

MINUTES
EBMUD EMPLOYEES' RETIREMENT SYSTEM
November 20, 2025

A regular meeting of the Retirement Board convened at 9:02 a.m. on Thursday, November 20, 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:

Ahead of roll call President Jae Park announced that employee Board member Max Fefer had separated from the District and therefore no longer served on the Retirement Board. It was also noted that Director April Chan was no longer serving on the Retirement Board and that a replacement Director would be appointed in January. A special election for the employee seat vacated by Fefer was in progress and would be discussed later in the agenda.

Present: Jae Park, Clifford Chan, Marguerite Young, 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.

George McQuarry asked whether the Board had a quorum. The Board confirmed that there was a quorum.

There were no further public comments, in person or online.

CLOSED SESSION: The Board proceeded into a closed session at 9:05 a.m., to discuss the applications for disability retirement by Jennifer Shaw, Joseph Pangelinan, and Richard M. Thomas. This was conducted under Government Code Section 54957. The Board found Jennifer Shaw, Joseph Pangelinan, and Richard M. Thomas to be permanently incapacitated from the performance of duty and unanimously voted to affirm their applications for disability retirement. Resolution numbers will be assigned following the affirmation of their applications.

The board resumed to the regular agenda at 9:19 a.m.

REGULAR BUSINESS MEETING

CONSENT CALENDAR:

The consent calendar included four items: approval of September 18, 2025, minutes; ratifying and approving Investment Transactions by Retirement Fund Managers; Short-Term Investment Transactions; and Treasurer's Statement of Receipts and Disbursements for August 2025 and September 2025.

A motion to approve the Consent Calendar, Items #1 through #4, was made by Director Marguerite Young and seconded by Clifford Chan. The motion passed 3-0 by the following vote AYES (M. Young, C. Chan, and J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

ACTION:

5. Accept Retirement System Audited Financial Report– S. Skoda

Sophia Skoda reported that the annual audit of the Retirement System for Fiscal Year 2025 had been completed by the District’s independent auditor, LSL. LSL is in the final year of its audit engagement, and the District is conducting a competitive process to select a new auditor, with notification to the Board anticipated in early 2026.

Controller David Glasser presented the audit results for Fiscal Year 2025 and reported that the Retirement System received a clean audit opinion. David Glasser explained that a clean opinion means the financial statements are fairly presented and internal controls are appropriate, but it does not, by itself, indicate the overall funding status or financial health of the system. David Glasser highlighted that the audit document includes extensive financial statements, notes, and supplementary information and encouraged Board members to review it in full and noted that the report on internal controls contained no identified deficiencies. David Glasser addressed significant subsequent events which include the Board’s adoption of new tiers for HIB benefits. This will be reflected in future financial reporting and audits.

Director Marguerite Young moved to accept the retirement system audited financial report. The motion was seconded by Clifford Chan. The motion passed unanimously with no opposition or abstentions. The motion passed 3-0 by the following vote AYES (M. Young, C. Chan, and J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

6. Approval of Revisions to the Statement of Investment Policy and Procedures – S. Skoda

Sophia Skoda presented proposed revisions to the Statement of Investment Policy and Procedures (IPS), noting that the IPS had last been updated in approximately 2022. Following the Board’s recent asset allocation review, the IPS required updating to reflect the current asset allocation targets and to remove obsolete and redundant provisions.

The revisions under this item were characterized as primarily technical and structural. They updated the IPS to reflect current target allocations; removed language that was outdated or no longer relevant; and relocated operational and implementation details into appendices so that the main IPS could function as a clearer, higher level governance document while detailed implementation information remained accessible.

One notable change was the removal of language stating that system investment assets should achieve a real return of 4 percent above the nationwide Consumer Price Index. Colin Bebee from Meketa explained that this formula no longer reliably represented the system’s actuarial return objective and could become misleading if inflation or actuarial assumptions changed. Instead, the revised IPS includes clear language stating the plan’s overall objective to provide adequate retirement, disability, and survivor benefits and an explicit objective to meet or exceed the plan’s assumed actuarial rate of return.

During public comment, retiree Tim McGowan expressed concern that deleting the CPI plus 4 percent provision might remove an explicit statement of the Board’s intent to achieve the actuarial rate of return. Meketa responded that the revised objectives section now expressly references the actuarial rate and that the CPI plus 4 percent statement was redundant and potentially inconsistent in some environments.

Tim McGowan also objected to the proposed deletion of the sample placement agent questionnaire from the IPS appendix and recalled that the questionnaire had been added in response to industry concerns about placement agents and that it had helped ensure transparency and compliance by consultants and managers. Colin Bebee explained that placement agent practices are regulated under California law and that compliance is required regardless of IPS text. The questionnaire itself is more appropriately treated as a procedural implementation tool rather than a policy provision and could be maintained in staff manuals and RFP templates, where it can be more easily updated. Legal Counsel and staff noted that leaving a static sample questionnaire in the IPS could create confusion if it is not regularly revised to reflect current best practices.

Staff proposed to remove the questionnaire from the IPS and return to the Board in January with a proposal describing how placement agent procedures and questionnaires will be maintained outside the IPS and whether the IPS should cross reference those procedures. The Board concurred with this approach.

Clifford Chan moved to approve revisions to the Statement of Investment Policy and Procedures. The motion was seconded by Director Marguerite Young. The motion passed unanimously with no opposition or abstentions. The motion passed 3-0 by the following vote AYES (M. Young, C. Chan, and J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

7. Approval of Plan to Review and Update the Statement of Investment Policy and Procedures – S. Skoda

This item presented a plan for a more comprehensive review and update of the Statement of Investment Policy and Procedures (IPS) beyond the initial technical revisions approved under Action Item 6. Sophia Skoda and Colin Bebee from Meketa described a work plan that includes preparation of a fully redlined IPS to be brought back to the Board in January, consolidating cleanup changes, updating structure and responsibilities, and removing outdated practices. The review will modernize and clarify the IPS considering current best practices for public plans.

An important focus area is the investment manager watch status criteria. The current criteria are highly prescriptive and formulaic. Colin Bebee advised that many public plans are moving to less rigid watch criteria that still preserve the concept of watch status but allow staff and the consultant to place managers on watch for a wider range of performance, organizational, or risk reasons, rather than only when specific numeric triggers are met. The intent is to enhance flexibility and judgment while maintaining accountability and transparency for the Board. The Board agreed that a more comprehensive revision should be returned for consideration at the January meeting.

Director Marguerite Young moved to approve the plan to review and update the IPS and to bring back the proposed revisions in January. The motion was seconded by Clifford Chan. The motion passed unanimously with no opposition or abstentions. The motion passed 3-0 by the following vote AYES (M. Young, C. Chan, and J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

8. Declaration of Semiannual Interest Rate for Period Ending June 30, 2025 – V. Weekly on behalf of C. Charan

Valerie Weekly presented the semiannual interest rate to be credited to accumulated member contributions for the period ending June 30, 2025, as required by Section 4(d) of the Retirement Ordinance and Board Rule B-9. Under Board Rule B-9, the Board must adopt, as the annual interest rate credited to member contributions, the lesser of the plan's annual assumed rate of return and its five-year average rate of return as of June 30, 2025.

As of June 30, 2025, the annual assumed rate of return was 6.75 percent, and the five-year average rate of return was 9.7 percent. Accordingly, staff recommended that the Board declare 6.75 percent as the annual crediting rate. The corresponding semiannual rate is 3.375 percent. The semiannual

interest will be credited effective December 31, 2025, based on member contribution balances as of June 30, 2025.

Clifford Chan moved to adopt the resolution declaring an annual interest rate of 6.75 percent and a semiannual interest rate of 3.375 percent to be credited as described. The motion was seconded by Director Marguerite Young. The motion passed unanimously with no opposition or abstentions. The motion passed 3-0 by the following vote AYES (M. Young, C. Chan, and J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

INFORMATION:

9. CS McKee Investment Manager Market Education and Portfolio Update – S. Skoda

Sophia Skoda introduced Brian Allen and Shane Nikolich from CS McKee. CS McKee presented an overview of the firm, its fixed income philosophy and process, and East Bay MUD's portfolio positioning and performance. Founded in 1931 and registered with the SEC in 1972 after Pennsylvania created public defined benefit plans, the firm now manages about \$11.3 billion for nearly 350 clients in almost 30 states, with roughly 35 percent of assets from public entities. East Bay MUD uses CS McKee's flagship aggregate fixed income strategy, which has about \$3.7 billion under management. The three lead portfolio managers have worked together for more than 26 years under a process in place since 2001, and the strategy has outperformed its benchmark on a gross-of-fee basis in 18 of the last 20 years.

Allen emphasized that fixed income's purpose in a balanced portfolio is to provide quality, liquidity, diversification, and stability rather than maximize standalone returns by taking excessive credit risk. The investment process begins with macroeconomic analysis and probability-weighted scenarios that shape portfolio construction. Security selection is the primary source of added value, and positions are continuously monitored to ensure that risks remain intentional, compensated, and aligned with client objectives.

The firm makes extensive use of U.S. government and agency securities, including callable agencies and agency mortgage-backed securities from Ginnie Mae, Fannie Mae, and Freddie Mac, and avoids private-label MBS due to weaker liquidity and credit quality. Managers noted that allocations can shift quickly when market conditions are favorable, citing the March 2023 regional banking episode as a time when government and agency securities became especially attractive.

In corporate credit, CS McKee invests only in investment-grade issuers, favors large and liquid names, and maintains a below-benchmark BBB allocation to reduce downgrade and liquidity risk, selectively holding BBBs with strong fundamentals or large issue sizes. The Board discussed the portfolio's maturity distribution and yield-curve positioning, with the firm currently maintaining a largely neutral curve profile driven more by security selection than explicit curve views. Performance data showed higher historical returns than the benchmark with lower downside capture, improving long-term risk-adjusted results.

Regarding the outlook, Brian Allen said the firm does not expect the Federal Reserve to cut rates in December, citing inflation near 3 percent, tariff effects still filtering through the economy, and a resilient labor market. CS McKee is maintaining a conservative stance emphasizing high-quality sectors and moderate credit exposure until valuations improve or the inflation and policy picture becomes clearer. Board members also asked about Tennessee Valley Authority security classifications, the credit profile and AI-related capital spending of firms such as Oracle, and CS McKee's diversity, equity, and inclusion efforts. Presenters described internship programs, national searches, and early-career training initiatives and expressed interest in the District's outreach efforts, including those involving high school students.

10. Meketa Performance Report and Economic Review – S. Skoda

Sophia Skoda introduced Colin Bebee from Meketa presented the quarterly performance and economic review as of September 30, 2025. Total plan assets were just under 3 billion dollars at quarter end and likely exceeded that level by the meeting date. Absolute returns were very strong, and the plan ranked at or near the top decile relative to the policy benchmark and peer public funds over one-, three-, five-, and ten-year periods.

The plan's strong results reflected its high allocation to liquid markets and limited exposure to private equity. Many peers that had benefited from smoothed private equity valuations were now seeing lower distributions and valuation pressure. East Bay MUD's liquid structure allowed the portfolio to fully participate in the rally across global equities and fixed income.

Market conditions showed strong year to date gains across United States and non-United States equities, investment grade bonds, and high yield. Gold prices rose as central banks increased purchases and the dollar weakened amid inflation concerns and expectations for lower policy rates. Credit spreads tightened, and the yield curve began to normalize following Federal Reserve rate cuts. Inflation readings, including core and headline consumer price index and market breakevens, clustered near 3 percent, above the Federal Reserve target, and tariff effects were expected to continue into 2026.

Labor market trends remained the key macro signal. ADP payrolls and job postings slowed, and unemployment rose to about 4.4 percent, partly because of higher labor force participation. The economy continued to receive support from artificial intelligence related capital spending and from higher income consumers. Those supports may weaken if employment conditions soften or if artificial intelligence investment does not deliver productivity and earnings gains as quickly as markets expect.

Risk and return analysis showed higher returns and somewhat higher reported volatility relative to peers. Volatility among peers with large private market holdings appears lower because private valuations are smoothed. After adjusting to this effect, East Bay MUD's risk level remains consistent with the Board's stated tolerance.

The portfolio stayed mostly within policy ranges, with modest underweight in investment grade bonds. Strong equity gains pushed public equity slightly above target, and staff and Meketa plan to rebalance at year end. Peer comparisons placed the plan in or near the top decile for all major periods. This contrasts with 2022, when the plan ranked below median due to the absence of private market exposures that were then reporting favorable valuations. Rankings improved to the fourth percentile in 2023 and the third percentile in 2024.

Board members asked about high valuations in major technology and artificial intelligence related companies, risks in commercial real estate and regional banks, and the meaning of large cash positions held by major investors. Colin Bebee described risks related to artificial intelligence spending, employment and housing trends, and potential policy responses, while noting that the timing of such risks is difficult to predict.

11. Portfolio Transition Update – S. Skoda

Colin Bebee of Meketa provided an update on the implementation of the Board's previously approved asset allocation changes, focusing on the private debt allocation. Colin Bebee reported that an RFP for private debt managers had been issued in September, with responses due October 17. The RFP received 41 responses from 38 firms, exceeding expectations. The respondents include large, well-established global private market managers such as KKR, TPG, and Bain, as well as smaller boutique firms.

Meketa is reviewing the proposals to identify institutional quality managers with strategies and evergreen structures that align with the plan's liquidity, governance, and risk objectives. The consultant anticipates bringing a shortlist of finalists to the Board in January, with commitments and funding to occur in the middle of 2026, subject to Board approval. Board members commented on concerns related to some large private market sponsors and expressed interest in seeing the proposed finalists.

12. Announcement of 2026 Retirement Board Calendar – V. Weekly on behalf of C. Charan

Valerie Weekly presented the proposed 2026 calendar of Retirement Board meetings, which generally follows the third Thursday of each month with adjustments for District holidays and the July recess. Discussion centered on the January meeting date. The initial proposal set the meeting for January 22, but staff explained that although the employee member from the special election would be seated by late December, the Director member appointed by the Board of Directors would not be seated until after the Directors' January meeting. To ensure the first meeting of the year includes all members, the Board and staff agreed to move the January meeting to January 29, consistent with the Board rule that permits shifting meeting dates among Thursdays within a month. Staff confirmed that the later date still provides adequate time for key January items, including the annual actuarial valuation and updates to the investment policy statement. Because the calendar was presented for information and the adjustment is allowed under existing rules, no formal vote was required.

13. Announcement of 2026 HIB Value for the New 2025 HIB Tier – L. Sorani and V. Weekly on behalf of C. Charan

Staff provided an overview of the new HIB tier established following the 2024 HIB study and labor negotiations and announced the 2026 HIB value for that tier. The new tier applies to active employees as of the time of adoption who retire on or after July 28, 2025, with the increase to the maximum reimbursement taking effect in January 2026. Under this tier, the annual HIB value is based on the District's Kaiser Senior Low plan couple premium for the applicable year.

For 2026, the Kaiser Senior Low couple premium is \$615.58 per month. Staff confirmed that this exact amount will serve as the base value, since no rounding provisions were adopted. Vested percentage tiers of 75 percent, 50 percent, and 25 percent will be applied to this base, and the resulting values will be implemented in both PeopleSoft and Pension Gold. Employee contribution rates for the new HIB tier will also begin in January 2026.

Staff indicated plans to develop a Board rule to govern the annual HIB rate-setting process for the new tier. The rule is expected to clarify the roles of Retirement, HR, and Finance staff, outline required review steps, address caps and carry forwards including the 3 percent annual increase cap and establish the timing for presenting the annual HIB value to the Board, expected at the November meeting once final insurer rates are known.

A Board member asked whether the prior HIB survey of retirees would continue. Staff noted that the survey had been paused due to the redesign and negotiations but intends to resume it in 2026, reporting results to the Board with particular attention to the adequacy of current retirees' HIB benefits.

14. Announcement of 2025 Special Election Schedule for Employee Member – V. Weekly on behalf of C. Charan

Valerie Weekly announced the schedule for the special election to fill the employee member seat on the Retirement Board vacated by Max Fefer. The nomination period is underway, with four candidates having submitted valid nominations. The final list of candidates, along with candidate information and the electronic ballot link, is expected to be announced on December 3, 2025. Voting will take place from December 3 through December 17, 2025, and results are scheduled to be certified on December 19, 2025. The individual elected in this special election will serve the remainder of the unexpired term through June 23, 2026. A regular election for a full four-year term beginning June 24, 2026, will be conducted in early 2026.

15. Review of Historical Retirement Board Election – V. Weekly on behalf of C. Charan

Valerie Weekly presented historical data on Retirement Board election participation covering approximately five years prior to COVID-19 and the years since. Before COVID-19, elections were conducted using mailed paper ballots sent to employees' homes, with nominations collected via paper forms requiring signatures. Those elections typically saw 500 or more ballots cast. Since COVID-19, the District has transitioned to primarily electronic balloting for contested elections, using email notifications and secure online voting, while continuing to post paper notices at District workplaces. Contested elections under the new system have seen turnout that is somewhat below, but still close to, the pre-COVID levels, particularly in recent cycles. A notable procedural change is that, when a candidate runs unopposed and receives sufficient nominations, the District no longer conducts a contested election and instead certifies the candidate directly. This practice has occurred in multiple recent cycles, including the 2020 and 2022 retiree and employee elections and the 2023 employee election. In those cycles, no ballots were issued, and they do not appear in turnout statistics. Staff concluded that the shift to electronic balloting has not significantly reduced participation in contested elections and that eliminating balloting in uncontested races represents an efficient use of resources.

16. Review of Proposed Election Board Rule – V. Weekly on behalf of C. Charan

Staff reviewed Retirement Board election participation for the five years before COVID-19 and the period since. Before the pandemic, elections were conducted using mailed paper ballots sent to employees' homes, with nominations submitted on signed paper forms. These elections typically saw 500 or more ballots cast. Since COVID-19, the District has primarily used electronic balloting for contested elections, sending email notifications and providing secure online voting, while continuing to post paper notices at District workplaces. Turnout under this system has been slightly lower but generally comparable to pre-COVID levels, especially in recent cycles. A notable change allows unopposed candidates with sufficient nominations to be certified directly, eliminating the need for a contested election. This has occurred in multiple recent cycles, including the 2020 and 2022 retiree and employee elections and the 2023 employee election, where no ballots were issued and the races are not included in turnout statistics. Staff concluded that electronic balloting has not significantly reduced participation in contested elections and that bypassing ballots in uncontested races is an efficient use of resources.

Staff presented a draft Board rule to formalize procedures for Retirement Board elections, reflecting the change from two-year to four-year member terms recommended by the Retirement Board and pending adoption through ordinance amendments by the East Bay MUD Board of Directors. The draft rule outlines detailed procedures for employee and retiree elections, including voter and candidate eligibility, nominations, election schedules, balloting, vote counting, and certification, as well as procedures for uncontested elections with only one qualified candidate.

Board discussion and public comment addressed several issues. A Board Member suggested considering ranked choice voting in open-seat elections with multiple candidates to ensure majority support rather than a simple plurality. Other members noted prior implementation challenges, but staff indicated the District's electronic system could support ranked choice tabulation and that the small number of candidates in typical Retirement Board elections should limit complexity. Staff will evaluate including ranked choice voting for elections with more than two candidates.

Public commenter Gus Shalley noted that while the draft rule clearly limits retiree seat candidates to retired members, it did not explicitly address eligibility for employee seats. He also raised questions about deferred vested members who are no longer active employees but not yet retired. Staff will review the ordinance and clarify the rule to specify eligibility for each seat type, including deferred vested members, and confirm that non-vested active employees may run for the employee seat. The Board emphasized preserving eligibility for non-vested employees, particularly with four-year terms.

A Board Member questioned whether a 15-day election period is sufficient for retirees voting by mail. Staff clarified that the rule refers to 15 working days, effectively providing about three weeks for mailing, returning, and processing ballots, and agreed to monitor actual experience for possible adjustments.

The Board also suggested separating the rule into distinct sections for employee and retiree elections to reflect differing procedures and communications. Staff agreed to revise the draft accordingly and will return with a revised rule for consideration and possible adoption at the January 29, 2026 meeting, contingent on approval of the related ordinance amendments.

17. Update on Pension Implementation Project – L. Sorani and V. Weekly on behalf of C. Charan

Staff provided an update on PensionGold, the Retirement System's new pension administration platform, and its role in the District's broader HRIS and payroll modernization efforts. PensionGold must reach sufficient readiness before the full HRIS replacement, as Retirement data is deeply embedded in PeopleSoft. A new challenge has emerged: Rimini Street, which has supported PeopleSoft for nearly 20 years, will end services after July 2028. In response, the District separated payroll into an urgent project, initiated the core HR replacement, and continued PensionGold implementation in parallel, relying on the same staff and subject matter experts.

The PensionGold team has completed most user acceptance testing for Software Deliverable 5, covering the Member Direct portal and compliance modules, and is addressing prior issues. Retirement staff are involved in HR strategy discussions to align PensionGold, payroll, and the future HRIS. The new HIB tier adds complexity, requiring configuration in both systems. Remaining tasks include configuration, data conversion, testing, training, and documentation, and the team is consulting other PensionGold clients on staffing and workload management. A transition plan is being developed to prepare Retirement Services and Payroll for ongoing operations, but staff are not yet ready to assume full responsibility due to concurrent projects.

Given these factors and the July 2028 end of PeopleSoft support, the Steering Committee extended PensionGold's go-live date to August 2026. Board Members expressed concern over the timeline but acknowledged the complexity and need for careful coordination.

18. Review of Retiree Benefit Plan Renewals for Calendar Year 2026 – L. Sorani on behalf of C. Charan

Lisa Sorani presented retiree benefit plan renewals for 2026, focusing on retiree and early retiree coverage, using much of the same information previously shared for active employee plans. The largest premium increase is in the Sutter Health Plus HMO, rising about 19 percent, while the JPA

plan will increase roughly 10 percent and Kaiser about 2 percent, following larger increases in earlier years to address COVID-19-related costs. Sutter Health Plus initially offered favorable pricing, including a year with no increase, to attract enrollment, but is now adjusting rates to better reflect costs. Enrollment in Sutter is relatively small, with 130–150 employees and early retirees, while over three-quarters of participants are in Kaiser. Early retirees may enroll in Sutter but must switch to Kaiser Senior Advantage or UnitedHealthcare Medicare Advantage at age 65, as Sutter does not offer a Medicare Advantage plan.

HIB benefits are applied toward medical premiums, with any excess paid by retirees, and differences in co-pays, deductibles, and out-of-pocket costs also influence plan choice. Retiree Tim McGowan commented that the retiree dental plan is less generous than the employee plan and expressed willingness to pay more for equivalent coverage. Staff noted that including retirees in the active plan was analyzed during the 2017 Union negotiations. At that time, allowing retirees into the active employee dental plan was projected to increase costs to the District and to retirees due to an older, higher-utilization population entering the plan. Additionally, retirees currently can enroll in or disenroll from retiree dental coverage annually, which can lead to adverse selection if retirees enter when they anticipate significant dental work and then leave. Such behavior would be more problematic in the employee plan. Staff are working with benefits consultant Alliant to explore alternative retiree dental designs that improve coverage while remaining financially sustainable and will return to the Board with recommendations.


REPORTS FROM THE RETIREMENT BOARD:

None

ITEMS TO BE CALENDARED:

None

MEETING ADJOURNMENT: Meeting adjourned at 11:19 a.m.



President

ATTEST:



Asst. Secretary

1/20/2026