EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 10, 2025

MEMO TO: Members of the Retirement Board

THROUGH: Cindy Charan, Director of Human Resources Cindy R. Charan

FROM: Lisa Sorani, Manager of Employee Services Lisa Sorani

SUBJECT: Retirement Board Regular Meeting – 7/10/2025

A regular meeting of the Retirement Board will convene at 9:00 a.m. on Thursday, July 10, 2025. 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 with 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 may be attending via Zoom which will be broadcast at the meeting.

Enclosed are the agenda items for the July 10, 2025 meeting, and the Minutes for the May 22, 2025 regular meeting. The package also includes the following: **(1) CONSENT items**: Approval of Minutes of the Retirement Board – Regular Meeting of May 22, 2025, Ratifying and Approving Investment Transactions by Retirement Fund Managers for April 2025 and May 2025, Ratifying and Approving the Short-Term Investment Transactions for April 2025 and May 2025, Approving Treasurer's Statement of Receipts and Disbursements for April 2025 and May 2025; (2) **ACTION items**: Commending Sarah Bernstein's Service to the Retirement System, Authorize Segal Contract Extension; **(3) INFORMATION items:** Performance Report and Economic Review, Portfolio Implementation Update, Private Credit Training Update, Discussion regarding United Health Care, Update on Negotiations - HIB DC Incentive and Delta Dental Update **(4) REPORTS FROM THE RETIREMENT BOARD:**

CC:ls

Enclosure

AGENDA

EBMUD EMPLOYEES' RETIREMENT SYSTEM
July 10, 2025

A regular meeting of the Retirement Board will convene at 9:00 a.m. on Thursday, July 10, 2025. 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 with 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, Robert Hannay, Lisa Sorani, Steven Goodman-Leibof, Valerie Weekly and Mae Shepherd

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

****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.

CLOSED SESSION AGENDA

1. Personnel matters pursuant to Government Code Section 54957: Application for Disability Retirement of Jennifer Ingram.

REGULAR BUSINESS MEETING

CONSENT CALENDAR:

1. Approval of Minutes of the Retirement Board – Regular Meeting of May 22, 2025 – S. Skoda

2. Ratifying and Approving Investment Transactions by Retirement Fund Managers for April 2025 and May 2025 – S. Skoda

3. Ratifying and Approving Short-Term Investment Transactions for April 2025 and May 2025 – S. Skoda

4. Approving Treasurer's Statement of Receipts and Disbursements for April 2025 and May 2025 – S. Skoda

ACTION:

5. Commending Sarah Bernstein's Service to the Retirement System – S. Skoda

6. Authorize Segal Contract Extension – S. Skoda

INFORMATION:

7. Performance Report and Economic Review – S. Skoda

8. Portfolio Implementation Update – S. Skoda

9. Private Credit Training Update – S. Skoda

10. Discussion regarding United Health Care – C. Charan

11. Update on Negotiations – HIB DC Incentive and Delta Dental 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 18, 2025.

Retirement Board Meetings

- September 18, 2025
- November 20, 2025

APPENDIX

Retirement Board Meeting
Thursday, July 10, 2025
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

You are invited to a Zoom webinar.
When: July 10, 2025 09:00 AM Pacific Time (US and Canada)
Topic: July 10, 2025 EBMUD Retirement Board Meeting

Please click the link below to join the webinar:
https://ebmud.zoom.us/j/86415144827
Or One tap mobile :
+16699006833, 86415144827# US (San Jose)
+16694449171, 86415144827# US
Or Telephone:
Dial(for higher quality, dial a number based on your current location):
+1 669 900 6833 US (San Jose)
+1 669 444 9171 US
Webinar ID: 864 1514 4827
International numbers available: https://ebmud.zoom.us/u/ko9tRSZy6

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 22, 2025

A regular meeting of the Retirement Board convened at 9:03 a.m. on Thursday, May 22, 2025. 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 wished to attend the meeting in person.

****Public Participation****
Please see Appendix at end of Agenda for Public Participation Details

ROLL CALL:

Present: Jae Park, Clifford Chan, Marguerite Young, Max Fefer, April Chan, 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.

There were no public comments.

CLOSED SESSION: The board proceeded into a closed session at 9:06 a.m., to discuss the application for disability retirement by Jennifer Ingram. This was conducted under Government Code Section 54957. No reportable action resulted from the closed session, and the board resumed to the regular agenda at 9:16 a.m.

REGULAR BUSINESS MEETING

CONSENT CALENDAR:

The consent calendar included four items. Discussion centered around Item 1, the approval of minutes, which involved the adoption of a cost-of-living adjustment (COLA). Elizabeth Grassetti pointed out that the language in the draft minutes was unclear, specifically noting the reference to "San Francisco determined COLA" without specifying the CPI-U (Consumer Price Index for All Urban Consumers). Additionally, a numerical correction was needed—the document inaccurately mentioned a 2.2% increase, while the correct figure should be 0.02 (2%).

A motion to approve the Consent Calendar, Items #1 through #4, was made with corrections to Item #1, the approval of minutes, by Clifford Chan and seconded by Director April Chan. The motion passed 5-0 by the following vote AYES (A. Chan, M. Young, C. Chan, M. Fefer, and J. Park), NOES (none), ABSTAIN (none), ABSENT (none)

<u>ACTION</u>:

5. Declare Results of the Election of an Employee Member of the Retirement Board – L. Sorani

Valerie Weekly reported that the Retirement Board election began in February and had two candidates: Jae Park and Victor Prado. A total of 351 votes were cast via SurveyMonkey, with Jae Park receiving 256 votes and Victor Prado receiving 79. Though the board's usual election certifier, Cindy Chiran, was unavailable, Lisa Sorani stepped in to certify the election. Jae expressed gratitude for the support and affirmed his enthusiasm for continuing to serve.

A motion to confirm re-election of Jae Park to the Retirement Board. was made by Director Marguerite Young and seconded by Max Fefer. The motion passed unanimously with no opposition or abstentions. The motion passed 5-0 by the following vote AYES (A. Chan, M. Young, C. Chan, M. Fefer, and J. Park), NOES (none), ABSTAIN (none), ABSENT (none)

6. Declare Interest Rate to Apply to Balance of Member Contributions and Interest for Period Ending December 31, 2024 – L. Sorani

The interest rate to apply to member contribution balances for the period ending December 31, 2024 was discussed. Lisa Sorani explained that, according to the retirement ordinance, the declared interest rate must be the lesser of the assumed actuarial rate or the 5-year average rate of return. For this period, the assumed rate is 6.75%, and the 5-year average is 7.2%, so the applicable interest rate will be 6.75%. This will be prorated to a semi-annual rate of 3.375%, and interest credited to employee accounts on June 30th, based on balances as of December 31, 2024.

A motion was made and approved to apply the interest rate by Max Fefer and was seconded by Director April Chan. The motion passed 5-0 by the following vote AYES (A. Chan, M. Young, C. Chan, M. Fefer, and J. Park), NOES (none), ABSTAIN (none), ABSENT (none)

<u>INFORMATION</u>:

7. Performance Report and Economic Review – S. Skoda

Colin Bebee from Meketa presented the economic overview and investment performance report. The update focused on the economic climate through March and April 2025, with some data as recent as two days before the meeting. The speaker highlighted that diversification is beginning to yield tangible benefits. In the first quarter, commodity markets—particularly gold—performed strongly due to concerns about currency debasement. Notably, non-U.S. developed markets outperformed U.S. equities by around 15% year-to-date, signaling a shift from the post-2008 trend of U.S. market dominance.

Regarding interest rates, the speaker noted an uptick in long-term Treasury yields, which have exceeded 5% for 20- and 30-year bonds. This is seen as a reaction to U.S. fiscal concerns, particularly after a weak Treasury auction and continued skepticism about deficit-reduction efforts. Other developed economies, including the UK, Japan, and Australia, are facing similar pressures. Credit markets, however, remain stable, with credit spreads below historical averages, suggesting no immediate corporate credit concerns despite recent equity market volatility.

Inflation, while reduced from 2022 peaks, still sits above the Federal Reserve's target. Uncertainty around tariffs and policy changes makes future inflation data unpredictable, complicating potential interest rate cuts. The labor market remains strong, although a small rise in unemployment is being closely watched. Consumer debt was also discussed, with particular focus on growing credit card and auto loan delinquencies. Though overall debt levels look less severe when measured against GDP or household wealth, signs of financial strain are beginning to emerge. High interest rates have also effectively locked many homeowners into their low-rate mortgages, reducing financial flexibility if job losses increase.

Turning to EBMUD's portfolio, it was reported that the plan remains in the top quartile of public pension funds over one-, three-, five-, and ten-year periods. This is notable given its relatively low allocation to private markets, which typically obscure short-term volatility. Despite a volatile start to April, markets stabilized, and the portfolio returned 0.5% for the month. By late May, the portfolio was up roughly 3% for the month, although that gain has since moderated. Asset values totaled approximately $2.6 billion at the end of April, with allocations remaining within policy ranges, albeit slightly overweight in domestic equities and underweight in core fixed income. As manager transitions occur, rebalancing is expected to bring allocations closer to targets.

Performance across asset classes aligned closely with benchmarks, with no major deviations. A key highlight was the ongoing outperformance of non-U.S. equities relative to U.S. equities over the past year, though U.S. markets still lead over the long term. The speaker concluded by emphasizing that while EBMUD's portfolio is stable and well-managed, macroeconomic risks—particularly rising long-term interest rates, global fiscal challenges, and consumer financial vulnerabilities—remain important issues to monitor.

8. Portfolio Implementation Update – S. Skoda

Colin Bebee from Meketa provided an update on the investment transition plan, noting that everything remains on schedule. The evolving policy plan, which was approved in July 2023 after the Asset Liability Study, has completed its first two stages. Stage 0 involved preparation, including working with Northern Trust's Transition Management team and adjusting benchmarks for non-core fixed income managers. Stage 1 implemented policy changes by reducing allocations to REITs and covered calls, increasing U.S. equity exposure, and conducting manager searches for high yield and bank loans.

The committee is now preparing for Stage 2, which involves funding the newly selected high yield and bank loan managers with approximately $65 million by the end of June. This funding will primarily come from terminating the Parametric BXM covered call strategy. The goal is to have all transitions completed by July 1, with the new managers fully in place and reflected in Q3 performance data. The timing is considered favorable due to current market conditions, including higher yields and wider credit spreads. Following this phase, the next focus will be on exploring a private credit allocation, starting with education and an RFP process.

Additionally, Sarah Bernstein of Meketa announced her retirement by the end of the year, marking a personal and professional transition. She expressed appreciation for her time working with EBMUD and emphasized Meketa's ongoing commitment to ESG and sustainability principles. Board members and staff offered heartfelt thanks, highlighting her influence in advancing EBMUD's corporate governance and ESG practices. To ensure continuity, Meketa plans to introduce Paula Nealon as a new co-lead for EBMUD in July, alongside Colin Bebee.

Erica Olson will take on leadership of sustainability and ESG efforts. Meketa reaffirmed its dedication to supporting EBMUD's priorities and maintaining the high standard of service Sarah Bernstein helped establish.

9. Private Placement Update – S. Skoda

Colin Bebee from Meketa addressed private placement. Private placement is a lingering issue first identified in 2018 when it was discovered that the fund still held pre-IPO shares from its previous investment with T. Rowe Price. Since then, Meketa has provided annual updates. Out of five original holdings—Airbnb, Uber, WeWork, Didi, and Magic Leap—only Didi and Magic Leap remain. The committee successfully exited the first three following their IPOs.

Didi's situation is complex. Although it IPO'd in 2021, it was forced to delist from the New York Stock Exchange by Chinese regulators and has since discussed relisting in Hong Kong. EBMUD continues working with Northern Trust to validate its Didi shares so they can be sold once a suitable listing occurs. Meanwhile, Magic Leap, a hardware company in the AR/VR space, has not signaled plans for an IPO. However, it recently received significant investment from the Saudi Sovereign Wealth Fund and formed a partnership with Google, potentially setting the stage for future developments. Due to the lack of transparency and liquidity in private secondary markets, EBMUD has opted not to sell these holdings outside of public markets.

10. Discuss Segal Response to Cheiron Recommendations – S. Skoda

Andy Yeung and Emily Klaire of Segal discussed Segal's response to recommendations made by Cheiron in their recent actuarial audit. Andy Yeung acknowledged minor differences between the two firms' valuations, primarily due to rounding methods and procedural variances. The difference in contribution rates amounted to just 0.24% of payroll, which both parties considered immaterial.

Cheiron's suggestions focused on improving transparency and depth in future actuarial reports. For experience studies, they recommended using a broader historical dataset and monitoring mortality assumptions—particularly for female retirees—more closely. Segal explained that due to the low number of observed deaths in that subgroup, it lacked the statistical credibility to adjust the assumptions. Still, they agreed to consider presenting more detailed data in future reports.

Cheiron also suggested Segal provide long-term projections of contribution rates. Segal supported the idea but recommended keeping projections separate from the annual valuation discussion due to time constraints and the complexity of the material. Segal confirmed that such projections will follow the June 30, 2025 valuation.

The audit proposed a more segmented approach to asset smoothing between pension and health plans. Segal explained that while feasible, such a change would not meaningfully affect contribution rates, as both liabilities are ultimately funded by the district. Therefore, no change is currently recommended unless directed by the Board. There was general agreement that the audit was thorough and beneficial, and Segal expressed appreciation for the opportunity to respond and improve future reporting.

11. Update on HIB Outsourcing – L. Sorani

Lisa Sorani provided an update on the transition of Health Insurance Benefit (HIB) reimbursement administration to FBA, a third-party vendor. Since the March board meeting, EBMUD conducted significant outreach to retirees, including mailing letters and hosting three well-attended informational meetings. These meetings were accessible in-person, via Zoom, and live-streamed. The primary message was to inform retirees that their April pension checks would no longer include the HIB reimbursement directly and that these payments would instead be processed separately by FBA.

While most retirees received their reimbursements within one to three business days, about 73 experienced delays due to a formatting error in banking data exported from PeopleSoft. The issue was identified and corrected promptly, and those affected were paid by May 8. Retirees were contacted individually via email or phone with an explanation and reassurance.

The transition also included the rollout of FBA's online portal and mobile app, allowing retirees—especially those with non-district insurance plans—to submit claims electronically. While some retirees questioned the need to create portal accounts if they use only district-provided insurance, staff encouraged everyone to register as a best practice for future needs. Feedback from retirees also highlighted a need for clearer communication, especially about how to access FBA's services if they misplace original instructions. Staff acknowledged this and said they would work on better visibility of that information.

Audit letters, which will now come directly from FBA, are expected to be mailed in early June. These will include clear instructions for submitting claims either online or by mail. The plan is to eventually shift the audit schedule so retirees can submit claims earlier in the year, aligning with when they typically receive updated insurance information.

Currently, there are about 2,020 retirees receiving HIB reimbursements, with around 1,300 using district health plans in some form. Approximately 900 spend their entire HIB on district-provided coverage. Medicare Part B, although often reimbursed, is not considered a district plan. The meeting also addressed retiree questions about why those who deferred retirement are not allowed back into district insurance plans later. Staff explained that this is a district policy designed to manage health risk and comply with carrier rules, particularly with UnitedHealthcare's plan under ACWA JPIA, which prohibits late enrollment.

Lisa Sorani noted that while the transition to FBA had some initial issues, most retirees are now receiving their benefits smoothly, and ongoing support is available through EBMUD's hotline and retiree inbox. The retirement team continues weekly coordination with FBA to fine-tune the process.

12. May 2025 LRS Pension Gold Implementation Update – L. Sorani

An update was provided on the LRS Pension Code implementation. The project continues to make progress, with ongoing efforts to fill key staffing needs. The HRIS Analyst II position is expected to be filled by the end of June, following interviews held in mid-May. The delay in onboarding is partly due to internal transitions if the hire comes from within the organization. Additionally, a consulting firm is being selected to assist with reviewing and updating the original 2022 RFP for the broader HRIS core project, as well as assessing staffing competencies and needs.

Another related effort is the Emergency Payroll Replacement Project, which is still under evaluation. While the current payroll vendor has extended support for two more years, decisions are being finalized to ensure alignment between the payroll systems and the pension system's data needs, since pension processing relies heavily on accurate payroll data.

The LRS team has started work on the fourth major software deliverable—pension benefit administration. Training with LRS has taken place, and testing began this week. The team is also addressing issues flagged during earlier testing rounds and working closely with payroll staff to understand the downstream impacts of any changes.

In terms of onboarding the new HRIS Analyst, the team has identified lower-barrier tasks, such as retesting previously completed test scripts, to get them engaged quickly even before they are fully onboarded.

The meeting closed with a request for an informational memo about UnitedHealthcare access issues, particularly for retirees living out of state. Staff committed to following up, clarifying that the UnitedHealthcare plan used by EBMUD retirees is governed by ACWA JPIA and not the broader Medicare Advantage plan.

REPORTS FROM THE RETIREMENT BOARD:

There were no reports.

ITEMS TO BE CALENDARED:
None

MEETING ADJOURNMENT: Meeting adjourned at 10:45 a.m.

The next regular meeting of the Retirement Board will be held on July 10, 2025.

Retirement Board Meetings

- July 10, 2025
- September 18, 2025
- November 20, 2025

President

ATTEST:

Secretary

7/10/2025

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 10, 2025

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance SDS

SUBJECT: Investment Transactions by Retirement Fund Managers for April 2025 and May 2025

The attached Investment Transactions by Retirement Fund Managers report for the months of April 2025 and May 2025 is hereby submitted for Retirement Board approval.

SDS:RLH:SGL

Attachment: Investment Transactions by Retirement Fund Managers

R.B. RESOLUTION NO. 7031

RATIFYING AND APPROVING INVESTMENT TRANSACTIONS BY FUND MANAGERS FOR APRIL 2025 AND MAY 2025

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 2025 and May 2025, 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

07/10/2025

INVESTMENT TRANSACTIONS BY RETIREMENT FUND MANAGERS

April 2025

	PURCHASES	SALES	PORTFOLIO VALUE
FIXED INCOME			
C.S. McKee	$32,078,532	$30,599,297	$227,887,693
Federated Bank Loans	$20,425,151	$20,482,613	$60,122,298
Garcia Hamilton Associates	$7,466,137	$6,327,108	$222,512,036
Mackay Shields - HY	$2,116,065	$1,212,459	$64,232,142
TOTAL	**$62,085,885**	**$58,621,477**	**$574,754,169**
DOMESTIC EQUITY			
Russell 3000 Index Fund	$0	$10,041,000	$948,595,836
Total Domestic Equity	**$0**	**$10,041,000**	**$948,595,836**
COVERED CALLS			
Parametric (BXM)	$6,408,592	$6,096,101	$175,008,117
Parametric (Delta-Shift)	$564,642	$324,688	$184,776,231
Van Hulzen	$0	$0	$0
Total Covered Calls	**$6,973,234**	**$6,420,789**	**$359,784,348**
INTERNATIONAL EQUITY			
ACWI Index fund	$0	$25,659	$665,326,959
Global Transition	$0	$0	$805,912
Total International Equity	**$0**	**$25,659**	**$666,132,871**
REAL ESTATE EQUITY			
RREEF America II	$524,595	$0	$53,863,246
CenterSquare	$0	$0	$0
Total Real Estate	**$524,595**	**$0**	**$53,863,246**
TOTAL ALL FUND MANAGERS	**$69,583,714**	**$75,108,926**	**$2,603,130,470**

May 2025

	PURCHASES	SALES	PORTFOLIO VALUE
FIXED INCOME			
C.S. McKee	$30,504,011	$28,508,678	$226,191,291
Federated Bank Loans	$40,618,196	$39,665,752	$61,211,829
Garcia Hamilton Associates	$1,050,474	$1,083,460	$219,504,458
Mackay Shields - HY	$2,193,300	$0	$65,087,773
TOTAL	**$74,365,980**	**$69,257,890**	**$571,995,351**
DOMESTIC EQUITY			
Russell 3000 Index Fund	$0	$36,809	$1,008,678,615
Total Domestic Equity	**$0**	**$36,809**	**$1,008,678,615**
COVERED CALLS			
Parametric (BXM)	$17,120,082	$16,966,308	$180,476,995
Parametric (Delta-Shift)	$1,758,983	$1,577,541	$195,705,079
Van Hulzen	$0	$0	$0
Total Covered Calls	**$18,879,065**	**$18,543,849**	**$376,182,074**
INTERNATIONAL EQUITY			
ACWI Index fund	$0	$60,553	$696,301,625
Global Transition	$0	$0	$804,987
Total International Equity	**$0**	**$60,553**	**$697,106,612**
REAL ESTATE EQUITY			
RREEF America II	$0	$0	$53,865,249
CenterSquare	$0	$0	$0
Total Real Estate	**$0**	**$0**	**$53,865,249**
TOTAL ALL FUND MANAGERS	**$93,245,045**	**$87,899,100**	**$2,707,827,901**

Prepared By: Sherry Sarcos
Sherry Sarcos, Accounting Technician

Date: 06/30/2025

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 10, 2025

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance SDS

SUBJECT: Short Term Investment Transactions for April 2025 and May 2025

The attached Short Term Investment Transactions reports for the months of April 2025 and May 2025 are hereby submitted for Retirement Board approval.

SDS:RLH:SGL

Attachments: Short Term Investment Transactions April 2025
Short Term Investment Transactions May 2025

R.B. RESOLUTION NO. 7032

RATIFYING AND APPROVING SHORT TERM INVESTMENT TRANSACTIONS BY THE TREASURER FOR APRIL 2025 AND MAY 2025

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 2025 and May 2025, 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 2025 and May 2025 are hereby ratified and approved.

President

ATTEST:

Secretary

07/10/2025

EBMUD EMPLOYEES' RETIREMENT SYSTEM
SHORT TERM INVESTMENT TRANSACTIONS
CONSUMMATED BY THE TREASURER
MONTH OF APRIL 2025

	COST/ FACE VALUE	DESCRIPTION	DATE OF PURCHASE	DATE OF SALE/MATURITY	YIELD (%)
$	5,627,000.00	Local Agency Investment Fund	11-Apr-25		4.281
$	115,130.68	Local Agency Investment Fund	15-Apr-25		4.281
$	10,041,000.00	Local Agency Investment Fund	23-Apr-25		4.281
$	5,609,000.00	Local Agency Investment Fund	25-Apr-25		4.281
$	(13,760,000.00)	Local Agency Investment Fund		29-Apr-25	4.281
$	**7,632,130.68**	Net Activity for Month			

$	3,124,107.96	Beginning Balance
	7,632,130.68	Net Activity for Month
$	**10,756,238.64**	Ending Balance

SUBMITTED BY David Glasser
David Glasser
Controller

DATE 07/01/2025

Robert L. Hannay
Treasury Mgr.

Kevin Ma
Kevin Ma
Acct. Sys. Supv.
prepared by Ssarcos

EBMUD EMPLOYEES' RETIREMENT SYSTEM
SHORT TERM INVESTMENT TRANSACTIONS
CONSUMMATED BY THE TREASURER
MONTH OF MAY 2025

	COST/ FACE VALUE	DESCRIPTION	DATE OF PURCHASE	DATE OF SALE/MATURITY	YIELD (%)
$	5,618,000.00	Local Agency Investment Fund	9-May-25		4.272
$	5,627,000.00	Local Agency Investment Fund	23-May-25		4.272
$	(13,731,000.00)	Local Agency Investment Fund		30-May-25	4.272

$	**(2,486,000.00)**	Net Activity for Month

$	10,756,238.64	Beginning Balance
	(2,486,000.00)	Net Activity for Month
$	**8,270,238.64**	Ending Balance

SUBMITTED BY David Glasser
David Glasser
Controller

DATE 07/01/2025

Robert L. Hannay
Treasury Mgr.

Kevin Ma
Kevin Ma
Acct. Sys. Supv.
prepared by Ssarcos

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 10, 2025

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance SDS

SUBJECT: Treasurer's Statement of Receipts and Disbursements for April 2025 and May 2025

SUMMARY

The attached Treasurer's Statement of Receipts and Disbursements reports for the months of April 2025 and May 2025 are hereby submitted for Retirement Board approval.

SDS:RLH:SGL

Attachments: Statement of Receipts and Disbursements April 2025
Statement of Receipts and Disbursements May 2025

STATEMENT OF RECEIPTS AND DISBURSEMENTS
EMPLOYEES' RETIREMENT FUND
MONTH OF April 2025

CASH BALANCE at March 31, 2025			$	7,424,260.12
Receipts				
Employees' Contributions	$	1,940,787.97		
District Contributions		9,420,239.17		
LAIF Redemptions		13,760,000.00		
Northern Trust Redemptions		10,041,000.00		
Refunds and Commission Recapture		50,915.96		
TOTAL Receipts				35,212,943.10
Disbursements				
Checks/Wires Issued:				
Service Retirement Allowances	$	11,959,635.96		
Disability Retirement Allowances		162,690.05		
Health Insurance Benefit		3,886,097.37		
Payments to Retiree's Resigned/Deceased		0.00		
LAIF Deposits		21,277,000.00		
Administrative Cost		297,859.60		
TOTAL Disbursements				(37,583,282.98)
CASH BALANCE at April 30, 2025			$	5,053,920.24
LAIF				10,756,238.64
LAIF and CASH BALANCE at April 30, 2025			$	15,810,158.88
Domestic Equity				
Russell 3000 Index Fund	$	948,595,835.92		
Subtotal Domestic Equity		948,595,835.92		
Covered Calls				
Parametric (BXM)	$	175,008,117.10		
Parametric (Delta-Shift)		184,776,230.55		
Van Hulzen		0.00		
Subtotal Covered Calls		359,784,347.65		
International Equity				
ACWI Index fund	$	665,326,959.49		
Global Transition		805,911.56		
Subtotal International Equity		666,132,871.05		
Real Estate				
RREEF America REIT II	$	53,863,246.29		
Center Square		0.00		
Subtotal Real Estate		53,863,246.29		
Fixed Income				
CS Mckee	$	227,887,693.29		
Federated Bank Loans		60,122,297.53		
Garcia Hamilton Associates		222,512,035.62		
Mackay Shields-High Yield		64,232,142.22		
Subtotal Fixed Income		574,754,168.66		
Total for Domestic and International Equities				2,603,130,469.57
MARKET VALUE of ASSETS at April 30, 2025			$	2,618,940,628.45

Respectfully submitted,

David Glasser

David Glasser
Controller

Robert L. Hannay
Treasury Mgr.

Kevin Ma

Kevin Ma
Acct. Sys. Supv.

prepared by Ssarcos

STATEMENT OF RECEIPTS AND DISBURSEMENTS
EMPLOYEES' RETIREMENT FUND
MONTH OF May 2025

CASH BALANCE at April 30, 2025			$	5,053,920.24
Receipts				
Employees' Contributions	$	1,942,524.62		
District Contributions		9,415,629.80		
LAIF Redemptions		13,731,000.00		
Northern Trust Redemptions		0.00		
Refunds and Commission Recapture		51,406.85		
TOTAL Receipts				25,140,561.27
Disbursements				
Checks/Wires Issued:				
Service Retirement Allowances	$	11,949,867.52		
Disability Retirement Allowances		162,690.05		
Health Insurance Benefit		2,071,747.99		
Payments to Retiree's Resigned/Deceased		94,867.12		
LAIF Deposits		11,245,000.00		
Administrative Cost		284,915.28		
TOTAL Disbursements				(25,809,087.96)
CASH BALANCE at May 31, 2025			$	4,385,393.55
LAIF				8,270,238.64
LAIF and CASH BALANCE at May 31, 2025			$	12,655,632.19
Domestic Equity				
Russell 3000 Index Fund	$	1,008,678,615.27		
Subtotal Domestic Equity		1,008,678,615.27		
Covered Calls				
Parametric (BXM)	$	180,476,995.09		
Parametric (Delta-Shift)		195,705,078.62		
Van Hulzen		0.00		
Subtotal Covered Calls		376,182,073.71		
International Equity				
ACWI Index fund	$	696,301,624.79		
Global Transition		804,987.36		
Subtotal International Equity		697,106,612.15		
Real Estate				
RREEF America REIT II	$	53,865,249.09		
Center Square		0.00		
Subtotal Real Estate		53,865,249.09		
Fixed Income				
CS Mckee	$	226,191,290.66		
Federated Bank Loans		61,211,829.00		
Garcia Hamilton Associates		219,504,458.10		
Mackay Shields-High Yield		65,087,772.89		
Subtotal Fixed Income		571,995,350.65		
Total for Domestic and International Equities				2,707,827,900.87
MARKET VALUE of ASSETS at May 31, 2025			$	2,720,483,533.06

Respectfully submitted,

David Glasser

David Glasser
Controller

Robert L. Hannay
Treasury Mgr.

Kevin Ma

Kevin Ma
Acct. Sys. Supv.

prepared by Ssarcos

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 10, 2025

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance SDS

SUBJECT: Commending Sarah Bernstein's Service to the Retirement System

RECOMMENDATION

Approve a resolution commending the service of Sarah Bernstein, of Meketa Investments LLC.

BACKGROUND

In May of 2025, the Retirement System learned that Sarah Bernstein is set to retire from her position at Meketa Investments LLC at the end of the calendar year. Ms. Bernstein has worked closely with the Retirement System as a core member of the consulting team for over 10 years. In 2015, Ms. Bernstein began providing client service to the Retirement System as a consultant at Meketa's predecessor firm, PCA. During this time, Ms. Bernstein helped guide the Retirement System's sustainable investing, environmental, social and governance (ESG) strategy, identified engagement opportunities, and facilitated the development of our proxy voting program. During her tenure the Retirement System became a signatory on multiple investor led initiatives focusing on sustainability and ESG allowing the Retirement System's portfolio to better represent the values of the System and District.

Ms. Bernstein has been a trusted source of advice for the Retirement Board as it fulfills its duties to the District's employees, retirees, and rate payers. For all her dedicated service and her contribution to the East Bay Municipal Utility District Employees' Retirement System, the Retirement Board would like to recognize Ms. Bernstein and extend her this resolution of appreciation and thanks.

SDS:SGL

R.B. RESOLUTION NO. 7033

EXPRESSING APPRECIATION TO SARAH BERNSTEIN FOR HER SERVICE TO THE EAST BAY MUNICIPAL UTILITY DISTRICT RETIREMENT BOARD

Introduced by: ; Seconded by:

WHEREAS, Sarah Bernstein was previously a consultant at Meketa's predecessor firm, PCA, prior to its merger with Meketa in 2019; and

WHEREAS, Sarah Bernstein began her client work for the East Bay Municipal Utility District Employees' Retirement System (the Retirement System) as a consultant at PCA in 2015; and

WHEREAS, in her position as Head of Sustainability at PCA and Meketa, Sarah Bernstein provided regular, ongoing advice to the Retirement System's Retirement Board in her capacity as the lead sustainability advisor for the Retirement System; and

WHEREAS, Sarah Bernstein assisted the Retirement System in advising the Retirement Board during turbulent financial markets and during a period of growth in the size of the Retirement System's investment portfolio as it sought to consider appropriate Environmental, Social, and Governance factors in its decision making; and

WHEREAS, Sarah Bernstein facilitated numerous trainings for the Retirement System on Environmental, Social, and Governance factors using her vast network in sustainability; and

WHEREAS, Sarah Bernstein assisted the Retirement System in aligning its proxy voting with the Retirement System's mission; and

WHEREAS, Sarah Bernstein assisted the Retirement System in amplifying its voice on sustainability in the pension fund world; and

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

President

ATTEST:

Secretary

7/10/2025

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 10, 2025

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance

SUBJECT: Authorize Extension of Agreement with Segal

SUMMARY

Due to the expiring contract with the Retirement System's current actuary, staff is seeking authorization from the Retirement Board to extend the actuarial services contract with Segal.

DISCUSSION

The Segal Company (Segal) currently serves as consulting actuary to the Retirement System. Segal provides services under an agreement originally executed in 2007 and subsequently renewed, most recently in 2024. The current agreement is set to expire April 7, 2026.

Segal has provided a high level of professional actuarial service and advice to the Retirement System for 18 years. These services have included annual actuarial valuations, quadrennial experience studies and their biennial updates, and ad-hoc requests from the Retirement Board and staff on scenario analyses.

Staff conducted a request for proposals (RFP) for actuarial services that resulted in Segal receiving a two-year contract extension beginning in April 2024. Since this extension was signed Segal has remained an integral partner for the Retirement Board and the District Board. Over the last year, in addition to the normal work of running valuation and recommending contribution rates, Segal assisted in the labor negotiation process with the District by running scenarios related to the Health Insurance Benefit (HIB) and being available to update calculations and answer questions.

Additionally, throughout the years, Segal's work has undergone two separate actuarial audits that agreed with the methods and outcomes of their work. Most recently the Retirement Board was presented with an audit completed by Cheiron at the March 2025 meeting. The findings of the audit stated that Segal continues to provide sound actuarial recommendations using reasonable assumptions and methodologies that are consistent with industry standards.

Segal has proposed using the fee schedule presented during the RFP process. The proposal was initially for a five-year contract with pricing included for five one-year options. Segal's current proposal is to honor the pricing that was proposed starting with what would have been year three of the initial proposal and continuing through what would have been year five. The fee increases range between 2.9 percent and 2.3 percent for the three-year extension and five one-year extension options. Staff and Meketa believe this is a fair approach and that the fees remain appropriate.

RECOMMENDATION

Staff recommends extending the Actuarial Services contract with Segal Company for three years with five one-year options.

SDS:SGL

Attachment: Segal Fee Proposal for Contract Extension 26-29

180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
T 415.263.8200
F 415.376.1167
segalco.com

Via Email

June 30, 2025

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

**Re: East Bay Municipal Utility District Retirement System (EBMUDERS)
Fees for a proposed three-year extension (2026–2029) and five optional one-year extensions (2029–2034)**

Dear Sophia:

As you know, Segal currently provides services to the East Bay Municipal Utility District Retirement System under our Actuarial Services Agreement, for the period from April 8, 2024 to April 7, 2026. This letter presents our proposed schedule of project fees and hourly billing rates for our services under a three-year extension and five optional one-year extensions to our Actuarial Services Agreement.

Project fees

The table on the next page contains a list of projects that Segal provides on a regular basis, along with the proposed fee schedule for the three-year extension and five optional one-year extensions. We note that with the exception of carrying over an adjustment for a $10,000 annual discount to our fees for the Pension & HIB Funding Valuations, all of our other fees are the same as those previously included in our response to EBMUDERS' RFP for actuarial services dated February 5, 2024. These projects correspond to those listed in our current consulting and professional services agreement for professional actuarial services. Please note that certain projects in the table will continue to be provided on an "as needed" basis. For these projects, we have shown an estimate based on the stated number of hours, however, the final fee amounts will vary based on actual time charges.

Proposed Consultant Pricing for 2026/2027 through 2028/2029

Project	Current 2025 / 2026	Proposed 2026 / 2027	Proposed 2027 / 2028	Proposed 2028 / 2029
Consulting and Advisory Services (as needed on hourly rates basis, assumes 30 to 40 hours each year)	$15,500	$16,000	$16,500	$17,000
Pension & HIB Funding Valuations	98,000	101,000	104,000	107,000
Financial Reporting Information: GASB 67 Valuation	8,200	8,350	8,500	8,650
Financial Reporting Information: GASB 68 Valuation	14,000	14,250	14,500	14,750
Financial Reporting Information: GASB 74 Valuation (Incl. in 2nd line item)	0	0	0	0
Financial Reporting Information: GASB 75 Valuation	14,750	15,000	15,250	15,500
Quadrennial Experience Analysis Study	0[1]	0	0	49,000
Quadrennial Economic Assumptions Study	0	22,000	0	0
415b Benefit Calculations (as needed on hourly rates basis, assumes 40 to 50 hours each year)	19,500	20,000	20,500	21,000
Annual Comprehensive Financial Report	5,250	5,500	5,750	6,000
Annual Cost of Living Determination	1,000	1,050	1,050	1,100
As needed studies (on hourly rates basis)	Varies	Varies	Varies	Varies
Total	**$176,200**	**$203,150**	**$186,050**	**$240,000**

Proposed Five Optional One-Year Extensions for 2029/2030 through 2033/2034

Project	Proposed 2029 / 2030	Proposed 2030 / 2031	Proposed 2031 / 2032	Proposed 2032 / 2033	Proposed 2033 / 2034
Consulting and Advisory Services (as needed on hourly rates basis, assumes 30 to 40 hours each year)	$17,500	$18,000	$18,500	$19,000	$19,500
Pension & HIB Funding Valuations	$110,000	$113,000	$116,000	$119,000	$122,000
Financial Reporting Information: GASB 67 Valuation	$8,800	$8,950	$9,100	$9,250	$9,400
Financial Reporting Information: GASB 68 Valuation	$15,000	$15,250	$15,500	$15,750	$16,000
Financial Reporting Information: GASB 74 Valuation (Incl. in 2nd line item)	0	0	0	0	0
Financial Reporting Information: GASB 75 Valuation	$15,750	$16,000	$16,250	$16,500	$16,750
Quadrennial Experience Analysis Study	0	0	0	$54,000	0

[1] While a quadrennial experience analysis study will not be conducted during 2025/2026, our fee was $44,000 when the last quadrennial experience study was conducted during 2024/2025.

Segal

Project	Proposed 2029 / 2030	Proposed 2030 / 2031	Proposed 2031 / 2032	Proposed 2032 / 2033	Proposed 2033 / 2034
Quadrennial Economic Assumptions Study	0	$24,000	0	0	0
415b Benefit Calculations (as needed on hourly rates basis, assumes 40 to 50 hours each year)	$21,500	$22,000	$22,500	$23,000	$23,500
Annual Comprehensive Financial Report	$6,250	$6,500	$6,750	$7,000	$7,250
Annual Cost of Living Determination	$1,100	$1,150	$1,150	$1,200	$1,200
As needed studies (on hourly rates basis)	Varies	Varies	Varies	Varies	Varies
Total	**$195,900**	**$224,850**	**$205,750**	**$264,700**	**$215,600**

Over the last several months, Segal has modeled liabilities and costs associated with various potential HIB alternatives. Many of the scenarios required only minor adjustments to the current valuation programming and would not increase the cost of the annual valuation report. However, the scenarios where the maximum HIB exceeds the current underlying costs of a Medicare retiree with single-person coverage, required additional assumptions, programming, and review (to model the cost increases before such a retiree reaches the maximum HIB). If such a scenario is adopted, we believe it would be reasonable to increase the annual valuation fees by $3,000 - $5,000 to account for the added complexity of modeling the increases prior to reaching the cap.

Hourly rates

As shown in the table above, there are certain projects which we have noted will be provided on an as needed basis. These projects include requests from the Retirement Office to assist in reviewing benefit calculations for compliance with Section 415, providing comments related to the financial status of the pension and the HIB programs for the District's bond disclosures, etc.

Due to the unpredictable nature of those projects, we continue to suggest that our fees for those projects be based on actual time charges. Our current billing rates and our proposed billing rates for the period under a three-year extension and five optional one-year extensions are shown below.

Proposed Consultant Hourly Rates for 2026/2027 through 2028/2029

Personnel	Current 2025 / 2026	Proposed 2026 / 2027	Proposed 2027 / 2028	Proposed 2028 / 2029
Reviewing and Supervising Actuaries	$540–$550	$550–$560	$560–$570	$570–$580
Senior Actuarial Analysts	$380–$510	$390–$520	$400–$530	$410–$540
Actuarial Analysts	$245–$380	$255–$390	$265–$400	$275–$410
Clerical	No charge	No charge	No charge	No charge

Proposed Consultant Hourly Rates for Five Optional One-Year Extensions for 2029/2030 through 2033/2034

Personnel	Proposed 2029 / 2030	Proposed 2030 / 2031	Proposed 2031 / 2032	Proposed 2032 / 2033	Proposed 2033 / 2034
Reviewing and Supervising Actuaries	\$580–\$590	\$590–\$600	\$600–\$610	\$610–\$620	\$620–\$630
Senior Actuarial Analysts	\$420–\$550	\$430–\$560	\$440–\$570	\$450–\$580	\$460–\$590
Actuarial Analysts	\$285–\$420	\$295–\$430	\$305–\$440	\$315–\$450	\$325–\$460
Clerical	No charge	No charge	No charge	No charge	No charge

We greatly appreciate our relationship with you, other EBMUDERS staff, and your Board. Please let us know if you need any additional information.

Sincerely,

Andy Yeung

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

Mehdi Riazi

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

Emily Klare

Emily Klare, ASA, MAAA, EA
Senior Actuary

cc: Robert Hannay
Steven Goodman-Leibof

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 10, 2025

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, 2025.

DISCUSSION

The Retirement System's portfolio had a market value of $2.7 billion as of May 31, 2025 – up $100 million from the end of the third quarter of 2024. The portfolio return was 4.0 percent for the month of May. Over a one-year period, the portfolio return was 11.0 percent, equal to the total plan benchmark return of 11.0 percent. The portfolio return remains above the plan benchmark by 0.5 percent over a 10-year period.

SDS:SGL

Attachment: Performance Report

MEKETA

East Bay Municipal Utility District Employees' Retirement

July 10, 2025

Economic & Market Update and May 2025 Performance Update

Economic and Market Update

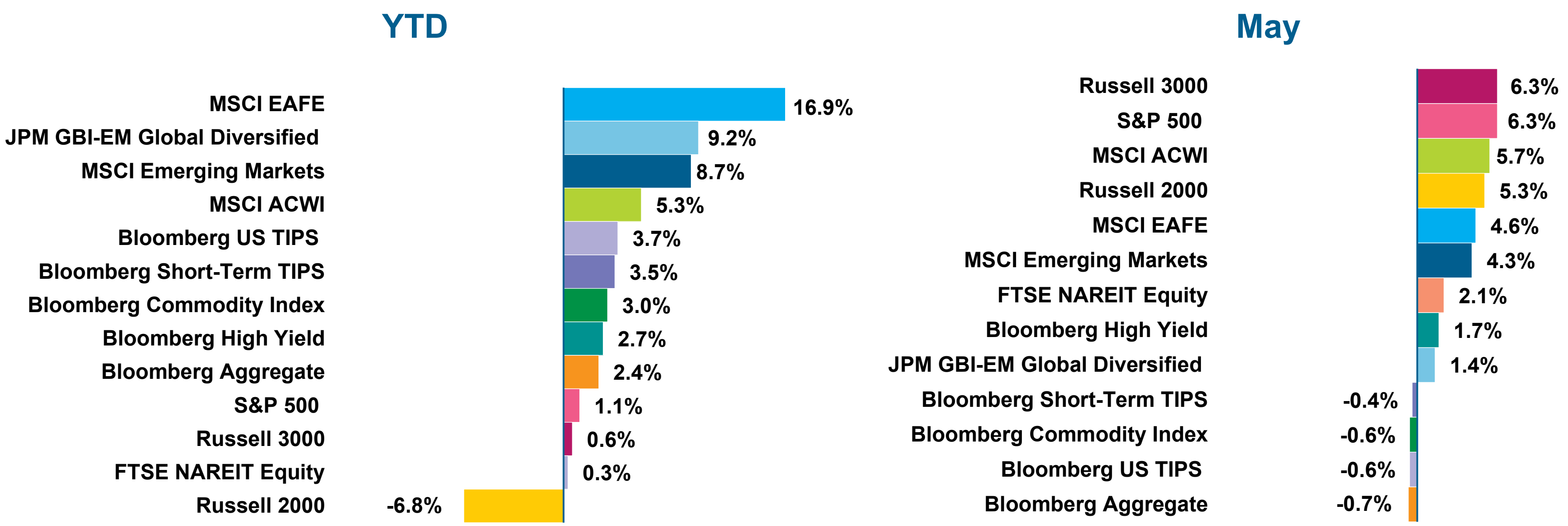
Data as of May 31, 2025

Commentary

Tariff related uncertainty declined in May and lifted global equity markets, but renewed concerns over the level of national debt emerged as a headwind for fixed income markets.

- Domestic equities rallied in May (Russell 3000: +6.3%), with growth stocks particularly in the technology sector leading the way.
- Non-US developed market stocks (MSCI EAFE: +4.6%) lagged US markets in May but led most asset classes year-to-date returning +16.9%.
- Emerging market equities returned +4.3% for the month, with a +2.7% return in China weighing on overall results.
- In early May, the Federal Reserve held rates steady, with inflation, while improving, remaining above target and the unemployment rate remaining low.
- Most fixed income markets dropped in May, with the broad Bloomberg Aggregate Index returning -0.7%, long Treasuries falling 2.9%, and TIPS declining 0.6%. Riskier bonds did better as risk sentiment improved with high yield bonds gaining 1.7% and emerging market debt increasing 1.4%.
- Looking ahead, continued uncertainty related to the US administration's tariff policies and their impact on the economy, inflation and Fed policy will be key. The track of the US deficit, China's economy and relations with the US, as well as concerns over elevated valuations and weakening earnings in the US equity market, will also be important focuses for the rest of this year.

Index Returns[1]



→ After tariff-related market volatility in April, global equity markets rallied in May on the announcement of a 90-day agreement between the US and China to pause reciprocal tariffs. Bond markets fell on concerns over growing debt levels globally.

→ US equity markets delivered the strongest returns in May, returning year-to-date performance to positive territory after a very weak start to 2025. International equities, particularly developed markets, added to their strong results for the year, supported by a weakening US dollar.

[1] Source: Bloomberg. Data is as of May 31, 2025.

Domestic Equity Returns[1]

Domestic Equity	May (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	6.3	5.6	1.1	13.5	14.4	15.9	12.8
Russell 3000	6.3	5.6	0.6	13.1	13.8	15.3	12.2
Russell 1000	6.4	5.8	1.0	13.7	14.3	15.6	12.6
Russell 1000 Growth	8.8	10.8	-0.3	17.6	19.8	17.7	16.1
Russell 1000 Value	3.5	0.4	2.5	8.9	8.2	13.0	8.6
Russell MidCap	5.7	4.6	1.1	10.3	9.1	12.7	9.2
Russell MidCap Growth	9.6	13.3	5.2	23.2	16.7	12.2	11.5
Russell MidCap Value	4.4	1.8	-0.4	6.0	5.9	13.2	7.7
Russell 2000	5.3	2.9	-6.8	1.2	5.0	9.6	6.6
Russell 2000 Growth	6.4	5.7	-6.0	3.5	7.9	7.0	6.7
Russell 2000 Value	4.2	0.0	-7.7	-1.1	2.1	12.0	6.2

US Equities: The Russell 3000 returned 6.3% in May.

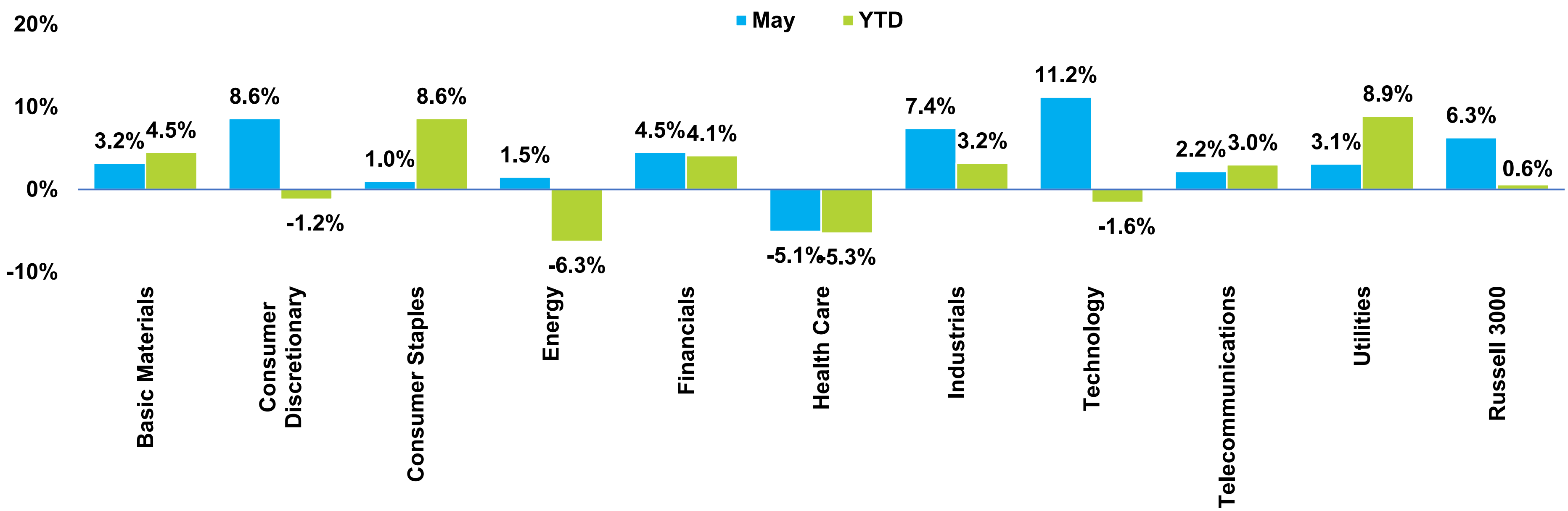
→ US stocks rallied 6.3% in May as trade tensions eased. The bulk of the gains came after an agreement between the US and China to temporarily suspend their tariffs on May 12. The Russell 3000 index appreciated 3.3% on that day alone.

→ Except for Apple, the “Magnificent 7” stocks drove the broad indices higher. NVIDIA was the top contributor in the Russell 3000 index: the stock appreciated 24% in May, powered by a strong first quarter earnings report.

→ Growth stocks outperformed value stocks across the market capitalization spectrum for the month, a continuation of the year-to-date trend in large and small capitalization markets. In the mid cap space, growth stocks have outperformed value stocks year to date, largely due to a single stock: Palantir Technologies.

[1] Source: Bloomberg. Data is as of May 31, 2025.

Russell 3000 Sector Returns[1]



- In a reversal of the trend so far in 2025 technology stocks led the way in May driven by the so-called "Magnificent 7" stocks. According to FactSet, the first quarter earnings of these companies exceeded estimates by 14.9%, compared to 8.2% for the remainder of the S&P 500.
- Consumer discretionary was the next leading sector, almost exclusively due to gains by Tesla and Amazon.
- Health Care had the weakest results. Eli Lilly, despite reporting a reasonably strong first quarter, was the sector's largest detractor. Investors became wary of the competition in the GLP-1 space, mainly from Novo Nordisk.
- For the year, defensive sectors like utilities and consumer staples continued to lead the way.

[1] Source: Bloomberg. Data is as of May 31, 2025.

Foreign Equity Returns[1]

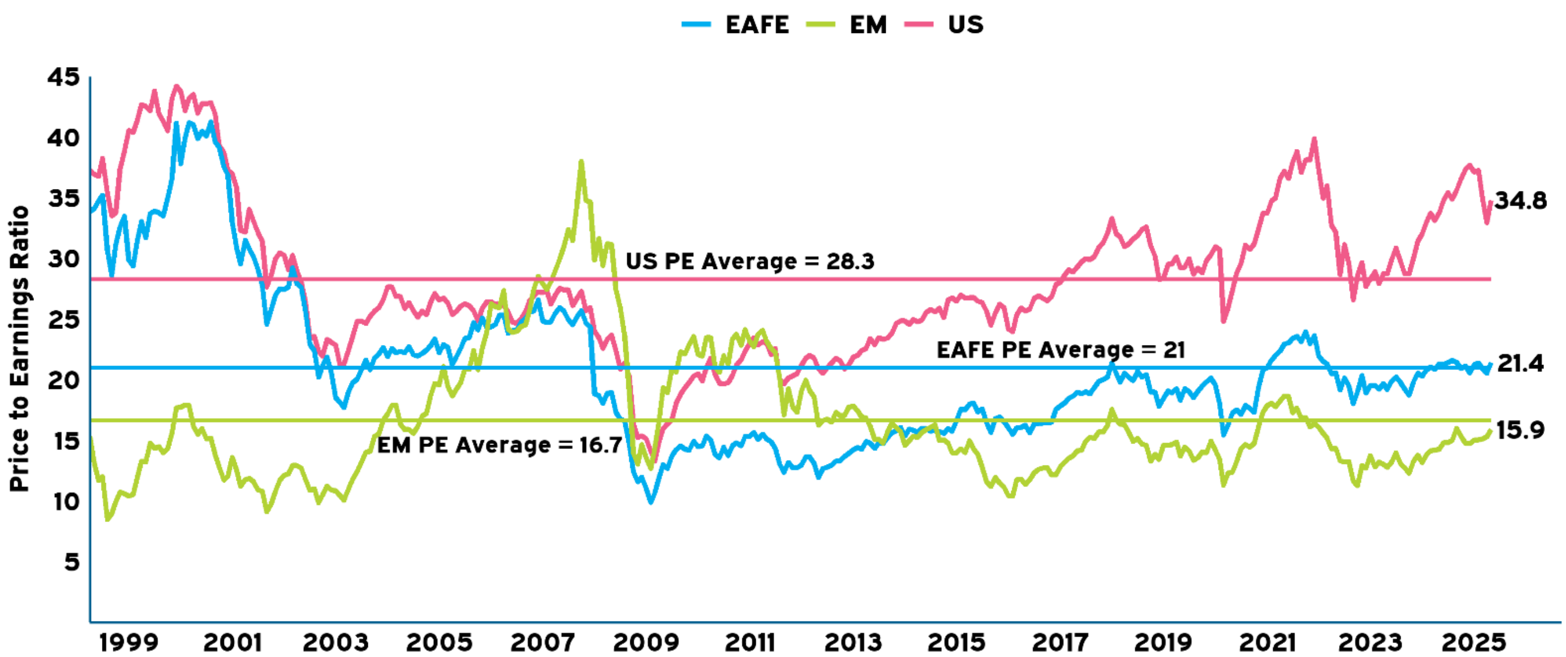
Foreign Equity	May (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	4.6	8.4	14.0	13.8	9.4	10.4	5.5
MSCI EAFE	4.6	9.4	16.9	13.3	11.5	11.4	6.0
MSCI EAFE (Local Currency)	4.7	4.6	7.6	7.2	10.9	12.2	6.5
MSCI EAFE Small Cap	5.6	11.7	15.9	13.8	7.5	8.6	5.9
MSCI Emerging Markets	4.3	5.6	8.7	13.0	5.1	7.1	3.9
MSCI Emerging Markets (Local Currency)	3.1	2.9	5.6	12.2	7.0	8.3	5.7
MSCI EM ex China	4.9	9.0	7.1	8.5	5.9	11.2	5.3
MSCI China	2.7	-1.6	13.1	26.5	4.0	0.0	1.2

Foreign Equity: Developed international equities (MSCI EAFE) returned 4.6% in May and emerging market equities (MSCI Emerging Markets) rose 4.3%.

- Developed markets saw solid returns in May but lagged their US peers. Eurozone equities benefitted from expectations of fiscal support and positive earnings revisions, although a drop in PMIs and continued US trade uncertainty weighed on returns. The UK lagged Eurozone peers, benefitting early in the month from a rate cut before a jump in inflation dampened excitement. Japan saw the strongest performance among developed ex- US markets, bolstered by strong earnings for large cap exporters and promising US-China trade negotiations.
- Emerging markets also performed well particularly in dollar terms but lagged developed counterparts slightly. While Chinese equities benefitted from a temporary tariff agreement they continued to face headwinds from a slowing economy. India underperformed emerging market peers after several months of strong returns, while Korea and Taiwan were among the strongest performers in May on renewed enthusiasm around AI.

[1] Source: Bloomberg. Data is as of May 31, 2025.

Equity Cyclically Adjusted P/E Ratios[1]



- After a considerable pullback to start the year, US stock valuations rose in May and continued to trade well above their long-run cyclically adjusted P/E average of 28.3.
- While non-US developed stocks performed very well at the start of 2025, at the end of May their valuations remain close to their long-run P/E ratio of 21.
- Emerging market equities continue to trade below their long-run P/E average of 16.7 despite the recent rally.

[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 2025. 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 Returns[1]

Fixed Income	May (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-0.5	-0.2	2.5	5.8	2.1	-0.3	1.8	4.9	5.9
Bloomberg Aggregate	-0.7	-0.3	2.4	5.5	1.5	-0.9	1.5	4.7	6.1
Bloomberg US TIPS	-0.6	-0.5	3.7	5.7	0.9	1.6	2.5	4.3	6.6
Bloomberg Short-term TIPS	-0.4	0.4	3.5	6.6	3.3	3.8	2.8	4.1	2.4
Bloomberg US Long Treasury	-2.9	-3.9	0.6	0.7	-5.0	-8.6	-0.5	4.9	14.7
Bloomberg High Yield	1.7	1.7	2.7	9.3	6.8	5.8	5.0	7.5	3.3
JPM GBI-EM Global Diversified (USD)	1.4	4.7	9.2	9.5	5.9	1.4	1.7	--	--

Fixed Income: The Bloomberg Universal index declined 0.5% in May.

→ In the bond market easing trade tensions were offset by rising concerns over expansionary US fiscal policies in May.

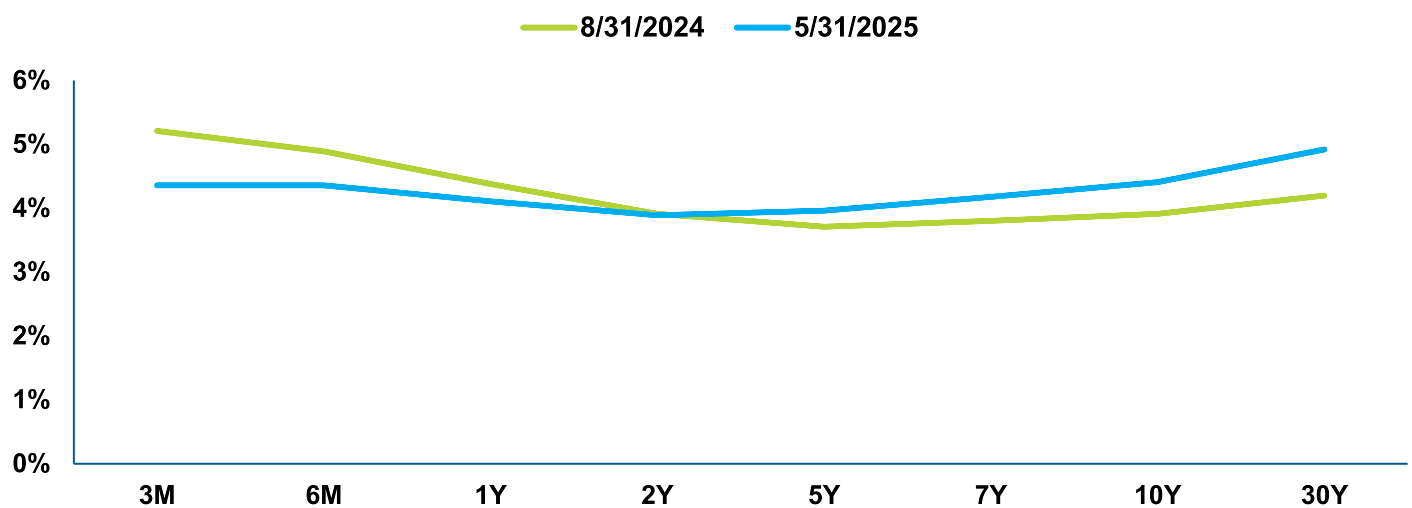
→ Rising Treasury yields weighed on the broad US bond market with the Bloomberg Aggregate declining 0.7% for the month. Long-term Treasuries (-2.9%) were the worst performer in the rising rate environment.

→ Short (-0.4%) and longer dated (-0.6%) TIPS also fell as economic uncertainty remained elevated, but growth expectations improved.

→ Given the improving risk sentiment high yield (+1.7%) and emerging market debt (+1.4%) had the best results in May.

[1] Source: Bloomberg. Data is as of May 31, 2025. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration, respectively. JPM GBI-EM data is from J.P. Morgan. Current yield and duration data is not available.

US Yield Curve[1]

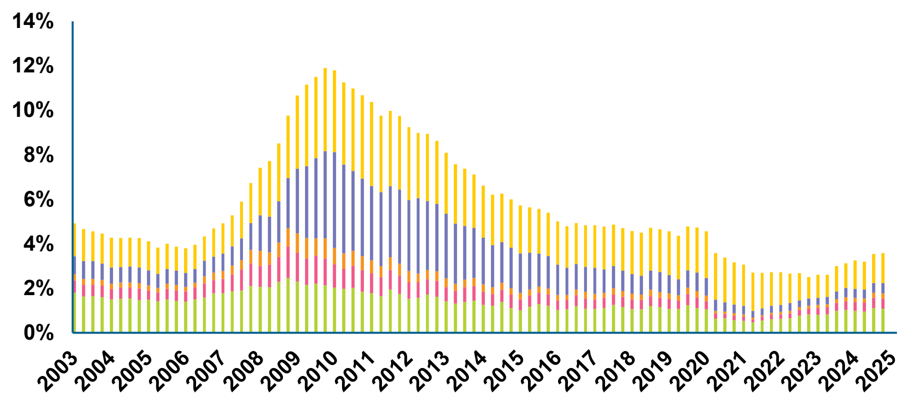


- In the bond market, relief over a de-escalation in tariff tensions quickly switched to fiscal concerns related to a growing US government debt load and interest expense. The related headline of Moody's cutting the US credit rating added to bond market volatility during the month.
- In May the policy sensitive two-year Treasury yield increased to 3.9% by month end on reduced Fed rate cute expectations. Longer dated bonds were particularly impacted by fiscal concerns with both ten-year (4.2% to 4.4%) and thirty-year (4.7% to 4.9%) Treasury yields rising over the month.
- After the Fed started reducing interest rates in September 2024, the yield curve stopped being inverted (short-term interest rates higher than long-term interest rates) as this reduced short-term rates while long-term rates have been influenced by growth and inflation expectations and recently concerns over the US fiscal situation.

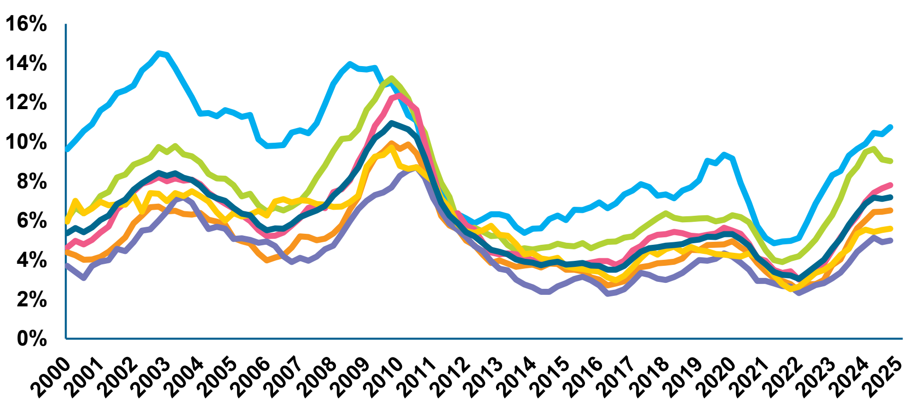
[1] Source: Bloomberg. Data is as of May 31, 2025. The August 2024 Treasury yields are shown as a reference before the first interest rate cut.

Stress is Building on US Consumers

Total Balance by Delinquency Status[1]



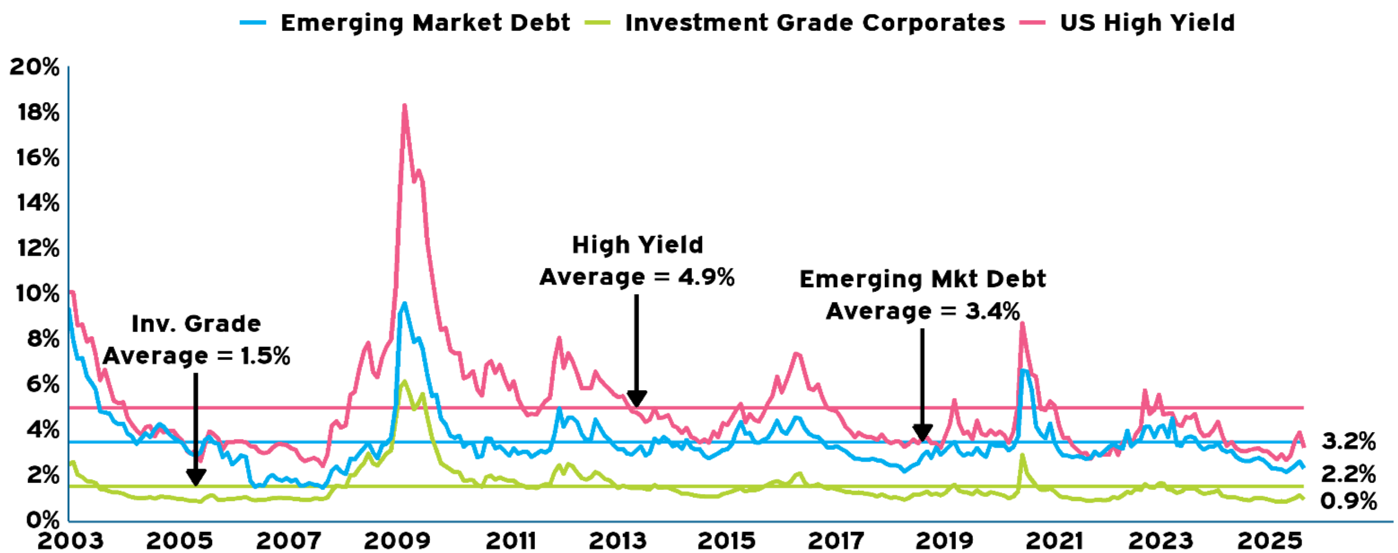
Transition into Serious Delinquency for Credit Cards by Age[2]



- Signs of stress on the US consumer have started to emerge given persistently higher prices and interest rates.
- After falling to historic lows during the pandemic, loan delinquencies recently started rising.
- Parts of the credit market have started to show stress, but total delinquencies are well below pre-pandemic levels.
- While total delinquency rates are below pre-pandemic levels, the credit card segment is showing more signs of distress as borrowers are subject to variable and higher borrowing costs.
- Credit card delinquencies are rising rapidly, especially for borrowers under the age of forty.
- The restarting of student loan payments and reporting for those in default could add additional pressures to consumers going forward.

[1] Source: New York Federal Reserve, Quarterly Household Debt and Credit Report, February 2025. See also FRED. Data is as of April 30, 2025.
[2] Source: FRED. Data is as of April 30, 2025.

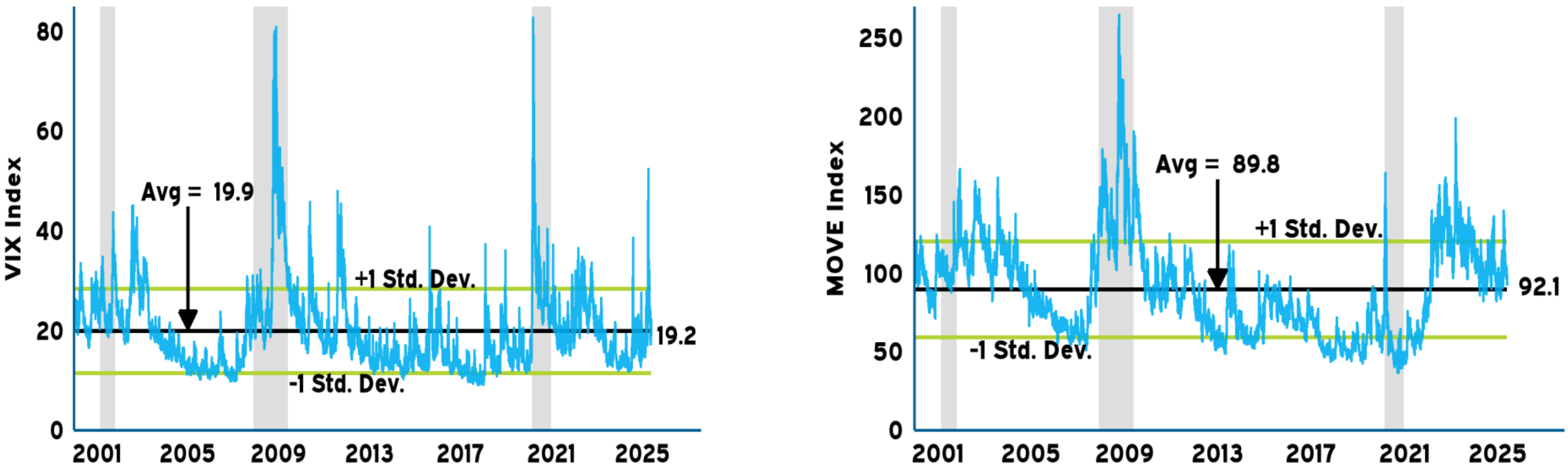
Credit Spreads vs. US Treasury Bonds[1]



- As Treasury yields rose and risk sentiment improved credit spreads narrowed in May.
- Investment grade spreads (the difference in yield from a comparable Treasury) spiked in the risk-off environment in April but have largely returned to prior levels.
- High yield spreads moved the most (3.8% to 3.2%) in May. At the peak of uncertainty in April, they crossed above 4.5%. Emerging market spreads declined (2.5% to 2.2%) over the month of May.
- All yield spreads remained below their respective long-run averages, particularly high yield (3.2% versus 4.9%).

[1] Source: Bloomberg. Data is as May 31, 2025. 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.

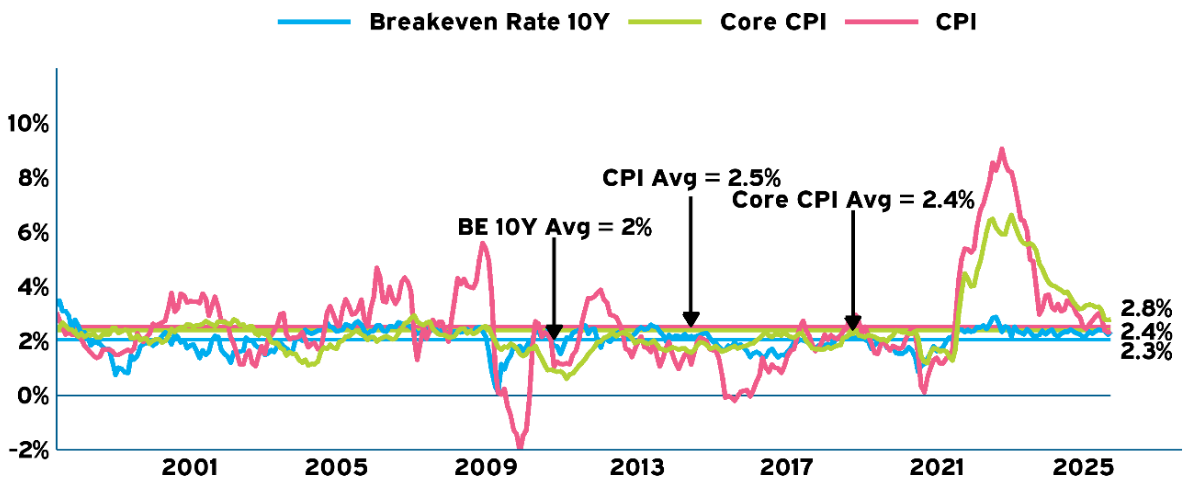
Equity and Fixed Income Volatility[1]



- Bond and equity volatility spiked in April after the "Liberation Day" tariff announcement. Volatility levels finished well off their highs, though, in May, as the new tariffs were subsequently put on hold for 90 days for many countries to allow time for negotiations.
- Volatility levels (VIX) in the US stock market finished May below its long-run average while bond market (MOVE) volatility ended the month slightly above 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 31, 2025. The average line indicated is the average of the VIX and MOVE values between January 2000 and May 2025.

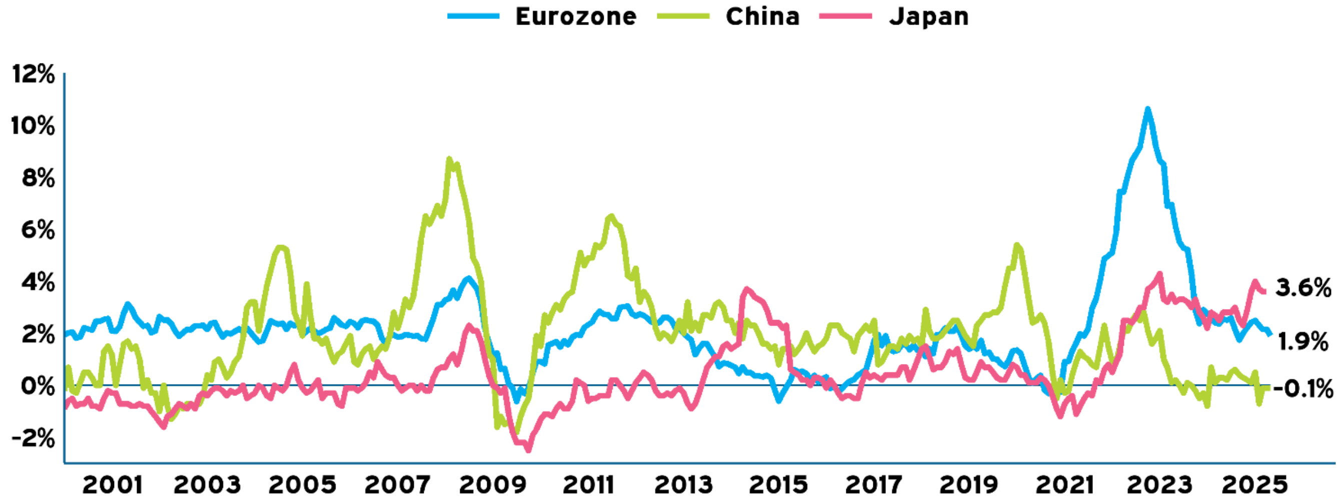
US Ten-Year Breakeven Inflation and CPI[1]



- Inflation has been slow to return to the Fed's 2% average target, with headline twelve-month inflation rising slightly from 2.3% to 2.4% in May matching expectations. For the month, shelter rose 0.3% and was the primary factor in the monthly increase with food prices rising a similar amount and energy falling 1.0% on lower gas prices.
- Core inflation year-over-year held steady at 2.8% in May (slightly below expectations for a 2.9% reading). For the month it increased 0.1%, down from the 0.2% level in April. Shelter, medical care, and transportation (particularly motor vehicle insurance) all rose while car and apparel prices fell.
- While tariff related price rises were not evident in the May inflation data, underlying price pressures in shelter and services continue to be headwinds for consumer prices.
- Inflation expectations (breakevens) rose slightly in May from 2.2% to 2.3% given on-going tariff uncertainty and expansionary fiscal policy.

[1] Source: FRED. Data is as of May 2025. 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.

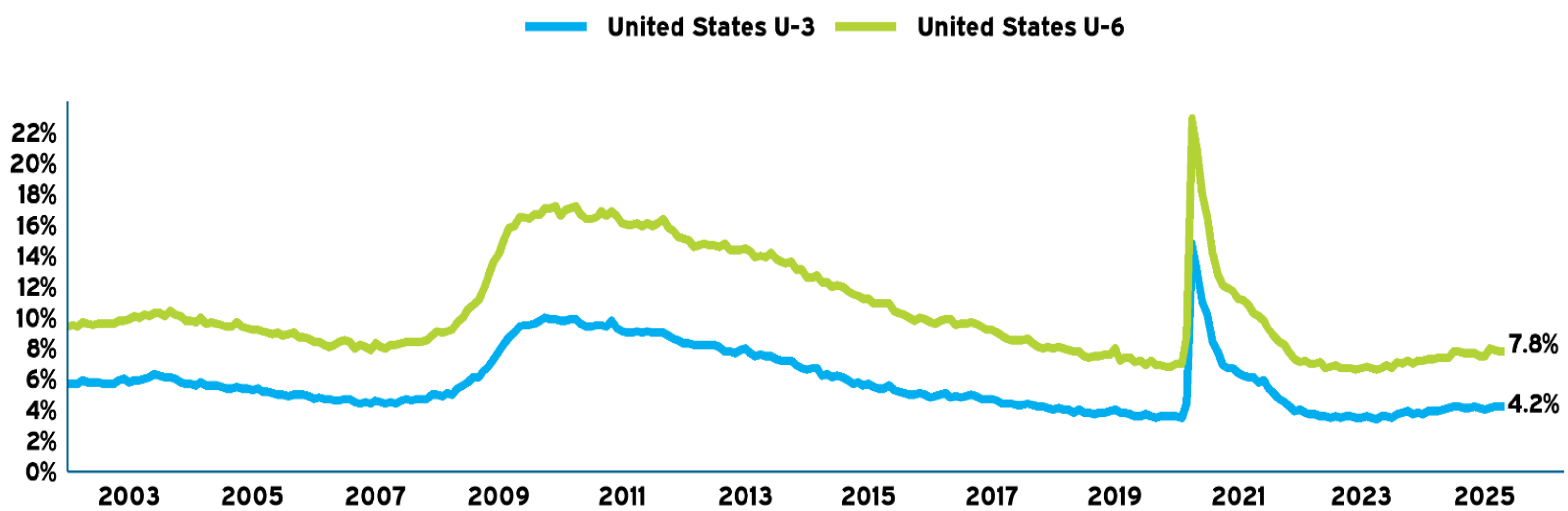
Global Inflation (CPI Trailing Twelve Months)[1]



- Inflation in the eurozone fell below its 2% target in May, rising 1.9% year-on-year largely due to a significant decline in services inflation. Given reduced inflation pressures, markets expect the ECB to cut interest rates once more by early next year.
- The potential impact of future tariffs has complicated the inflation outlook for the Bank of Japan. Inflation rose 3.6% in May (the same rate as in April) driven by food prices with the cost of rice up 98% yoy given weak harvests.
- In China, despite record policy stimulus, consumer prices declined for the fourth month in a row. During the month, prices fell by 0.1% compared to a year prior, highlighting the widespread weakness of the economy and ongoing trade uncertainty related to the US.

[1] Source: Bloomberg. Data is as May 2025, except Japan which is as of April 2025.

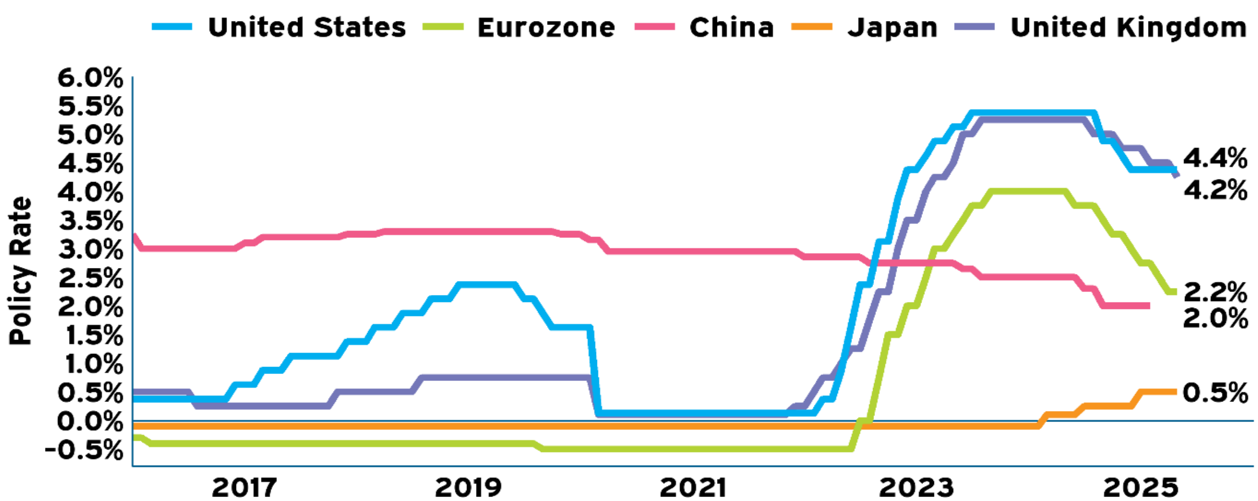
US Unemployment[1]



- In May, the US added 139,000 jobs (above expectations of 126,000); the unemployment rate held steady at 4.2% with 7.2 million unemployed.
- Health care added 62,000 jobs (close to 20,000 more than the recent trend), leisure and hospitality added 48,000 jobs, and social assistance added 16,000 jobs in May. Federal employees lost 22,000 jobs in May, bringing total losses to 59,000 since the start of the year.
- May hires (5.6M) outnumbered separations (5.3M) with quits (3.2M) exceeding layoffs (1.8M).
- Initial claims for unemployment remain relatively low and annual wage growth, although tracking down, is close to 4.0%.

[1] Source: FRED and BLS. Data is as of May 31, 2025.

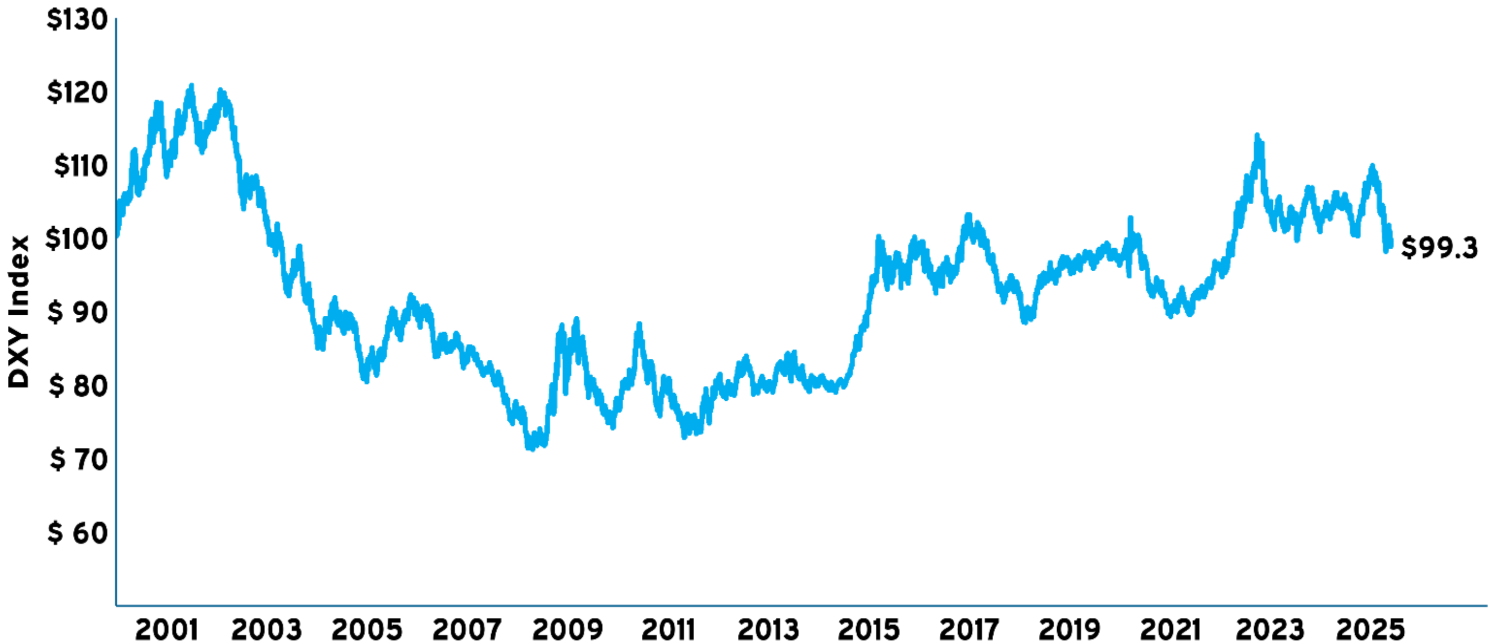
Global Policy Rates[1]



- While the Fed remains on hold, other central banks have continued to ease policy rates. Expectations are now for the Fed to cut rates roughly two times this year, down from four expected cuts during the heart of growth concerns.
- In May, the Bank of England cut interest rates for the fourth time, by 0.25% to 4.25%, while in May the European Central Bank cut rates by another 0.25% to 2.0%. In addition to cutting interest rates, the People's Bank of China has also reduced reserve requirements, lowered mortgage rates, and supported the stock market.
- In contrast to many other central banks, the Bank of Japan increased interest rates in January to 0.5% in the face of persistent inflation. Future rate hikes and/or quantitative tightening are anticipated in the coming months, while rate cutting by other major central banks complicate prospects for further policy rate hikes in Japan.

[1] Source: Bloomberg. Data is as of May 31, 2025, except China which is as of February 28, 2025. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.

US Dollar vs. Broad Currencies[1]



- After several years of appreciation against a basket of currencies, the US dollar continued to weaken in May.
- Typically, higher interest rates support the US dollar but recent concerns over changing US administration policies, potentially slower growth, and fiscal concerns all led to investors shedding US assets.

[1] Source: Bloomberg. Data as of May 31, 2025.

Summary

Key %Trends:

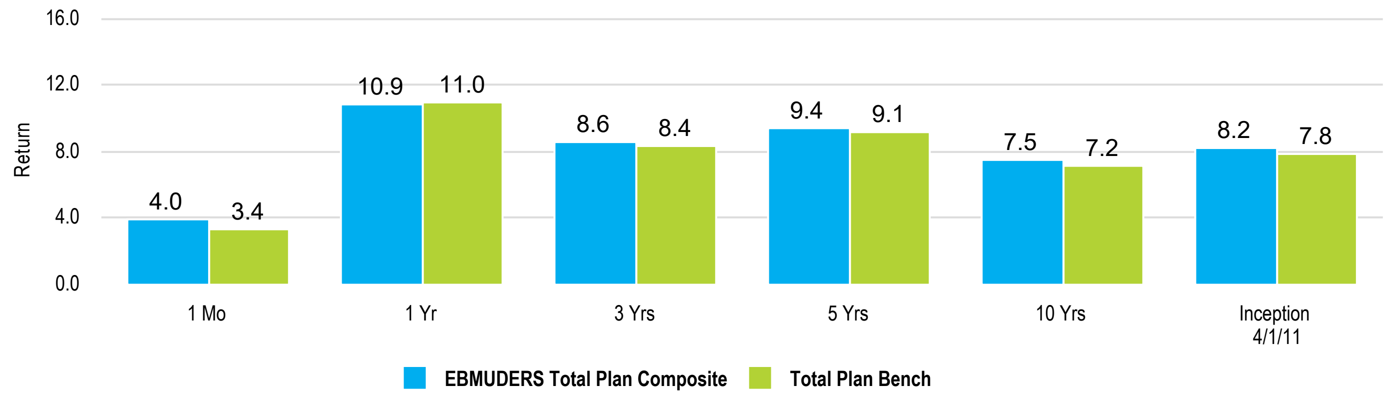
- According to the International Monetary Fund's (IMF) April annual report, global growth in 2025 was downgraded from 3.3% to 2.8%, 0.5% lower than 2024. Concerns related to tariffs and their impact on growth drove the reduction. Growth forecast in the US saw one of the larger declines for 2025 (+2.7% to +1.8%). China's growth forecast was also substantially lowered for this year (4.6% to 4.0%), while growth in the EU is projected to be slightly lower (1.0% to 0.8%) in 2025.
- Despite the recent pause and negotiations related to tariffs, questions remain. Overall higher tariff levels and continued uncertainty could weigh on growth while at the same time increasing prices. Inflation levels and recent developments with tariffs will likely lead to a slower pace of interest rate cuts by the Fed. Uncertainty in the US and the potential for slower growth could continue the rotation out of US assets and the pressure on the dollar.
- Signs of stress have started to emerge on the US consumer with sentiment weakening. Consumers are particularly concerned about losing their jobs and the potential for higher prices. Overall risk to economic growth and to inflation from tariffs, as well as elevated borrowing costs, could put further pressure on consumers and lead to a weaker job market. The recent resumption of collecting and reporting delinquent student loans could be a further headwind to consumption.
- US equities have now recovered from losses during the first week of April and are approaching all- time highs. A focus 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 continue to be important.
- Trade tensions between the US and China will remain a key focus. Recently the two countries agreed on a 90-day truce with the US lowering its maximum tariff rate on Chinese goods from 145% to 30%, with a 10% baseline level. China agreed to lower its 125% tariff on American goods to 10%. Questions remain about what will happen after the 90-day period and notably tariff levels on China remain higher than where they previously were.

Performance Update

Data as of May 31, 2025

Summary of Cash Flows	1 Mo	1 Yr
EBMUDERS Total Plan Composite		
Beginning Market Value	$2,613,010,980	$2,471,619,596
Net Cash Flow	-$2,485,000	-$27,092,474
Net Investment Change	$104,694,429	$270,693,287
Ending Market Value	$2,715,220,408	$2,715,220,408

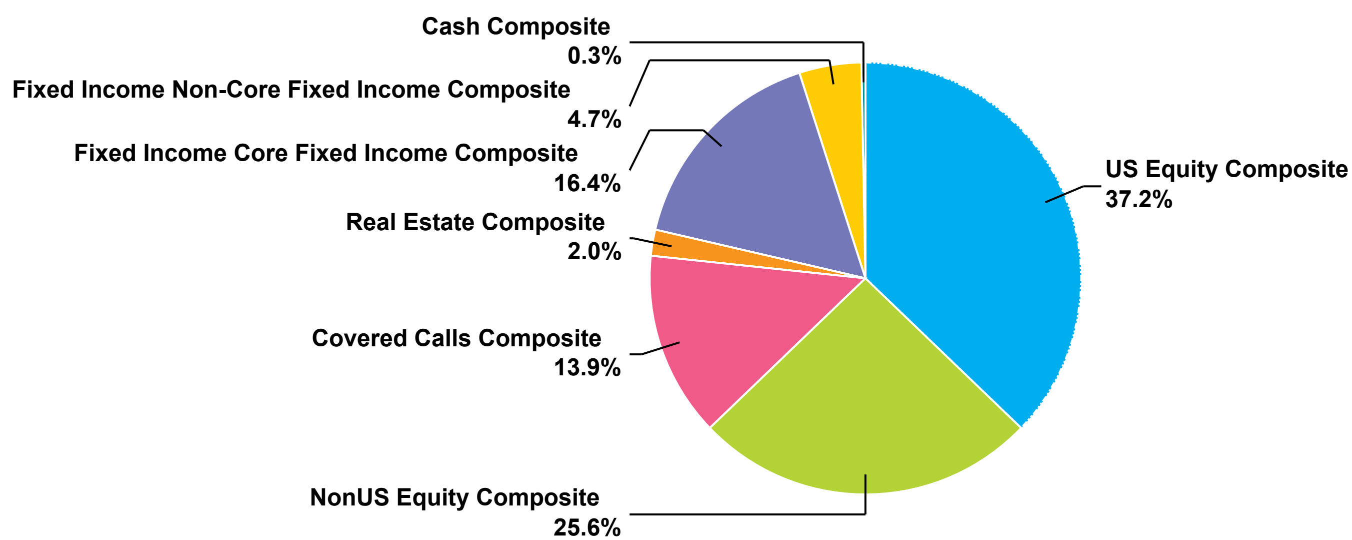
Return Summary



Benchmark defintions are listed at the end of this report.

Actual vs Target Allocation | As of May 31, 2025

Allocation vs. Targets and Policy				
	Current Balance ($)	Current Allocation (%)	Policy (%)	Policy Range (%)
Domestic Equity	$1,009,483,603	37.2	33.5	28.5 - 38.5
International Equity	$696,301,625	25.6	25.0	20.0 - 30.0
Covered Calls	$376,182,074	13.9	14.0	11.0 - 17.0
Real Estate	$52,987,518	2.0	2.5	0.5 - 4.5
Core Fixed Income	$445,695,749	16.4	20.0	17.0 - 23.0
Non-Core Fixed Income	$126,299,602	4.7	5.0	3.0 - 7.0
Cash	$8,270,239	0.3	0.0	0.0 - 5.0
Total	**$2,715,220,408**	**100.0**	**100.0**	



Policy Targets reflect stage 1 Interim Policy Targets per the Evolving Policy Plan.
Actual allocations may deviate from Policy Targets and ranges during the asset allocation transition.

EBMUDERS | As of May 31, 2025

	Market Value ($)	% of Portfolio	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	Inception (%)	Inception Date
EBMUDERS Total Plan Composite	**2,715,220,408**	**100.0**	**4.0**	**11.0**	**8.7**	**9.6**	**7.7**	**7.7**	**9.4**	**Aug-84**
Total Plan Benchmark			*3.4*	*11.0*	*8.4*	*9.1*	*7.2*	*7.3*	*9.6*	
US Equity Composite	**1,009,483,603**	**37.2**	**6.3**	**13.0**	**13.7**	**15.3**	**12.3**	**10.3**	**11.6**	**Aug-84**
Russell 3000 Hybrid			*6.3*	*13.1*	*13.8*	*15.3*	*12.2*	*10.3*	*--*	
Non-US Equity Composite	**696,301,625**	**25.6**	**4.7**	**14.1**	**9.7**	**10.9**	**5.5**	**6.3**	**6.8**	**Jul-95**
MSCI ACWI xUS (blend)			*4.7*	*14.4*	*10.0*	*10.9*	*6.0*	*6.1*	*5.8*	
Covered Calls Composite	**376,182,074**	**13.9**	**4.6**	**9.7**	**9.7**	**11.2**	**8.5**	**--**	**9.4**	**Feb-14**
Cboe S&P 500 Buy Write Index			*0.9*	*9.3*	*7.4*	*9.6*	*6.1*	*5.6*	*6.4*	
Real Estate Composite	**52,987,518**	**2.0**	**0.0**	**11.5**	**1.9**	**7.7**	**7.2**	**--**	**6.2**	**Jan-07**
Real Estate Composite Benchmark			*0.0*	*10.6*	*2.9*	*7.5*	*6.6*	*7.8*	*6.7*	
Fixed Income Composite	**571,995,351**	**21.1**	**-0.5**	**5.7**	**2.8**	**1.0**	**2.3**	**3.6**	**6.5**	**Aug-84**
Fixed Income Composite Benchmark			*-0.3*	*5.8*	*2.7*	*0.8*	*2.2*	*3.4*	*6.3*	
Cash Composite	**8,270,239**	**0.3**	**0.0**	**4.8**	**4.2**	**2.7**	**2.1**	**2.0**	**2.9**	**Apr-96**
FTSE 3 Month T-Bill			*0.4*	*5.0*	*4.7*	*2.8*	*2.0*	*1.7*	*2.3*	

Benchmark definitions are listed at the end of this report.

Manager Performance - Gross of Fees | As of May 31, 2025

	Market Value ($)	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
EBMUDERS Total Plan Composite	**2,715,220,408**	**4.0**	**11.0**	**8.7**	**9.6**
Total Plan Bench		*3.4*	*11.0*	*8.4*	*9.1*
US Equity Composite	**1,009,483,603**	**6.3**	**13.0**	**13.7**	**15.3**
Russell 3000 Hybrid		*6.3*	*13.1*	*13.8*	*15.3*
Northern Trust Russell 3000	1,008,678,615	6.3	13.0	13.8	15.3
Russell 3000 Index		*6.3*	*13.1*	*13.8*	*15.3*
Non US Equity Composite	**696,301,625**	**4.7**	**14.1**	**9.7**	**10.9**
MSCI ACWI xUS (blend)		*4.7*	*14.4*	*10.0*	*10.9*
Northern Trust ACWI ex US	696,301,625	4.7	14.1	9.7	10.4
MSCI AC World ex USA index		*4.7*	*14.4*	*10.0*	*10.9*
Covered Calls Composite	**376,182,074**	**4.6**	**9.7**	**9.7**	**11.2**
Cboe S&P 500 Buy Write Index		*0.9*	*9.3*	*7.4*	*9.6*
Parametric BXM	180,476,995	3.1	7.4	8.7	11.0
Cboe S&P 500 Buy Write Index		*0.9*	*9.3*	*7.4*	*9.6*
Parametric Delta Shift	195,705,079	5.9	11.7	11.8	14.4
Cboe S&P 500 Buy Write Index		*0.9*	*9.3*	*7.4*	*9.6*

Manager Performance - Gross of Fees | As of May 31, 2025

	Market Value ($)	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Core Fixed Income Composite	**445,695,749**	**-1.0**	**5.5**	**1.8**	**-0.2**
Fixed Income Core Composite Bench		*-0.7*	*5.5*	*1.6*	*-0.5*
CS McKee	226,191,291	-0.7	5.5	2.0	-0.5
Blmbg. U.S. Aggregate Index		*-0.7*	*5.5*	*1.5*	*-0.9*
Garcia Hamilton	219,504,458	-1.4	5.6	1.5	0.1
Garcia Hamilton Blended Benchmark		*-0.7*	*5.5*	*1.7*	*-0.1*
Non-Core Fixed Income Composite	**126,299,602**	**1.6**	**6.1**	**6.4**	**5.5**
Fixed Income Non-Core Composite Bench		*1.5*	*7.2*	*6.9*	*5.9*
MacKay Shields (HY)	65,087,773	1.3	6.6	6.9	6.3
Mackay Shields Blended Benchmark		*1.7*	*7.8*	*6.8*	*6.1*
Federated Investment Counseling (Bank Loans)	61,211,829	1.8	6.2	6.1	4.8
Federated Investment Counseling Blended Benchmark		*1.4*	*6.6*	*7.0*	*5.6*
Real Estate Composite	**52,987,518**	**0.0**	**11.5**	**1.9**	**7.7**
Real Estate Composite Benchmark		*0.0*	*10.6*	*2.9*	*7.5*
RREEF America II Lag	52,987,518	0.0	-0.5	-2.9	2.9
NCREIF NPI Lag		*0.0*	*0.4*	*-0.8*	*3.1*

Manager Performance - Gross of Fees | As of May 31, 2025

	Market Value ($)	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Cash Composite	**8,270,239**	**0.0**	**4.8**	**4.2**	**2.7**
Cash LAIF	8,270,239	0.0	4.8	4.2	2.7
FTSE 3 Month T-Bill		*0.4*	*5.0*	*4.7*	*2.8*

Benchmark History		
From Date	To Date	Benchmark
EBMUDERS Total Plan Composite		
10/01/2024	Present	33.5% Russell 3000 Index, 14.0% Cboe S&P 500 Buy Write Index, 25.0% MSCI AC World ex USA index, 20.0% Blmbg. U.S. Aggregate Index, 2.5% Blmbg. U.S. Corp: High Yield Index, 2.5% S&P UBS Leveraged Loans, 2.5% NCREIF NPI Lag
02/01/2023	10/01/2024	25.0% Russell 3000 Index, 20.0% Cboe S&P 500 Buy Write Index, 25.0% MSCI AC World ex USA index, 20.0% Blmbg. U.S. Aggregate Index, 2.5% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr, 2.5% 60% CredSuisLevLoan/40% BBStGovCorp, 2.5% NCREIF NPI Lag, 2.5% FTSE NAREIT All Equity REITs
12/01/2019	02/01/2023	25.0% Russell 3000 Index, 20.0% Cboe S&P 500 Buy Write Index, 25.0% MSCI AC World ex USA index, 10.0% Blmbg. U.S. Aggregate Index, 10.0% Blmbg. Intermed. U.S. Government/Credit, 2.5% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr, 2.5% 60% CredSuisLevLoan/40% BBStGovCorp, 2.5% NCREIF NPI Lag, 2.5% FTSE NAREIT All Equity REITs
03/01/2019	12/01/2019	25.0% Russell 3000 Index, 20.0% Cboe S&P 500 Buy Write Index, 25.0% MSCI AC World ex USA index, 15.0% Blmbg. U.S. Aggregate Index, 5.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 2.5% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr, 2.5% 60% CredSuisLevLoan/40% BBStGovCorp, 2.5% NCREIF NPI Lag, 2.5% FTSE NAREIT All Equity REITs
07/01/2018	03/01/2019	25.0% Russell 3000 Index, 20.0% Cboe S&P 500 Buy Write Index, 25.0% MSCI AC World ex USA index, 15.0% Blmbg. U.S. Aggregate Index, 5.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 2.5% Blmbg. U.S. High Yield 1-5 Yr Cash Pay 2%, 2.5% Morningstar LSTA U.S. Performing Loans, 2.5% NCREIF NPI Lag, 2.5% FTSE NAREIT All Equity REITs
04/01/2014	07/01/2018	40.0% Russell 3000 Index, 20.0% Cboe S&P 500 Buy Write Index, 15.0% MSCI AC World ex USA index, 10.0% Blmbg. U.S. Aggregate Index, 5.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 2.5% Blmbg. U.S. High Yield 1-5 Yr Cash Pay 2%, 2.5% Morningstar LSTA U.S. Performing Loans, 2.5% NCREIF NPI Lag, 2.5% FTSE NAREIT All Equity REITs
03/01/2014	04/01/2014	40.0% Russell 3000 Index, 20.0% Cboe S&P 500 Buy Write Index, 15.0% MSCI AC World ex USA index, 15.0% Blmbg. U.S. Aggregate Index, 2.5% Blmbg. U.S. High Yield 1-5 Yr Cash Pay 2%, 2.5% Morningstar LSTA U.S. Performing Loans, 2.5% NCREIF NPI Lag, 2.5% FTSE NAREIT All Equity REITs
11/01/2011	03/01/2014	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, 2.5% FTSE NAREIT All Equity REITs
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, 20.0% MSCI AC World ex USA index, 25.0% Blmbg. U.S. Aggregate Index, 5.0% NCREIF NPI Lag
10/01/2005	01/01/2007	50.0% Russell 3000 Index, 20.0% MSCI EAFE (Net), 25.0% Blmbg. U.S. Aggregate Index, 5.0% NCREIF NPI Lag
04/01/2005	10/01/2005	30.0% S&P 500 Index, 10.0% S&P MidCap 400 Index, 10.0% Russell 2000 Index, 20.0% MSCI EAFE (Net), 25.0% Blmbg. U.S. Aggregate Index, 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		
10/01/2024	Present	80.0% Blmbg. U.S. Aggregate Index, 10.0% S&P UBS Leveraged Loans, 10.0% Blmbg. U.S. Corp: High Yield Index
02/01/2023	10/01/2024	80.0% Blmbg. U.S. Aggregate Index, 10.0% 60% CredSuisLevLoan/40% BBStGovCorp, 10.0% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr
12/01/2019	02/01/2023	40.0% Blmbg. Intermed. U.S. Government/Credit, 40.0% Blmbg. U.S. Aggregate Index, 10.0% 60% CredSuisLevLoan/40% BBStGovCorp, 10.0% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr
03/01/2019	12/01/2019	20.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 60.0% Blmbg. U.S. Aggregate Index, 10.0% 60% CredSuisLevLoan/40% BBStGovCorp, 10.0% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr
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		
02/01/2023	Present	100.0% Blmbg. U.S. Aggregate Index
12/01/2019	02/01/2023	50.0% Blmbg. Intermed. U.S. Government/Credit, 50.0% Blmbg. U.S. Aggregate Index
Fixed Income Non-Core Fixed Income Composite		
10/01/2024	Present	50.0% S&P UBS Leveraged Loans, 50.0% Blmbg. U.S. Corp: High Yield Index
12/01/2019	10/01/2024	50.0% 60% CredSuisLevLoan/40% BBStGovCorp, 50.0% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr
03/01/2019	12/01/2019	50.0% Bloomberg U.S. Gov/Credit 1-3 Year Index, 25.0% 60% CredSuisLevLoan/40% BBStGovCorp, 25.0% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr
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		
10/01/2024	Present	100.0% NCREIF NPI Lag
11/01/2011	10/01/2024	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
Fixed Income Blended Benchmarks		

From Date	To Date	Benchmark
Garcia Hamilton		
02/01/2023	Present	100.0% Blmbg. U.S. Aggregate Index
11/01/2019	02/01/2023	100.0% Blmbg. Intermed. U.S. Government/Credit
MacKay Shields (HY)		
10/01/2024	Present	100.0% Blmbg. U.S. Corp: High Yield Index
02/01/2019	10/01/2024	100.0% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr
Federated Investment Counseling (Bank Loans)		
10/01/2024	Present	100.0% S&P UBS Leveraged Loans
02/01/2019	10/01/2024	100.0% 60% CredSuisLevLoan/40% BBStGovCorp

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EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 10, 2025

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance SDS

SUBJECT: Portfolio Transition Update

SUMMARY

The Retirement System's investment consultant, Meketa, will provide an update on the progress made on the portfolio transition plan.

DISCUSSION

The attached memo from Meketa provides a detailed update on the transition plan approved by the Retirement Board at the July 19, 2024 meeting following the completion of the Asset Allocation Study in May 2024. This update will cover a quick review of Stages 0 and 1 and an update on the completion of Stage 2. Stage 0 consisted of the selection of a transition manager and the transition to new indices for the Retirement System's bank loan and high yield strategies. Stage 1 consisted of reducing the Covered Calls allocation and eliminating the System's public Real Estate Investment Trust (REIT) allocation, as well as completing the Request for Proposals (RFP) for High Yield and Bank Loans. Stage 1 was completed when the Retirement Board selected one new High Yield manager and two new Bank Loans managers at its March 20, 2025 meeting. This update will cover Stage 2 which consisted of further reducing the Covered Calls allocation and funding the new High Yield and Bank Loans managers that were selected at the March 2025 meeting. Going forward, staff and Meketa will be focused on further winding down the Covered Calls allocation, increasing the High Yield allocation and selecting and funding Private Debt managers.

The portfolio transition has been sequenced into five stages. Further details are available in Meketa's Transition Update attached to this memo.

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Attachment: Memo – EBMUDERS Evolving Policy Plan – Transition Update as of July 2025

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Portland, OR 97210

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Meketa.com

MEMORANDUM

TO: East Bay Municipal Utility District Employees' Retirement System ("EBMUDERS")
FROM: Meketa Investment Group, Inc ("Meketa")
DATE: July 10, 2025
RE: EBMUDERS Evolving Policy Plan – Transition Update as of July 2025

Summary

At the July 18, 2024, Retirement Board Meeting, the Board voted to approve the Evolving Policy Plan as presented by Staff and Meketa. The Evolving Policy Plan pertains to the planned transition of the Total Portfolio to the approved long-term strategic allocation policy targets that were an outcome of the 2024 Asset-Liability Study.

The Meketa team is pleased to announce that the transition is moving forward according to the Evolving Policy Plan's timeline. Tasks within Stage 0 and Stage 1 are complete. As of the date this memo was produced (June 30th), the Total Portfolio has been successfully transitioned and is on schedule to implement Stage 2 on July 1, 2025. Given the timing of the July meeting, final details of the late-June transition (i.e., official transition report) will be presented to the Retirement Board at a subsequent meeting. Additional verbal commentary will be provided at the July 10, 2025, Retirement Board Meeting.

Brief Details – Stage 0

Stage 0 represented the initial transition phase. During this stage, there were not any allocation (i.e., dollars/assets) changes, however, two important administrative tasks were completed by Staff and Meketa:

1. Contracted with Northern Trust Transition Management in order to transition assets throughout the Evolving Policy Plan.
2. Repositioned the EBMUDERS's Non-Core Fixed Income managers' benchmarks to more standardized indices.

Brief Details – Stage 1

Stage 1 was characterized by two activities:

1. **New policy targets in effect as of October 1, 2024.** These new targets decreased the allocations to Covered Calls by (6%) and REITs by (2.5%), with a commensurate 8.5% increase to US Equity.
2. **Manager searches for High Yield and Bank Loans managers.**

Details and Update – Stage 2

Stage 2 is predicated on the actual funding of the newly selected High Yield and Bank Loans managers. Furthermore, these asset classes will see incremental additional funding as the Total Portfolio continues to transition towards the new long-term policy targets. The bullet points below provide a brief review of the manager selection process and the transition that took place at the end of June 2025 in order to implement Stage 2.

1. During the manager search process, the Retirement Board hired three new managers: Brigade (High Yield), Beach Point (Bank Loans), and Aristotle (Bank Loans). As part of this process, the Bank Loans mandate with Federated was eliminated. MacKay Shields was reaffirmed as a High Yield manager.
2. Meketa and Staff re-engaged with Northern Trust Transition Management to plan and execute the transition of the portfolio to Stage 2 at the end of June 2025.
3. Federated repositioned the existing portfolio to prepare for the transition. Northern Trust Transition Management took over the portfolio and managed the final sale of the portfolio's assets on June 26th.
4. In addition to the termination of Federated (~$61m), roughly 6.5% of the portfolio was reallocated from Covered Calls. This was implemented by the termination of the Parametric BXM mandate with Northern Trust Transition Management implementing the final sale of the portfolio's assets. A total of ~$246m was transitioned during the process (across Federated and Parametric portfolios).
5. The original Evolving Policy Plan called for approximately 1.5% (~$40m) to be allocated to US Equity. However, given recent market movements, the US Equity portion of the EBMUDERS portfolio was marginally overweight relative to policy targets, and thus this additional capital was not needed. Instead, Meketa and Staff elected to rebalance this portion of the portfolio to the two Core Fixed Income managers (CS McKee and Garcia Hamilton). **To date, this is the only deviation from the original Evolving Policy Plan, and this change is entirely in-line with normal portfolio management operations.**
6. During Stage 2, Meketa will begin working with the EBMUDERS on the impending Private Debt RFP and corresponding education.

In summary, approximately 6.5% was taken from Covered Calls with ~5.0% allocated to High Yield and Bank Loans (~2.5% each) and ~1.5% was allocated to Core Fixed Income (rather than the original plan to allocate to US Equity). Given the timing of the July meeting and the transition activity, a full review of the transition is not yet available. However, as of the timing of this memo, the transition has been executed per expectations. Meketa and Staff will provide a complete transition review to the Retirement Board at a subsequent meeting.

Conclusion

The Evolving Policy Plan is moving forward as scheduled. Both Stage 0 and Stage 1 have been completed, and Stage 2 is currently on time. As of the date this memo was produced (June 30th), Northern Trust Transition Management has executed the transition of prior Federated and Parametric assets in order to fund the three new managers with $68m of cash each, with the remainder of the transition assets (~$42m) allocated evenly to CS McKee and Garcia Hamilton. The Stage 2 policy target allocations will take effect on 7/1/25. The Meketa team continues to work with Staff to maintain momentum on the transition and will continue to provide relevant updates to the Board.

APPENDIX

The primary contents of the original Evolving Policy Plan memorandum (as presented in July 2024) are provided below. The following tables have been modified with red font to highlight stages that are no longer in effect.

Evolving Policy Plan

Policy Allocations			
	Stage 0	Stage 1	Stage 2
	Starting Policy	10/1/2024	Current Policy 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
	Starting Policy	10/1/2024	Current Policy 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
	Approximately 1/1/2026	*Approximately* 4/1/2026	*Approximately* 7/1/2026
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
	Approximately 1/1/2026	*Approximately* 4/1/2026	*Approximately* 7/1/2026
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 Remaining Stages

RED FOND INDICATES A CHANGE FROM THE ORIGINAL PLAN

Stage 2
(7/1/2025)

→ 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.

- Given recent market movements, the EBMUDERS Total Portfolio was overweight the new policy target for US Equity, and thus an additional allocation was not needed. This amount was reallocated to where the EBMUDERS Total Portfolio was most underweight (Core Fixed Income).

→ 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
(approximately 1/1/2026)

→ 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
(approximately 4/1/2026)

→ 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
(approximately 7/1/2026)

→ 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 10, 2025

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance SDS

SUBJECT: Private Credit Training

SUMMARY

The Retirement System's investment consultant, Meketa, will provide a training on Private Credit to re-familiarize the Retirement Board with the asset class.

DISCUSSION

This training from Meketa provides a refresher on the different types of Private Credit funds available. At the July 19, 2024 meeting the Retirement Board voted on a new asset allocation including a new Private Credit mandate that will make up five percent of the portfolio. With the completion of Stage 2 of the Transition Plan, the Retirement System will move into the next stage which will involve a request for proposal (RFP) for Private Credit managers. To assist the Retirement Board with its decision making process Meketa will provide further training on the asset class and review the types of Private Credit funds available.

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Attachment: Presentation – Private Credit Education Part 1 of 2

MEKETA

East Bay Municipal Utility District Employees' Retirement System

July 10, 2025

Private Credit Education
Part 1 of 2

Table of Contents

Introduction

Introduction

- → In May 2024, the EBMUDERS Retirement Board approved a new long-term strategic asset allocation that included a 5% target allocation to Private Credit.
- → This represents the second private markets asset class within the EBMUDERS portfolio.
  - Private Core Real Estate has a policy target of 2.5%.
- → The purpose of this presentation is to provide a high-level overview of Private Credit, with a key focus on the implementation approaches for an investor of EBMUDERS’s size.

Private Credit Overview

Investment Types

- All investments can be categorized into four different categories:
  1. Ownership in a cashflow producing entity (i.e., equity)
  2. Ownership in a non-cashflow producing entity with the expectation of a higher price (e.g., commodity)
  3. Lending money to an entity (i.e., debt)
  4. Trading strategies around #1-3 or derivatives of #1-3

- Despite the complexities of the global capital markets and the proliferation of investment strategies, the above-stated categories still hold true for all investments.
- Private Credit (or Private Debt or Illiquid Credit) falls into category #3.

What is Credit?

- Credit can be defined as an arrangement in which one party (borrower) borrows money from another (lender) with the expectation that the money will be repaid.
- Credit risk is the associated probability that the original amount (principal), along with any corresponding interest, may not be paid back.
- In the best-case scenario, a lender will receive the principal and interest payments in accordance with the arranged agreement.
- In the worst-case scenario, a lender will not receive the principal nor interest payments and the borrower will default on the debt.
  - Even under a default, however, there is often some portion of the principal that can be recovered.
- Due to the asymmetric nature of credit, the underwriting process (i.e., determining quality of borrower, collateral, etc.) is critical to success.

Types of Credit

→ At the highest level, credit instruments can be categorized into two segments:

Corporate/Direct	Securitized
• Corporate borrowers across sectors and geographies. • Traditional bond/loan underwriting that is generally based on the borrower's business operations (i.e., balance sheet, income statement, industry outlook, etc.). • Securities can vary across the capital structure, from higher (i.e., more senior/safer) to lower (i.e., more equity-like). • May also include direct loans collateralized by specific assets (e.g., commercial mortgage).	• A pool of assets that include contractual obligations to pay. • The underlying pools can vary widely (e.g., mortgages, auto loans, credit car receivables, etc.) but individual assets are typically pooled with assets of the same type. • Credit underwriting examines the underlying borrowers' ability to pay as well as structuring features of the instrument itself (e.g., overcollateralization, amortization structure, professional servicing, prioritization of payments, etc.).

→ While there are two high-level categories, the "securitized" segment is extremely broad and the underlying asset types can vary immensely.

- As a result of this breadth, there is a range of asset quality that requires prudent analysis whether participating in private or public markets.

Private Credit Evolution

→ The Private Credit landscape has changed significantly since the 2008/2009 Global Financial Crisis.

→ Significant changes to both the supply (lenders) and demand (borrowers) within traditional debt markets have been tailwinds for growth within Private Credit.

Supply (lender) Changes	Demand (borrower) Changes
• Traditional lenders (e.g., banks) have seen significant regulatory changes, forcing them to be less active in the space. • Increase in bond/loan deal sizes has shifted lenders to larger deals, leaving smaller borrowers with less access to credit.	• Immense growth of other private markets which, in-turn, often utilize private debt. • Increased preference for "certainty of execution". • Borrowers are shifting to private capital markets as their preferred partners due to sophistication, flexibility, and additional support during challenging environments.

→ Debt markets are a fundamental component of modern economies. As traditional participants have backed away from the space, new entrants have taken market share and expanded offerings.

Private Credit Strategies

- There is no universally agreed upon system for categorizing private credit strategies.
- Meketa categorizes the private credit universe into four broad groups.
  - Within each category, strategies can vary across multiple dimensions.
- Meketa does not invest in all segments of Private Credit, particularly for clients who seek to avoid certain segments (e.g., student loans).

Meketa's Classification of Private Credit Strategies

Direct Lending	Asset-Based Lending	Special Situations	Diversifying
Capital Structure - First Lien - Unitranche - Second Lien - Mezzanine/Junior Debt	**Consumer** - Credit Cards - Student Loans - Auto Loans - Consumer Installment	**Distressed** - Corporate - Mortgage - Commercial Real Estate	- Royalties - Infrastructure - Secondaries - Regulatory Capital Relief
Geography - US - Europe - Asia/Emerging Markets - Global	**Commercial** - Accounts Receivable - Trade Finance - Small Balance	**Capital Solutions** - Rescue Financing - Growth Financing	
Industry - Healthcare - Franchise - Technology	**Hard Assets** - Equipment Leasing - Mortgage Credit - Solar/Renewable Energy - Transportation	**Non-Performing Loans** - Commercial Real Estate - Residential Real Estate - Consumer - Small Medium Enterprises	
	Soft Assets - Intellectual Property - Fund Finance		

Source: Meketa Investment Group, 2025.

Implementation Approaches

Implementation Approaches

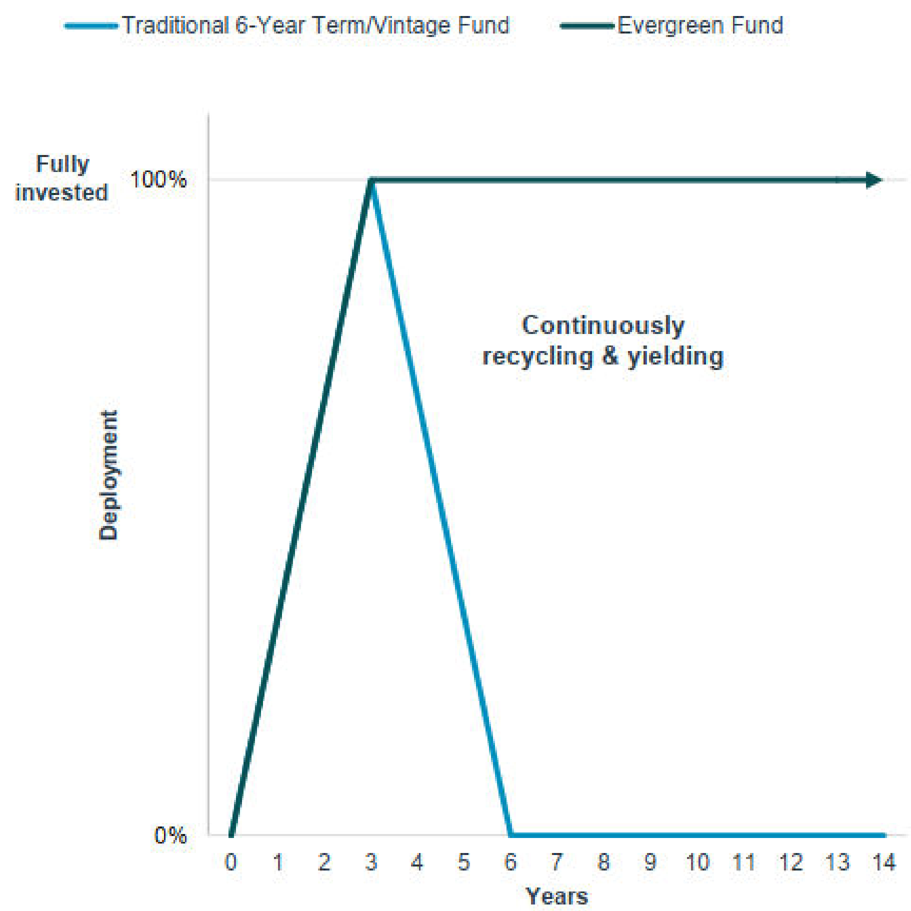
→ For investors of EBMUDERS's size, there are two approaches for implementing a Private Credit program.

Closed-end or Drawdown Structure	Evergreen Structure
• Funds are structured with finite lives, similar to Private Equity funds. • The term life of the funds are ~6 years and split into an "investment period" and "harvest period". • Investments are made during the first half of the fund's life, and then capital is returned (bringing the fund NAV down to zero) during the harvest period. • Given the finite life, investors must continually make new commitments to new funds each year, following a "pacing plan" that targets a given level of exposure throughout time (e.g., commit $25 million to three new funds each year). • **Significant ongoing due diligence and portfolio management complexities.**	• Analogous to Private Core Real Estate Funds. • The original commitment/allocation amount can be called all at once or over several periods, but as loans mature or are refinanced, the capital is recycled into new investments. • Due to the evergreen/perpetual structure, investors do not need to make continual commitments to new funds over time. • **Streamlined approach that improves efficiencies and eases portfolio management challenges.**

Why invest in private credit evergreen funds?

- More efficient use of Board & Staff resources – i.e., no need to go back to the Board for frequent re-ups.
- Can remain invested and compound as opposed to ramping up/down multiple times.
- More funds offer a share-class that recycles rather than distributes income (as an option).
- Growing part of the market, particularly in direct lending and asset-based.

Closed-End vs Evergreen Comparison



Conclusion

Conclusion

→ Private Credit represents a new asset class for EBMUDERS and a growing segment of the global capital markets.

→ Similar underlying loans/debts, collateral, and securitization structuring exist across both Public and Private Credit.

- Within Private Credit, investors should expect to be paid additional return for illiquidity, complexity, and speed of issuance/execution.
- These additional sources of return, however, also come with increased risk. This additional risk was reflected in EBMUDERS's 2024 Asset-Liability Study.

→ For the EBMUDERS implementation, Meketa and Staff believe that focusing on evergreen vehicle structures offers the best solution.

- This approach captures the majority of the benefits of Private Credit without the corresponding implementation and portfolio management challenges that come with drawdown structures.

→ Meketa and Staff expect to begin the manager search process in late-summer 2025.

- Part 2 of the Private Credit education, focusing on more specific details of the market segment, will be presented at a subsequent meeting.

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CONFIDENTIAL
EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 10, 2025

MEMO TO: Retirement Board

FROM: Lisa Sorani, Manager of Employee Services Lisa Sorani

SUBJECT: UnitedHealthcare Medicare Advantage Review of Market Concerns

BACKGROUND

This memorandum is submitted in collaboration with the District's benefits consultant, Alliant Insurance Services, Inc. (Alliant), in response to an email inquiry from a retiree on June 2, 2025, regarding the District's engagement with UnitedHealthcare (UHC) through the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) to provide Medicare Advantage coverage to our retirees.

The retiree raised concerns about reports in the press, particularly press regarding the stock price of UnitedHealth Group Inc., which took a 50% drop in May, in addition to a reduce Moody's rating, internal changes in leadership, and various legal proceedings allegedly being pursued against UHC. UnitedHealth Group Inc. is a large company that includes not only the medical insurance programs but also a pharmacy benefit manager and caregiver services through the Optum Health business.

Staff and Alliant share our members' concerns and wish to explain the context for the District's relationship with UHC and the position of Medicare Advantage plans in the Medicare marketplace.

DISCUSSION

The District offers retiree medical insurance with UHC through the ACWA JPIA. ACWA JPIA began working with UHC in 2022 pursuant to a competitive request for proposal process that led to UHC being chosen as the best value for ACWA JPIA's 1,740 Medicare retirees (EBMUD enrollees included). In Plan Year 2022, UHC offered rates 26% lower than the ACWA JPIA's Anthem PPO and HMO Medicare plans, with a 98% overlap in network coverage. This change to UHC brought ACWA JPIA's Medicare rates to within 1% to 7% of CalPERS 2022 Medicare plan offerings.

Over the last few years, UHC and other Medicare Advantage insurers, including Humana, Aetna, Anthem, and Cigna have all faced serious allegations and legal actions related to improper claim denial, use of AI in decision-making, and illegal financial incentives.

These cases highlight ongoing concerns about the business practices of the largest Medicare Advantage insurers. While some cases have resulted in settlement, others are still under investigation or pending in court. The outcomes of these cases may have significant implications for the Federal Medicare Advantage program and its beneficiaries across the United States.

Medicare Advantage is a pillar of the U.S. and California Medicare insurance delivery systems. The current version of the Medicare Advantage plans was first offered in 2006. According to the Center for Medicare and Medicaid (CMS), as of February 2025 about 34 million people across the U.S. were enrolled in Medicare Advantage plans. This is about 55% of the Medicare-eligible population. UHC is the largest Medicare Advantage insurer as of February 2025, covering about 9.9 million Medicare Advantage enrollees (Fierce Healthcare).

California Health Care Foundation (CHCF) data for 2023 show that 3.2 million Californians are enrolled in managed Medicare plans. Kaiser covers 40% of them, UHC covers 17%, and eight other vendors split the remaining 43%.

In January 2025, UHC covered about 35,000 subscribers and 37,000 non-Medicare enrollees under CalPERS coverage for employees and dependents with Medicare. We are not aware of reports in CalPERS public meetings of concerns about continuing to work with UHC. UHC continues to offer rates that are competitive with the CalPERS Medicare PPOs as well as their non-Kaiser Medicare HMOs.

Staff will follow closely the evolution of the various investigations and lawsuits against UHC and other developments in the Medicare Advantage marketplace. With how close we are to open enrollment for 2026, it is not currently feasible to consider alternatives to UHC, nor do staff believe there is enough evidence today to suggest a change is needed.

ACWA JPIA will ensure they continue to have an acceptable and reliable Medicare insurance plan option for their 1,740 enrollees. District staff will work closely with Alliant and ACWA JPIA should it become urgent to find an alternative to UHC.

LS:ls

Attachments: Email from retiree Joe Fleischman

Email from Retiree Joe Fleischmann 5/21/25

Good afternoon Clifford and Cindy,

The current stock market coverage is ominous for United Healthcare. If you haven't been following the headlines, I strongly suggest that you do so and agendize what is happening and the implications for the EBMUD offerings to out of state retirees on the next Retirement Board meeting.

I also believe that it would be prudent for a high-level discussion between the District and the JPIA on the same topic. Moving from Anthem Blue Cross PPO to UHC might not have been the wisest decision in 2022. Better have a back plan ready to roll out.

A summary of alternative options the District would consider should be provided to retirees as well.

Thank you,

Joe Fleischmann

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: July 10, 2025

MEMO TO: Retirement Board

FROM: Cindy Charan, Director of Human Resources Cindy R. Charan

SUBJECT: Update on MOU Negotiations – HIB, DC Participation Incentive and Delta Dental

BACKGROUND

At the July 8, 2025 meeting, a memo was presented to the EBMUD Board of Directors requesting approval of the recently concluded Memoranda of Understanding (MOUs) with Locals 21, 39, 2019, and 444, along with recommended compensation changes for Senior Management Team Members, Managers, Confidentials, and Non-Represented Employees. This memo outlines details regarding proposed changes to the Health Insurance Benefit (HIB) for active employees who retire after the effective date, as well as other retirement-related provisions.

DISCUSSION

Health Insurance Benefit (HIB) Changes

Effective after the first full pay period following the adoption of the MOU by the Board of Directors the HIB for active members who retire (for service or disability) will be updated as follows:

- If the Board adopts the MOU on July 8, 2025 the first eligible retirement date for the new benefit is July 28, 2025,
- The maximum monthly reimbursement increases from $450 (single) or $550 (with spouse/partner) to the **monthly premium of the Kaiser Senior Advantage Low Plan** (plan ID: 7002-0002, couple tier, both Medicare eligible), effective **January 1, 2026**,
- This value will be **adjusted annually** in January based on the **HIB Adjustment Factor**, with the following guard rails:
  - The annual increase will **not exceed 3%**.
  - The adjustment will **never reduce** the HIB value below the prior year’s amount.
  - Adjustments are based on the annual change in the Kaiser plan’s premium (“Kaiser Index”) plus a **Carryforward Balance** (which may be positive or negative and accumulates over time).

- If the Kaiser Index + Carryforward Balance > 3%, the increase is capped at 3%; if < 0%, the adjustment is 0%.

Minimum Guarantee:

Regardless of the Kaiser Index or Carryforward Balance, the **minimum HIB value effective January 1, 2026, will be $605 per month**, and will **not fall below that amount** thereafter.
Service-Based Eligibility for Members Hired On or After July 1, 1996

Members in the 1980 and 2013 pension plans who either:

1. Became a Member on or after July 1, 1996, or
2. Elected to remain a Member under Section 12(b)(2), after the first full pay period following adoption of this MOU, will receive HIB based on the following years of continuous service:

1980 Pension Plan Member	2013 Pension Plan Member
5 years = 25%	5 years = 25%
10 years = 50%	10 years = 50%
15 years = 75%	15+ years = 100%
20+ years = 100%	

Cost Sharing:

Eligible participants will contribute toward the enhanced benefit. The contribution will be **phased in over the 3-year contract**.

Implementation Status
An implementation plan has been drafted and is currently being refined. Retirement Services has coordinated with the Pension Gold (PG) Project Team and ISD to begin development of the required system updates. This work will involve significant configuration in both **PeopleSoft and Pension Gold**.

<u>Related Retirement-Impacting Provisions:</u>

Though not under the Retirement Board's jurisdiction, the following provisions are relevant to retirement and warrant awareness.

<u>PEPRA Members Deferred Compensation Participation Incentive</u>

- The annual incentive will increase from **$1,000 to $1,600** in 2026.

- Beginning in **2027**, the incentive will be **adjusted annually** based on the **Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)** for Q3 of the prior year.

- Adjustments will be **rounded down to the nearest $1**, similar to IRC §402(g)(4).

- The updated amount will be reflected in the **March payment** each year.

<u>Dental Coverage Labor Management Commitment</u>

A committee will be established to **explore issues with Delta Dental** and consider alternative coverage options which may include changes to retiree dental plans if employee plans are move away from Delta Dental.

NEXT STEPS

Staff will continue to **provide periodic updates** to the Retirement Board on the implementation and progress of these changes.

CC:vw