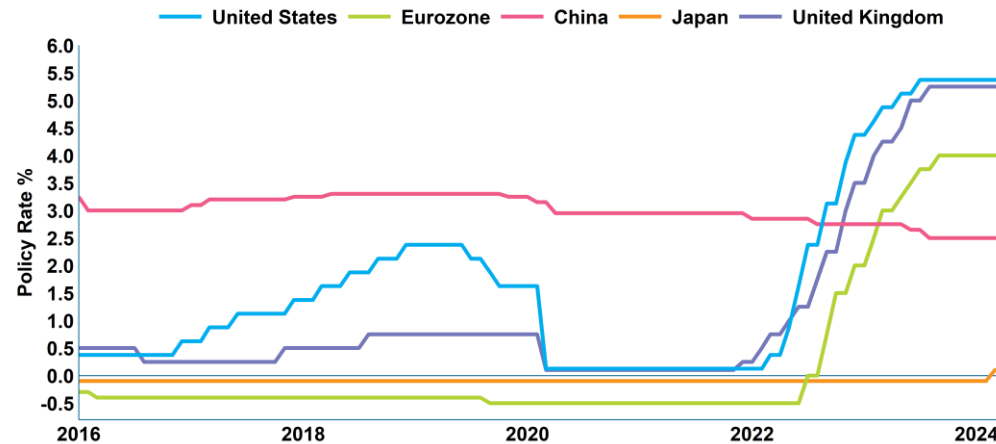
Consumer Credit Card Interest Rates (%)



- Despite the strong labor market and higher wages, pressures have started to build on the US consumer. This is an important consideration as consumer spending has been a key driver of economic growth.
- Revolving consumer credit surged to new highs in 2023 even as credit card interest rates hit levels not seen before (the prior peak was around 19% in the 1980s). Recently, we have also seen payment delinquencies on credit cards and auto loans start to increase, particularly for younger people.
- The return of student loan repayments after a three-year pandemic-related reprieve could add to pressures on consumers' budgets. This might be partially mitigated by recently initiated repayment and forgiveness programs.
- It is worth noting though that many people locked in low-rate fixed mortgages before rates increased and many corporations issued debt at extremely low levels, reducing the sensitivity to higher rates.

¹ Source: FRED. Data is as of March 31, 2024. Revolving Consumer Credit data is seasonally adjusted to remove distortions during the holiday season.

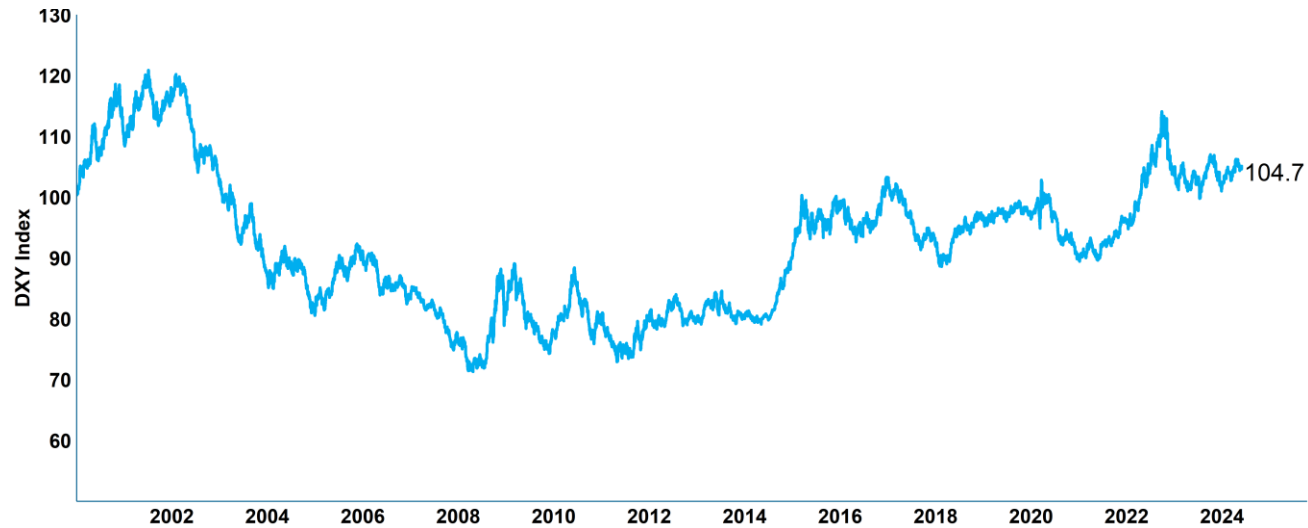
Policy Rates¹



- The Fed has been on hold since July 2023 when it raised rates to a range of 5.25%-5.50%. The most recent dot plot (the Fed's expectation on the path of rates) showed a median expectation of one rate cut this year. Markets are now pricing in two rate cuts this year given the improving inflation data.
- While the European Central Bank (ECB) cut its policy rate by 25 basis points at the beginning of June as expected, the path of interest rates from here remains uncertain, given recent strong inflation data.
- After ending the final negative interest rate policy given higher inflation the Bank of Japan (BOJ) has since kept rates at slightly above 0%. In their recent meeting they announced they would also start reducing their bond purchases.
- The central bank in China has maintained interest rates at record low levels and continues to inject liquidity into the banking system, as weaker-than-expected economic data appears to indicate a widespread slowdown.

¹ Source: Bloomberg. Data is as of May 31, 2024.

US Dollar vs. Broad Currencies¹



- The dollar depreciated slightly in May versus a basket of currencies of major trading partners.
- Weak economic data in the US increased the probability of policy rate cuts this year, contributing to the selling pressure.

¹ Source: Bloomberg. Data as of May 31, 2024.

Summary

Key Trends:

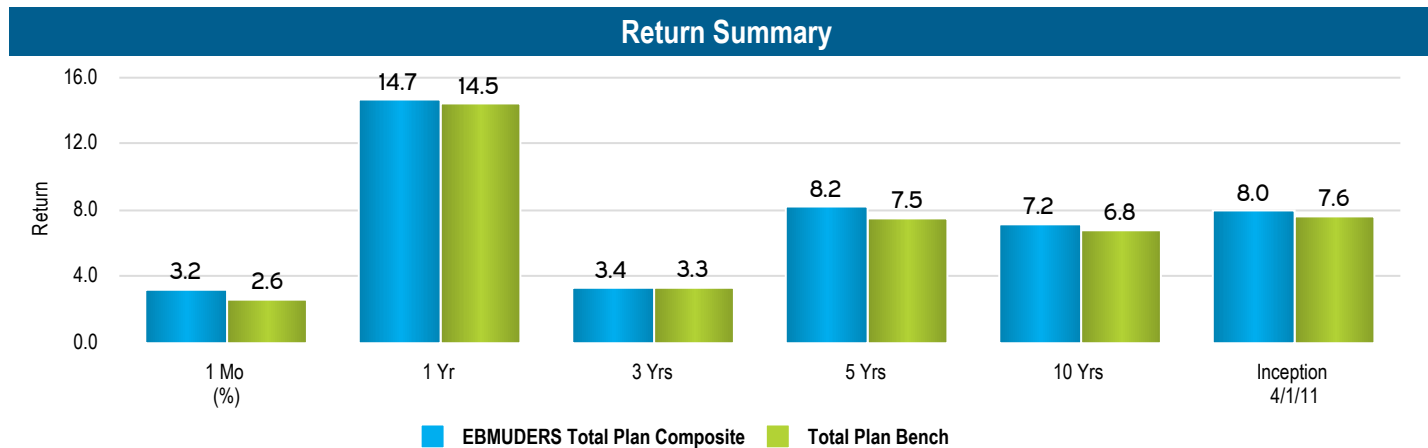
- According to the International Monetary Fund (IMF), global growth this year is expected to match the 2023 estimate at around 3.1% with most major economies predicted to avoid a recession. Continued strong economic growth does run the risk of inflation and interest rates staying higher for longer.
- Key economic data in the US has largely weakened and come in below expectations overall for May, causing markets to expect closer to two rate cuts this year. Uncertainty remains though regarding the timing and pace of interest rate cuts in the coming year.
- We have started to see some divergences in monetary policy with other central banks, such as the European Central Bank (ECB), starting to cut interest rates while the Fed remains on hold. This disparity will likely influence investment flows and currencies.
- US consumers could feel pressure as certain components of inflation (e.g., shelter) remain high, borrowing costs are elevated, and the job market may weaken.
- A focus for US equities going forward will be whether earnings can remain resilient if growth slows. Also, the future paths of the large technology companies that have driven market gains will be important.
- Equity valuations remain lower in emerging and developed markets, but risks remain, including China's economic uncertainty and ongoing weakness in the real estate sector which could spill over into key trading partners' economies. Japan's recent tightening of monetary policy along with changes in corporate governance in the country could influence relative results.

EBMUDERS | As of May 31, 2024

	Market Value \$	% of Portfolio	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	Inception (%)	Inception Date
EBMUDERS Total Plan Composite	2,471,619,596	100.0	3.2	14.9	3.5	8.4	7.4	7.6	9.4	Aug-84
<i>Total Plan Benchmark</i>			<i>2.6</i>	<i>14.5</i>	<i>3.3</i>	<i>7.5</i>	<i>6.8</i>	<i>7.2</i>	<i>9.6</i>	
US Equity Composite	687,868,353	27.8	4.7	27.6	7.8	15.0	12.3	10.0	11.6	Aug-84
<i>Russell 3000 Hybrid</i>			<i>4.7</i>	<i>27.6</i>	<i>7.8</i>	<i>15.0</i>	<i>12.1</i>	<i>10.2</i>	<i>--</i>	
Non-US Equity Composite	610,187,526	24.7	3.1	16.9	0.8	7.4	4.1	6.4	6.6	Jul-95
<i>MSCI ACWI xUS (blend)</i>			<i>3.0</i>	<i>17.3</i>	<i>0.8</i>	<i>7.3</i>	<i>4.5</i>	<i>6.1</i>	<i>5.5</i>	
Covered Calls Composite	508,345,165	20.6	3.2	16.2	6.5	10.0	8.5	--	9.4	Feb-14
<i>Cboe S&P 500 Buy Write Index</i>			<i>1.1</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>	<i>5.6</i>	<i>5.5</i>	<i>6.2</i>	
Real Estate Composite	117,318,300	4.7	2.6	-3.2	2.6	4.9	7.3	--	5.9	Jan-07
<i>Real Estate Composite Benchmark</i>			<i>2.3</i>	<i>1.3</i>	<i>3.0</i>	<i>4.6</i>	<i>6.7</i>	<i>7.9</i>	<i>6.5</i>	
Fixed Income Composite	541,414,935	21.9	1.7	3.0	-1.0	1.2	1.9	3.7	6.6	Aug-84
<i>Fixed Income Composite Benchmark</i>			<i>1.4</i>	<i>2.1</i>	<i>-1.6</i>	<i>0.5</i>	<i>1.6</i>	<i>3.4</i>	<i>6.3</i>	
Cash Composite	6,485,318	0.3	0.0	4.2	2.6	2.3	1.6	1.9	2.8	Apr-96
<i>FTSE 3 Month T-Bill</i>			<i>0.5</i>	<i>5.6</i>	<i>3.0</i>	<i>2.2</i>	<i>1.5</i>	<i>1.5</i>	<i>2.2</i>	

Benchmark definitions are listed at the end of this report.

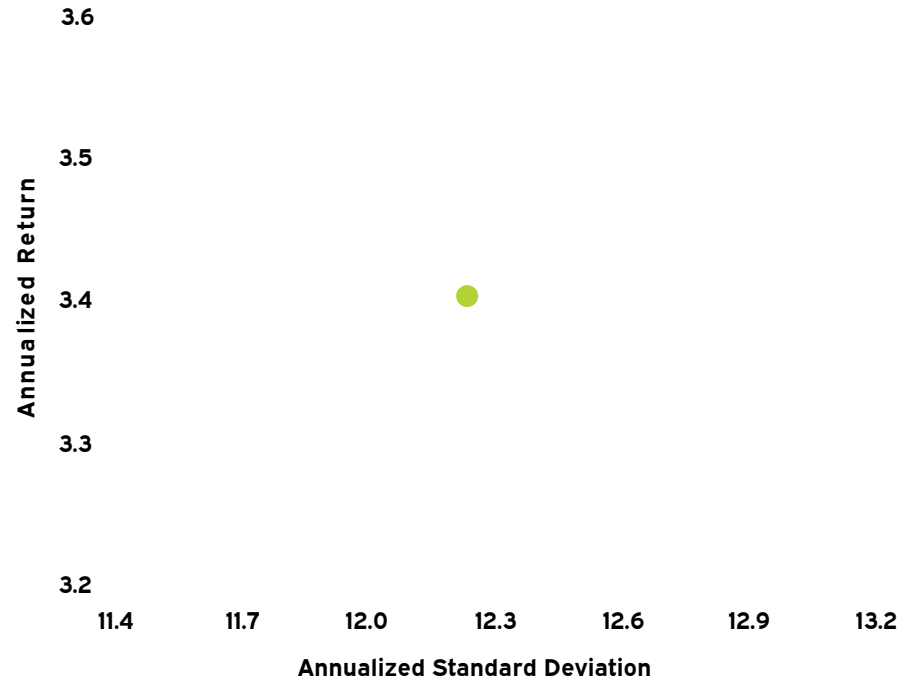
Summary of Cash Flows		
	QTD	1 Yr
EBMUDERS Total Plan Composite		
Beginning Market Value	\$2,467,112,853	\$2,174,688,177
Net Cash Flow	-\$5,482,594	-\$23,698,085
Net Investment Change	\$9,989,337	\$320,629,503
Ending Market Value	\$2,471,619,596	\$2,471,619,596



Benchmark definitions are listed at the end of this report.

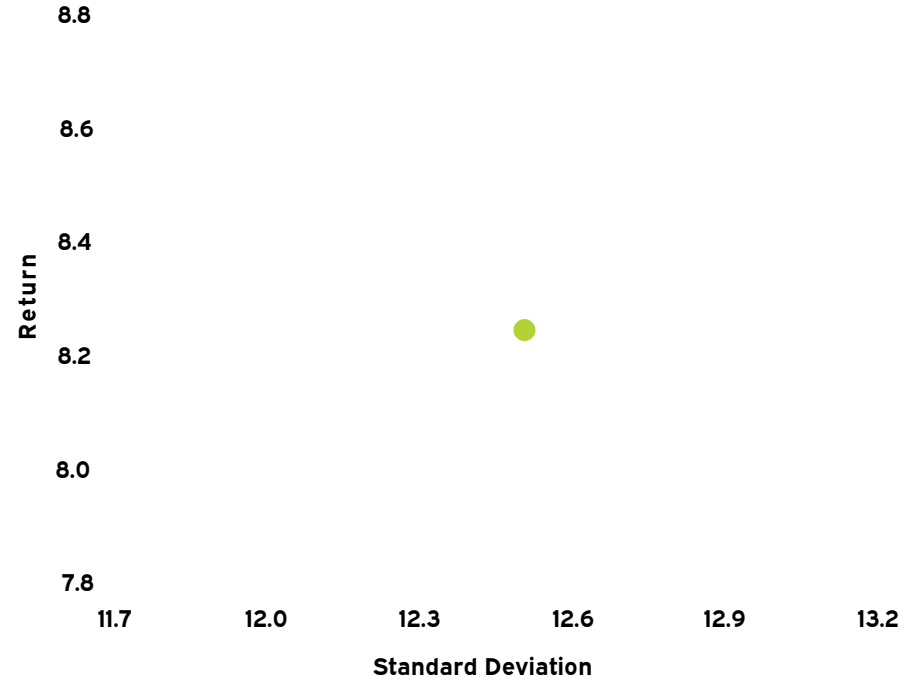
EBMUDERS Total Plan Composite | As of May 31, 2024

Annualized Return vs. Annualized Standard Deviation
3 Years Ending May 31, 2024



- InvMetrics All Public DB Plans > \$1B
- EBMUDERS Total Plan Composite

Annualized Return vs. Annualized Standard Deviation
5 Years Ending May 31, 2024



- InvMetrics All Public DB Plans > \$1B
- EBMUDERS Total Plan Composite

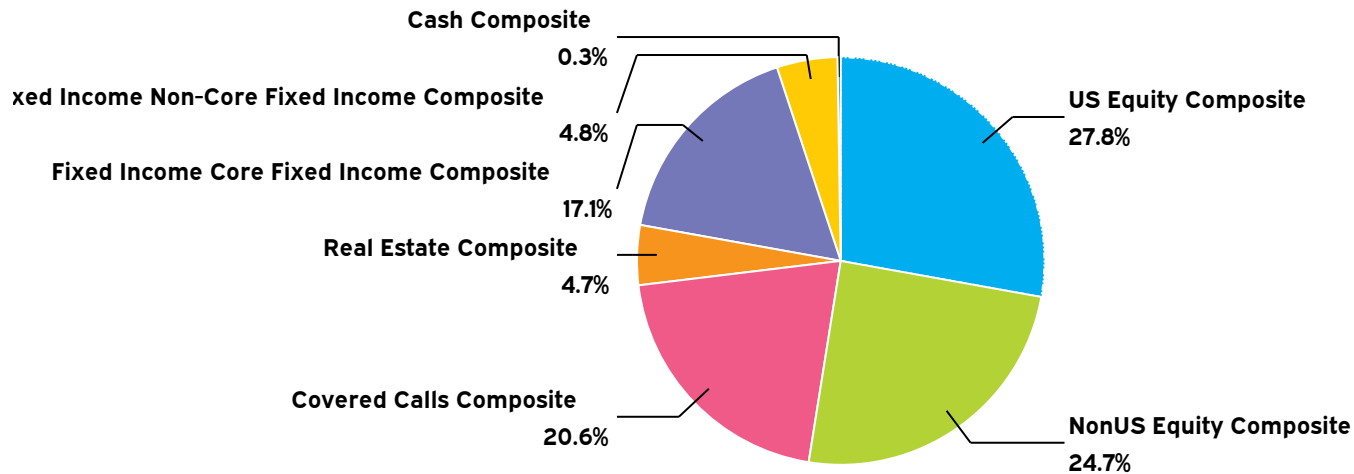
3 Years Ending May 31, 2024

	Return	Standard Deviation	Sharpe Ratio
EBMUDERS Total Plan Composite	3.4	12.2	0.1
Total Plan Bench	3.3	11.5	0.1

5 Years Ending May 31, 2024

	Return	Standard Deviation	Sharpe Ratio
EBMUDERS Total Plan Composite	8.2	12.5	0.5
Total Plan Bench	7.5	12.4	0.5

Allocation vs. Targets and Policy				
	Current Balance (\$)	Current Allocation (%)	Policy Range (%)	Within IPS Range?
Domestic Equity	\$687,868,353	28	20 - 30	Yes
International Equity	\$610,187,526	25	20 - 30	Yes
Covered Calls	\$508,345,165	21	17 - 23	Yes
Real Estate	\$117,318,300	5	3 - 7	Yes
Core Fixed Income	\$422,383,816	17	17 - 23	Yes
Non-Core Fixed Income	\$119,031,119	5	3 - 7	Yes
Cash	\$6,485,318	0	0 - 5	Yes
Total	\$2,471,619,596	100		



	Market Value \$	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
EBMUDERS Total Plan Composite	2,471,619,596	3.2	14.9	3.5	8.4
<i>Total Plan Bench</i>		<i>2.6</i>	<i>14.5</i>	<i>3.3</i>	<i>7.5</i>
US Equity Composite	687,868,353	4.7	27.6	7.8	15.0
<i>Russell 3000 Hybrid</i>		<i>4.7</i>	<i>27.6</i>	<i>7.8</i>	<i>15.0</i>
Northern Trust Russell 3000	686,991,473	4.7	27.6	7.9	15.0
<i>Russell 3000 Index</i>		<i>4.7</i>	<i>27.6</i>	<i>7.8</i>	<i>15.0</i>
Non US Equity Composite	610,187,526	3.1	16.9	0.8	7.4
<i>MSCI ACWI xUS (blend)</i>		<i>3.0</i>	<i>17.3</i>	<i>0.8</i>	<i>7.3</i>
Northern Trust ACWI ex US	610,187,526	3.1	16.9	0.6	6.9
<i>MSCI AC World ex USA index</i>		<i>3.0</i>	<i>17.3</i>	<i>0.8</i>	<i>7.3</i>
Covered Calls Composite	508,345,165	3.2	16.2	6.5	10.0
<i>Cboe S&P 500 Buy Write Index</i>		<i>1.1</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>
Parametric BXM	168,076,446	3.0	13.3	6.8	9.5
<i>Cboe S&P 500 Buy Write Index</i>		<i>1.1</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>
Parametric Delta Shift	177,518,942	4.2	21.5	8.3	14.2
<i>Cboe S&P 500 Buy Write Index</i>		<i>1.1</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>
Van Hulzen	162,749,777	2.4	14.0	4.4	6.3
<i>Cboe S&P 500 Buy Write Index</i>		<i>1.1</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>

Manager Performance - Gross of Fees | As of May 31, 2024

	Market Value \$	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Core Fixed Income Composite	422,383,816	1.9	1.1	-2.2	0.3
<i>Fixed Income Core Composite Bench</i>		<i>1.5</i>	<i>2.0</i>	<i>-2.2</i>	<i>--</i>
CS McKee	214,285,344	1.8	2.8	-2.6	0.2
<i>Blmbg. U.S. Aggregate Index</i>		<i>1.7</i>	<i>1.3</i>	<i>-3.1</i>	<i>-0.2</i>
Garcia Hamilton	208,098,473	2.0	-0.6	-1.8	--
<i>Blmbg. U.S. Aggregate Index</i>		<i>1.7</i>	<i>1.3</i>	<i>-3.1</i>	<i>-0.2</i>
Non-Core Fixed Income Composite	119,031,119	0.8	10.1	3.9	4.5
<i>Fixed Income Non-Core Composite Bench</i>		<i>0.4</i>	<i>4.9</i>	<i>2.3</i>	<i>2.2</i>
Mackay Shields (HY)	61,101,129	0.9	10.0	4.6	5.6
<i>ICE BofA ML US Corp Cash Pay BB-B 1-5Yr</i>		<i>1.0</i>	<i>11.1</i>	<i>3.6</i>	<i>4.3</i>
Federated Investment Counseling (Bank Loans)	57,929,990	0.8	10.3	3.1	3.2
<i>60% CredSuisLevLoan/40% BBStGovCorp</i>		<i>0.7</i>	<i>10.1</i>	<i>4.7</i>	<i>4.1</i>
Real Estate Composite	117,318,300	2.6	-3.2	2.6	4.9
<i>Real Estate Composite Benchmark</i>		<i>2.3</i>	<i>1.3</i>	<i>3.0</i>	<i>4.6</i>
RREEF America II Lag	54,829,182	0.0	-15.4	4.2	4.3
<i>NCREIF NPI Lag</i>		<i>0.0</i>	<i>-7.9</i>	<i>4.6</i>	<i>4.3</i>
CenterSquare	62,489,118	5.0	11.0	0.8	4.7
<i>FTSE NAREIT Equity REIT Index</i>		<i>4.6</i>	<i>10.2</i>	<i>0.2</i>	<i>3.6</i>

Manager Performance - Gross of Fees | As of May 31, 2024

	Market Value \$	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Cash Composite	6,485,318	0.0	4.2	2.6	2.3
Cash LAIF	6,485,318	0.0	4.2	2.6	2.3
<i>FTSE 3 Month T-Bill</i>		<i>0.5</i>	<i>5.6</i>	<i>3.0</i>	<i>2.2</i>

Benchmark History

From Date	To Date	Benchmark
EBMUDERS Total Plan Composite		
12/01/2019	Present	2.5% FTSE NAREIT Equity REIT Index, 25.0% Russell 3000 Index, 10.0% Blmbg. Intermed. U.S. Government/Credit, 10.0% Blmbg. U.S. Aggregate Index, 25.0% MSCI AC World ex USA index, 2.5% Morningstar LSTA U.S. Performing Loans, 20.0% Cboe S&P 500 Buy Write Index, 2.5% 60% CredSuisLevLoan/40% BBStGovCorp, 2.5% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr
03/01/2019	12/01/2019	2.5% FTSE NAREIT Equity REIT Index, 25.0% Russell 3000 Index, 5.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 15.0% Blmbg. U.S. Aggregate Index, 25.0% MSCI AC World ex USA index, 2.5% Morningstar LSTA U.S. Performing Loans, 20.0% Cboe S&P 500 Buy Write Index, 2.5% 60% CredSuisLevLoan/40% BBStGovCorp, 2.5% 50% BBG EM Hard Cur Agg: Sovereign/50% BBG EM USD Aggregate Corporate TR
07/01/2018	03/01/2019	2.5% FTSE NAREIT Equity REIT Index, 25.0% Russell 3000 Index, 5.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 15.0% Blmbg. U.S. Aggregate Index, 25.0% MSCI AC World ex USA index, 2.5% Morningstar LSTA U.S. Performing Loans, 2.5% Blmbg. U.S. High Yield 1-5 Yr Cash Pay 2%, 20.0% Cboe S&P 500 Buy Write Index, 2.5% NCREIF NPI Lag
04/01/2014	07/01/2018	2.5% FTSE NAREIT Equity REIT Index, 40.0% Russell 3000 Index, 5.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 10.0% Blmbg. U.S. Aggregate Index, 15.0% MSCI AC World ex USA index, 2.5% Morningstar LSTA U.S. Performing Loans, 2.5% Blmbg. U.S. High Yield 1-5 Yr Cash Pay 2%, 20.0% Cboe S&P 500 Buy Write Index, 2.5% NCREIF NPI Lag
03/01/2014	04/01/2014	2.5% FTSE NAREIT Equity REIT Index, 40.0% Russell 3000 Index, 15.0% Blmbg. U.S. Aggregate Index, 15.0% MSCI AC World ex USA index, 2.5% Morningstar LSTA U.S. Performing Loans, 2.5% Blmbg. U.S. High Yield 1-5 Yr Cash Pay 2%, 20.0% Cboe S&P 500 Buy Write Index, 2.5% NCREIF NPI Lag
11/01/2011	03/01/2014	2.5% FTSE NAREIT Equity REIT Index, 50.0% Russell 3000 Index, 20.0% MSCI AC World ex USA index, 25.0% Blmbg. U.S. Universal Index, 2.5% NCREIF NPI Lag
01/01/2008	11/01/2011	50.0% Russell 3000 Index, 20.0% MSCI AC World ex USA index, 25.0% Blmbg. U.S. Universal Index, 5.0% NCREIF NPI Lag
01/01/2007	01/01/2008	50.0% Russell 3000 Index, 25.0% Blmbg. U.S. Aggregate Index, 20.0% MSCI AC World ex USA index, 5.0% NCREIF NPI Lag
10/01/2005	01/01/2007	50.0% Russell 3000 Index, 25.0% Blmbg. U.S. Aggregate Index, 20.0% MSCI EAFE (Net), 5.0% NCREIF NPI Lag
04/01/2005	10/01/2005	10.0% Russell 2000 Index, 30.0% S&P 500 Index, 10.0% S&P MidCap 400 Index, 25.0% Blmbg. U.S. Aggregate Index, 20.0% MSCI EAFE (Net), 5.0% NCREIF NPI Lag
09/01/1998	04/01/2005	10.0% Russell 2000 Index, 33.0% S&P 500 Index, 10.0% S&P MidCap 400 Index, 30.0% Blmbg. U.S. Aggregate Index, 17.0% MSCI EAFE (Net)
07/01/1978	09/01/1998	30.0% S&P 500 Index, 30.0% Blmbg. U.S. Aggregate Index, 5.0% FTSE 3 Month T-Bill, 15.0% MSCI EAFE (Net), 5.0% NCREIF NPI Lag, 15.0% Wilshire 5000 Total Market Index

From Date	To Date	Benchmark
Fixed Income Composite		
02/01/2023	Present	10.0% , 80.0% Blmbg. U.S. Aggregate Index, 10.0% 60% CredSuisLevLoan/40% BBStGovCorp
12/01/2019	02/01/2023	10.0% , 40.0% Blmbg. Intermed. U.S. Government/Credit, 40.0% Blmbg. U.S. Aggregate Index, 10.0% 60% CredSuisLevLoan/40% BBStGovCorp
03/01/2019	12/01/2019	10.0% , 20.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 60.0% Blmbg. U.S. Aggregate Index, 10.0% 60% CredSuisLevLoan/40% BBStGovCorp
07/01/2018	03/01/2019	20.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 60.0% Blmbg. U.S. Aggregate Index, 10.0% Morningstar LSTA U.S. Performing Loans, 10.0% Blmbg. U.S. High Yield 1-5 Yr Cash Pay 2%
04/01/2014	07/01/2018	25.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 50.0% Blmbg. U.S. Aggregate Index, 12.5% Morningstar LSTA U.S. Performing Loans, 12.5% Blmbg. U.S. High Yield 1-5 Yr Cash Pay 2%
03/01/2014	04/01/2014	75.0% Blmbg. U.S. Aggregate Index, 12.5% Morningstar LSTA U.S. Performing Loans, 12.5% Blmbg. U.S. High Yield 1-5 Yr Cash Pay 2%
01/01/2008	03/01/2014	100.0% Blmbg. U.S. Universal Index
01/01/1976	01/01/2008	100.0% Blmbg. U.S. Aggregate Index
Fixed Income Core Fixed Income Composite		
12/01/2019	Present	50.0% Blmbg. Intermed. U.S. Government/Credit, 50.0% Blmbg. U.S. Aggregate Index
Fixed Income Non-Core Fixed Income Composite		
12/01/2019	Present	50.0% , 50.0% 60% CredSuisLevLoan/40% BBStGovCorp
03/01/2019	12/01/2019	25.0% , 50.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 25.0% 60% CredSuisLevLoan/40% BBStGovCorp
03/01/2014	03/01/2019	50.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 25.0% Morningstar LSTA U.S. Performing Loans, 25.0% Blmbg. U.S. High Yield 1-5 Yr Cash Pay 2%
Real Estate Composite		
11/01/2011	Present	50.0% NCREIF NPI Lag, 50.0% FTSE NAREIT Equity REIT Index
10/01/1998	11/01/2011	100.0% NCREIF NPI Lag
04/01/1978	10/01/1998	100.0% NCREIF Property Index
Garcia Hamilton		
11/01/2019	Present	Blmbg. U.S. Aggregate Index

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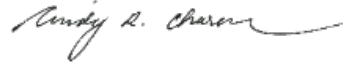
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EAST BAY MUNICIPAL UTILITY DISTRICT

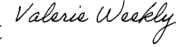
DATE: July 18, 2024

MEMO TO: Members of the Retirement Board

THROUGH: Cindy Charan, Director of Human Resources



FROM: Valerie Weekly, Principal Management Analyst, Retirement



SUBJECT: PensionGold (LRS) Implementation Project Update

SUMMARY

This memo is the regular status update for the PensionGold (LRS) implementation project.

DISCUSSION

The project team continues to make progress, but the timeline has been delayed slightly for reasons outlined below. The Project and Retirement Service teams are currently testing Software Deliverable Two: Pension Calculation and Communications. The team has also started work on the design documents for Software Deliverable Three: Pension Payroll.

The team continues to work through outstanding data conversion issues. We continue to identify PeopleSoft HR data that impacts the PensionGold project and recommend corrections to relevant functional areas such as HRIS, Payroll, or ISD.

MAY AND JUNE TASKS

- Continued data conversion and clean-up activities. This will be an ongoing activity.
- Work an ETS retroactive pay calculation issue in the HRIS interface file to PensionGold.
- Continued plan administration and ordinance clarification and escalations regarding omissions and ambiguous language within pension provisions.
- HRIS and Retirement Services resolved and an issue with addresses formatting.
- Continued data conversion and cleanup efforts:
 - Split COLA payments from calculated benefit payments.
 - Split HIB contributions from retirement account contributions.
 - Created cutover testing and validation scripts.

PLANNED TASKS FOR JULY AND AUGUST

- Complete testing of Software Deliverable Two.
- Complete correspondence testing.
- Retest vendor solutions for issues identified in Software Deliverable One.
- Complete deferred Software Deliverable One correspondence testing.

- Augmenting vendor test scripts to support specific District data scenarios.
- Additional testing of Classic and PEPPRA calculations within PensionGold.
- Creation of data files from scanned images. This effort is essential to fill gaps in the data housed in PeopleSoft.

OPEN ISSUES

- The Product Owner position recruitment is in progress. Application review was completed in April, but interviews have not yet taken place. A diverse interview panel is being assembled, with the intention of conducting a single round of interviews.
- The project team is awaiting options for hiring an HRIS Analyst II position. As noted below, this need is growing acute.
- The ETS system’s integration with PeopleSoft has presented a few issues. The project team identified the issues and has presented this information to HRIS, HR, and Payroll so that a proper solution can be determined.
- The classification and compensation unit are assessing the current project Analyst positions from an equity lens to determine if the current positions that are used interchangeably are equitable.

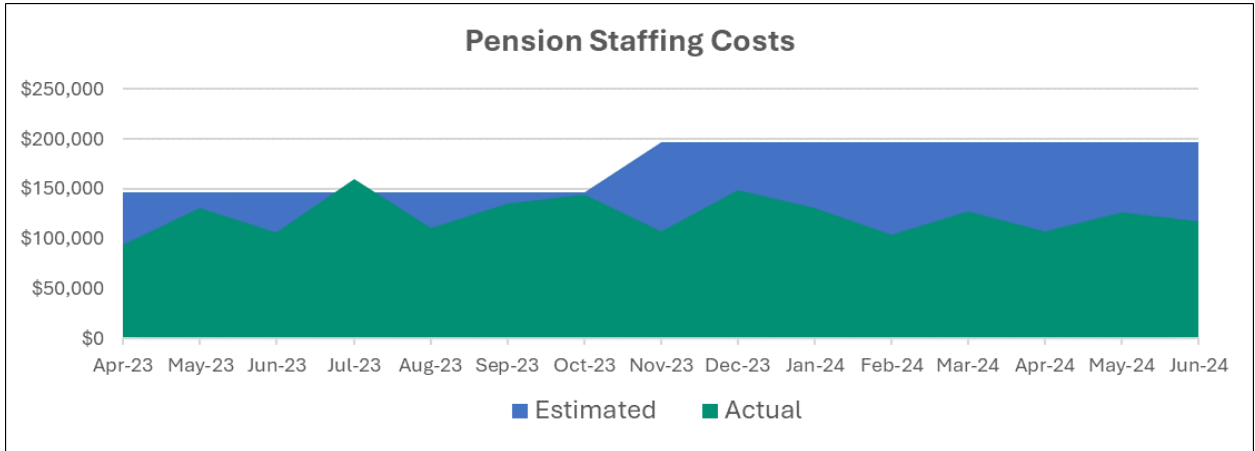
ACTIVE RISKS AND BUILDING STAFFING CAPACITY

- Quality and Resource Risks:
The need for an additional HRIS Analyst II resource was reported to the Steering Committee in the January status report. The project team is finding itself having to defer tasks such as additional testing, and future-state business process mapping for higher priority tasks. This issue has been raised to the HR team, who intend to conduct position evaluations on some of the project positions.
 - HRIS Assessment – An assessment of the current HRIS capacity has resulted in engaging an outside consultant to strengthen the current staffing from a competency, knowledge and expertise perspective. This is an important step in the success of the HCM replacement system. The consultants will review and assess for current bench strength, HRIS expertise and identify strengths and weaknesses, and recommendations.
 - IS Administrator– The interviews for the IS Administrator that will assume the role of product owner for pension and HCM replacement projects is pending. Interviews will be conducted in September 2024. There have been delays with filling this position due to several competing priorities.

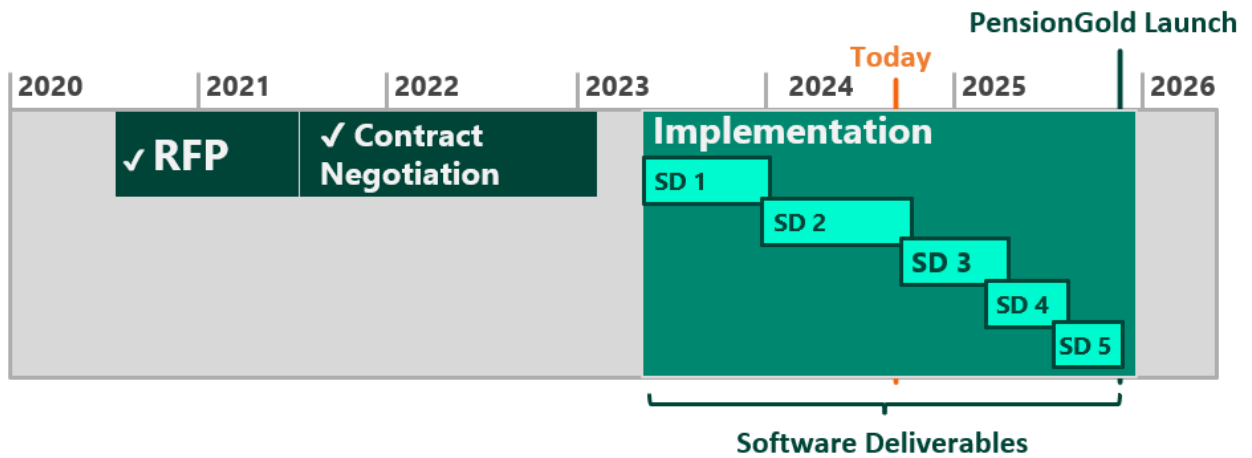
. BUDGET UPDATE

Total Funding	June Expenses	Balance	
HRIS Capital \$11,575,000	\$ 0	\$5,806,000	No capital budget activity

Retirement \$10,500,000	\$ 125,000	\$6,506,000	Staffing costs
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SCHEDULE UPDATE



NEXT STEPS

Project staff are happy to answer any questions from the Retirement Board.

CC:vw